



Kirin Holdings Company, Limited

Kirin Sustainable Finance Framework

**(Green Finance, Social Finance, Sustainability Finance, Sustainability-Linked Finance,
Transition Finance, Transition-Linked Finance)**

1. Introduction

Kirin Holdings Company, Limited (hereinafter, "The company" or "Kirin") has developed the following "Kirin Sustainable Finance Framework" (hereinafter, "This framework"). The company will execute Sustainable Finance (hereinafter, "Kirin Sustainable Finance") based on this framework.

1.1. About Us

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

1.2. Reference to Principles and Guidelines

This framework will communicate in a transparent manner on the key elements and core components recommended by the following principles and guidelines.

- ICMA Green Bond Principles 2021
- ICMA Social Bond Principles 2021
- ICMA Sustainability Bond Guidelines 2021
- ICMA Sustainability-Linked Bond Principles 2020
- ICMA Climate Transition Finance Handbook 2020
- Ministry of the Environment, Green Bond and Sustainability-Linked Bond Guidelines 2022
- Ministry of the Environment, Green Loan and Sustainability-Linked Loan Guidelines 2022
- Financial Services Agency; Ministry of Economy, Trade and Industry; and Ministry of the Environment, Japan Basic Guidelines on Climate Transition Finance May 2021
- Financial Services Agency, Social Bond Guideline October 2021
- LMA; APLMA; LSTA, Green Loan Principles 2021
- LMA; APLMA; LSTA, Social Loan Principles 2021
- LMA; APLMA; LSTA, Sustainability-Linked Loan Principles 2022

<Alignment with the Four Key Elements of Climate Transition Finance>

Four Key Elements of Climate Transition Finance	Related Sections
Issuer's climate transition strategy and governance	2.2/2.3/2.5
Business model environmental materiality	2.2/2.3
Climate transition strategy to be science-based including targets and pathways	2.3
Implementation transparency	2.3/2.5

<Alignment with the Four Core Components of Green Bond Principles and Social Bond Principles>

Described in Chapter 3: "Use-of-Proceeds instruments : Disclosure in line with the relevant Principles such as ICMA GBP"

<Alignment with the Five Core Components of Sustainability-Linked Bond Principles>

Described in Chapter 4:" Sustainability-Linked type instruments : Disclosure in line with the relevant Principles such as ICMA SLBP"

Kirin has obtained a Second party opinion from DNV BUSINESS ASSURANCE JAPAN K.K, an independent external reviewer regarding the alignment of this framework with the Principles and Guidelines stated above.

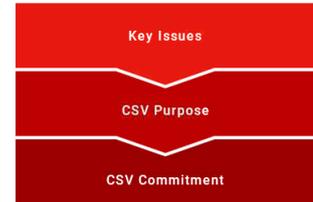
2. Kirin Group's Sustainability

2.1. Corporate Philosophy

Kirin brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers.

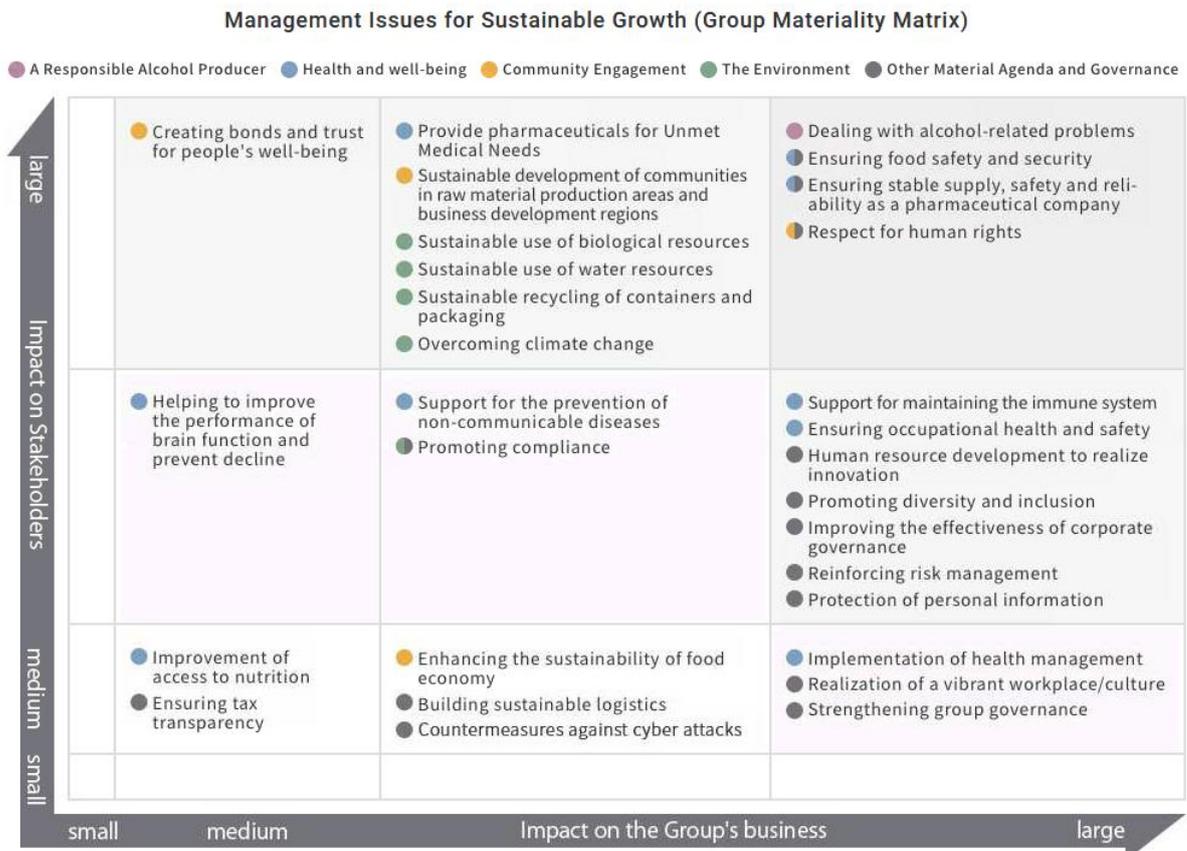
2.2. Kirin Group's CSV Management

Kirin Group will continue to create social and economic value together with all of its stakeholders and work to grow sustainably with society. To achieve this, we will first identify social issues that need to be solved and then address those issues as a group based on a specific action plan.



