

KIRIN SOCIAL FINANCE FRAMEWORK
KIRIN HOLDINGS COMPANY LIMITED



You become happy.
Then, the world will be that much better.

Joy brings us together



Kirin Holdings



FEBRUARY 2025

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1 Introduction

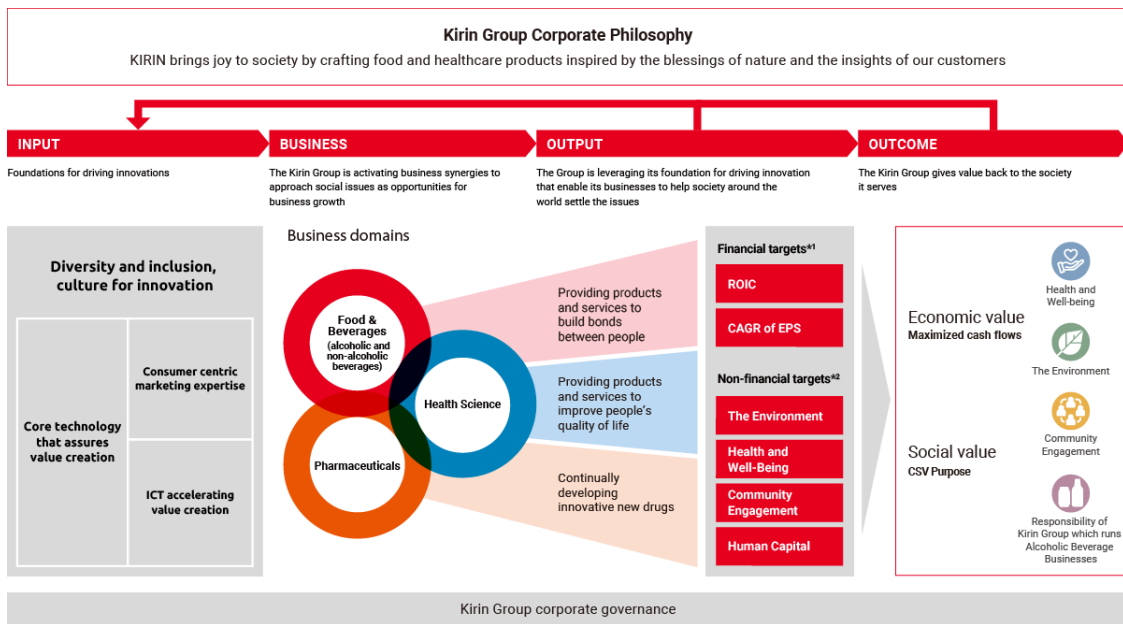
1.1 Company Overview

Kirin is the holding company of the Kirin Group, which includes Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Lion Pty Ltd, Kyowa Kirin Co., Ltd., Mercian Corporation, Coca-Cola Beverages Northeast, Inc., 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 Kirin Group's Sustainability Management

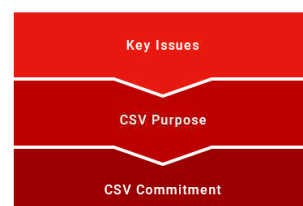
1.2.1 Corporate Philosophy

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



1.2.2 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 identified social issues that needed to be solved as "Key Issues addressed by Kirin Group" and designated the fulfillment of its roles as "Responsibility of Kirin

