



**Kirin Holdings Company, Limited**  
**Kirin Sustainable Finance Framework**

## **1. Introduction**

Kirin Holdings Company, Limited (hereinafter, "The company" or "Kirin") has developed the following "Kirin Sustainable Finance Framework" (Green·Social·Sustainability Finance Framework, hereinafter, "This framework"). The company has obtained a second party opinion from DNV BUSINESS ASSURANCE JAPAN K.K.(hereinafter, "DNV"), an independent external reviewer, that this framework is aligned with the Green Bond Principles 2021(ICMA), Social Bond Principles 2021(ICMA), Sustainability Bond Guidelines 2021 (ICMA), Green Bond Guidelines 2020 (Ministry of the Environment, Japan), Social Bond Guidelines (October 2021, Financial Services Agency of Japan), Green Loan Principles (LMA) (APLMA) (LSTA) and Green Loan and Sustainability Linked Loan Guidelines 2020 (Ministry of the Environment, Japan).

The company will execute Green·Social·Sustainability 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 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.

### **1.2 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.

### **1.3 Kirin Group's CSV Management**

The Kirin Group has formulated the Group Materiality Matrix (GMM), which outlines the key issues that must be addressed in order to sustainably exist and develop together with society. Based on the GMM, we have 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.

### Management Issues for Sustainable Growth (Group Materiality Matrix)

● A Responsible Alcohol Producer ● Health and well-being ● Community Engagement ● The Environment ● Other Material Agenda and Governance

large Impact on Stakeholders	<ul style="list-style-type: none"> <li>● Creating bonds and trust for people's well-being</li> </ul>	<ul style="list-style-type: none"> <li>● Provide pharmaceuticals for Unmet Medical Needs</li> <li>● Sustainable development of communities in raw material production areas and business development regions</li> <li>● Sustainable use of biological resources</li> <li>● Sustainable use of water resources</li> <li>● Sustainable recycling of containers and packaging</li> <li>● Overcoming climate change</li> </ul>	<ul style="list-style-type: none"> <li>● Dealing with alcohol-related problems</li> <li>● Ensuring food safety and security</li> <li>● Ensuring stable supply, safety and reliability as a pharmaceutical company</li> <li>● Respect for human rights</li> </ul>
	<ul style="list-style-type: none"> <li>● Helping to improve the performance of brain function and prevent decline</li> </ul>	<ul style="list-style-type: none"> <li>● Support for the prevention of non-communicable diseases</li> <li>● Promoting compliance</li> </ul>	<ul style="list-style-type: none"> <li>● Support for maintaining the immune system</li> <li>● Ensuring occupational health and safety</li> <li>● Human resource development to realize innovation</li> <li>● Promoting diversity and inclusion</li> <li>● Improving the effectiveness of corporate governance</li> <li>● Reinforcing risk management</li> <li>● Protection of personal information</li> </ul>
	<ul style="list-style-type: none"> <li>● Improvement of access to nutrition</li> <li>● Ensuring tax transparency</li> </ul>	<ul style="list-style-type: none"> <li>● Enhancing the sustainability of food economy</li> <li>● Building sustainable logistics</li> <li>● Countermeasures against cyber attacks</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of health management</li> <li>● Realization of a vibrant workplace/culture</li> <li>● Strengthening group governance</li> </ul>
medium small	small	medium	large

## CSV Purpose

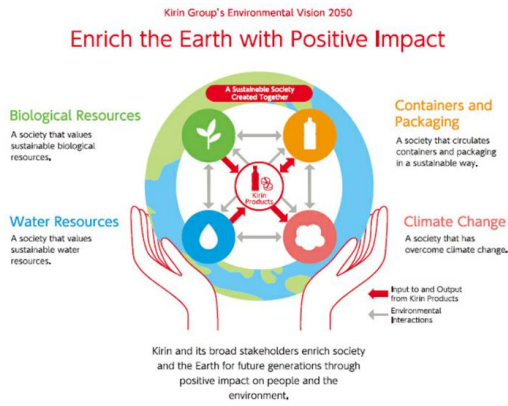


## CSV Commitment (Excerpt)

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)

## 1.4 Kirin Group Environmental Vision 2050

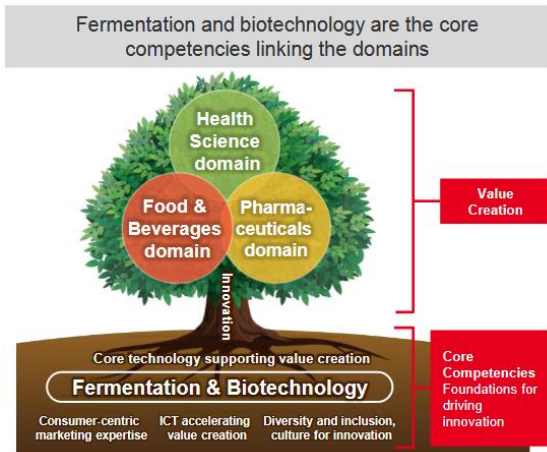
As Kirin regards CSV as being central to its management strategy, the Kirin Group has revised its existing environmental vision and formulated a new vision, Kirin Group Environmental Vision 2050, with the aim of spearheading the efforts to tackle environment issues. Following the vision to "Enrich the 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.



