



Date revised: May, 2023

Santen Group

Sustainable Procurement Policy and Guidelines

Introduction

“Guided by Santen’s CORE PRINCIPLE—‘*Tenki ni sanyo suru*,’^{*1} the Santen Group’s Sustainability Policy declares, “Santen not only contributes to the sustainable development of society but also aims to improve corporate value over the medium to long term.” The Santen Group also continues to support the Ten Principles of the United Nations Global Compact (UNGC)^{*2} in the four areas of Human rights, Labour, the Environment, and Anti-corruption, and other relevant principles.

The Santen Group Sustainable Procurement Policy is the Group’s sustainable promotion policy that aims to enable the Group to contribute to the development of a sustainable society by fulfilling its social responsibilities in cooperation with its business partners in compliance with its Sustainability Policy, the UNGC Ten Principles, etc.

The Santen Group Sustainable Procurement Guidelines define the rules that the Santen Group strongly advises its business partners to observe to promote sustainable procurement.

*1: Santen’s original interpretation of a passage from the Chinese classic *Zhongyong* (*The Doctrine of the Mean*), and the origin of the company’s name. It means, “Exploring the secrets and mechanisms of nature in order to contribute to people’s health.”

*2: The Ten Principles of the United Nations Global Compact (UNGC) in the four areas of Human rights, Labour, the Environment and Anti-corruption are as follows:

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

	Principle 4	the elimination of all forms of forced and compulsory labour;
	Principle 5	the effective abolition of child labour; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Santen Group Sustainable Procurement Policy

To contribute to the development of a sustainable society by fulfilling its social responsibilities in cooperation with its business partners based on Santen's CORE PRINCIPLE "*Tenki ni sanyo suru*" in compliance with its Sustainability Policy, the UNGC Ten Principles, etc., the Santen Group promotes sustainable procurement in the following ways:

I. Compliance with applicable laws and international norms

In a highly ethical manner, we will ensure fairness in selecting optimal suppliers and dealing with them in compliance with applicable laws and international norms.

II. Ensuring an appropriate level of quality, efficacy and safety, and stable supply

We will ensure an appropriate level of quality, efficacy and safety of procured products and services, and their stable supply, and obtain necessary information for those purposes in a timely manner.

III. Respect for human rights and prohibition of complicity in human rights abuses

We will respect the human rights of all people who are under the impacts of procured products and services, and never be complicit in human rights abuses.

IV. Protection of the rights, health and safety of workers

We will protect the rights of all those involved in producing and supplying procured products and services and assure their health and safety.

V. Due consideration for environmental conservation

We will pay due consideration to environmental conservation in procurement activities and strive to prevent environmental pollution and reduce environmental burdens.

VI. Contribution to the development of a sustainable society

We will contribute to the development of a sustainable society by contributing to ophthalmic treatment using procured products and services.

Santen Group Sustainable Procurement Guidelines

To promote sustainable procurement aimed at enabling the Santen Group to contribute to the development of a sustainable society by fulfilling its social responsibilities in cooperation with its business partners, the Santen Group Sustainable Procurement Guidelines define the rules that the Santen Group strongly advises its business partners to observe as follows, and it also requires that its business partners have a sustainable procurement policy in place for their own suppliers:

I. Compliance with applicable laws and international norms

① Compliance with applicable laws

- Comply with the requirements of laws and ordinances that apply to your business activities.

② Prevention of corruption

- Maintain your sound and normal relationships with the political world and government, prevent corruption in all forms, including coercion and bribery, and never make illegal political donations.

③ Prohibition of abuse of a superior bargaining position

- Never act against your business partners' interests by abusing your superior bargaining position.

④ Prohibition of actions that restrict competition

- Never act in a manner that stifles fair, transparent and open competition.

⑤ Prohibition of unfair provision and receipt of profits

- Neither provide nor receive profits in an unfair way in your relationships with stakeholders, including your customers and business partners.

⑥ Elimination of relationships with antisocial forces and groups

- Remain completely free of relationships with antisocial forces and groups.

⑦ Appropriate management of international trade

- Appropriately manage the import and export of technologies, goods, etc. those are subject to legal regulations.

⑧ Appropriate management of information

- Appropriately manage the information you handle, such as personal or confidential information about your customers, third persons and employees.