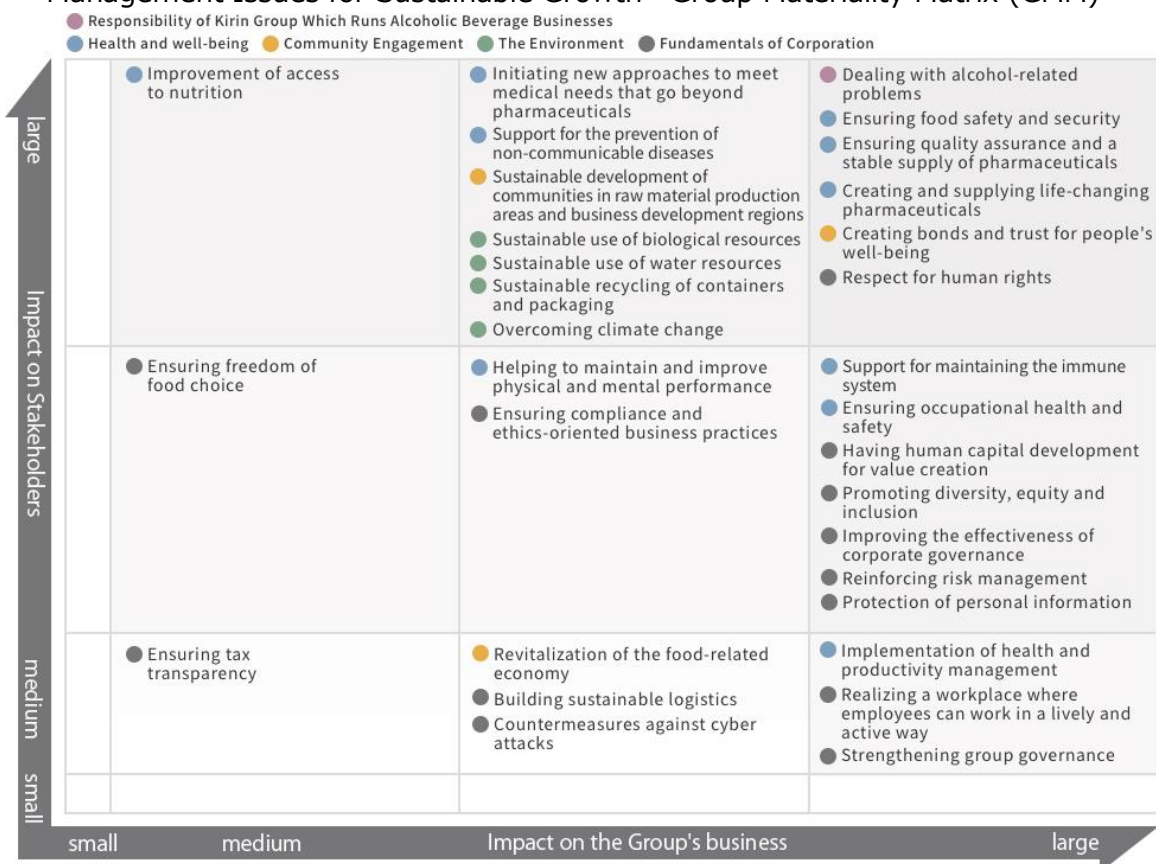


Group which runs Alcoholic Beverage Business," "Health and Well-Being," "Community Engagement," and "The Environment" as four "CSV Key Issues." We have also developed the "CSV Purpose" as a set of guidelines for the role and purpose expected to us in society and have established an action plan to realize these guidelines as our "CSV Commitment" to be implemented throughout the Group.

1.2.3 Key Issues addressed by Kirin Group

Kirin Group has organized its "Management issues for Sustainable Growth" in the Kirin Group Materiality Matrix (please refer to the following graph) 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 "Responsibility of Kirin Group which runs Alcoholic Beverage Business" along with "Health and Well-Being," "Community Engagement", and "The Environment" as four "CSV Key Issues."

- Management Issues for Sustainable Growth—Group Materiality Matrix (GMM) -



1.2.4 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 through our management to resolve these CSV key issues, and in doing so, we will bring joy to society and contribute to a joyful life for our customers.



*1 "Fundamentals of Corporation" is a set of management issues that are not included in CSV Purpose, such as "human rights," "human resources," "governance," and "moral responsibility" etc.

