

Kyowa Kirin

CSR Procurement Guidebook

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Kyowa Kirin Co., Ltd.

Table of Contents

1. Introduction	1
2. Kyowa Kirin Group Procurement Policy	2
3. Supplier Code of Conduct	4
1) Relationship with Society	4
2) Relationship with Employees	5
3) Compliance with Rules	6
4) Respect for Human Rights	6
5) Environmental Preservation	7
6) Information Management	7
7) Risk Management	8

1. Introduction

At Kyowa Kirin Group, we follow a management philosophy of “contributing to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies.” To realize this philosophy, we have developed our Group Code of Conduct based on our Group’s core values and in line with our basic compliance policy and basic risk management policy, and strive to disseminate the Code throughout the Group, with the aim to continue to be a socially responsible company.

From the perspective of global environment, a set of international goals “Sustainable Development Goals (SDGs)” for 2030 were adopted by the UN in 2015, and other worldwide efforts have been made to resolve economic, social, and environmental issues. Kyowa Kirin aims to contribute to the realization of a sustainable society while conducting business activities. To this aim, we are tackling key issues to be addressed by the Group as a whole, by regarding these as “expectations from society” in each of the seven core subjects of ISO 26000 (international standards on social responsibility). In April 2017, as a complement to ISO 26000, ISO 20400 was issued for providing guidance for organizations to contribute to sustainable development through procurement. We continue to conduct our procurement activities based on these new standards as well.

Kyowa Kirin promotes Corporate Social Responsibility (CSR) while meeting the needs and expectations of various stakeholders and adapting to social changes with its suppliers, who act simultaneously as valued stakeholders and as business partners. Furthermore, we aim to build a long-term relationship of trust with our suppliers and to conduct activities for the realization of a sustainable society in accord with countries and communities concerned.

This Guidebook is developed for the purpose of achieving our CSR procurement with the understanding and cooperation obtained from suppliers, and consists of “Kyowa Kirin Group Procurement Policy,” and “Supplier Code of Conduct.” Please use this Guidebook to understand the purpose of CSR procurement of Kyowa Kirin, and cooperate in conducting activities in line with the Code of Conduct.

2. Kyowa Kirin Group Procurement Policy

Kyowa Kirin Group will continue to contribute to society in various forms, as a company operating a business in the society.

Kyowa Kirin has established “Kyowa Kirin Group Procurement Policy,”^{*1} as part of its efforts to promote social responsibility also in procurement activities of Kyowa Kirin Group. Under this Policy, we will comply with all applicable laws and regulations as well as rules, and strive to enhance fair, equitable, and transparent procurement activities, in order to fulfill our corporate social responsibility with our suppliers, while building a long-term relationship of trust with the suppliers.

^{*1}: The Kyowa Kirin Group Procurement Policy has been established on the basis of the Kyowa Kirin Group Code of Conduct. The Kyowa Kirin Group Code of Conduct conforms to the various policies of the Kirin Group.

<Kyowa Kirin Group Procurement Policy>

To provide customers with safe and reliable products and services with clear value propositions, and thereby to fulfill the Kyowa Kirin Group’s management philosophy whereby “The Kyowa Kirin Group companies strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies”, the Kyowa Kirin Group is committed to fair and open procurement with the cooperation of our suppliers.

1. Steady focus on quality

- (1) In procurement practices, we place a high priority on pursuing safety and quality in accordance with the “Kyowa Kirin Group Quality Assurance Policy,” while also taking costs into account.
- (2) We welcome new ideas and technical solutions for increasing customer value from suppliers.

2. Fair and open business dealings

- (1) We select suppliers based on their performance in quality (Q), cost (C), delivery (D), reliable supply, CSR efforts, technological expertise and ability to propose innovative ideas, etc.
- (2) We use a competitive bidding and selection process for procurement to ensure fairness to all suppliers.

3. Ensuring regulatory and ethical compliance

(1) We observe social norms as well as the letter and spirit of laws and regulations, and conduct business in a sensible and socially responsible manner.

(2) Employees engaged in procurement practices shall not have personal conflicts of interest with any supplier. They shall not receive from any supplier rewards or gifts which deviate from social norms. They shall not force any supplier to make donations to the Group nor to buy products and services from the Group. They shall not impose a reciprocal business arrangement on any supplier.

