

Cipla Limited

Responsible Sourcing Policy

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Review Committee: Global Supply Chain Management Team and Heads

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INTRODUCTION

Established in 1935, Cipla is a global pharmaceutical company focused on agile and sustainable growth, complex generics, and deepening portfolio in our home markets of India, South Africa, North America, and key regulated and emerging markets. Our strengths in the respiratory, anti-retroviral, urology, cardiology, anti-infective and CNS segments are well-known. Cipla is purpose-inspired, responsibility-centered, innovation-driven, integrity and trust-anchored, and excellence-focused in its approach. Our OneCipla Credo makes us a global pharmaceutical firm that consistently cares for life and delivers on its commitment to all stakeholders including patients, regulators, customers, partners, employees, investors and community.

To ensure sustainable sourcing, Cipla works with its suppliers to identify stipulated actions and schedules to achieve desired progress. In line with our purpose of 'Caring for Life', Cipla is committed to integrating these principles into our procurement processes and supplier relationships to foster a sustainable business model. The key objective of this policy includes implementation of leading procurement practices through strategic planning and supporting local suppliers.

SCOPE AND APPLICABILITY

This policy applies to all employees, directors, and officers of Cipla and its group entities, as well as all our suppliers, service providers, consultants, and contractors/sub-contractors under Cipla's direct supervision, working for a Cipla office or manufacturing facility globally. Suppliers including but are not limited to those individuals and organizations that directly or indirectly provide services, raw materials, active pharmaceutical ingredients, components, finished goods or other products (hereinafter together referred to as 'Suppliers') to Cipla.

ADHERENCE AND COMPLIANCE TO THE SUPPLIER

CODE OF CONDUCT

All suppliers are required to read and confirm their adherence to Cipla's Supplier Code of Conduct which includes the following aspects:

- Legal Compliance
- Conflict of Interest
- Finances
- Ethics and Business Conduct
- Quality and Patient Safety
- Human Rights, Labor & Employment
- Health, Safety & Well-being of Employees
- Sustainability and Environmental Responsibility
- Management Systems
- Transparency and Disclosure
- Monitoring and Compliance
- Grievance Mechanism

Adherence to Cipla's Supplier Code of Conduct will enable businesses and communities to gather economic, social and environmental benefits. The Code of Conduct will enable Cipla to engage with suppliers who are aligned with the guiding principles, fulfilling predetermined expectations.

The Supplier Code of Conduct is integrated into Cipla's systems. Each time a supplier is onboarded, they will be expected to acknowledge and agree to our policy. The Company shall avail confirmation on adherence to Supplier Code of Conduct from critical Suppliers, once in a block of 3 financial years and from non-critical Suppliers, once in a block of 5 financial years or as decided by the Company management from time to time.

SUPPLIER CLASSIFICATION

i. Critical Suppliers

This category of suppliers includes suppliers who:

- Are essential for CIPLA's business operations such as manufacturing, marketing, compliance and sales.
- Provide a competitive advantage (in terms of Brand Equity, Quality and COGS) for our business, on account of their goods and services.
- Provide goods and services which significantly contribute to Cipla's revenue.
- Provide goods and services with high value contracts and expenditure.
- Would require significant time, cost and other resources to carry out any activity in-house, in case of any disruptions.

ii. Supplier diversity

Our supplier diversity strategy aims to promote small producers, vulnerable and marginalized suppliers and local suppliers and is designed to make our supply chain resilient, empower local suppliers and contribute towards the economy.

SUPPLIER MANAGEMENT/SELECTION

Suppliers will go through various assessments prior to being onboarded as Cipla's suppliers. The assessment parameters include experience, quality, safety, governance and sustainability related parameters, each holding certain weightage. The sustainability assessment includes criteria-based on Environment, Social and Governance pillars. Suppliers will be assessed based on a scoring mechanism, post which the suppliers will be onboarded in the system.

SUPPLIER EVALUATION

i. Assessment of critical Suppliers

It is mandatory for all critical Suppliers to go through a sustainability assessment which shall provide an overview for making well-informed decisions. The following parameters are included in the assessment:

Legal, Ethics, Product Quality, Environmental Sustainability, Health and Safety, Human Rights, and Governance.

ii. Audits

Cipla will also engage in internal and external audits based on the following frameworks and protocols, namely Pharmaceutical Supply Chain Initiative (PSCI) protocol, and BRSR Value Chain, which will be used for EH&S audits.

The following criteria will be considered for categorizing Suppliers as high-risk Critical Suppliers:

- Sustainability score is below threshold level during assessment and/ or
- If any major risks are identified during the sustainability assessment

On a voluntary basis, Cipla encourages its Suppliers to take part in disclosures such as EcoVadis self-assessment questionnaire, OECD Due Diligence Guidance, Human Rights and Environmental Due Diligence assessments, Sedex audits and Responsible Business Alliance (RBA) audits.

CORRECTIVE ACTIONS

- Suppliers with a score below the threshold level must implement corrective action plans (CAPA) in areas marked as insufficient as per mutually agreed timeline between the Company and the Supplier.
- After 3 consecutive CAPAs, in case of significant and/ or non-remediated deviations where the vendor fails to meet the Cipla's requirements, our procurement team may decide to conduct additional audits or terminate the relationship.

TRAINING AND AWARENESS WORKSHOPS FOR SUPPLIERS

The Company will organize training and awareness workshops for its employees and Suppliers who are involved in procurement, trading, contracting, and other relevant functions.

Suppliers shall be required to participate in such training programs to ensure development in areas such as:

- Climate change
- Renewable energy
- Energy efficiency
- Occupational health and safety
- Human rights in workplace
- EHS initiatives
- Process safety and industrial hygiene

GRIEVANCE MECHANISM

Employees and/ or Suppliers are encouraged to raise any concerns, suspicious activities or violations of this Policy. All concerns reported to the Ethics Office will be anonymous to the extent permitted by law. Concerns may be raised through the following reporting channels:

- Email: ethics@cipla.com
- Written complaints to: Chairperson of the Ethics Committee or Chief Internal Auditor, Cipla Ltd. Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013

Cipla strictly prohibits retaliation against anyone who raises a concern. In case of any retaliation against raising a concern in good faith, you should contact the Ethics Committee immediately.