

# Your world leading CDMO.

## Sustainable Procurement Policy

### Introduction

At PCI, we are committed to sustainable procurement and responsible supply chain management. Our Sustainable Procurement Policy provides clear guidelines and directives to our directors, management, staff, and suppliers. This policy serves as a practical guide to foster supplier engagement, ensure sustainable procurement practices, and promote compliance with our Supplier Code of Conduct. Our aim is to minimize negative environmental and social impacts while maximizing positive contributions to the communities we operate in. By adopting sustainable practices, we improve product quality, cost management, resource utilization, and actively contribute to a greener and more socially inclusive future.

### ***Vision: An Ethical, Sustainable, and Quality-Centered Supply Chain***

*Our vision is to establish an ethically driven, sustainable, and quality-centered supply chain that contributes significantly to global net-zero emissions by 2045. We aspire to work with suppliers who share our unwavering commitment to sustainability and align with our values and vision. Together, we strive to raise the standards of sustainability, promote responsible practices, and foster positive social and environmental impacts throughout our operations and supply chain. By setting ambitious targets and driving innovative solutions, we aim to achieve a net-zero carbon footprint by 2045, actively contributing to a greener and more socially inclusive future.*

### Objectives



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- Engage suppliers in sustainable procurement and ensure compliance with pharmaceutical industry standards.
- Prioritize environmentally friendly procurement practices throughout the pharmaceutical product lifecycle.
- Collaborate with suppliers committed to ethical practices and fair labor standards in the pharmaceutical sector.
- Support local suppliers and promote fair competition while considering quality and regulatory compliance.
- Continuously improve procurement processes and stay updated on sustainable manufacturing practices in the pharmaceutical industry.

## Scope

This policy 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 contractors in all office locations globally.

## Responsibilities

- All PCI employees must comply with this Policy.
- All Supply Partners will be informed of this policy as part of the Supplier Code of Conduct.
- The Policy will be available to view on our website.

## Definitions and Acronyms

- ESG: Environmental Social Governance
- Impact Category: A component of PCI's ESG program that measures and scores commitment and progress, with Sustainable Procurement being one of the categories.
- Carbon Footprint: The total greenhouse gas emissions emitted by a company (PCI), including energy use, transportation, and manufacturing, expressed as CO2 equivalent.
- 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.
- Scope 1: Direct emissions from sources owned or controlled by a company (PCI), such as on-site combustion and company-owned vehicles.
- Scope 2: Indirect emissions from purchased energy sources consumed by a company (PCI), like purchased electricity.
- Scope 3: Other indirect emissions occurring in a company's (PCI's) value chain, such as business travel, transportation, and employee commuting.
- EcoVadis: A third-party provider that offers an online platform for suppliers to input and analyze environmental-related business information, resulting in published scorecards.

## Sustainable Procurement Policy

At PCI, sustainable procurement practices are at the core of our ESG Program. As one of our nine impact categories, we are dedicated to promoting social and environmental responsibility throughout our procurement processes and value chain.

To achieve this, we collaborate closely with our suppliers, setting clear objectives and action plans that prioritize social and environmental responsibility. We assess the sustainability performance of our key suppliers and encourage their commitment to environmental goals

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and social governance. Ethical standards, such as prohibiting forced labor, ensuring fair wages, and providing a safe workplace, are paramount in our partnerships.

Leveraging the EcoVadis platform, we actively monitor and improve supplier performance, offering corrective actions and capacity building programs to facilitate sustainable practices.

Recognizing the importance of supplier diversity and inclusion, we actively identify and support certified diverse suppliers, promoting a diverse and inclusive supply chain. We communicate the significance of supplier diversity to all stakeholders, internally and externally.

Sustainable procurement is an ongoing journey, and we value our suppliers' active contribution to driving positive change. To ensure continual improvement, this policy undergoes regular reviews and is effectively communicated throughout our organization to support our sustainability goals.

## Guiding Principles for Sustainable Procurement

### 1. 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.

### 2. 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.

### 3. 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.

### 4. 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.

### 5. Economic Value:

- Support local suppliers and businesses that contribute to the growth and development of the pharmaceutical industry, while meeting high-quality standards.

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- 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.

#### **6. 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.

#### **7. 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.

#### **8. 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.

#### **9. 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's Sustainable Procurement Commitments & Supplier Expectations**

#### **Net-Zero Supply Chain Transformation by 2045:**

We unite with our suppliers to lead the way towards a net-zero scope 3 value chain by 2045, reinforcing our commitment to keep global warming well below 1.5°C. Our 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 our operations.
- Pioneering high-impact carbon reduction initiatives in our supply chain.

#### **Green Energy Revolution:**

By 2030, our collective resolve is to achieve 100% renewable energy procurement. We encourage our suppliers to embrace this transition to green energy sources, accelerating our journey towards sustainability.

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### **Waste Elimination for a Cleaner Future:**

Our pledge is to cut non-hazardous waste sent to landfills by 90% before 2030, advocating for recycling and waste reduction. Suppliers stand as pivotal allies, driving these vital initiatives through:

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

### **Thoughtful Product and Material Selection:**

We meticulously assess the environmental repercussions of our products and services, from resource consumption to emissions and waste generation. We encourage collaboration with suppliers who champion sustainability, ensuring our combined efforts result in a positive ecological footprint.

### **Sustainable Materials Priority:**

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

### **Ethical & Responsible Sourcing:**

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

### **Water Guardianship:**

Together, we champion water conservation across our supply chain, urging suppliers to integrate water-saving measures into their processes, thus nurturing sustainable water management practices.

### **Sustainable Transportation & Logistics:**

We embark 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:**

Our 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.

### **Empowering Diverse Suppliers:**

By 2025, we are determined to build a diverse supplier base that thrives in our supply chain. Our milestones include:

- Achieving 5% diverse spend by 2025.
- Sustained year-over-year growth.

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## Conclusion

PCI is committed to fostering an environmentally sustainable business; honouring a diverse and inclusive culture, and creating positive impact on our employees, supply partners, customers, investors, patients, and the communities in which we live and work.

*Kenny Yarberry* 9/5/2023

**Kenneth Yarberry**  
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