

# Daiichi Kigenso Kagaku Kogyo Group PROCUREMENT GUIDELINES

Version 1

January 2024

**DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.**

## **Regarding these Guidelines**

These Guidelines summarize our approach to addressing CSR which we ask Business Partners to comply with and fulfill, as well as examples of approaches, on the basis of the “Daiichi Kigenso Kagaku Kogyo Group Action Guidelines” and the “Procurement Policy,”

We may revise these Guidelines in response to social demand regarding international CSR in the future.

## **Request to Business Partners**

Please understand and approve these Guidelines, and also make them widely known to your supply chains, so as to promote positive CSR activities.

We would also appreciate your cooperation in CSR self-assessments which we may periodically ask you to perform under these Guidelines.

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## Procurement Guidelines

### 1. Compliance with laws and regulations, respect for international code of conduct\*

For compliance is its top priority in conducting business activities, the Daiichi Kigenso Kagaku Kogyo Co., Ltd. (hereinafter referred to as “DKK”) Group and its business partners shall strive to ensure that their procurement operations conform to all applicable laws, regulations, and social norms of Japan and other countries.

The DKK Group and its business partners shall also not to engage in transaction with any anti-social force or any supplier that has ties to any anti-social force.

\*International code of conduct: United Nations “The guiding principles on business and human rights” , OECD ”OECD guidelines for multinational enterprises on responsible business conduct” etc.

### 2. Human rights and labor

The DKK Group and its business partners shall refer to international human rights standards (ILO core labor standards, etc.) as well as the laws and regulations of Japan and other countries/regions where they conduct business operations, and shall respect the human rights of all their workers.

#### 2-1. Prohibition of forced labor

The DKK Group and its business partners shall not use any labor involving any form of coercion, restraint, inhumane prison labor, slavery, or human trafficking, and shall guarantee the rights of their workers to leave jobs and terminate employment on their own accord.

#### 2-2. Prohibition of child labor and consideration for young workers

The DKK Group and its business partners shall not allow any children below the minimum working age to work for them. The DKK Group and its business partners also shall not have any young workers below the age of 18 work the night shift, work overtime, or perform any hazardous work that could be detrimental to their health and safety.

#### 2.3. Adequate wages and allowances

The DKK Group and its business partners shall comply with all laws and regulations that apply to the remuneration that they pay to their workers (including without limitation minimum wage, overtime pay, and other statutorily obligated allowances and payroll

deductions). The DKK Group and its business partners shall also give consideration in paying them wages at such level that would allow them to meet their basic living needs (living wage).

#### 2-4. Prohibition of inhumane treatment (harassment, etc.)

The DKK Group and its business partners shall respect the human rights of all their workers, refrain from treating them in any inhumane manner involving any form of mental or physical abuse, coercion, harassment, etc., and not engage in any act that could possibly give rise to such inhumane treatment of workers. The DKK Group and its business partners shall also have clearly defined disciplinary policy and procedure for handling such instances and communicate them to their workers.

#### 2-5. Freedom of association and collective bargaining rights

The DKK Group and its business partners shall comply with all local laws and regulations and respect their workers' right to organize as a means of realizing management-labor negotiation on their working conditions, wage level, etc.

### **3. Environment**

The DKK Group and its business partners shall actively address global environmental issues such as resource depletion, climate change, environmental pollution, etc. and conduct operations in a manner considerate to each locale's environmental issues while carefully ensuring the health and safety of all concerned local people. The DKK Group and its business partners shall also each develop and actively operate by an environmental management system (ISO14001, etc.) in order to minimize environmental impacts.

#### 3.1. Environmental permits and reporting

The DKK Group and its business partners shall each obtain all permits, licenses, and approvals that are necessary to conduct their business operations, and file registrations and reports with authorities pursuant to the laws and regulations of each of the locales where they have operation sites.

#### 3-2. Reduction of energy consumption and greenhouse gas emissions

The DKK Group and its business partners shall strive to improve energy efficiency and continuously conduct activities for reducing energy consumption and greenhouse gas emissions toward specified goals.

### 3-3. Water management

The DKK Group and its business partners shall strive to comply with all applicable laws and regulations as they monitor the sources, uses, and discharging of the water they use and endeavor to conserve water. The DKK Group and its business partners shall also test the characteristics of any wastewater as needed before discharging or disposal and shall monitor, control, and treat it properly. Furthermore, the DKK Group and its business partners shall identify any potential sources of water pollution and manage them properly.

### 3-4. Effective utilization of resources and waste management

The DKK Group and its business partners shall promote the reduction of waste, reuse, and recycling of resources for effective resource utilization and minimize waste generation by way of legal and regulatory compliance and proper management.

### 3-5. Management of chemical substances

The DKK Group and its business partners shall identify, label, and manage all chemical and other substances that are hazardous to humans and the environment in compliance with all applicable laws and regulations, and shall manage them so that they are safely handled, transported, stored, used, recycled, reused, and disposed of in a reliable manner.

