

Kirin Holdings Company, Ltd. | Overview

Kirin Holdings Company, Ltd. : Transition-Link Loan

■ Corporate Profile

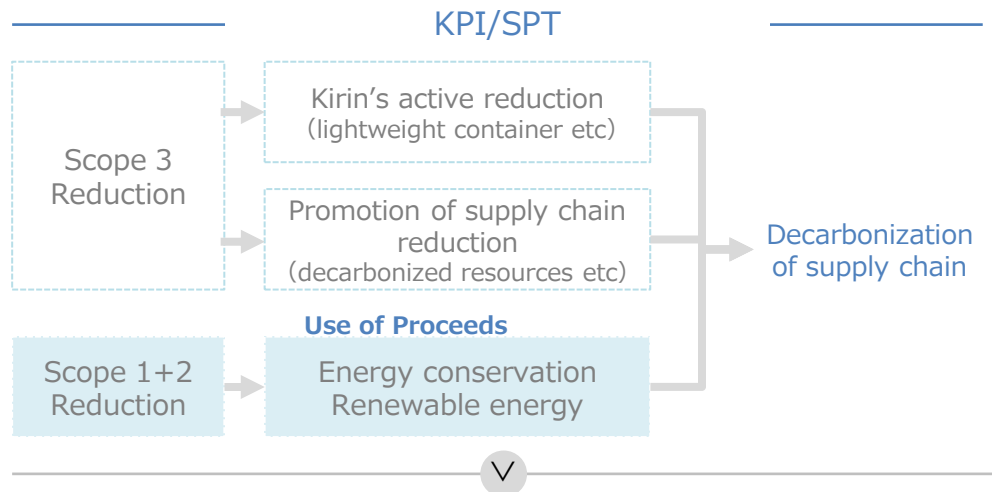
Industry	Foods
Location	Japan
Business	Developed into the health science and pharmaceuticals fields by utilizing fermentation and biotechnology cultivated through on the food and beverages business. The food and beverages business has expanded its operation area into overseas markets, mainly in Asia and Oceania.

■ Loan Outline

Borrower	Kirin Holdings Company, Limited
Evaluation Agency	DNV BUSINESS ASSURANCE JAPAN K.K.
Amount borrowed	30-50 billion yen (Planned)
Contract Date	January 2023 (Planned)

Alignment with the Four Elements in the Guideline*

Element 1	<ul style="list-style-type: none"> • Strategy: Separately developed decarbonization strategies and pathways of Scope 1+2 and Scope 3 stepwise decarbonization, considering the diversity of emission sources, operators and sites. • Governance: the Group CSV Committee is held 3 times a year, which consists of Holdings executives and subsidiary presidents.
Element 2	<ul style="list-style-type: none"> • Sets KPIs/SPTs based on CSV commitment for mid- and long-term environmental action plans. These plans are detailed in Kirin Group Vision 2027 as one of the four immaterialities (Health, Community, Environment and Responsibility)
Element 3	<ul style="list-style-type: none"> • Sets decarbonization target in their overall corporate strategy including Scope 3 and is qualified for SBTi Net Zero Standard for the first time in the food sector.
Element 4	<ul style="list-style-type: none"> • 400 billion yen has been planned for capital investment (Infrastructure Investments and Growth Investments) in their Medium-Term Business Plan (FY2022-2024). 10 billion yen is allocated for environment (allocation of this loan) within the 220 billion yen Infrastructure Investments.



KPI/SPT:

The company has set Scope 1+2 and Scope 3 reduction targets for supply chain decarbonization. This loan specifically focuses on Scope 1+2 and identifies them as KPI/SPT as these are of priority areas for decarbonization. Obtained SBT certification on SPT with a 50% reduction of Scope 1+2 (baseline 2019) .

Use of proceeds:

Funds from this loan will be used for energy conservation and renewable energy related projects to reduce Scope 1+2 in order to achieve SPT. (e.g., introduction of heat pumps in factories, expansion of renewable energy)

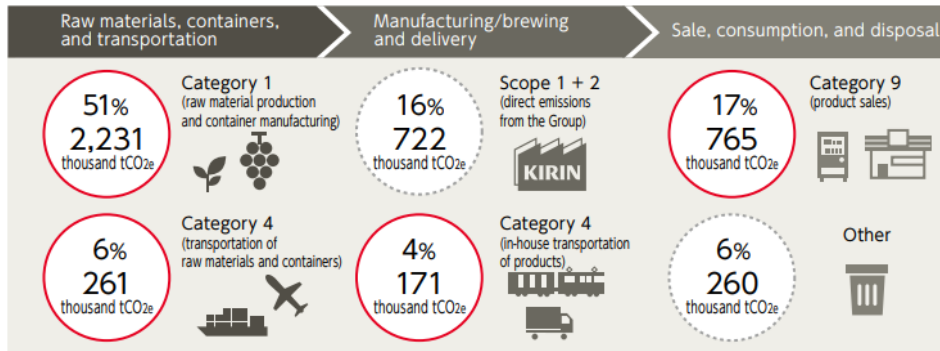
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Transition Strategy and Governance (Element 1)

