

Kyowa Kirin Supplier Briefing 2024

~Toward a Sustainable Society~

 **KYOWA KIRIN**

Kyowa Kirin's initiatives

for realizing a sustainable society and its business

This document contains certain forward - looking statements relating to such items as the company's (including its domestic and overseas subsidiaries) forecasts, targets and plans. These forward - looking statements are based upon information available to the company at the present time and upon reasonable assumptions made by the company in making its forecasts, but the actual results in practice may differ substantially due to uncertain factors.

These uncertain factors include, but are not limited to, potential risks of the business activities in the pharmaceutical industry in Japan and overseas, intellectual property risks, risk of side effects, regulatory risks, product defect risks, risks of changes to the prices for raw materials, risks of changes to market prices, as well as risks of changes to foreign exchange rates and financial markets.

This document is used only for the purpose of providing the information to stakeholders (including suppliers and investors). Though it may contain the information concerning pharmaceutical products (including products under development), it is not for the purpose of promotion, advertising, or medical advice.

Kyowa Kirin's initiatives for realizing a sustainable society and its business

Kyowa Kirin's value creation story

Management Philosophy and Core Values

Our Philosophy

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.

Core Values



Innovation

Transform lives with passion and excitement.
Challenge the status quo in all of our work.



Commitment to Life

Work for the most precious presence on this planet.
Create value for patients, caregivers, healthcare professionals, and customers.



Integrity

Do the right thing. Be sincere and ethical consistently.
Make a better world through good business practices.



Teamwork/Wa

One for all, all for one.
Work in diverse teams and respect each other.
Go beyond boundaries and collaborate with stakeholders.

Vision

Our Vision toward 2030

Kyowa Kirin will realize the successful creation and delivery of life-changing value that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical company built on the diverse team of experts with shared passion for innovation.

* Make patients smile through dramatic improvements in quality of life by identifying the unmet medical needs of people battling with medical conditions and by creating and supplying new drugs or services that help them overcome those challenges.

Provide pharmaceuticals for unmet medical needs

We are focused on developing medicines for diseases where there is a clear patient need for new options. We make full use of multiple therapeutic modalities, including biotechnology such as antibody technology, and beyond, building on our Kyowa Kirin established strengths.

Address patient-centric healthcare needs

We will meet the needs of patients and society by providing value across the entire patient care pathway, delivering cutting-edge science and technology, grounded in our in-depth pharmaceutical knowledge and expertise.

Retain the trust of society

We pursue world-class product quality and operational excellence to grow our business in ways which build long-term trust with our stakeholders.

Strategy to Realize our New Vision

- Maximize the value of global products
- Establish framework to ensure stable global supplies
- Build a drug pipeline to drive growth beyond 2025
- Launch services that go beyond pharmaceuticals
- Foster a corporate culture suited to global business development

Provide pharmaceuticals for unmet medical needs

- Maximize the value of G3B
- Continue to create groundbreaking new drugs

Address patient-centric healthcare needs

- Patient advocacy
- Provide value that goes beyond pharmaceuticals

Retain the trust of society

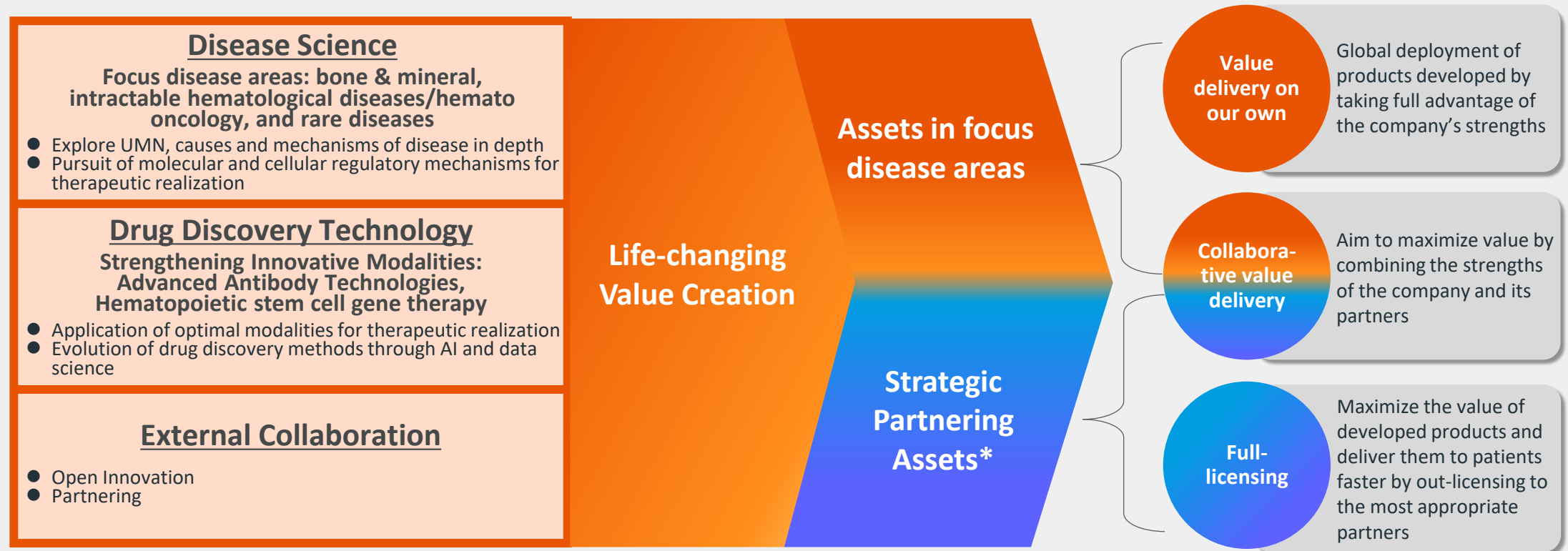
- Ensure stable supplies of high-quality pharmaceuticals
- Help to protect the global environment

Reinforce human resources and structures that support the creation of life-changing value

- Cultivate human resources
- Strengthen organizations
- Build digital platforms

Strategies for creating and delivering life-changing value - Story for Vision 2030