1.2.5 CSV Commitment

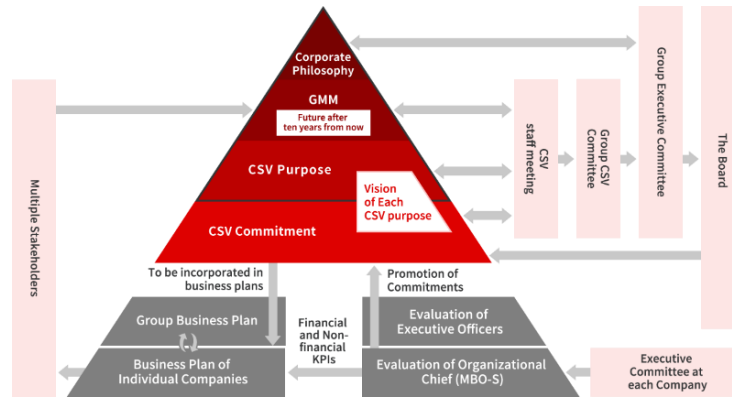
To work toward solving its key CSV issues, Kirin Group establishes CSV Commitments as a medium-term business plan. We will create social value and economic value as enhanced competitiveness and business growth, and deepen our CSV management through our efforts on CSV Commitments.

* The table below is an excerpt from the CSV Commitments

CSV key issues	CSV Commitment	approach	Company/ Department	Goals (in 2027)
Responsibility of Kirin Group which runs Alcoholic Beverage Businesses >	Dealing with alcohol-related problems	Number of participants and views of awareness programs on proper alcohol consumption	Kirin Brewery	Cumulative total 20 million people
			Merclan	Cumulative total 8,550 people
			Lion	Alcohol&Me Engagement Index (comprising quiz completions, article reads and video views) Greater than 2026
Health and Well-being >	Support for maintaining the immune system	Number of people reached by the product	Kirin Holdings Health Science business Dept.	253,000 people
		Number of people who consume <i>Lactococcus lactis</i> strain Plasma	Kirin Beverage	1,000,000 people
		Number of people who consume immunity care products	Koiwai Dairy Products	82,000 people
Community Engagement >	Sustainable development of communities in raw material production areas and business development regions	Number of farms that use the score card system	Kirin Beverage	More than 50% of the volume of tea procured and the tea farms in the Kandy region of Sri Lanka are RA and Scorecard farms
The Environment >	Overcoming climate change	GHG (Green House Gas)emission reduction rate: Scope1+2	Kirin Brewery Company Kirin Beverage Company Merclan Lion Kyowa Hakko Bio Company Kyowa Kirin Company	55%(compared with 2019) *Target Year In 2030

1.2.6 Kirin Group's CSV Governance

The Group CSV Committee, chaired by the President & CEO of Kirin, discusses the formulation of CSV policies, strategies, and action plans, and monitors the implementation of these plans in order to promote CSV actively and voluntarily. 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 and the planning divisions of major group companies, to share information and exchange opinions.

