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HSEP-952

Supplier Engagement Policy

Commitment statement

Jones Healthcare Group is committed to addressing climate change through responsible environmental stewardship and collaborative action across our value chain. Recognizing that a significant portion of greenhouse gas emission occurs within our supply chain, we are actively engaging suppliers to measure, manage, and reduce emissions in alignment with climate science.

1.0 PURPOSE

This policy establishes our approach to engaging suppliers in reducing greenhouse gas emissions and supporting the transition to a low-carbon economy.

Our organization has established greenhouse gas reduction targets that have been validated by the Science Based Targets initiative (SBTi) and align with the goals of the Paris Agreement.

Jones Healthcare Group commits to reduce absolute scope 1 and 2 GHG emissions by 43.26% by 2030 from the base year 2023. Jones Healthcare Group also commits to reduce absolute scope 3 GHG emissions from upstream transportation and distribution, waste generated in operations and downstream transportation and distribution 25.0% within the same timeframe. Jones Healthcare Group further commits that 72.0% of its suppliers, by emissions covering purchased goods and services, will have science-based targets by 2030.

1.1 Definitions and Thresholds

- **Strategic suppliers** (top 80% of spend or contribution to Scope 3)
- **High-impact suppliers** (top 70–80% of emissions)
- **SBTi-aligned** vs. **SBTi-validated**

SBTi- Aligned Target

An **SBTi-aligned target** refers to a company stating publicly that it intends to set a science-based target that meets SBTi's criteria, *but the target has not yet been reviewed or approved* by the SBTi.

This is essentially an **intent or commitment stage**, not an approved target.

Authoritative support:

- SBTi describes a *"committed"* target as **a public declaration that a company intends to set a science-based target, typically within 24 months**.
- Companies submit a letter of commitment, then have two years to develop and submit the target for validation. **In practice:**
  "SBTi-aligned" means a supplier has **committed** to developing a target following SBTi science and criteria but **has not yet been officially approved** by SBTi.

SBTi-Validated Target

Definition:
An **SBTi-validated target** is one that has been **formally reviewed and approved by the SBTi's expert validation team**, confirming that the company's emissions reduction targets meet SBTi's criteria and are aligned with 1.5°C pathways.

Authoritative support:

- A *validated* target means **"SBTi experts have officially confirmed that the target meets the 1.5°C-aligned criteria."**
- Validation is performed through SBTi Services, which checks the company's GHG inventory, target-setting methodology, and alignment with SBTi's standards.
- Only validated targets are recognized as **official science-based targets**.

In practice:
"SBTi-validated" means the supplier has **completed measurement, modeling, documentation, and passed SBTi's formal third-party review**.

- **Emission boundary expectations** (Scope 3 categories relevant to Jones Healthcare Group)

1.2 Mandatory for Tier 1 strategic/high-impact suppliers

- Annual emission disclosure (Scope 1 & 2; relevant Scope 3)
- Emission reporting via approved formats (CDP, EcoVadis, GHG Protocol template)
- Target-setting within 24–36 months
- Participation in supplier climate surveys

Encouraged for all others

- Renewable energy transition
- SBTi validation
- Joint emission reduction projects

2.0 SCOPE

This policy applies to:

- All direct (Tier 1) suppliers
- Strategic suppliers
- High-emissions suppliers
- Suppliers of goods, services, and raw materials that contribute significantly to our Scope 3 greenhouse gas emissions

This policy is applicable globally to all suppliers conducting business Jones Healthcare Group.

3.0 PRINCIPLES

Our supplier climate engagement program is based on the following principles:

- **Transparency**

  Suppliers should measure and disclose their greenhouse gas emissions and climate-related risks.

- **Alignment**

Suppliers are encouraged to align their climate strategies with internationally recognized frameworks such as the Science Based Targets initiative.

- **Continuous Improvement**

  Suppliers are expected to continually improve environmental performance and implement initiatives to reduce emissions.

- **Collaboration**

  We aim to work collaboratively with suppliers to identify opportunities for emissions reduction and sustainable innovation.