Issues for Decarbonization and Transition of the Entire Supply Chain

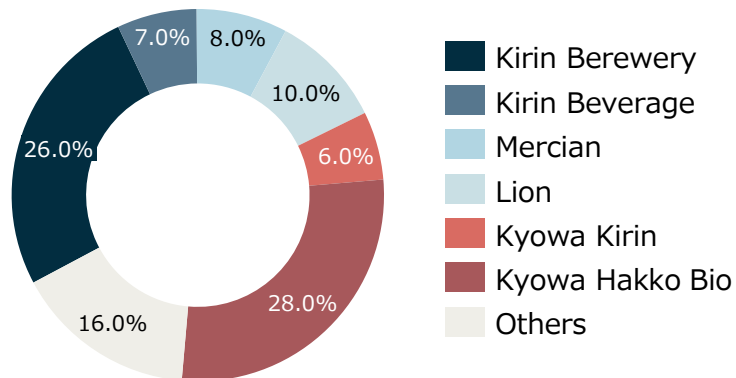
- Although foods is not a hard-to-abate industry (based on assets), **Scope 1~3 emissions are distributed across various sources, operators and sites (including outside of Japan) throughout the supply chain. Thus, stepwise decarbonization is key accounting this diversity.**

Various Emission Sources



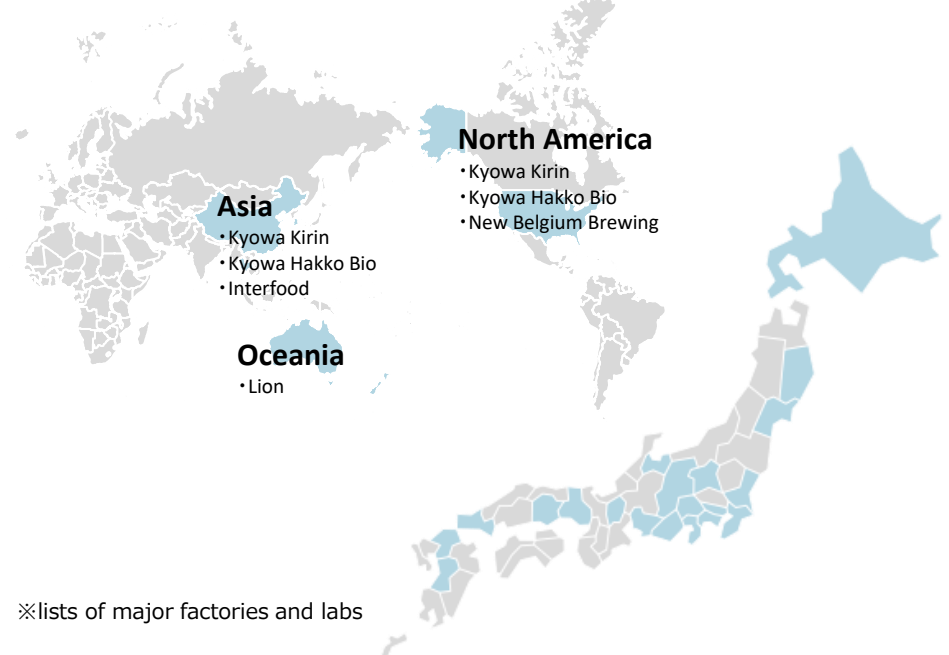
Various Operators

Scope 1+2 emissions by operators (2021)



Various Sites

- Major domestic factories and labs: 19 for alcoholic beverage business, 5 for health science business, and 4 for pharmaceutical business (as of 2021).
- Overseas: 19 for alcoholic beverage business, 3 for health science business, and 2 bases for pharmaceutical business in 7 countries (as of 2021)
- Including suppliers and customers (Scope 3), GHG reduction efforts will be required across multiple regions and locations.