4. Environmental stewardship

(1) We observe environmental laws, regulations, and ordinances, voluntary industry standards for the environment, and our own voluntary standards, to help society maintain a harmonious coexistence with nature.

(2) We conduct environmentally sensible, nonpolluting procurement practices in accordance with the “Kyowa Kirin Group Environmental Policy”.

5. Coevolving relationships of mutual trust with suppliers

(1) We strive to establish long-term, coevolving relationships of trust with suppliers. We work with suppliers to manage and avoid risks so as to minimize their impacts on society and the Kyowa Kirin Group’s business.

(2) We take the utmost care when managing personal information and confidential business information provided to us by suppliers, and do not disclose them to internal or external parties without the explicit approval of the original suppliers of such information.

6. Promotion of CSR procurement

We actively promote CSR procurement and commit to sustainable social development with suppliers

We consider that, in order for Kyowa Kirin to conduct sound business activities and fulfill its social responsibility, it is essential that suppliers who are key partners should understand our CSR policy and cooperate in our CSR efforts. We actively promote CSR procurement for mutual development, by conducting transparent and fair transactions with our suppliers and obtaining cooperation in a spirit of equal partnership.

3. Supplier Code of Conduct

Kyowa Kirin has established Supplier Code of Conduct to promote CSR throughout its supply chain. Our suppliers should understand and comply with all the items in the Supplier Code of Conduct when engaging in business activities with us. Also, our suppliers should review their own corporate activities from a CSR perspective, and strive to make further improvement.

The Supplier Code of Conduct are composed of the following seven perspectives.

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| <ol style="list-style-type: none">1) Relationship with Society2) Relationship with Employees3) Compliance with Rules4) Respect for Human Rights5) Environmental Preservation6) Information Management7) Risk Management |
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1) Relationship with Society

Suppliers, as good members of society, should strive for sustainable economic growth and solutions to social issues. To achieve this, suppliers should build friendly and ethical relationships with all stakeholders.

(1) Providing high-quality products and services

- Suppliers should strive to gain trust from stakeholders through activities, with top priority on ensuring safety, ranging from the procurement of raw materials to the research, development, production, distribution, and post-marketing services for products.
- Suppliers should ensure appropriate and strict handling of various scientific data.

(2) Maintaining legal and ethical relationships

- No illegal or inappropriate demands from inside or outside the company should be fulfilled.
- No corruption (e.g. bribery, offering undue benefits, and illegal political contributions) should be allowed.
- Suppliers should have no relationships with organizations involved in crime.

(3) Harmony with society and communities

- Suppliers should respect the economy, society, and culture of individual countries

and local communities and contribute to the growth and prosperity of those local communities.

- Suppliers should comply in good faith with all applicable laws and regulations, etc. of the state and local areas where business activities are conducted.
- Suppliers should strive to enhance mutual understanding through communication with the people of the countries and regions where business activities are conducted.

2) Relationship with Employees

Suppliers should respect each individual's humanity and strive to maintain an employee-friendly environment at workplace.

(1) Respect for diversity

- Suppliers should provide a workplace and opportunities where people with diverse backgrounds can demonstrate their own abilities.

(2) Building and maintaining a safe workplace environment

- Suppliers should abide by labor environment laws and regulations and will continue to place a priority on safety.
- Suppliers should continuously engage in activities to prevent work-related accidents.
- Suppliers should create a workplace that is safe and ensure the physical and mental health of employees at all times.
- Suppliers should not allow any dangerous or violent actions or actions that disturb the order in the workplace.
- Suppliers should never allow using illegal medication or substances in the workplace.
- Suppliers should understand the situation of being exposed to substances harmful to the human body and take appropriate measures at workplace. Education and training should be provided to employees about safety information on these harmful substances.

(3) Emergency preparedness and response

- To protect life and safety of persons, suppliers should adopt emergency response measures by assuming a possible disaster or accident and disseminate information thereon throughout the workplace.

(4) Respect for employees' right to organize

- Suppliers should respect employees' right to organize as a means to achieve labor-management agreement on working environment and wage levels, etc. Suppliers should allow employees to form or join a union, etc.

3) Compliance with Rules

Suppliers should abide by social rules and act in good faith with high ethical standards.

