

Today's CDMO. **Inspired by tomorrow.**
Sustainable Procurement Policy



1. Purpose/Objectives

- 1.1 PCI is committed to sustainable procurement and responsible supply chain management. The Sustainable Procurement Policy provides clear guidelines and directives to directors, management, staff, and suppliers. The document serves as a practical guide to foster supplier engagement, ensure sustainable procurement practices, and promote compliance with the Supplier Code of Conduct. Given PCI's firm commitment to protecting our planetary home and minimizing any potential negative environmental and social impact, this policy also serves to progress PCI's SBTi targets.
- 1.2 Vision: PCI's vision is to establish an ethically driven, sustainable, and quality-centered supply chain that contributes significantly to global net-zero emissions by 2045. PCI aspires to work with suppliers who share the unwavering commitment to sustainability and align to company values and vision. Together with suppliers, PCI strives to raise the standards of sustainability, promote responsible sourcing practices, and foster positive social and environmental impact throughout the company's operations and supply chain. Adopting these sustainable practices will improve product quality, cost management, resource utilization, and actively contribute to a greener and more socially inclusive future. It is PCI's highest priority to maximize positive contributions to the communities in which the company operates.

2. Scope

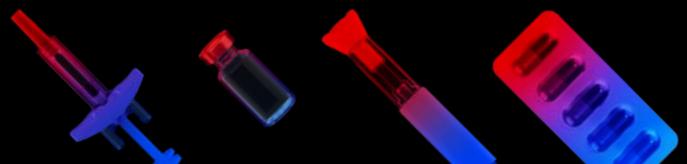
- 2.1 This document applies to all procurement activities conducted by PCI and its subsidiaries, including suppliers, contractors, and subcontractors. It encompasses the entire supply chain and is applicable to all PCI employees and PCI contractors in all office locations globally.

3. Responsibilities

- 3.1 The policy owner is the Chief People & Sustainability Officer.
- 3.2 The Sustainability Team is responsible for implementing this policy within PCI's operations.
- 3.3 Management is responsible for ensuring employees have the necessary resources to comply with this policy.
- 3.4 All PCI employees must read, understand, and comply with this document in their daily tasks, and report any non-compliance through the proper channels.
- 3.5 All Supply Partners will be informed of this document as part of the Supplier Code of Conduct.
- 3.6 The Policy will be available to view on the PCI website and part of the MasterControl training.

4. Definitions and Acronyms

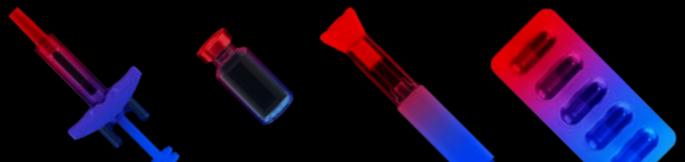
- 4.1 **Carbon Footprint** – The total greenhouse gas emissions emitted by a company (PCI), including energy use, transportation, and manufacturing, expressed as CO2 equivalent.
- 4.2 **CDMO** – Contract Development and Manufacturing Organization.



- 4.3 **ESG** – Environmental Social Governance.
- 4.4 **EcoVadis** – A third-party provider that offers an on-line platform for suppliers and analyze environmental-related business information, resulting in published scorecards.
- 4.5 **Impact Category** – A component of PCI's ESG program that measures and scores commitment and progress, with Sustainable Procurement being one of these categories.
- 4.6 **Net-Zero** – A company's (PCI's) goal to achieve a balance between the greenhouse gases emitted and removed from the atmosphere, through emissions reduction and carbon offsetting.
- 4.7 **SBTi** – Science Based Targets initiative.
- 4.8 **Scope 1** – Direct emissions from sources owned or controlled by a company (PCI), such as on-site combustion and company-owned vehicles.
- 4.9 **Scope 2** – Indirect emissions from purchased energy sources consumed by a company (PCI), like purchased electricity.
- 4.10 **Scope 3** – Other indirect emissions occurring in a company's (PCI's) value chain, such as business travel, transportation, and employee commuting.