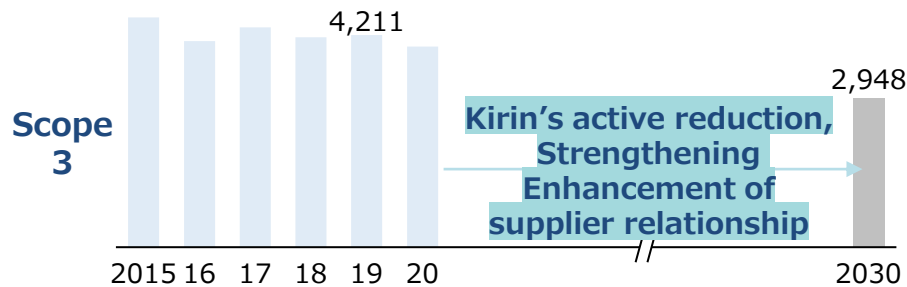
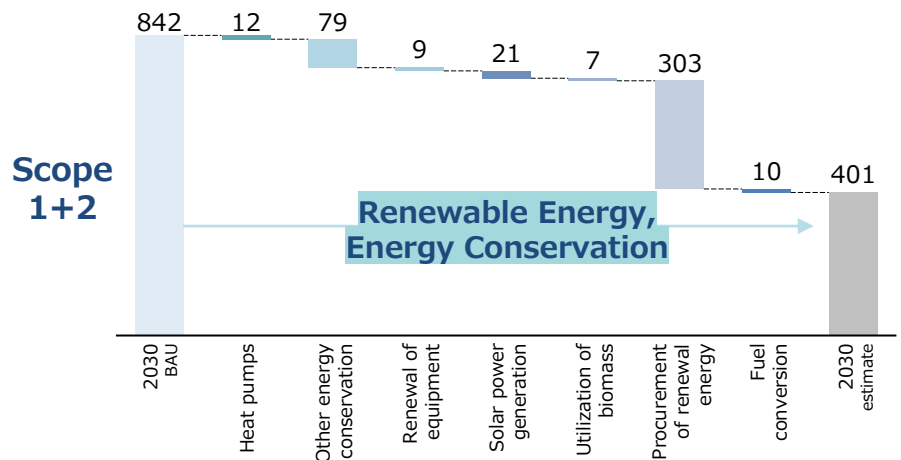
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Transition Strategy and Governance (Element 1)

Issues for Decarbonization and Transition of the Entire Supply Chain

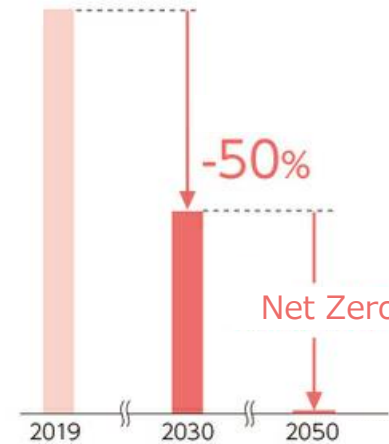
- SPT for this bond is set for Scope 1+2, which is a priority and already has specific investment plans. While not a scope for this bond, Scope 3 is also essential for decarbonization, thus targets have been set for 2030 and 2050 net zero with a SBT qualification.

Stepwise GHG reduction through the collaboration of various operators among the supply chain is important for the decarbonization of the entire supply chain

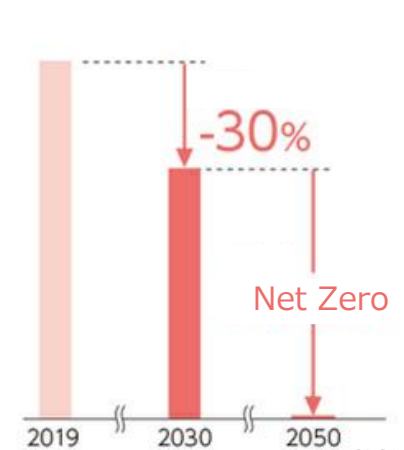


Kirin's 1.5 Degrees Targets

Scope 1+2



Scope 3



*In December 2020, previous SBT2°C target has been updated with more ambitious SBT1.5°C target