### 3-6. Management of chemical substances contained in products

The DKK Group and its business partners shall each comply with all applicable laws and regulations as well as their customers' requirements relating to the prohibition and restriction of specific substances that are contained in products.

## **4. Fair trade and ethics**

The DKK Group and its business partners shall conduct their business activities while not only complying with all applicable laws and regulations but also exercising high ethical standards.

### 4-1. Prevention of corruption (gifting, entertainment, embezzlement, extortion)

The DKK Group and its business partners shall prohibit all forms of bribery, corruption, extortion, embezzlement, etc.

### 4-2. Prohibition of provision and acceptance of inappropriate benefit (bribes)

The DKK Group and its business partners shall not offer or allow any promises, suggestions,

or permission as a means of obtaining bribes, or other unjust or inappropriate benefits.

#### 4-3. Respect for intellectual property

The DKK Group and its business partners shall respect intellectual property rights, and engage in the transfer of technology and know-how in such a manner that protects the intellectual properties being involved. The DKK Group and its business partners shall also strive to protect the intellectual properties of their customers, suppliers, and other third parties.

#### 4-4. Conduct of fair business (fair competition, elimination of anti-social forces, defamation, rights violation)

The DKK Group and its business partners shall refrain from engaging in any act that qualifies as unfair transaction, such as cartel formation, bid rigging, abuse of dominant position, etc., or any act that constitutes a violation of the competition law of any country, and shall operate their businesses, compete with others, and conduct advertisement all in a fair manner.

#### 4-5. Responsible procurement of minerals

The DKK Group and its business partners shall facilitate raw materials that contain any minerals illegally produced in conflict-affected or high-risk areas, such as tantalum, tin, tungsten, gold, cobalt, mica, etc. to manufacture their own products. The DKK Group and its business partners shall also actively conduct due diligence to clearly ensure that there are no serious human rights violation, environmental destruction, corruption, dispute, etc. being caused or abetted by their participation in any transaction.

### **5. Quality and safety**

The DKK Group and its business partners shall each ensure the safety and quality of all their products and services and provide accurate information. The DKK Group and its business partners shall also implement adequate protocols for manage and comply with their own quality standards as well as with their customers' requirements, and endeavor to obtain third-party certification on their quality management systems such as ISO9001.

#### 5-1. Product safety

The DKK Group and its business partners shall each design, manufacture, and sell their products such that they meet the safety standards as set forth in the applicable laws and

regulations of each country and that adequate product safety is ensured, in order to fulfill their responsibilities as suppliers.

#### 5-2. Quality management

The DKK Group and its business partners shall each not only comply with all applicable laws and regulations relating to the quality of their products and services but also with their own quality standards as well as with their customers' requirements.

### **6. Information security**

The DKK Group and its business partners shall prevent confidential information and personal information from divulgement and strive to improve their information security.

#### 6-1. Defense against cyberattacks

The DKK Group and its business partners shall each implement measures to defend against cyberattacks and other threats in order to prevent any damage to themselves as well as to others.

#### 6-2. Prevention of confidential information leaks

The DKK Group and its business partners shall each properly manage and protect all confidential information of their own but also that which is received from their customers and other third parties so that it does not get disclosed or otherwise divulged to outside parties.

### **7. Business continuity planning**

The DKK Group and its business partners shall each make such preparations that will allow them to resume normal production activities as soon as possible if they themselves or any of their suppliers have been impacted by a major natural disaster, etc. in order to fulfill their supply responsibilities.

#### 7-1. Formulation of business continuity plans and preparation

The DKK Group and its business partners shall each identify and evaluate any risks that could disrupt their business continuity and formulate business continuity plans (BCP) detailing their assessment of potential impacts that might be brought upon their business operations, the necessary medium- to long-term countermeasures to be taken before such disasters occur, and the status of countermeasure implementation.



## **8. Establishment of management structure**

The DKK Group and its business partners shall each establish a management system to comply with these Guidelines.

### **8-1. Establishment of management system**

The DKK Group and its business partners shall each establish PDCA-based protocols for making continuous improvements on policy compliance, implementation structure, corrective action, and stakeholder engagement in order to comply with these Guidelines.

### **8-2. Supplier management**

The DKK Group and its business partners shall each communicate the contents of these Guidelines to their suppliers and establish protocols for monitoring them and ensuring their compliance with these Guidelines.

### **8-3. Appropriate export/import control**

The DKK Group and its business partners shall each develop a well-defined export/import management structure and handle all export and import procedures properly relating to their exporting and importing of such technologies and goods that are regulated by law, etc.

### **8-4. Development of complaint-handling mechanism**

The DKK Group and its business partners shall each establish a complaint-handling mechanism that can be used by their workers, etc. to prevent any unjust activities that may occur within themselves or along their supply chains.

< Revision history >

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