Efforts for Realization	
<b>Biological Resources</b> A society that values sustainable biological resources.	<b>Cultivate, expand and procure sustainable agricultural raw materials.</b> <ul style="list-style-type: none"> <li>Procure agricultural raw materials that comply with certification schemes, such as FSC, ISO and the Rainforest Alliance.</li> <li>Cultivate agricultural raw materials that are suited to global warming and expand them to raw material production areas.</li> <li>Promote recycling and reduction of product waste, thereby bringing food waste generated by production activities to zero.</li> </ul> <b>Stand by the side of farmers to make raw material production areas sustainable.</b> <ul style="list-style-type: none"> <li>Expand support in acquiring sustainable certifications, such as the Rainforest Alliance, and solve environmental issues, etc., in production areas.</li> <li>Examine and research contributions to affluent biodiversity by sustainable agriculture and expand the outcomes to raw material production areas.</li> </ul>
<b>Water Resources</b> A society that values sustainable water resources.	<b>Bring water, used as a raw material, to a sustainable state.</b> <ul style="list-style-type: none"> <li>Continue to reduce the volume of water use in group operational bases.</li> <li>Further promote water source forestation activities in Japan.</li> </ul> <b>Solve problems with water in a way that suits the characteristics of basin regions where our business bases are located.</b> <ul style="list-style-type: none"> <li>Minimize risk during water-related disasters by reinforcing resilience and efficiency for supply chains.</li> <li>Implement water source preservation activities and education programs to preserve water in raw material production areas, thereby solving water issues in the value chain.</li> </ul>
<b>Containers and Packaging</b> A society that circulates containers and packaging in a sustainable way.	<b>Develop and disseminate sustainable containers and packaging.</b> <ul style="list-style-type: none"> <li>Use sustainable containers and packaging that employ recycled materials and biomass.</li> <li>Aim to develop new containers and services.</li> </ul> <b>Build a resource-recycling system to make containers and packaging sustainable.</b> <ul style="list-style-type: none"> <li>Take the lead in improving the recycling system in Japan.</li> <li>Contribute to collection of resources and establishment of recycling infrastructure in areas where operations are maintained.</li> </ul>
<b>Climate Change</b> A society that has overcome climate change.	<b>Realize Net-Zero GHG in the entire value chain.</b> <ul style="list-style-type: none"> <li>Achieve RE100 at an early stage and source the company's energy from 100% renewable energy.</li> <li>Realize Net-Zero carbon emission in the entire value chain.</li> </ul> <b>Take the lead in building a decarbonized society.</b> <ul style="list-style-type: none"> <li>Build a business model that contributes to a decarbonized society with customers and other stakeholders.</li> <li>Support research to mitigate climate change and expand responsible renewable energy to society.</li> </ul>

## 1.5 Health Science Domain

Domain in which 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.



### 1.5.1 Priority Areas within the Health Science Domain and Our Unique Innovation Process



Immunity	Brain function	Other
<b>Lc-PLASMA</b> Directly activates pDC*, the "commander in chief" of the immune system	<b>Citicoline</b> Protects brain cells from damage	<b>Ornithine</b> Recovery from fatigue
<b>Human milk oligosaccharides</b> Basic immunity in infants, brain development		<b>Citrulline</b> Keeps blood vessels young
<b>KW lactic acid</b> Conditions immune balance	<b>B-Lactopeptide</b> Helps maintain cognitive function	<b>Arginine</b> Basic nutrient
<b>Glutathione</b> Prevents oxidative stress, improves immune function	<b>Aged hops</b> Improves attention and concentration, anti-obesity effect	
⋮	⋮	⋮

\*pDC: plasmacytoid dendritic cells

Global strategic material

### 1.5.2 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 2021", and are aligned with the Social Bond Principles and the Social Bond Guidelines.

### 1.6 Rationale for Kirin Sustainable Finance

Kirin considers the execution of Kirin Sustainable Finance as funding for solving social issues stated above and for promoting CSV. It is also regarded 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.

