



SECOND PARTY OPINION

KIRIN HOLDINGS COMPANY, LIMITED. KIRIN SUSTAINABLE FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: March 18, 2022

Ref. Nr.: PRJN-340461-2022-AST-JPN-01

Executive Summary

Kirin Holdings Company, Limited (hereinafter, Kirin Holdings) is the holding company of the Kirin Group consisting of Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Mercian Corporation, Lion Pty Ltd, Kyowa Kirin Co., Ltd. and Kyowa Hakko Bio Co., Ltd., etc. Based on fermentation and biotechnology cultivated since its foundation, Kirin expanded into the Food domain (alcoholic & beverages business), the Pharma domain (pharmaceutical business), as well as the Health Science domain (health science business), an intermediate domain between the two, with its operations mainly in Japan, Asia and Oceania.

Kirin Holdings is aiming at "becoming a global leader in CSV by creating value in domains ranging from food & beverages to pharmaceuticals" under its long-term management vision, "Kirin Group Vision 2027 (KV2027)". Moreover, Kirin Holdings considers taking a CSV (Creating Shared Value) approach, which make the resolution of social issues an integral part of its business operations, as one of the most productive ways for a company to achieve sustained growth and address social issues. Therefore, Kirin Holdings places CSV at the core of its business management to make a difference in society and achieve sustainable mutual growth. "CSV Purpose" has been formulated as one of the long-term non-financial goals of "Kirin Group Vision 2027 (KV2027)". "CSV Purpose" is the Kirin Group's guiding principle to achieve sustainable growth and create value together with people across society. In order to raise funds that are necessary for addressing environmental and social issues defined in "CSV Purpose" through Green/Social/Sustainability Finance, Kirin Holdings formulated "Kirin Sustainable Finance Framework".

Kirin Holdings has commissioned DNV Business Assurance Japan Co., Ltd. (hereinafter, DNV) to conduct the pre-issuance assessment on "Kirin Sustainable Finance Framework" (hereinafter, the Framework) and Kirin Sustainable Finance, which will be implemented based on the Framework. DNV, as an external reviewer, referred to or applied the four core elements defined in the following sustainable finance principles and guidelines that are currently widely recognized by the capital markets, and evaluated the eligibility of the Framework and Kirin Sustainable Finance.

- Sustainability Bond Guidelines (ICMA/2021, hereinafter, SBG)
- Green Bond Principles (ICMA/2021, hereinafter, GBP)
- Green Bond Guidelines (Ministry of the Environment, Japan/2020, hereinafter, GBGLs)
- Social Bond Principles (ICMA/2021, hereinafter, SBP)
- Social Bond Guidelines (Financial Services Agency/2021, hereinafter, SBGLs)
- Green Loan Principles (LMA, etc./2021, hereinafter, GLP)
- Green Loan and Sustainability Linked Loan Guidelines (Ministry of the Environment, Japan/2020 hereinafter, GLGLs) (Only applicable to Green Loan)

The summary of the assessment is as follows:

SBG-1. Use of Proceeds:

DNV confirmed that the proceeds from Kirin Sustainable Finance will be allocated to six nominated Green and Social Projects that meet the representative eligible projects categories in the table below outlined in SBG, GBP/GBGLs, SBP/SBGLs, and GLP/GLGLs. See the table below and Schedule-1 for the summary of Eligible Sustainable Project Portfolio.

SBG-2. Process for Project Evaluation and Selection:

For the evaluation and selection of Eligible Sustainable Projects, DNV confirmed that the accounting department and the CSV strategy department will select the projects which meet the eligible criteria defined by the Framework, and the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects. In addition, DNV also confirmed that Kirin Holdings evaluated the eligibility of the projects comprehensively based on the contribution to the achievement of "CSV Purpose". The six nominated projects evaluated and selected through the above process are closely related to the key issues outlined in "Management Issues for Sustainable Growth (the Kirin Group Materiality Matrix (GMM))" in addition to Kirin Holdings' "CSV Purpose", and are consistent with the Kirin Group's efforts related to environmental/social sustainability.

SBG-3. Management of Proceeds:

DNV confirmed that Kirin Holdings plans to allocate the proceeds to financing and refinancing the eligible projects within one year after the fundraising.











In the case of refinancing, DNV confirmed that the proceeds will be allocated to capital expenditures made within five years or operational expenditures made within three years from the execution of Kirin Sustainable Finance (in both cases, projects were confirmed that they will have environmental and social benefits throughout the redemption or repayment period). DNV also confirmed that the allocation of the proceeds for each project will be managed by the accounting department semi-annually in accordance with Kirin Holdings' accounting management procedures, and that Kirin Holdings will manage the proceeds by using the internal management system to ensure that the total amount of eligible projects is not less than the proceeds. The unallocated proceeds will be managed in cash or cash equivalents until the proceeds have been fully allocated.



SBG-4. Reporting:

DNV confirmed that Kirin Holdings will conduct Kirin Sustainable Finance reporting (annual reporting) and disclose the allocation of proceeds (project name, project description including its progress, amount of allocated and unallocated proceeds) until the proceeds have been fully allocated. In terms of the environmental and social benefits, Kirin Holdings plans to report on the indices specified for each project until the maturity of Kirin Sustainable Finance. If any significant event, such as a major change in plans or actual results, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner. The reporting will be disclosed on the Kirin Holdings website.

Based on the Framework and other relevant documents and information provided by Kirin Holdings, DNV confirmed that Kirin Sustainable Finance meets the relevant criteria and will be planned and implemented properly.

Table Summary of Eligible Sustainable Project Portfolio

No.	Categories	Green Projects Categories	Green Projects	Green Projects Overview		Environmental Issues	Contribution to SDGs
1	Businesses related to energy efficiency	Energy efficiency	Introduction of heat pump systems to production sites	<p>Introduction site: Kirin Brewery Company, Limited Hokkaido Chitose factory, Sendai factory, Toride factory, Yokohama factory, Nagoya factory, Shiga factory, Kobe factory, Okayama factory, Fukuoka factory, etc.</p> <p>Introduction period: 2019~2028</p> <p>Total investment: Approx. 2 billion JPY~3 billion JPY</p>		Climate change mitigation	  
2	Businesses related to pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • Pollution prevention and control • Eco-efficient products and/or circular economy adapted products, production technologies and processes 	Procurement and capital investment of recyclable PET resin	Procurement and capital investment for recyclable PET resin to achieve 50% recycled resin usage ratio in PET bottles in Japan by 2027		<ul style="list-style-type: none"> • Pollution prevention and control • Conservation of natural resources 	  
3	Businesses related to renewable energy	Renewable energy	Introduction of solar power generation equipments to production sites	<p>Introduction site: Kirin Brewery Company, Limited Hokkaido Chitose factory, Sendai factory, Toride factory, Yokohama factory, Nagoya factory, Shiga factory, Kobe factory, Okayama factory, Fukuoka factory, etc.</p> <p>Introduction period: 2021~2029</p> <p>Total investment: Approx. 2 billion JPY~3 billion JPY</p>		Climate change mitigation	  
			Procurement of renewables	Switching to renewables for all purchased electricity			
No.	Categories	Social Projects Categories	Social Projects			Social Issues	Contribution to SDGs
			Social Projects Overview	Target population	Social Benefits		
4	Businesses that contribute to the achievement of a	Access to essential services	Capital investment, operation, and procurement of raw	General public	Contributing to the health of a wide range of our	Infant and toddler health improvement	