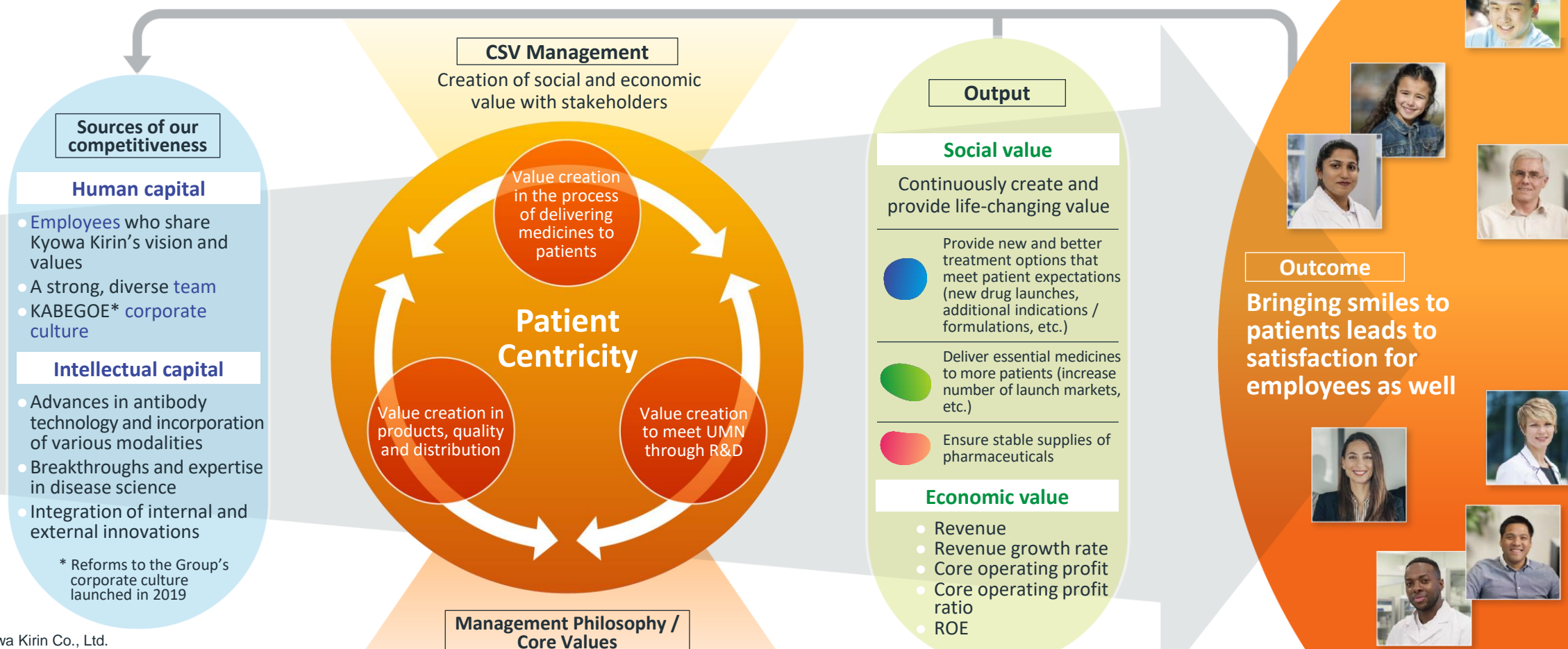
In the midst of major environmental changes, we formulated the Story for Vision 2030 to further ensure the realization of our vision. While increasing the resolution of the vision, we will link strategies and issues more organically and implement CSV management for the creation of life-changing value.



* Assets outside of the disease areas of focus are designated as strategic partnering assets, and value maximization is achieved through collaboration with partners.

Value Creation Story

In order to make people facing illness smile, we will create social and economic value by utilizing our human and intellectual capital, which are the source of our competitiveness, and by ensuring that all employees prioritize patient centricity, and by creating value together with various stakeholders through mutual collaboration in the processes of research and development, product, quality, distribution and drug delivery.



Kyowa Kirin's initiatives for realizing a sustainable society and its business

Kyowa Kirin's Sustainability and Materiality

Kyowa Kirin's Sustainability

The sustainability of the Kyowa Kirin Group means to co-create life-changing value with social stakeholders to make people (facing illness) smile. We will achieve both social sustainability and our own sustainability through realizing our vision.

The promotion of sustainability in our group is connected to CSV management we advocate. In other words, it means to achieve the creation of both of two values; one is social value and the other is economic value.

Social value

We solve social issues by providing life-changing value to make people smile

Economic value

We gain profits which can be the source of investment in human and intellectual capital to realize life-changing value

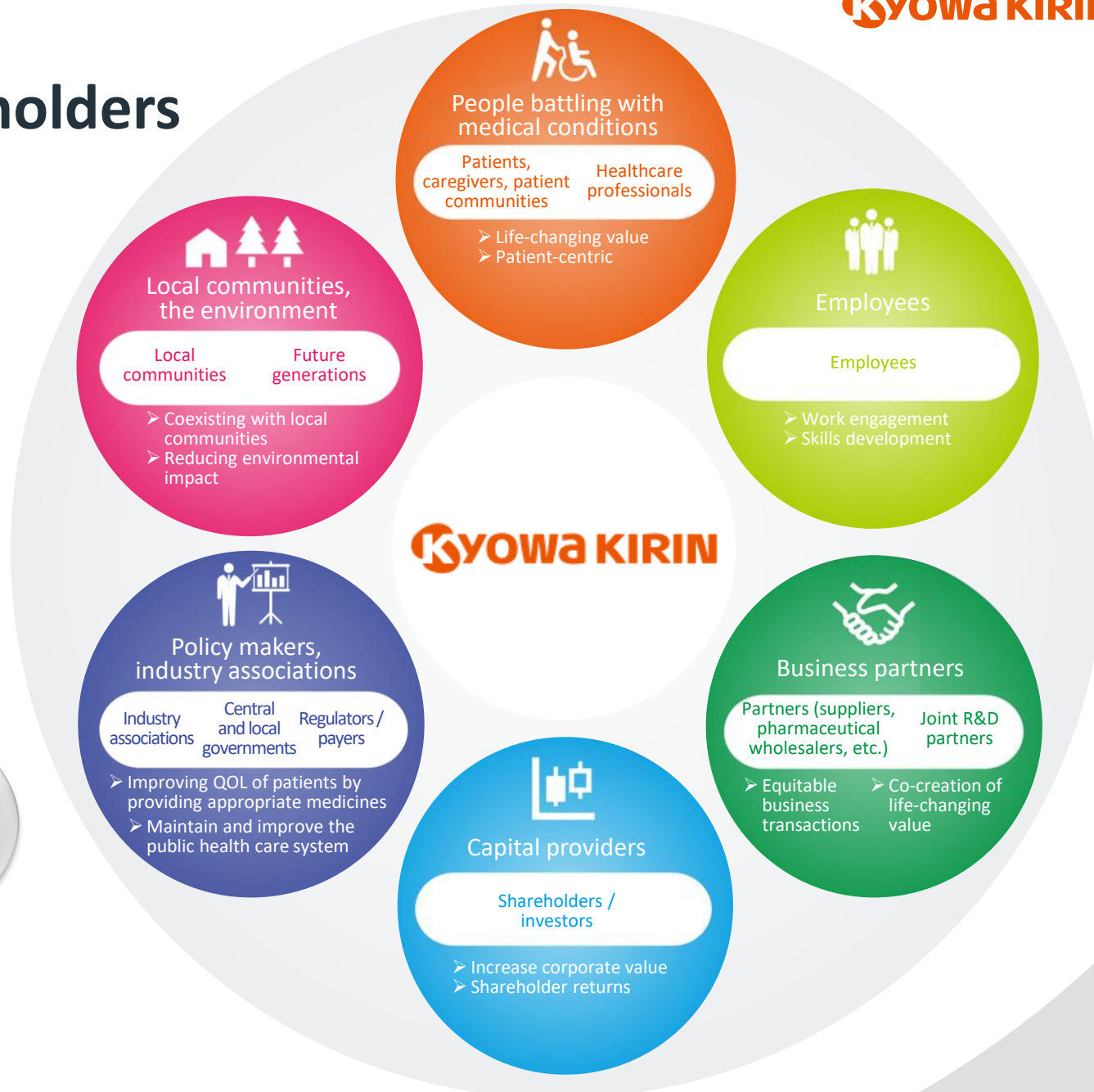
We consider it sustainable business activities to provide social value, gain profits to create further social value, and continue to be needed by patients around the world.

In addition, from a viewpoint of continuing our sustainable business activities, we will work to reduce environmental impact for future generations whom we regard as important stakeholders.



