

# Kyowa Kirin CSR Procurement Guidebook

July 2019

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 .....	5
4 Respect for Human Rights .....	6
5 Environmental Conservation.....	6
6 Information Management.....	7

## 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 Code of Conduct based on our Group’s core values and in line with our basic compliance 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,” “Supplier Code of Conduct,” and “Supplier Hotline.” 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 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,” as part of its efforts to promote social responsibility also in procurement activities of Kyowa Kirin. 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.

### <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 a 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.

Supplier Code of Conduct consists of the following six perspectives:

- 1 Relationship with Society
- 2 Relationship with Employees
- 3 Compliance with Rules
- 4 Respect for Human Rights
- 5 Environmental Conservation
- 6 Information Management

#### 1 Relationship with Society

Suppliers, as good members of society, should strive to build friendly and ethical relationships with all stakeholders.

- 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.

- Maintaining legal and ethical relationship

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

- Harmony with society and communities

Suppliers should respect the economy, society, and culture of international society and local communities to promote harmony with local communities. Suppliers should comply in good faith with all applicable laws and regulations of the state and local area where business activities are conducted, and strive to enhance mutual understanding through communications.

- Awareness campaign on responsible drinking

Suppliers should be aware of the impact and effect of drinking alcohol on health and promote responsible drinking.

## 2 Relationship with Employees

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

- Respect for diversity

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

- Building and maintaining safe workplace environment

Suppliers should assess risks to workplace safety and ensure the safety of employees by adopting appropriate design, technology, and management measures. No acts of danger, violence, and disorder should be allowed at workplace.

- Employees' physical and mental health

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.

- Compliance with labor law

Suppliers should comply with laws and regulations on working environment, including wages and working hours.

- 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.

- 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 level, 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.

- Legal compliance

Suppliers should comply with internal and external laws and rules and strive to update knowledge. Suppliers should actively collect information on rule changes, including important legal amendment in connection with business.

- Fair competition

Suppliers should not infringe laws and regulations, etc., concerning commercial transactions set forth by the respective states (e.g., Subcontract Act, Anti-monopoly Act, and fair competition rules of Japan), and engage in fair, transparent, and free competition and transactions. Any donations should be made without demanding rewards.

- Prevention and early detection of misconduct

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

- Respect for intellectual property rights

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

- Protection of laboratory animals

Suppliers should conduct animal experiments in a humane manner with high moral consciousness, according to the concept for reducing pain of laboratory animals, using alternative methods, and reducing the number of animals used.

#### **4 Respect for Human Rights**

Suppliers should respect human rights and characteristics of all people.

- Non-discrimination

Suppliers should be committed to a policy of non-discrimination, on the basis of race, ethnicity, nationality, social class, disability, thought and creed, and job type or employment form.

- No forced labor

Suppliers should employ all employees of their free will, and should not force employees to compulsory labor.

- No child labor

Supplier should not employ children below the minimum working age, and should not engage children in labor that may inhibit the development of children.

- No inhumane treatment

Abuse, various types of harassment, and other harsh and inhumane treatment should be prohibited.

#### **5 Environmental Conservation**

Suppliers should actively engage in conservation of the global environment to pass on to the next generation.



- Efforts at environmental management

Suppliers should build and operate an environmental management system.

- Environmental protection and conservation

Suppliers should procure raw materials and equipment with less impact on the environment. Suppliers should strive to reduce the amount of raw materials and energy used, in order to contribute to resource saving and prevention of global warming.

- Promotion of resource recycling

Suppliers should curb the amount of waste produced and engage in resource recycling.

- Conservation of biodiversity

Suppliers should promote resource utilization, with consideration for biodiversity.

- Chemical management and environmental pollution prevention

Suppliers should comply with laws and regulations, etc., concerning environmental pollution (water pollution, air pollution, vibration, and foul odor, etc.) and promote continuous improvement. Chemical substances designated by laws and regulations, etc., should be managed and handled properly.

- Proper treatment of waste

Waste should be treated properly in accordance with applicable laws and regulations, etc.

- Environmental permits and approvals

Suppliers should obtain permits and approvals from administrative bodies, as required under laws and regulations, etc., and make sure to submit required management reports to administrative bodies.

## **6 Information Management**

Suppliers should properly manage information on our business.

- Proper management of personal and confidential information

Suppliers should manage and protect personal information of customers, third parties, and employees properly. Suppliers should properly manage and protect confidential information received from customers and third parties.

- No insider trading

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

- Timely and appropriate information disclosure

Suppliers should actively provide and disclose information to stakeholders, regardless of whether the disclosure is required by laws and regulations, etc.
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Please cooperate with us in activities in accordance with this Supplier Code of Conduct.

Issued on September 3, 2013

Revised on December 1, 2017

Amended on July 1, 2019

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