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<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](#)

## Sourcing strategy

As part of a strategic sourcing initiative, a category-specific sourcing strategy will be developed in collaboration with relevant stakeholders from across the business. Our approach aims to deliver the best outcome for Convatec, balancing the needs of a wide range of stakeholder interests, and is informed by our targets and commitments.

Our sourcing strategies will consider:

- ESG matters as a part of any total cost of ownership (TCO) baseline analysis e.g.
  - Operating costs including energy, fuel and water use, spares, maintenance
  - Product lifecycle assessment (goods only)
  - End of life costs and methodology (e.g. decommissioning, disposal/reuse, recyclability)
  - Any positive or negative externalities which can be monetised such as “cost of carbon” associated with GHG emissions, or cost of social externalities (e.g. job creation or job losses)
- an assessment and recommendation for disposal strategy for goods, equipment, and assets being procured which focuses on optimising the social, environmental, and economic impacts of functionally inadequate or under-utilised assets as well as their safe decommissioning, transport, and warehousing, where relevant
- an assessment of the supply market with the objective of gaining an understanding of the existing and future capabilities to supply Convatec’s sustainability needs with the same or improved level of price, functionality, and quality of service
- a proposal for relevant sustainability evaluation criteria and recommended weighting to be utilised in the sourcing event for product and supplier selection, with consideration given to finding the best balance between sustainability, cost, quality, and service criteria

### **Specification definition and stakeholder engagement**

Identifying relevant sustainability risks and opportunities should follow a multidisciplinary approach to capture knowledge and considerations from a wide stakeholder group including as required:

- Technical experts with knowledge of how the goods or services are manufactured, processed, delivered, etc
- Sustainability experts who can provide technical advice or relevant sustainable sourcing principles for the category
- Business stakeholders with knowledge of how the goods or services will be used by the organisation.

## **Sustainable procurement policy**

In defining the procurement requirements for the product or service, procurement shall work closely with the relevant stakeholders to explore alternative options which might exist to deliver the same outcome in a way that more specifically incorporates sustainability criteria, for example by:

- Eliminating the demand through considered review
- Reducing the frequency of use or consumption
- Aggregating and / or consolidating demand
- Sharing use between divisions or organisations
- Encouraging recycling, repair, reuse, or repurposing of older goods
- Using recycled / renewable materials
- Determining impact and feasibility of utilising local supply
- Determining whether outsourcing is required and how to extend the scope of responsibility for environmental and labour practices throughout multi-tier supply chains

As a preference, specifications included in tendering should focus on a combination of performance and functional requirements to enable suppliers to propose the most efficient solution for the required performance or function and present alternative options which may represent different balances of sustainability, cost, and service priorities.

### **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 assessment tools (currently Ecovadis and Sedex) (Ecovadis – all vendors, Sedex – Directs, External Manufacturing and Logistics vendors)
- Acceptance of willingness to participate with these assessment tools if not currently engaged (all vendors)

## Sustainable procurement policy

- Acceptance to disclose GHG emissions footprint for scope 1, 2, and 3 (all vendors)
- Disclosure of ownership and any minority status (all vendors)
- Disclosure of current SBTI 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 must 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

### Contract management and 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.

## **Sustainable procurement policy**

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

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

- EcoVadis – expectation that suppliers achieve a score of at least Bronze level by 2025
- Sedex – expectation to complete self-assessment by 2025 and for new partners thereafter
- Suppliers to commit to a science based target (or equivalent) by 2026
- Suppliers to have a validated science based target (or equivalent) by 2029

### **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 their 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 ESG goals.

KPI (Key Performance Indicator) reports will be produced quarterly and cover our key commitments as described in this policy, the content of these reports will be updated and expanded as required. Indicative KPI report content:

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. In scope sites are those of the top 80% spend suppliers across direct, external manufacturing and logistics.	%
% targeted suppliers with Science Based Target commitments	Monitor supply base commitment to emissions reduction. KPI applies to suppliers estimated to make up the top 60% of our calculated category 1 scope 3 emissions.	%
% targeted suppliers with a validated Science Based Target (SBTi)	Monitor supply base commitment to emissions reduction. KPI applies to suppliers estimated to make up the top 60% of our calculated category 1 scope 3 emissions.	%

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.

Oversight to progress will be through our ESG Steering Committee.