	society of health and longevity, mainly through infant and toddler health improvement and disease prevention	(health, health care)	materials contributing to the production of Human Milk Oligosaccharide (HMO)		customers through providing products containing Human Milk Oligosaccharide (HMO)		 
5	Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention		Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline	General public, aging people, patients	Contributing to brain function improvement and brain function decline prevention of our customers through providing products containing Citicoline as health food and pharmaceutical ingredients	Brain function improvement and brain function decline prevention	
6	Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function		Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA	General public, aging people, vulnerable youth	Contributing to the maintenance of immune function of our customers through providing products containing Lc-PLASMA	Maintenance of immune function	

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Revision History

Revision No.	Date of Issue	Remarks
0	March 18, 2022	Initial

Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

I. Introduction

i. About the Fundraiser

Kirin Holdings Company, Limited. (hereinafter, Kirin Holdings) is the holding company of Kirin Group consisting of Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Mercian Corporation, Lion Pty Ltd, Kyowa Kirin Co., Ltd., and Kyowa Hakko Bio Co., Ltd., etc. Based on fermentation and biotechnology cultivated since its foundation, Kirin Holdings expanded into the Food domain (alcoholic & beverages business), the Pharma domain (pharmaceutical business) and the Health Science domain (health science business), an intermediate domain between the two, with its operation mainly in Japan, Asia and Oceania.

Kirin Group sets "KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers" as its corporate philosophy.


ii. Fundraiser's ESG/SDGs Initiatives

Kirin Holdings is aiming at "becoming a global leader in CSV by creating value in domains ranging from food & beverages to pharmaceuticals" under its long-term management vision, "Kirin Group Vision 2027 (KV2027)". Moreover, Kirin Holdings considers taking a CSV (Creating Shared Value) approach, which make the resolution of social issues an integral part of its business operations, as one of the most productive ways for a company to achieve sustained growth and address social issues. Therefore, Kirin Holdings places CSV at the core of its business management to make a difference in society and achieve sustainable mutual growth.

"CSV Purpose" has been formulated as one of the long-term non-financial goals of "Kirin Group Vision 2027 (KV2027)", and the Kirin Group's guiding principle to achieve sustainable growth and create value together with people across society. The Kirin Group is committed to playing its role as a responsible alcohol producer and addressing three key social issues: "health and well-being," "community engagement," and "the environment." By fulfilling these commitments, the Group brings joy to society and a bright future to our customers. (See Table -1)

For formulating the "CSV Purpose", Kirin Group has formulated its "Management Issues for Sustainable Growth" in Kirin Group Materiality Matrix (GMM) as part of its commitment to sustainable development in partnership with society. (See Figure-1) Selection criteria for each management issue have been established for the selection of materialities. ([See "Procedure to select Materiality" on the Kirin Holdings website.](#)) Kirin Group has also established "CSV Commitment" as a medium-term action plan to achieve its "CSV Purpose" and incorporated it into the business plans of the Group and key business companies. ([See "Commitments and Performance Indicators" on the Kirin Holdings website.](#))

Table-1 "Kirin Group Vision 2027 (KV2027)" and "CSV Purpose" of Kirin Group

Kirin Group Vision2027		
A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals.		
CSV Purpose		
<p>A Responsible Alcohol Producer</p> <p>Make steady progress toward eradicating the harmful use of alcohol in all countries of operation (Zero Harmful Drinking)</p> 		
Categories of Social Issues	Message	Relevant SDGs
I	Health and Well-being	Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare.
II	Community Engagement	Create positive forces for people’s well-being and society by developing communities.
III	The Environment	Enrich a sustainable Earth for future generations through positive impact.

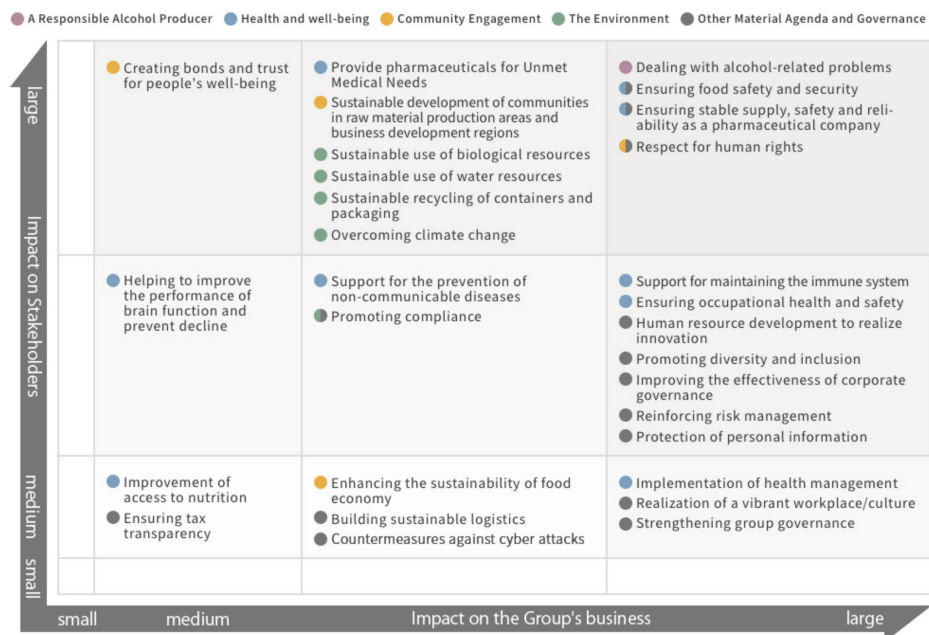
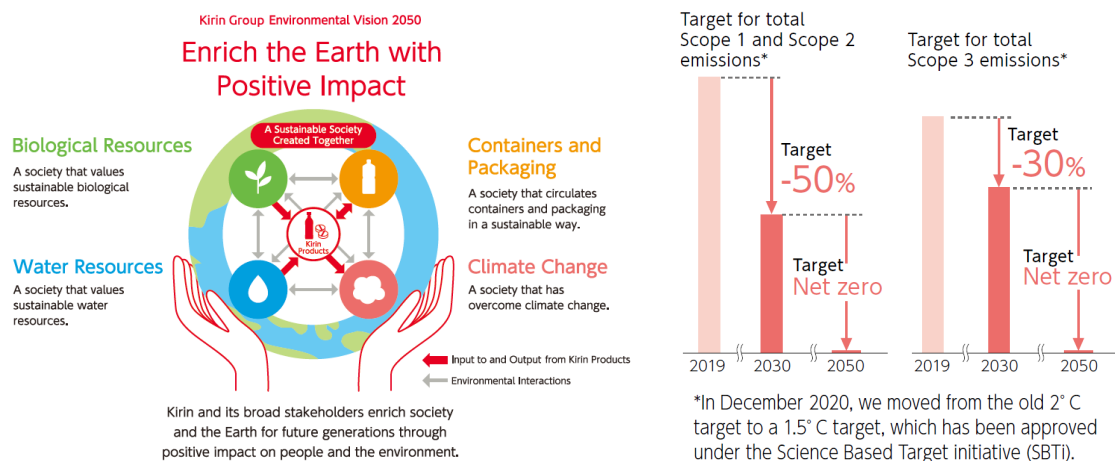


