



# Supply Chain Transparency

Endorsed by:

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# Our values drive an ethical, responsible supply chain

Suppliers are expected to support our Purpose, Strategy, and Culture



## PURPOSE ► WHY WE EXIST

# Working together to create a healthier world, one life at a time

## STRATEGY ► HOW WE GROW

We help people make the best decisions to improve health by providing high-quality and affordable diagnostic testing insights and services using our scale and extensive reach.

## CULTURE ► HOW WE WORK

### The 5Cs

- 👥 Customer first
- 👤 Care
- 🤝 Collaboration
- 🚶 Continuous improvement
- 💡 Curiosity

# Quest's values drive an ethical, responsible supply chain

Our Supplier Code of Conduct requires suppliers to commit to high standards of ethics, compliance, and social responsibility

**The Supplier Code of Conduct expresses the following expectations** for our Suppliers and their employees, agents, and subcontractors (collectively referred to as “Suppliers”) when doing business with Quest:



- Compliance with the Supplier Code of Conduct
- Operation under clear written practices and ethics
- Strict legal and ethical compliance
- Compliance with Environmental, Health, and Safety (EHS) polices that promote safety
- Compliance with Department of Labor practices, including human rights policies
- Protection of data and intellectual property
- Following guidance for anonymously reporting questionable behavior regarding the application of any law, regulation, or company policy relating to the Supplier Code of Conduct
- Environmental, Social, and Governance (ESG) guidance, including risk management, conservation, reduction of greenhouse gas emissions, resource efficiency, and protection of the environment

## Reporting questionable behavior

- It is important that Quest Diagnostics Suppliers have an open avenue to discuss questions or concerns regarding this Supplier Code of Conduct
- Suppliers should report any knowledge or good-faith belief that this Code, law, company policy, or ethical guideline has been, is being, or may be violated



## Contact Corporate Procurement

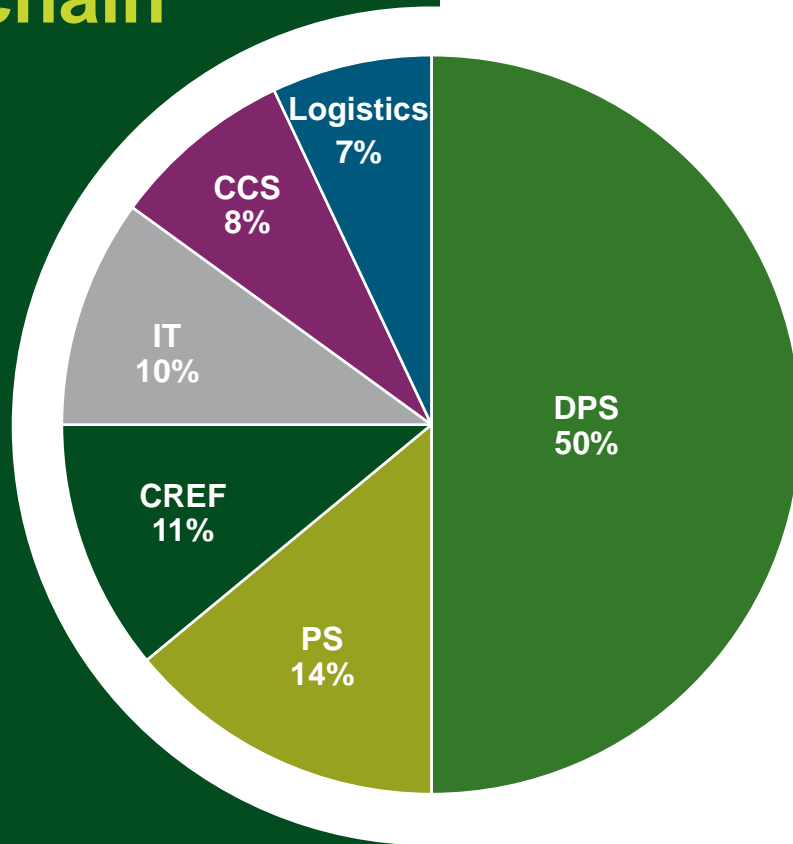
Corporate Procurement | Quest Diagnostics

1.800.650.9502  
MyComplianceReport.com  
(internet access ID: QDI)

**Reference:**  
[Quest Code of Ethics](#)



# Quest Diagnostics supply chain



**\$3.4B**

of economic  
activity  
globally

**9,265**

total number of  
procurement  
suppliers

**73%**

of the spend  
(\$2.6B) is with 331  
Core Suppliers

- The largest proportion of our spend is with large, well-known, FDA-regulated Suppliers in life sciences and in vitro diagnostics (IVD) manufacturing with US presence and global manufacturing footprints
- **Tier 1 (321)**  
**Tier 2 (10)**

