

Our Policies

Responsible Sourcing Policy

October 2024 – vs.2

ZENTIVA



Introduction

At Zentiva, we provide health and wellbeing for all generations by developing, producing and delivering high-quality and affordable medicines to those who depend on them every day. Our core business activity positively impacts the lives of more than 100 million people in Europe and beyond.

We are deeply aware of our responsibility and the significant impact we have on the society and the environment. We carefully choose our partners that are sharing the same values and sense of responsibility. Hand in hand we care for people, partners and the planet.

Policy Purpose

The purpose of this Policy is to define Zentiva's approach to responsible sourcing in all procurement processes. The Policy aims to minimize the negative social and environmental impacts of Zentiva's supply chain while improving the positive impacts for 100 million patients receiving the quality healthcare they require, and the communities where we and our suppliers operate.

The Zentiva Group, along with its subsidiaries and affiliates, is dedicated to conducting its operations with high standards in accordance with all laws, rules and regulations, governmental and industry standards, as well as Zentiva's own policies. We align our strategy with the United Nations Global Compact and the 10 Universal Principles related to Human Rights, Labour, Environment and Anti-Corruption and the Pharmaceutical Supply Chain Initiative (PSCI) Principles¹.

We share this Policy with our suppliers, who are expected to commit to meeting these standards to establish or continue a partnership with Zentiva. Supplier adherence is assured by careful screening and discussion with suppliers to ensure full awareness of Zentiva's ESG commitments, combined with self-audit, desk based remote audits and as needed on-site audits where these can be safely undertaken.

Scope

This policy is company-wide in scope and applies to all employees and people working for Zentiva conducting procurement processes at Group level, in subsidiaries, and affiliated companies of Zentiva and all suppliers engaged in activities with Zentiva.

Alignment with Zentiva Purpose and Values

Purpose: Zentiva's purpose is to provide health and wellbeing for all generations. This purpose is embedded in our long-term business strategy and reflected in our commitment to Corporate Social Responsibility (CSR).

Values: Our core values - Accountability, Authenticity, Courage, Collaboration, and Trust - drive our CSR efforts. These values guide our actions and decisions, ensuring that we remain committed to our social responsibilities and the communities we serve. As a **member of the UN Global Compact**, Zentiva adheres to its principles and actively contributes to achieving the 17

¹ [The Principles - PSCI \(pscinitiative.org\)](https://pscinitiative.org/)

Sustainable Development Goals (SDGs). We identify ourselves as a socially aware and responsible business, continuously striving to align our operations and initiatives with these global objectives.

As an **Associate Member of Pharmaceutical Supply Chain Initiative (PSCI)**, Zentiva is committed to the PSCI Principles and their standard for Human Rights, Ethics, Labor, Health and Safety, Environment and related Management Systems.

Zentiva Sustainability Strategy

Zentiva's Sustainability strategy is framed around three pillars: People, Partners and Planet and follows the principles of ESG (Environmental, Social, Governance). Our Sustainability commitments are summarized in our corporate policies and published on the Zentiva website. Our corporate policies may be supplemented by local policies as needed.

Zentiva Sustainability Priorities

People: We are building Zentiva as a great place to work where authenticity is embraced. We take care of our people, their loved ones, and the people we serve. Through transparent communication and a united approach, we create value as ONE team. We take our role as a Corporate Citizen with great responsibility.

Partners: We endeavor to establish and maintain trustworthy partnerships across our value chain, working with partners who share our values and sense of responsibility. We actively encourage our partners to engage in dialogue, sharing experiences, exchanging expectations, and collaborating hand in hand towards a more sustainable business.

Planet: We are dedicated to fostering a greener planet, pledging to achieve carbon neutrality for Scope 1 and 2 by 2030 and further reduce Scope 3 emissions. This commitment entails implementing a comprehensive climate strategy aimed at reducing carbon emissions, sourcing renewable energy, optimizing water and energy consumption, and investing in circular economy practices to minimize waste. Additionally, we contribute to the planet's health through tree planting initiative and biodiversity restoration efforts.

Complementarity with other Key Zentiva Policies

Our policies are designed to meet high standards and are continuously updated to stay aligned with the latest industry practices and regulatory requirements. All our policies are readily accessible online, ensuring transparency and ease of access for all stakeholders.

