



**Making it  
better together.**  
Sustainably.



# Sustainability at Sai Life Sciences

Sustainable development is about making better choices today because the future depends on it.

Our brand promise, “Make it better together” is not just a statement of what we do, but also a reaffirmation of how we do it. As we pursue our vision and business growth, we diligently integrate our social, environmental and governance responsibilities.

Together with our customers, we work to bring new medicines to life faster and improve the lives of patients around the world. We do it by listening to customers, making operations ethical and sustainable with a responsible environmental footprint and respect for human rights, empowering employees to excel, and building supplier and community relationships as sustainable choices.

Our first sustainability report brings our sustainable choices to life. We present the work done by us, explaining our perspectives, approach, and actions that create value for customers, employees, investors, suppliers, and the community. We present progress in areas that are material to our business, along with performance data and our key experiences in this report. That in essence is our story in this report - **Making it better together. Sustainably.**



# About this report

This is the first sustainability report of Sai Life Sciences Ltd. The reporting period is 2019-20 i.e. 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020. We intend to report and publish our sustainability performances on an annual basis.

This report uses Global Reporting Initiative(GRI) Sustainability Standards and has been prepared in accordance with the GRI Standards: Core option.

## Report Scope and Boundary:

This report covers locations as mentioned below:

1. Corporate office, Hyderabad, Telangana
2. Research & Development Centre:
  - a. Unit 2, Shameerpet, Telangana
  - b. Unit 5, Pune, Maharashtra
3. Manufacturing facility:
  - a. Unit 3, Bollaram, Telangana
  - b. Unit 4, Bidar, Karnataka

All information and performance data reported in this report are pertaining to above locations and boundary, unless specified otherwise.





# Contents









# About Us



Sai Life Sciences focuses on delivering scientific expertise with a greater purpose of a healthier tomorrow. Since our inception in 1999, we have established ourselves as a strategic partner for global innovator pharma and biotech companies and, together, work to accelerate the discovery, development, and manufacture of complex small molecules to create the medicines of tomorrow. We are driven by two cardinal principles - a belief in our purpose of 'Science for a healthier future' and a perseverance towards our promise of 'Make it better together' for our customers, partners, and employees. We stay the course with a strong commitment to our values.

## Our values

### The Sai Way

**Shraddha: An intense belief or conviction** – towards our purpose of using science to accelerate solutions for improving life.

**Saburi: Perseverance or patience** – to stay the course with our partners till we achieve our goals.

**Integrity:** Doing what is fundamentally right.

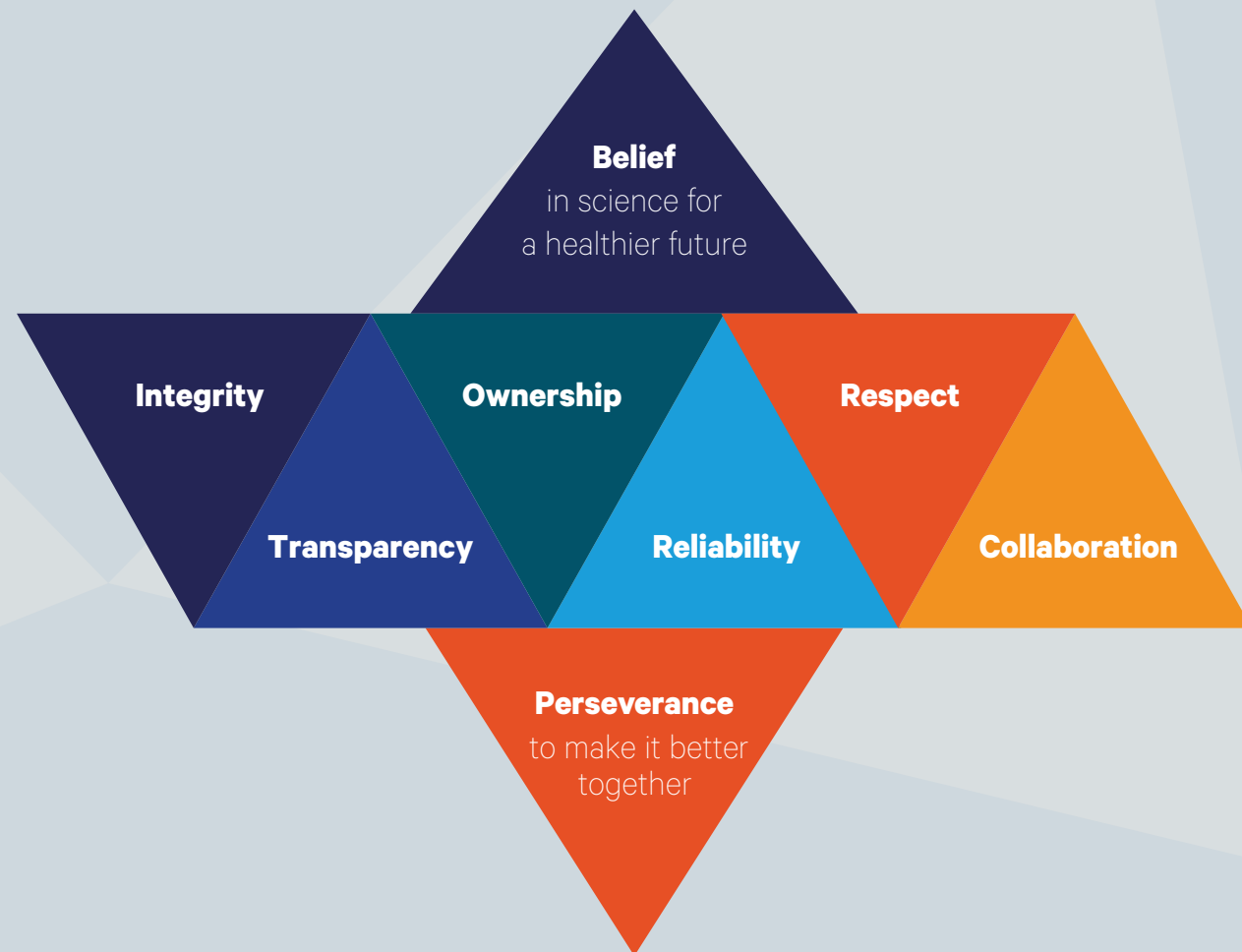
**Respect:** Treating people as we would like to be treated.

**Transparency:** Having the confidence to share full knowledge of a problem openly.

**Collaboration:** Delivering as a team

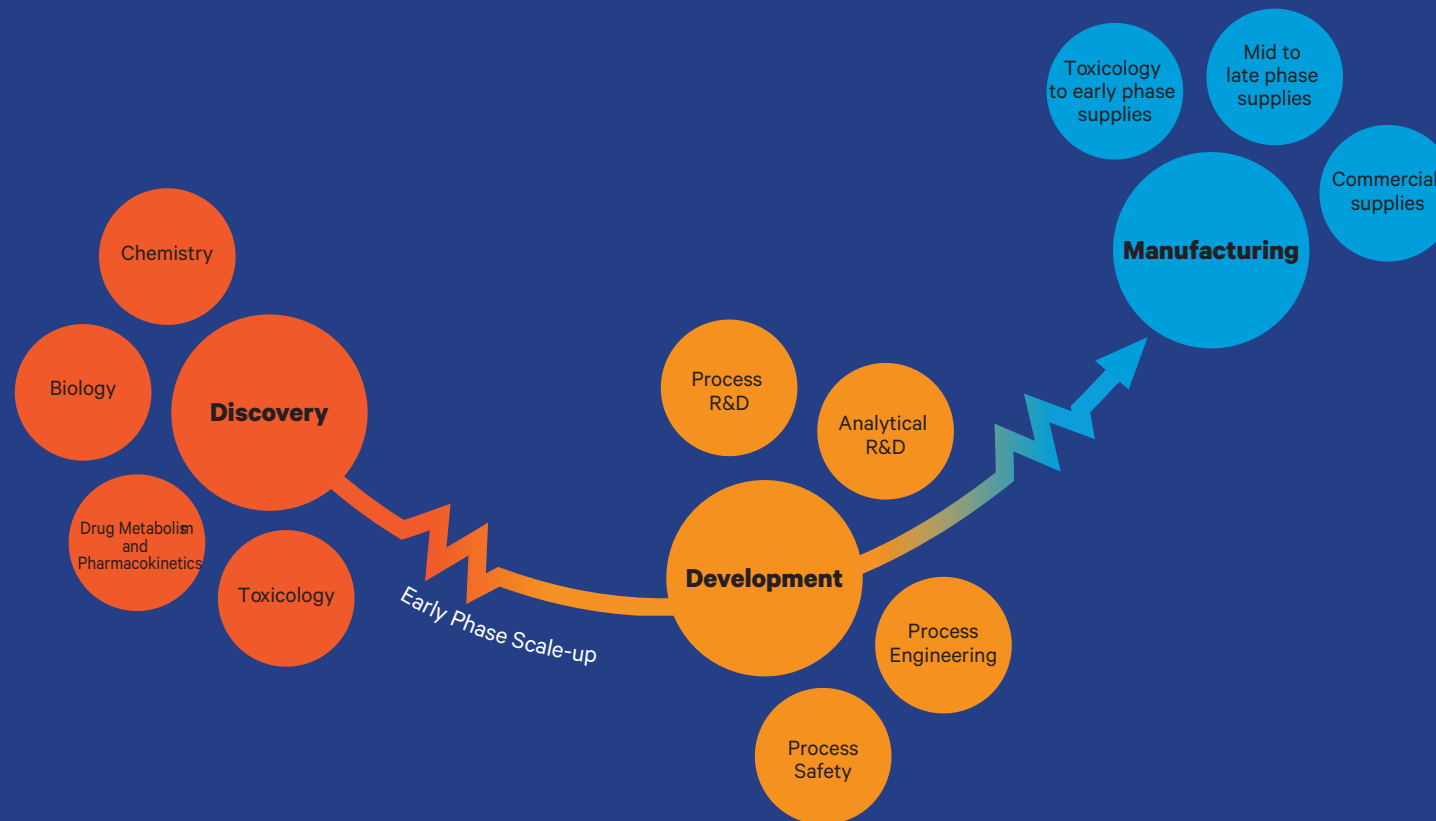
**Ownership:** Taking pride in our contribution to a project, while performing as an owner.