4.0 SUPPLIER EXPECTATIONS

We expect suppliers to take the following actions to support climate mitigation efforts:

4.1 Measure Emissions

Suppliers are expected to measure and track greenhouse gas emissions in accordance with the Greenhouse Gas Protocol, including:

- Scope 1 emissions
- Scope 2 emissions
- Relevant Scope 3 emissions where applicable

4.2 Set Climate Targets

Strategic and high-impact suppliers are encouraged to establish greenhouse gas reduction targets that align with climate science.

Where possible, suppliers should commit to targets validated by the Science Based Targets initiative (SBTi).

4.3 Implement Reduction Initiatives

Suppliers should implement actions that reduce greenhouse gas emissions, such as:

- Energy efficiency improvements
- Transition to renewable energy
- Process optimization
- Sustainable logistics
- Low-carbon material sourcing

4.4 Disclose Climate Performance

Suppliers may be asked to report environmental data through recognized platforms such as:

- CDP
- sustainability questionnaires
- supplier ESG assessments such as EcoVadis

5.0 SUPPLIER ENGAGEMENT STRATEGY

Our organization uses a structured approach to engage suppliers on climate performance.

Supplier Segmentation

Suppliers are prioritized based on:

- emissions impact
- spend
- climate risk exposure

Capacity Building

We may support suppliers by:

- sharing climate guidance and tools
- providing information on target-setting methodologies
- encouraging participation in sustainability programs

Communication

We communicate expectations through:

- Supplier codes of conduct
- procurement policies
- contract clauses
- Supplier onboarding processes

Collaboration

We encourage joint initiatives such as:

- emissions reduction projects
- sustainable product innovation
- supply chain efficiency improvements

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6.0 MONITORING AND MEASUREMENT

Progress toward our supply chain climate goal will be tracked annually.

Metrics may include:

- percentage of suppliers with science-based targets
- emissions reductions achieved in the supply chain
- supplier participation in climate disclosure programs
- number of suppliers reporting emissions data

Progress will be reviewed through procurement and sustainability governance processes.

6.1 ANNUAL CYCLE

Quarter	Action
Q1	Supplier segmentation updated; data requests sent
Q2	Supplier data collected; follow-ups issued
Q3	Data validated; emissions + SBT adoption rate calculated
Q4	Annual report to leadership; supplier recognition; updates to program

6.2 ENFORCEMENT AND INCENTIVES

If a supplier does not comply or provide required data (needs action)

- **Commercial levers** (preference weighting in RFPs, supplier scorecards)
- **Contractual clauses** (GHG disclosure requirement for renewal)
- **Partnership incentives** (supplier recognition program, preferred supplier status)
- **Trigger for supplier escalation** (what is it, when does it occur)

7.0 GOVERNANCE

Responsibility for implementation of this policy resides with:

- Sustainability / Environmental leadership
- Strategic sourcing and procurement teams
- Supply chain management

Climate performance considerations may be integrated into supplier evaluation and procurement decision-making

8.0. CONTINUOUS IMPROVEMENT

We will periodically review and update this policy to ensure alignment with evolving climate science, regulatory expectations, and best practices in sustainable procurement

9.0. EFFECTIVE DATE

This policy is effective as of March 08, 2026, and applies to all suppliers conducting business with our organization.

11.0 RECORDS AND DOCUMENTATION

All evidence and records shall be retained for a minimum of 3 years or until the next internal audit. Records of training, audits, and emissions reviews shall be onsite, unless otherwise specified.

12.0 AUDIT AND REVIEW

This policy shall be reviewed annually or whenever there is a change in scope, process, or legislation. Periodic audits will verify compliance and effectiveness of the Supplier engagement process.

Controlled document- REVISION HISTORY

Revision	Revision Description	Date	Approval
00	New	February 28, 2026	Jennifer Angus-Waldron
01			
02			
03			
04			Director. HSE

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Appendix A Emissions Reporting Template

Supplier Emissions Reporting Template

Purpose: Standardize supplier greenhouse gas (GHG) reporting to support Jones Healthcare Group's SBTi-validated climate goals.