2.2.1. Key Issues addressed by Kirin Group

Kirin Group has organized its "Management issues for Sustainable Growth" in the Kirin Group Materiality Matrix with a view to continue developing sustainably with society in the future. Based on social issues related to its businesses, the Group designated the fulfillment of its role as a responsible alcohol producer along with health and well-being, community engagement, and the environment as four CSV key issues.



2.2.2. CSV Purpose

To create value and grow sustainably with society, Kirin Group established a CSV Purpose corresponding to each of its four CSV key issues as its Long-Term Management Vision, Kirin Group Vision 2027. One of the long-term management goals is our “CSV Purpose”— guiding principles aimed at sustainable growth and creating value together with people across society. Going forward, we will continue our work as "responsible alcohol producers" and work to resolve “health and well-being,” “community engagement,” and “the environment” and in doing so, we will bring joy to society and contribute to a joyful life for our customers.



2.2.3. CSV Commitment

To work toward solving its key CSV issues, Kirin Group establishes CSV Commitments as a medium-term business plan. An action plan for CSV key issues is created for each commitment, and each group company is working to grow the business by setting forth specific approaches and indicators for each commitment. *The following table shows an excerpt of some of the initiatives for the commitments.

CSV key issues	CSV Commitment	approach	Company/ Department	Goals (in 2024)
A Responsible Alcohol Producer	Dealing with alcohol-related problems	Participation in and number of views of programs to raise awareness of appropriate drinking	Kirin Brewery	Cumulative total 750,000
			Mercian	Cumulative total 7,200
			Lion	Cumulative total 100,000
			Kirin Holdings CSV strategy Dept.	Cumulative total 135,000
Health and Well-being	Support for maintaining the immune system	Recognition rate of the function of Lactococcus lactis strain Plasma	Kirin Holdings Health Science business Dept.	45%
Community Engagement	Respect for human rights	Number of initiated human rights due diligence on supply chains for agricultural products with high human rights risk	Kirin Holdings Procurement Dept.	3 cases
The Environment	Overcoming climate change	GHG (Green House Gas)emission reduction rate: Scope1+2	Kirin Brewery Company	30%(compared with 2019)
			Kirin Beverage Company	17%(compared with 2019)
			Mercian	25%(compared with 2019)
			Lion	35%(compared with 2019)
			Myanmar	1.3%(compared with 2019)
			Kyowa Hakko Bio Company	32%(compared with 2019)
			Kyowa Kirin Company	51%(compared with 2019)

2.3. Policies and Initiatives for CSV key issues "The Environment"

The Kirin Group recognizes that environmental sustainability is essential to ensure the continuity of our business, since our businesses benefit from many blessings of nature such as water and agricultural products. We can strengthen our business resilience by reducing environmental burden in our value chain through our environmental actions such as eco-friendly containers and climate actions. Under the Kirin Group's Environmental Vision 2050, revised in 2020, we aim to enrich the sustainable Earth for future generations by generating positive impacts from the actions.

2.3.1. Kirin Group's Environmental Vision 2050

The Kirin Group regards CSV as a core of its business strategy and aims to be a leading company which tackles environmental problems. Thus, we launched Kirin Group's Environmental Vision 2050, a revised version of Kirin Group Long-term Environmental Vision. Following the vision to "Enrich the Earth with Positive Impact", Kirin and its broad stakeholders enrich society and the Earth for future generations through positive impact on people and the environment.



2.3.2. Overcoming climate change

The Kirin Group was one of two companies that represented Japan when we announced our environmental measures to the world at the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Kyoto in 1997. The Kirin Group has long been working to reduce GHG emissions. We have achieved significant reductions, having set an ambitious target of "reducing GHG emissions across the entire value chain by half from the 1990 level by 2050" in 2009. Since the adoption of the Paris Agreement in 2015, we have been leading the way in creating a decarbonized society, having gained a renewed understanding of our impact on natural capital such as agricultural raw materials and water through scenario analysis based on the TCFD recommendations, set science-based targets for the reduction of greenhouse gas emissions, and pledged our aim to switch to 100% renewable energy for electric power used by 2040 and achieve net zero GHG emissions by 2050.

