



SECOND PARTY OPINION

KIRIN HOLDINGS COMPANY, LIMITED. KIRIN SOCIAL FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 14 February 2025

Ref. Nr.: PRJN-608685-2023-AST-JPN-01_Rev1

Executive Summary

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

Since issuing a Green Bond in 2020, Kirin Holdings has been actively involved in resolving environmental and social issues using ESG Finance by implementing a Social Bond (2022), two Transition Link Loans (both in 2023), and a Social Bond (2023).

Kirin Holdings is aiming at "becoming a global leader in CSV by creating value in domains ranging from food & beverages to pharmaceuticals" under its long-term management vision, "Kirin Group Vision 2027 (KV2027)." Moreover, Kirin Holdings considers taking a CSV (Creating Shared Value) approach, which make the resolution of social issues an integral part of its business operations, as one of the most productive ways for a company to achieve sustained growth and address social issues. Therefore, Kirin Holdings places CSV at the core of its business management to make a difference in society and achieve sustainable mutual growth. "CSV Purpose" has been formulated as one of the long-term non-financial goals of "Kirin Group Vision 2027 (KV2027)." "CSV Purpose" is the Kirin Group's guiding principle to achieve sustainable growth and create value together with people across society. In order to raise proceeds that are necessary for addressing social issues with regard to "health" defined in "CSV Purpose" through Social Bond, Kirin Holdings formulated "Kirin Social Bond Framework" in 2023 and "Kirin Social Finance Framework" (hereinafter, the Framework) this time and is expanding its initiatives.

Kirin Holdings has commissioned DNV Business Assurance Japan K.K. (hereinafter, DNV) to conduct an assessment of the Framework. DNV, as an external reviewer, referred to or applied the four core elements defined in the following social finance principles and guidelines that are currently widely recognized by the capital markets, and evaluated the eligibility of Kirin Social Finance Framework.

- Social Bond Principles (ICMA/2023; hereinafter, SBP)
- Social Loan Principles (Loan Market Association and other/2023; hereinafter, SLP)
- Social Bond Guidelines (Financial Services Agency/2021; hereinafter, SBGL)

The summary of the assessment is as follows:

Principle 1. Use of Proceeds:

DNV confirmed that the proceeds from Kirin Social Finance will be allocated to new investments and/or refinancing of social projects that were selected based on the eligible criteria defined in the Framework with regard to the business categories in the table below outlined in SBP/SLP/SBGL. See the table below and Schedule-1 for eligible criteria. Specifically, it is funds for M&A to enable Kirin Holdings to create further economic and social value by solving more health issues for people worldwide. DNV confirmed that the social finance proceeds will be allocated to a portion of the acquisition price, which will be estimated and set as the amount available for allocation by dividing proportionally the sales of business segments and products that match SBP/SLP/SBGL.

Principle 2. Process for Project Evaluation and Selection:

For the evaluation and selection of eligible social projects, DNV confirmed that Kirin Finance Department and CSV Strategy Department will select the eligible projects, and the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects. In addition, DNV also confirmed that Kirin Holdings evaluated the eligibility of the projects comprehensively based on the contribution to the achievement of "CSV Purpose."

The eligible projects evaluated and selected through the above process are closely related to social issues such as "Improvement of access to nutrition," "Ensuring food safety and security," and "Support for maintaining the immune system" out of the key issues outlined in "Management Issues for Sustainable Growth (the Kirin Group Materiality Matrix (GMM))" in addition to Kirin Holdings' "CSV Purpose," and are consistent with the Kirin Group's efforts related to social sustainability. DNV also confirmed that Kirin Holdings has identified risks specific to eligible projects through various due diligence and has implemented appropriate responses and procedures.

Principle 3. Management of Proceeds:

DNV confirmed that Kirin Holdings plans to fully allocate the proceeds to new investments and/or refinancing of eligible projects immediately after the finance implementation.




DNV also confirmed that Kirin Finance Department will manage the allocation status of the proceeds using the internal management system until the full amount of the proceeds is redeemed.

