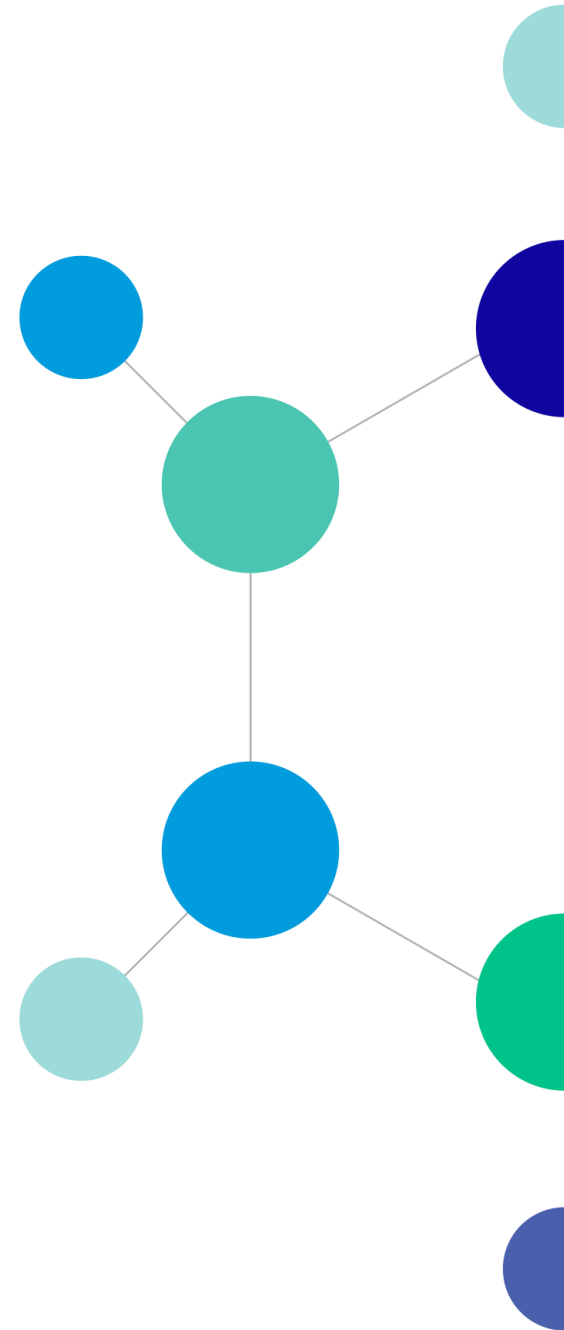




Session 2: Sustainable Supply Chains





SOCMA ESG Workshop

The Cambrex ESG Supply Chain Journey

Cambrex Supplier Code of Conduct

- At Cambrex, we have the opportunity to work with hundreds of suppliers across the globe. We rely on them every day to support our mission of bringing small molecule therapeutics to the market.
- Those partnerships are more than a business transaction. They are a reflection on our values, who we are as a company and individuals, and how we manage our business.
 - Many key customers see our management of those partnerships as a reflection of their own values as well. They have implemented similar Supplier Code of Conducts that transcend the direct business relation with Cambrex and speak to expectations for our ethical management of the supply chain.
- In line with customer expectations and expansion of Cambrex' Environmental and Social Governance (ESG) program, a corporate Supplier Code of Conduct was approved in December 2021.
 - Responsible procurement will be a key component of the Cambrex Corporate Social Responsibility (CSR) program.
- The Supplier Code of Conduct is meant to communicate our values and our expectations for those suppliers that are selected to do business with us.

Cambrex Supplier Code of Conduct

- The Cambrex Supplier Code of Conduct is based on the principles outlined in the Pharmaceutical Supply Chain Initiative (PSCI).
- Vision behind the PSCI:

The Pharmaceutical Supply Chain Initiative (PSCI) is a group of pharmaceutical and healthcare companies who share a vision of better social, health, safety and environmental outcomes in the communities where we buy.

We believe that collectively PSCI members can share knowledge and expertise, across our industry, to drive complex, global change more effectively than any one organization alone.

We have joined forces to promote responsible supply chain management and better business conditions across the industry.
- PSCI members already conduct third party EHS compliance and management system audits of Cambrex facilities. These require action plans to be timely addressed. These will increasingly include ESG.