**Reliability:** Demonstrating consistent behaviour and striving to fulfil our commitment each time.



## Our service offerings

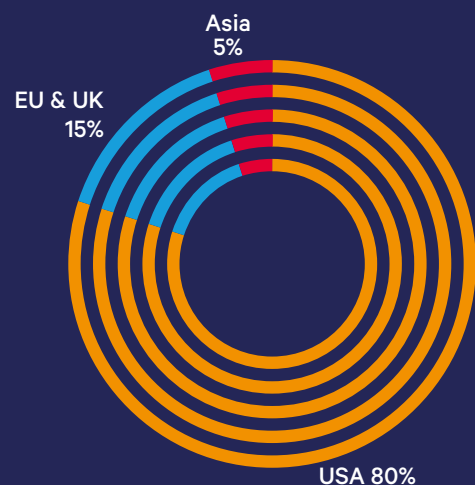
We are a Contract Research, Development and Manufacturing Organization (CRDMO), and cater to our partner's needs through a wide and growing range of services - namely drug **Discovery**, **Development and Manufacturing** of complex small molecules. Our broad service platform is tailored to meet the needs of our diverse clientele ranging from niche biotech firms to global pharma companies. We provide basic research, manufacturing services, and supply preclinical drugs for animal studies, clinical drugs for human studies, commercial and new chemical entities to Biotech Companies and Innovator Companies.



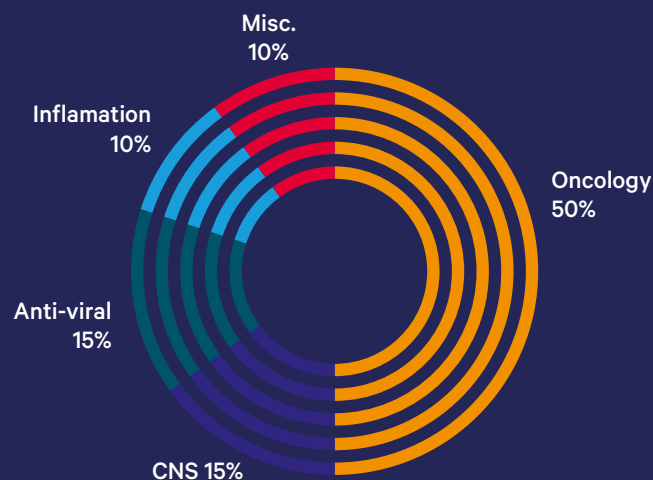


## Discovery services spanning the entire journey from target ID and validation to IND

### 100+ discovery programs



### Therapeutic areas



- 125+ Programs across US and EU, Aspire to deliver > 100 small molecule clinical candidates by 2025.
- Averaging 10+ years of collaborative and strategic partnerships with clients.
- 80+ diverse customers across big and mid-size pharma, biotechs and startups.
- Specialization in synthesis and medicinal chemistry aided by high quality biology, DMPK, toxicology, cGMP scale up and formulation services.

## Complex chemical synthesis from development to commercialization

- Delivering complex chemical synthesis from development to commercialization.
- 700 Strong global R&D team across Hyderabad and Manchester, UK.
- 19 molecules handled from clinical phases to commercialization, 40+ projects following QbD approach.
- 29 Process validation completed comprising 18 APIs and 11 Intermediates.
- Production of high-quality APIs and intermediates that cater to highly regulated markets such as the US, Europe and Japan.
- USFDA and PMDA inspected facilities.
- 450 kiloliters manufacturing capacity, up to 25kg dedicated facility for early phase supplies and 25 tonnes commercial production scale of molecules.
- Dedicated Process Safety lab for evaluations throughout the product lifecycle.

## Key performance highlights

Since our establishment over two decades ago, starting out as a small laboratory, we have come a long way in our quest to bring new medicines to life. Today, we are one of the fastest growing

CDMOs in India, backed by committed investors TPG Capital and HBM Partners. We have been making significant investments to address the growing demand from innovator companies globally.



**100+**

clinical stage programs served.

18 active commercial programs & 9 in Phase III.



**25+**

programs advanced from IND to phase I, II or III.



**USA, EU, Japan**

> 95% of products manufactured serve these highly regulated markets.



**USFDA, PMDA**

100% successful track record of regulatory inspections across our R&D and manufacturing facilities.



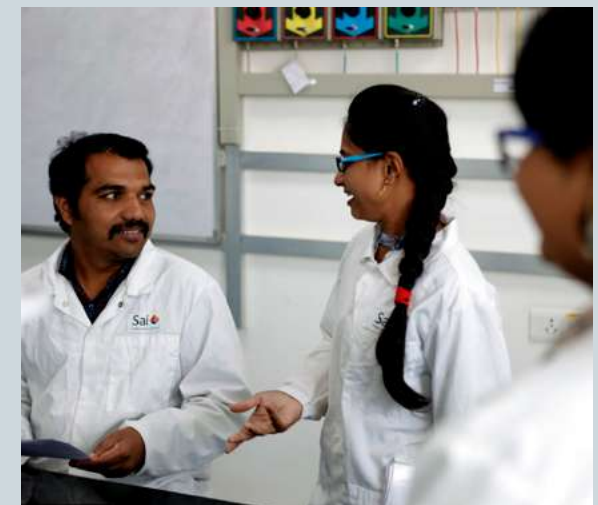
**7 of the top 10**

big pharma companies as well as several small and medium biotechs utilize our services.

**1<sup>st</sup>**



First India-headquartered CDMO to join PSCI.





## Year in review



Our revenue

₹ **7255** million



Our people

**20**<sup>+</sup> years of experience



Headcount

**2051** permanent employees



Fixed assets

₹ **6678** million



Talented team

**150** PhDs/Post Docs  
**1100**<sup>+</sup> Master's degrees  
**200**<sup>+</sup> With tenure of 10<sup>+</sup> years



CSR contributions

₹ **15** million



Occupational health & safety

**0** Lost time injuries and fatalities



Profit after tax (PAT)

₹ **763** million

## Facilities overview

We are headquartered in Hyderabad, India. We pride ourselves in our global reach and have multiple locations across the country as well as globally.

### **Development Centre - Hyderabad, India**

Our flagship R&D Centre in Hyderabad, India delivers projects involving complex chemical synthesis from route scouting, process development, scale-up to commercial scale.



### **Manufacturing Centre - Bidar, India**

Manufacturing centre delivering cGMP API and intermediates for several late phase and commercial molecules across US, Europe and Japan.



### **Discovery R&D Centre - Pune, India**

This 100,000 square feet discovery centre in Pune helps innovator companies accelerate their drug discovery journey from HIT to IND.



### **Manufacturing Centre - Bollaram, India**

Manufacturing facility delivering APIs and intermediates for commercial molecules.



### **Research & Technology Centre – Hyderabad, India**

New Research & Technology centre adjoining current R&D facility in Hyderabad augments our capabilities in providing superior scientific solutions and serves as the nerve-centre for Sai's integrated discovery and development services to our customers globally.



### **Discovery Biology Lab - Cambridge, USA**

An 8,500 square feet lab in Cambridge, Massachusetts focusing on in vitro biology (molecular, cellular and biochemical assays) and exploratory & innovative experiments



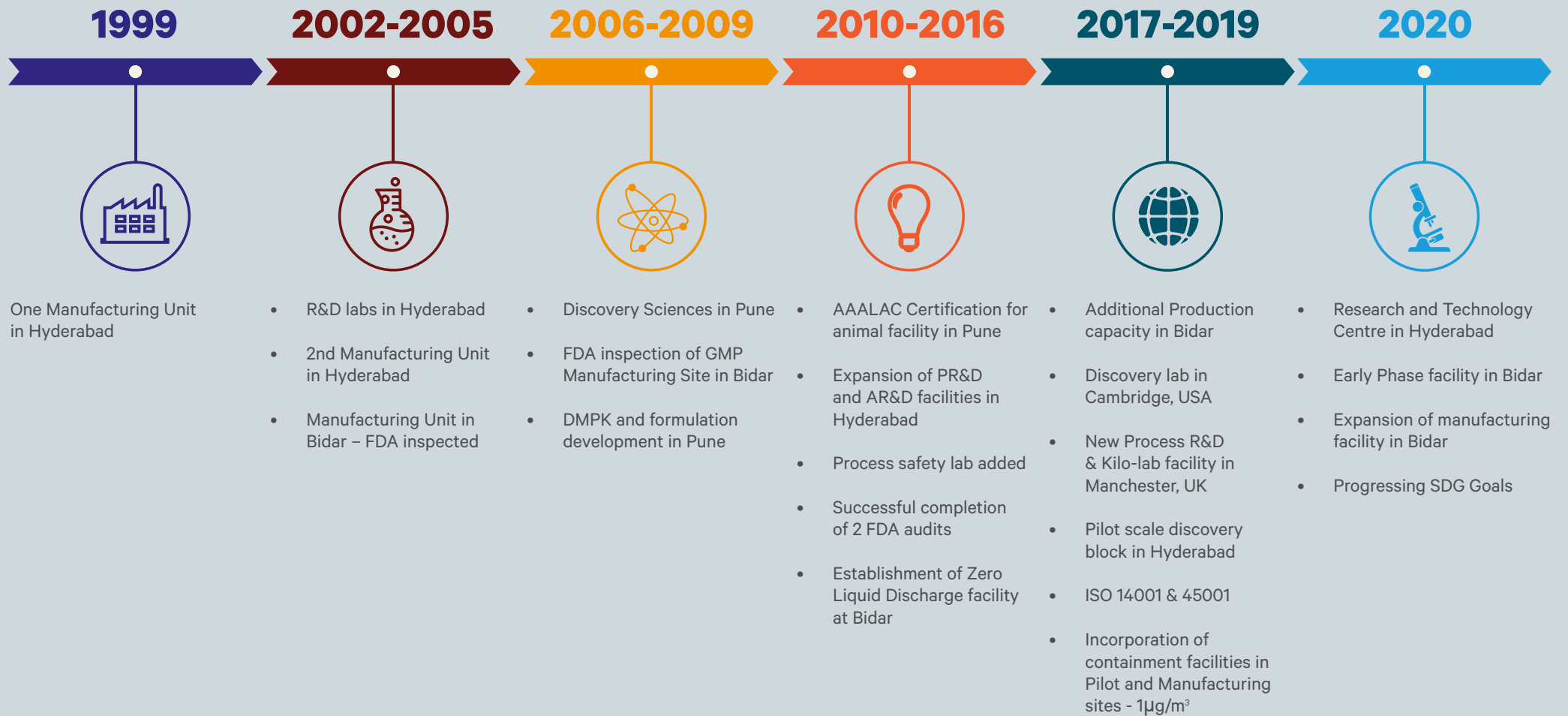
### **Process R&D Lab - Manchester, UK**

A process R&D and kilo lab facility focusing on complex and niche chemistries. The lab will serve to work closely with our customers across UK and EU adding value to their NCE developmental programs.