(1) Legal compliance

- Suppliers should abide by any laws, regulations rules and social norms wherever they conduct business, and should strive toward continuously updating their knowledge of these laws, regulations, rules, and norms.
- Suppliers should actively collect information on rule changes, such as important legal amendment in connection with business, suppliers should also review their internal rules as necessary.

(2) Fair and free competition

- Suppliers should engage in fair, transparent, and free competition and transactions, abiding by the competition laws of the relevant countries.
- Suppliers should never expect any special treatment in return when they make donations.

(3) Prevention of misconduct

- Suppliers should take action to prevent misconduct and develop a system to detect and respond to misconduct early.

(4) Respect for intellectual property rights

- Suppliers should use their own intellectual property in an appropriate manner and respect others' intellectual property rights.

4) Respect for Human Rights

Suppliers should respect human rights and diversity of all people.

(1) Non-discrimination

- Suppliers should not discriminate based on race, ethnicity, national origin, social status, family origin, sex, disability, health condition, thoughts and beliefs, sexual orientation, gender identity, and job type or employment status, or the like.

(2) No forced labor or unfair child labor

- Suppliers should not countenance unfair, labor.
- Suppliers should not be involved with businesses or business partners who conduct unfair labor practices.

(3) No harassment of any type.

- Suppliers should not tolerate harassment of any person from or toward their business partners.

5) Environmental Preservation

Suppliers should proactively initiate measures based on the recognition that addressing environmental problem is a mutual task of all the people and an essential requirement for corporate activities and survival.

(1) Environmental preservation and protection, and resource recycling

- Suppliers should actively engage in environmental preservation and protection.
- Suppliers should procure resources, including raw materials and equipment, in a manner that minimizes their environmental impact.
- Suppliers should endeavor to reduce raw materials and energy consumption, in order to contribute to the conservation of natural resources and the prevention of global warming.
- Suppliers should curb the amount of waste produced and engage in recycling.
- To enhance environmental performance, suppliers should build environmental management systems and promote continuous improvement.
- Suppliers should promote resource utilization, with consideration for biodiversity.

(2) Respect for rules concerning the environment

- Suppliers should endeavor to prevent environmental contamination and pollution-related health effects.
- Suppliers should observe environmental emission standards.
- Waste should be treated properly in accordance with applicable laws and regulations, etc.
- Suppliers should manage and handle chemical substances properly according to related laws and regulations.
- Suppliers should obtain the necessary environmental permits and approvals and submit the required reports to administrative bodies.

6) Information Management

Suppliers should properly manage information concerning their business.

(1) Proper management of personal and confidential information

- Suppliers should use personal information obtained through their business activities, in compliance with laws and regulations.
- Suppliers should use confidential information obtained through their business activities in compliance with their contractual obligations.
- Suppliers should take sufficient measures to protect personal and confidential information and manage it strictly.

(2) Compliance with laws and regulations, and internal rules.

- Suppliers should develop internal policies and regulations based on laws and

regulations.

- Suppliers should store, dispose of, and preserve documents and data in accordance with their internal rules.

(3) Proper use of information systems and equipment

- Suppliers should use electronic equipment such as the company's information systems and computers (PCs), as well as the e-mail systems, safely in accordance with internal rules

(4) No insider trading

- When suppliers come to know important facts about their groups or other companies in their business activities, which are not yet publicly disclosed, the suppliers should refrain from divulging such information or from trading in the securities of relevant companies, such as stocks and bonds, up to the public announcement of such important facts.

(5) Timely, appropriate and fair disclosure of information to their stakeholders

- Suppliers should make appropriate, and fair disclosure of information to their stakeholders, regardless of whether the disclosure is required by laws and regulations, etc.

7) Risk Management

Suppliers should manage risks and crises pertaining to their business appropriately.

(1) Execution of risk management and crisis management

- Suppliers should manage risks pertaining to their business in an organized manner, anticipate risks that may arise in the future, and work toward improvement, solution, and elimination of those risks.
- Suppliers should conduct crisis management to enhance the abilities required to respond to risks and manage crises, such as the prevention and early detection of crises, and quick recovery when they occur.

Please cooperate with us in activities in accordance with this Supplier Code of Conduct.

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