Co-creating Value with Stakeholders

We create both social and economic value to realize Kyowa Kirin's Vision. An essential part of this process is cooperating and collaborating with stakeholders in the value chain. We are committed to deepening relationships and co-creating value with stakeholders by engaging with them in various ways.



2024 Topics
Joined the Pharmaceutical Supply Chain Initiative (PSCI)

Delivering Life-changing Value as a GSP

Materiality

Kyowa Kirin has selected materiality (key management issues) to realize its vision for 2030, creating a clearer link between our vision and business strategy. Going forward, the whole Group will continue to work as one to achieve our vision for 2030.

Topics for value creation

Core strategies

Materiality

Related SDGs

Provide pharmaceuticals for unmet medical needs

- Creation of innovative drugs
- Maximize product value
- Pipeline enrichment



Address patient-centric healthcare needs

- Access to medicine
- Create healthcare solutions beyond medicines

Strengthen human resources and infrastructure to realize life-changing value

- Talent portfolio
- Digital transformation
- Corporate culture

Topics for value enhancement

Core strategies

Materiality

Related SDGs

Retain the trust of society

- Quality assurance and a supply of products
- Reducing environmental impact



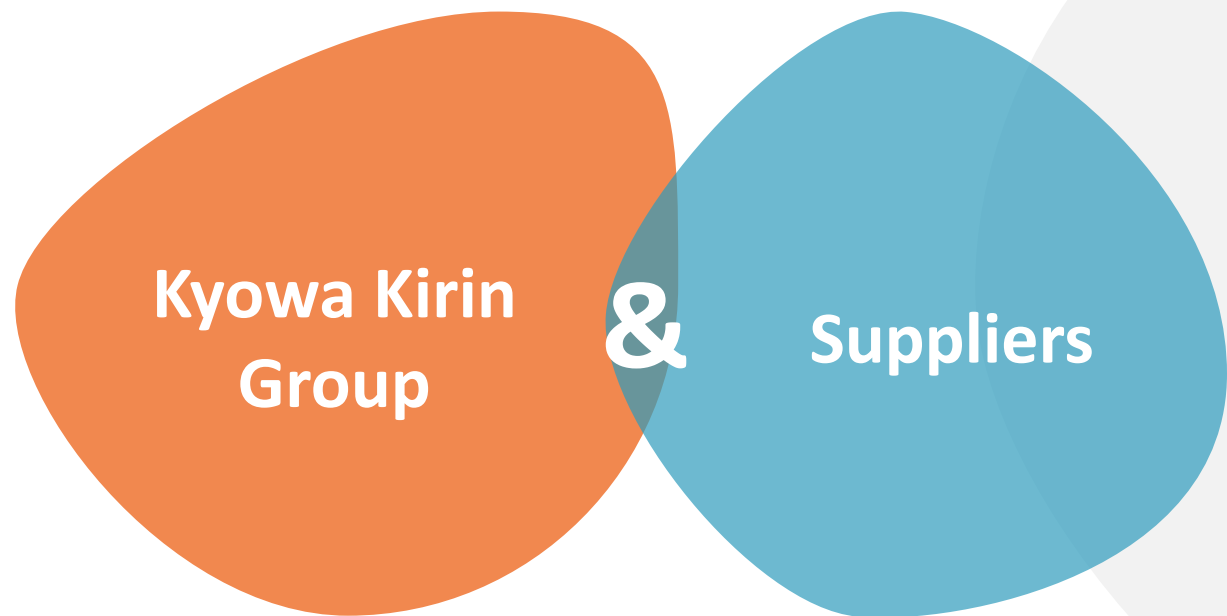
Strengthen human resources and infrastructure to realize life-changing value

- Corporate governance
- Ethics and transparency
- Reinforce risk management

Promotion of Sustainable Procurement

~Examples of initiatives from the procurement function~

Promotion of the “Sustainable Procurement”



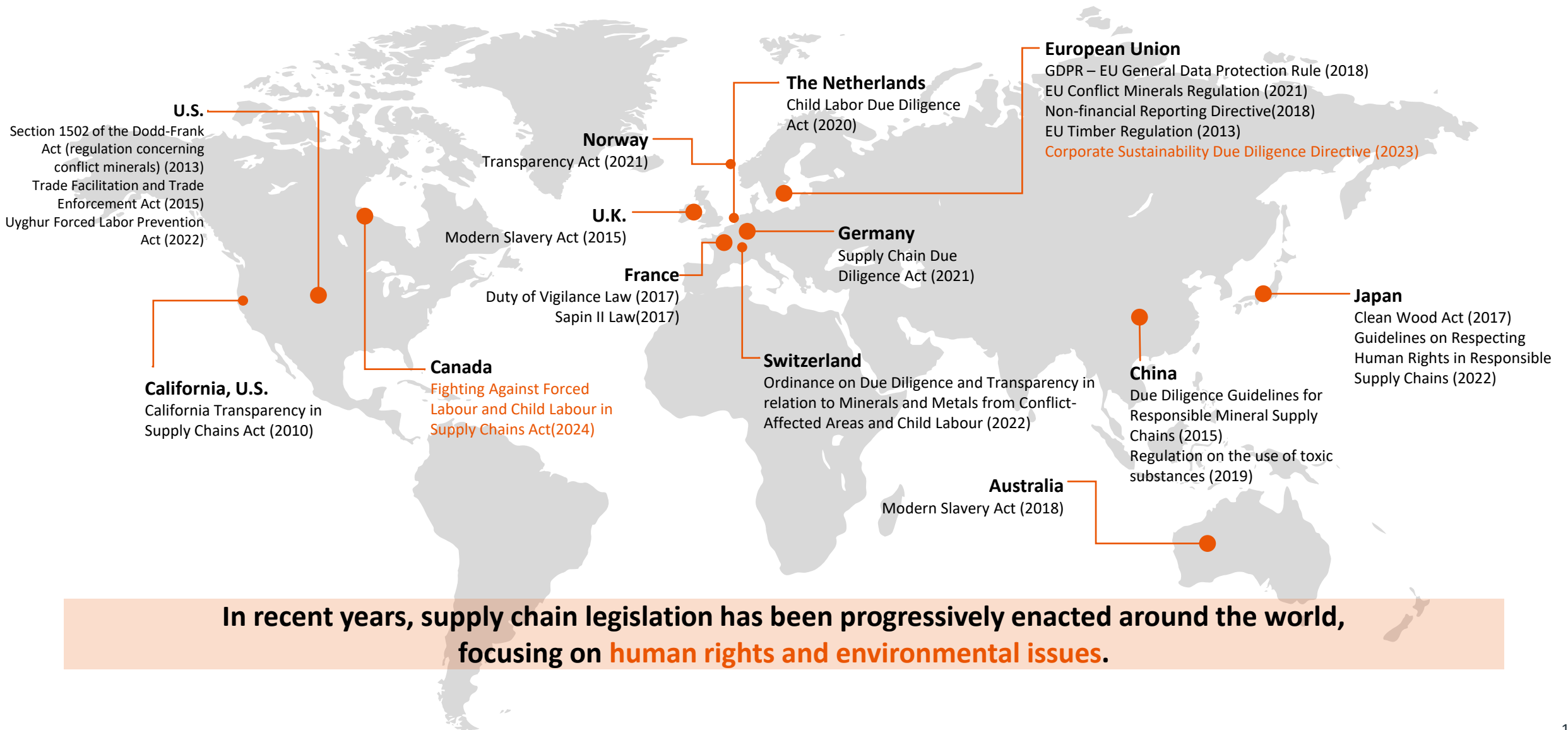
The Kyowa Kirin Group is working on “**Sustainable Procurement**” throughout its supply chain to realize a sustainable society and economy.