Principle 4. Reporting:

DNV confirmed that Kirin Holdings will publish the allocation status (allocated and unallocated amount) of the proceeds of Kirin Social Finance on its website on an annual basis until the full amount of the proceeds has been allocated. In terms of the social benefits, Kirin Holdings plans to report on the indices specified for eligible projects until the full amount of the proceeds is redeemed. If any significant event, such as a major change in plans or actual results, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner. The reporting will be disclosed on the Kirin Holdings website.

Based on the Framework and other relevant documents and information provided by Kirin Holdings, DNV confirmed that Kirin Social Finance Framework meets the relevant criteria and is eligible.

Table Eligible Criteria

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 food that meets dietary needs and requirements - Improvement of eating habits and management of pre-symptomatic disease 	<p>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.</p>	  

Contents

Executive Summary	2
I. Introduction	6
II . Scope and Objectives	11
III . Responsibilities of Kirin Holdings and DNV	12
IV . Basis of DNV’s Opinion	13
V. Work Undertaken	14
VI. Findings and DNV's Opinion	15
VII. Assessment Conclusion	20
Schedule-1 Kirin Social Finance Eligible Criteria	21
Schedule-2 Social Finance Eligibility Assessment Protocol	22

Revision History

Revision No.	Date of Issue	Remarks
0	22 September 2023	Initial
1	14 February 2025	Added Social Loan Principles to applicable criteria and created as a master SPO for evaluation against the Framework

Disclaimer

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

Statement of Competence and Independence

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

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

I. Introduction

i. About the Fundraiser

Kirin Holdings is the holding company of Kirin Group consisting of 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. Based on fermentation and biotechnology cultivated since its foundation, Kirin Holdings expanded into the Food domain (alcoholic & beverages business), the Pharma domain (pharmaceutical business) and the Health Science domain (health science business), an intermediate domain between the two, with its operation mainly in Japan, Asia and Oceania.

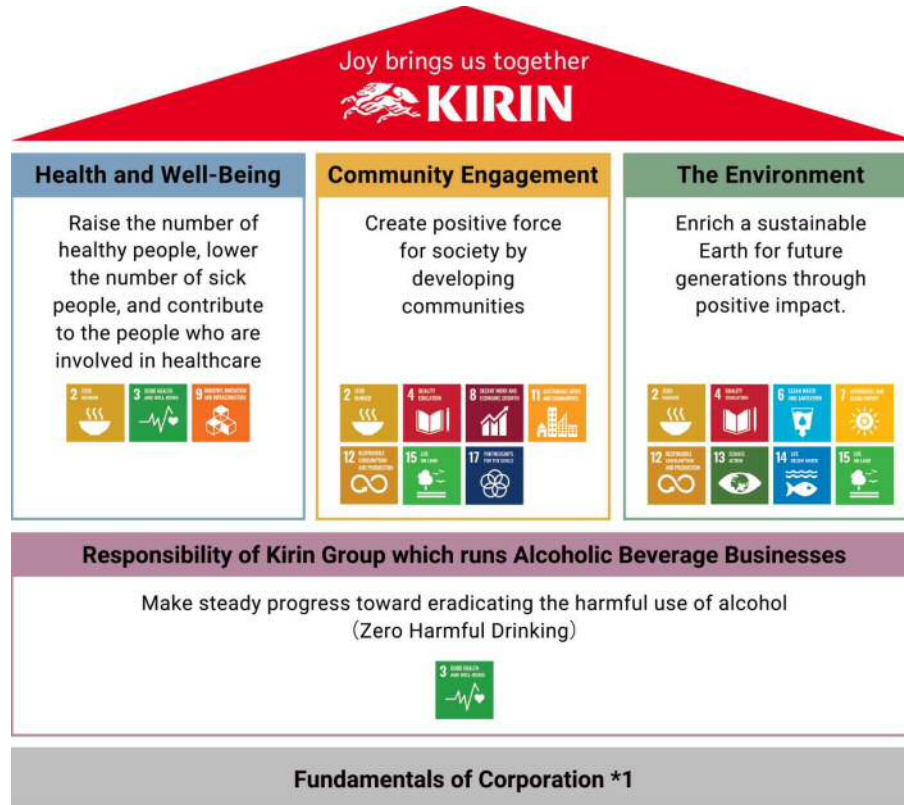
Kirin Group sets "KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers" as its corporate philosophy.