1. Supplier Information
Company Name:
Primary Contact (Name, Title, Email):
Reporting Period: (YYYY)

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2. Emission Inventory Summary

Emission Category	Reporting Required?	Value (tCO_2e)	Methodology	Evidence Attached?
Scope 1 – Direct emissions	Yes		GHG Protocol	☐ Yes ☐ No
Scope 2	Yes		Location-/Market-based	☐ Yes ☐ No
Scope 3 – Upstream	If relevant		Category selected	☐ Yes ☐ No
Scope 3 – Downstream	If relevant		Category selected	☐ Yes ☐ No

3. Renewable Energy
% of electricity from renewable sources
Evidence (RECs, PPAs, certificates)

4. Climate Targets
Does your company have a GHG reduction target? ☐ Yes ☐ No
Is it aligned with SBTi? ☐ Yes (Committed) ☐ Yes (Validated) ☐ No
Target details (base year, % reduction, target year)

5. Supporting Documentation
Attach:
GHG inventory
Verification report (if applicable)
CDP response
EcoVadis Climate scorecard

Appendix B SBTi Guidance for Suppliers

1. What is SBTi?

The Science Based Targets initiative (SBTi) is the global standard-setter for verifying whether a company's emission reduction goals align with climate science. SBTi ensures targets are compatible with limiting warming to 1.5°C.

2. Pathways for Suppliers

A. SBTi-Aligned (Committed)

A company publicly commits to developing a science-based target within 24 months. It signals intent but is not yet approved.

B. SBTi-Validated

A company submits its targets to SBTi; SBTi experts confirm the target meets 1.5°C requirements. These are official, publicly listed science-based targets.

3. What Suppliers Must Do

Measure emissions using the GHG Protocol

Set near-term reduction targets aligned with SBTi criteria

Submit targets for validation (if required by category or contract)

Report annually on progress, preferably through CDP

4. Resources

SBTi Corporate Net-Zero Standard

SBTi Target Submission Guidelines

Sector-specific SBTi guidance documents

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Appendix C Supplier FAQ

Q1: Why is Jones Healthcare Group requiring GHG disclosure?
To achieve our SBTi-validated reduction commitments and reduce Scope 3 emissions—most of which come from suppliers.

Q2: Do all suppliers need to set SBTi targets?
Strategic and high-impact suppliers are required to be SBTi-aligned and strongly encouraged to become SBTi-validated by 2030.

Q3: What happens if we do not have emissions data?
You must begin by building a GHG inventory. Reporting Scope 1 and Scope 2 is mandatory; Scope 3 is required if material.

Q4: Is SBTi validation mandatory?
It is required for high-impact suppliers contributing significantly to our Scope 3 footprint.
Q5: What support does Jones Healthcare Group provide?
Data templates
Supplier webinars
Links to SBTi resources
One-on-one guidance for critical suppliers

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Appendix D Contract Clause Insert (GHG Disclosure Requirement)

GHG Disclosure & Climate Target Contract Clause

1. Greenhouse Gas Emission Reporting

The Supplier shall annually measure and disclose Scope 1 and Scope 2 greenhouse gas emissions, and relevant Scope 3 emissions where applicable, in accordance with the GHG Protocol.

2. Science-Based Target Requirement

If designated as a strategic or high-impact supplier, the Supplier must:

a) Commit to setting a science-based target aligned with SBTi criteria within 12 months of contract signing; and

b) Obtain SBTi validation within 24–36 months, unless otherwise agreed.

3. Documentation

The Supplier must provide Jones Healthcare Group with:

Annual emissions data

Evidence supporting calculations (CDP, audits, EcoVadis, certifications)

Status of SBTi commitment or validation

4. Non-Compliance

Failure to meet these requirements may result in:

Corrective action plans

Procurement scorecard penalties

Eligibility reductions for contract renewal

5. Collaboration

Jones Healthcare Group will provide templates, guidance, and reasonable support to assist the Supplier in meeting these expectations.