The realization of “Sustainable Procurement” cannot be achieved by the efforts of our Group alone, **the cooperation of you, our suppliers, is indispensable.**

Toward the Realization of Sustainable Procurement

Revision of the “Kyowa Kirin Group Supplier Code of Conduct”

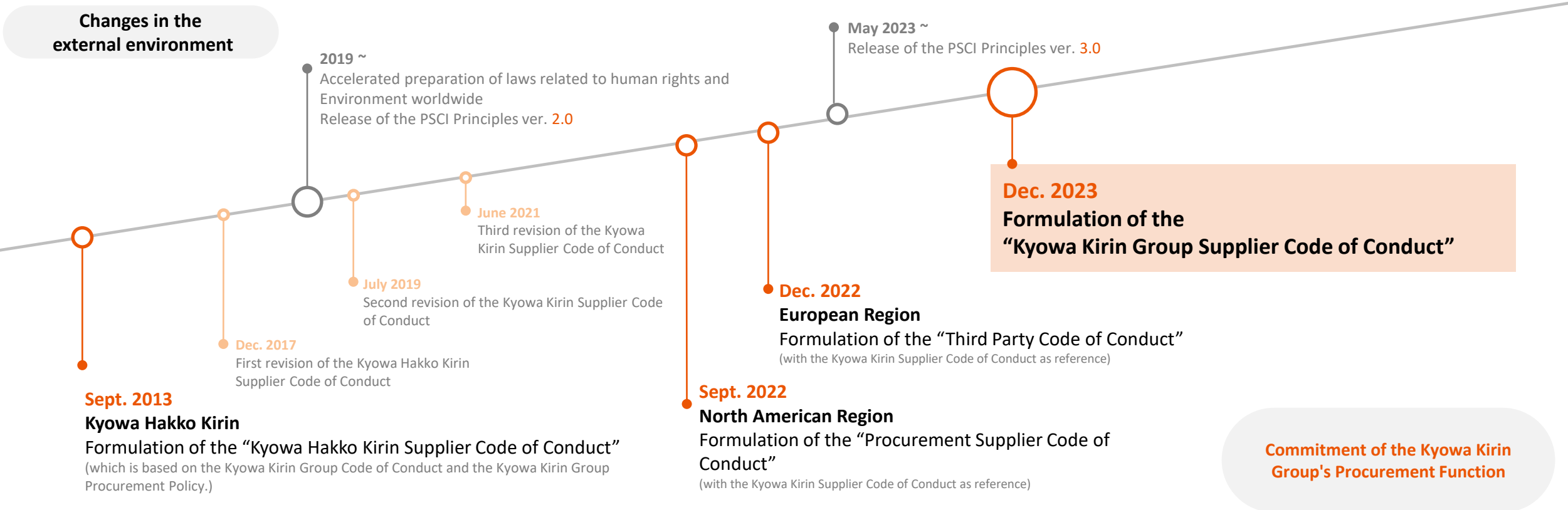
Supply Chain-related Regulatory Changes around the World (since 2010)



In recent years, supply chain legislation has been progressively enacted around the world, focusing on **human rights and environmental issues**.

The evolution of the “Kyowa Kirin Group Supplier Code of Conduct”

- In response to the recent world trends and changes in the internal and external environment, we have updated our supplier code of conduct.
- The updated code reflect specific matters we and suppliers should be committed to when promoting “Sustainable Procurement” .
- In December 2023, we posted the new version of the **Kyowa Kirin Group Supplier Code of Conduct** on the official website of Kyowa Kirin.



Revision of the “Kyowa Kirin Group Supplier Code of Conduct”

The “**Kyowa Kirin Group Supplier Code of Conduct**” has been formulated with reference to the following laws and regulations, etc., considering the global nature of our suppliers.



What is PSCI?

Understanding the PSCI

The PSCI is a membership group of companies in the pharmaceutical and healthcare sector that commit to working together towards a common vision of excellence in our supply chains.

Principles

The foundational commitment of all members is to the **PSCI Principles**. They are our blueprint for responsible practice, setting out our expectations for five relevant topic areas. Members integrate them into their own supplier codes and uphold them in their operations, aiming for continual improvement by advancing supplier performance over time.

You can read more about them on the next page.

Membership

The PSCI continues to enjoy growth in its **membership** and is currently led and driven by representatives from 53 member companies (find out more on [page 28](#)).

Strategy

The Board has set a clear three-year **Strategy** and a program of work to support it (find out more on [page 8](#)).



Board

The PSCI is a non-profit organization incorporated in the USA. We are led by an elected **PSCI Board** made up of representatives from our member companies (find out more on [page 9](#)).

The Board would like to record its thanks to all the members of the Committees and Topic Teams and those who lead them.

Committees

Our program is driven by five working **Committees** made up of members. The Committees drive our program of audit standardization and sharing and our supplier capability building work (among other things). The work of our Committees is described on [pages 12 to 21](#).

Topic Teams

The Committees are supported by expert **Topic Teams** covering content varying from Environmental Protection to Process Safety. You can learn more about their work through our short video [here](#).

The PSCI (Pharmaceutical Supply Chain Initiative) is a non-profit, membership-based organization established in 2006 as a project of six founding companies and incorporated in the United States in 2013. Member companies are mainly those related to pharmaceutical or healthcare.

The PSCI has 84 member companies worldwide as of November 2024.

The Kyowa Kirin Group is now one of its associate members as it joined in the PSCI in June 2024.



84 MEMBERS
WORLDWIDE

39 FULL
MEMBERS

45 ASSOCIATE
MEMBERS

What are the PSCI Principles?

The PSCI has developed the PSCI Principles to establish responsible supply chains.

The PSCI Principles outline the standards for supply chain management that pharmaceutical companies should follow, focusing on five issues: **Governance and Management Systems**, **Ethics**, **Human Rights**, **Health & safety**, and the **Environment**.

 <p>Governance and Management Systems</p>	 <p>Ethics</p>	 <p>Human Rights</p>	 <p>Health & Safety</p>	 <p>Environment</p>
<ul style="list-style-type: none"> ■ Culture, commitment and accountability ■ Legal and customer requirements ■ Risk management ■ Traceability and control ■ Training and competency ■ Documentation ■ Continual improvement ■ Emergency preparedness and response ■ Grievance mechanisms ■ Response and Remediation ■ Effective communication 	<ul style="list-style-type: none"> ■ Patient safety and access to information ■ Anti-bribery and corruption ■ Fair competition ■ Animal welfare ■ Data privacy and security ■ Avoidance and management of conflicts of interest ■ Product protection and quality 	<ul style="list-style-type: none"> ■ Freely chosen employment ■ Child labor and young workers ■ Non-discrimination ■ Fair treatment ■ Wages, benefits and working hours ■ Freedom of association and right to collective bargaining ■ Local communities 	<ul style="list-style-type: none"> ■ Safety of the work environment ■ Worker protection, health and wellbeing ■ Process safety 	<ul style="list-style-type: none"> ■ Environmental authorizations and reporting ■ Management of waste and emissions ■ Climate change ■ Resource efficiency ■ Biodiversity conservation ■ Spills and releases prevention

Revision of the “Kyowa Kirin Group Supplier Code of Conduct”

The “Kyowa Kirin Group Supplier Code of Conduct” consists of **7 perspectives** as is the case for the “Kyowa Kirin Group Code of Conduct”. In the current revision, **items 1 to 5** have evolved in content based on the aforementioned laws and standards.