The Responsible Sourcing Policy complements and reinforces our broader commitments outlined in other key Zentiva policies. It integrates seamlessly with our approach to ethics, health and safety, product quality, and environmental stewardship, enhancing our overall corporate responsibility framework. The following points illustrates how our program aligns with and supports these critical areas:

Ethics and Human Rights: We conduct business with integrity and respect for human rights, promoting health, safety, and fairness across the organization and throughout our value chain. We uphold respectful relationships with our partners and customers and strictly adhere to Anti-Bribery and Anti-Corruption practices. We ensure that our activities do not violate human rights in any country, directly or indirectly, we do not tolerate any human right violations in our operations or the ones of our partners. Additionally, we champion Diversity, Equity, Inclusion, and Belonging.

Supplier Code of Conduct: At Zentiva, we hold our suppliers to the highest ethical standards through our comprehensive supplier code of conduct. This code outlines our expectations regarding human rights, labour practices, environmental stewardship, and business integrity. By adhering to this code, our suppliers play a vital role in upholding our commitment to social responsibility and ensuring that our products are sourced responsibly and sustainably.

Due Diligence Policy: Zentiva conducts rigorous assessments and investigations to evaluate potential risks and opportunities before engaging in any business activities. By implementing robust due diligence practices, we prioritize compliance, risk mitigation, and ethical considerations, ensuring the safety and well-being of patients, employees, and stakeholders throughout our operation.

Health and Safety: We prioritize the wellbeing of our employees and the workforce throughout our value chain. Our Health, Safety, and Environment (HSE) initiatives are led by a dedicated team of professionals who collaborate closely with all parts of our organization.

Product Quality and Patient Safety: The health and safety of the patients who use our medicines are our utmost priority. Ensuring the safety and efficacy of our products is a collective responsibility, overseen by our Quality team and monitored by our Pharmacovigilance and Medical teams. Our commitments are outlined in our Corporate Quality Policy.

Environment: Zentiva is committed to mitigating risks associated with environmental damage, pollution, and health hazards. Corporate projects focus on renewable energy, efficiency programs for energy, electricity, water and waste and the investment into Biodiversity by taking care of our Bees and planting trees.

Whistleblower / Speak Up: Zentiva encourages everyone to report any concerns they may have regarding compliance with all laws applicable to Zentiva, our Code of Ethics, Zentiva internal rules and/or ethical principles. At Zentiva, we believe that a qualified investigation and response to such reports helps us to prevent and ensure a proper reaction to such unlawful activities. Zentiva has a zero-tolerance policy with respect to any form of retaliation against any good-faith reporting.

Related Zentiva Policies and Documents

- Business Ethics Commitment / Code of Ethics
- Human Rights & Anti-Modern Slavery
- Diversity, Equity, Inclusion & Belonging (DEIB)
- Suppliers Code of Conduct
- Due Diligence Policy
- Health, Safety & Environment (HSE) Policy
- Quality Policy
- Environmental Policy
- Biodiversity & De/Reforestation
- Whistleblower / Speak up.

Governance of Responsible Sourcing within Zentiva

Role	Responsibility
Head of Product Supply	Is accountable for Sustainable Procurement and the implementation of related policies
Head of Sourcing and Growth Strategy	Is responsible for adhering to the principles of Sustainable Procurement and the implementation of the Responsible Sourcing in daily operations
Head of Risk & Internal Control	Sets the governance and review the implementation on a regular base
Ethical Compliance Officer	Owens the ethical compliance processes and policies
Third Party Risk-Management	Reviews partners on a regular basis, conducts due diligence assessments, identifies potential risks, and leads mitigation plans
Sustainability Steering Committee (SSC)	The Sustainability Steering Committee reviews and approves target setting, programs and policies related to Sustainable Procurement and track progress
Direct/Indirect Procurement/Category Managers	Responsible for the relations with suppliers and partners and the adherence to the policies

Policy Implementation

Supplier Assessment and On-boarding

All prospective suppliers will be assessed commercially and in terms of supplier risk, initially through self-audit. Before a new supplier can be added to Zentiva's approved supplier list, a questionnaire-based audit is conducted to confirm that they meet the standards expected of a Zentiva supplier. The requirements of the supplier are included in the contracts which stipulate the ongoing business relationship between Zentiva and our supply partners.

The supplier will need to confirm they comply with Zentiva's Supplier Code of Conduct and the Code of Ethics, Zentiva's Anti-Bribery and Corruption commitments, Zentiva's Human Rights and Anti-Modern Slavery commitments, HSE policies, PSCI Principles and applicable European supply chain legislation.

