

# Kirin Holdings Company, Limited (2020 Green Bond)

**Type of Engagement:** Annual Review

**Date:** June 28, 2022

**Engagement Team:**

Kosuke Kanematsu, kosuke.kanematsu@sustainalytics.com, (+81) 3 4571 2277

Marie Toyama, marie.toyama@sustainalytics.com, (+81) 3 4510 7394

Ayaka Okumura, ayaka.okumura@morningstar.com

## Introduction

In November 2020, Kirin Holdings Company, Limited (“Kirin Holdings”) issued a green bond aimed at financing and refinancing expenditures related to procurement of recycled PET resin, and introduction of heat pump systems at factories (JPY 100 billion 5-Year Green Bond, hereinafter the “2020 Green Bond”). As of December 31, 2021, the proceeds have been allocated to projects that meet the Eligibility Criteria. In June 2022, Kirin Holdings engaged Sustainalytics to review the projects funded through the issued 2020 Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Kirin Holdings Company, Limited Green Bond Framework (“Framework”). This is Sustainalytics’ second annual review of Kirin Holdings’ 2020 Green Bond following the previous review in June 2021.<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the 2020 Green Bond between November 2020 and December 2021 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Eligibility Criteria and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

**Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators**

Use of Proceeds	Eligibility Criteria	Impact indicators
<b>Circular Economy Adapted Products, Production Technologies and Processes</b>	Procurement of recycled PET resin	GHG emissions reduction
<b>Energy Efficiency</b>	Introduction of heat pump systems at factories	Conversion rate of PET bottle resin to recycled resin (t)

## Issuing Entity’s Responsibility

Kirin Holdings is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Kirin Holdings’ 2020 Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Kirin Holdings employees and review of

<sup>1</sup> Sustainalytics’ previous annual review of Kirin Holdings’ 2020 Green Bond is available at: Annual Review (June 2021) [https://www.sustainalytics.com/docs/default-source/backend/kirin-holdings-company-limited-green-bond-annual-review.pdf?sfvrsn=897c1082\\_1](https://www.sustainalytics.com/docs/default-source/backend/kirin-holdings-company-limited-green-bond-annual-review.pdf?sfvrsn=897c1082_1)

documentation to confirm the conformance with the Kirin Holdings Company, Limited Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by Kirin Holdings with respect to the projects in the eligible categories. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Kirin Holdings.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>2</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Kirin Holdings' 2020 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

## Detailed Findings

**Table 2: Detailed Findings**

<b>Evaluation Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the 2020 Green Bond between November 2020 and December 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the 2020 Green Bond between November 2020 and December 2021 to determine if the impact of projects was reported in line with the impact indicators outlined in the Framework and above in Table 1. For a list of impact indicators reported please refer to Appendix 2.	All projects reviewed reported on impact indicators per Use of Proceeds criteria.	None

<sup>2</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation of Green Bond Proceeds

Use of Proceeds Category	Description	Net Bond Proceeds Allocation (billion JPY) <sup>3</sup>
<b>Circular Economy Adapted Products, Production Technologies and Processes</b>	Procurement of recycled PET resin for PET bottle production	32
<b>Energy Efficiency</b>	Introduction of heat pump systems at factories	2
<b>Total Net Bond Proceeds Allocated:</b>		34
<b>Total Net Bond Proceeds Unallocated:</b>		66
<b>Total Net Bond Proceeds from Green Bond issuance:</b>		100

### Appendix 2: List of Project Impact

Use of Proceeds Category	Impact Indicators <sup>4</sup>
<b>Circular Economy Adapted Products, Production Technologies and Processes</b>	Conversion rate of PET bottle resin to recycled resin <sup>5</sup> : 4.8%
<b>Energy Efficiency</b>	GHG emissions reduction <sup>6</sup> : 2,500t

<sup>3</sup> The amount of net bond proceeds allocated to each category is rounded down to the nearest million JPY.

<sup>4</sup> Impact Reporting by Kirin Holdings is available at: [https://www.kirinholdings.com/en/impact/files/pdf/impact\\_report\\_2021en.pdf](https://www.kirinholdings.com/en/impact/files/pdf/impact_report_2021en.pdf)

<sup>5</sup> Conversion rate of PET bottle resin to recycled resin across the Kirin Group's operations

<sup>6</sup> GHG reductions in fiscal year 2021 (January 1, 2021 - December 31, 2021) by the introduction of heat pump systems at factories

## Disclaimer

**Copyright ©2022 Sustainalytics. All rights reserved.**

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

This document is translated from the Japanese language. In case of discrepancies between the Japanese language and translated versions, the Japanese language version shall prevail.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

Or contact us [contact@sustainalytics.com](mailto:contact@sustainalytics.com)