# Quest Diagnostics 331 Core Suppliers represent 73% of procurement spend or \$2.6B



## Quest Core Supplier risk tiers

1	Regulatory Critical	6%
2	Patient/Test/Operations Critical	60%
3	Business Critical	34%

**Screening is conducted to identify significant Suppliers that make up our Core Supplier List. This list is segmented into risk tiers.**

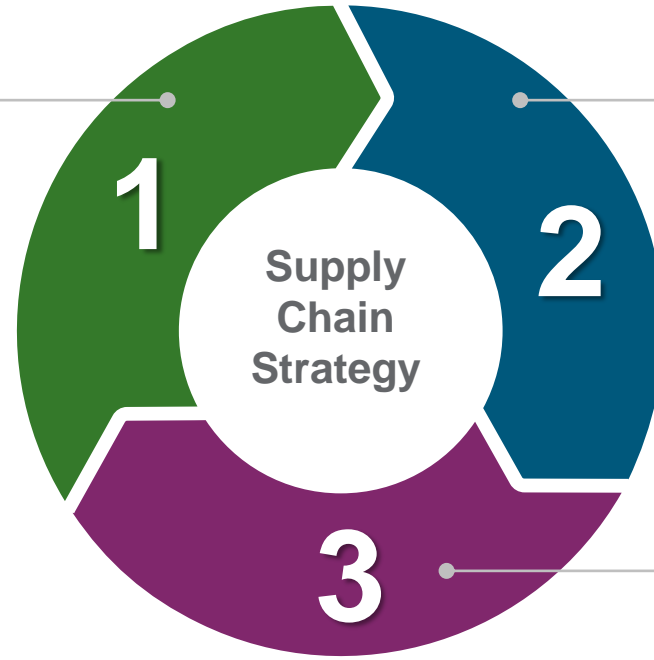
**The screening is based on product or service criticality, type, and inherent risk, such as:**

- Test-specific products and sole-source products
- Inherent risk
- FDA-regulated products or services
- EHS products
- Governance and compliance issues, including excluded parties
- Advanced technology products
- Geo/political risk/ location
- Business relevance
- Supplier assessment responses
  - Quality
  - ESG
- Significance of spend
- Small business and diversity status

# A continuous cycle, with transparency and collaboration key to how we manage the supply chain

## Onboarding and assessments

- **Suppliers are risk-prioritized** through compliance, governance, business risk screening, due diligence, and assessments by Quest Procurement and Supplier Quality
- **On-site audits and/or visits conducted** by Quest Supplier quality managers
  - **Audit deficiencies may remove a Supplier** from consideration for future contracts
  - **Deficiencies may be managed through an improvement process** in our Supplier Corrective Action Program (SCAR)
- **Self-assessments required of all Core Suppliers**



## Technical resources

- **Collaborative Supplier development engagements** with engineers
- **Procurement Engineering Center, which assists with the design and development of alternative products**, adding options and resiliency to our supply chain