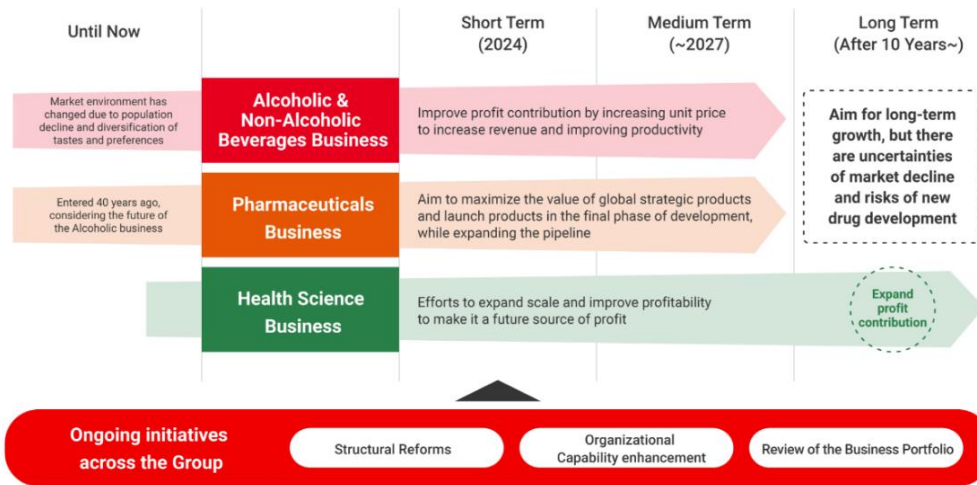


1.3 Kirin Group's Health Science Business

1.3.1 Positioning of Business Portfolio

Kirin Group's Alcoholic/Non-alcoholic Beverages, Pharmaceuticals, and Health Sciences businesses are all at different stages of their business development and play different roles in the short, medium, and long-term. The Alcoholic/Non-alcoholic Beverages business currently supports the group's management and mainly targets mature markets. With an eye on the future market environment of the alcoholic beverages business, we strategically entered the Pharmaceuticals business about 40 years ago and have grown it to its current state. Furthermore, looking ahead to the next 10 to 20 years, we believe that nurturing the Health Science business as our third pillar after Alcoholic/Non-alcoholic Beverages and Pharmaceutical business would further ensure the Kirin Group's growth.

Business portfolio approach in the short, medium, and long term



1.3.2 Vision of Health Science Business

Kirin Group aims to provide everyone the joy of living a rich and fulfilling life, regardless of race, gender, age, etc., by enhancing the innate power of human beings, and providing science-based products and services without falsehoods, based on our fermentation and biotechnology developed through our Food & Beverages and Pharmaceutical businesses, and through a wide range of customer touchpoints that we have built our trust over the years.



1.3.3 Social Issues to be Addressed

The Health Science business addresses the social issue of "realizing a society with a healthy life expectancy." To fulfill people's wishes to live long, healthy lives, we aim to build a foundation of health by maintaining immune function, as well as to tackle individual health issues such as infection and lifestyle-related diseases prevention, brain function maintenance, stress relief, and more to help people to live enriching lives.

1.3.4 Aspired State

Kirin Group aims to become the largest Health Science company in the Asia-Pacific region by developing materials using our core R&D technologies of Health Science business and reaching a wide range of people worldwide through our BtoC business as a brand business, contributing to solving health issues.



In 2023, we acquired Blackmores to gain brand, marketing capabilities, sales channels in each country, and regulatory compliance know-how in the Asia-Pacific. Additionally, In 2024, FANCL became as a wholly-owned subsidiary to strengthen our domestic BtoC business platform, accelerating overseas growth by leveraging group expertise such as Blackmores, and complementing strengths, as well as standardizing and streamlining functions. Going forward, we will first create economic and social value by developing and further strengthening our business foundation in areas of each of the brands' strengths, with the aim of becoming one of the largest Health Science Companies in Asia-Pacific.




2 Social Finance Framework

Kirin positions fundraising through social finance as a means to achieve sustainable growth together with society. We believe this is an opportunity to communicate to our stakeholders about our CSV management efforts, which simultaneously create social and economic value. To help our stakeholders understand our commitment to our growth strategy and key areas, we have partially revised the "Kirin Social Bond Framework" established in September 2023 and formulated a Social Finance Framework (hereinafter referred to as "this Framework") that designates acquisitions aimed at solving social issues of Health Science business as eligible projects.

We have obtained a second party opinion from DNV BUSINESS ASSURANCE JAPAN K.K. (hereinafter, "DNV"), an independent external reviewer, that this Framework is aligned with Social Bond Principles 2023 (SBP) set by the International Capital Market Association (ICMA), the Social Loan Principles 2023 (SLP) set by the Loan Market Association (LMA) and others, and Social Bond Guidelines 2021 (SBGL) set by the Financial Services Agency of Japan.