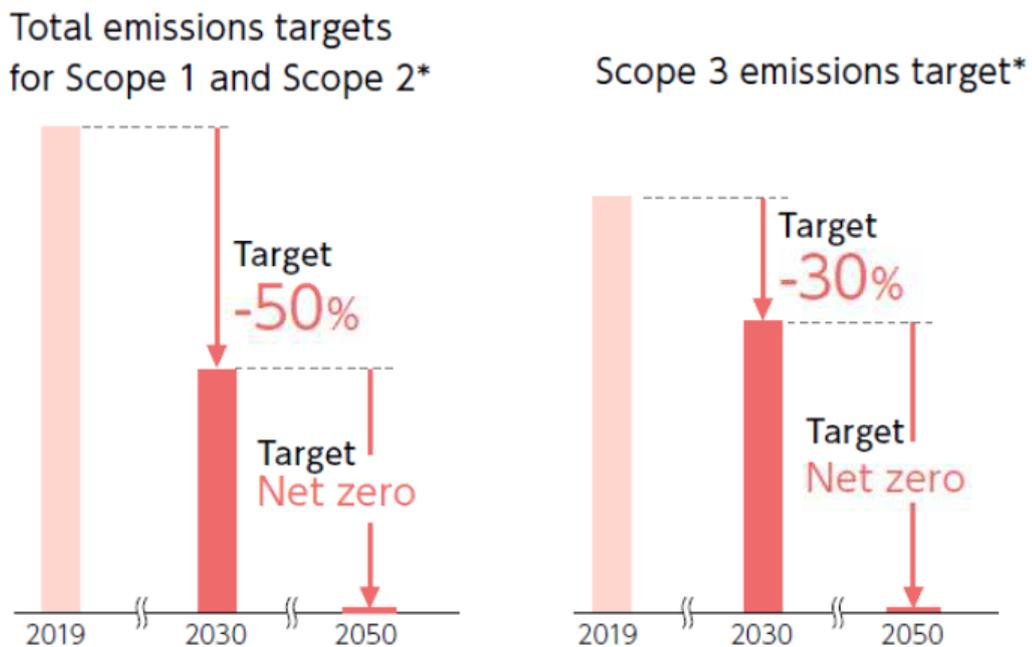
2.3.3. SBT net-zero Certification

Kirin has been approved as the first world company in the food and beverage processing sector with science-based net-zero targets of SBT 1.5°C standard validated by SBTi in July 2022. The Kirin Group's long-term GHG reduction target, "realizing net-zero GHG emission from the entire value chain by 2050" set forth in the Kirin Group's Environmental Vision 2050 was certified as a scientifically based goal consistent with the level of GHG emission reductions required by the Paris Agreement.

Kirin Holdings, with the aim of becoming "A global leader in CSV", have declared our goal of achieving net-zero emissions by 2050 under the Kirin Group's Environmental Vision 2050 and have formulated a roadmap for achieving the goal, which went into operation in January 2022.

In order to achieve The Kirin Group's long-term goal, Kirin Holdings has set a mid-term target for 2030 (to reduce the total of Scope 1 and Scope 2 for the entire group by 50% and Scope 3 by 30% by 2030 compared to 2019), and is promoting GHG reduction in our value chain with the technological capabilities we have cultivated over the years. For Scope 1 and Scope 2, we have installed heat pumps at six Kirin Brewery breweries in Japan, utilizing our plant engineering capabilities to reduce GHG emissions by approximately 3,800 tons per year. In terms of Scope 3, we are gradually expanding the use of "R100 PET bottles" made of 100% recycled PET resin, and are rolling them out for some of our Kirin Nama-cha brands.

With the goal of achieving net zero emissions by 2050, Kirin Holdings will continue to work toward the realization of the Kirin Group's Environmental Vision 2050, which aims to strengthen the resilience of society and the company, and to lead the way toward the creation of a decarbonized society.



* In December 2020, we upgraded our previous "SBT for 2°C" target, and received approval for our "SBT for 1.5°C" target.

2.3.4. Approach to investment

Our basic principle for environmental investment (*1) to achieve our “SBT for 1.5°C” is “profit and loss neutral”. Specifically, the merit in terms of reducing costs derived from saving energy will offset the increase of depreciation and amortization from the investment and the renewable energy cost. For our “SBT for 1.5°C”, the SBTi criteria stipulate that the rate of reduction must not be set based on a rate of reduction for the target year, but instead on a rate of reduction for each year leading up to the target year. Accordingly, we aim to reduce emissions for the Group as a whole each year in a linear manner.

Over the three years of our medium-term plan, from 2022 to 2024, we will execute environmental investment of approximately 10.0 billion yen, reflecting the results of our estimates based on a roadmap formulated from these assumptions.

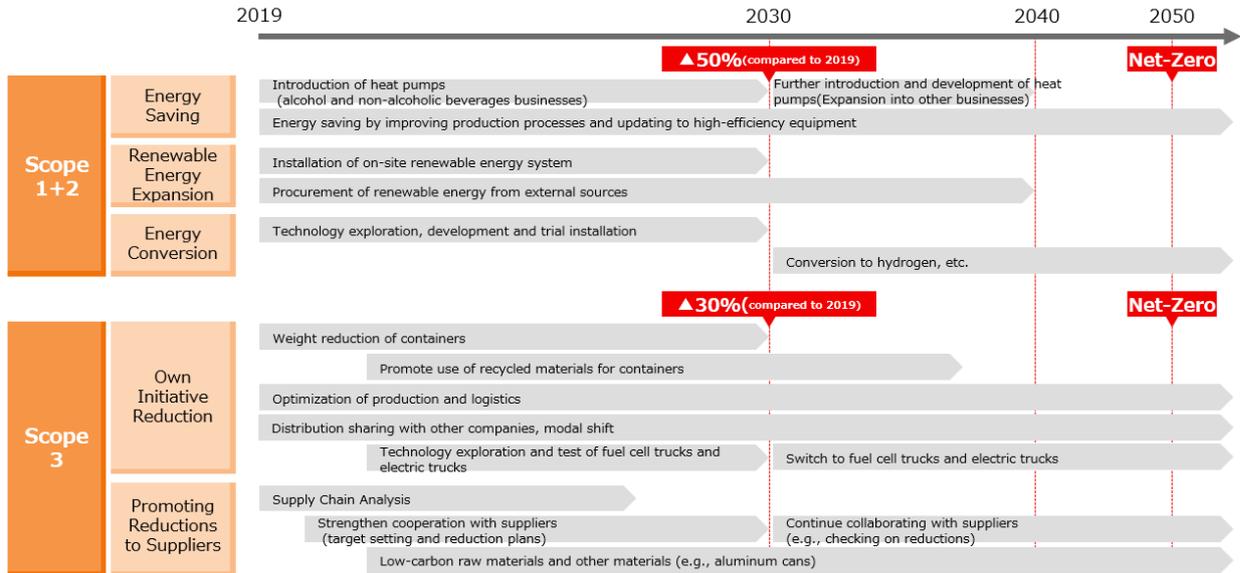
We will use the Net Present Value (NPV) as an indicator for environmental investments aimed mainly at reducing GHG emissions, and we have also introduced Internal Carbon Pricing (ICP) into our framework for making investment decisions. When setting our ICP, we referred existing carbon prices published by IEA. (\$63/tCO₂e or 7,000 yen per tCO₂e as of February 2022). We have formulated our current roadmap in a way that will enable us to achieve profit and loss neutrality even without taking ICP into consideration, and we plan to accelerate investments by taking ICP into consideration.

