

Supply Chain Transparency

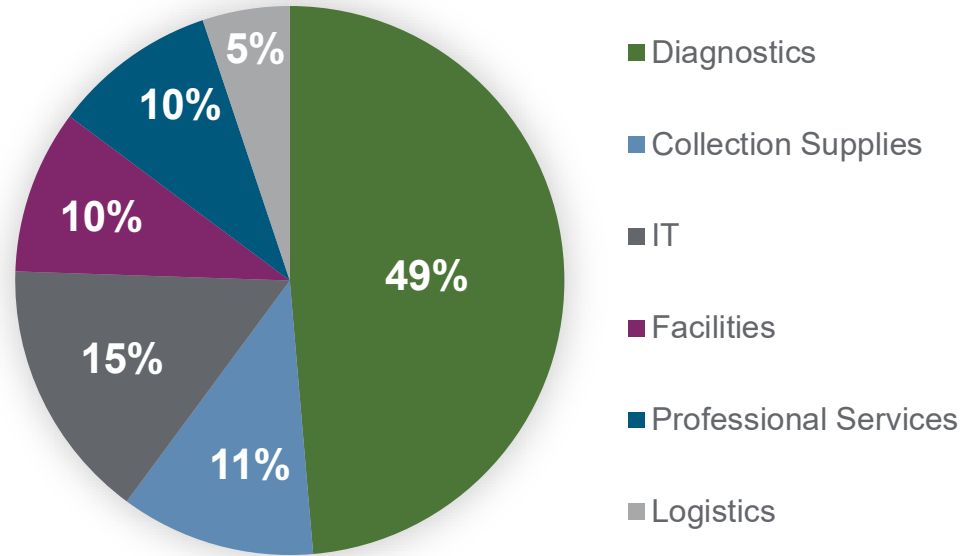
Endorsed by:

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Vice President and Chief
Procurement Officer