Internal training on the “Kyowa Kirin Group Supplier Code of Conduct”

The content of the “Kyowa Kirin Group Supplier Code of Conduct” is what we ask our suppliers to strive for, and **at the same time, it is what Kyowa Kirin employees must observe first.**

We have conducted internal training on the “Kyowa Kirin Supplier Code of Conduct” several times, to further enhance employees' understanding.



Jan. 2024

E-learning course covering all employees

Mar. 2024

Background and content of the revision
Readiness as a procurement professional



Procurement professionals who deal with purchasing daily need to understand the content of the Kyowa Kirin Supplier Code of Conduct particularly well.

Therefore, in addition to the e-learning course designed for all company employees, we have implemented a hybrid training course that combines classroom and online training.

Apr. 2024

Environment-related items



June 2024

Human rights-related items



In addition to training on the Kyowa Kirin Group Supplier Code of Conduct, we regularly conduct training such as training on the Subcontracting Law.

Sustainable Procurement Survey

Every year, we conduct a “Sustainable Procurement Survey” according to each item of the “Kyowa Kirin Group Supplier Code of Conduct”, to grasp the actual situation of sustainable procurement activities conducted in our supply chain and identify issues to be addressed.

Sustainable Procurement Survey 2023

Outline of the Survey

[Number of questions]

61 multiple choice questions and 3 essay questions

[Content of questions]

Questions according to the “Kyowa Kirin Group Supplier Code of Conduct,” which is based on laws, regulations, international standards and international rules.

[Survey period]

December 21, 2023 - February 21, 2024

[Survey Target]

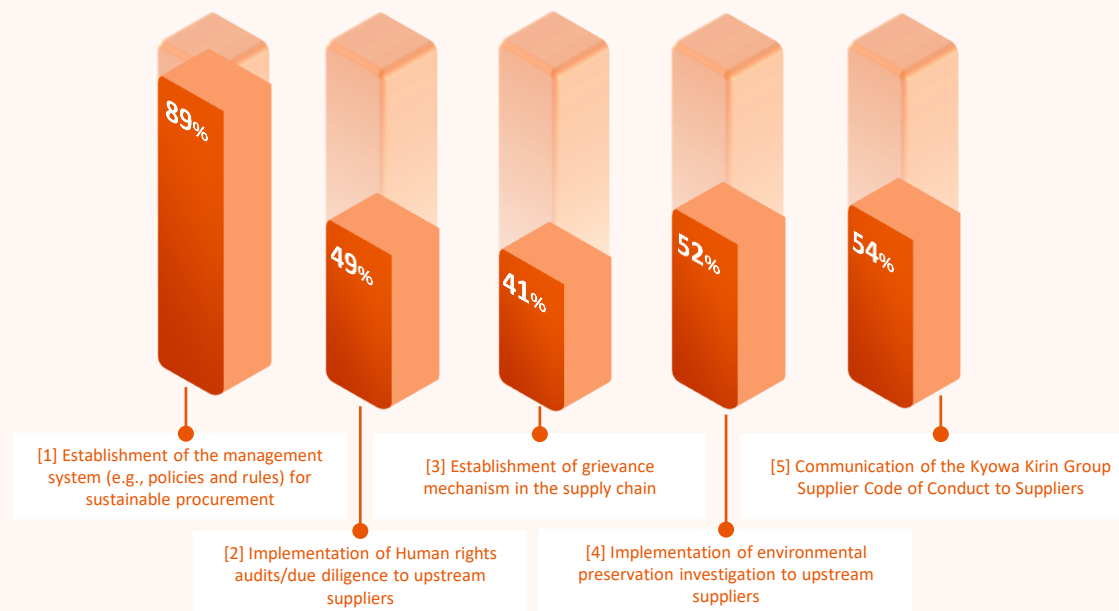
Japanese and overseas suppliers selected according to our standards.

[Number of respondents]

402, accounting for 89.5% of total procurement spend.

The content of the questions has been modified in accordance with the “Kyowa Kirin Group Supplier Code of Conduct”, which was revised in December 2023.

Status of Sustainability Activities in 2023



Revision of the “Kyowa Kirin Group Supplier Code of Conduct”

— Request to our suppliers —



It is important for **the entire supply chain** to understand this Kyowa Kirin Group Supplier Code of Conduct and act accordingly to realize sustainable procurement.

We ask suppliers who have received this Kyowa Kirin Group Supplier Code of Conduct to communicate the Code to the people not only in their own company but **also to their suppliers**, to implement appropriate resource allocation and to organize appropriate systems, procedures, and processes.

Suppliers shall properly investigate concerns relating to this Kyowa Kirin Group Supplier Code of Conduct and take corrective actions, as appropriate.

In addition, we also ask suppliers to cooperate with promoting activities to realize a sustainable society **throughout the supply chain** by managing each initiative through their management systems.



Toward the Realization of Sustainable Procurement

Our Commitment to Human Rights in the Supply Chain

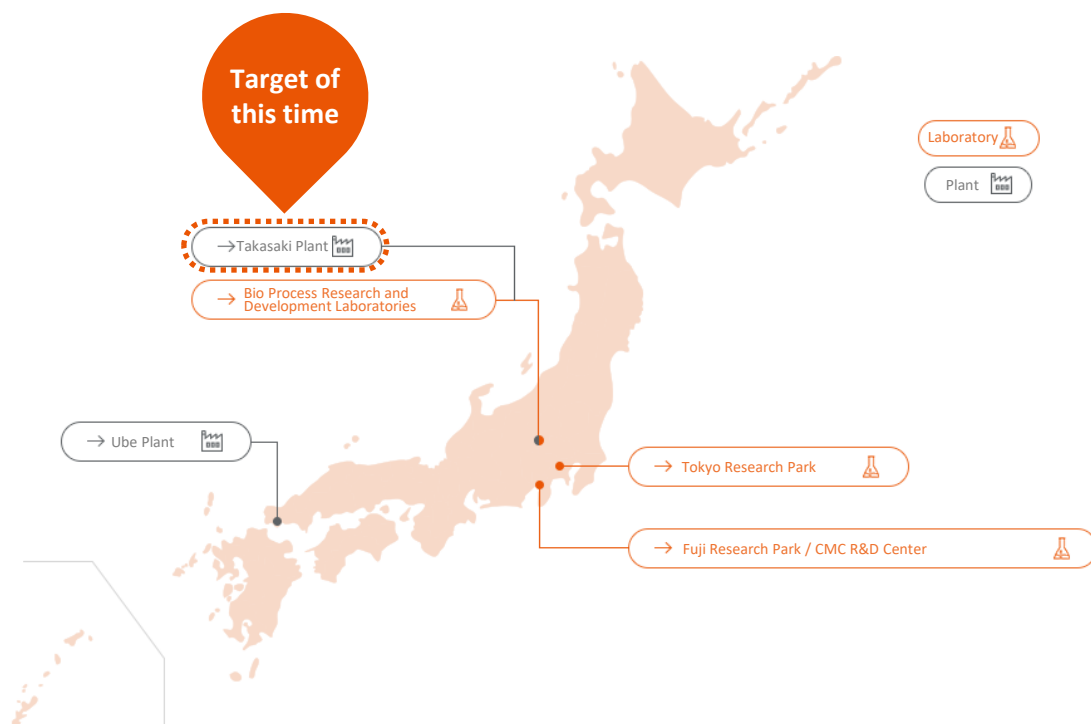
Human rights due diligence

We at Kyowa Kirin have identified human rights issues that are important to us through the activities listed on the right.

