

Supply Chain Transparency

Presented by:

Thomas A. Plungis, Vice President and Chief Procurement Officer

December 2021



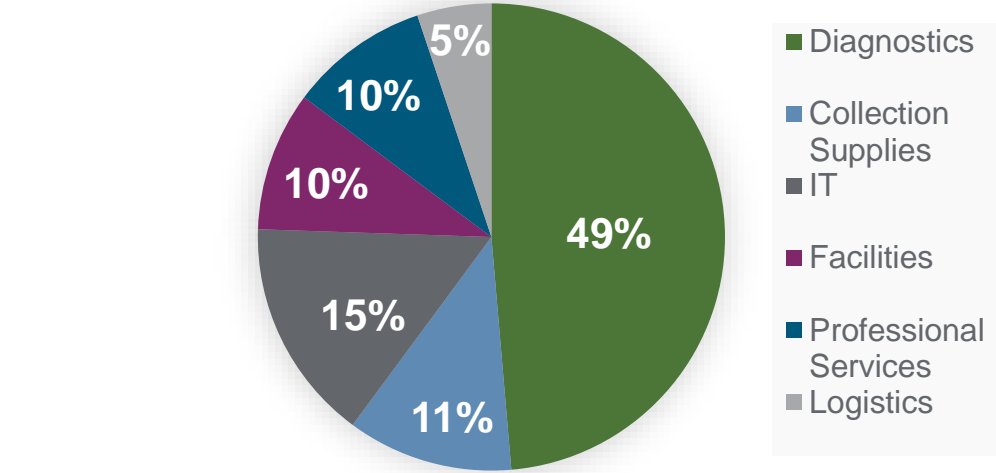
Quest Diagnostics' supply chain represents \$3.2B of economic activity globally



80%
of the spend
(\$2.6M) is
with 331 core
suppliers

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

Quest Core Supplier criticality risk tiers		
Tier 1	Regulatory Critical	3%
Tier 2	Patient/Test/Operations Critical	75%
Tier 3	Business Critical	22%



Quest manages the supply chain using a risk-based methodology

Our values drive an ethical and responsible supply chain

We are a “center-led” supply chain organization with strong governance practices. Our supply chain processes start with the Quest Code of Ethics and the Supplier Code of Conduct:

[Supplier Code of Conduct | Quest Diagnostics](#)
[Quest Code of Ethics | Quest Diagnostics](#)

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

- Compliance with the Supplier Code of Conduct
- Business practices and ethics
- Legal and regulatory compliance
- Environmental, health, and safety
- Labor practices and human rights
- Protection of data and intellectual property
- Reporting questionable behavior



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

- Quest's sourcing policy requires consideration of small and diverse businesses
- Supplier diversity ambassadors on each procurement portfolio team
- National member of the NMSDC
- Corporate member of the NGLCC Corporate Advisory Council

**Sourcing
Strategy and
Procurement
Ambassadors**

**Corporate
Small Business
Commercial
Plan**

Visit our Supplier
Diversity Program
website:
[Supplier diversity |
Quest Diagnostics](#)

**Memberships
and
Networking**

**Quest for
Health Equity**

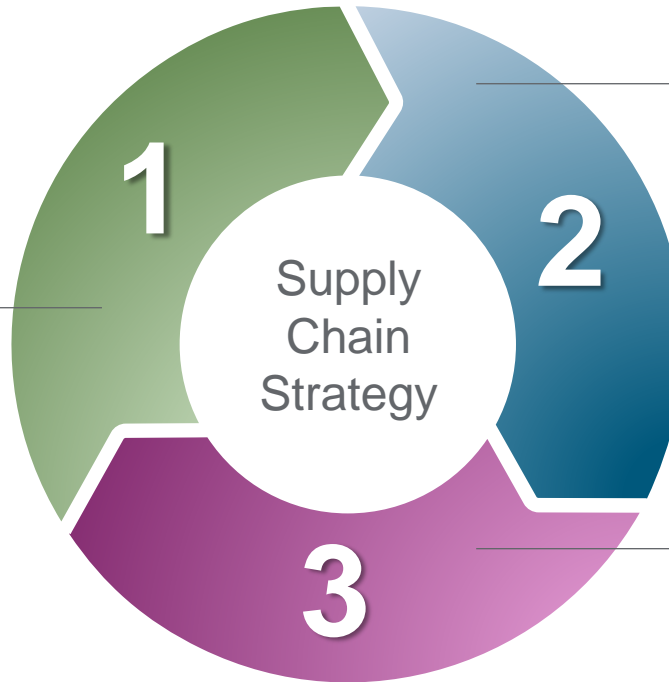
- 2021 performance was 14% of spend, up from 12.4% the prior year
- **2022 goal: >\$500M**

New Goal:

Develop small and diverse businesses to support Quest for Health Equity program
[Home - Quest for Health Equity](#)



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 required every 3 years
- Completion rate is a KPI
2021 rate: 80%
2022 goal: 90%

Technical resources

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

Monitoring and improvement

- Supplier root cause analysis and permanent corrective action program
- Supplier stability monitoring 24/7 covers all core suppliers
- Scorecard KPI program with 200 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 content:

[Sustainability | Quest Diagnostics](#)

- 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 eliminate product packaging and utilize a returnable cart solution for deliveries



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

Thank you!