## 2. Kirin Sustainable Finance Framework

### 2.1 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
- ✓ Social Finance : Social Projects
- ✓ Sustainability Finance : Green Projects and Social Projects

#### 2.1.1 Eligible Criteria

[Green Projects]

Categories	Projects	Green Bond Principles Projects Categories	SDGs
Businesses related to energy efficiency	<ul style="list-style-type: none"> <li>• Introduction of heat pump systems to production sites</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Efficiency (Environmental objectives: Climate change mitigation)</li> </ul>	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 pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> <li>• Procurement and capital investment of recyclable PET resin</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution prevention and control (Environmental objectives: Pollution prevention and control)</li> <li>• Eco-efficient products and/or circular economy adapted products, production technologies and</li> </ul>	9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 12. Ensure sustainable consumption and production patterns 14. Life Below Water



		processes (Environmental objectives: Natural resource conservation)	
Businesses related to renewable energy	<ul style="list-style-type: none"> <li>• Introduction of solar power generation equipment to production sites</li> <li>• Procurement of renewables</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable Energy (Environmental objectives: Climate change mitigation)</li> </ul>	<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>

**[Social Projects]**

<b>Categories</b>	<b>Projects</b>	<b>Social Bond Principles Projects Categories</b>	<b>SDGs</b>
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"> <li>• Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO)</li> </ul>	<ul style="list-style-type: none"> <li>• Access to essential services (health, health care) (target population: general public)</li> </ul>	<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"> <li>• Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline</li> </ul>	<ul style="list-style-type: none"> <li>• Access to essential services (health, health care) (target population: general public, aging people, patients)</li> </ul>	<p>2. Zero hunger</p> <p>3. Good health and well-being</p> <p>9. Industry, Innovation and infrastructure</p>



<p>Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function</p>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Access to essential services (health, health care) (target population: general public, aging people, vulnerable youth)</li> </ul>	<p>3. Good health and well-being 9. Industry, Innovation and infrastructure</p>
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### 2.1.2 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

## 2.2 Process for Project Evaluation and Selection

### 2.2.1 Process for Evaluation and Selection

Kirin's Accounting Department and CSV Strategy Department will select the eligible projects as defined in 2.1, 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.

## **2.2.2 Process to Mitigate Environmental and Social Risks**

In the implementation of the project, 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 as appropriate.

## **2.3 Management of Proceeds**

Kirin's Accounting 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. Such allocation will be made to the eligible projects within one year of fundraising. The proceeds from Kirin Sustainable Finance will be managed in cash or cash equivalents until the proceeds have been fully allocated.

## **2.4 Reporting by the fundraiser**

### **2.4.1 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.

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.

## 2.4.2 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.

### 【Green Projects】

Categories	Projects	Indices
Businesses related to energy efficiency	<ul style="list-style-type: none"> <li>Introduction of heat pump systems to production sites</li> </ul>	<ul style="list-style-type: none"> <li>GHG reductions (t-CO<sub>2</sub>)</li> </ul>
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"> <li>Procurement and capital investment of recyclable PET resin</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of recycled resin used (%)</li> </ul>
Businesses related to renewable energy	<ul style="list-style-type: none"> <li>Introduction of solar power generation equipment to production sites</li> <li>Procurement of renewables</li> </ul>	<ul style="list-style-type: none"> <li>GHG reductions (t-CO<sub>2</sub>)</li> </ul>

### 【Social Projects】

Categories	Projects	Output	Outcome (*) (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"> <li>Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in HMO manufacturing capacity</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

<p>Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention</p>	<ul style="list-style-type: none"> <li>· Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline</li> </ul>	<ul style="list-style-type: none"> <li>· Increase in Citicoline manufacturing capacity</li> </ul>	<ul style="list-style-type: none"> <li>· 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.</li> </ul>
<p>Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function</p>	<ul style="list-style-type: none"> <li>· 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</li> </ul>	<ul style="list-style-type: none"> <li>· Increase in Lc-PLASMA manufacturing capacity</li> <li>· Number of published papers</li> <li>· Number of conference presentations</li> <li>· Partnerships with Academia</li> </ul>	<ul style="list-style-type: none"> <li>· 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.</li> </ul>

\*Kirin will report the number of users in each projects annually.

## **2.5 External Review**

### **2.5.1 Second Party Opinion**

Before the execution of Kirin Sustainable Finance, Kirin has obtained a second party opinion from DNV, an independent external reviewer, that this framework is aligned with the Green Bond Principles 2021(ICMA), Social Bond Principles 2021(ICMA), Sustainability Bond Guidelines 2021 (ICMA), Green Bond Guidelines 2020 (Ministry of the Environment Japan), Social Bond Guidelines (October 2021 Financial Services Agency of Japan),Green Loan Principles (LMA)(APLMA) (LSTA) and Green Loan and Sustainability Linked Loan Guidelines 2020 (Ministry of the Environment Japan).

### **2.5.2 Annual Review**

Within one year from the date of the execution of Kirin Sustainable Finance, Kirin will obtain a review from DNV, an independent external reviewer, to evaluate whether its reporting is aligned with this framework. This review will be conducted annually until the proceeds from Kirin Sustainable Finance have been fully allocated.