Cambrex Supplier Code of Conduct

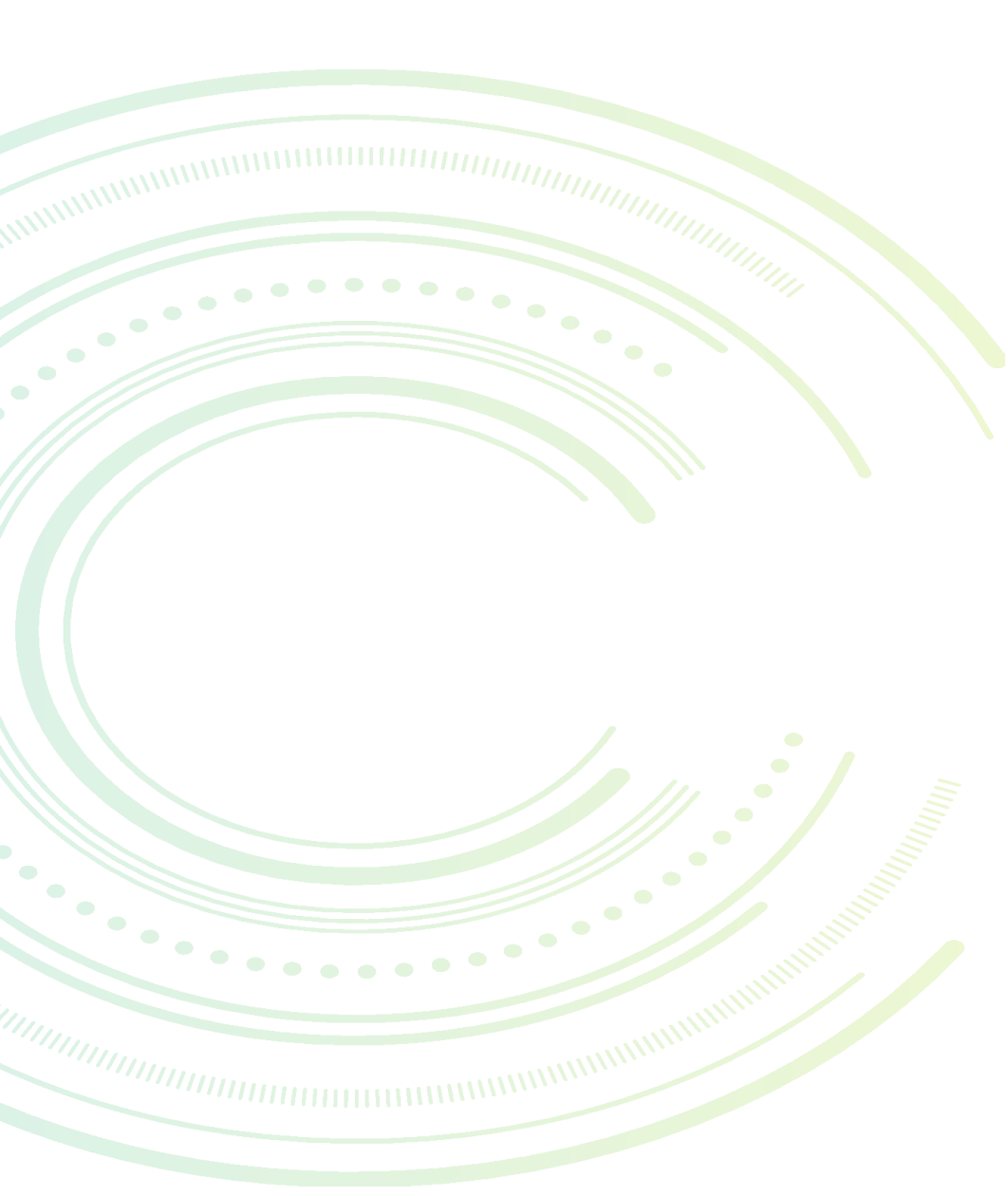
- The PSCI currently has 54 member worldwide, consisting of many major pharma companies. Members include:
 - AZ
 - BMS
 - Catalent
 - Gilead
 - GSK
 - J&J
 - Merck
 - Novartis
 - Pfizer
 - Sanofi
 - Takeda
 - Teva
- Members created the “PSCI Principles of Responsible Supply Chain Management” that address five key areas of responsible business practice:
 - Ethics
 - Human Rights and Labor
 - Health and Safety
 - Environment
 - Management Systems