Figure-1 Management Issues for Sustainable Growth (Group Materiality Matrix)

iii. Fundraiser's Initiative to Environmental and Social Issues

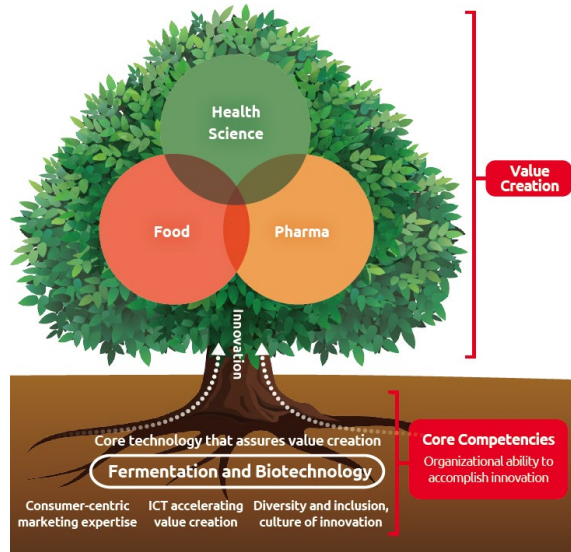
The Kirin Group has revised its existing environmental vision and formulated a new one, "Kirin Group's Environmental Vision 2050", a long-term strategy looking ahead to 2050, with the aim of spearheading the efforts to tackle environmental issues. One of the Kirin Group's initiatives to address environmental issues is overcoming climate change, and Kirin Group has declared to achieve Net-Zero GHG emissions across its entire value chain by fiscal 2050 and switch 100% of its electricity consumption to renewables by fiscal 2040. Kirin Group was the first company to obtain an approval of the SBT 1.5°C target, a science-based goal of the SBT Initiative (SBTi). In 2019, Kirin Holdings established the "Kirin Group Plastic Policy," an effort aimed at solving the global plastic waste problem, and declared to increase the percentage of PET bottles made using recycled resin to 50% of bottles sold in Japan by fiscal 2027. In "Kirin Group Environmental Vision 2050," announced in February 2020, Kirin Group will work on to achieve 100% sustainable containers and packaging made from recycled materials and biomass by 2050.



The Kirin Group has identified "Health and Well-being" as one of the key issues within "CSV Purpose". It has determined "immunity", "brain function," and the "gut microbiome" as its three key areas and is endeavoring to solve health issues in these areas through providing products and services that use strategic ingredients produced by utilizing fermentation & biotechnology, the Kirin Group's core competencies.

Specifically, Kirin Group addresses the improvement of access to nutrition, support to brain function improvement and brain function decline prevention, and the maintenance of immune function. Human Milk Oligosaccharide (HMO), a unique nutrient of human breast milk, was successfully mass-produced by the Kirin Group's fermentation production technology utilizing microorganisms. β -Lactolin (Citicoline) is a proprietary ingredient derived from Kirin Group's brain research that supports the maintenance of memory, which declines with age. The world's first Lc-PLASMA activates pDC (Plasmacytoid dendritic cells), the command center of immune cells. By providing such highly functional products as the result of various research and

development efforts, the Kirin Group contributes to solving social and health issues in Japan and around the world.



Immunity	Brain function	Other
LC-Plasma Directly activates pDC*, the "commander in chief" of the immune system	Citicoline Protects brain cells from damage	Ornithine Recovery from fatigue
Human Milk Oligosaccharides Promotes immune system development and brain development in infants		
KW lactic acid Conditions immune balance	β-Lactopeptide Helps maintain cognitive function	Citrulline Keeps blood vessels young
Glutathione Prevents oxidative stress, improves immune function	Aged hops Improves attention and concentration, anti-obesity effect	

* pDC: plasmacytoid dendritic cells

Global strategic material

iv. About "Kirin Sustainable Finance Framework"

In order to raise funds that are necessary for addressing environmental and social issues defined in "CSV Purpose" through Green/Social/Sustainability Finance, Kirin Holdings formulated "Kirin Sustainable Finance Framework". The standards and guidelines being referred to in the Framework are described in Section II (3) below.

Net proceeds from the Green/Social/Sustainability Financing are expected to be allocated to each category of the following Green and Social Projects and will be managed and executed in accordance with the established Framework.

[Green Projects]

- **Business related to energy efficiency**
(Introduction of heat pump to production sites)
- **Business related to pollution prevention and control, Eco-efficient products and/or circular economy adapted products, production technologies and processes**
(Procurement and capital investment for recyclable PET resin)
- **Business related to renewable energy**
(Introduction of solar power generation equipment to production sites
/Procurement of renewables)

[Social Projects]

- **Business that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention**
(Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO))
- **Business that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention**
(Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline)
- **Business that contribute to the achievement of a society of health and longevity, through the maintenance of immune function**
(Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA)

II. Scope and Objectives

DNV has been commissioned by Kirin Holdings to provide a pre-issuance assessment on "Kirin Sustainable Finance Framework" and Kirin Sustainable Finance. The aim of this pre-assessment is to ensure that the Framework and Kirin Holdings' Sustainable Finance meet the requirements of SBG, GBP/GBGLs, SBP/SBGLs, and GLP/GLGLs described below, and to provide a second party opinion on its eligibility.