Quest Diagnostics supply chain represents \$3.7B in economic activity globally



74%
of the spend (\$2.8B)
is with 331 core
suppliers

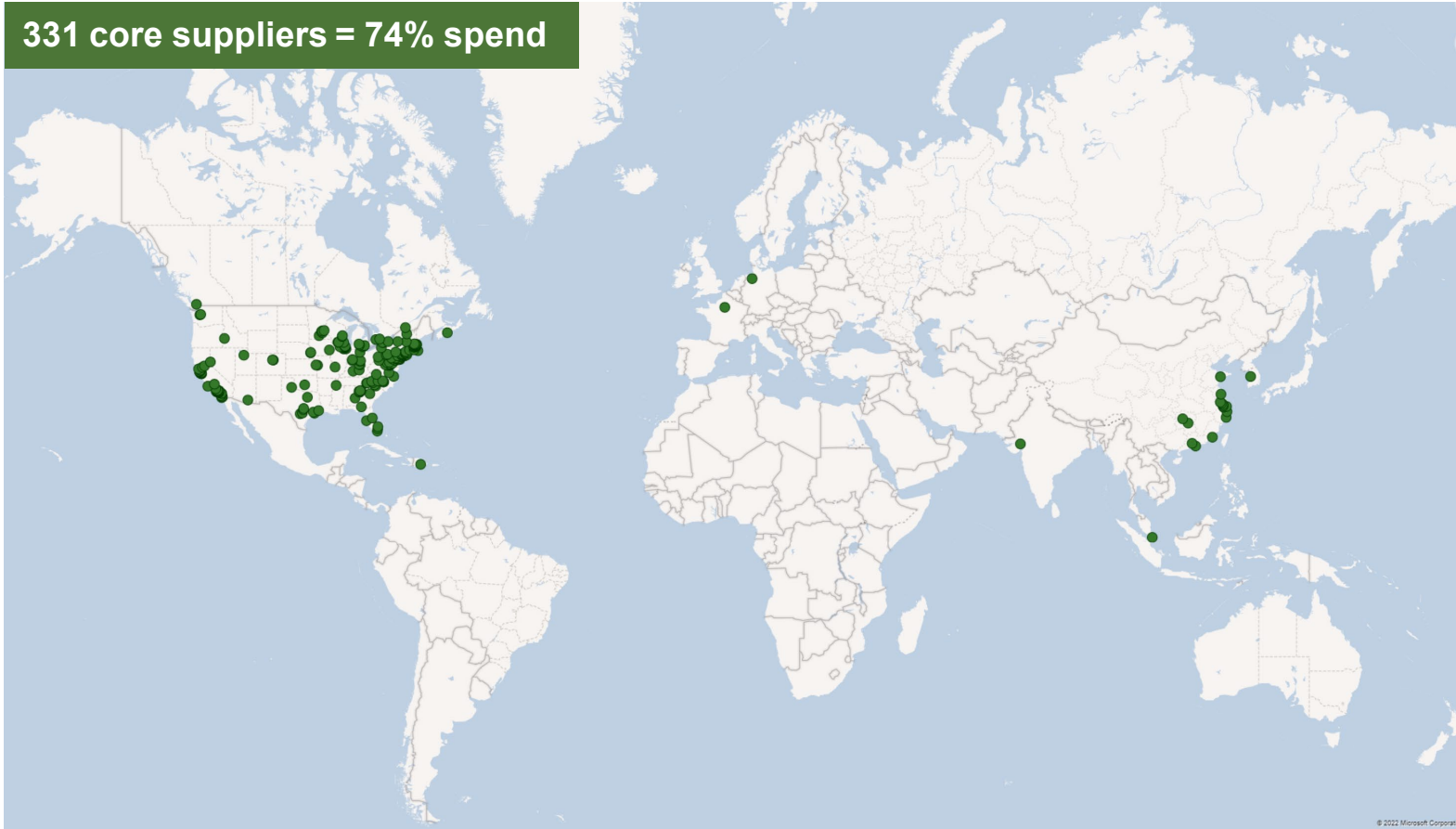
The largest proportion of our spend is with large, well-known, FDA-regulated suppliers in life sciences and in vitro diagnostics (IVD) manufacturing with US presence and global manufacturing footprints.

Core suppliers are identified based on product or service criticality, type, and inherent risk, such as:

- Test-specific products
- Inherent-risk regions
- FDA-regulated products or services
- Distribution services
- Environment, health, and safety (EHS) product
- Sole-sourced product
- Pre-analytical products
- Analytical instrument maintenance, calibration
- Diagnostic information

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331 core suppliers = 74% spend



Quest core supplier criticality risk tiers

Tier 1	Regulatory critical	7%
Tier 2	Patient/test/operations critical	61%
Tier 3	Business critical	32%

Quest manages the supply chain using a risk-based methodology

Our values drive an ethical, responsible supply chain

We are a “center-led” supply chain organization with processes that start with the [Quest Code of Ethics](#) and the [Supplier Code of Conduct](#).

The Supplier Code of Conduct expresses the following expectations for our suppliers and sub-suppliers when doing business with Quest:

- Compliance with the Supplier Code of Conduct
- Operate under clear written practices and ethics
- Strict legal and ethical compliance
- EHS policies that promote safety
- Department of Labor–compliant labor practices, including human rights policies
- Protection of data and intellectual property
- Reporting questionable behavior



Over 95% of contracted supplier spending is governed by the Quest Code of Ethics and Supplier Code of Conduct