EU Deforestation Regulation (EUDR)

Suppliers will need to comply with EUDR legislation for products in the soy, cattle, oil palm, wood, cocoa, coffee and natural rubber (and any materials or products included at a later stage) supply chains. Zentiva will initiate a first scan to determine the presence of EUDR-relevant suppliers in its supply base before ensuring that steps are taken to ensure compliance.

Corporate Sustainability Due Diligence Directive (CSDDD)

In line with CSDDD, Zentiva will scan all new suppliers for Environmental and Human Rights compliance. CSDDD progress will be listed in annual reporting as per the Corporate Sustainability Reporting Directive.

As an **Associate Member of Pharmaceutical Supply Chain Initiative (PSCI)**, Zentiva uses the PSCI questionnaire to verify the adherence of suppliers to the PSCI Principles and Audit Framework (add reference to PSCI Audit Framework).

Supplier Risk Management

Suppliers are monitored for compliance with applicable regulation and alignment to Zentiva's policies and commitments. Of particular relevance are Health, Safety and the environment, Human Rights including Working Conditions, Anti-modern Slavery, Code of Ethics and Compliance and Anti-Bribery and Corruption.

A rolling, risk-based assessment is conducted of our supplier base, supported by desk-based audits and in-person audits. The audit results are reviewed by the Zentiva Ethical Compliance Committee and any issues identified aim to be resolved through a corrective course of action. In the event of a supplier demonstrating a critical failure of compliance with Zentiva's policies or applicable regulation– Zentiva will inform appropriate authorities, seek legal and financial recourse, and cease to do business with the supplier. Where an issue is of a non-critical nature then a time-based improvement plan may be agreed upon.

All existing suppliers will undergo regular audits to verify and maintain their compliance with CSDDD. Zentiva will ensure a course of action and correction which will be outlined in the supplier contracts. Physical audits of supplier sites and operations will be undertaken as per the PSCI membership requirements and Audit Framework.

Suppliers will be phased out or disqualified where supplier behavior and operational practices fall short of Zentiva's expectations.

Where activities fall outside Zentiva's direct control our Procurement teams, the External Supply Operations and Legal & Compliance teams collaborate to ensure the Responsible Sourcing of purchased goods and services.

General Supplier Expectations

As a supplier to Zentiva, we expect the following commitments and actions:

- **Agree and Comply:** Agree with and adhere to Zentiva's Supplier Code of Conduct and related policies
- **Documentation of Compliance:** Provide documentation as needed or upon request by

Zentiva to demonstrate compliance with the Supplier Code of Conduct

- **Prompt Notification:** Notify Zentiva immediately of any identified gaps in compliance with the Supplier Code of Conduct
- **Audit Permissions:** Permit Zentiva or an authorized representative to conduct necessary audits of facilities, systems, and documents related to the Supplier Code of Conduct, PSCI Audit Framework and associated policies.
- **Third-Party-Compliance:** Ensure that third parties with whom suppliers work also adhere to their own Supplier Code of Conduct and Human Rights compliance with international standards
- **Compliance with Laws and Regulations:** Abide by all applicable laws, rules, regulations, standards, sanctions, and Zentiva requirements covered within the Supplier Code of Conduct

Sustainability-Related Expected Commitments from Suppliers

All Suppliers are expected to comply with the following Zentiva principles:

Respect Good Labor Principles

We conduct our business responsibly, upholding the highest ethical standards, including respect for human rights across our operations and supply network. Suppliers are required to comply with international human rights treaties and national laws where applicable and monitor compliance from their suppliers and third-party workers. Specifically, adherence to the fundamental conventions of the International Labour Organization (ILO) is essential for Zentiva. These conventions encompass the following key aspects:

1. Ensure living wages are at or above local legislative levels, or industry benchmark where legislation does not exist.
2. Prohibit the use of child labor under any circumstances.
3. Offer regular employment in accordance with national laws.
4. Respect employees' freedom of choice to work and leave after an agreed notice period. No employee shall be forced to work or be employed illegally.
5. Adhere to working hours prescribed by local legislation.
6. Permit employees to join collective bargaining activities as supported by local legislation.
7. Provide safe and hygienic working conditions that meet legislative requirements and consider the long-term health of employees, their partners and communities.
8. Prohibit discrimination in any business practices and adhere to Zentiva's [Position on Diversity, Equity, Inclusion and Belonging](#)².
9. Adhere to the United Nations declaration of Human Rights and comply with Zentiva's policy on Human Rights and Anti-Modern Slavery and Zentiva's policy on Diversity, Equity, Inclusion and Belonging.
10. Do not tolerate abusive or threatening behavior towards employees.