Cambrex Supplier Code of Conduct

- Cambrex' [Supplier Code of Conduct](#) includes discussions of our mission and values, as well as our expectations for suppliers in the following areas:
 - Ethics and Social Responsibility
 - Antitrust, Business Integrity, Data Privacy, Intellectual Property, etc.
 - Labor and Employment Rights
 - Child Labor, Wages and Benefits, Hours of Labor, Anti-Harassment, Anti-Discrimination, etc.
 - Environmental, Health and Safety
 - Compliance, Sustainability, Hazard Information, Emergency Response, etc
 - Product Quality
 - Product Quality, Obligation to Report, Obligation to Communicate Changes
 - Management Systems and Continuous Improvement
 - Accountability, Documentation, Training and Competency, Business Continuity Management, etc.
 - Global Trade
 - Trade Sanctions and Export Controls, Trade Regulations, Sustainable Sourcing and Traceability

Cambrex Supplier Code of Conduct

- Implementation
 - Internal stakeholder training conducted in January 2022.
 - Coordination and leveraging globally through BU champions with roll-out to BU teams.
 - Roll-out should include:
 - Notification to all suppliers through letter notification and incorporation into our Purchase Order requirements (BU specific)
 - Would require some form of verification against Code expectations (e.g. questionnaire) in the evaluation phase.
 - Planning to further incorporate into the Supplier Qualification process
 - To avoid duplication of efforts we are globally coordinating efforts on common suppliers and possibly consolidating the supply chain at some level (e.g. BU).



Thank you
Your questions are welcome

www.cambrex.com

2023

MILLIKEN & COMPANY

Corporate Sourcing - Supplier Sustainability

April 11, 2023

Milliken™

AGENDA

- 1 Project Development
- 2 Implementation
- 3 Lessons Learned
- 4 Next Steps

PROJECT DEVELOPMENT

PROJECT DEVELOPMENT

Create a global methodology on collecting, evaluating, and managing four critical supplier sustainability pillars

Supplier Sustainability

- **Milliken Definition**
 - Evaluation of a range of supplier environmental, socio economic, ethics, and sustainable procurement practices to promote goals in cost reduction, risk mitigation, corporate citizenship, and value creation
- **Purpose**
 - Create minimum standards required for conducting business to source and procure materials
 - Meet growing industry requirements to show we have an administrative solution for tracking supplier performance
 - Collect and easily display consistent supplier sustainability performance data
- **Scope**
 - Create standard Corporate Policy including current and new sustainability elements
 - Find third party to support data collection and analysis plus provide program management platform
 - All global suppliers with highest focus concentration on higher risk suppliers
 - Current and future suppliers
 - Factors into RFQ score evaluations

PROJECT DEVELOPMENT

Roadmap includes aligning on policy, third party management tool, and program implementation

Policy Creation

- Align with global sourcing leaders and supporting cross functional partners
- Review industry benchmarks
- Establish Corporate Policy

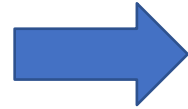
Third Party Supplier Selection

- Tool to manage outreach and data
- Vet six providers to find best fit
- Receive budget and finalize contract

Program Implementation

- Supplier prioritization
- Surveys issued
- Data Collected
- Establish baseline
- Establish future goals

Summer 2021



Summer 2021



Winter 2021

PROJECT DEVELOPMENT

Two suppliers made final round, Ecovadis + Integrity Next. Down to recognition, supplier fee and scope, and cost

Ecovadis: Most established, supplier fee

- Most recognizable player
- Only top direct suppliers included, 1,000 suppliers
- Doing work since 2007
- One size fits all surveys with value-add features for tail
- Support global operations
- 3-year contract requested with no annual increases
- Has in house validation services
- 30% of top spend already in network
- Higher cost provider

Integrity Next: Best platform, no supplier fees★

- Newer player, big in automotive
- All suppliers included, 5,000+ suppliers ★
- Doing work since 2017
- Multiple surveys based on size/scope★
- Supports global operations
- 3-year contract requested with no annual increases
- Has in house validation services
- 30% of top spend already in network★
- Lower cost provider

Recommendation - Integrity Next

- Cost - Value
- Functionality - Ease of Platform Usage and Adoption
- Suppliers - No fees and easy scoring reference
- Multiple standard surveys - Quicker implementation