	2022-2024	2025-2027	2028-2030
Environmental investment (Billions of yen)	Approximately 10.0 billion yen	Approximately 8.0 billion yen	Approximately 8.0 billion yen

(*1) “Environmental investment” is the total of capital investment and the increase in costs to procure electric power from renewable energy. Data from 2025 onward are expected amounts based on our current roadmap, and are subject to revisions as necessary.

2.3.5. Transition Roadmap

The Kirin Group formulated a roadmap for mitigating climate change, and we started climate actions based on the roadmap from January 2022, following deliberations and a resolution by the Group Executive Committee. In line with the roadmap below, Kirin will work to achieve the long-term goal, reducing GHG emissions throughout the entire value chain to net zero by 2050, set in the Kirin Group’s Environmental Vision 2050.

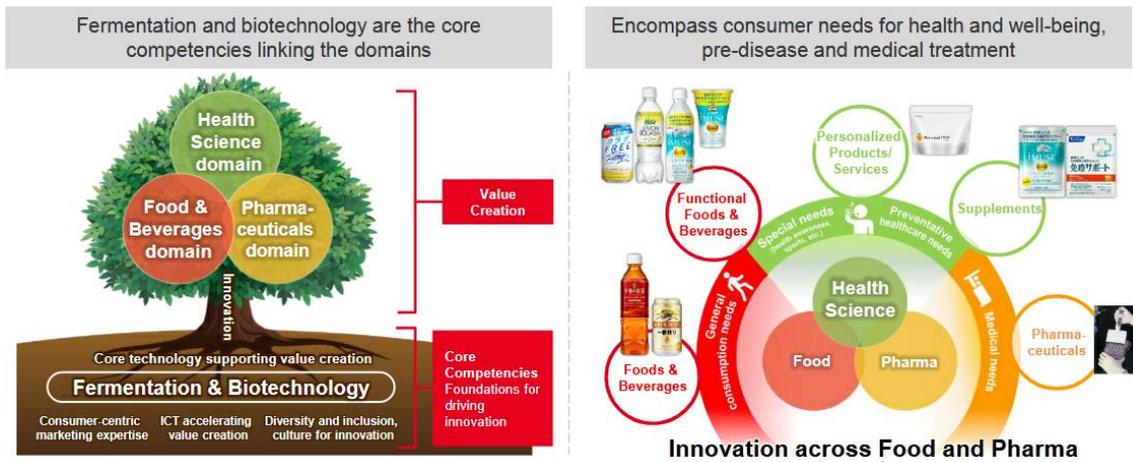


2.4. Policies and Initiatives for CSV key issues "Health and Well-Being"

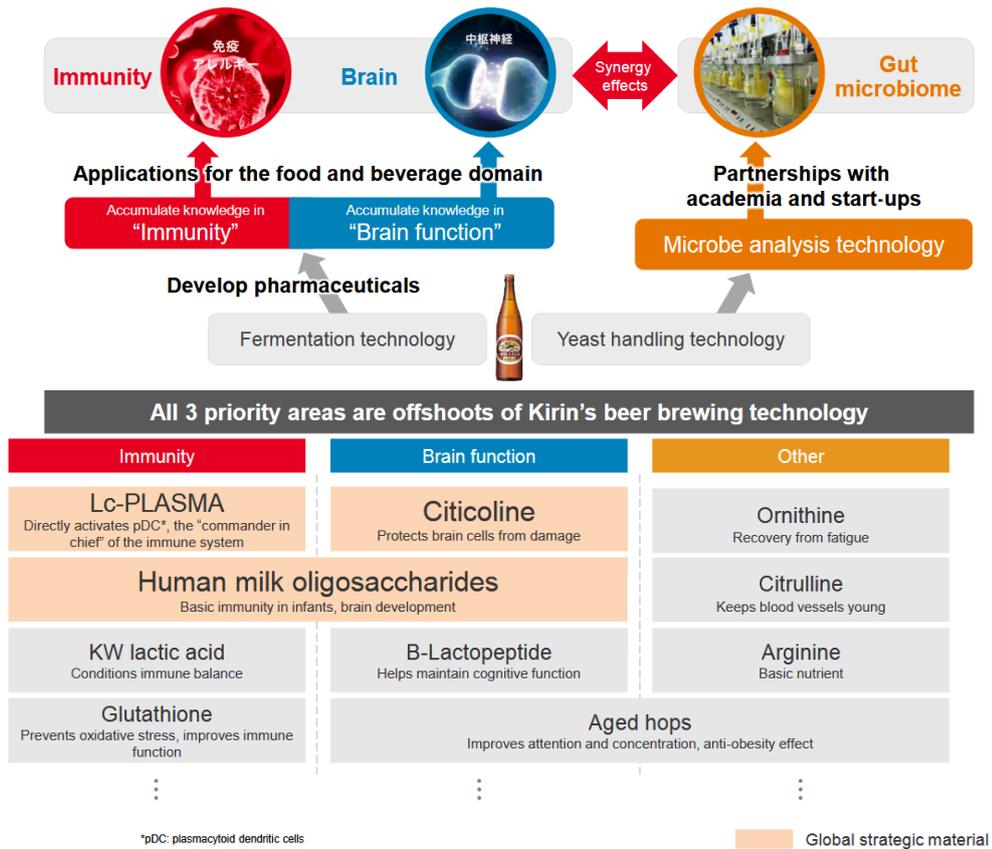
The Kirin Group develops safe and secure products in our food and beverages businesses that both taste great and support self-care. We also provide new products and services and develop new drugs that leverage the strengths of our pharmaceutical and bio-chemical businesses. Through these actions, we help our customers develop physical and mental health and improve their quality of life.