We invest in developing our people, our infrastructure, systems, and processes to compete in the global market. We also believe in being a responsible global corporate citizen and have taken steps to improve our HSE performance while ensuring that we continue to support and develop our local communities.

## Continued Investments for Making It Better Together





## Awards & recognition

Our initiatives in the areas of Energy Management, Health and Safety and Quality have been well recognized within the industry. We have undertaken several initiatives towards improving our operations including setting up an online learning management system, adopting green chemistry principles in process

development, building all new facilities as 'Green Buildings', sourcing renewable energy, improving employee health and safety through industrial hygiene programs, and conducting community development programs on education and health care.



### EcoVadis Bronze Medal 2020

Assessment covers topics of Environment, Labor & Human Rights, Ethics and Sustainable Procurement.



### National Quality Award 2020

Winner of Award for 2020 in the Pharma category.



### National Energy Management Award 2020

Winner of 21<sup>st</sup> National Energy Award in recognition of driving energy efficient practices and reducing emissions.



### CII-SR EHS Excellence Award 2019

Twin wins - 5 star rating in CII EHS signifying excellence in EHS practices and runner up in Manufacturing Pharma category.



### 2<sup>nd</sup> SCMPRO India Procurement Leadership Forum and Awards 2020

The award was in recognition of the methodologies adopted by us in business risk identification, assessment, and mitigation.

## Establish relationships with external associations and pursue accreditations that strengthen our commitment to sustainable processes

### AAALAC Accreditation

As a validation of our commitment to maintaining the highest standards in animal care and compliance with industry and regulatory guidelines, the discovery facility in Pune received a renewed accreditation in 2020 for its laboratory animal care and use program from AAALAC (Association for the Assessment and Accreditation of Laboratory Animal Care) International. This renewal is valid till March 2023.

### First India-headquartered CDMO company to join Pharmaceutical Supply Chain Initiative (PSCI), 2020

The PSCI is a non-profit business membership organization with a vision to establish and promote responsible practices that continuously improve pharmaceutical supply chains. Sai was welcomed into the PSCI community for embedding Responsible Supply Chain Management into our practices.



### ISO 14001:2015 and ISO 45001:2018 certification, 2020

Sai received the ISO 14001:2015 (Environment management system) and ISO 45001:2018 (Occupational Health and Safety management system) certification for its R&D centre, Manufacturing facility and Corporate office. Certified by Bureau Veritas, it reflects the organization's commitment towards continually improving its health, safety & environment performance.

### ACS Green Chemistry Institute Pharmaceutical Roundtable Membership

The ACS GCI Roundtable welcomed Sai Life Sciences as an Associate Member for integration of green chemistry and engineering in the pharmaceutical industry. Sai is one of the few CDMO companies to be part of this community.





# Letter from our Chairman

Dear stakeholder,

Sai Life Sciences has undergone a remarkable evolution in the past twenty years and is today one of India's fastest growing contract research, development, and manufacturing organizations.

One of the most profound changes over this time has been a richer understanding and deepening of our commitment to sustainability. Integrating this understanding and our six values - Integrity, Transparency, Ownership, Reliability, Respect, Collaboration, we align our sustainability plans with the business strategy and make it intrinsic to our operating culture. Increasingly we see our people take sustainability ownership, gathering insights from internal and external stakeholders, and identifying opportunities to take action.

We are steadily progressing by addressing stakeholder needs while driving business growth. Be it in getting a breakthrough in complex process development or challenging the convention and making greener processes - we take the initiative to deliver value to our customers and continuously keep environmental concerns on our radar.

In the spirit of continuous improvement, we refine technology transfer and manufacturing processes to deliver on time to our customers. We reflect the same diligence in making our systems transparent, establishing quality in everything we do, and ensuring a safe work environment.

We are leveraging opportunities to make a difference by supporting our suppliers and the communities where we operate to realize their potential.

The momentum for sustainability is enabling us to aspire to be "best for the world", doing more than the usual. It takes teamwork, consistent efforts to do what is best for us, our stakeholders, and society. In our first Sustainability report, we share examples of how our teams are doing exactly that.

Sincerely,  
**K Ranga Raju**





## Message from the CEO

Dear stakeholder,

At Sai Life Sciences, our work helps our customers serve patients better. With two decades of presence in the CDMO industry, we understand the responsibility of being part of the global supply chain of innovator companies and what it takes to be a partner of choice. We combine our deep expertise across science, quality, and HSE with operational excellence to generate sustainable value for our stakeholders. Over the past five years, we have grown consistently at 15% CAGR equally across the three verticals of discovery, clinical development, and commercial manufacture.



We are raising the bar as we pivot transformation across people, processes, and assets with Sai Nxt, an organization-wide initiative we began in 2019. The transformation agenda focuses on three key areas:

1. People & culture
2. Processes & automation
3. Infrastructure & scientific capabilities

Our efforts are designed to propel the organization to the next phase of growth and further strengthen sustainability--- as it is the right thing to do for our business, society, and our planet's future.

It gives me great pleasure to present our inaugural sustainability report, which provides a closer look at our efforts to address the three pillars of growth-economic, environmental, and social. This report reflects our unwavering commitment to embrace sustainable choice as one thread running through everything we do.

As we continue integrating sustainability in the organization, we consistently meet our goal to be a reliable partner, provide an engaging and safe workplace, identify and proactively address environmental risks. We support the UN Sustainable Development Goals (UN SDG) by championing actions to mitigate climate change and conserve energy, efficiently manage water resources, minimize pollution, advance diversity and inclusion, and promote good health, education, and livelihoods for communities. Here are some specific examples reflecting our commitment and progress towards sustainability:

- Became the first India-headquartered company to join the Pharmaceutical Supply Chain Initiative (PSCI) membership embedding PSCI principles in responsible supply chain management encompassing five areas- ethics, labor, environment, health & safety into our supply agreements.

- Awarded 5-Star Rating for Excellence in EHS practices at the Confederation of Indian Industry (CII) South and won National Award for Excellence in Energy Management hosted by Confederation of Indian Industry (CII) – Sohrabji Godrej Green Business Centre, for driving energy-efficient and sustainable practices reducing greenhouse gas emissions.
- Increasing the adoption of green chemistry principles and instituted our inaugural 'Green Chemistry Awards' to recognize and celebrate teams that develop greener processes.
- Inducted as Associate member into the ACS- Green Chemistry Pharmaceutical Round table.
- Meeting 13% of our electricity requirement from renewable sources, reducing approximately 3000 tons CO2e of GHGs.
- Zero waste to landfill from one of the manufacturing units and achieving use of 74% of hazardous waste for co-processing, exceeding our goal.
- Impacted over 11,000 people through community initiatives with sustainable projects across education, health, and livelihood.

As we view our core business strategy through the lens of sustainability, our focus is on optimizing operations, embedding a culture of quality, safety, and customer-centricity. The practice of stakeholder engagement is intrinsic to us and we continue to invest time and effort to listen to our stakeholders. Here are a few initiatives that illustrate integration of sustainability across our operations:

- Completing regulatory audits without critical observations across all our facilities in the last two years.

- Driving 100% digital transformation in Quality Assurance and Warehouse transactions for assured data integrity.
- Enabling our employees to support customers with the Shop-floor Transformation initiative, which empowers and strengthens communication processes between teams along with opportunities for new ideas to gain ground.
- Establishing state-of-the-art process safety infrastructure.
- Instituting cloud-based platform for anytime access to customized learning with over 3000 courses for the entire organization.

Looking ahead, we believe our sustainability pursuits will help us navigate challenges and create growth opportunities. This year, as our people, communities, and economies face unprecedented uncertainties due to the coronavirus (COVID-19) pandemic, we have increased our support and responded with timely actions. We are taking proactive steps to protect our people, ensure that our operations are resilient and support our customers, and extend help to the communities where we operate.

We will continue to deepen our expertise, sustain a quality and safety culture and track record of regulatory compliance, pursue our commitment to collaboration, and enable all our stakeholders to thrive.

We look forward to you joining us in shaping and securing a more sustainable future.

Sincerely,  
**Krishna Kanumuri**  
CEO & Managing Director



Sai

# Governance

We believe that effective corporate governance ensures transparency, which supports a strong and balanced sustainable growth. We also believe that a strong Governance structure and mechanism contributes to the effectiveness of an organization. The Board of Directors is the apex and highest governing body at Sai Life Sciences. The Board along with its Committees provides leadership and strategic guidance to the company's management and ensures that the management adheres to high standards of ethics, transparency and disclosures. The Board's objective is to create sustainable value for all stakeholders, provide vision to the company and oversee implementation of the Board's decisions.

## Board of directors

The Board comprises Executive and Non-Executive Directors that include independent professionals. The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic oversight of Sai and its wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board, as part of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Board Committees.

The constitution of the Board of the Company requires the Board to have a balance of skills, experience and diversity of perspectives appropriate to the Company. The Chief Operating Officer (COO) is responsible for smooth functioning of the Company's respective businesses. This also includes development of business strategies as well as due consideration of the interests of all the stakeholders. The business strategies and plans are reviewed during the annual strategy meet by the CEO, COO and various business heads of the Company. The Independent Directors constitute nearly one third of the Board's strength, thus ensuring independence and transparency of the Board's decision-making process. The Independent Directors are not associated with the Company in any executive capacity.

The present strength of the Board is seven, including the Chairman, Managing Director, two Investor representative Directors and three Non-Executive Directors, of which two are Independent directors, one of whom is a Women Director. The board meets a minimum of four times a year to discuss key issues and the performance.





**Dr. K. Ranga Raju**  
Chairman  
Executive



**Krishna Kanumuri**  
Managing Director  
Executive



**Rajagopala S Tatta**  
Independent Director  
Non Executive



**Nandita Gurjar**  
Independent Director  
Non Executive



**Puneet Bhatia**  
Director  
Non Executive



**Mitesh Daga**  
Director  
Non Executive



**Raju A Penmasta**  
Director  
Non Executive

### **Effective governance through board committees**

To focus effectively on issues and to ensure expedient resolution of diverse matters, the Board has constituted several committees with clearly defined terms of reference and scope. Currently, there are six Board committees and the composition and the terms of reference for these committees is determined by the Board from time to time. The Board committees have been instituted for members to understand their individual responsibilities and for the Board to organize itself and perform the necessary tasks effectively. These committees ensure implementation, streamlining and monitoring, giving appropriate direction to the day-to-day working of our company activities.