Our values drive an ethical, responsible supply chain

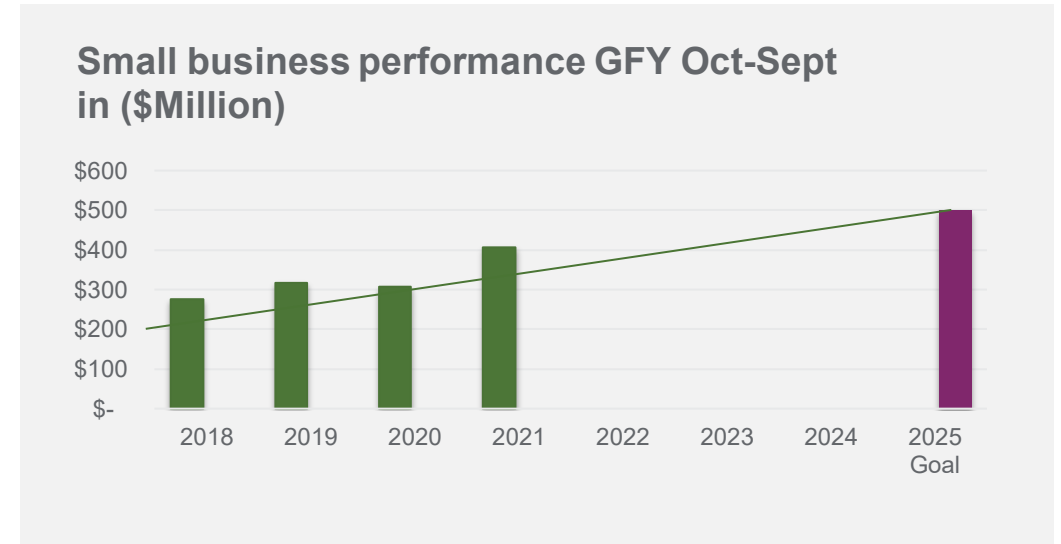
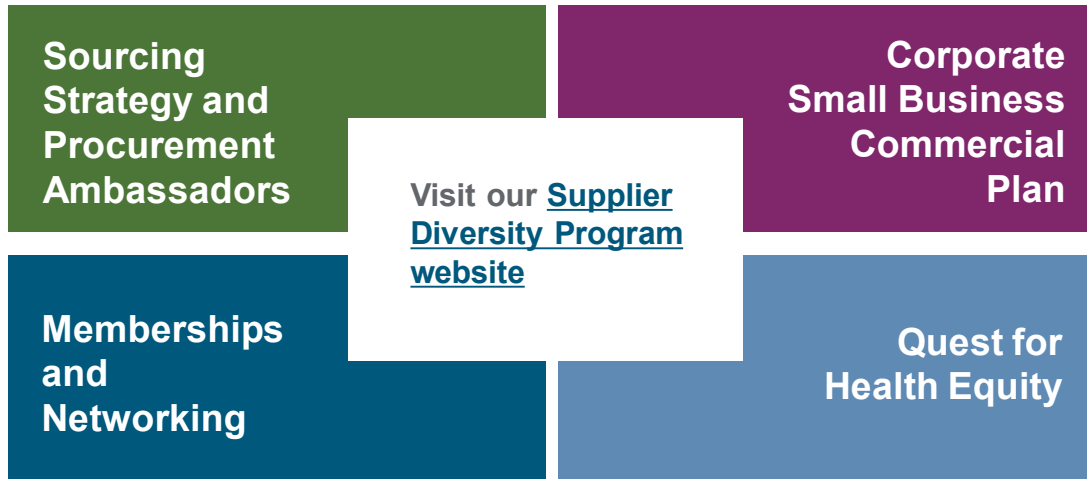
Delivering on our vision through strategic focus areas