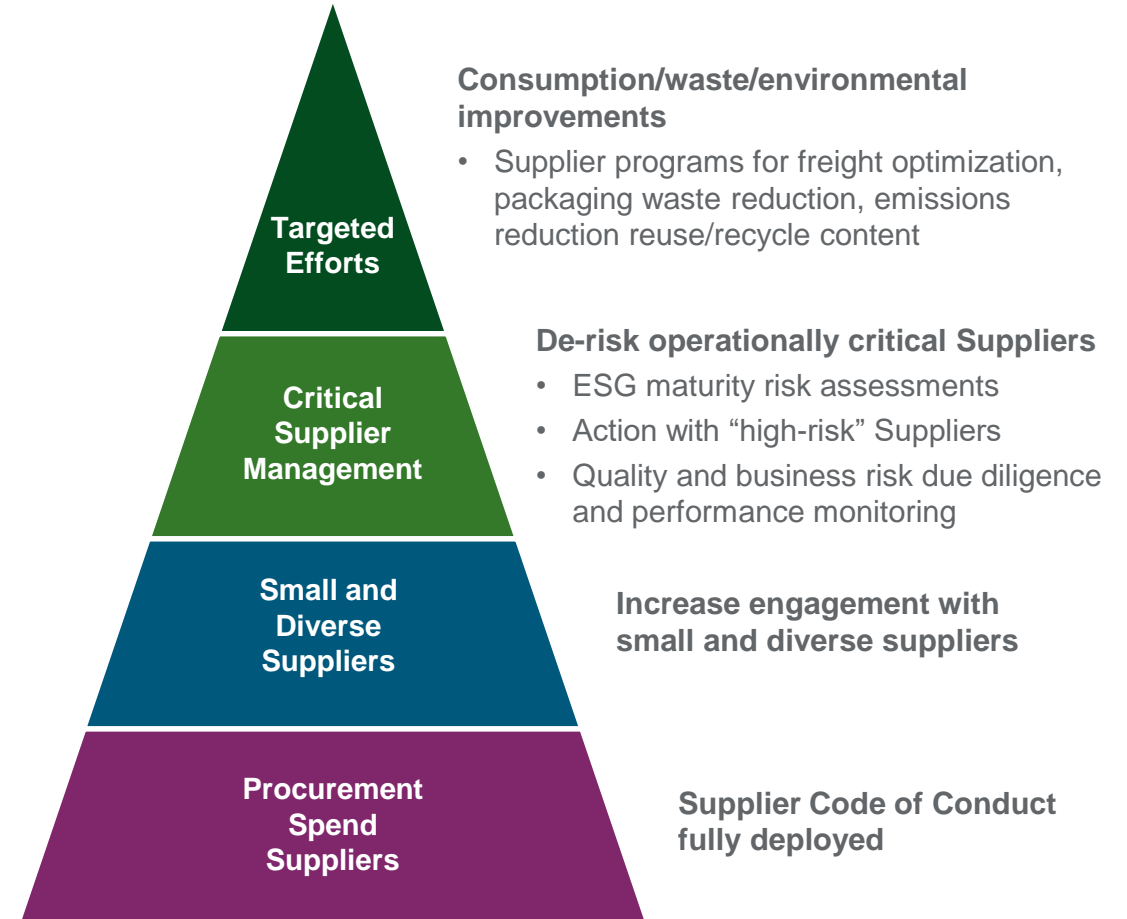
## Monitoring and improvement

- **Supplier root cause analysis and SCAR** works collaboratively with Suppliers
  - The program is applicable to any/all Procurement Suppliers (9,265)
- **Quest Supplier quality managers work with Suppliers** on site and in virtual settings
- **Stability monitoring 24/7**, covering all Core Suppliers; **Business Stability Risk Scores** for all contracted Suppliers updated monthly
- **Supplier ESG Assessment Program with Core Suppliers**
- **Scorecard Key Performance Indicator (KPI) program** with 331 Core Suppliers

# Quest Diagnostics Supplier Sustainability Program

The Quest Supplier ESG (Environment, Social, and Governance) Program aids in identifying companies with higher supply chain risks and enables appropriate management of existing risks