2.1 Use of Proceeds

The Kirin Group has set "Health & Well-being" as one of our CSV Purposes and aims to "Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare." The funds raised under this framework will be allocated to new investments or refinancing of existing investments in new or existing projects that meet the following eligible criteria. Through these projects, we aim to improve access to nutritional supplements and other products that promote health and maintain immune function for customers across a wide range of regions and age groups. Additionally, we believe this will lead to the research, development, sales, and distribution of healthier products, thereby contributing to the resolution of health issues.

Categories	Eligible Criteria	SDGs
<ul style="list-style-type: none"> ■ Access to essential services <ul style="list-style-type: none"> -Health -Health care ■ Food security and sustainable food systems <ul style="list-style-type: none"> -Physical, social, and economic access to safe, nutritious, and sufficient 	Funds for M&A that contribute to resolving health issues by improving access to nutritional supplements and other products that promote health and maintain immune function for customers across a wide range of regions and age groups, as	  

food that meets dietary needs and requirements -Improvement of eating habits and management of pre-symptomatic disease	well as leading to the research, development, sales, and distribution of healthier products	
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2.1.1 Exclusion Criteria

The proceeds of Social Finance under this framework will not be allocated to projects related to the following:

- Unfair transactions, bribery, corruption, extortion, embezzlement, or other inappropriate relationships that do not comply with the laws of the country of operation.
- Transactions that could potentially cause human rights, environmental, or other social issues.

2.1.2 Eligible Project/Outline of Blackmores

(1) Outline of Blackmores

Blackmores’ key products and brands include “Blackmores” leading supplement and infant formulas brands, “BioCeuticals” leading practitioner supplement brands, and “PAW by Blackmores” leading pet supplements brands which are sold in markets in the Asia-Pacific region.

With Blackmores’ stated purpose “to give people a choice to make living well each day a natural way of life” and mission to “Combine our knowledge of nature and science to deliver quality solutions to bring wellness to people and their pets everywhere, every day,” Blackmores has contributed to the health of people in Asia-Pacific for nearly a century through research and development of natural health built on the principles of naturopathy.

Blackmores has a strong presence and trust from consumers in Malaysia, Thailand, Indonesia, Vietnam, and Singapore, having first expanded into Southeast Asia in 1976. Blackmores has a strong position as a foreign-affiliated nutritional supplement company in China, having entered the market in 2013. In recent years, Blackmores has also been actively expanding into new markets such as India.

In recognition of their long history and high awareness of quality, Blackmores has been awarded the “Most Trusted Brand”^[1] in vitamins and supplements in Australia for 14 consecutive years.

[1] Reader’s Digest’s Annual Trusted Brands Awards celebrates the brands Australians trust the most

(2) Synergies in the Acquisition

The acquisition of Blackmores will transform the scale of the Health Science business, expand its product range and capabilities, and broaden its geographic profile and growth opportunities. The acquisition will expand access Kirin’s ingredients to hundreds of millions of consumers in the Asia-Pacific region through Blackmores’ distribution network. The Health Science business will also benefit from Blackmores’ knowledge of consumer demands and its deep understanding of country-specific regulations. We see a clear opportunity to deliver growth in the Health Science business through the evolution of the B2B and B2C businesses that propose solutions beyond the sales of ingredients. In addition, by creating synergies in a wide range of business areas in which both companies operate, we will solve a greater number of the social issues related to people’s health.

KIRIN Expansion of growth opportunities	<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. <div style="display: flex; justify-content: flex-end; align-items: center; gap: 20px;">   </div>
BLACKMORES GROUP Expansion of growth opportunities	<ul style="list-style-type: none"> • New product development through the use of our technology. • Potential product co-development with FANCL <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.
 Improvement of organizational capacity	<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.

(3) Outline of Eligible Project and Allocatable Amount Evaluation

We identify eligible projects that meet the eligible criteria based on SBP, SLP, and SBGL, as shown in Table 1.

Table 1: Identification of Social Issues and Target Population for Social Projects.