ii. Fundraiser's ESG/SDGs Initiatives

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

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

For formulating the "CSV Purpose," Kirin Group has formulated its "Management Issues for Sustainable Growth" in Kirin GMM as part of its commitment to sustainable development in partnership with society (See Figure-2). Selection criteria for each management issue have been established for the selection of materialities ([See "Procedure to select Materiality" on the Kirin Holdings website](#)). Kirin Group has also established "CSV Commitment" as a medium-term action plan to achieve its "CSV Purpose" and incorporated it into the business plans of the Group and key business companies ([See "2025 CSV Commitments" on the Kirin Holdings website](#)).



*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.

Figure-1 "CSV Purpose" of Kirin Group

		● Responsibility of Kirin Group Which Runs Alcoholic Beverage Businesses ● Health and well-being ● Community Engagement ● The Environment ● Fundamentals of Corporation		
Impact on Stakeholders	large	● Improvement of access to nutrition	<ul style="list-style-type: none"> ● Initiating new approaches to meet medical needs that go beyond pharmaceuticals ● Support for the prevention of non-communicable diseases ● Sustainable development of communities in raw material production areas and business development regions ● Sustainable use of biological resources ● Sustainable use of water resources ● Sustainable recycling of containers and packaging ● Overcoming climate change 	<ul style="list-style-type: none"> ● Dealing with alcohol-related problems ● Ensuring food safety and security ● Ensuring quality assurance and a stable supply of pharmaceuticals ● Creating and supplying life-changing pharmaceuticals ● Creating bonds and trust for people's well-being ● Respect for human rights
	medium	● Ensuring freedom of food choice	<ul style="list-style-type: none"> ● Helping to maintain and improve physical and mental performance ● Ensuring compliance and ethics-oriented business practices 	<ul style="list-style-type: none"> ● Support for maintaining the immune system ● Ensuring occupational health and safety ● Having human capital development for value creation ● Promoting diversity, equity and inclusion ● Improving the effectiveness of corporate governance ● Reinforcing risk management ● Protection of personal information
	small	● Ensuring tax transparency	<ul style="list-style-type: none"> ● Revitalization of the food-related economy ● Building sustainable logistics ● Countermeasures against cyber attacks 	<ul style="list-style-type: none"> ● Implementation of health and productivity management ● Realizing a workplace where employees can work in a lively and active way ● Strengthening group governance
		small	medium	large

Figure-2 Management Issues for Sustainable Growth (Group Materiality Matrix)

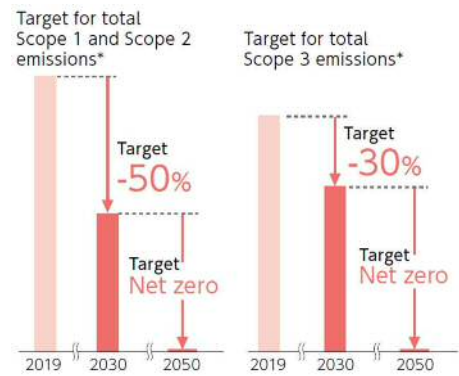
iii. Fundraiser's Initiative to Environmental and Social Issues

The Kirin Group has revised its existing environmental vision in February 2020 and formulated a new one, "Kirin Group's Environmental Vision 2050," a long-term strategy looking ahead to 2050, with the aim of spearheading the efforts to tackle environmental issues. One of the Kirin Group's initiatives to address environmental issues is overcoming climate change, and Kirin Group has declared to achieve Net-Zero GHG emissions across its entire value chain by fiscal 2050 and switch 100% of its electricity consumption to renewables by fiscal 2040. In December 2020, Kirin Group became the first food company in Japan that obtained an approval of the SBT 1.5°C target, a science-based goal of the SBT Initiative (SBTi).