DNV, as an independent external reviewer, identified no real or perceived conflict of interest associated with the delivery of this second-party opinion for Kirin Holdings. In this report, no assurance is provided regarding the financial performance of Kirin Sustainable Finance and Green/Social/Sustainability Finance to be executed based on the Framework, the value of any investments, or the long-term environmental benefits of the transaction.

(1) Scope of Review *

The review assessed the following items and confirmed their alignment with four core elements such as SBG.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

(2) Role(s) of Review Provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/Guidelines to be Applied

No.	Standards/Guidelines	Scheme Owner	Applied Level ^{*1*2}
1.	Sustainability Bond Guidelines 2021 (SBG)	International Capital Market Association (ICMA), 2021	Apply
2.	Green Bond Principles 2021 (GBP)	International Capital Market Association (ICMA), 2021	Apply
3.	Green Bond Guidelines 2020 (GBGLs)	Ministry of the Environment, Japan, 2020	Apply
4.	Social Bond Principles 2021 (SBP)	International Capital Market Association (ICMA), 2021	Apply
5.	Social Bond Guidelines 2021 (SBGLs)	Financial Services Agency, 2021	Apply
6.	Green Loan Principles 2021(GLP)	Loan Market Association (LMA) and others, 2021	Apply
7.	Green Loan Guidelines 2020 (GLGLs)	Ministry of the Environment, Japan, 2020	Apply

8.	Climate Bonds Standards Version 3.0 [Sector Criteria for Solar (version 2.1)] (CBS-SE 2.1)	Climate Bonds Initiative, 2020	Refer
9.	Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals (SDGs)	International Capital Market Association (ICMA), 2020	Refer
10.	Handbook Harmonized Framework for Impact Reporting	International Capital Market Association (ICMA), 2021	Refer

*1. Apply: Eligibility for all four core common elements to each handbook, principle and guideline was evaluated

*2. Refer: DNV evaluated the eligibility of the finance to the criteria and guidelines available which are globally recognized.

III. Responsibilities of Kirin Holdings and DNV

Kirin Holdings has provided the information and data used by DNV during the delivery of this review. DNV’s second party opinion represents an independent opinion and is intended to inform Kirin Holdings and other interested stakeholders in the finance of whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by Kirin Holdings. DNV is not responsible for any aspect of the nominated activities referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect based on the information and facts provided by Kirin Holdings. Thus, DNV shall not be held liable if any of the information or data provided by the management of Kirin Holdings and used as a basis for this assessment were not correct or complete.

IV. Basis of DNV's Opinion

To provide as much flexibility for the fundraiser, Kirin Holdings, as possible, we have adapted our Green/Social/Sustainability Finance assessment methodologies, which incorporates the requirements of the SBG, GBP/GBGLs, SBP/SBGLs, and GLP/GLGLs, to create an Eligibility Assessment Protocol (hereinafter, Protocol). (Refer to Schedule-2). The Protocol is applicable to Green/Social/Sustainability Finance based on SBG, GBP/GBGLs, SBP/SBGLs, and GLP/GLGLs.

DNV provides second party opinion as an independent external reviewer based on the assessment utilizing this Protocol. Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle and guidelines behind the criteria are that Green/Social/Sustainability Finance should "enable capital-raising and investment for new and existing projects with social and environmental benefits." As per our Protocol, the criteria against which Kirin Sustainable Finance has been reviewed are grouped into four core elements outlined in GBP, SBP, and GLP, etc.:

Principle One: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that a Green/Social/Sustainability Finance fundraiser must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.

Principle Two: Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that a Green/Social/Sustainability Finance fundraiser should outline the process it follows when determining the eligibility of an investment using Green/Social/Sustainability Finance proceeds and outline any impact objectives it will consider.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that Green/Social/Sustainability Finance should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

Principle Four: Reporting

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the Green/Social/Sustainability Finance investors should be made of the use of finance proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

V. Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by the fundraiser in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us during the assessment before fundraising. DNV's work undertaken and will be undertaken to form our opinion includes;

i. Assessment before Fundraising

- Creation of the fundraiser's specific Protocol, adapted to the purpose of Kirin Sustainable Finance, as described above and in Schedule-2 to this assessment.
- Assessment of documentary evidence provided by the fundraiser on Kirin Sustainable Finance and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with the fundraiser, and review of relevant documentation;
- Documentation of findings against each element of the criteria.

ii. Assessment after Fundraising (* Not Included in This Report)

- Assessment of evidential documents provided by Kirin Holdings after fundraising of Kirin Sustainable Finance, and supplemental by desk review from a higher perspective.
- Interview with key personnel of Kirin Holdings and review the relevant documentation.
- Field research and inspection (if necessary).
- Review of the nominated projects and assets at the time of the fundraising verification (update of the details mentioned in Schedule-1).
- Document creation of assessment results after fundraising.









VI. Findings and DNV’s Opinion





DNV’s findings and opinion against the four core elements outlined in SBG, GBP/GBGLs, SBP/SBGLs and GLP/GLGLs are listed in (1)-(4) below.

(1) Use of Proceeds

DNV confirmed that the proceeds from Kirin Sustainable Finance will be allocated to six sustainable project portfolio (Table-2), which is consistent with the following representative eligible project categories outlined in SBG, GBP/GBGLs, SBP/SBGLs, and GLP/GLGLs. The nominated projects in the Framework that contribute to the society and the environment are classified into the eligible sustainable project portfolio shown in Table-2 (from 1 to 6). The net proceeds will be allocated to one or more than one eligible projects within the nominated projects shown in Table-2. Please refer to Schedule-1 for details of the eligible sustainable project portfolio.

Table-2 Sustainable project portfolio (See Schedule-1 for details)

No.	Categories	Green Projects Categories	Green Projects	Green Projects Overview	Environmental Issues	Contribution to SDGs
1	Businesses related to energy efficiency	Energy efficiency	Introduction of heat pump systems to production sites	<p>Introduction site: Kirin Brewery Company, Limited Hokkaido Chitose factory, Sendai factory, Toride factory, Yokohama factory, Nagoya factory, Shiga factory, Kobe factory, Okayama factory, Fukuoka factory, etc.</p> <p>Introduction period: 2019~2028</p> <p>Total investment: Approx. 2 billion JPY~3 billion JPY</p>	Climate change mitigation	  
2	Businesses related to pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • Pollution prevention and control • Eco-efficient products and/or circular economy adapted products, production technologies and processes 	Procurement and capital investment of recyclable PET resin	Procurement and capital investment for recyclable PET resin to achieve 50% recycled resin usage ratio in PET bottles in Japan by fiscal 2027	<ul style="list-style-type: none"> • Pollution prevention and control • Conservation of natural resources 	  
3	Businesses related to renewable energy	Renewable energy	Introduction of solar power generation equipment to production sites	<p>Introduction site: Kirin Brewery Company, Limited Hokkaido Chitose factory, Sendai factory, Toride factory, Yokohama factory, Nagoya factory, Shiga factory, Kobe factory, Okayama factory, Fukuoka factory, etc.</p>	Climate change mitigation	 