2.4.1. Health Science Domain

Health Science is the domain where the Kirin Group will create new economic and social value by providing solutions to “health and well-being issues” while utilizing the group’s core competencies. Especially, the Kirin Group is stimulating innovation by taking advantage of synergy effects from the 3 key areas: immunity, brain and gut microbiome.



2.4.2. Priority Areas within the Health Science Domain and Our Unique Innovation Process



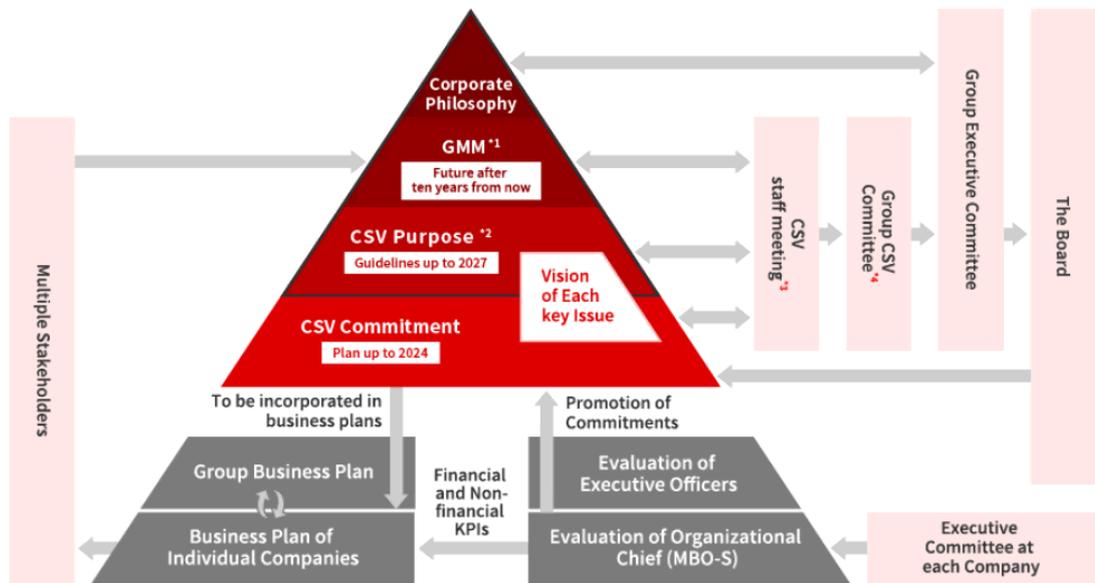
2.4.3. Linkage between Kirin's Health Science Business and Social Guidelines

The Kirin Group has identified "Health and Well-Being" as one of the key issues within CSV Purpose and is making efforts to "Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare". Especially, the Kirin Group has determined immunity, brain, and gut microbiome as its 3 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 and biotechnology, the Kirin Group's core competencies.

The Kirin Group believes that these efforts will contribute to the "Achievement of Good Health and Longevity", one of the social issues listed in the "SDGs Action Plan 2022", and are aligned with the Social Bond Principles and the Social Bond Guidelines.

2.5. Kirin Group's CSV Governance

The Kirin Group formulated the Group Materiality Matrix (GMM), which outlines the key issues that must be addressed in order to exist sustainably and develop the business together with society. Based on the GMM, we formulated the CSV Purpose as a guideline that translates our management philosophy into the significance of our existence in society, and have established the CSV Commitment as a medium-term action plan for achieving the CSV Purpose. The CSV Commitment is incorporated into the business plans of the Group companies, and its progress is linked to performance evaluations. The Group CSV Committee, chaired by the President & CEO of Kirin Holdings, discusses the formulation of CSV policies, strategies, and action plans, and monitors the implementation of these plans in order to actively and voluntarily promote CSV. In order to enhance the effectiveness of the CSV policies and strategies decided by the Group CSV Committee, we established the CSV staff meeting, which is composed of managers from each division of Kirin Holdings and the planning divisions of major group companies, to share information and exchange opinions.



*1:Group Materiality Matrix

*2:Translate management philosophy into social significance.

*3:Members: KH functional units Planning staffs, major operating companies' Planning staffs

*4:Chair: The CEO of Kirin Holdings (KH)

Members: KH functional units Director, The CEO of major operating companies

2.6. Rationale for Kirin Sustainable Finance

Kirin regards the execution of Kirin Sustainable Finance as a funding to solve social issues stated above and to continue sustainable growth of the business with society by promoting CSV. We also regard the finance as an opportunity to share Kirin's overall initiatives to its stakeholders, which include Kirin's customers, shareholders, investors, employees, communities, business partners as well as the environment.

3. Use-of-Proceeds instruments : Disclosure in line with the relevant Principles such as ICMA GBP

3.1. Use of Proceeds

Kirin will use the proceeds of Kirin Sustainable Finance to finance and refinance new and existing eligible projects falling within the following projects categories. In the case of existing investments, allocation is limited to either capital expenditures made within 5 years or operational expenditures made within 3 years from the execution of Kirin Sustainable Finance.

Depending on the characteristic of the finance being executed, proceeds will be allocated to the following projects categories.