### **Audit committee**

Comprises of three non-executive Directors, two of whom are independent directors. The Chairman of the committee is an independent director. The Executive Director and Chief Financial officer, representatives of Internal Auditor and Statutory auditors are invitees to these meetings.



### **Nomination & remuneration committee**

Comprises of one Executive Director and three Non-Executive Directors, two of whom are Independent Directors. The Chairman of the Committee is an Independent Director.



### **Securityholders relationship/ investors grievance committee**

Comprises of three Directors consisting of Executive and Non-Executive Directors. The Chairman of the Committee is an Executive Director.



### **Corporate social responsibility (CSR) committee**

Comprises of one Executive Director and three Non Executive Directors, two of whom are Independent Directors. The Chairman of the Committee is an Independent Director.



### **Independent directors committee**

Comprises of all the Independent Directors of the Company.



### **Vigil mechanism committee**

Comprises of the members of the Audit committee



## Sustainability governance

Our governance model provides a strong foundation for developing and defining our sustainability strategy and targets. It ensures that all parts of the organization have a clear understanding of their contribution to sustainability.

At the Board level, the Management Committee has the ultimate

responsibility for the management, target setting, performance, and long-term success and sustainability of Sai. The VP-HSE and functional heads are responsible for tracking, reporting and review of business performance and status of sustainability initiatives and progress. The Site and Department leads are instrumental in the implementation of sustainability initiatives at the site level.

<p><b>Management committee</b></p>	<ul style="list-style-type: none"> <li>• Devises Sustainability Strategy, risks and opportunity identification</li> <li>• Defines targets and goals</li> <li>• Performance monitoring</li> </ul>
<p><b>Corporate committee</b></p>	<ul style="list-style-type: none"> <li>• Tracking and reporting on sustainability</li> <li>• Reporting and communication on performance</li> <li>• Review of sustainability initiatives</li> <li>• Identify new opportunities</li> </ul>
<p><b>Site level committee</b></p>	<ul style="list-style-type: none"> <li>• Sustainability Data and performance tracking</li> <li>• Implementing and driving sustainability initiatives</li> </ul>



**Sustainability governance embedded throughout the organization**

## CSR Committee

In addition to the various committees that ensure the sustainability of business operations, we also have a separate Corporate Social Responsibility Committee that oversees our goals and objectives to make things better for our communities. The CSR Committee reviews, monitors and provides strategic direction to the Company's CSR activities. The Committee seeks to guide the Company

in integrating its community engagement objectives with its business strategies and assists in crafting unique models to support creation of sustainable initiatives. The Committee formulates and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company.

## Code of conduct and policies

There are several codes and policies framed by the Board in compliance with the Companies Act, 2013. We have code of conduct and ethics policies for all employees as well as our suppliers and partners. Our governance structure and formulated policies are designed to support legal and ethical conduct in all our operations. Our Code of Conduct policies govern the Board, Senior Management, all employees and our suppliers.

Our policies reflect our values and commitments. For example, we have a zero tolerance for corruption and bribery and are committed to avoid any form of corruption in our business dealings and have therefore framed a Code of Conduct policy that also stipulates the prohibition of 'Bribery and Corruption'. In addition, the Company has formulated a 'Whistle Blower Policy' to enable employees and Directors to voice their concerns anonymously without the fear of retaliation/victimization/discrimination which is a sine qua non for an ethical organization. A 'Grievance Redressal Policy' ensures that any issue or concern may be reported by e-mail to the contact stated in the policy. Confidentiality is the utmost concern for the Company, and we work to ensure and respect that concern.

To ensure that all employees are aware of these policies, we ensure regular training and refresher sessions are provided across the organization. During the reporting period, Code of Conduct, Ethics and Prevention of Sexual Harassment and Anti- Corruption trainings were provided to all employees.

In summary, the following are the key codes and policies which provide broad guidelines for the smooth and transparent functioning of the organization:

- Code of Conduct and Ethics for Directors and Senior Management
- Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions
- Corporate Social Responsibility Policy
- Performance Evaluation/Promotion Policy
- Appointment and Remuneration Policy
- Whistle Blower/Vigil Mechanism Policy
- Code of Conduct and Ethics for Employees
- Code of Conduct and Ethics for Suppliers
- Policy for Prevention of Sexual Harassment
- Grievance Redressal Policy

In addition, audits are also carried out by our in-house internal audit team to ensure implementation and adherence to our policies and suggestions. Special audits are also performed in areas that may be vulnerable to fraud and corruption and other significant risks are identified on a regular basis.



## Risks and opportunities

We recognize that risk management is an important aspect for sustainable growth and have therefore put processes in place that would help with the early identification of risks and its mitigation. Opportunity assessments are an inherent part of our business and are embedded in our internal business planning and decisions for setting short and long term goals.

To mitigate financial risks, we have an Internal Financial Control Framework which is in line with the mandate of Section 134(5)(e) of the Companies Act, 2013. This framework ensures that financial controls are adequate and operating effectively for the efficient conduct of business, safeguarding of assets, compliance to company policies and prevention and detection of frauds and errors. The Company has a transparent framework for periodic evaluation of the Internal Financial Controls in the form of internal audit exercise carried out through the year, thereby reinforcing the commitment to adopt the best corporate governance practices.

### Risk, opportunities & mitigation

#### Compliance and Regulatory

Ensure compliance with local law and regulations.  
Proactively address queries or concerns.

#### Competitiveness

Product differentiation, remain cost competitive by optimizing production processes.

### Risk management process and governance

As a fast growing CDMO company, Sai is exposed to a wide range of internal and external risks that could significantly impact the achievement of our financial and nonfinancial objectives. Risk management is therefore an integral part of corporate management. As an organization, we promote strong ethical values and high levels of integrity in all our activities. Our standard operating process identifies and mitigates risk at an early stage. Process level controls cover key operating, financial and compliance related areas and our values, code of conduct ensure that we conduct our business with integrity and ethics. Strong audit and control mechanisms combined with internal financial control systems provide additional controls against possible risks.

#### Long term partnership with customers

Ethical business practices that ensure reputation and continued investments to provide value added services.

#### Pharmaceutical Market Consolidation

Proactively assessing impacts of M&A activity.





<p><b>Foreign Currency and Interest Rate Exposures</b></p> <p>Use derivative financial instruments or other hedging techniques to cover potential exposure.</p>	<p><b>Restrictions in Securing Credit Facilities</b></p> <p>Finance team monitor and ensure covenants and conditions laid down in the financing agreements are met.</p>
<p><b>Protecting Intellectual Property Rights (IPR)</b></p> <p>Compliance with IPR of third parties, operate without infringing upon the proprietary rights of others.</p>	<p><b>Information Technology (IT)</b></p> <p>IT security framework to guard assets, continuous monitoring to assess critical impacts.</p>
<p><b>Acquire, Retain Talent for Business Continuity</b></p> <p>Strategic talent and succession management, skill gap analysis and capability development activities.</p>	<p><b>Customer Supply Disruption</b></p> <p>Active monitoring and mitigation of concerns to ensure customer satisfaction.</p>
<p><b>Raw Material Supply Interruptions</b></p> <p>Develop alternative suppliers on an ongoing basis.</p>	<p><b>Health, Safety and Environment (HSE)</b></p> <p>Proactively engage with regulatory authorities, HSE team monitor &amp; address HSE hazards through periodic safety audits and training programs.</p>



The Board of Directors, monitor and review the strategic risk management plans of the company as a whole. They set the overall tone for a risk minimization culture through defined and communicated corporate values, clearly assigned risk mitigation responsibilities and appropriately delegated authority. A strong and independent Internal Audit function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls.





# Sustainability framework + Materiality



## Defining materiality

Engaging with our key stakeholders is essential to build trust and to understand their needs. We seek to listen to them, know how we can address their concerns, and develop solutions for significant issues.

**Our process of carrying out stakeholder engagement and arriving at material focus areas is presented here:**



### 1. Identifying key topics from the sustainability context

The sustainability context for CDMOs highlights the need for flexible, responsive operations and technically superior solutions to enable pharmaceutical companies to pursue innovation to serve patients better. The need is to reach the market faster by de-risking discovery, development, and manufacturing in the NCE development value chain while focusing on meeting and exceeding quality, safety, and environmental standards as pre-requisites.

CDMOs are expected to be environmentally responsible as pharmaceutical companies gather pace for climate change action in their own and their supplier organizations. Besides, CDMOs also need to focus on people, infrastructure, automation, and technical capabilities, to accelerate services and enable pharmaceutical companies sustain better drug commercialization with new technologies and approaches.

With this background, we undertook the process of identifying key topics, also integrating findings from research of sector-specific reports, review of GRI standards, and sustainability reports of pharmaceutical companies and inputs received from internal stakeholders.



## 2. Key stakeholder identification

We consider stakeholders as an integral part of our organization. The following factors guided our approach in identifying our key stakeholders:

- Stakeholders impacted either positively or negatively from our practices
- Potential beneficiaries of our work
- Any groups/individuals with the influence on our operations
- Groups/individuals interested in sustainability policy and initiatives

## 3. Stakeholder interviews

We used a combination of interviews and survey questionnaires to seek feedback from our key stakeholders. We engaged with 70% of the identified stakeholders. We also have other processes and platforms to engage with our key stakeholders in the course of regular activities, which offer us opportunities to gather further insights.



Stakeholders	Engagement mechanism	Topics discussed
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee engagement activities</li> <li>• Committee meetings</li> <li>• Employee satisfaction survey</li> <li>• One to one discussion</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace conditions &amp; safety</li> <li>• Organization performance and goals</li> <li>• Training requirement &amp; career development</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Project review</li> <li>• Customer visits &amp; audits</li> <li>• Customer feedback survey</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery</li> <li>• Quality</li> <li>• Practices followed at the facility including HSE practices</li> </ul>





Stakeholders	Engagement mechanism	Topics discussed
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier evaluation &amp; audit</li> <li>• Supplier forums</li> </ul>	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Pricing</li> <li>• On time delivery</li> <li>• Practices followed at supplier site including HSE, statutory &amp; labor practices</li> </ul>
<b>Communities/NGOs</b>	<ul style="list-style-type: none"> <li>• Baseline assessment survey</li> <li>• Impact measurement</li> <li>• One to one discussion</li> </ul>	<ul style="list-style-type: none"> <li>• Community requirement</li> <li>• Program impact</li> </ul>
<b>Government/Regulators</b>	<ul style="list-style-type: none"> <li>• On site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory updates/requirements</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Board meetings</li> <li>• Investor meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Organization performance &amp; Improvements</li> <li>• Organisational strategy</li> </ul>
<b>Groups/Individuals Interested in sustainability practices</b>	<ul style="list-style-type: none"> <li>• Association/Membership forum meeting</li> <li>• Events &amp; Conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Sector specific trends</li> <li>• Knowledge sharing</li> <li>• Collaboration and partnerships</li> </ul>

#### 4. Materiality assessment

A materiality assessment helps us define focus areas from among the key topics and the insights shared by our key stakeholders and enables our business to aim for positive impact.