In 2019, Kirin Holdings established the "Kirin Group Plastic Policy," an effort aimed at solving the global plastic waste problem, and declared to increase the percentage of PET bottles made using recycled resin to 50% of bottles sold in Japan by fiscal 2027. In "Kirin Group Environmental Vision 2050," Kirin Group will work on to achieve 100% sustainable containers and packaging made from recycled materials and biomass by 2050.



Figure-3 Kirin Group Environmental Vision 2050



*In December 2020, we moved from the old 2° C target to a 1.5° C target, which has been approved under the Science Based Target initiative (SBTi).

Figure-4 Kirin Group SBT 1.5°C target

The Kirin Group has identified "Health and Well-being" as one of the key issues within "CSV Purpose" and aims to provide everyone in the operating areas the joy of living a rich and fulfilling life.

In addition to daily diet, exercise, and rest, which are important for people's health, Kirin Group believes that it is important to maintain and improve the immune system and enhance people's natural power by providing immune care, which is one of Kirin's unique strengths, including the world's first Lc-PLASMA. Improving the health of the foundation enables effectively addressing "individual health issues" such as lifestyle diseases, brain function, and skin health. Kirin Group aims to maximize the value it provides to customers by leveraging the combined strengths of this model through M&A.

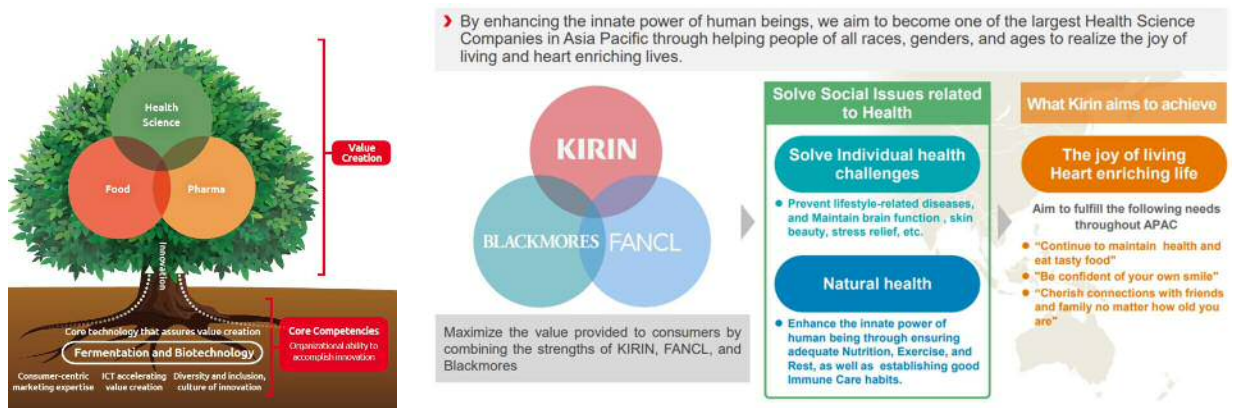





Figure-5 Kirin Group's Core Competence: Fermentation & Biotechnology and the aims to realize in the Health Science Business

iv. About "Kirin Social Finance Framework"

In order to raise proceeds that are necessary for addressing social issues with regard to "health" defined in "CSV Purpose" through Social Finance, Kirin Holdings revised "Kirin Social Bond Framework" and formulated the Framework. The standards and guidelines being referred to in the Framework are described in Section II (3) below.

The proceeds from the Social Finance are planned to be allocated to the social projects selected based on the following eligible criteria and will be managed and executed in accordance with the Framework.

Table-1 Eligible Criteria

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 food that meets dietary needs and requirements - Improvement of eating habits and management of pre-symptomatic disease 	<p>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.</p>	  

II. Scope and Objectives

Kirin Holdings has commissioned DNV to conduct an assessment of the Framework. The objective of the Framework assessment of DNV is to conduct an assessment to confirm that the Framework meets SBP/SLP/SBGL described below, and to provide a second party opinion on its eligibility.

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

(1) Scope of review

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

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

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner	Applied level* ¹
1.	Social Bond Principles 2023 (SBP)	International Capital Market Association (ICMA), 2023	Apply
2.	Social Loan Principles 2023 (SLP)	Loan Market Association (LMA) and other , 2023	Apply
3.	Social Bond Guidelines 2021 (SBGL)	Financial Services Agency, 2021	Apply

*1. Apply: Eligibility for all four core common elements to each principle or guideline was assessed.