- Green Finance : Green Projects and Green/Transition Projects
- Social Finance : Social Projects
- Sustainability Finance : Green Projects, Green/Transition Projects and Social Projects
- Transition Finance : Green/Transition Projects

3.1.1. Eligible Criteria

【Green Projects】

Categories	Projects	Green Bond Principles Projects Categories	SDGs
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"> • Procurement and capital investment of recyclable PET resin 	<ul style="list-style-type: none"> • Pollution prevention and control (Environmental objectives: Pollution prevention and control) • Eco-efficient products and/or circular economy adapted products, production technologies and processes (Environmental objectives: Natural resource conservation) 	9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 12. Ensure sustainable consumption and production patterns 14. Life Below Water

【Green/Transition Projects】

Categories	Projects	Green Bond Principles Projects Categories	SDGs
Businesses related to energy efficiency	<ul style="list-style-type: none"> • Introduction of heat pump systems to production sites 	<ul style="list-style-type: none"> • Energy Efficiency (Environmental objectives: Climate change mitigation) 	7. Ensure access to affordable, reliable, sustainable and modern energy for all 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 13. Take urgent action to combat climate change and its impacts

Businesses related to renewable energy	<ul style="list-style-type: none"> • Introduction of solar power generation equipment to production sites • Procurement of renewables 	<ul style="list-style-type: none"> • Renewable Energy (Environmental objectives: Climate change mitigation) 	<p>7. Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>13. Take urgent action to combat climate change and its impacts</p>
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[Social Projects]

Categories	Projects	Social Bond Principles Projects Categories	SDGs
Businesses that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention	<ul style="list-style-type: none"> • Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO) 	<ul style="list-style-type: none"> • Access to essential services (health, health care) (target population: general public) 	<p>2. Zero hunger</p> <p>3. Good health and well-being</p> <p>9. Industry, Innovation and infrastructure</p>
Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention	<ul style="list-style-type: none"> • Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline 	<ul style="list-style-type: none"> • Access to essential services (health, health care) (target population: general public, aging people, patients) 	<p>2. Zero hunger</p> <p>3. Good health and well-being</p> <p>9. Industry, Innovation and infrastructure</p>
Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function	<ul style="list-style-type: none"> • 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"> • Access to essential services (health, health care) (target population: general public, aging people, vulnerable youth) 	<p>3. Good health and well-being</p> <p>9. Industry, Innovation and infrastructure</p>

3.1.2. Exclusion Criteria

The proceeds of Kirin Sustainable Finance will not be allocated to projects related to:

- 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

3.2. Process for Project Evaluation and Selection

3.2.1. Process for Evaluation and Selection

Kirin Finance Department and CSV Strategy Department will select the eligible projects as defined in 3.1, and the final decision on the selected eligible projects will be made by the Executive Officer in charge of Financial Strategy. The eligibility of projects is based on an overall evaluation of their contribution to the achievement of the CSV Purpose.

3.2.2. Process to Mitigate Environmental and Social Risks

In the implementation of the projects, Kirin will comply with environmental laws and regulations and agreements with the relevant communities throughout the project execution and project period, and will also follow the Kirin Group Compliance Guidelines in order to act with integrity and in conformity with social ethics. In the event of any ESG controversy related to an eligible project, the company will address and disclose such controversy appropriately.

3.3. Management of Proceeds

Kirin Finance Department will manage the allocation of the net proceeds from Kirin Sustainable Finance once every half year using the internal management system until the proceeds have been fully redeemed. The proceeds from Kirin Sustainable Finance will be managed in cash or cash equivalents until the proceeds have been fully allocated.

3.4. Reporting by the fundraiser

3.4.1. Allocation Reporting

Until the proceeds have been fully allocated, Kirin will provide information on the allocation of proceeds to projects that meet the eligible criteria (project name, project description including its progress, amount of allocated and unallocated proceeds) on its website annually, while considering the confidentiality of the projects. The initial reporting will be published in the year following the execution of Kirin Sustainable Finance.

Moreover, in case of refinancing an asset that requires long-term maintenance through multiple executions of Kirin Sustainable Finance, Kirin will disclose the asset's age, remaining useful life and the amount to be refinanced as at the time of the execution.

Kirin will report timely in the event of a significant change after full allocation of the proceeds.

3.4.2. Impact Reporting

Until the maturity or repayment of Kirin Sustainable Finance, Kirin will annually provide, to the extent practicable, the following indices on its website. The initial reporting will be published in the year following the execution of Kirin Sustainable Finance.

【Green Projects】

Categories	Projects	Indices
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"> Procurement and capital investment of recyclable PET resin 	<ul style="list-style-type: none"> Percentage of recycled resin used (%)

【Green/Transition Project】

Categories	Projects	Indices
Businesses related to energy efficiency	<ul style="list-style-type: none"> Introduction of heat pump systems to production sites 	<ul style="list-style-type: none"> GHG reductions (t-CO₂e)
Businesses related to renewable energy	<ul style="list-style-type: none"> Introduction of solar power generation equipment to production sites Procurement of renewables 	<ul style="list-style-type: none"> GHG reductions (t-CO₂e)

【Social Projects】

Categories	Projects	Output	Outcome (*2) (Benefits for or changes (outcomes) of the target population)
Businesses that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO) 	<ul style="list-style-type: none"> Increase in HMO manufacturing capacity 	<ul style="list-style-type: none"> Increase in the number of users of products containing HMO (infant formula, health foods, etc.) in Japan and overseas. The products containing HMO contribute to the health of a wide range of our customers.
Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline 	<ul style="list-style-type: none"> Increase in Citicoline manufacturing capacity 	<ul style="list-style-type: none"> Increase in the number of users of products containing Citicoline (pharmaceuticals, health foods, etc.) in Japan and overseas. The products containing Citicoline contribute to brain function improvement and brain function decline prevention of our customers.
Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function	<ul style="list-style-type: none"> 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"> Increase in Lc-PLASMA manufacturing capacity Number of published papers Number of conference presentations Partnerships with Academia 	<ul style="list-style-type: none"> Increase in the number of people who continue consuming Lc-PLASMA in Japan and overseas. Lc-PLASMA contribute to the maintenance of immune function of our customers.

(*2) Kirin will report the number of users in each projects annually.

3.5. External Review

3.5.1. Annual Review

Kirin will annually obtain a review from DNV BUSINESS ASSURANCE JAPAN K.K, an independent external reviewer, to evaluate whether the allocation reporting and the impact reporting are aligned with this framework. This review will be conducted annually until the proceeds from Kirin Sustainable Finance have been fully allocated. The initial reporting will be published in the year following the execution of Kirin Sustainable Finance.