The topics identified through stakeholder engagement were prioritized, considering the impact on stakeholders and the impact on our business to generate the Materiality matrix. The matrix provides us direction for sustainability reporting and to derive our sustainability framework and goals.



## Materiality matrix



The focus areas which are material to our stakeholders and our business are grouped to create a framework of sustainable choices for approaching sustainability and integrating it within our organization.

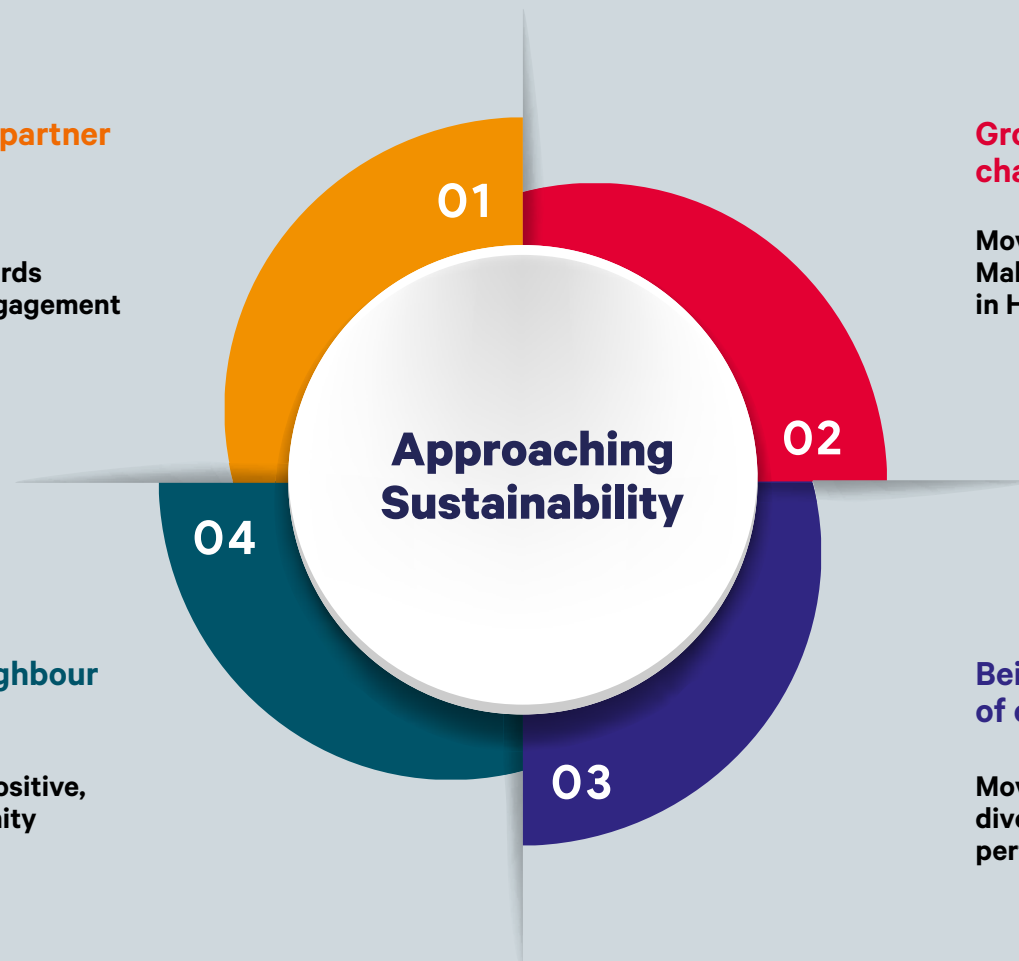
## Sustainability framework

### **Sustaining as a partner of choice**

**Moving away from  
Transactions towards  
Alignment and Engagement**

### **Growing as an HSE champion of choice**

**Moving away from Take-  
Make-Waste and excelling  
in HSE performance**



### **Becoming a neighbour of choice**

**Moving towards positive,  
proactive community  
connection**

### **Being an employer of choice**

**Moving towards learning,  
diversity, empowerment,  
performance**

## Sustainability framework

Our approach to sustainability is made up of choices that make a difference. A sustainable choice to us embodies thinking and actions that are economically, environmentally, and socially aligned. Every choice we stand for enables us to tune into our key stakeholders and the natural environment, setting us up for success.

### 01. Sustaining as a Partner of choice

*As a partner of choice, we stand for alignment and engagement, forming collaborative relationships with our customers and supply chain partners.*

We provide customized solutions for meeting aggressive timelines and budgets and growing regulatory needs of customers. We offer a compelling value proposition as a full-service, pure-play CDMO with a long-standing track record of service. Our comprehensive range of services across the NCE development value chain along with quality and HSE management designed to meet global standards maximizes our flexibility to add value. With proactive project management and communication systems, we use our technical strengths to create collective expertise, and through planned processes with our supply chain partners, we consistently meet the delivery requirements of customers.

**Business Growth | Collaboration & Partnerships | Operational Excellence | Responsible Supply chain**



### 02. Growing as an HSE champion of choice

*Learning and growing as an HSE champion of choice, we lead by example, make HSE 24/7, and influence positive change with new ideas.*

We are fully committed to integrating the latest HSE standards while we partner with our customers. By undertaking the systematic implementation of process safety and industrial hygiene evaluations, and environmental risk assessment, we ensure that we champion people's safety and capabilities to handle hazardous operations. Our governance approach and felt leadership make us effectively deliver on our environmental responsibilities and nurture a culture of safety.

**Environment Protection | Safe workplace.**





### 03. Being an Employer of choice

*The essence of being an employer of choice is the quality of the employment relationship based on our core values of respect, transparency, and integrity.*

Being part of the innovation value chain, our people play an important role in problem-solving and co-creating solutions for technical challenges. The presence of a cross-functional team environment is a core building block that makes collaborating together enriching for our customers and us. It is further enhanced by creating a learning culture that keeps our employees technically and behaviorally adept at creating differentiated experiences for our key stakeholders.

Employment Relationship | Training & Awareness | Social  
Accountability & Safe workplace.

### 04. Becoming a Neighbour of choice

*Becoming a neighbor of choice is driven by our commitment towards a collective impact improving people's quality of life in the communities in the neighborhood of our operations.*

Adopting an approach of understanding the community needs, making them part of the solution, and partnering with non-governmental organizations (NGOs) helps us take a balanced and sustainable approach.

Social Accountability – Communities



We have mapped here each material topic in our context.

Material topics	Internal and external boundary
<p><b>Sustaining as a Partner of choice</b>            Business Growth            Responsible supply chain            Partnerships &amp; Collaborations            Operational Excellence</p>	<p>Corporate office, Manufacturing, R&amp;D, Program management, Quality, Governance, Supply chain, Business development</p>
<p><b>Stakeholder engagement &amp; communication</b>            Business Ethics, Transparency &amp; Governance</p>	<p>Suppliers, Employees, Investors, Community, Customers, Government/Regulators</p>
<p><b>Being an employer of choice</b>            Employment Relationship            Social accountability &amp; Safe workplace            Training &amp; Awareness</p>	<p>Corporate office, Manufacturing, R&amp;D, HR, Quality, HSE</p>
<p><b>Growing as an HSE Champion of choice</b>            Environment Protection            Safe workplace</p>	<p>Corporate office, Manufacturing, R&amp;D , supply chain, HSE</p>
<p><b>Becoming a Neighbour of choice</b>            Social accountability</p>	<p>Manufacturing, R&amp;D, community engagement</p>



## Sai's Sustainable Development Goals (SDGs)

Guided by our sustainability framework, we have framed Sai's Sustainable Development 2022 goals from the 2019 baseline, mapped to the material areas. Based on the goals, organization-wide initiatives and action plans are ongoing and tracked for progress.

The Sustainable Development Goals (SDGs), launched by the United Nations in 2015, represent an action plan for the planet and society to thrive by 2030. We recognize the responsibility of businesses in contributing to the UN SDGs and have mapped Sai's Sustainable Development Goals to 10 UN SDGs.

### Environmental protection



### Diversity & Inclusion



### Community



### Responsibly supply chain



“Across all our operations, our approach to sustainability is guided by a principle of going beyond just compliance and doing what is right for the community and the environment. We believe that such an approach is completely consistent and intrinsic to our progress in business as well, and therefore constantly strive to instil this mindset in our people.”

**Sivaramakrishnan Chittoor**  
Chief Operating Officer





Make science better together

Make health better together

Sustaining as a Partner of Choice



## Moving away from transactions to alignment and engagement

Our customers seek to de-risk R&D efforts and increase the speed to market of their new molecules. Working together with them in accelerating discovery, development, and manufacturing, our purpose is to realize cost efficiency, speed, responsiveness and flexibility along with scale, doing so sustainably, as a partner of choice.

### Sustainability in focus

- Vision to support launch of 25 new medicines by 2025.

### Sai Nxt: Transforming to support our customers and create value for patients

We are currently serving seven out of the top 15 global pharmaceutical companies. We are well-positioned to pursue our vision and are currently associated with the launch of six molecules, with three molecules in the commercial phase. Guided by the insights and feedback from our customers, we have embarked on a transformational journey, investing upwards of USD150 million, in enhancing operational excellence, flexible manufacturing, IT integration and advanced safety and quality systems.



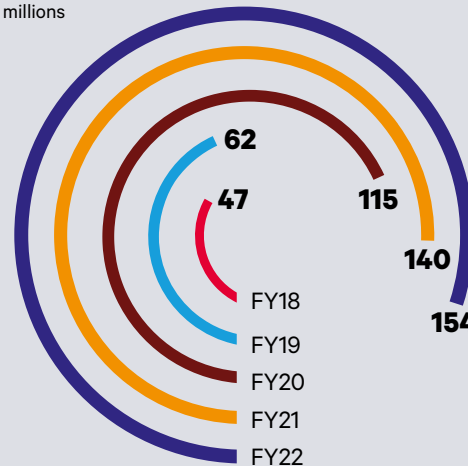
- Invest in transformation of processes, infrastructure, capabilities, culture over the period between 2019 and 2023 as a part of Sai Nxt and also raise the bar on safety, quality and customer focus.
- Shape our operating framework across R&D, technology transfer, and manufacturing to consistently deliver on our customer commitments with stronger governance systems and enhanced productivity and efficiency.
- Perform competency profiling and risk assessment for all critical raw material suppliers.