Eligible Project	Social Issues	Target Population
Acquisition of the shares in Blackmores	<ul style="list-style-type: none"> • Achievement of a society of health and longevity • Response to a super-aging society 	<ul style="list-style-type: none"> • General public • People who require specific nutrients due to illness

	<ul style="list-style-type: none"> •From“Treatment” to “Prevention” (management of pre-symptomatic disease) 	
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Kirin verifies the amount allocatable for eligible project through the following process. The allocable amount for eligible projects is calculated based on SBP, SLP, and SBGL. The allocatable amount is also assessed by a third-party assessment institution, as part of Kirin’s process for an appropriate review.

- (1) Classification of Blackmores’ business segments
- (2) Assessment of the social qualities of the key products handled in each business segment
- (3) Calculation of the allocatable amount through the above (1) and (2)

2.1.3 Eligible Project/Outline of FANCL

(1) Outline of FANCL

FANCL Group is committed to eliminating negatives from the world, with a focus on beauty and health. In the beauty segment, FANCL operates the cosmetics business and the undergarments and sundries goods business, while in the health segment, FANCL operates the nutritional supplements business, Hatsuga Genmai business, and Kale Juice business, primarily in Japan and China.

FANCL has upheld the founding philosophy of "Eliminate the 'Negatives' with a Sense of Justice," striving to eliminate negative elements like worry, inconvenience, and dissatisfaction from the world. Back in the year 1980, skin problems caused by cosmetics were becoming a widespread issue. FANCL's Mutenka Cosmetics were born out of the desire to deliver genuine cosmetics that could beautify people’s skin without using any damaging additives. Additionally, FANCL has worked to change that deep-rooted perception in Japan that nutritional supplements were expensive, becoming the first in Japan to use the word “supplements,” establishing itself as a provider of high value-add products including kale juice and Hatsuga Genmai (germinated brown rice). FANCL's business areas, centered on cosmetics, nutritional supplements, are the very essence of FANCL's ongoing efforts to identify the "negatives" in people’s everyday life. In Japan, where the extension of "healthy life expectancy" has stagnated, FANCL sees it as its mission to contribute to the extension of healthy life expectancy and the reduction of medical expenses by providing health foods with proven functionality. By addressing such social issues, FANCL aims to

achieve growth.

(2) Synergies in Full Ownership

Backed by the same philosophy and direction of aiming for our own growth through solving social issues of health, Kirin and FANCL entered into a capital and business alliance agreement in 2019, becoming the largest shareholder by acquiring 33.00% from several shareholders, including FANCL's founder Kenji Ikemori. In addition, while experiencing changes in the external environment together, such as COVID-19, both companies have collaborated in the areas of materials, product and brand development, joint research and business development, and mutual use of infrastructure. Since then, Kirin and FANCL have collaborated to create synergies in areas of materials, product and brand development, joint research and business development, and mutual use of infrastructure. However, we have gradually explored the potential to create various synergies beyond these areas.

With the complete acquisition through a public tender offer in 2024, we anticipate product sales utilizing the extensive domestic sales networks of both groups, the promotion of integrated sales strategies by eliminating competitive relationships, the enhancement of data utilization through the sharing of EC and mail-order infrastructure, and in the technical aspect, the development of highly differentiated products by advancing joint research that has already yielded tangible results. Additionally, through the acquisition of the cosmetics business, we believe that we can accelerate creation of synergies in the overall Health Science business by enabling approach to external health issues, such as skincare, in addition to its existing approach to internal health issues, such as beverages and supplements.



(3) Outline of Eligible Project and Allocatable Amount Evaluation

We identify eligible projects that meet the eligible criteria based on SBP, SLP, and SBGL, as shown in Table 2.

Table 2: Identification of Social Issues and Target Population for Social Projects.