No.	Categories	Social Projects Categories	Social Projects			Social Issues	Contribution to SDGs
			Social Projects Overview	Target population	Social Benefits		
					Introduction period: 2021~2029 Total investment: Approx. 2 billion JPY~3 billion JPY		
			Procurement of renewables		Switching to renewables for all purchased electricity		
4	Businesses that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention	Access to essential services (health, health care)	Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharides (HMO)	General public	Contributing to the health of a wide range of our customers through providing products containing Human Milk Oligosaccharides (HMO)	Infant and toddler health improvement	  
5	Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention		Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline	General public, aging people, patients	Contributing to brain function improvement and brain function decline prevention of our customers through providing products containing Citicoline as health food and pharmaceutical ingredients	Brain function improvement and brain function decline prevention	
6	Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function		Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA	General public, aging people, vulnerable youth	Contributing to the maintenance of immune function of our customers through providing products containing Lc-PLASMA	Maintenance of immune function	

Use of Proceeds Categories as per GBP:

- Renewable energy
- Pollution prevention and control
- Terrestrial and aquatic biodiversity conservation
- Sustainable water management
- Eco-efficient products, production technologies and processes
- Other (*please specify*) ;
- It is undecided at the time of bond issuance, but is expected to be in line with the GBP classification or other eligible areas not listed in the GBP at this time.
- Energy efficiency
- Sustainable management of living natural resources
- Clean transportation
- Climate change adaptation
- Green buildings with regional, national or internationally recognized standards and certifications

Use of Proceeds Categories as per SBP:

- Affordable basic infrastructure
- Affordable housing
- Food security and sustainable food systems
- Areas that are considered to meet the SBP classification or are not listed in the SBP but are eligible.
- Access to essential services
- Employment generation (SME financing and Microfinance)
- Socioeconomic advancement and empowerment
- Other (*please specify*) ;

(2) Process for Project Evaluation and Selection

For the evaluation and selection of Eligible Sustainable Projects of Kirin Sustainable Finance, DNV confirmed through the review that the accounting department and the CSV strategy department will select the eligible projects which meet the eligible criteria defined by the Framework, and the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects. In addition, DNV also confirmed that the eligibility of the projects was evaluated comprehensively based on their contribution to the achievement of "CSV Purpose".

The six nominated projects evaluated and selected through the above process are closely related to the key issues outlined in "Management Issues for Sustainable Growth (the Kirin Group Materiality Matrix (GMM))" in addition to Kirin Holdings' "CSV Purpose", and are consistent with the Kirin Group's efforts related to environmental/social sustainability.

The following exclusion criteria have been established for project selection. In addition, the project-related risks identified internally are reported and discussed quarterly at meetings through monitoring of business plans, including compliance measures.

< Exclusion Criteria >

- Plastic manufacturing not subject to recycled PET
- Unfair transactions that do not comply with the laws and regulations of the country, such as bribery, corruption, blackmail, embezzlement, etc.
- Transactions that can cause social problems relate to human rights and the environment

In selecting projects, DNV confirmed that the fundraiser meets the eligibility criteria as indicated in "II. Scope and Objectives (3) Standards/Guidelines to be Applied," and that it will comply with environmental laws and regulations and agreements with the relevant communities, as well as with the Kirin Group Compliance Guidelines in order to act with integrity and in conformity with social ethics. Kirin Holdings will appropriately address and disclose any ESG-related controversy that may arise regarding eligible projects.

Evaluation and Selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Conforms to the fundraiser's achievement of environmental contribution goals | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> The project is eligible for use of proceeds by Green/Social/Sustainability Finance and transparency is ensured. | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> The project is evaluated and selected based on the published standard summary | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Management of Proceeds

DNV confirmed how will Kirin Holdings track and manage the proceeds during the period from the execution of Kirin Sustainable Finance to the redemption or repayment. DNV also confirmed that Kirin Holdings plans to allocate the proceeds to financing (new) and refinancing the eligible projects within one year after the fundraising. In the case of refinancing, it was confirmed that the proceeds will be allocated to capital expenditures made within five years or operational expenditures made within three years from the execution of Kirin Sustainable Finance (in both cases, projects should be confirmed that they have environmental and social benefits throughout the redemption or repayment period).

It was confirmed that the allocation of the proceeds for each project will be managed by the accounting department semi-annually in accordance with Kirin Holdings' accounting management procedures. In addition, it was also confirmed that Kirin Holdings will manage the proceeds by using the internal management system to ensure that the total amount of eligible projects is not less than the proceeds. The unallocated proceeds will be managed in cash or cash equivalents until the proceeds have been fully allocated.

Tracking of Proceeds:

- Some or all of the proceeds by Green/Social/Sustainability Finance that are planned to be allocated are systematically distinguished or tracked by the fundraiser.
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*): The unallocated proceeds will be managed in cash or cash equivalents until the proceeds have been fully allocated.

Additional Disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

(4) Reporting

DNV confirmed that Kirin Holdings will conduct Kirin Sustainable Finance reporting (annual reporting) and will disclose the allocation of proceeds until the proceeds have been fully allocated. In terms of the environmental and social benefits, Kirin Holdings plans to report on the following indices until the maturity of Kirin Sustainable Finance. The reporting will be disclosed on the Kirin Holdings website. If any significant event, such as a major change in plans or actual results, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner.

<Allocation of Proceeds>

- ◆ Eligible criteria and the amount of allocated proceeds
- ◆ Management methods and the balance of unallocated proceeds
- ◆ Proceeds to be allocated to refinancing

<Environmental benefits>

- ◆ Introduction of heat pump systems: GHG reductions (t-CO₂) =

$$\begin{aligned} & \text{【Annual reduction in city gas consumption as a result of equipment introduction} \\ & \text{(Nm}^3\text{/year)】} \times \text{【CO}_2\text{ emission factor}^{*1}\text{ (t-CO}_2\text{/Nm}^3\text{)]}^{*2} - \\ & \text{【Annual increase in electricity consumption as a result of equipment introduction} \\ & \text{(MWh/year)】} \times \text{【CO}_2\text{ emission factor (t-CO}_2\text{/MWh)]}^{*3} \end{aligned}$$
 - *1: Emission factor of each electric power supplier (for calculation of GHG emissions generated by specified electric power supplier)
 - *2: Annual reductions in city gas consumption calculated by comparison with metered steam consumption
 - *3: Annual electricity consumption increased by the introduction of a heat pump systems
- ◆ Procurement and capital investment of recyclable PET resin:
 Ratio of recycled resin (%) = amount of recycled resin used ÷ amount of resin used for PET bottles
- ◆ Introduction of solar power generation equipment: GHG reductions (t-CO₂) =
 CO₂ emission factor × amount of solar power generated
- ◆ Procurement of renewables: GHG reductions (t-CO₂) =
 CO₂ emission factor × amount of renewables procured

