

Driving improvement across the value chain

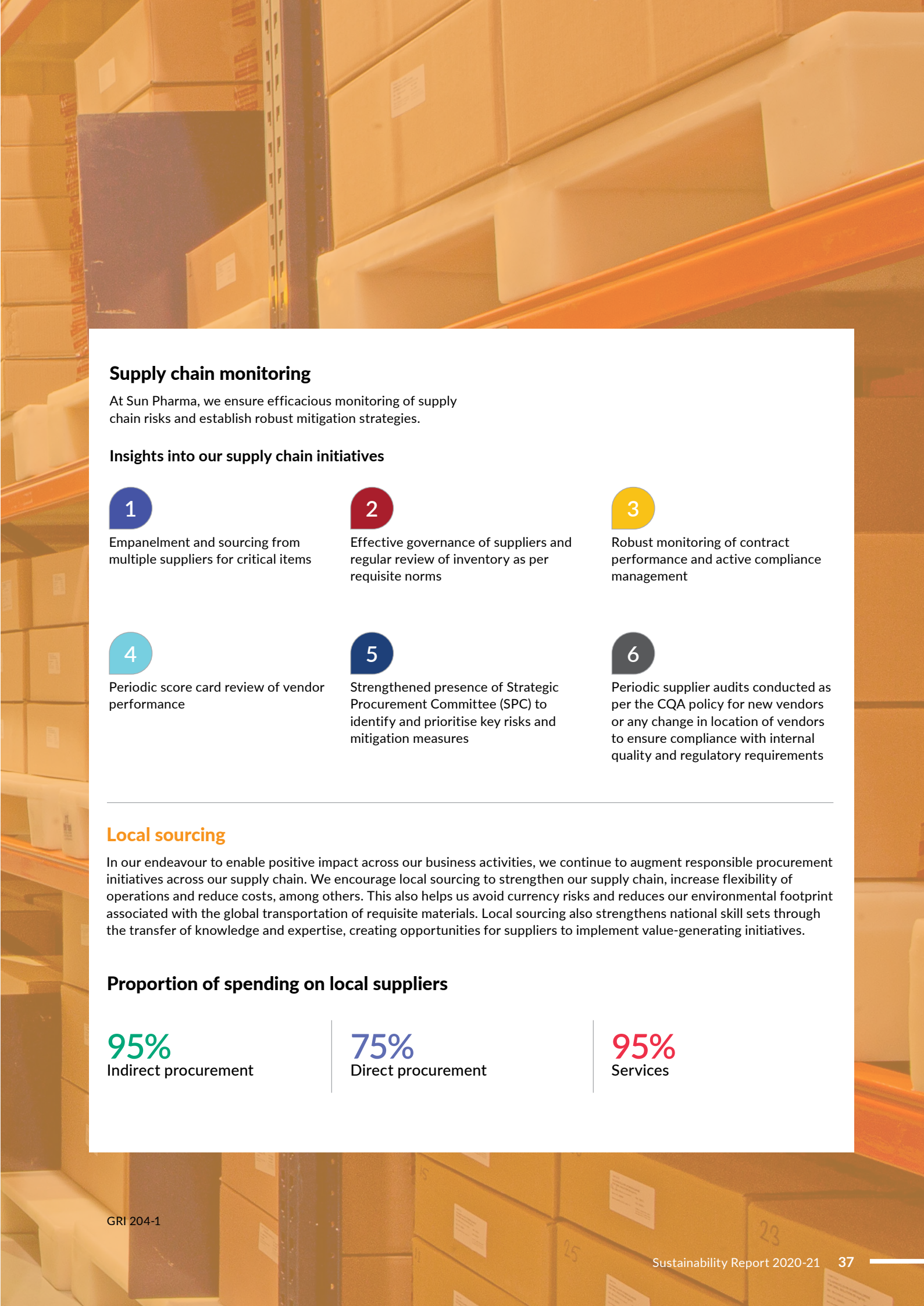
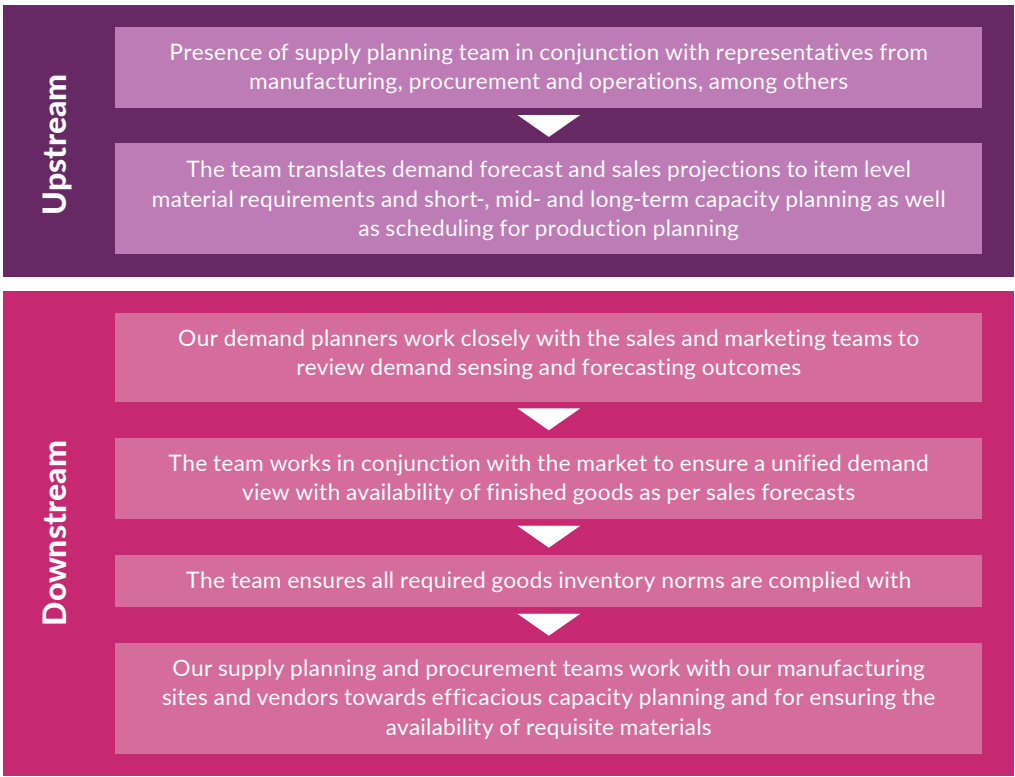
At Sun Pharma, we believe responsible supply chain management is key to business continuity, resource usage optimisation and cost competitiveness.

