



## **Transparency in Supply Chains: California Act of 2010 and UK Act of 2015**

The California Transparency in Supply Chains Act of 2010, which became effective on January 1, 2012, requires certain manufacturers that do business in the state of California to disclose efforts to eradicate slavery and human trafficking from its direct supply chain.

The UK Modern Slavery Act of 2015, which became effective October 29, 2015, requires manufactures to make similar disclosures.

### **Introduction**

At Upsher-Smith, our goal is to assist individuals in making the best use of medicines. This not only means producing quality pharmaceutical products, but providing access to our products, as well. We strive to provide reliable, affordable products that have a daily impact to improve lives. Upsher-Smith is a single member limited liability company based in the United States and whose member is Sawai America Inc. Sawai America is owned by Sawai Pharmaceutical Company Limited located in Osaka, Japan.

In order to achieve this goal, it is imperative that we ensure the quality of the materials and services that are used to produce our products and that we manage our supply chain to ensure a safe and uninterrupted supply.

Upsher-Smith opposes all forms of slavery and human trafficking. Upsher-Smith believes that the steps it takes to address the issue, as stated below, are effective. As a pharmaceutical company, Upsher-Smith is in an industry that inherently has a very low risk of having human trafficking issues in the supply chain. Industries such as the agriculture or hospitality industry are at much higher risk of facing such an issue. Nevertheless, Upsher-Smith takes the issue very seriously.

## **Supply Chain Management**

### **Verification**

Upsher-Smith sources materials from all over the world. In turn, these source materials are manufactured from materials produced all over the world. As such, it is impossible to know with a high degree of certainty that all aspects of our global supply chain are operating in a manner consistent with our Corporate Values and our commitment to Human Rights. When sourcing materials for our products, it is our policy to utilize well-established and reputable suppliers with a history of compliant operations. Upsher-Smith believes that because of our many existing safeguards, which include the selection of

reputable and long-standing suppliers, robust auditing processes, contractual obligations for our suppliers and the comprehensive training of our people, no additional verification steps are warranted.

## **Supplier Audits**

Upsher-Smith has a long-standing history of conducting periodic risk-based audits of its suppliers and service providers. Upsher-Smith does not typically utilize third-party organizations to conduct these audits. The majority of our supplier and service provider audits are conducted by employees of Upsher-Smith although we may utilize third-party information to support our internal assessment process. In order to ensure that the audits are most effective, and that we are able to gather the critical information necessary to perform an adequate assessment, the majority of our on-site audits are not unannounced.

## **Supplier Certifications**

While Upsher-Smith does not currently require its direct suppliers and service providers to certify that the materials they are providing comply with laws regarding slavery and human trafficking, there are provisions in our supply agreements that require the supplier or service provider to comply with all applicable laws and regulations. Contract signature by a supplier or service provider confirms agreement to adhere to applicable laws and regulations including those specific to slavery and human trafficking.

## **Upsher-Smith Standards**

Upsher-Smith's Code of Business Conduct is designed to help each employee understand the Company's expectations around lawful and ethical behavior and ensure that we remain compliant with the laws and regulations that apply to our business. When used in conjunction with other supportive policies and procedures, the Code of Business Conduct helps ensure that each employee acts in a manner that is consistent with the law and our Corporate Values. Each employee of Upsher-Smith is required to certify, annually, that they understand the requirements of the Code and agree to comply with the standards contained in Upsher-Smith's Code of Business Conduct and all related policies and procedures. Employees that violate the law, Company policy and/or the Code of Business Conduct may be disciplined, up to termination of employment.

## **Training**

All employees of Upsher-Smith, including those responsible for supply chain management, are provided training on the Code of Business Conduct. Additional job-specific training is provided, as necessary, to ensure employees have the requisite skills and knowledge to be successful in their respective roles. We have also established "Upsher-Smith University" to provide employees of Upsher-Smith with continuous learning opportunities that enhance both individual and organizational effectiveness.

## **Conclusion**

At Upsher-Smith, compliance is everyone's responsibility, and we are committed to maintaining our culture of honesty, integrity and ethical behavior. We are also committed to partnering with our suppliers and service providers to ensure that they are operating in a manner that is consistent with the law and Upsher-Smith standards.