4. Sustainability-Linked type instruments : Disclosure in line with the relevant Principles such as ICMA SLBP

4.1. Selection of KPIs

The following KPIs will be used for Sustainability-Linked Finance (Sustainability-Linked Bond (SLB)/Sustainability-Linked Loan (SLL)) or Transition-Linked Finance (Transition-Linked Bond (TLB)/Transition-Linked Loan (TLL)) issued under this framework.

KPIs		SLB/SLL	TLB/TLL
KPI-1	CDP Climate Change Score and CDP Water Security Score (*3)	○	—
KPI-2	GHG emission reduction rate in Scope 1 and Scope 2 (Base year: FY2019)	○	○
KPI-3	GHG emission reduction rate in Scope 3 (Base year: FY2019)	○	○

KPI-1 : CDP Climate Change Score and CDP Water Security Score

In the Kirin Group's Environmental Vision 2050, Kirin has selected "Overcoming climate change" and "Sustainable use of water resources" as two of the issues to be addressed by the Kirin Group, and Kirin believes that KPI-1 will serve as a performance indicator for these issues.

<Definition>

Annual climate change score and water security score to be obtained from CDP

<Track record>

	2020	2021	2022
CDP Climate Change Score	A	A	A
CDP Water Security Score	A	A	A

(*3) If there is a change in the assumptions regarding the CDP score and the KPI is changed, the latest information will be announced on the company's website, etc.

KPI-2 : GHG emission reduction rate in Scope 1 and Scope 2

In the Kirin Group's Environmental Vision 2050, Kirin sets "Overcoming climate change" as one of the social visions Kirin wants to achieve as the Kirin Group, and the target of net zero emissions by 2050 and its KPIs, which are quantitative indicators, embody and quantify this vision.

<Definition>

A calculation of the reduction rate from FY2019 based on the total GHG emissions of Scope 1 and Scope 2, calculated in accordance with the GHG Protocol, with the entire group as the scope of aggregation (*4).

(*4) The entire group is defined as the following businesses and companies. If there is a change in the scope of aggregation, the latest scope of aggregation will be posted at the time of reporting.

(Reference: Scope of aggregation for FY2021 in KPI-2)

Business	Companies
Japan Beer and Spirits Business	Kirin Brewery, Kirin Distillery, SPRING VALLEY BREWERY, Eishogen, Kirin Brewery (Zhuhai), Brooklyn Brewery Japan
Japan Non-Alcoholic Beverages Business	Kirin Beverage, Shinshu Beverage, Hokkaido Kirin Beverage, Kirin Maintenance Service, each site of Kirin Beverage Service (Hokkaido, Sendai, Tokyo, Chubu, Kansai), KIRINVIVAX, Tokai Beverage Service
Oceania Integrated Beverages Business	Lion, New Belgium Brewing
Pharmaceuticals Businesses	Kyowa Kirin, KYOWA KIRIN FRONTIER Co., Ltd., Kyowa Medical Promotion Co., Ltd., Kyowa Kirin plus Co., Ltd., Kyowa Hakko Kirin China Pharmaceutical, Kyowa Kirin
Other Businesses (all companies included)	Mercian, NIPPON LIQUOR, Daiichi Alcohol, Wine Curation, Myanmar Brewery Mandalay Brewery, Interfood, Vietnam Kirin Beverage, Four Roses Distillery, Kyowa Hakko Bio, KYOWA PHARMA CHEMICAL, KYOWA ENGINEERING CO.,LTD, BioKyowa Inc., Shanghai Kyowa Amino Acid, Thai Kyowa Biotechnologies Co., Ltd., Kirin Holdings, Kirin Business Expert, KIRIN BUSINESS SYSTEM, KOIWAI DAIRY PRODUCTS, Kirin Echo, Kirin and Communications, Kirin Engineering, Kirin City, Kirin Techno-System, KIRIN GROUP LOGISTICS

<Track record (*5)>

	2019年	2020年	2021年
Total GHG emissions in Scope 1 and Scope 2 (thousand t-CO ₂ e)	834	757	722
GHG emission reduction rate (%) in Scope 1 and Scope 2 (Base year: FY2019)	—	9.2%	13.5%

(*5) The above figures are current as of the release of this framework, and in the event of significant changes to the actual figures due to changes in the scope of business, such as the acquisition or divestment of a company / business, or changes in the assumptions used in the calculation of emission factors, the latest figures will be announced on its website or other media.

KPI-3: GHG emission reduction rate in Scope 3

In the Kirin Group's Environmental Vision 2050, we set "Overcoming climate change" as one of the social visions that the company wants to achieve. Our target of net zero emissions by 2050 and its KPIs, which are quantitative indicators, embody and quantify this vision.

<Definition>

The following group companies (*6) are included in the scope of calculation, and the reduction rate from FY2019 is calculated based on the GHG emissions in Scope 3, calculated in accordance with the GHG Protocol.

(*6) Group companies are defined as the following businesses and companies. If there is any change in the scope of aggregation, the latest scope of aggregation will be posted at the time of reporting.

(Reference: Scope of aggregation for FY2021 in KPI-3)

Business	Companies
Japan Beer and Spirits Business	Kirin Brewery, Kirin Distillery, Kirin Brewery (Zhuhai)
Japan Non-Alcoholic Beverages Business	Kirin Beverage, Shinshu Beverage
Oceania Integrated Beverages Business	Lion, New Belgium Brewing
Pharmaceuticals Businesses	Kyowa Kirin, Kyowa Hakko Kirin China Pharmaceutical, Kyowa Kirin
Other Businesses (all companies included)	Mercian, Daiichi Alcohol, Myanmar Brewery, Interfood, Vietnam Kirin Beverage, Kyowa Hakko Bio, KYOWA PHARMA CHEMICAL, BioKyowa, Shanghai Kyowa Amino Acid, Thai Kyowa Biotechnologies Co., Ltd., Kirin Holdings, KOIWAI DAIRY PRODUCTS, KIRIN GROUP LOGISTICS

<Track record (*7)>

	2019年	2020年	2021年
Total GHG emissions in Scope 3 (thousand t-CO ₂ e)	4,211	3,983	3,689
GHG emission reduction rate (%) in Scope3 (Base year: FY2019)	—	5.4%	12.4%

(*7) The above figures are current as of the release of this framework, and in the event of significant changes to the actual figures due to changes in the scope of business, such as the acquisition or divestment of a company / business, or changes in the assumptions used in the calculation of emission factors, the latest figures will be announced on its website or other media.