## Organization-wide transformation initiative currently underway with investment of > US \$ 150 Mn

**3x** increase in net fixed assets over 4 years

USD millions



### People & Culture

Expanding scientific talent pool, inducting top-notch global scientific and leadership talent, role-based integrated online training, shop floor transformation, nurturing culture of excellence.

### Processes & Automation

Process simplification, strengthening governance systems, electronic manufacturing records, IT systems integration, foundation for seamless data capture across operations, leveraging latest technologies for innovation and intelligence.

### Infrastructure & Capabilities

R&D expansion with wider suite of technology platforms, early phase delivery facility, flexible manufacturing with 2.5x capacity, advanced safety & quality systems.

## Partnering with purpose

Our efforts to strengthen our foundation and pursue purposeful actions in R&D, Supply chain, Quality, and Manufacturing, including upgrading infrastructure and capabilities, add value to the customer experience. These are the key elements that build a successful collaboration and help build our reputation as a partner of choice.

1.

Quality &  
Regulatory  
track record

### 01 Quality & regulatory track record

Sai has a robust Quality system across the value chain from drug development to drug delivery. To sustain as a partner of choice, among many other elements, our quality systems and consistent success in regulatory audits contribute immensely as a trust factor.

2.

Integrating broader  
capabilities and deep  
expertise in research &  
development

Culture of responsive and  
flexible manufacturing in  
the shopfloor

3.

Securing the  
supply chain



“SaiGO is our flagship initiative to drive effective governance and operational excellence at Sai Life Sciences. Through our focus on this initiative, we drive significant contributions towards sustainability by improving material efficiencies, simplifying processes to make them nimble and efficient and thereby helping bring medicines for unmet medical needs faster to market. It also serves as the invisible glue that brings alignment in the entire organization towards our vision, mission and societal commitments.”

**Damodharan S**  
Chief Strategy Officer

### Three pillars of quality management system

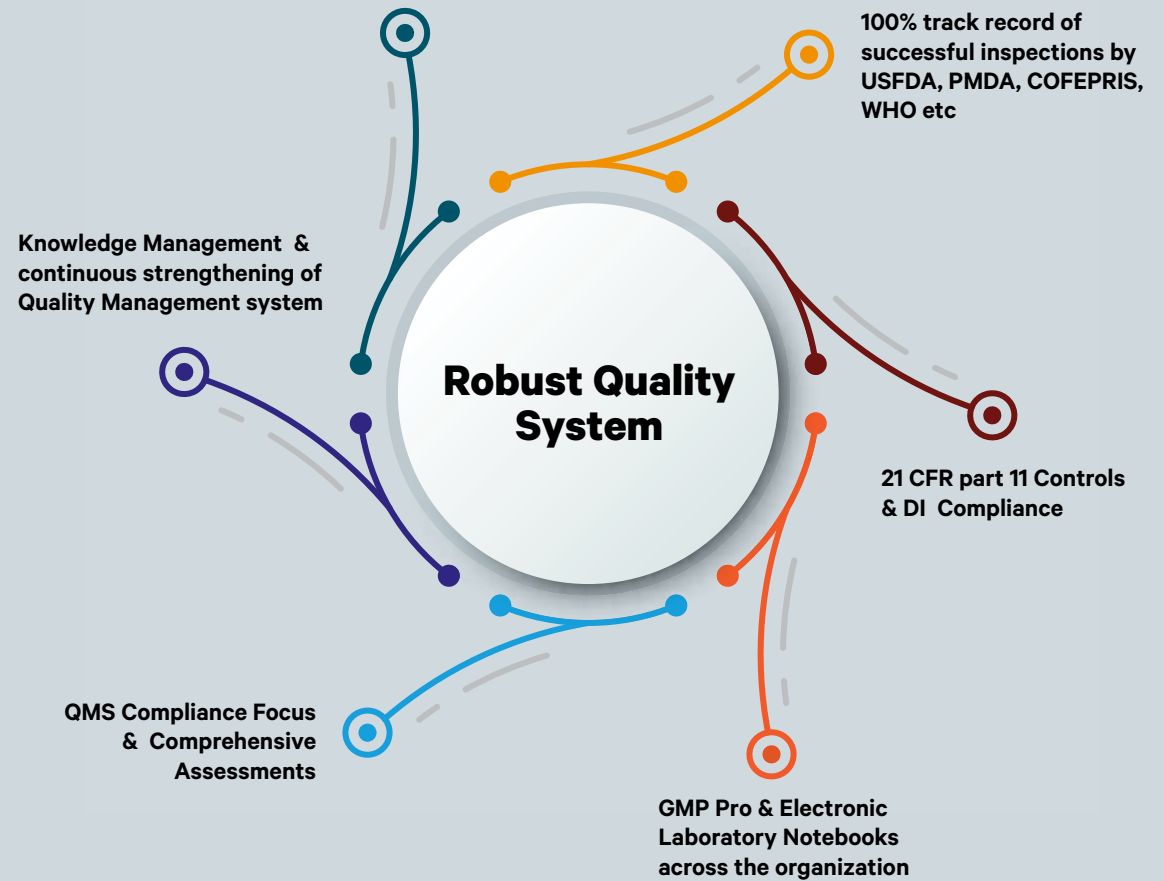
As a part of continual improvement, we emphasize strengthening the Quality Management System's three pillars, i.e., Procedure, People, and Facility. One of the approaches includes implementing various technologies and associated training through a dedicated platform in our Learning Management System (LMS). We proactively assess our systems against the current guidelines, 483 and warning letters issued to various pharmaceutical industries, and upgrade our quality system concurrently.



### Robust quality system designed to meet the global standards

We have a robust governance process with periodic reviews at the operations level and by Corporate QA function and the management committee (CEO, COO and BU Heads). Our successful track record of completing regulatory audits without critical observations across all our facilities in the last two years proves to be a constant encouragement for our partners. We have had successful inspections by various regulatory agencies like USFDA, PMDA, COFEPRIS and WHO. We believe customer confidence in our quality system across development, technology transfer, and manufacturing is sustained, with 80% repeat customers.

### Moving towards paperless quality environment with e-BPR/QMS documentation





In our quality management approach, we are transforming several areas of operations from manual to electronic for better transparency and assured data integrity. A journey we began in the year 2014 is 60% complete and functional, with the ongoing addition of modules in Quality Control/Manufacturing taking it to 80% completion in the reporting year. At present, we have 82 modules across Quality, materials management, and document management systems enabling electronic transactions, including vendor approval, documentation of OOS, Deviation, master BPR and change control. With the inclusion of other areas in Quality Control/Manufacturing carried out electronically, we will complete 100% digitalization.

### Step 1

Responsible for capturing information and act as a data source.

### Step 2

Read, evaluate, control and allow users to do right things in right direction.

### Step 3

Receive data and generate labels, control planning and reconciliation.

In 2019-2020, 33 customer audits were concluded without any critical observation. For us, customer audits are as essential as regulatory audits as they ensure that we are audit-ready, investing in continual improvements, and accordingly, customer requirements have the most significance in our operations in line with their regulatory commitments.



### Customer observations positively reinforce our approach to quality management

- Quality systems for change control, customer complaints, nonconforming product control, recall, and a system to inform the customer of significant changes are robust
- The facility is well-equipped, well maintained with cross-contamination controls and a plan to remain updated about cGMP requirements
- Personnel are competent to manage site operations, knowing procedures, equipment, and protocols within their area of responsibility, and comply with cGMP requirements
- Actions towards paperless operations, including GMP-Pro is encouraging



### Customer Complaints

We have a well-established procedure based on the various regulatory guidance to address customer complaints. The handling of a complaint is a time-bound process that involves acknowledging the complaint, investigation followed by implementation of CAPA where required, and finally, the closure of complaint addressing the customer's concern.

Facility (April-2019 to Mar-2020)	No of customer complaints	Status
Unit-II	0	N/A
Unit-III	0	N/A
Unit-IV	5	Closed (no failure in the quality attribute of the product)



## 02 Building enhanced customer experience through R&D and manufacturing

We create a positive customer experience with specific moves in R&D and Manufacturing. In R&D, the emphasis is on enhancing customer-centricity, meeting customer expectations while adding value through platform technologies and going beyond. On the manufacturing front, we are implementing a bottom-up transformation initiative with the people on the shop-floor empowered and engaged in cross-functional team activity through Daily Metric Management aligned with business strategy.

### *Integrating broader capabilities and deep expertise in Research & Development*

Pharmaceutical companies identify preferred partners in the CDMO space with broader, integrated capabilities like platform technologies that meet and exceed performance expectations, emphasizing highly collaborative interactions. For example, we have laboratory-scale bio-catalysis capabilities where we have demonstrated enzyme recycling in a commercial project accruing cost advantages. Likewise, we are experimenting with flow chemistry at a laboratory scale to address hazards associated with the batch processes.

We are consciously implementing green chemistry practices in process development. Our sustainable choice makes us go beyond the mandate, greening the products while meeting regulatory requirements. Our teams are consistently working to eliminate use of multiple solvents and reduce isolation steps. This helps us to demonstrate a discernible improvement in the 'Greenness Index', developed using an internal computation model that is a composite of several attributes across atom and mass efficiency, e-factor, water conservation, waste minimization, resource conservation and greenness of solvents used, among others.



### **Green chemistry advances for environmental sustainability**

With the green chemistry approach, we have found success in developing an alternate process for a late-stage KSM, reducing the number of solvents required for the process from 5 to 2 while also avoiding the use of Tetrahydrofuran (THF), Methylene Dichloride (MDC), Chloroform, and Acetic acid and improving the overall yield. In another process, an environmentally benign, polar diprotic solvent, Sulfolane was used in place of Pyridine. The introduction of Sulfolane reduced the number of downstream operations and significantly reduced the batch cycle time while improving the yield. In another product, we developed a telescopic process with four chemical conversions in a single solvent system, improving yield and ease in solvent recovery when operating the process at scale.

Our efforts are directed towards creating technical depth by developing the skill balance of chemistry and process development and scale-up talent and a healthy ratio of Ph.D. to Masters level scientists. Likewise, for Analytical R&D, we have a group of specialists and a pool of skilled analysts, giving us advantages in the developmental value chain. The teams are customer and business-centric by tuning into OTIF requirements supported with a governance process of structured, tiered scientific reviews focused on critical developmental milestones and technical challenges. The R&D setup operates with a performance management system where monthly performance feedback is exchanged between the supervisor and the team member, resulting in seamless communication and management of expectations between the leaders and their team while also keeping a sharp performance focus.