⑨ Prohibition of intellectual property rights infringement

- Never infringe on intellectual property rights by unfairly acquiring or using the intellectual properties of third persons or other means.

⑩ Due consideration for animal welfare in research and development

- Pay due consideration to animal welfare in animal testing, such as by respecting the lives of laboratory animals and minimizing their pain and stress.

⑪ Appointment of contact persons for consultation and reports

- Appoint contact persons for consultation and reports on acts that are suspected to involve compliance violation, and take measures to prevent the consulters and reporters from suffering disadvantages.

II. Ensuring an appropriate level of quality, efficacy and safety, and stable supply

① Ensuring quality, efficacy and safety

- Ensure an appropriate level of product quality, efficacy and safety, and establish product credibility.

② Ensuring stable supply

- Establish systems and procedures for ensuring stable product supply, not only in usual situations but also in emergencies.

③ Provision of information

- Provide accurate information about product quality, efficacy, safety and supply in a timely and appropriate manner.

III. Respect for human rights and prohibition of complicity in human rights abuses

① Prohibition of discrimination

- Never practice discrimination on any basis, such as nationality, race, sex, sexual

orientation, gender identification, age, disability, religion, belief, experience, specialization, values or lifestyle.

② Prohibition of complicity in human rights abuses

- Never be complicit in human rights abuses committed by other people.

③ Assuring the safety of clinical trial subjects

- Secure the consent of clinical trial subjects based on their free will, and assure their safety.

IV. Protection of the rights, health and safety of workers

① Prohibition of inhumane treatment of employees

- Respect the human rights of employees and never treat them in an inhumane manner, such as by abusing or harassing them in various ways.

② Prohibition of forced and compulsory labor

- Employ all employees based on their free will and never force them to work.

③ Prohibition of child labor

- Do not employ children below the minimum employment age or have children work in a manner that hinders their development.

④ Appropriate payment to employees

- Pay at least the legal minimum wage to employees and never reduce the amount of pay unfairly.

⑤ Appropriate working conditions

- Never have employees work overly hard. Enable them to take adequate breaks and holidays, and appropriately control their working hours within the legal limits.

⑥ Respect for employees' freedom of association and right to collective bargaining

- Respect employees' freedom of association and right to collective bargaining, and never interfere with them in an illegal manner.

⑦ Equal opportunity and fair recruitment

- Ensure equal opportunity and fairness in recruitment and employment.

⑧ Protection of the health and safety of employees

- Manage employees' health and provide them with a safe and hygienic work environment.
- Protect employees from chemical, biological and physical danger at the workplace, and from operational environments that can impose heavy physical burdens on them.
- Prepare for workplace emergencies by devising emergency systems and measures.

⑨ Safety measures for machinery and equipment

- Adopt appropriate measures to assure the safety of machinery and equipment for in-house use.

V. Due consideration for environmental conservation

① Establishment of an environmental management system

- Build and operate an environmental management system.
- Prepare for emergencies, including environmental accidents, by devising emergency systems and measures.

② Prevention of environmental pollution and reduction of environmental burden

- Strive to reduce greenhouse gas emissions to help prevent global warming.
- Strive to practice the "3Rs," namely, to reduce, reuse and recycle waste, and to use resources in a sustainable way.
- Strive to conserve and effectively use water resources.
- Strive to prevent air and water pollution, and manage chemicals appropriately.
- Avoid creating situations that can adversely affect the environments of local communities with noise, vibration, unpleasant odors, etc.

③ Due consideration for biodiversity

- Pay due consideration to preventing your business activities from adversely affecting the conservation of biodiversity.

VI. Contribution to the development of a sustainable society

① Contribution through business activities

- Contribute to the development of a sustainable society through your business activities.

Edition	Date	Details
1	June, 2020	Issued 1 st edition of Santen Group CSR Procurement Policy and Guidelines.
2	May, 2023	<ol style="list-style-type: none"> 1. Changed the title to Santen Group Sustainable Procurement Policy and Guidelines. 2. Deleted the description related to CSR Basic Policy, and inserted the description related to Sustainability Policy. 3. Added “it also requires that its business partners have a sustainable procurement policy in place for their own suppliers” to Santen Group Sustainable Procurement Guidelines.

*This policy has been approved by the Board of Directors.