5. Policy Detail

- 5.1 PCI is committed to fostering environmentally sustainable performance, honoring a diverse and inclusive culture, and creating positive impact on PCI employees, supply partners, customers, investors, patients and the communities where we live and work.
- 5.2 Sustainable procurement is one of nine impact categories within the ESG (Environmental Social Governance) Program, which dedicates social and environmental responsibility throughout the procurement process and value chain.
- 5.3 To achieve this, PCI collaborates closely with suppliers, setting clear objectives and action plans that prioritize social and environmental responsibility. PCI assesses the sustainability performance of our key suppliers and encourages their commitment to environmental goals and social governance. Ethical standards, such as prohibiting forced labor, ensuring fair wages, and providing a safe workplace, are paramount in our partnerships.
- 5.4 Leveraging the EcoVadis platform, PCI actively monitors and improves supplier performance, offering corrective actions and capacity building programs to facilitate sustainable practices.
- 5.5 Recognizing the importance of supplier equity and inclusion, PCI actively identifies and supports certified diverse suppliers, promoting an inclusive and resilient supply chain.
- 5.6 Through this sustainable procurement policy, PCI commits to (see Attachment 2 for more details):
 - 5.6.1 Supplier Engagement and Compliance
 - 5.6.2 Supply Chain Transparency
 - 5.6.3 Environmental Responsibility
 - 5.6.4 Social Responsibility
 - 5.6.5 Economic Value
 - 5.6.6 Innovation and Research



5.6.7 Continuous Improvement

5.6.8 Risk Management

5.6.9 Supplier Performance Evaluation

5.7 In alignment with our commitment to sustainability across every function, PCI expects suppliers to strive to similar standards within their business operations. Initiatives may include, but are not limited to (see **Attachment 3** for more details):

5.7.1 Environment

5.7.1.1 Net-Zero Supply Chain by 2045

5.7.1.2 Green Energy Revolution

5.7.1.3 Waste Elimination for a Cleaner Future

5.7.1.4 Thoughtful Product and Material Selection

5.7.1.5 Sustainable Materials Priority

5.7.1.6 Water Guardianship

5.7.1.7 Sustainable Transportation & Logistics

5.7.1.8 Packaging Innovation for a Circular Future

5.7.2 Labor Practices and Human Rights (see POL-00048 Labor and Human Rights Policy for more details)

5.7.2.1 Comply with all applicable laws and in accordance with the International Labour Organization Declaration of Fundamental Principles and Rights at Work.

5.7.2.2 Ensure forced labor and human trafficking is not taking place in any of their supply chains and in any part of their business.

5.7.2.3 Provide workforce with a living wage, healthy and safe workplace, and equal opportunities.

5.7.2.4 Ethical & Responsible Sourcing.

5.8 Sustainable procurement is an ongoing journey, and PCI values the suppliers' active contribution to driving positive changes. Annual updates and review of the policy will be effectively communicated throughout the organization, as well as shared with suppliers externally.

6. References

6.1 Supplier Code of Conduct.

6.2 POL-00048 Labor and Human Rights Policy.

6.3 International Labour Organization Declaration of Fundamental Principles and Rights at Work.



PCI SUSTAINABLE PROCUREMENT COMMITMENTS

Supplier Engagement and Compliance:

- Actively engage suppliers in sustainable procurement initiatives, emphasizing adherence to industry standards and regulations.
- Uphold and enforce a Supplier Code of Conduct that emphasizes good manufacturing practices and relevant regulatory requirements.
- Prioritize suppliers who share a commitment to quality, safety, and compliance in the pharmaceutical sector.

Supply Chain Transparency:

- Promote transparency throughout the supply chain, including traceability of raw materials, ingredients, and components used in pharmaceutical products.
- Collaborate with suppliers to ensure clear visibility into their own supply chains, ensuring compliance with ethical and sustainability standards.

Environmental Responsibility:

- Prioritize procurement of products and services that minimize environmental impact throughout the pharmaceutical product lifecycle.
- Promote energy efficiency, resource conservation, and the use of environmentally friendly technologies and practices.
- Foster waste reduction, recycling, and responsible disposal of pharmaceutical-related materials and by-products.

Social Responsibility:

- Collaborate with suppliers who uphold ethical practices, fair labor standards, and respect for human rights within the pharmaceutical sector.
- Ensure suppliers provide safe working conditions, adhere to occupational health and safety standards, and prioritize employee well-being.
- Encourage suppliers to actively participate in initiatives related to patient safety, access to medicines, and responsible healthcare delivery.

Economic Value:

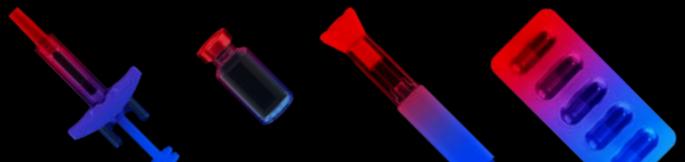
- Support local suppliers and businesses that contribute to the growth and development of the pharmaceutical industry, while meeting high-quality standards.
- Promote fair and transparent competition in procurement processes, considering quality and regulatory compliance.
- Assess the long-term value and cost-effectiveness of pharmaceutical products and services, considering patient outcomes, regulatory requirements, and market sustainability.