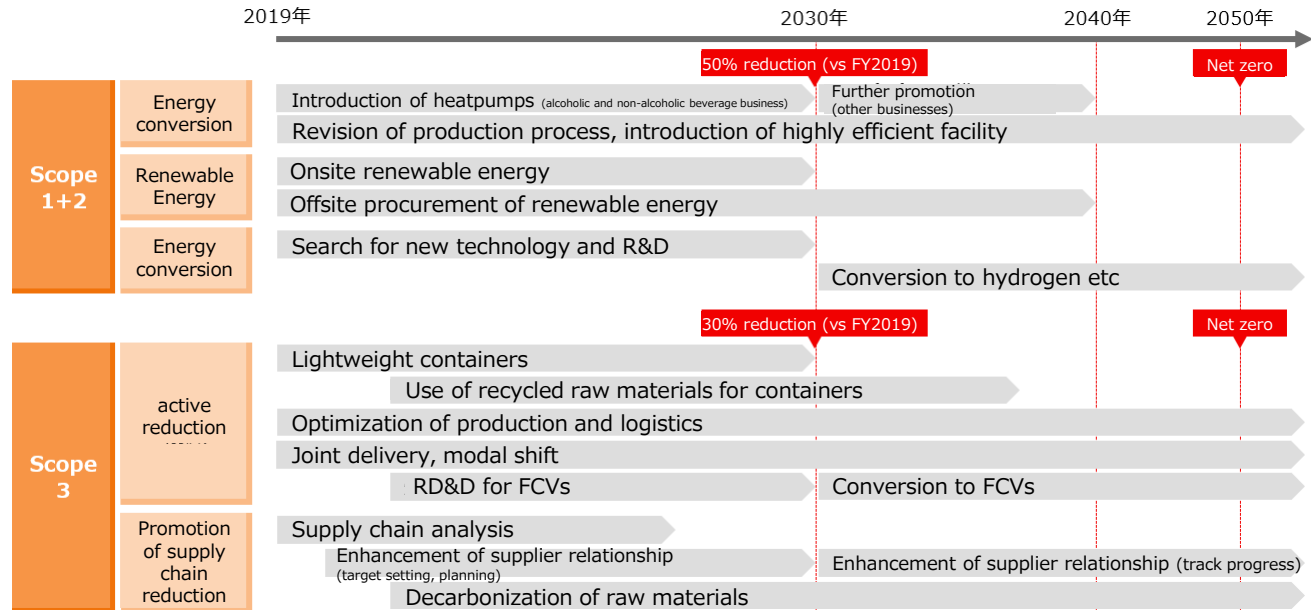
Scope 1 + 2	FY 2030 : 50% reduction (vs FY 2019) * SBTi certified FY 2050 : Net zero * SBTi net zero certified
Scope 3	FY 2030 : 30% reduction (vs FY 2019) * SBTi certified FY 2050 : Net Zero * SBTi net zero certified

⇒ sets Scope1+2 as SPT for this bond

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Transition Strategy and Governance (Element 1) · Science Based Targets and Pathways (Element 3)

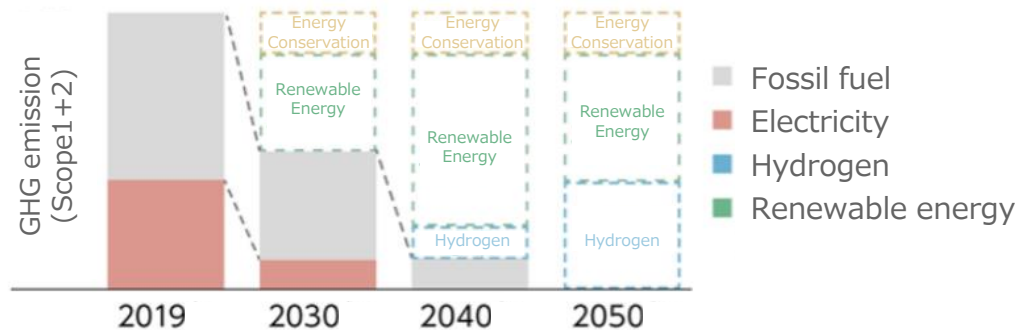
Pathways and Targets for Supply Chain Decarbonization and Course of Action for Scope 1+2 Reductions



Key Points

- **Stepwise decarbonization based on business characteristics** is important to achieve the entire supply chain decarbonization, which is relevant to **various stakeholders**.
- Targets and pathways for supply chain decarbonization **covers all Scopes**.
- In July 2022, Scope 1+2 and 3 has been certified for **SBTi Net Zero Standard (1.5 degrees)** for the first time in food and beverage industry.
- Expected to contribute to the stimulation of market-wide transition, and its **"transition finance" label meets the market expectations**, with a clear decarbonization strategy, plan, and targets.
- This bond is focused on **Scope 1+2 which is a prioritized area**, and is an initiative based on the company-wide decarbonization strategy. **SPT is also aligned with the SBT-certified goals**.

Course of Action for Scope 1+2 Reduction



Committee | Results

Kirin Holdings Company, Ltd. : Transition Finance

RESULTS:

Approved for Climate Innovation Finance Promotion Grants Scheme

Main Opinions

Transition Strategy

- This project is a role model for non-hard-to-abate sectors. It demonstrates an appropriate transition through its Course of Action, which clearly demonstrates a stepwise decarbonization by reducing numerous sources of emissions through energy conservation, renewable energy, and electrification.
- Agree on prioritizing the reduction of Scope1+2 where means for decarbonization is clear, while also including Scope 3 in the overall strategy. As Scope 3 has various issues, such as calculation methods, and is inappropriate to focus only on Scope 3 measures based on the high emission rate.

Others

- A good example of a linked loan and believed to be a good case study for future applicants of this grant scheme and meets all the transition criteria.

This document focuses on the contribution of transition finance to the realization of Japan's carbon neutrality by 2050 and the Paris Agreement and does not cover any of the risks associated with transition finance as a financial instrument. It should be noted that even the approved cases of this scheme, there are credit risks and other risks (in the case of bonds, price fluctuation risks, liquidity risks, etc.) as in ordinary financing.