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 Kirin Social Finance 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 Kirin Holdings. DNV is not responsible for any aspect of the nominated activities referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect based on the information and facts provided by Kirin Holdings. Thus, DNV shall not be held liable if any of the information or data provided by 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 as possible for the fundraiser, Kirin Holdings, DNV has adapted our Social Finance assessment methodology, which incorporates the requirements of SBP/SLP/SBGL, to create an Eligibility Assessment Protocol (hereinafter, DNV's Protocol). Please refer to Schedule-2. The Protocol is applicable to Social Finance under SBP/SLP/SBGL.

DNV provides second party opinion as an independent external reviewer based on the assessment utilizing this Protocol. DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a social finance should "enable capital-raising and investment for new and existing projects with social benefits." As per our Protocol, the criteria against which Kirin Social Finance has been reviewed are grouped under the four Principles outlined in SBP/SLP/SBGL:

Principle 1: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that a fundraiser of a social finance must use the proceeds to eligible activities. The eligible criteria should produce clear social benefits.

Principle 2: Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection criteria based on the eligible criteria are guided by the requirements that a fundraiser of a social finance should outline the process it follows when determining eligibility of an investment using Social Finance proceeds and outline any impact objectives it will consider.

Principle 3: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a social finance should be tracked within the fundraising organization, that separate portfolios should be created when necessary and that a declaration of how unallocated proceeds will be handled should be made.

Principle 4: Reporting

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the Social Finance contributors should be made of the use of 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 the fundraiser in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us during the assessment before fundraising. The work undertaken to form our opinion included:

i. Pre-Fundraising Assessment

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

ii. Post-Fundraising Assessment (**not included in this report*)

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

VI. Findings and DNV's Opinion

DNV's findings and opinion against the four core elements outlined in SBP/SLP/SBGL are listed in (1) to (4) below.




(1) Use of Proceeds

DNV confirmed that the proceeds from Kirin Social Finance will be allocated to the projects selected based on the following eligible criteria (Table-1) outlined in SBP/SLP/SBGL. Specifically, it is funds for M&A to enable Kirin Holdings to create further economic and social value by solving more health issues for people worldwide.

The social finance proceeds will be allocated to a portion of the acquisition price in M&A, which will be estimated and set as the amount available for allocation by dividing proportionally the sales of business segments and products that match SBP/SLP/SBGL.

DNV confirmed that Kirin Holdings' method of estimating the amount available for allocation was appropriate and that an internal process had been established to ensure that the valuation is properly applied.

Table-1 Eligible Criteria (reposted)

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 food that meets dietary needs and requirements - Improvement of eating habits and management of pre-symptomatic disease 	<p>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.</p>	  

Use of Proceeds Categories as per SBP/SLP/SBGL:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (SME financing and microfinance) |
| <input checked="" type="checkbox"/> Food security and sustainable food systems | <input checked="" type="checkbox"/> Socio-economic advancement and empowerment |
| <input type="checkbox"/> Areas that are considered to meet the SBP classification or are not listed in the SBP but are eligible | <input type="checkbox"/> Other (<i>please specify</i>): |

(2) Process for Project Evaluation and Selection

For the evaluation and selection of eligible projects of Kirin Social Finance, DNV confirmed through the review that the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects after discussion by Kirin Finance Department and CSV Strategy Department. In addition, DNV also confirmed that the eligibility of the projects was evaluated comprehensively based on their contribution to the achievement of "CSV Purpose."

The projects evaluated and selected through the above process are closely related to social issues such as "Improvement of access to nutrition," "Ensuring food safety and security," and "Support for maintaining the immune system" out of the key issues outlined in "Management Issues for Sustainable Growth (GMM)" in addition to Kirin Holdings' "CSV Purpose," and are consistent with the Kirin Group's efforts related to social sustainability.

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

DNV also confirmed that Kirin Holdings has identified risks specific to eligible projects through various due diligence and has implemented appropriate responses and procedures.

