



SECOND PARTY OPINION

KIRIN HOLDINGS COMPANY, LIMITED. SOCIAL BOND DNV PERIODIC REVIEW (#1)

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Revision history	Remarks
22 September 2023	Kirin Holdings Company, Limited. Social Bond Second Party Opinion
28 June 2024 (This report)	Social Bond DNV Periodic Review (#1) Allocation status: All has been allocated of the JPY 60 billion raised Social benefits: Improved access to Blackmores’ products (awareness of Blackmores in target regions)

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. Scope and Objectives

Kirin Holdings Company, Limited (hereinafter, Kirin Holdings) has commissioned DNV to conduct a post-issuance periodic review of the “Social Bond” issued on 26 October 2023. The objective of the post-issuance periodic review of DNV is to ensure that Kirin Holdings meets the requirements of the Social Bond Principles (hereinafter, SBP) and the Social Bond Guidelines (hereinafter, SBGL) described below, and to provide a second party opinion on the eligibility of this Social Bond.

Kirin Holdings issued a Social Bond on 26 October 2023. The issuance amount was JPY 40 billion and 20 billion, each of which redemption period is five years and seven years respectively. DNV conducted a periodic review (#1) based on the SBP and SBGL.

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 paper, no assurance is provided regarding the financial performance of the Social Bond, the value of any investment in the Social Bond, or the long-term social benefits of the transaction.




Standards to be Applied

No.	Standards/Guidelines	Scheme owner	Applied level ^{*1}
1.	Social Bond Principles 2023 (SBP)	International Capital Market Association (ICMA), 2023	Apply
2.	Social Bond Guidelines 2021 (SBGL)	Financial Services Agency, 2021	Apply

^{*1} Apply: Eligibility for all four common elements to each principle and guideline was evaluated.

II. Project Overview

Kirin Holdings has formulated the "Kirin Social Bond Framework" to raise the funds needed to address social issues in "health," as set out in its "CSV Purpose," in the form of a social bond. This time, Kirin Holdings has fully allocated the proceeds from the Social Bond to the following social projects.

Eligible projects	Social Projects Categories	Target population	Relevant SDGs
Acquisition of shares in Blackmores Limited	<ul style="list-style-type: none"> ■ Access to essential services <ul style="list-style-type: none"> - Health - Healthcare ■ Food security and sustainable food systems <ul style="list-style-type: none"> - Physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements - Improvement of eating habits and management of presymptomatic disease 	<p>General public</p> <p>People with specific nutrient needs due to illness etc.</p>	  

Founded in 1932, Blackmores Limited (hereinafter, Blackmores) is Australia's largest and oldest Natural Health company. The company's purpose is "To give people a choice to make living well each day a natural way of life." With a mission to "Combine our knowledge of nature and science to deliver quality solutions to bring wellness to people and their pets everywhere, everyday," the company has been contributing to the health of people in the Asia-Pacific region for nearly a century through research and development of natural health and natural therapies.

The acquisition of shares in Blackmores is expected to help Kirin Holdings and Blackmores create a wide range of synergies in the business areas in which they operate, as described in i) to iii) below, thereby contributing to solving many health-related social issues.

- i) Expand growth opportunities and business scale with the operating regions by enhancing the product line-up and capability of the health science business
- ii) Realize continuous growth in the health science business by leveraging access to hundreds of millions of customers in the Asia-Pacific region utilizing Kirin Holdings' sales network of specialty materials etc., as well as the company's in-depth knowledge of consumer needs and country regulations, in order to evolve B2B and B2C businesses with further enhanced ability to propose solutions to solve the issues
- iii) Develop new products by utilizing the technologies of both companies

<p>KIRIN</p> <p>Expansion of growth opportunities</p>	<ul style="list-style-type: none"> ● Leveraging Blackmores' distribution channels and capabilities can accelerate the deployment of speciality materials <p>e.g.</p> <ul style="list-style-type: none"> ✓ Derivation of Lc-plasma into immune supplements. ✓ Derivation of Citicoline into drink supplements. ✓ Derivation of HMOs into digestive supplements and milk powder etc.  
<p>BLACKMORES GROUP</p> <p>Expansion of growth opportunities</p>	<ul style="list-style-type: none"> ● New product development through the use of our technology. <p>e.g.</p> <ul style="list-style-type: none"> ✓ Development and deployment of new product formats. ✓ Further environmental compliance of containers and packaging, etc. <ul style="list-style-type: none"> ● Potential product co-development with FANCL
<p> Improvement of organizational capacity</p>	<ul style="list-style-type: none"> ● Improving organizational capacity of health sciences businesses <p>e.g.</p> <ul style="list-style-type: none"> ✓ Exchange of human capital (broader fields to perform for employees of both companies). ✓ Knowledge sharing (R&D and marketing among others) etc.

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 allocated Social Bond 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 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 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 issuer, Kirin Holdings, as possible, we have adapted our Kirin Holdings Social Bond assessment methodology, which incorporate the requirements of the SBP and SBGL, to create a Social Bond Eligibility Assessment Protocol (hereinafter, Protocol). Please refer to Schedule-2 and 3. The Protocol is applicable to Social Bond based on the SBP and SBGL.