Processes designed for scalability and effective technology transfer are also imperative for successful partnerships. We have implemented DOE, with 30% of our R&D team members trained in using DOE in various products in around 12 stages, making the developed processes respond favorably during scale-up, improving technology transfer capabilities.



In the CDMO space, supply partners who can anticipate future needs, combined with a willingness to make adaptable, customized support available are preferred. Suitable to sustaining as a partner of choice, we undertook 10% of the total projects as proactive ones in 2019 – 2020, which secure the supply chain, mitigate the risks for the customer while allowing us to improve the process by optimizing cost and improving environmental efficiencies.

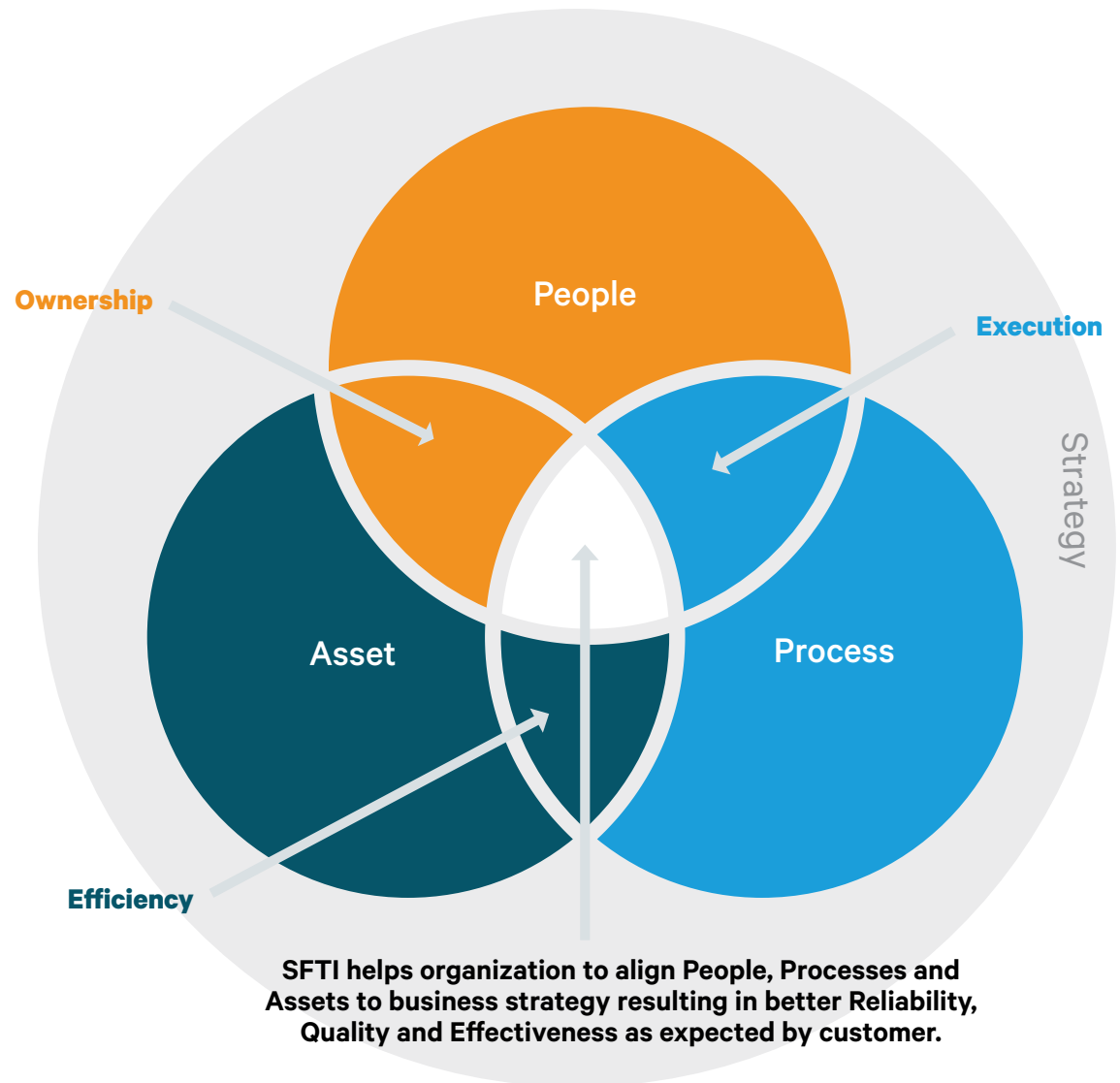
#### Making complex development possible

In a project for the supply of NCE for Phase 1 studies, we integrated our chemistry skills to develop a 21 stages synthesis. A product requiring three intermediates, we developed the technical package from scratch and paved the way for timely and effective technology transfer. We successfully navigated from feasibility through development and optimization, with a simplified approach eliminating column purification and carried out plant scale-up within six months from the start.

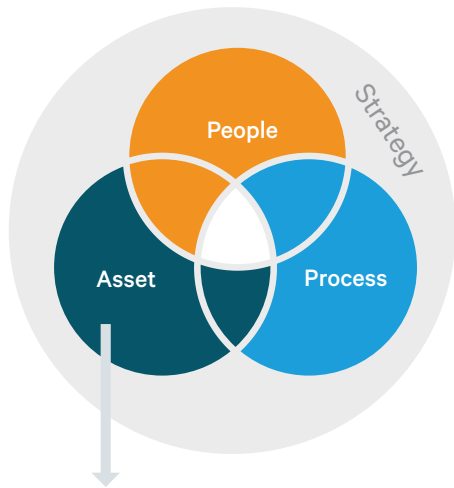
#### Culture of responsive and flexible manufacturing in the shop-floor.

Our operational excellence framework has the Shop-floor Transformation Initiative (SFTI) at the core, which empowers the shop-floor team members and emphasizes the continuous development of manufacturing facilities and techniques along the dimensions of people, assets, and process, to demonstrate our flexibility and responsiveness to the customers and prepare us for the future.

We have sustained improvement in PQCDMS (Productivity, Quality, Cost, Delivery, Safety, and Morale achieved through continuous recognition practice) through this initiative. Implementing 5S at the shop-floor, monitoring and correcting abnormalities, unsafe conditions/acts, making cGMP observations, recording Batch cycle time (BCT), and Batch charge frequency (BCF), critical for productivity enhancement, manufacturing is building a culture of responsiveness. SFTI has made shop-floor communication regular, focusing on immediate problem solving, providing a platform for setting productivity expectations while keeping our operations audit-ready, contributing to manufacturing capability and process innovation.



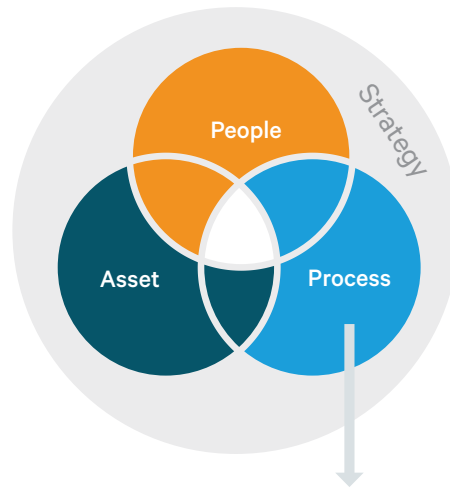




**Asset care**

- 5S
- Asset Availability Improvement
- Mean Time To Repair (MTTR) and Mean Time Between Failures (MTBF) improvement
- Preventive Maintenance (PM) and Predictive Maintenance (PdM)

**Enhance manufacturing capability**



**Process care**

- Manufacturing Variability Reduction
- Process Optimization
- Functional Process
- Cross-Functional Process
- Daily Work Management

**Drive process innovation**

The metrics are generated and monitored by Areas Effectiveness Team (AET) comprising members from production, engineering, quality, stores, and safety functions with support from Grassroot Team (shop-floor operators). The same mechanism plays a pivotal role in enabling technology absorption for new products where cross-functional participation from the process engineering team and technology absorption team is supported by AET, resulting in participative solutioning, and owning up of BCT, critical for delivery responsiveness.