[1] Human rights due diligence workshops with cooperation of independent, external organizations



[2] Assessment through desk research



In 2023, we conducted a human rights due diligence on one of the issues identified in the workshop, “**foreign technical interns of suppliers**” .

The target was the **suppliers at the Takasaki Plant**, which is a manufacturing base that has a great impact on our business activities among Japanese bases.

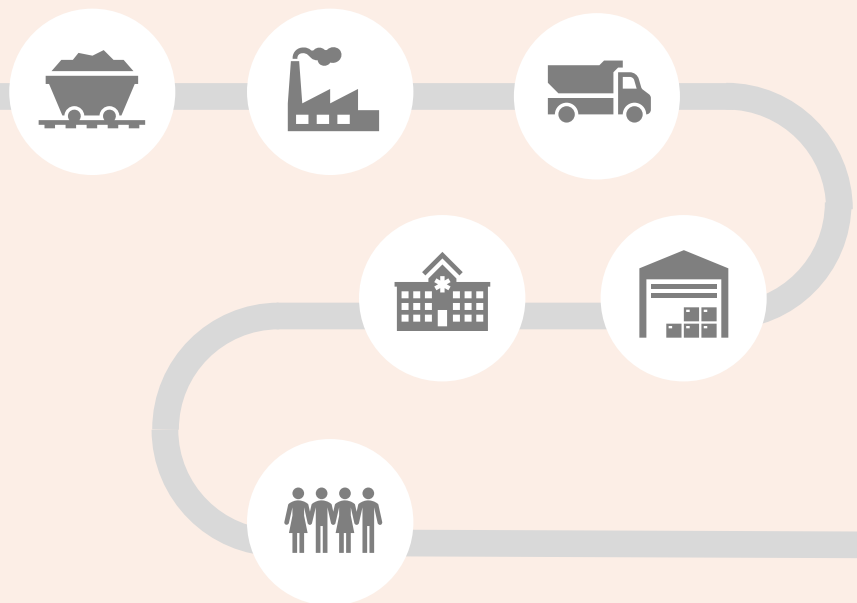
We conducted interviews with the managers of the suppliers employing foreign technical interns as well as the technical interns working there: we have confirmed that there was no negative impact on human rights.

In terms of human rights violations, we found nothing of particular concern at this time.

Participation in JaCER

The Kyowa Kirin Group has become a member of JaCER*.

We now accept **human rights complaints or reports** through the Engagement and Remedy Platform provided by JaCER, which is based on the United Nations Guiding Principles on Business and Human Rights.



Unlike traditional whistleblowing systems, JaCER covers **all stakeholders in the supply chain**.

As it **accepts grievances through third parties**, it will endeavor to **solve essential problems** regarding human rights through maintaining fairness and transparency of grievance handling.

Please do not hesitate to utilize the JaCER service as required.

Toward the Realization of Sustainable Procurement

Our commitment to BCP

Our commitment to BCP

Natural disasters, infectious diseases, terrorist attacks, etc. have become frequent occurrences.

Kyowa Kirin's Procurement Function is actively implementing activities related to BCP* to ensure stable supply of medicines to patients even in emergency situations.

About BCP Drill in Procurement department

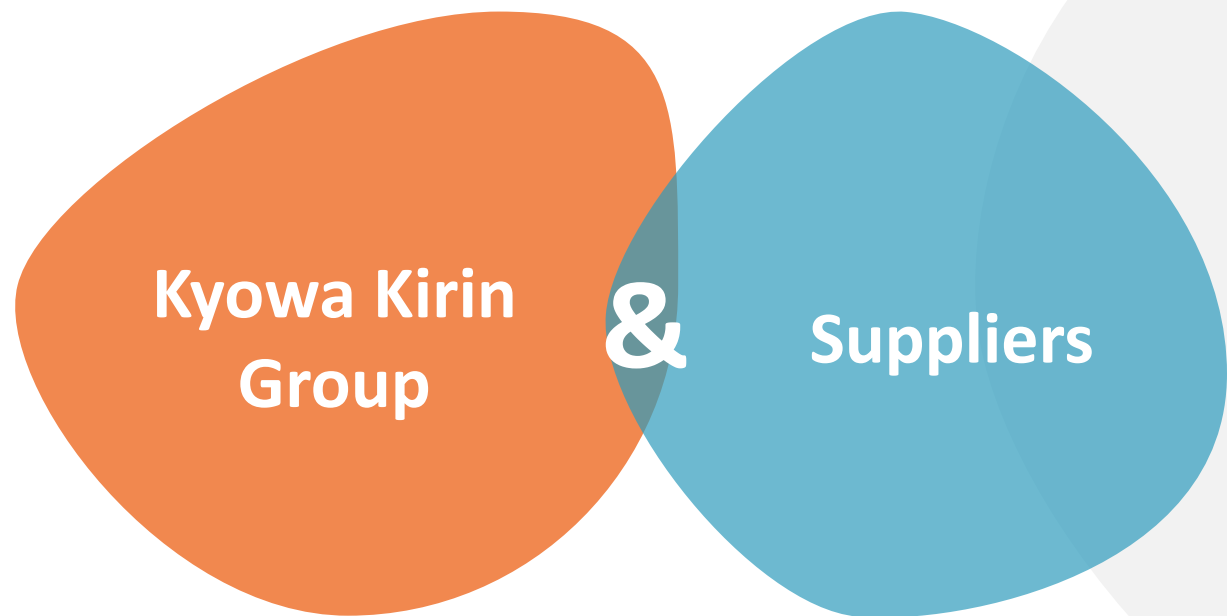
- ◆ Purpose: To know the details of the activities based on the BCP-related activity plan document.
- ◆ Members covered: Managers, BCP staff.
- ◆ Date of the drill: Monday, March 11, 14:00–15:30
- ◆ Style of implementation: Face-to-face (HQ conference room) & remote
- ◆ Scenario of the drill: An epicentral earthquake hit the Metropolitan area late on a Saturday night.

Based on the action plan, members are divided into the disaster-responding members and the group checking the damage at suppliers, and it will be verified what activities they can do when disaster victims become unable to perform their duties in the both groups.

In the future, we plan to conduct BCP drills for scenarios other than major earthquakes.



In Closing



The realization of "Sustainable Procurement" cannot be achieved by the efforts of our Group alone, **the cooperation of you, our suppliers, is indispensable.**

We sincerely hope that all of today's attendees will understand the essence of this briefing and **communicate it to your suppliers.**

Appendix

Revision of the “Kyowa Kirin Group Supplier Code of Conduct”

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.

— Major points modified —

Newly added

“Suppliers should adopt adequate management systems to minimize the risk of adversely impacting on the rights of stakeholders, including patients and healthcare professionals.”

Newly added

Construction of an appropriate structure for complying with laws and regulations.

Revision of the “Kyowa Kirin Group Supplier Code of Conduct”

2

Relationship with Employees

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

— Major points modified —

Additional statement

The expression “rights” has been added to the scope of respect for employee diversity.

Newly added

“Suppliers should protect employees’ rights and treat them with dignity and respect.”

Newly added

“Suppliers should allow workers to bargain collectively without fear of retaliation.”

Newly added

“Suppliers should guarantee the employees’ right to work, rest, vacations, and holidays in accordance with global standards or local laws and regulations. Wages, including overtime, shall be paid in accordance with the employment contract signed with the employee.”