Eligible Project	Social Issues	Target Population
Acquisition of the shares in FANCL	<ul style="list-style-type: none"> • Achievement of a society of health and longevity • Response to a super-aging society • From “Treatment” to “Prevention” (management of pre-symptomatic disease) • Empowerment of women 	<ul style="list-style-type: none"> • General public • People who require specific nutrients due to illness

Kirin verifies the amount allocatable for eligible project through the following process. The allocable amount for eligible projects is calculated based on SBP, SLP, and SBGL. The allocatable amount is also assessed by a third-party assessment institution, as part of Kirin’s process for an appropriate review.

- (1) Classification of FANCL’ business segments
- (2) Assessment of the social qualities of business segment
- (3) Assessment of the social qualities of the key products handled in socially qualified business segment
- (4) Calculation of the allocatable amount through the above (2) and (3)

2.2 Project Evaluation and Selection Process

2.2.1 Project Evaluation

Kirin Finance Department and CSV Strategy Department will select the eligible project as defined in 2.1, and the final decision on the social finance to be used to selected eligible project will be made by the Executive Officer in charge of Financial Strategy.

2.2.2 Processes to Mitigate Social and Environmental 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.

Additionally, in relation to risks specific to eligible project, Kirin identifies various types of risk when conducting due diligence, and implements appropriate measures and procedures in response.

2.3 Management of Proceeds

Kirin Finance Department will manage the allocation of the net proceeds based on this Framework using the internal management system until the proceeds have been fully redeemed. For eligible projects led by affiliated companies, Kirin will provide loans or investments to the business companies implementing the projects. Kirin's finance department will verify the tracking results. Until the full amount of the procured fund is allocated, it will be managed in cash or cash equivalents.

Additionally, if it becomes clear that unallocated funds arise for reasons other than delays in the allocation timing to eligible projects, we will select other projects that meet the qualifying criteria according to the project evaluation and selection process and allocate the funds. Even after the full allocation of funds, if events different from the initial assumptions occur in the projects subject to the use of funds, we will promptly disclose the occurrence of such events and the status of unallocated funds on the company's website.

2.4 Reporting

2.4.1 Allocation Reporting

Until the full amount of funds raised based on this Framework have been allocated to eligible project, Kirin will annually disclose the allocation status of funds raised (amount allocated and amount yet to be allocated) on its website. This information will first be reported in the fiscal year following the raising of funds. 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 of funds raised based on this Framework, Kirin will annually provide impact reporting on its website. This information will first be reported in the fiscal year following the raising of funds.

At present, the expected indices for impact reporting are as follows, but Kirin intends to report the details of its efforts in accordance with the progress of PMI after M&A, to the extent practicable.

Eligible Criteria	Output	Outcome	Impacts
Funds for M&A that contribute to resolving health issues by improving access to nutritional supplements and other products that promote health and maintain immune function for customers across a wide range of regions and age groups, as well as leading to the research, development, sales, and distribution of healthier products	Subsidiarization through M&A	<ul style="list-style-type: none"> • Improved access to products handled by subsidiarized company • Product development utilizing functional materials such as “L. lactis strain Plasma” 	“Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare”, and contribute to solve more health challenges for people all over the world

2.5 External Review

2.5.1 Annual Review

Kirin will 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 until the proceeds from the social finance have been fully allocated. The initial reporting will be published in the year following the execution of the social finance.

3 Reference

- Social Bond Principles 2023 (ICMA)
- Social Loan Principles 2023 (LMA, APLMA, LSTA)
- Social Bond Guidelines 2021 (Financial Services Agency of Japan)
- Notice regarding Agreement to Acquire Share (Acquisition of Ownership) of Australian Natural Health Company Blackmores Limited (Release/ Presentation Material)
- Notice regarding the Commencement of Tender Offer for FANCL Corporation (securities code 4921) (release materials/presentation materials)
- Integrated Report 2024 (Company's Web Site)

4 Revision history

Date	Main contents
September 2023	Initial version
February 2025	New eligible criteria (Funds for M&A) set New eligible projects (FANCL acquisition fund) added