

2018 Supplier Environmental & Social Assessments

Our stakeholders expect that we understand the environmental, social and governance (ESG)-related risks and impacts across our supply chain, and that we take steps to manage these risks and impacts. Biogen has developed evaluation processes to fulfill this expectation with the objective of identifying any potential at-risk suppliers that could warrant further evaluation. Overall, Biogen has a low ESG-related risk profile due to the current geographical spread of suppliers and the nature of the goods and services purchased. Our evaluation processes include:

- ESG risk screens for critical supplier sites
- Water risk basin-level screen for a subset of critical supplier sites
- Human rights country-level risk screen against our entire procurement spend
- Monitoring compliance with new requirements around the world (e.g. human trafficking legislation)

Critical suppliers are defined as approved Good Manufacturing Practice (GMP) supplier sites that supply products and services directly related to the safety and integrity of our products. High-volume and any non-substitutable suppliers are often GMP suppliers.

ESG Risk Screen: In 2018 we evaluated 999 critical suppliers sites (740 Tier I supplier sites representing 62 percent of total procurement spend and 259 Tier II supplier sites). This evaluation assesses each supplier against five factors – criticality of the service or good being supplied (30 percent); the level of financial spend (35 percent); the social risk profile (11 percent); the environmental risk profile (12 percent); and the governance risk profile, including potential for corruption (12 percent). Three Tier I supplier sites and four Tier II supplier sites were screened as potentially higher risk requiring further internal evaluation of the supplier's practices and service/goods provided. The conclusion of the internal evaluation deemed zero of the seven supplier sites to present a high risk to Biogen operations.

Water Risk Screen: In 2018 we evaluated 178 of the most critical GMP supplier sites using the Water Risk Filter Tool developed by WWF and DEG. Zero supplier sites were screened as potentially higher risk requiring further internal evaluation.

Human Rights Risk Screen: In 2018 we evaluated 99.9 percent of procurement spend against the country-level risk profiles developed by the U.S. State Department's 2018 Trafficking in Persons Report. Our procurement system registered a total of 13,161 unique supplier country-level locations (i.e., Biogen may purchase goods or services from a single supplier in multiple countries, where each is included in the screen) with aggregate purchases equal to or greater than \$1,000:

- 13,422 unique supplier locations (88 percent of spend) were in Tier 1 countries
- 269 unique supplier locations (12 percent of spend) were in Tier 2 countries
- 140 unique supplier locations (<0.1 percent of spend) were in Tier 2 Watch List countries
- 26 unique supplier locations (<0.1 percent of spend) were in Tier 3 countries

The supplier locations in Tier 2 Watch and Tier 3 countries were further evaluated in a similar manner as described in the ESG risk screen. The evaluation determined zero of these supplier locations to be high risk.

To support the continual improvement of Biogen's ability to assess risk within its supply chain, two targets have been set:

- Expand ESG risk screening of Tier I suppliers to 75 percent of spend by 2020
- Expand ESG risk screening of Tier II supplier sites to 500 sites by 2020