Evaluation and Selection

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

Information on Responsibilities and Accountability

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

(3) Management of Proceeds

DNV confirmed how Kirin Holdings will track and manage the proceeds during the period from the execution of Kirin Social Finance to the redemption. DNV also confirmed that Kirin Holdings plans to fully allocate the proceeds to new investments and refinancing of eligible projects immediately after the implementation. Any unallocated proceeds, if any, will be managed in cash or cash equivalents until allocations are completed.

DNV also confirmed that Kirin Finance Department will manage the allocation status of the proceeds using the internal management system until the full amount of the proceeds is redeemed.

Tracking of Proceeds:

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

Additional Disclosure:

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

(4) Reporting

DNV confirmed that Kirin Holdings will publish the allocation status (allocated and unallocated amount) of the proceeds of Kirin Social Finance on its website on an annual basis until the full amount of the proceeds has been allocated. The first reporting will be published in the year following the execution. If any significant event, such as a major change, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner.

<Allocation of Proceeds>

- ◆ Eligible projects for allocation and the amount of allocated proceeds
- ◆ Management methods and the balance of unallocated proceeds

<Social Benefits>

The reporting indicators currently assumed by Kirin Holdings are as stated in the table below. Depending on the future business development after M&A, Kirin Holdings plans to report on its initiatives to the extent practicable.

Table-2 Reporting indices

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

Use of Proceeds Reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual finance | <input type="checkbox"/> Other (<i>please specify</i>): |

Information Reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Social finance allocated share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

VII. Assessment Conclusion

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

DNV Business Assurance Japan K.K.

14 February 2025



Masato Kanedome

Technical Reviewer

DNV Business Assurance Japan K.K.



Naoki Maeda

Representative Director /

SCPA Senior Vice President

DNV Business Assurance Japan K.K.



Akira Tsukasaki

Project Leader

DNV Business Assurance Japan K.K.



Yasuaki Miyamoto

Assessor

DNV Business Assurance Japan K.K.

About DNV

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

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


Disclaimer

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

Schedule-1 Kirin Social Finance Eligible Criteria

Kirin Holdings has established the eligible criteria in the Framework as shown in the table below. The business category is the representative example of social project classification shown in SBP/SLP/SBGL.

In the future, in Kirin Social Finance executed under the Framework, the following social projects will be selected as eligible projects based on the following eligible criteria. If the additional social projects are included, the fundraiser will evaluate the eligibility in advance. If necessary, DNV will conduct the evaluation in a timely manner.

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 food that meets dietary needs and requirements - Improvement of eating habits and management of pre-symptomatic disease 	<p>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.</p>	



Schedule-2 Social Finance Eligibility Assessment Protocol

The following SBP-1 ~ SBP-4 are DNV's Eligibility Assessment Protocol based on the requirements of SBP/SLP. The "Confirmed documents" in the work undertaken includes internal documents of the fundraiser 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 finance	Social Finance must fall in one of the following categories: <ul style="list-style-type: none"> • (Standard) Social Finance • Social Revenue Finance • Social Project Finance • Other 	Confirmed Documents: <ul style="list-style-type: none"> • Kirin Social Finance Framework (hereinafter, Framework) • Social Finance eligibility assessment materials Interviews with stakeholders	Through the evaluation process, DNV confirmed that Kirin Holdings' Social Finance falls into the following category: (Standard) Social Finance
1b	Social Project Categories	The cornerstone of Social Finance is the utilization of the proceeds, which should be appropriately described in the legal documentation for the security.	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social Finance eligibility assessment materials • Draft statutory disclosure document Interviews with stakeholders	DNV confirmed that the full amount of the proceeds is planned to be allocated to the following projects: "Access to essential services (health, health care)" "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 pre-symptomatic disease)"
1c	Social benefits	All designated Social Project categories should provide clear socially sustainable benefits, which, where feasible, will be quantified or assessed by the fundraiser.	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social Finance 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 fundraiser. Specifically, DNV confirmed that the M&A is expected to help to solve more health challenges for people all over the world, aiming to "raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare," through improved access to products of companies as new subsidiaries etc.