Innovation and Research:

- Encourage suppliers to develop and provide innovative, sustainable solutions that contribute to environmental and social objectives.
- Foster collaboration with suppliers in research and development efforts to drive advancements in sustainable practices and technologies.

Continuous Improvement:

- Regularly review and enhance procurement processes, policies, and supplier relationships to align with evolving industry regulations and best practices.
- Stay informed about advancements in sustainable manufacturing technologies, responsible sourcing practices, and relevant regulatory guidelines.
- Drive continuous improvement in sustainable procurement efforts, ensuring the highest quality, safety, and compliance standards within the CDMO pharmaceutical sector.



PCI SUSTAINABLE PROCUREMENT COMMITMENTS (cont.)

Risk Management:

- Identify and assess environmental, social, and governance risks within the supply chain, taking appropriate measures to mitigate and manage these risks.
- Collaborate with suppliers to develop robust risk management strategies, ensuring resilience and continuity in the face of potential disruptions.

Supplier Performance Evaluation:

- Implement a robust supplier performance evaluation system, regularly assessing suppliers' sustainability performance and providing feedback for improvement.
- Recognize and reward suppliers who consistently demonstrate strong sustainability practices and performance.

PCI SUSTAINABLE PROCUREMENT COMMITMENTS AND SUPPLIER EXPECTATIONS

Net-Zero Supply Chain Transformation by 2045:

PCI unites with suppliers to lead the way towards a net-zero scope 3 value chain by 2045, reinforcing the commitment to keep global warming below 1.5°C. The shared responsibility includes:

- Collaborating on innovative strategies to track and reduce scope 1 and scope 2 emissions.
- Identifying and addressing the Scope 3 emissions that intertwine in the company's operations.
- Pioneering high-impact carbon reduction initiatives in the supply chain.

Target: Reach Net-Zero Scope 3 value chain emissions by 2045.

Green Energy Revolution:

By 2030, the collective resolve is to purchase 100% renewable energy, including non-emitting electricity procurement. PCI encourages the suppliers to embrace this transition to green energy sources, accelerating our shared journey towards sustainability.

Target: Purchase 100% renewable energy, including non-emitting electricity, by 2030.

Waste Elimination for a Cleaner Future:

PCI's pledge is to reduce non-hazardous waste intensity by 50% by 2030, advocating for recycling and waste reduction. Suppliers stand as pivotal allies, driving these vital initiatives through:

- Smart waste generation strategies.
- Championing recycling endeavors.
- Minimizing waste destined for landfills across the integrated supply chains.

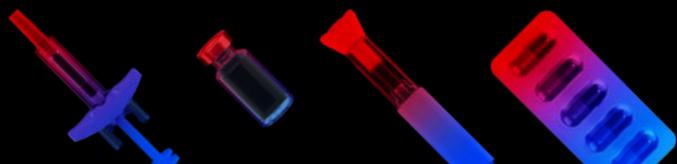
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- Championing recycling endeavors.
- Minimizing waste destined for landfills across the integrated supply chains.

Sustainable Materials Priority:

PCI's commitment extends to the selection of materials that uphold sustainability principles, prioritizing options that are recyclable, biodegradable, or environmentally friendly. PCI applauds suppliers who offer cutting-edge alternatives that align with the eco-conscious vision.



PCI SUSTAINABLE PROCUREMENT COMMITMENTS AND SUPPLIER EXPECTATIONS (cont.)

Water Guardianship:

Together, water conservation is championed across supply chains, urging suppliers to integrate water-saving measures into their processes, thus nurturing sustainable water management practices.

Sustainable Transportation & Logistics:

PCI embarks on a transformative journey towards sustainable transportation and logistics with our suppliers. Collaboration may encompass route optimization, fuel-efficient vehicle adoption, and exploration of alternative transportation solutions to reduce our carbon footprint.

Packaging Innovation for a Circular Future:

PCI's commitment to a circular economy finds expression in packaging solutions. Suppliers are instrumental in the adoption of packaging that adheres to reuse, recycling, or composting principles, driving forward sustainable packaging innovation.

Ethical & Responsible Sourcing:

PCI advocates for ethical and sustainable sourcing practices among valued suppliers, collectively shaping a responsible supply chain that respects environmental and societal well-being.

Target: Implement a supplier risk assessment by the end of 2026 in which we define and evaluate our top suppliers. Review the risk assessment on a yearly basis.

Target: Ensure 100% top supplier signs on to PCI Supplier Code of Conduct by 2030 as part of an improved supplier onboarding process.

Target: PCI will double the rate of top supplier engagement using the EcoVadis platform by 2027.