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 a Social Bond should "enable capital-raising and investment for new and existing projects with social benefits."

As per our Protocol, the criteria against which the Social Bond has been reviewed are grouped under four Principles:

- **Principle One: Use of Proceeds**

The Use of Proceeds criteria are guided by the requirement that a Social Bond issuer must use the funds raised to eligible activities. The eligible activities should produce clear social benefits.

- **Principle Two: Process for Project Evaluation and Selection**

The Project Evaluation and Selection criteria are guided by the requirements that a Social Bond issuer should outline the process it follows when determining the eligibility of an investment using Social Bond 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 a Social Bond 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 bond 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 high-level review of the available information, based on the understanding that this information was provided to us by Kirin Holdings in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

i. Pre-Issuance Assessment of Social Bond (*not included in this report)

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

ii. Post-Issuance Assessment of Social Bond *This Report

- Assessment of evidential documents provided by Kirin Holdings after the Social Bond issuance, 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 post-issuance (update of the details mentioned in Schedule-1);
- Document creation at the time of post-issuance verification.



VI. Findings and DNV's Opinion

DNV's findings and opinion are as follows.

Principle One: Use of Proceeds

DNV confirmed that the proceeds raised by Kirin Holdings from the Social Bond have been allocated to social projects, which are consistent with the following eligible project categories outlined in the SBP and SBGL.

Eligible projects	Social Projects Categories	Time of allocation (actual)	Allocated amount
Acquisition of shares in Blackmores	<ul style="list-style-type: none">■ Access to essential services■ Food security and sustainable food systems	October 2023 (completed)	JPY 60 billion (refinancing ratio: 100%)

Principle Two: Process for Project Evaluation and Selection

DNV confirmed that the finance department and the CSV strategy department of Kirin Holdings selected the eligible projects defined by the "Kirin Social Bond Framework," and the Executive Officer in the finance department made the final decisions on the selected eligible projects.

DNV confirmed that Kirin Holdings has met the eligibility criteria set out in the "Standards to be applied" in selecting the project in question, and that it has assessed and considered the negative impacts associated with the implementation of the project and identified the environmental and social risks in advance.

Principle Three: Management of Proceeds

DNV confirmed how Kirin Holdings tracked and managed the proceeds during the period from the bond issuance to the periodic review.

DNV confirmed that Kirin Holdings allocated all of the JPY 60 billion raised from the Social Bond as refinancing for the acquisition of shares in Blackmores promptly after the fundraising, and that no unallocated proceeds have arisen.

Principle Four: Reporting

DNV confirmed that Kirin Holdings has fully allocated the proceeds from the Kirin Social Bond and no unallocated proceeds have arisen, and that it would publish certain information on the social benefits provided by eligible projects on its website on an annual basis until the proceeds are redeemed. Although the proceeds have been fully allocated, if any significant events occur in the future, such as major changes in the implementation status of the allocated eligible projects, these will be disclosed in a timely manner. Key reporting items will include the following.



<Allocation of Proceeds reporting>

- ◆ Eligible criteria and the amount of allocated proceeds: Acquisition of shares in Blackmores (JPY 60 billion)
- ◆ Management methods and the balance of unallocated proceeds: No balance of unallocated proceeds

<Social benefits>

- ◆ Improved access to Blackmores’ products (awareness of Blackmores in target regions)

Global customer awareness increased to 681 million (138 million increased from the previous year).*

Progress made in working with Blackmores to develop Kirin's specialty materials globally

* Source: Fiftyfive5 Pty Ltd, Blackmores, December 2023

Eligible projects	Output	Outcome	Impact
Acquisition of shares in Blackmores	Making Blackmores a subsidiary	Improved access to Blackmores’ products	Help to solve more health challenges for people all over the world, aiming to “increase the number of healthy people, reduce the number of people who get ill, and contribute to those involved in treatment”



Assessment Conclusion

On the basis of the information provided by Kirin Holdings and the work undertaken, it is DNV's opinion that Kirin Holdings meets the criteria established in the Protocol and is aligned with the stated definition and purpose of the Social Bond within the SBP and SBGL, which is to "enable capital-raising and investment for new and existing projects with social benefits."

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28 June 2024

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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 Social Bond Projects

The projects in the table are those that have already been allocated after the issuance of the Social Bond (as of June 2024).

No.	Social Projects Categories			Social project			Contribution to the SDGs
	Business category	Subdivision of business category	Social project overview	Target population	Social benefit	Social issues	
1	<p>Access to essential services</p> <p>Food security and sustainable food systems</p>	<ul style="list-style-type: none"> - Health, healthcare - Physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements - Improvement of eating habits and management of presymptomatic disease 	Acquisition of shares in Blackmores	General public People with specific nutrient needs due to illness etc.	Help to solve more health challenges for people all over the world, aiming to “increase the number of healthy people, reduce the number of people who get ill, and contribute to those involved in treatment”	<p>Achieving health and longevity</p> <p>Responding to a super-aging society</p> <p>From "treatment" to "prevention" (measures against presymptomatic disease)</p>	  



Schedule-2 Social Bond Eligibility Assessment Protocol

The following SBP-1 ~ SBP-4 are DNV's Framework Eligibility Assessment Protocol based on the requirements of SBP (2023). The "Confirmed documents" in the work undertaken includes internal documents of the issuer and are provided by Kirin Holdings as evidence of eligibility judgement for DNV.

SBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	The bond must fall in one of the following categories: <ul style="list-style-type: none"> • Use of Proceeds Bond • Revenue Bond • Project Bond • Securitized or covered Bond 	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials Interviews with stakeholders	Through the evaluation process, DNV confirmed that Kirin Holdings' Social Bond falls into the following categories. (Standard) Social Bond
1b	Social Project Categories	The cornerstone of a Social Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials • Draft of statutory disclosure document 	DNV confirmed that all of the proceeds have been allocated to the following projects. <p>"Access to essential services (health, healthcare)"</p> <p>"Food security and sustainable food systems (physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements, improvement of eating habits and management of presymptomatic disease)"</p>
1c	Social benefits	All designated Social Project categories should provide clear socially sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials Interviews with stakeholders	DNV confirmed that the social project is a solution for the objective social issue, that local characteristics are taken into account, and that the target population and social contribution (outcome) of the project are clearly identified by the issuer. <p>Specifically, DNV confirmed that the acquisition of Blackmores is expected to help to solve more health issues for people all over the world, aiming to "increase the number of healthy people, reduce the number of people who get ill, and contribute to those involved in treatment," through improved access to Blackmores' products.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers 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: <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials Interviews with stakeholders	DNV confirmed that the proceeds from the Social Bond have been fully allocated to social projects listed in Schedule-1 as new investment and refinancing. DNV also confirmed that the allocation of proceeds and the percentage of refinancing (100%) will be disclosed in the annual reporting.

SBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Social Bond should outline the decision making process it follows to determine the eligibility of projects using Social Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Social Projects categories identified in the ICMA SBP 2020; • The criteria making the projects eligible for using the Social Bond proceeds; • The social sustainability objectives 	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials • Workflow application records <p>Interviews with stakeholders</p>	<p>DNV confirmed that the finance department and the CSV strategy department selected the eligible projects which meet the eligible criteria defined by the Framework, and the Executive Officer in the finance department made the final decisions on the selected eligible projects.</p> <p>DNV also confirmed that Kirin Holdings has met the eligibility criteria set out in the “Standards to be applied” in selecting the project in question, and that it has assessed and considered the negative impacts associated with the implementation of the project and identified the environmental and social risks in advance.</p>
2b	Issuer’s environmental social governance framework	<p>In addition to information disclosed by an issuer on its Social Bond process, criteria and assurances, Social Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding social sustainability.</p>	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings’ social projects are in line with Kirin Holdings’ “CSV Purpose” and the Long-Term Management Vision “Kirin Group Vision 2027 (KV2027),” and compliance with environmental laws, regulations, ordinances and agreements with the relevant regions was taken into account when implementing the projects, and that risk items specific to eligible projects are identified through various due diligence procedures and appropriate responses and procedures are implemented. DNV also confirmed that the social benefits of social projects have been clearly identified through the review of the Framework and other documents and interviews with relevant stakeholders.</p>

SBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Social Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Social Projects.	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials • Proceeds management information (remittance details) <p>Interviews with stakeholders</p>	DNV confirmed through document review and interviews that the net proceeds were promptly allocated to social eligible projects.
3b	Tracking procedure	So long as the Social Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Social investments or loan disbursements made during that period.	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials • Proceeds management information (remittance details) <p>Interviews with stakeholders</p>	DNV confirmed that Kirin Holdings managed the allocation status of proceeds from the implementation of the Social Bond to the completion of the allocation.
3c	Temporary holdings	Pending such investments or disbursements to eligible Social Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials • Proceeds management information (remittance details) <p>Interviews with stakeholders</p>	DNV confirmed that the full amount of proceeds from the Social Bond was fully allocated promptly after the fundraising and no unallocated proceeds have arisen.

SBP-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, issuers should provide at least annually a list of projects to which Social Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected socially sustainable impact.</p>	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social bond eligibility assessment materials • 23rd and 24th Unsecured Straight Corporate Bonds (Social Bonds) Allocation status of proceeds and impact reporting (Draft) <p>Interviews with stakeholders</p>	<ul style="list-style-type: none"> • DNV confirmed that Kirin Holdings has fully allocated the proceeds from the Kirin Social Bond and plans to disclose on its website that no unallocated proceeds have arisen. Although the proceeds have been fully allocated, if any significant events occur in the future, such as major changes in the implementation status of the allocated eligible projects, these will be disclosed in a timely manner. <p>(Social benefits)</p> <p>DNV confirmed that Kirin Holdings is currently envisaging the following reporting indicators. Depending on the future development of the business with Blackmores, the initiatives will be reported to the extent practicable.</p> <ul style="list-style-type: none"> • Improved access to Blackmores' products (awareness of Blackmores in target regions)