<Social benefits>

- ◆ Human Milk Oligosaccharide production: Number of continuous users of the products (people) = sales volume ÷ intake per day ÷ 12 months duration of use
- ◆ Citicoline production (Food): Number of continuous users of the products (people) = sales volume ÷ intake per day ÷ 12 months duration of use
- ◆ Citicoline production (Pharmaceutical): Number of continuous users of the products (people) = sales volume ÷ intake per day ÷ 6 months duration of use
- ◆ Lc-PLASMA production: Number of continuous users of the products (people) = sales volume ÷ intake per day ÷ 12 months duration of use

Use of Proceeds Reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

Information Reported:

- Allocated amounts
- Green bond refinanced share of total investment
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

Impact Reporting (Environmental Benefits, Social Benefits):

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual
- Other (*please specify*):

Information Reported (Expected or Post-issuance):

- GHG Emissions / Savings
- Energy Savings
- Number of continuous users of the product
- Other ESG evaluation item (*please specify*):
Recycled resin ratio in PET bottles

Means of Disclosure

- Information published in financial report (Integrated Report)
- Described in sustainability report
- Information published in ad hoc documents
- Other (*please specify*): Disclosing on website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

VII. Assessment Conclusion

On the basis of the information provided by Kirin Holdings and the work undertaken, it is DNV's opinion that "Kirin Sustainable Finance Framework" and Kirin Sustainable Finance conducted by Kirin Holdings meet the criteria established in the Protocol and are aligned with the stated definition and purpose of Green/Social/Sustainability Finance within the SBG and related standards, which is to "enable capital-raising and investment for new and existing projects with social and environmental benefits."

DNV Business Assurance Japan K.K.

March 18, 2022



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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.







With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.



Disclaimer



Responsibilities of the Management of the Issuer and the Second Party Opinion Providers, DNV : The management of Issuer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete

Schedule-1 Kirin Sustainable Finance Nominated Projects

The nominated projects listed in the table are Kirin Sustainable Finance candidates evaluated for eligibility at the time of eligibility assessment before implementation (as of March 2022). The Green/Social Project classification is the representative example shown in GBP/GBGLs, SBP/SBGLs. In the future, Kirin Sustainable Finance executed under the Kirin Sustainable Finance Framework, one or more of the following sustainable projects (Green /Social Projects) will be selected. If the additional sustainability projects are included in the finance executed under the Kirin Sustainable Finance Framework, the fundraiser will evaluate the eligibility in advance. If necessary, DNV will conduct the evaluation in a timely manner.

No.	Categories	Green Projects Categories	Green Projects	Green Projects Overview	Environmental Issues	Contribution to SDGs
1	Businesses related to energy efficiency	Energy efficiency	Introduction of heat pump systems to production sites	<p>Introduction site: Kirin Brewery Company, Limited Hokkaido Chitose factory, Sendai factory, Toride factory, Yokohama factory, Nagoya factory, Shiga factory, Kobe factory, Okayama factory, Fukuoka factory, etc.</p> <p>Introduction period: 2019~2028</p> <p>Total investment: Approx. 2 billion JPY~3 billion JPY</p>	<p>Climate change mitigation *1</p> <p>Greenhouse gas (GHG) emissions from economic activities and daily life have been caused climate change, and the risk of heavy rains and heat waves is expected to increase in the future. As a global issue, countries around the world have been addressing this issue, and more than 120 countries and regions, including Japan, have set the target of "Carbon neutrality by 2050".</p>	  
2	Businesses related to pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies	<ul style="list-style-type: none"> • Pollution prevention and control • Eco-efficient products and/or circular economy adapted products, production 	Procurement and capital investment of recyclable PET resin	Procurement and capital investment for recyclable PET resin to achieve 50% recycled resin usage ratio in PET bottles in Japan by fiscal 2027	<p>Pollution prevention and control, Conservation of natural resources *2</p> <p>The low effective utilization rate of waste plastics and environmental pollution caused by marine plastics and other materials have become global issues. Japan has formulated the "Plastic Resource Recycling Strategy" and is aiming to solve both resource and environmental issues related to</p>	  

	and processes	technologies and processes				plastics.	
3	Businesses related to renewable energy	Renewable energy	Introduction of solar power generation equipment to production sites	<p>Introduction site: Kirin Brewery Company, Limited Hokkaido Chitose factory, Sendai factory, Toride factory, Yokohama factory, Nagoya factory, Shiga factory, Kobe factory, Okayama factory, Fukuoka factory, etc.</p> <p>Introduction period: 2021~2029</p> <p>Total investment: Approx. 2 billion JPY~3 billion JPY</p>		Refer to the above "Climate change mitigation"	
			Procurement of renewables	Switching to renewables for all purchased electricity			
No.	Categories	Social Projects Categories	Social Projects			Social Issues	Contribution to SDGs
			Social Projects Overview	Target population	Social Benefits		
4	Businesses that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention	Access to essential services (health, health care)	Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO)	General public	Contributing to the health of a wide range of our customers through providing products containing Human Milk Oligosaccharide (HMO)	<p>Improvement of the health of infants and toddlers ^{*3}</p> <p>The World Health Organization (WHO) states that breastfeeding is the best means of protecting infants from poor health and disease. In Japan, according to a survey by the Ministry of Health, Labor and Welfare, 45% of infants are not fully breastfed (by mixed feeding), and mothers who raised their infants by mixed feeding report a high need for breastfeeding.</p>	
5	Businesses that contribute to the achievement of a society of health and longevity,		Capital investment, operation, and procurement of	General public, aging people, patients	Contributing to brain function improvement and brain function decline prevention of our customers through providing	<p>Improvement of brain function of the elderly ^{*4}</p> <p>In Japan, the number of elderly people with dementia is expected to reach approximately 7 million by 2025, or one out of every five persons</p>	

	through brain function improvement and brain function decline prevention		raw materials contributing to the production of Citicoline		products containing Citicoline as health food and pharmaceutical ingredients	aged 65 or older. The Ministry of Health, Labour and Welfare (MHLW) has formulated the "Comprehensive Strategy for Dementia Policy Promotion (New Orange Plan)" and is promoting efforts to prevent the onset of dementia, based on the belief that efforts in daily life, such as exercise, improvement of oral functions, better nutrition, social interaction, and hobby activities, are likely to lead to prevention of cognitive decline.	
6	Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function		Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA	General public, aging people, vulnerable youth	Contributing to the maintenance of immune function of our customers through providing products containing Lc-PLASMA	Improvement of immune function *5 In Japan, where the population is aging, the government's "Health and Medical Strategy" considers it important to take measures against unwellness among the elderly, and Kanagawa Prefecture has pointed out the importance of "nutrition (diet and oral functions), exercise, and social participation" in the fight against unwellness. In addition, the government's "SDG Action Plan 2022" calls for "achieving health and longevity," and specific efforts are required. In this context, it has been confirmed that "Plasma lactobacillus acidophilus" suppresses cold/flu-like symptoms and dengue fever-like symptoms by activating antiviral immunity.	 

