



Position on Sustainable Sourcing

Background

The extended supply chain of any corporation is a critical part of the ecosystem that includes our business, customers, consumers, employees and the planet. Many companies, including Kenvue, are proactively establishing environmental, social and governance (ESG) standards and driving accountability for them throughout the supply chain. Our Healthy Lives Mission is our commitment to meet the evolving health and well-being needs of our consumers, act responsibly with the earth's natural resources and the impacts we create and govern our business with a strong sense of accountability, which includes our relationships with suppliers. Our goal is to advance human health and manage potential risks in the supply chain while mitigating impacts to the environment.

Relevance

Kenvue maintains global operations and works with a vast supplier base. We manage a highly complex network of supplier relationships that are critical to business success. We must maintain a rigorous system of supplier selection, engagement, education, assessment, and auditing in order to ensure supply base integrity and meet stakeholder requirements.

Guiding Principles

[Kenvue's Code of Conduct](#) sets forth the values, principles, and policies to which we commit ourselves every day. The Code specifically references Environment, Health, Safety (EHS), sustainability and environmental stewardship, business integrity, fair and respectful treatment of employees, and other dimensions of ethical and responsible business practices. We are committed to working with those who align with and reflect our values and principles, support our Healthy Lives Mission, and maintain the highest standards of integrity, ethics, and responsible business, including sustainable sourcing and corporate citizenship.

Our Position

We expect all suppliers to adhere to high levels of integrity and strong ESG requirements, similar to those to which we hold our own operations accountable. We make reasonable efforts to ensure our suppliers know what is expected of them and have systems in place to ensure compliance. We do this by:

Ensuring suppliers are aware of the standards we expect from them: We are developing a new Supplier Code of Conduct for Kenvue, which will establish the values, principles, and expectations regarding the ethical conduct we expect from our suppliers. The Code will be published on our website and communicated to suppliers later this year.

Currently, Kenvue's suppliers are expected to comply with the expectations outlined in a set of responsibility standards for suppliers, which cover the following topics:

- Compliance with applicable laws and regulations
- Ethical behavior and integrity
- Integration of quality into business processes
- Embracing sustainability and operating in an environmentally responsible manner
- Respect for human and employment rights
- Fostering a culture of diversity, equity, and inclusion
- Promoting the safety, health, and well-being of employees
- Upholding the highest standards of Healthcare Compliance
- Safeguarding personal information
- Managing business activities systematically and maintaining information security

Selecting suppliers based on adherence to supplier responsibility standards: All suppliers are expected to comply with agreed-upon standards and terms & conditions. Where necessary, we work with suppliers to identify actions, and timelines, to achieve improvement, as a condition of initial or ongoing engagement. We consider progress in meeting agreed upon standards, and ongoing performance, in our sourcing decisions.

Advancing sustainable procurement: We recognize that to create impact at scale we must continue to move beyond monitoring compliance to proactively engaging with our suppliers and supporting wider industry efforts to improve transparency and share best practices. To this end, we are currently refreshing our Sustainable Sourcing Program, which will help us strategically engage with our suppliers to enhance the management of ESG impacts and opportunities throughout our supply base.

Maintaining a program of supplier assessments and audits: We maintain strict controls to uphold human rights and minimize our environmental impacts throughout our supply base. We verify supplier ESG performance through a comprehensive approach that leverages both internal subject matter experts as well as external organizations such as Ecovadis, a sustainability ratings firm that evaluates companies' environmental and social responsibility. In some cases, we may require an audit of new supplier candidates before awarding business, depending on that candidate's risk profile. Our program includes two main forms of supplier audits:

- **EH&S audits:** We leverage the audit protocol developed by the Pharmaceutical Supply Chain Initiative to conduct EHS audits. Most of our supplier EHS audits are conducted by

our EHS team, leveraging our internal EHS expertise and on-the-ground presence in various geographic regions. In some cases, EHS audits are conducted by third-party firms on behalf of Kenvue. We select suppliers for EHS audits based on an overall risk assessment using Ecovadis scores, types of goods and services provided, and geographical location.

- **ESG audits:** ESG audits are conducted according to Sedex Members Ethical Trade Audit (SMETA) 4-pillar guidelines by an accredited external firm on behalf of Kenvue. A SMETA 4-pillar audit comprises labor standards, health and safety, management systems, human rights, recruitment, entitlement to work, subcontracting and homeworking, environmental assessment and business ethics. We select suppliers for social audits based on an overall risk assessment using Ecovadis labor and business ethics scores and considering geographic risk and industry risk.

Addressing non-conformance: We assess and categorize supplier non-conformances. We communicate findings and share our expectations with the audited supplier for a documented plan of time-bound corrective actions and demonstrated improvement. When critical findings are identified during audit, we expect timely action to address the issue. We aim to maintain long-term relationships with suppliers and prefer to work with them to resolve audit findings and drive continuous improvements in standards. If significant non-conformance with our standards cannot be sufficiently resolved, we may withdraw business from that supplier or decline to start business with a potential new supplier candidate.

Post-audit support: We provide the following forms of support for post-audit supplier improvement:

- Follow-up technical visits that include expert training and best practice sharing
- Business reviews with direct coaching and guidance
- Supplier conferences, webinars and other resources

Collaborating within the industry to raise the bar for all: We actively participate in industry forums and workshops on supply chain issues that aim to advance supply chain sustainability, human rights, and transparency by addressing systemic issues that no one company can solve alone.

Last Updated: August 2023