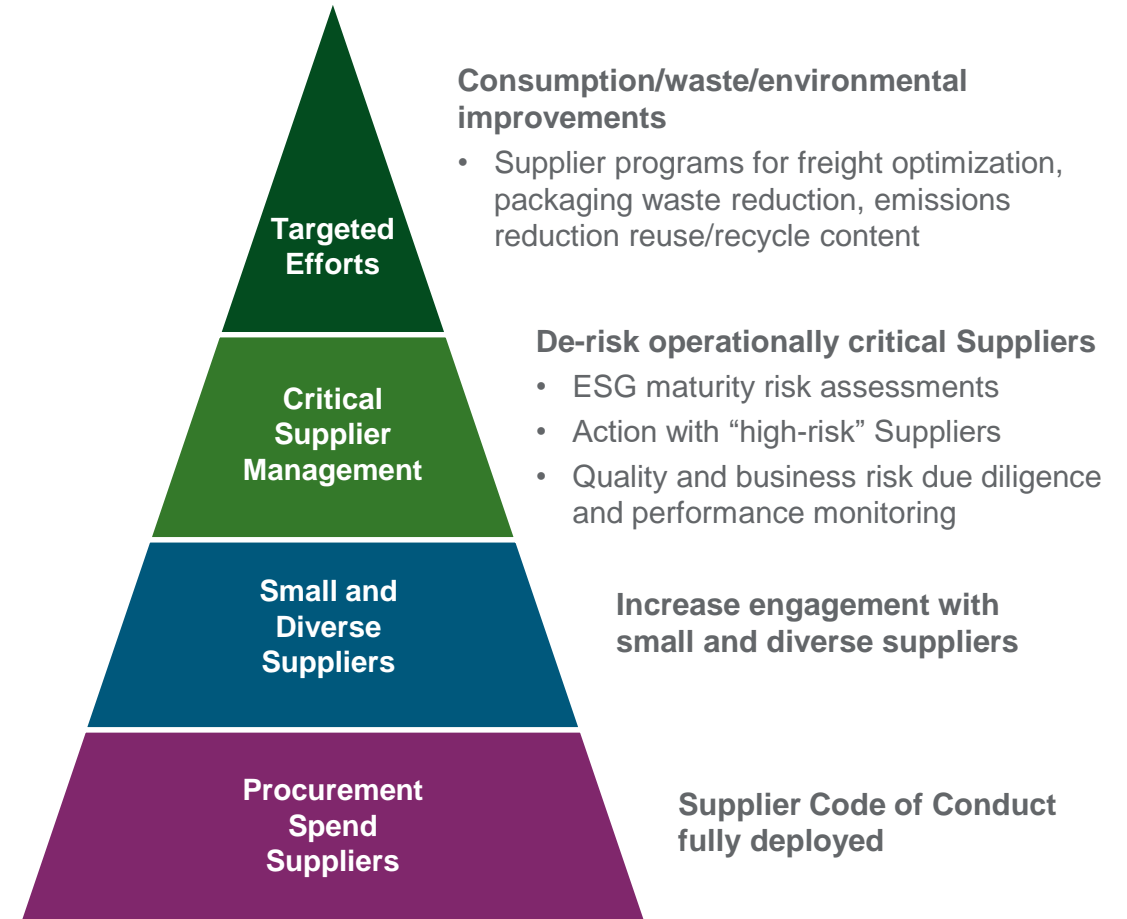
- Quest Diagnostics Board of Directors and Executive Management have oversight and review responsibility
- Our strategic procurement process requires ESG considerations in sourcing requirements and evaluations. ESG status is a required weighted factor in strategic sourcing decisions
- Our Procurement Strategy Review Board meets weekly to oversee strategic sourcing strategies including ESG requirements
- Adherence to Quest’s Supplier Code of Conduct is a strategic element of our Supplier Sustainability Program and is required of all Suppliers whether contracted or on standard POs. The Code is publicly available on our website. All Procurement employees receive training in the Code. [Supplier Code of Conduct | Quest Diagnostics](#)
- Our Supplier Sourcing employees receive training on our Supplier Sustainability Program
- Our Supplier ESG Assessment Program, managed with the assistance of Supply Shift’s ESG assessments and platform, aims to assess all Core Suppliers representing 73% of spend by 2025
- Supplier ESG assessment-related corrective actions are tracked using our Supply Shift platform and, where appropriate, through Quest’s SCAR program
- Suppliers may receive support for corrective actions/improvement from relevant subject matter experts, Quest’s supplier ESG analyst, and Supplier quality managers
- Quest’s Supplier Diversity Program is committed to supporting communities by sourcing with small and diverse businesses. Program goals and results are reported to senior leadership and governmental agencies. Goal of \$500M annual spend by 2025



# Quest Diagnostics Supplier Sustainability Program (Continued)

## Quest Supplier Sustainability Program: 2022 Actions and results

- 331 suppliers (all of Quest Diagnostics Core Suppliers) representing 73% of spend were invited to complete ESG assessments
- 44% (146) unique suppliers completed the assessment
- All participating Suppliers were provided benchmark analytics showing their ESG assessment findings compared to the total group
- Significant suppliers were sent corrective action requests
- ESG updates to our Supplier Business Engagement Model include using ESG considerations in our Supplier sourcing decisions
- The second round of Supplier ESG Assessments begins in August 2023