² [Position on Diversity, Equity, Inclusion and Belonging](#)

Maintain High Ethical Standards

Zentiva is committed to fostering an ethical culture that upholds the highest standards of responsibility and business integrity. When selecting suppliers or service providers, Zentiva seeks more than just a source of goods or services. We aim to cultivate relationships based on trust with business partners who not only understand but also share our values and ethical principles. We expect our suppliers to:

1. Prohibit involvement in corrupt business practices, including money laundering, bribery, embezzlement and extortion in line with Zentiva's Anti-Bribery and Anti-Corruption Policy.
2. Prohibit the offering or acceptance of bribes or engagement in any illegal inducements in business or government relationships, whether done directly or through third parties or intermediaries.
3. Undergo a risk-based Due Diligence process aimed at assessing any potential exposure to corruption or other illicit practices as per Zentiva's standard.
4. Report any concerns or incident concerning or potentially concerning Zentiva via our Speak up Channels
5. Adhere to all principles and requirements from our Suppliers Code of Conduct

Reduce Environmental Impact

As we face an increasing number of environmental challenges, Zentiva recognizes our responsibility to reduce our impact on the planet, both within our own operations and across our supply chain. Suppliers are expected to operate in an environmentally responsible manner, aligning with Zentiva's relevant policies.

Suppliers are encouraged to prioritize environmental conservation by minimizing adverse impacts, conserving natural resources, avoiding hazardous materials, and adopting practices that emphasize reduction, reuse, and recycling.

1. Comply with applicable environmental authorizations, legislation, permits and licenses and work towards reducing the environmental impact of activities.
2. Ensure transparency and disclosure of ESG (Environmental, Social, and Governance) and environment-related data and goals through publication of a report in a yearly basis following internally recognized standards (GRI, SASB, ERSR, ISS).
3. Adopt targets in line with Zentiva's HSE (Health, Safety, Environment) policy.
4. Support Zentiva's Carbon Roadmap 2030 goals, which include reducing Scope 1 and 2 greenhouse (GHG) emissions and improving transparency of Scope 3 GHG emissions..
5. Provide product and Zentiva specific information on GHG and other environmental aspects including water and waste
6. Maintain robust systems to ensure the safe handling, movement, storage, recycling, reuse, or management of waste, air emissions, and wastewater discharges. Any waste, wastewater, or emissions that could pose risks to human or environmental health must

be managed, controlled, and treated effectively before being released into the environment.

7. Manage active pharmaceutical ingredient (API) and drug substance manufacturing effluents during the production avoiding any water quality impacts on the receiving aquatic environment. The API load to surface water (predicted environmental concentration, PEC) should not exceed the concerned to the predicted no effect concentration (PNEC) value
8. Take measures to improve efficiency and conserve natural resources such as reducing water consumption in areas of water stress or scarcity and considering biodiversity
9. Ensure water is used responsibly throughout the entire operations and aim to minimize any water quality impacts on the receiving aquatic environment as per local regulation.
10. Ensure compliance with REACH (Registration, Evaluation and Authorisation of Chemicals) and aim to eliminate the use or generation of harmful substances and substances of concern and very high concern³.

Policy Communication

Integrating internal and external communication strategies into the policy ensures that our program remains visible, accessible, and impactful, fostering a strong sense of purpose and link to the core values of the company.

Internally, this Policy is made available on the intranet site and made available to all employees. Key relevant employees directly responsible for implementing the Policy such as those in the Procurement function are made aware of any version changes and undergo regular trainings to reinforce capacity for Responsible Sourcing.

Externally, the Policy is communicated to all stakeholders by being publicly accessible on the website with a clear link to the PSCI membership status and the PSCI Principles. Suppliers are made aware of Zentiva's Responsible Sourcing Policy and Supplier Code of Conduct regularly through business interactions and at the moment of contract signings.



Andrey Zaikin
Head of Sourcing & Growth Strategy

³ As defined in the European Chemical Agency list: the [Substances of very high concern identification - ECHA \(europa.eu\)](https://echa.europa.eu)