IMPLEMENTATION

IMPLEMENTATION

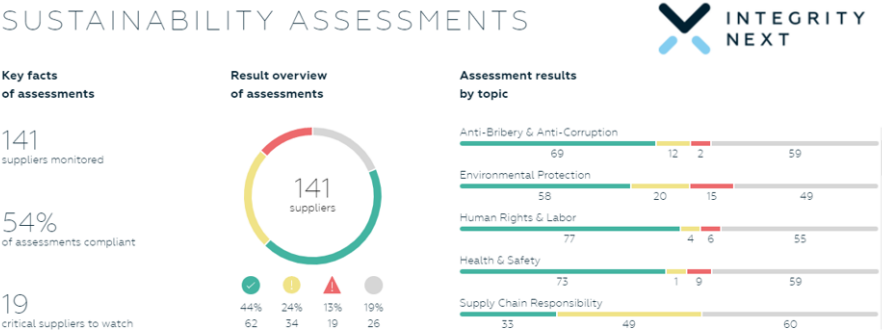
Create a Sourcing cross-functional team, goals and timeline for Supplier Outreach

- **Project Team**
 - Project Lead - Corporate Sourcing
 - Project Members - Divisional Sourcing, Europe/UK Sourcing, Asia Sourcing, Corporate Sustainability
 - Project Sponsors - VP of Corporate Sourcing, VP of Corporate Sustainability
- **Team Objective**
 - Establish baseline of supplier data needed to support future scope 3 initiatives and assure we do business with supplier code of conduct requirements and how it ties to category strategy
- **Team Goals**
 - Base Goal - Implementation of 3rd Party Platform supplier sustainability survey reporting (Integrity Next) to targeted supplier base by end of FY2021.
 - Target Goal - Deliver goal of 80% actionable spend outreach for sustainability survey as actionable suppliers plus lay our plan to execute SBTI 2026 goals by year close for Corporate Sourcing suppliers by P13 close. *Spend data based on FY2021
 - Max Goal - 60% survey completion by targeted suppliers by end of FY2022 and define baseline for information to be integrated into vendor selection process.

IMPLEMENTATION

Create a Sourcing cross-functional team, goals and timeline for Supplier Outreach

- **Kickoff Session**
 - Data compilation - Based on top spend
 - Determine initial target suppliers - Based on top spend and Sourcing Manager feedback
 - Communication with Sourcing Community on project - In case supplier contacts them
 - Determine which surveys to complete
- **Phase 1 Summary - Nov/Dec 2021**

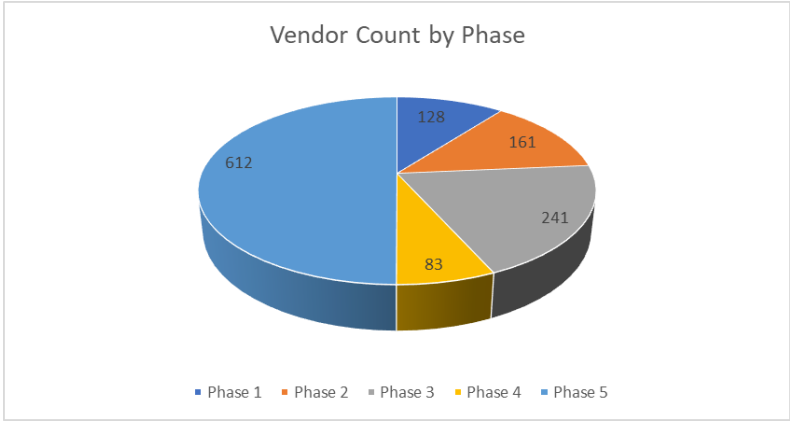
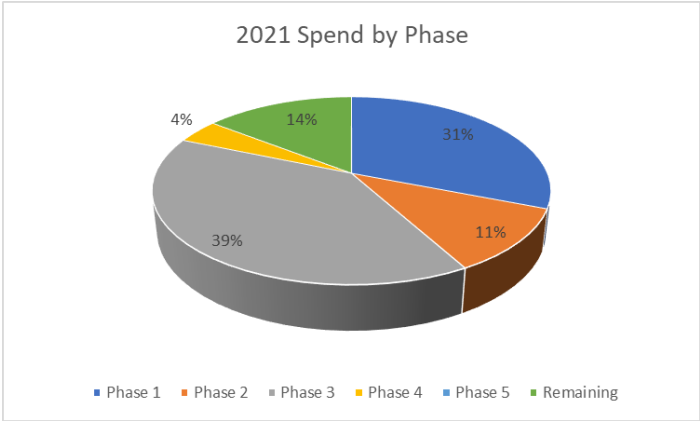
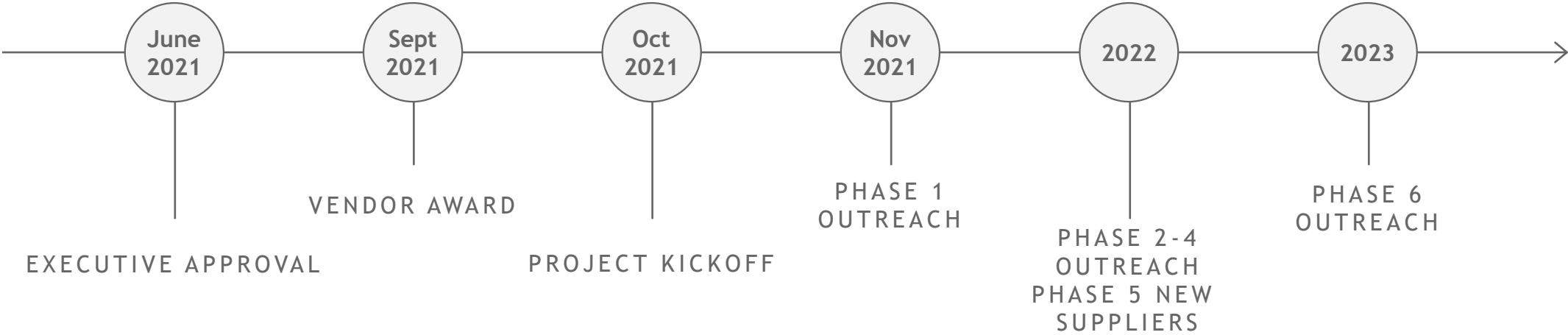


