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| <b>Policy audience</b>     | Global – External  |
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| <b>Prepared by</b>         | Global Procurement; Global Supply Chain;<br>Global Corporate Affairs |
| <b>Policy owner</b>        | VP, Global Procurement<br>VP, Global Supply Chain                    |
| <b>Approved by</b>         | EVP, Chief Quality & Operations Officer                              |
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## Introduction

Underpinned by our core values, our Environmental, Social and Governance (ESG) mission is to drive progress towards our vision of *Pioneering trusted medical solutions to improve the lives we touch* by aligning and enabling ESG-related priorities across the business for the benefit of our customers, colleagues, community and shareholders.

Wide-ranging sustainability considerations are central to how we support the patients, customers, healthcare professionals, as well as the wider communities, we serve. This topic is also core to how we develop and manage our operations, and how we engage our partners throughout the value chain.

Our Global Procurement and Supply Chain teams are responsible for selection and management of our value chain and the performance and credentials of our suppliers across our ESG framework priorities and commitments.

## Scope

This policy applies to our Global Procurement and Global Supply Chain teams. It sets out the requirements that should be applied throughout the procurement lifecycle, from sourcing to supplier relationship management.

This document should be reviewed in conjunction with Convatec's:

- [Environmental Policy](#)
- [Human Rights and Labour Standards Policy](#)
- [Third Party Compliance Manual](#)
- [Code of Ethics and Business Conduct](#)

Our approach to sustainable procurement builds on our commitments to the following, but is not limited to:

- [United Nations Guiding Principles on Business and Human Rights](#)
- [International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#)
- [OECD Guidelines for Multinational Enterprises](#)

### **RfP (Request for Proposal) documentation**

Documentation included with issue of an RfP shall include a clear statement of Convatec's sustainability priorities and objectives as a business and most relevant to the category under consideration. Clearly established minimum and mandatory criteria for award and product or service selection shall be communicated to suppliers at the outset of the process, alongside expectations for through-contract management of sustainability performance and reporting.

Mandatory questions and criteria will be kept updated in the standard RfP template. This includes:

- Acceptance of Convatec's Third Party Compliance Manual (all vendors)
- Disclosure of status with Procurement's selected ESG risk assessment tools
- Acceptance of willingness to participate with these assessment tools if not currently engaged (all vendors)
- Acceptance of willingness to disclose GHG emissions footprint for Scope 1, 2, and 3 (all vendors)
- Disclosure of corporate / ultimate beneficial ownership and whether such owners are of ethnic, racial and/or of socio-economic minority status (all vendors)
- Disclosure of current science based target (SBT) status and carbon reduction plans (all vendors)
- Acceptance of Convatec T&Cs including the net zero rider (all vendors)

Other category specific criteria should be considered, for provision of detail of material source location, raw material composition, requirement to provide detailed product lifecycle analysis.

Suppliers shall be encouraged to provide multiple fulfilment options for the requested product or service, highlighting the impact of the different options to Convatec's priorities on sustainability, quality, and cost.

### **Contracting**

Upon contracting, Procurement will ensure that all commitments made throughout the RfP are contracted with the selected vendor(s), with associated timescales stipulated as required.

At this stage the following must be completed:

- Signed acceptance of Convatec T&Cs including the net zero rider
- Signed acceptance of Convatec's Third Party Compliance Manual

### Supplier relationship management

Convatec's sustainability commitments and objectives shall be reflected in the ongoing relationship and management of suppliers. At the start of any new contractual arrangement, it is critical that awareness and focus on sustainable elements and associated performance targets are communicated and understood by the supplier and relevant internal stakeholders.

As defined by Convatec's Supplier Relationship Management approach, Convatec shall conduct regular reviews of the contract and supplier performance throughout its duration supported by a standardised QBR (Quarterly Business Review) / briefing template shared between Convatec and the suppliers.

This template contains ESG as a mandatory topic and scoring of supplier performance shall be undertaken in line with the methodology.

We define two groups of suppliers who are expected to comply with our minimum standards: key suppliers and high risk suppliers.

- Key suppliers
  - We classify key suppliers as suppliers with spend above \$1m annually from our tier 1, tier 2 and tier 3 supplier groups. The tiering definition comes from our Supplier Relationship Management (SRM) programme where we have four tiers in total.
    - Tier 1 & tier 2 suppliers all have high revenue, high risk, high complexity and are difficult to change. Both tiers work closely with Convatec to collaborate to drive improvements, with tier 1 suppliers additionally being involved in innovation and strategic projects.
    - Tier 3 suppliers are strategically important with low to medium complexity, limited potential to provide competitive advantage and not likely to have an elevated risk.
    - The remainder of suppliers are considered 'tactical', and are not key suppliers
- High-risk suppliers
  - Supplier identified as high risk of modern slavery through our risk profiling tool, EcoVadis IQ, with annual spend above \$100,000.