Revision of the “Kyowa Kirin Group Supplier Code of Conduct”

3

Compliance with Rules

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

— Major points modified —

Additional statement

We have added “customers’ requirements” to the compliance with laws and regulations.

Newly added

“Suppliers should use fair business practices in the conduct of their business, including advertising in an accurate and truthful manner.”

Newly added

“Suppliers should disallow any work or transactions in positions that conflict with the interests of their company.”

Additional statement

“Suppliers should take action to prevent misconduct or develop a system to detect and respond to misconduct early. Suppliers should establish and maintain a reporting system that allows employees to raise concerns when the employees do not know what actions to be taken or sense something suspicious. Suppliers should not engage in retaliation, intimidation, or disadvantageous treatment against anyone who raises complaints, receives or is involved in the concerns

Newly added

“When conducting any kind of animal experiment as a non-clinical study, suppliers should give due consideration to animal welfare.”

Revision of “Kyowa Kirin Group Supplier Code of Conduct”

4

Respect for Human Rights

Suppliers should respect the human rights and character of all internal and external stakeholders.

— Major points modified —

Modification

The parties to be covered have been changed to “human rights and character of all internal and external stakeholders”

Newly added

Identification and improvement of human rights issues in the supply chain (Implementation of human rights due diligence.)

Additional statement

Given that we find various discrimination languages recently, the expression “all kinds of” was added to the objectives of discrimination “age, pregnancy, marital status”

Addition

Respect the rights of women, vulnerable populations, children, persons with disabilities, and social minorities.

Newly added

Establishment of grievance mechanisms (Construction of rights to remedy human rights violations for workers in the supply chain.)

Addition

Slave labor, wrongful use of young workers have been added to the prohibitions.

Revision of “Kyowa Kirin Group Supplier Code of Conduct”

5

Environmental Preservation

Suppliers should take proactive steps toward environmental preservation with the awareness that efforts toward environmental problems are a common challenge for the entire human race and an essential requirement for the activities and survival of the company.

— Major points modified —

Newly added

“Supplier shall implement systems to prevent spills and releases of substances that have an adverse impact on the environment.”

Newly added

“Emissions with the potential to adversely impact human or environmental health shall be appropriately managed, controlled, and treated prior to release into the environment.”

Addition

“comply with all applicable environmental laws and regulations”

Addition

Amount of GHG emissions

Addition

Reducing water consumption and realization of a recycling-oriented society

Addition

Consideration for biodiversity

Commitment to Health and Productivity Management

The Kyowa Kirin Group is committed to Health and Productivity Management with the primary goal of "**realizing the enriched lives of our employees and people around them by reducing physical and mental health risks**" with the aim of solving business problems and making a positive impact on society through these efforts.

To grasp the **occupational safety and health conditions of suppliers** by the questionnaire on the sustainable procurement.

To **make efforts excitedly with colleagues** to improve habits that are difficult to change on their own.

- Taking an average of 16 or more vacation days per year.
- Maintenance of the smoking rate of 5% or less.
- Internal event aiming at increasing custom of physical exercise
 - "participation rate in the Walking Campaign of 80%."
- To notice the eating habit that directly connects to the health
 - "participation rate in dieting activity events of 80%"

Ensure a Thriving Global Environment for Future Generation

~Our commitment to the environment~

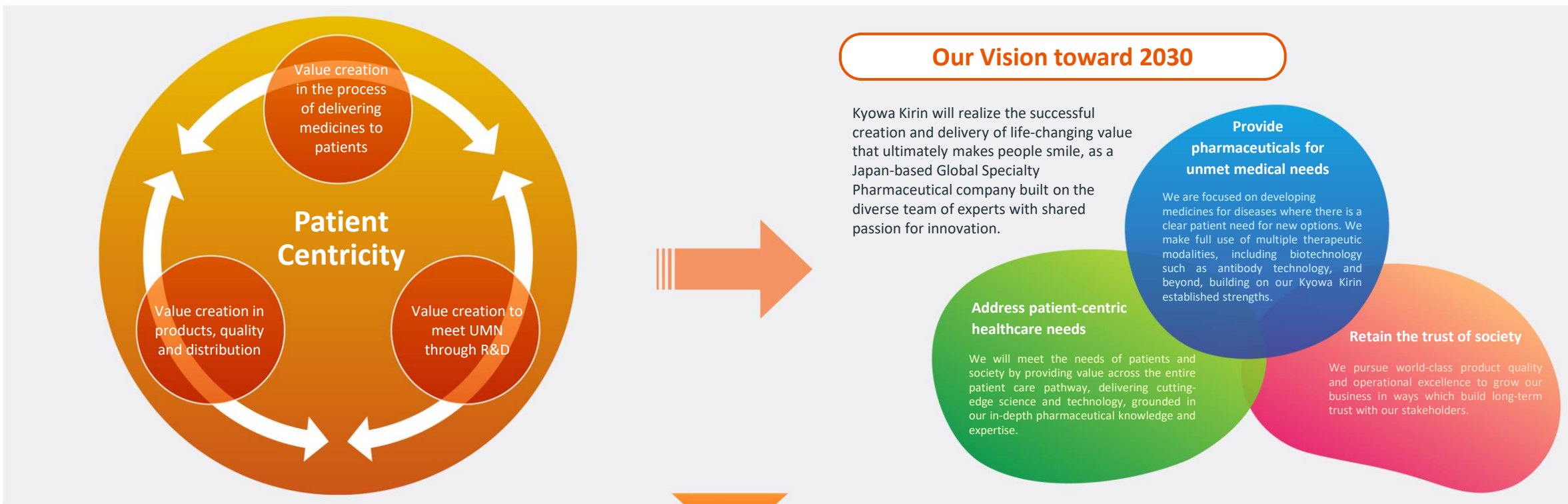
 **KYOWA KIRIN**

A thriving global environment for future generation

Strengthen the supply chain through cooperation and collaboration with business partners

Our Approach

Kyowa Kirin will continuously create and deliver “life-changing value” by cooperating and collaborating with business partners in all processes of value creation.



Cooperation and collaboration with you in terms of environment-related activities

Environmental Management Policy and Issues – Reducing Impact on the Global Environment –

- Business activities are conducted in accordance with the Kyowa Kirin Group Basic Environmental Policy.
- Aiming to realize a decarbonized society and promote the protection of the global environment for future generations.
- Aligned with the Kirin Group Environmental Vision 2050 and collaborated with Kirin Holdings.

Overall picture of environmental activities



Enhancing corporate value by balancing "Creation of Social Value" and "Economic Sustainability"

Recognizing "Climate Change Mitigation and Adaptation" and "Water Resources Management" as core environmental material issues.