4.2. Calibration of Sustainability Performance Targets

For Sustainability-Linked Finance (Sustainability-Linked Bond (SLB)/Sustainability-Linked Loan (SLL)) or Transition-Linked Finance (Transition-Linked Bond (TLB)/Transition-Linked Loan (TLL)) issued under the framework, the following SPTs will be established. The SPTs to be used, the date of determination of the SPTs, and the score of the applicable SPTs will be identified and disclosed in the statutory disclosure documents (for bonds) or contract documents (for loans) at the time of each financing execution.

SPTs		SLB/SLL	TLB/TLL
SPT-1	Maintain CDP Climate Change Score and CDP Water Security Score A	○	—
SPT-2	GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets (Base year: FY2019 (*8)) <ul style="list-style-type: none"> • 50% reduction in GHG emissions in FY2030 • Net zero GHG emissions in FY2050 	○	○
SPT-3	GHG emission reduction rate in Scope 3 below (Base year: FY2019 (*8)) <ul style="list-style-type: none"> • Reduce GHG emissions by 50% in FY2030 • Net zero GHG emissions in FY2050 	○	○

About SPT-1 :

Of the companies that received CDP scores, only about 1.5% received CDP Climate Change Score A in FY2022 and about 2.6% received CDP Water Security Score A in FY2022. ¹

If there is a change in the assumptions for the CDP score and the SPT is changed, the latest information will be announced on its website.

About SPT-2 and SPT-3 :

In July 2022, Kirin became the first company in the world in the food and beverage processing sector to be certified as net-zero under the SBT 1.5°C standard by the SBT Initiative. The targets for each year in SPT-2 are consistent with the 2030 and 2050 targets used to obtain SBT net-zero certification.

The approach presented by the company in obtaining SBT net-zero certification is based on the assumption that the company will follow a generally linear reduction path for Scope 1 and Scope 2 until it achieves net-zero emissions in FY2050. The SPT-2 to be used at the time of financing is set at the time of financing as a level that satisfies the concept of SBT net-zero certification.

(*8) GHG emissions in Scope 1, Scope 2, and Scope 3 in FY 2019, the base year, are retroactively calculated based on the project scope at the time of SPTs determination and the assumptions (emission factors used in the calculation, etc.) at the time of SPTs determination.

4.3. Bond/Loan Characteristics

The characteristics of the bond/loan will be subject to (1) "step up/step down in interest rate" or (2) "Donations" below. The amount to be implemented will be specified in the legal disclosure documents (for bonds) or contract documents (for loans) at the time of the execution of each financing. Even if the company changes the SPTs after the Sustainability-Linked Finance/Transition-Linked Finance is executed, the SPTs for the Sustainability-Linked Finance/Transition-Linked Finance that has already been executed will not be changed.

However, in the situation of an event that may have a significant impact on the assumptions used in measuring the KPIs, setting the SPTs, or the scope of the KPIs (e.g., M&A activities, significant changes in regulatory or other institutional aspects, or the occurrence of unusual events), we may revise the Sustainability-Linked Finance/ Transition-Linked Finance SPTs that we have already executed. In the situation of any event (such as a significant change in M&A activities, regulatory or other institutional changes, or the occurrence of extraordinary events), the company may revise the SPTs figures for Sustainability-Linked Finance/Transition-Linked Finance already executed. The details of the review will be disclosed on the company's website.

(1) Step Up/Step Down Interest Rates

In the case of step up

If a third-party verified report is not received by the determination date that the SPTs have been achieved, the interest rate will step up at the annual rate specified at the time of financing from the interest payment after the determination date to the redemption/repayment date.

In the case of step down

If a third-party verified report is received by the determination date that the SPTs have been achieved, the interest rate will be stepped down at the annual rate specified at the time of financing from the interest payment after the determination date to the redemption/repayment date.

(2) Donations

If no third-party verified reporting is made by the determination date that the SPTs have been achieved, donation will be made to qualified donation recipients by the reimbursement/repayment date. Qualified donation recipients are public interest incorporated associations, public interest foundations, international organizations, local government certified non-profit organizations, local governments, and similar organizations related to the improvement of SPTs that have not been achieved. The amount and recipients of the donation will be determined by the required resolution prior to the reimbursement/repayment date.

4.4. Reporting

The company will report on the following items. The reporting period is the fiscal year preceding the fiscal year to which the reporting date belongs. The contents of the report will be published on the company's website.

No.	Information to be Reported	Reporting Frequency
1	Performance of the KPI	Annually until the final determination dates, starting from the fiscal year following the year of issuance of each Sustainability-Linked Finance/ Transition-Linked Finance
2	Performance against the SPTs	
3	Up-to-date information of climate Sustainability strategies relative to the KPI and SPTs	
4	If SPTs have not been reached and "donations" are made, the amount and recipients of the donations	Timely

4.5. Verification

The performance of each KPI against the SPT is verified by an independent third party on an annual basis until a decision date is reached. The results of the verification will be disclosed on the company's website.

The scope of third-party guarantees in KPI-3 (Scope 3) covers Kirin Brewery, Kirin Beverage, and Mercian as of the release of this framework.

(Revision History)

Timing	Details
March 2022	1st edition
December 2022	Partially updated descriptions to add conformance with the ICMA Climate Transition Finance Handbook 2020 and the Basic Guidelines on Climate Transition Finance (May 2021) of the Financial Services Agency; Ministry of Economy, Trade and Industry; and Ministry of the Environment, and to add Transition Finance, Sustainability-Linked finance, and Transition-Linked finance.