Expectations of key suppliers will develop over time, these will be communicated to relevant suppliers and monitored by Procurement:

- Key suppliers to commit to a science-based target (or equivalent) by 2026
- Key suppliers to have a validated science-based target (or equivalent) by 2029

- EcoVadis – expectation that suppliers achieve a score of at least 45 by 2025
- Our high-risk suppliers will be self-assessed on Sedex (or approved alternative) by the end of 2026.
- Key and high-risk suppliers will be reviewed annually as part of our SRM methodology.

### Non-compliance

If a supplier does not meet our minimum requirement within the required timescales, then they will be asked to complete an Sedex SMETA (Sedex members ethical trading audit) within 6 months.

When a supplier completes a SMETA, non-conformances (NCs) are classified with four levels of severity. Convatec expects suppliers to manage their non-conformances in the following ways:

- If business critical NCs are identified during the audit, the supplier has 30 days to close the NCs.
- If critical NCs are identified during the audit, the supplier has 60 days to close the NCs.
- If major NCs are identified during the audit, the supplier has three months to close the NCs.
- If minor NCs are identified during the audit, the supplier has six months to close the NCs.

Suppliers will communicate directly with us about progress against non-conformances and ensure re-audit is completed within a timely manner.

### Escalation

If the supplier refuses the audit or does not close the NCs in a timely manner, we will complete the non-compliant supplier review form. The form is completed by the Category Manager with the support of the Sustainable Procurement Lead.

The 'non-compliant supplier review form' will be sent to the VP, Global Procurement for procurement suppliers, and to VP, Supply Chain for logistic suppliers, each of whom will inform the Human Rights Committee of any need for review and challenge. The VP, Global Procurement and VP, Supply Chain are the final decision makers on whether an exit strategy is required for the non-compliant supplier, in consultation with the Chair of the Human Rights Committee and General Counsel.

### Disclosure and reporting requirements

The supplier shall fully support the implementation of sustainability practices from the start of the contract and as part of the supplier onboarding process.

As a minimum, Convatec shall require suppliers to provide the following as mandatory:

- Supplier's GHG emissions footprint for Scope 1, 2 and 3
- Science based target status
- Carbon Reduction Plan status
- Weight and distance shipping data (logistics providers only)

Requests for information will be made annually by Convatec where not covered by a supplier assessment tool.

### Continuous improvement

Procurement and Supply Chain can champion initiatives to improve sustainability of supplied products or services through the use of joint approaches with suppliers. Where appropriate, joint initiatives should be put in place to improve the sustainability issues identified as Convatec priorities.

Procurement will also raise 'Corrective Actions' on ESG matters with suppliers within Convatec's SRM (Supplier Relationship Management) programme to support supplier development. These may be raised through the EcoVadis platform, through audits organized following a Sedex assessment, or through discussion at QBRs. Records of these will be kept on the relevant platform and through QBR minutes.

### Procurement reporting and goals

Procurement will provide regular reporting on both the status and performance of the supply chain, and the function's own performance against its goals.

KPI (Key Performance Indicators) are tracked internally on a monthly basis by the Sustainable Procurement Lead, covering our key commitments as described in this policy, and may be updated and expanded as required. Indicative KPI report content is shared on the following page.

Alongside KPIs, updates will be provided on progress towards goal milestone dates, any risks and mitigations to meeting goals, workstream progress and plans for the coming quarter, and highlights from the previous quarter.

This Policy is published on our website and our suppliers are made aware of their commitments through our business reviews. Our Category Managers are trained on the key elements of this policy.

Oversight will be monitored through the Human Rights Committee.

## Sustainable procurement policy

| Performance indicator   | Metric description  | Expressed as: |
|---|---|---------------|
| % key suppliers registered with EcoVadis  | Monitors key supplier engagement with EcoVadis.   | %             |
| Average rating of key partners in EcoVadis  | Monitors overall sustainability performance of our key suppliers.   | Numerical     |
| EcoVadis average improvement score for key suppliers  | Monitors overall sustainability performance of our key suppliers.   | %             |
| % key suppliers with EcoVadis minimum score of 45 (Committed category or above)               | Monitors overall sustainability performance of our key suppliers.   | %             |
| % strategic buyers and category managers that have completed sustainable procurement training | Monitors training undertaken by procurement team - sustainable procurement training module available through the online training academy provided by a third party. | %             |
| EcoVadis 'Sustainable Procurement' section score  | Monitors overall performance of sustainable procurement pillar, as scored by EcoVadis as part of Convatec's overall scorecard.                                      | Numerical     |
| % targeted supplier sites registered with Sedex   | Monitors key supplier engagement with Sedex.  | %             |
| % targeted suppliers with Science Based Target commitments                                    | Monitor supply base commitment to emissions reduction.  | %             |
| % targeted suppliers with a validated Science Based Target (SBTi)                             | Monitor supply base commitment to emissions reduction.  | %             |
| % targeted suppliers audited via Sedex SMETA  | Monitors suppliers who have completed face to face audit  | %             |