A thriving global environment for future generation

Climate Change : Initiatives and Performances to Reduce CO₂ Emissions (Scope 1 and 2)

- Climate change measures tailored to business characteristics
- CO₂ emissions reduction :
Save Energy x Expand Renewable Energy x Convert Energy Sources

2030 Target

Reduce CO₂ emission by 55% from 2019 level

Efforts → 2030

Reduce CO₂ emissions by saving energy (including capex) and expanding the use of renewable energy

2040 Target

Achieve 100% renewable energy for electricity use (RE100)

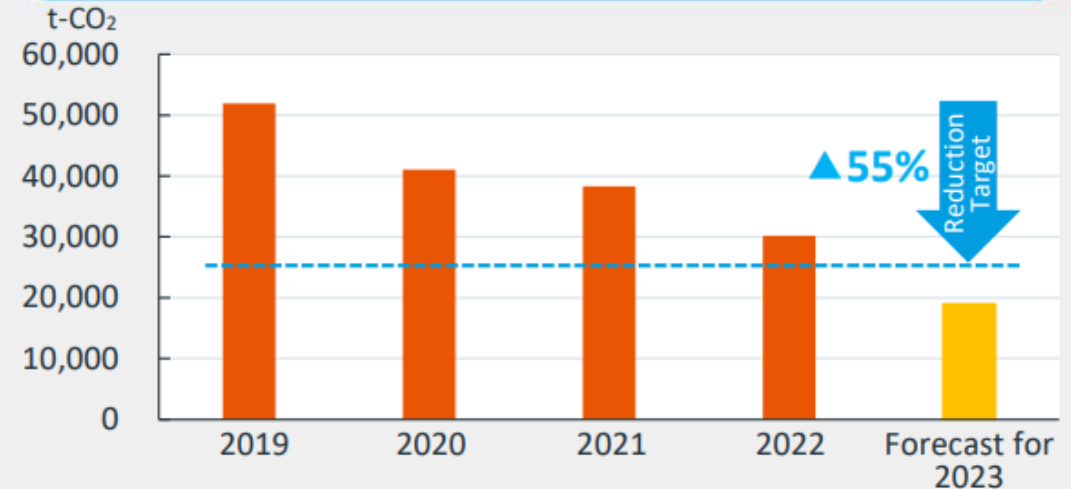
2050 Target

Net zero CO₂ emissions for the entire value chain

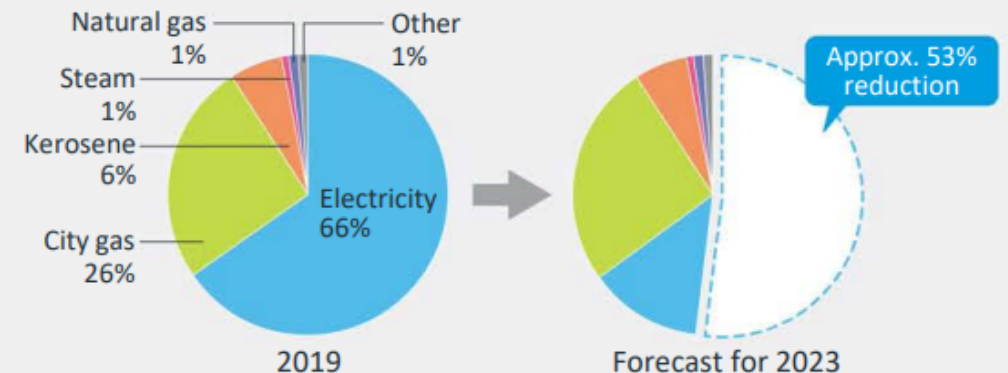
Efforts → 2030-2050

Switch to new energy sources while continuing to save energy and expand renewable energy

Progress toward achieving CO₂ emissions (Scope 1 and 2) reduction targets



Ratio of CO₂ emissions by energy type and CO₂ emission reduction effect from introducing renewable energy (all plants and research laboratories in Japan and overseas)



A thriving global environment for future generation

Examples of initiatives to reduce CO₂ emissions (Scope 1 and 2)

Ube Plant

- PPA (Power Purchase Agreement) model large-scale solar power generation facility in operation: Mar. 2023–
- Acquisition of ZEB (Net Zero Energy Building) certification for new office building (Kyowa Kirin Group/ Kirin Group's first)

Ube Plant



PPA model Large-scale Solar Power Generation Facility



New Office Building (SF Bldg.)

Takasaki Plant

- Q-TOWER construction completed: Dec. 2022
 - Introduction of Japan's most advanced biopharmaceutical analysis facilities and automation/labor-saving equipment
 - Reduction of environmental impact through adoption of Precast-Pre stressed Concrete construction method

Takasaki Plant Q-TOWER



Exterior



Laboratory



Office Area

Kyowa Kirin China Pharmaceutical Co., Ltd. (Shanghai)

- Installed solar power generation facilities in new warehouse building

Kyowa Kirin China Pharmaceutical Co., Ltd. (Shanghai)

Solar Power Generation Facilities



Ube Plant, Takasaki Plant, Fuji Site, HQ

Achieved zero CO₂ emissions for all purchased electricity (RE100 compliant)

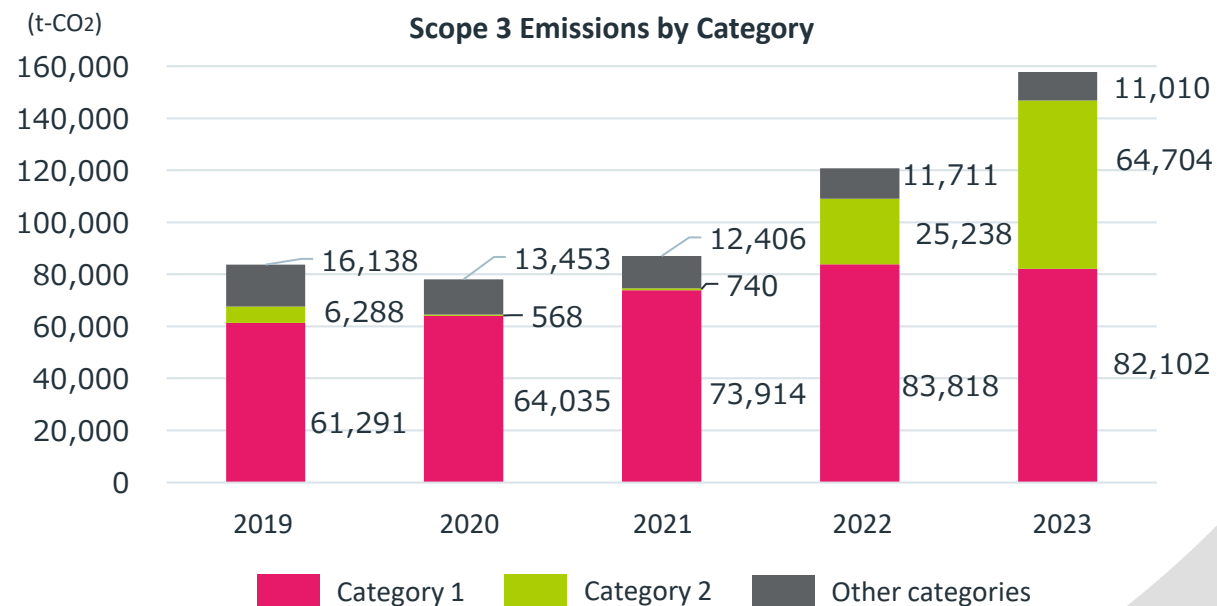
(Tokyo Research Park to be achieved: 2024)

A thriving global environment for future generation

Our commitment in reduction of CO₂ emission (Scope 3)

Kyowa Kirin's vision is to continuously create and deliver life-changing value, and to make people smile. We have set "Reducing the Impact on the Environment" as one of the materialities to realize this vision, and based on our commitment to the environment, we are actively working to realize a decarbonized society in cooperation with all our stakeholders.

- Develop initial hypothesis and roadmap (initial draft) for reduction measures
- **Future actions**
- Mid-and long-term target setting
- Identify emissions throughout the supply chain and develop measures to reduce emissions
 - Briefings for suppliers; making requests for cooperation in our commitment.
 - Development of reduction measures



Kyowa KIRIN