- Summary (as of 12/28/21):
- Out of 141 suppliers, 81% have completed registration
- Key Considerations:
- Companies that responded with their version of reporting and will not complete survey – **M, D***nt, Sal*****orce, **apl***n

<input checked="" type="checkbox"/> Anti-Bribery & Anti-Corruption	<input checked="" type="checkbox"/> Environmental Protection	<input checked="" type="checkbox"/> Human Rights & Labour
<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Supply Chain Responsibility	<input type="checkbox"/> Extended Company Information
<input type="checkbox"/> Financial Information	<input type="checkbox"/> Conflict Of Interest	<input type="checkbox"/> Management & Owners
<input type="checkbox"/> Trading Partner Security	<input type="checkbox"/> Quality Management	<input type="checkbox"/> Energy Management
<input type="checkbox"/> Cyber Security	<input type="checkbox"/> Data Protection (GDPR)	<input type="checkbox"/> Conflict Minerals
<input type="checkbox"/> REACH	<input type="checkbox"/> RoHS	<input type="checkbox"/> PBT5 (TSCA)
<input type="checkbox"/> Diversity, Equity & Inclusion	<input type="checkbox"/> COVID-19 Assessment	<input type="checkbox"/> Business Continuity
<input type="checkbox"/> Carbon Footprint	<input type="checkbox"/> Cobalt & Mica	<input type="checkbox"/> EU SRR
<input type="checkbox"/> Living Wages	<input type="checkbox"/> Type of Diversity	<input type="checkbox"/> Code of Conduct

IMPLEMENTATION

Over 3 phases, Team has reached target and max goal



LESSON LEARNED

LESSONS LEARNED

Over multiple phases, Team has assessed some areas of achievements/opportunities as the project continues to develop

ACHIEVEMENTS

- Validation for Supplier Code of Conduct for adherence
- Project support from top level down
- No “big bang” - Phased approach
- Use of more simplistic surveys - Enhance supplier engagement
- Pre-mailers to target suppliers - Milliken as 1st point of contact
- Central place to collect future Sustainability information

OPPORTUNITIES

- Data collection - Spend? Commodity? (which is best?)
- Contact Information - Who completes this?
- Company Information - Supplier entity names
- Standard Surveys vs. Internal Process Partner needs
- Regional Requirements - European Laws
- Supplier Follow-ups
- Standardize approach for managing responses

NEXT STEPS

NEXT STEPS

- **Developing processes for effective supplier follow-up**
 - Reviewing all data
 - Assigning follow-ups by Sourcing Manager
 - Creation of Steerco team - Senior Leadership team
- **Considerations:**
 - Manage inbound data collection (more enhanced systems?)
 - Reassess target for Sustainability Outreaches
 - Integration with new/existing supplier outreaches
 - How/when do we need to complete this?
 - Requirement for new suppliers?
 - Other types of outreaches and the impact to our suppliers (C-TPAT, ISO, Berry, Security, AP Audit, etc.)
 - Potential need for 3rd party auditors