*1 : Ministry of the Environment, Japan, "Decarbonization Portal" (https://ondankataisaku.env.go.jp/carbon_neutral/about/)

*2 : Ministry of the Environment, Japan, "Plastic Resource Circulation" (<https://plastic-circulation.env.go.jp/about/senryaku>)

*3 : Ministry of Health, Labour and Welfare, "Current Situation Surrounding Breastfeeding and Weaning" (<https://www.mhlw.go.jp/content/11908000/000464806.pdf>)

*4 : Ministry of Health, Labour and Welfare et al. "Comprehensive Strategy for Dementia Policy Promotion (New Orange Plan)" (https://www.mhlw.go.jp/file/06-Seisakujouhou-12300000-Roukenkyoku/nop1-2_3.pdf)

*5 : Government "Health and Medical Strategy" (<https://www.kantei.go.jp/jp/singi/kenkouiryou/suisin/ketteisiryou/kakugi/r020327senryaku.pdf>) , Government "SDGs Action Plan 2022" (https://www.mofa.go.jp/mofaj/gaiko/oda/sdgs/pdf/SDGs_Action_Plan_2022.pdf) , Kanagawa Prefecture "Measures for Unwellness of the Elderly" (<https://www.pref.kanagawa.jp/docs/cz6/cnt/f480290/koureisha-me-byo.html>)

Schedule-1 Reference: Kirin Sustainable Finance Nominated Projects

No.	Green/Social Projects	Example for Nominated Project (Overview)
1	Introduction of heat pump systems to production sites	<ul style="list-style-type: none"> • Introduction site: Kirin Brewery Company, Limited Okayama factory • Output: Air heat source: heating capacity 420kW(70kW×6 units), Air heat source: heating capacity 420kW(70kW×6 units), Water heat source: heating capacity 590kW×1 unit • Start of operation: March 2022 (expected) • Estimated allocation: Approx. 300 million JPY
2	Procurement and capital investment for recycled PET resin	Procure recycled PET resin to increase the percentage of PET bottles made using recycled resin to 50% of bottles sold in Japan by fiscal 2027 and use it in products such as Kirin Nama-cha Decaf.
3	Introduction of solar power generation equipment to production sites	<ul style="list-style-type: none"> • Introduction site: Kirin Brewery Company, Limited Hokkaido Chitose factory • Power generation capacity: 612kW • Start of operation: January 2022 • Estimated allocation: Approx. 20 million JPY
	Procurement of renewables	Kirin Brewery Company, Limited Switching the purchased electricity to renewables at Hokkaido Chitose, Sendai, Toride, Yokohama, Nagoya, Shiga, Kobe, Okayama and Fukuoka factory, etc.
4	Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO)	<ul style="list-style-type: none"> • Introduction site: Thai Kyowa New factory (Phase 1) • Annual production capacity: Approx. 300 tons • Start of operation: 2022 (expected) • Total investment: Approx. 7 billion JPY / Estimated allocation: Approx. 7 billion JPY
5	Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline	<ul style="list-style-type: none"> • Introduction site: Kyowa Hakko Bio Co., Ltd. Yamaguchi Plant • Annual production capacity: 2.5 times higher than conventional • Start of operation: 2023 (expected) • Total investment: Approx. 7.7 billion JPY / Estimated allocation: Approx. 7.7 billion JPY
6	Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA	<ul style="list-style-type: none"> • Introduction site: Koiwai Dairy Products Company, Limited Tokyo factory • Annual production capacity: Approx.28 tons • Start of operation: May 2019, March 2023 (expected) • Total investment: Approx. 2.9 billion JPY / Estimated allocation: Approx. 2.9 billion JPY

Schedule-2 Kirin Sustainable Finance Eligibility Assessment Protocol

The following checklists, SF-1~SF-4, are DNV protocol developed for the Kirin Sustainable Finance eligibility assessment based on the four core elements set forth in the Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021 and other relevant standards.

*SF; Sustainable Finance

SF-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of finance	<p>The Sustainability Finance must fall in one of the following categories, as defined by SBP and GBP.</p> <ul style="list-style-type: none"> - (Standard) Sustainability Finance - Sustainability Revenue Finance - Sustainability Project Finance - Other 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Kirin Sustainable Finance Framework (hereinafter, Framework) <p>Interviews with stakeholders</p>	<p>Through the assessment, DNV confirmed that Kirin Sustainable Finance (hereinafter, "Sustainable Finance") falls into the category below:</p> <ul style="list-style-type: none"> • (Standard) Sustainability Finance
1b	Project categories	<p>The cornerstone of a Sustainability Finance is the utilization of the proceeds of the finance which should be appropriately described in the legal documentation for the security.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - Information related to each project <p>Interviews with stakeholders</p>	<p>DNV confirmed that the projects identified in the Framework fall into the following representative eligible categories classified by the standards, such as GBP, SBP and GLP. It was also confirmed that the proceeds are planned to be allocated to new or existing projects as new financing or refinancing, and that the plans are properly documented in the legal documents and other documents related to the financing.</p> <p><u>Environmental Contribution (Green)</u></p> <ul style="list-style-type: none"> • Energy efficiency • Pollution prevention and control • Eco-efficient products and/or circular economy adapted products, production technologies and processes • Renewable energy <p><u>Social Contribution (Social)</u></p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> • Access to essential services
1c	Environmental and social benefits	All designated Sustainability Project categories should provide clear green and/or social benefits, which, where feasible, will be quantified or assessed by the fundraiser.	Confirmed documents: - Framework Interviews with stakeholders	<p>Among the Green Projects, the introduction of heat pump systems and solar power generation equipment have environmental benefits in terms of CO₂ reductions, and DNV confirmed that the environmental benefits are quantitatively assessed in terms of CO₂ reductions and reported annually. DNV also confirmed that the capital investment in recyclable PET resin is a project that contributes to improving the effective utilization rate of waste plastic and preventing environmental pollution caused by marine plastics, etc., and that the environmental benefits of the project can be quantitatively evaluated by the ratio of recycled resin used.</p> <p>Regarding Social Projects, as shown in Schedule-1, Kirin Holdings has defined the social issues in Japan to be solved by its own business activities and products, and clearly identified the beneficiaries. Each Social Project was confirmed to have social benefits respectively: Human Milk Oligosaccharide production for improving the health of customers in a wide range of regions and age groups, Citicoline production for brain function improvement of customers, and Lc-PLASMA production for maintenance of immune function of customers. The benefits were confirmed to be quantitatively assessed in terms of the number of continuous users and reported annually.</p> <p>Through the assessment, DNV determined that the environmental and social impact risks associated with project execution were relatively low, with the following aspects considered.</p> <ul style="list-style-type: none"> • Compliance with environmental laws and regulations (e.g., conducting environmental assessments) • Comply with agreements with the relevant communities

