

Avantor's supplier assurance practices in Asia



AVANTOR'S SUPPLIER ASSURANCE PRACTICES IN ASIA

OUR ASSURANCE TEAM

Avantor recognises the importance of developing best in class supplier practices in Asia. Avantor has created a 12-person Supplier Assurance team dedicated to ensuring suppliers' standards are exceeded. Three Assurance Managers are based in India and Malaysia and three in China. An additional six Quality Inspectors are based in China to manage on-site inspection for high volume apparel. All team members are trained to carry out Assurance audits and three of our Assurance Managers are ASQ-certified. The supplier assurance process has been set up so that the ASQ-certified Assurance Managers always validate, score and sign off all supplier assurance audits. All our ASQ certified Assurance Managers obtain recertification every 3 years.

AVANTOR STRIVES TO HAVE THE BEST IN-HOUSE SUPPLIER ASSURANCE TEAM.

"The President of the company was thoroughly impressed with the way the audit was handled as well as the respect that was shown to everyone there from our team. In her 30+ years she has never seen a company come in and be so thorough in their findings and show a desire to help a company the way Avantor did. Most suppliers walk around with a clipboard, checking off boxes and pick apart their processes in a selfish manner."

Safety solutions supplier's verbal feedback

ASSURANCE PROCESS

At the start of each year a Supplier Assurance schedule is created for our Asian supplier base. Assurance Managers are assigned to suppliers, ensuring that any Assurance Manager that has regular contact with a supplier, is not responsible for their assurance audit. Suppliers are split into two groups based on a spend threshold determined by a combination of the prior year's spend and future spend predictions: level 1 (>\$150k) and level 2 (<\$150k).

Level 1 suppliers have an annual on-site audit (during Covid-19, a video audit) and a minimum of three random process audits.

Level 2 suppliers have a minimum of three random process audits.



On-site audit at apparel factory

Annual on-site audits are carried out by one of our Assurance Managers (henceforth "auditor"). Our Auditor travels to the supplier's site to conduct a detailed audit covering the supplier's entire site, practices and people. Our Auditor follows the ASQ Certified Quality Auditor Book of Knowledge guidelines as well as those developed by Avantor. The Auditor is required to complete a detailed audit form, which includes photographic evidence of the site as well as documented interviews with workers to verify findings. The audit form is then locked and sent to our ASQ-certified Assurance Manager to validate, score and sign off. A PDF of the Supplier Assurance scorecard, results and remedial actions is shared with the supplier. Where the supplier has significant findings and remedial actions, the auditor will set up regular meetings to ensure these are resolved as per agreement.

Chapter	Description	Chapter Weightage	Audit Score	Compliance to Chapter
1.0	Certification	6.0%	6.0%	100.0%
2.1	Current Production Capacity	6.0%	5.2%	86.0%
2.2	Production Capacity Planning	6.0%	5.6%	93.0%
3.1	Quality System Management & Quality Information	7.0%	6.3%	90.0%
3.2	Product Realization	8.0%	7.7%	96.0%
3.3	Production Process Control	9.0%	7.1%	79.0%
3.4	Statistical Process Control	2.0%	1.6%	79.0%
3.5	Material, Procurement, Sub - Contractors Management	9.0%	8.8%	98.0%
3.6	Calibration	5.0%	4.0%	80.0%
3.7	Documentation	5.0%	4.3%	86.0%
3.8	Final Acceptance and Continuous Improvement	7.0%	6.4%	91.0%
4.0	Customer Service and Customer Related Process	8.0%	6.6%	82.0%
5.0	Human Resource	3.0%	2.7%	89.0%
6.0	Delivery	7.0%	4.9%	70.0%
7.0	House cleaning, Pest Control & Safety	7.0%	6.0%	85.0%
8.0	Sustainability - Due Diligence	5.0%	4.5%	89.2%
Weighted Average Audit Score			87.40%	

Example of Supplier's Assurance scorecard:

Our comprehensive on-site audits include evaluation of key social and labor conditions elements, such as:

- Employment conditions
- Wages
- Working hours
- Working conditions, health and safety
- Personal protective equipment (PPE)
- Employment relations

Random process audits are carried out by any one of our Assurance Managers. These involve carrying out a minimum of three random desktop reviews of the supplier's documents and processes throughout the year. The areas which are reviewed:

- Quality
- Labelling
- Packaging
- Documentation

Any findings are dealt with as part of Avantor's business as usual Corrective and Preventative Action (CAPA) process. Significant findings, if deemed necessary by the Assurance Manager, may mean the supplier is moved to Avantor's level 1 assurance process.

Annual video audits were developed in response to Covid-19. These audits have been extremely successful and have not reduced supplier oversight. The auditor is guided through the site by a live video stream and can direct the camera operator to any part of the site. The camera operator can be stopped at any time to ensure the Auditor can take photographic evidence. Worker interviews are carried out via live video stream and need

to demonstrate that they are alone in the room to ensure they are not under duress. The same process is followed as an on-site audit.

CONTINUOUS IMPROVEMENT REVIEWS

To ensure our Supplier Assurance process continues to evolve and include new best practices, the Supplier Assurance team meet every quarter to carry out an after-action-review of the Assurance process. Assurance managers provide examples of innovative, good and not so good practice examples found in Assurance audits. They discuss how best to change Avantor's processes to promote better practices in the future.

PACKAGING EFFICIENCY ASSURANCE

In addition to managing the supplier assurance process, the Assurance team also provides packaging efficiency assurance for all new products which come on-board. The aim of this activity is to ensure that all secondary and tertiary packaging is designed right first time. This ensures that any shipments from Asia are as efficient as possible, reducing cost, greenhouse gas emissions and resource utilisation.



Video audit at glove factory

PACKAGING EFFICIENCY EXAMPLES

Avantor aims to reduce the amount of packaging materials used and ensure that products are packed efficiently to reduce air pockets and potential movement in transit.



Improved packaging led to a reduction of seven containers per year

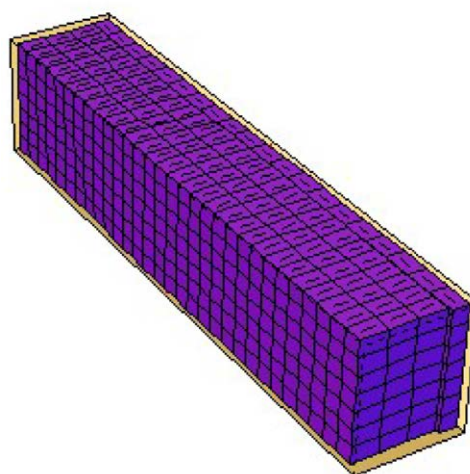


Improved packaging led to a 42% increase in the number boxes which could be stored on a pallet



CONTAINER PACKING EFFICIENCY

Avantor aims to reduce the amount of air space in shipping containers and will review packaging design to ensure this has been optimised before the product is brought on-line.



Container modelling is carried out to inform packaging requirements and ensure maximum volume capacity

Note: these examples cover our Asian operation and do not include Avantor's repacking practices in other regions.