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

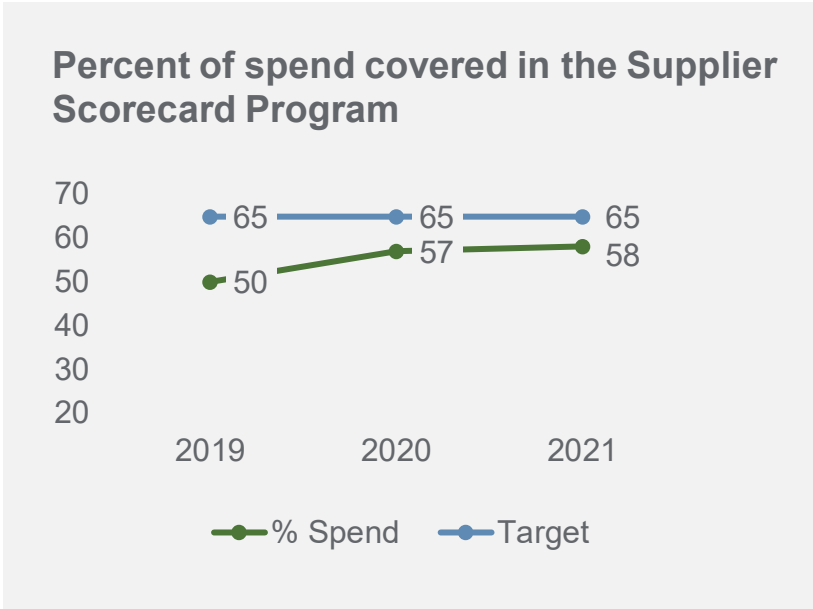
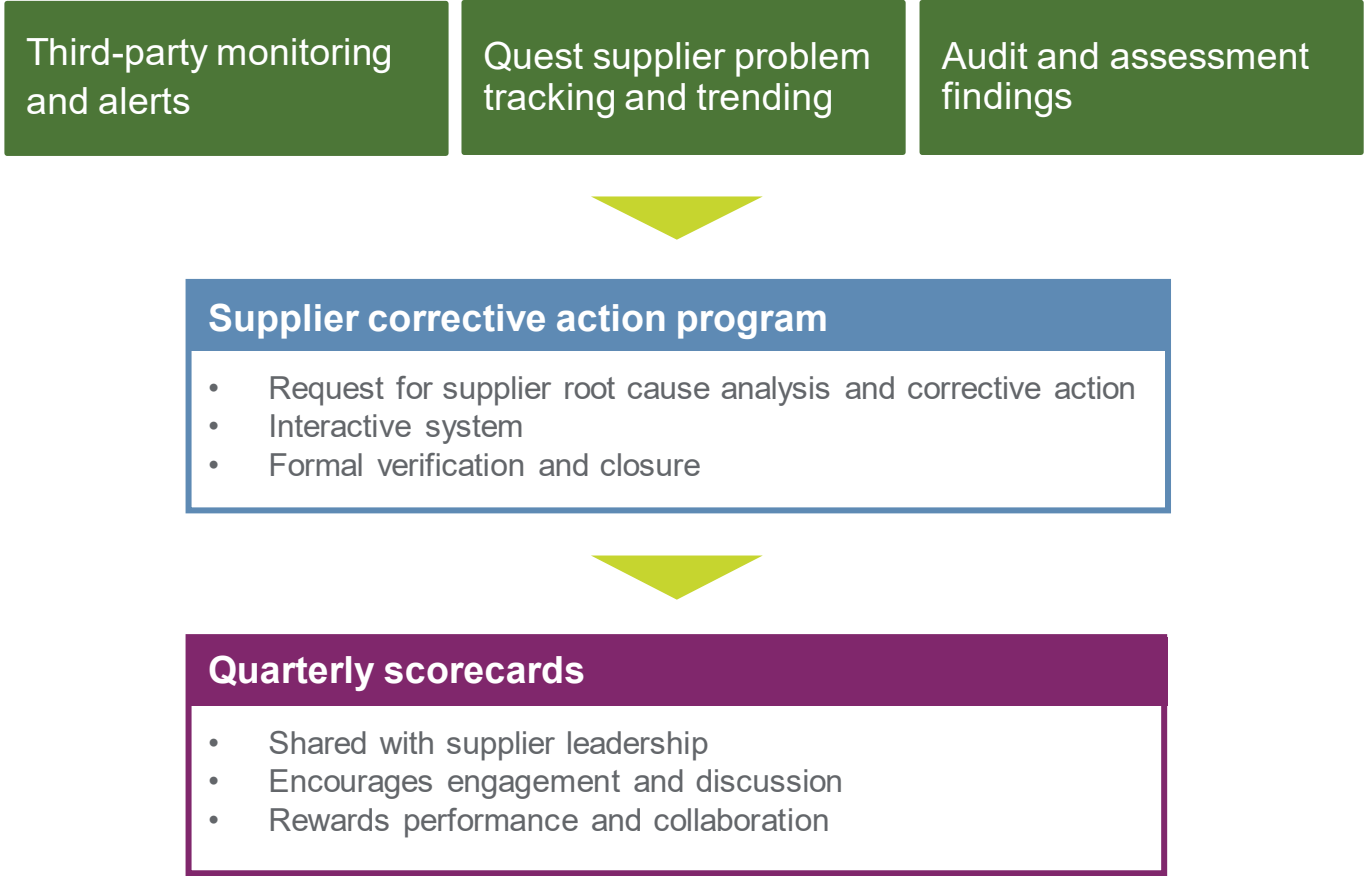
Quest initiatives to promote supplier diversity:

- 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 member of the National LGBT Chamber of Commerce (NGLCC)
- Corporate Advisory Council



- 2021 performance was 14% of spend, up from 12.4% the prior year
- **2025 goal:** >\$500M
- **New Goal:** Develop small and diverse businesses to support [Quest for Health Equity](#) program

Quest actively monitors the supply chain—proactively, collaboratively managing improvements



Transparency and collaboration are key to how we manage the supply chain

Onboarding and assessments

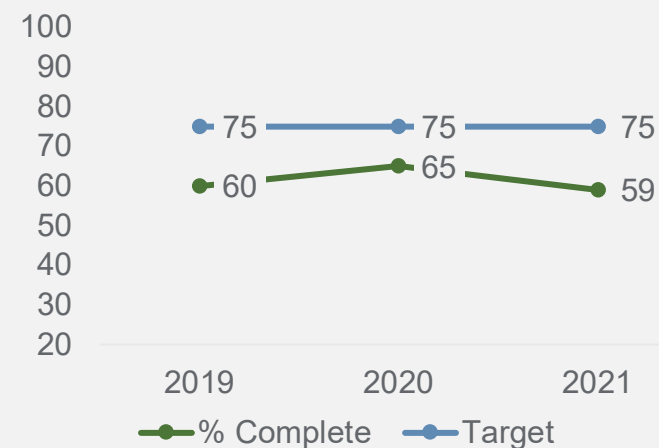
- Risk prioritized in due diligence and quality assessments
- Core supplier quality assessments 3-year refresh cadence



Technical resources

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

Percent of spend with completed Supplier Self-Assessments



Monitoring and improvement

- Supplier root cause analysis and permanent corrective action program to monitor supplier nonconformances
- Supplier stability monitoring 24/7 covers all core suppliers
- Interactive Scorecard Key Performance Indicator (KPI) program with operationally critical suppliers
- Executive-level oversight and reporting

Quest works with suppliers to improve our environmental impact

Sourcing decisions weigh environmental impacts and innovations, such as waste reduction, greenhouse gas emissions, consumption reduction in lab operations, de-trashing packaging solutions, and transportation route optimization programs



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



Quest works with our suppliers regularly on a variety of joint continuous-improvement initiatives. Some recent projects have resulted in emissions and packaging waste reductions



Working with an IVD supplier to consolidate multiple small shipments into a single weekly dedicated shipment, reducing emissions and product over-pack



Redesigned replenishment system for high-volume microbiology products that eliminates product packaging and utilizes a returnable cart solution for deliveries



Quest has an in-progress initiative to enhance the tracking and reporting of our supply base ESG risk and maturity.

We expect to deploy our enhanced solution in 2022 as our next step in improving the social and environmental impact of our supply chain.