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> • Compliance with the Kirin Group Compliance Guidelines
1d	Refinance share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that fundraiser provide an estimate of the share of financing vs. refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	Confirmed documents: - Framework Interviews with stakeholders	Kirin Holdings plans to use the proceeds for either new investments, refinancing, or both. DNV confirmed that it plans to disclose the estimated amount (or share) of the proceeds allocated to refinancing through its annual report.

SF-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment decision process	<p>The fundraiser of a Sustainability Finance should outline the decision-making process it follows to determine the eligibility of projects using Sustainability Finance proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Sustainability (Green and Social) Projects categories identified in the Sustainability Finance Principles; • The criteria making the projects eligible for using the Sustainability Finance proceeds; and • The sustainability objectives for green and social 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - CSV Purpose <p>Interviews with stakeholders</p>	<p>Based on the Framework, Kirin Holdings selected projects according to the following criteria.</p> <p>Eligible Projects:</p> <ul style="list-style-type: none"> • The accounting department and the CSV strategy department selected the eligible projects, and the Executive Officer in charge of Financial Strategy made the final decision on the eligibility of the selected nominated projects. • The overall contribution of the project to the achievement of the "CSV Purpose" was evaluated to determine the eligibility of the sustainability projects listed in Schedule-1. • For execution of the project, the following risk mitigation processes are in place, in addition to meeting the eligibility criteria indicated in Chapter II Scope and Objectives (3) Standards/Guidelines to be Applied. <p>< Process to reduce environmental and social risks ></p> <ul style="list-style-type: none"> • Compliance with environmental laws and regulations (e.g., conducting environmental assessments) • Comply with agreements with the relevant communities • Compliance with the Kirin Group Compliance Guidelines



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Fundraiser's environmental and social governance framework	In addition to criteria and certifications, the information published by fundraiser regarding the Sustainability finance process is also considered the quality of performance of the fundraiser's framework and environmental and social sustainability.	Confirmed documents: <ul style="list-style-type: none"> - Framework - CSV Purpose - Long-term Management Vision, Kirin Group Vision 2027 (KV2027) (hereinafter, "KV2027") Interviews with stakeholders	DNV confirmed that the Green and Social Projects implemented by Kirin Holdings are in line with Kirin Holdings' "CSV Purpose" and "Long-Term Management Concept Kirin Group Vision 2027 (KV2027)" and that, in implementing the projects, Kirin Holdings will comply with environmental laws, regulations, and agreements with the relevant communities, as well as considerations for the surrounding environment was considered. DNV also confirmed that the environmental benefits of Green Projects, such as CO ₂ reductions, and the social benefits of Social Projects are clear through review of the Framework and other documents, as well as interviews with stakeholders.

SF-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	Proceeds for funds raised through Sustainability Finance should be managed in sub-accounts, incorporated into sub-portfolios, or tracked by other appropriate means. They should also be evidenced by the fundraiser in a formal internal process related to the fundraiser's investment and financing operations for sustainability projects.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Kirin Group Treasury Policy - Document Management Regulation Interviews with stakeholders	Through document review and interviews, DNV confirmed that the net proceeds are traceable through Kirin Holdings' Kirin Group Treasury Policy and internal control systems. DNV also confirmed that the actual systems and related documents in use can be reviewed and that the control of the proceeds can be evidenced-based on these systems.
3b	Tracking procedure-2	In the period for which Sustainability Finance is to be managed, the balance of the tracked proceeds should be periodically adjusted by amounts matching eligible project investments or loan disbursements made during that period.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Kirin Group Treasury Policy - Document Management Regulation Interviews with stakeholders	DNV confirmed that Kirin Holdings plans to manage the appropriation of proceeds regularly (at least semi-annually) during the period from the execution of Sustainable Finance to redemption or repayment.
3c	Temporary holdings	Pending such investments or disbursements to eligible Sustainability Projects, the fundraiser should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Kirin Group Treasury Policy - Document Management Regulation Interviews with stakeholders	DNV confirmed that Kirin Holdings' internal control system and other confirmation processes ensure that the balance of unallocated proceeds is recognized in a timely manner. It was confirmed through the description of the Framework and this assessment that the balance of unallocated proceeds will be managed in cash or cash equivalents. It was also confirmed that the balance of unallocated proceeds will be disclosed through the reporting for funds allocation.

SF-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical Reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, fundraisers should provide at least annually a list of projects to which Sustainability Finance proceeds have been allocated including:</p> <ul style="list-style-type: none"> - confidentiality and/or competitive considerations, where possible; - a brief description of the projects and the amounts disbursed, as well as the expected environmental and social sustainable impact 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings will conduct Kirin Sustainable Finance reporting (annual reporting) and will disclose the allocation of proceeds until the proceeds have been fully allocated. In terms of the environmental and social benefits, Kirin Holdings plans to report on the following indices until the maturity of Kirin Sustainable Finance. DNV confirmed that the balance of unallocated proceeds and the estimated amount (or share) of the refinanced portion will be disclosed. DNV also confirmed that Kirin Holdings will disclose the environmental and social benefits at any or all of the following indicators, within the limits of confidentiality and so far, as is reasonably practicable.</p> <p>(Environmental benefits)</p> <ul style="list-style-type: none"> • GHG reductions by introduction of heat pump systems: (t-CO₂) • Ratio of recycled resin by procurement and capital investment for recyclable PET resin (%) • GHG reductions by introduction of solar power generation equipment (t-CO₂) <p>(Social benefits)</p> <ul style="list-style-type: none"> • Number of continuous users of the Human Milk Oligosaccharide products (people) • Number of continuous users of the Citicoline products (people) • Number of continuous users of the Lc-PLASMA products (people)