We have dedicated teams overseeing functions, such as logistics, procurement, planning and inventory management, among others. To embed continuous improvement in our management system we have defined Key Performance Indicators (KPIs) across each of these functions. We also have an integrated management system for efficient monitoring of our supply chain activities and initiatives. This system enables us to undertake Distribution Requirement Planning (DRP), Material Requirement Planning (MRP) and generate advance planning insights, among others. Furthermore, these outcomes are validated by each of the functional teams and are reviewed against specific business requirements. Across the review process, any necessary corrective action is undertaken or proposed in the monthly operational review with our senior management.

Our distribution and logistics team works closely with the supply chain team to ensure finished goods are delivered across destination markets in a timely manner and as per customer requirements. In the case of market urgency, the supply chain team, along with the logistics team, decides on the mode of shipment to ensure speedy delivery and availability of finished goods with market and consignment agents.

We also have a dedicated procurement team across our API and formulation manufacturing facilities to ensure uninterrupted and responsible supply of excipients, raw materials, primary and secondary packing material for formulation of drugs and outsourced API procurement. In FY21, there were no significant changes to the organisation and the supply chain.

OVERVIEW OF OUR SUPPLY CHAIN OPERATIONS



Supply chain monitoring

At Sun Pharma, we ensure efficacious monitoring of supply chain risks and establish robust mitigation strategies.

Insights into our supply chain initiatives

- 1 Empanelment and sourcing from multiple suppliers for critical items
- 2 Effective governance of suppliers and regular review of inventory as per requisite norms
- 3 Robust monitoring of contract performance and active compliance management
- 4 Periodic score card review of vendor performance
- 5 Strengthened presence of Strategic Procurement Committee (SPC) to identify and prioritise key risks and mitigation measures
- 6 Periodic supplier audits conducted as per the CQA policy for new vendors or any change in location of vendors to ensure compliance with internal quality and regulatory requirements

Local sourcing

In our endeavour to enable positive impact across our business activities, we continue to augment responsible procurement initiatives across our supply chain. We encourage local sourcing to strengthen our supply chain, increase flexibility of operations and reduce costs, among others. This also helps us avoid currency risks and reduces our environmental footprint associated with the global transportation of requisite materials. Local sourcing also strengthens national skill sets through the transfer of knowledge and expertise, creating opportunities for suppliers to implement value-generating initiatives.

Proportion of spending on local suppliers

- 95% Indirect procurement
- 75% Direct procurement
- 95% Services