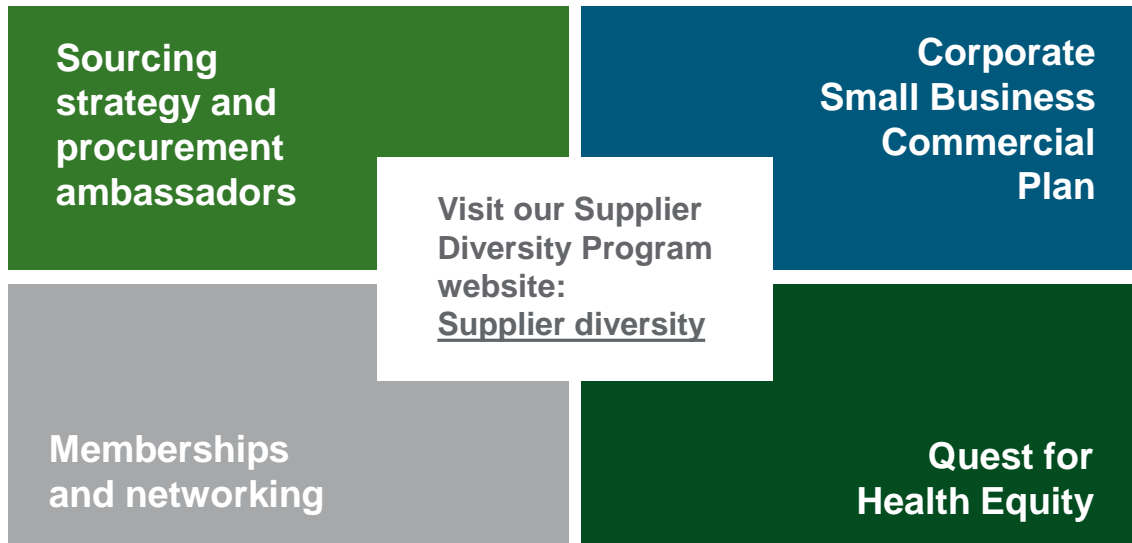




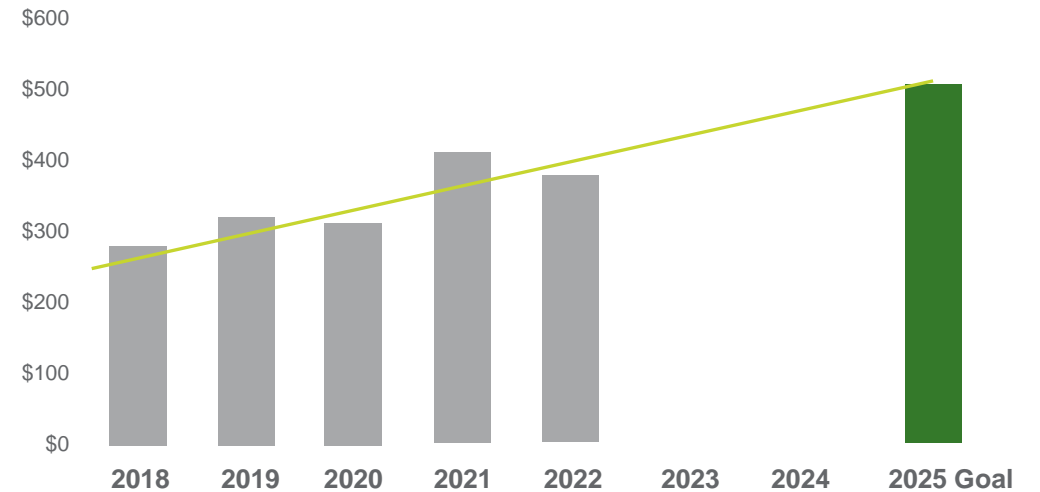
# How we promote diversity, equity, and inclusion across the supply chain

## Quest initiatives to promote Supplier diversity

- Quest sourcing policy that promotes small and diverse businesses
- Supplier diversity ambassadors on each procurement portfolio team
- National member of the National Minority Supplier Development Council (NMSDC)
- Corporate Advisory Council



## Small Business Performance GFY Oct.-Sept. (in \$Millions)



2022 performance:

**15.5%**

of spend, up from 14% the prior year

**2025 goal:  
>\$500M**

# Quest works with Suppliers to improve our environmental impact

Quest's reporting on environmental impacts, including supply chain inputs, is found in our [Environmental sustainability website](#)

Contact our Corporate Procurement to collaborate with Quest on Sustainability progress

[Corporate Procurement | Quest Diagnostics](#)



## Small changes can have a big impact

- Annually, Quest ships over 1.5M collection supplies orders to over 100,000 clients, totaling over 2.5 million boxes. These collection supplies are needed to properly collect a quality sample for testing in our laboratories
- In 2022, Quest began the development of a box optimization program to reduce the number of boxes being shipped. Our innovative software solution, launching in 2023, optimizes the box size selection, reducing the number of boxes shipped by an estimated 10% annually
- This program is expected to reduce the downstream cardboard generated by 85 tons. This will also reduce transportation carbon emissions, as fewer trips will be needed to deliver the same quantity of supplies

## Innovative technology can reduce our waste stream

Quest is expanding its deployment of tip-washing solution that also re-uses pipette tips, reducing plastic consumption and waste sent to landfills.

## Collaboration is mutually rewarding

We're consistently collaborating with our Suppliers to optimize inbound shipments and packaging, with our shared efforts reducing CO2 emissions while improving supply surety.

Many Quest Suppliers are also engaging in efforts to improve their ecological footprint through projects directly relating to the products and services supplied to Quest. Recent additions include a Supplier's switching to solar power in the building that produces Quest products, supplier investments to electrify vehicle fleets, and new reuse/recycle endeavors.