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 fundraisers 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 Finance eligibility assessment materials Interviews with stakeholders	DNV confirmed that the proceeds from Social Finance are planned to be fully allocated to new investments and/or refinancing of social projects based on eligible criteria listed in Schedule-1. DNV also confirmed that the refinancing ratio is planned to be disclosed in the reporting.

SBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The fundraiser of Social Finance should outline the decision-making process it follows to determine the eligibility of projects using Social Finance 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; • The criteria making the projects eligible for using the Social Finance proceeds; • The social sustainability objectives 	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social Finance eligibility assessment materials <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Finance Department and CSV Strategy Department will select the projects that meet the eligible criteria defined by the Framework, and the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects.</p> <p>DNV confirmed that the fundraiser meets the eligibility criteria as indicated in "II. Scope and Objectives (3) Standards/guidelines to be applied," and that the negative impacts of the project implementation were assessed and considered, and the environmental and social risks were identified in advance.</p>
2b	Fundraiser's environment and social governance framework	<p>In addition to information disclosed by a fundraiser on its Social Finance process, criteria, and assurances, Social Finance contributors may also take into consideration the quality of the fundraiser's overall framework and performance regarding environmental sustainability.</p>	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social Finance eligibility assessment materials <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings' social projects are consistent with Kirin Holdings' "CSV Purpose" and the long-term management vision "Kirin Group Vision 2027 (KV2027)." In implementing the projects, DNV confirmed that the compliance with environment-related laws, regulations, ordinances, and agreements with the relevant communities was considered. With regard to risks specific to eligible projects, DNV confirmed that risk items were identified through various due diligence and appropriate measures and procedures were implemented. In addition, DNV confirmed that the social benefits of social projects have been clarified through confirmation of documents such as the Framework 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 Finance should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the fundraiser in an appropriate manner and attested to by a formal internal process that will be linked to the fundraiser's lending and investment operations for Social Projects.	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social Finance eligibility assessment materials • Kirin Group Treasury Policy Interviews with stakeholders	Through document review and interviews, DNV confirmed that the net proceeds were traceable through Kirin Holdings' Kirin Group Treasury Policy and internal control systems. DNV also confirmed that the actual systems and related documents in use are verified and that the management status of the proceeds can be proven on this basis.
3b	Tracking procedure	So long as the Social Finance is outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible social investments or loan disbursements made during that period.	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social Finance eligibility assessment materials • Kirin Group Treasury Policy Interviews with stakeholders	DNV confirmed that Kirin Holdings plans to manage the allocation status of proceeds on a semi-annual basis from the implementation of Social Finance until redemption.
3c	Temporary holdings	Pending such investments or disbursements to eligible Social Projects, the fundraiser should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed Documents: <ul style="list-style-type: none"> • Framework • Social Finance eligibility assessment materials • Kirin Group Treasury Policy Interviews with stakeholders	DNV confirmed through interviews that the balance of unallocated proceeds is recognized sequentially through a confirmation process via Kirin Holdings' internal management system etc. and is managed in cash or cash equivalents. DNV also confirmed that the balance of unallocated proceeds will be disclosed through the allocation status reporting.

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, the fundraiser should provide at least annually a list of projects to which Social Finance proceeds have been allocated including:</p> <ul style="list-style-type: none"> • Confidentiality and/or competitive considerations • A brief description of the projects and the expected environmental and social sustainable impact. 	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> • Framework • Social Finance eligibility assessment materials <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings will publish the allocation status (allocated and unallocated amount) of the proceeds of Kirin Social Finance on its website on an annual basis until the full amount of the proceeds has been allocated. DNV also confirmed that Kirin Holdings will publish initial reporting in the year following the fundraising, and that if any significant event, such as a major change, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner.</p> <p>(Social benefits)</p> <p>DNV confirmed that Kirin Holdings currently assume following reporting indicators. Depending on the future business development after M&A, Kirin Holdings plans to report on its initiatives to the extent practicable.</p> <ul style="list-style-type: none"> • Access to products of companies as new subsidiaries through M&A • Product development using “functional materials,” “Lc-PLASMA,” etc.