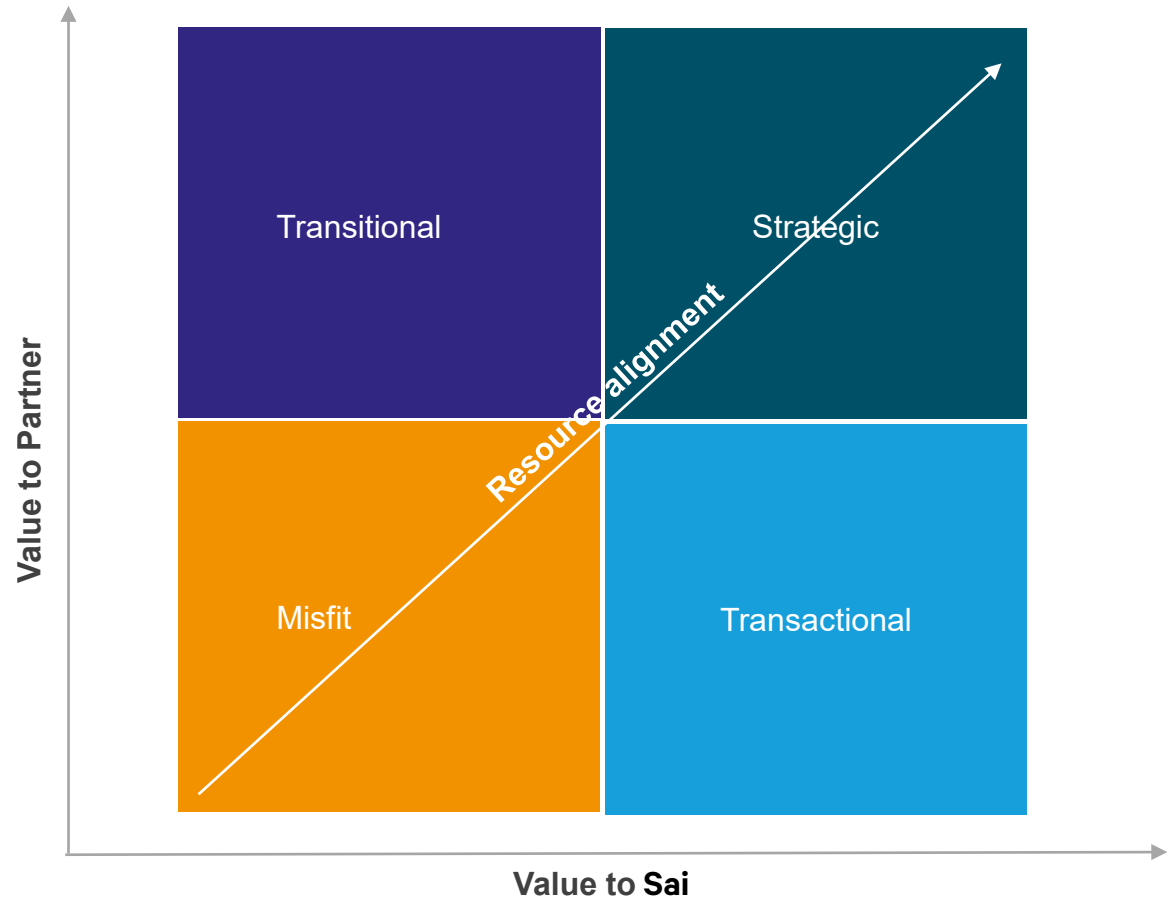
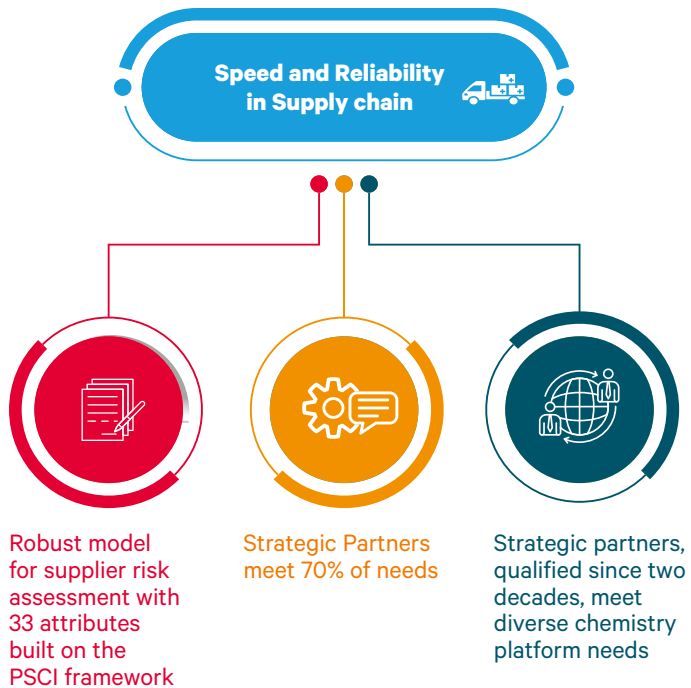


### Driving responsiveness

SFTI initiative has been fully rolled out in Unit IV, our flagship manufacturing facility extending the elements across production, engineering and warehouse. A concerted plan that synergizes team-based work and lean & 5S techniques has resulted in a six-fold reduction in production delay while creating a team culture where shop-floor teams have engagement, visibility of production requirements, and ways to de-bottleneck proactively.

### 03 Securing the supply chain

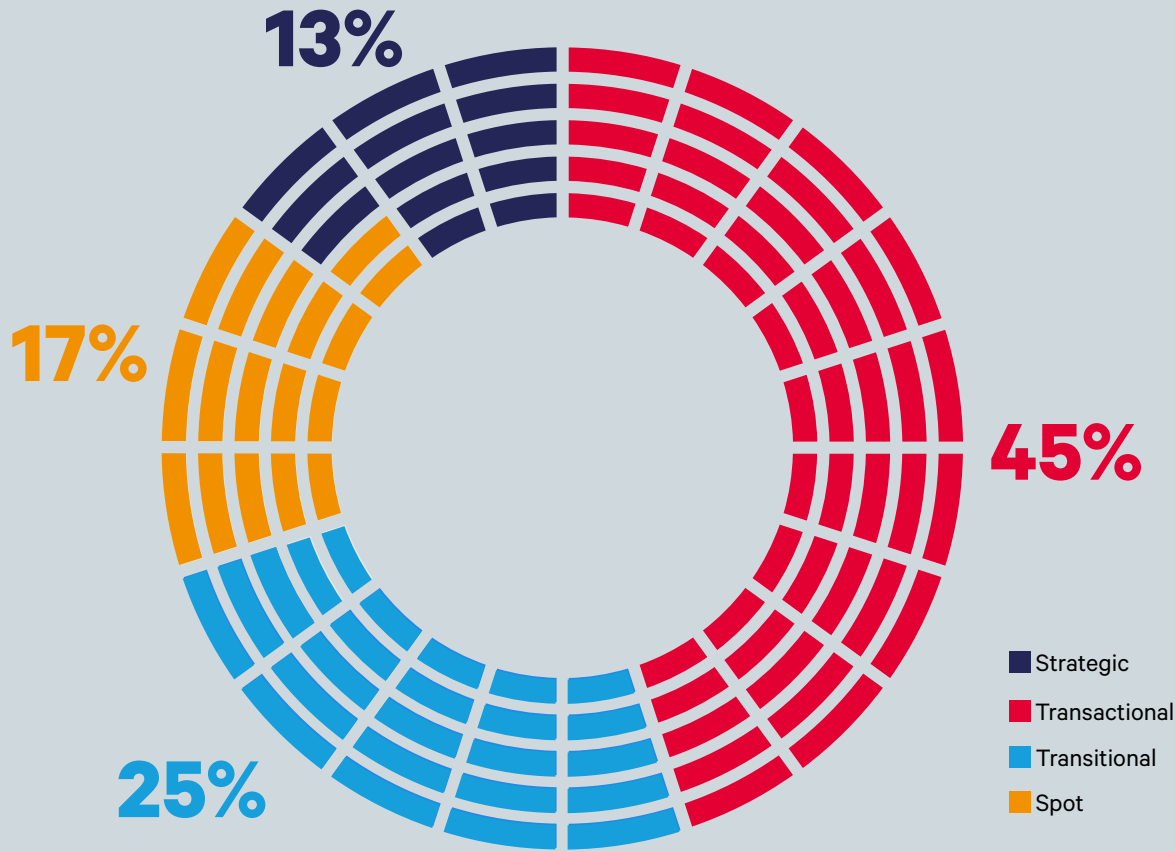
Sustainable supply chain management can be a strong driver of value and success. This means working with our suppliers to achieve sustainability standards set by us, which creates, protects, and grows long-term environmental, social, and economic value.



We have a structured process to develop our suppliers to advance sustainability goals mutually. Our suppliers are classified as strategic, transactional, and transitional to create focus. We progressively build a sustainable relationship with the strategic suppliers who constitute 80% of our spending. Efforts are also directed to explore opportunities with the suppliers classified as transactional. Currently comprising 45% of the total supplier group we are partnering with them to move them into a strategic relationship. As part of the supplier partnership, we assess risks, handhold developments, and periodically monitor performance improvements.

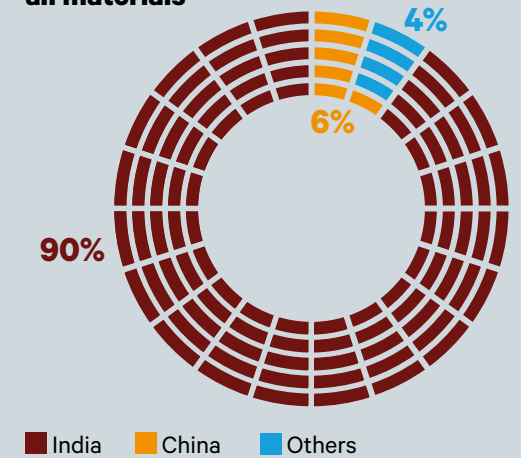


### Classification of Suppliers



We have sustainably secured our supplies of critical materials through a partner evaluation technique that embeds supplier management, risk assessment, and mitigation for the past three years. With this approach, we consistently meet customer deliverables, support production to operate without downtime, and maintain a high level of transparent communication. Undertaking steps to meet our SDG of competency profiling and risk assessment of critical raw material suppliers, we have completed the process for 18 out of 25 suppliers.

### % materials sourced locally (India) for all materials



### % materials sourced locally (India) for critical materials



### Making supplier engagement long term

Our philosophy is to engage with the suppliers to maximize the shared value, beyond just cost, by creating new opportunities and at the same time reducing the associated risks. We also use the power profile grid to understand the supplier's strengths and determine the value we can add to the relationship.

Measuring risk across six attributes with a process of supplier self-rating and our assessment, we derive the Supply sustainability score, which is mapped to an overall risk rating of high, medium,

and low. For each attribute classification, we have defined the competencies and ratings. The attributes include the six areas of HSE, Labor practices, Quality, Financial stability, Capacity and Management credentials, and other partnership-oriented factors like openness, reliability, responsiveness, strategic aspects, negotiation style, and supply chain architecture. In the reporting year, we carried out a Quality audit for 13 critical raw material suppliers with no major observations and 30% of the new vendors underwent HSE screening.



### Sustainable supplier engagement

For a customized raw material required in one of our commercial projects, we developed a domestic supplier to localize our supply base, reducing lead time and inventory. As we worked through the engagement, we addressed challenges across quality and price factors to secure the supply. With a partnership approach we enabled the supplier on two critical aspects:

1. Process upgradation to meet Sai's quality requirement.
2. Application of the OE model (Operational Excellence) where we enabled improved product yield and productivity in manufacturing to make the price competitive.







### Supporting environmental goals, making us a “Green” supplier

Our supply chain team has created an engagement with a supplier for the regeneration of precious metal from the used catalyst, which was earlier mixed with filter media and solvents and disposed-off instead. The manufacturing and supply chain team worked on this initiative and designed downstream equipment to filter the catalyst residue and tie-up with the supplier for the recovery. We are currently recovering a maximum of 95% of the precious metal and promoting its reuse in our processes.





Growing as an  
HSE Champion  
of Choice



## Moving away from Take-Make-Waste and **Excelling in HSE Performance**

Effective management of Health, Safety, and Environment (HSE) is pivotal for us and is embedded in our culture. It is a critical part of the way Sai does business. HSE is a responsibility that we diligently demonstrate for our employees, the environment, our products, and the communities we operate in and take proactive measures to continue growing as an HSE Champion of Choice.

### **Sustainability in focus**

By FY2022, we commit to:

- Reduce specific water consumption by 10%.
- Reduce specific greenhouse gas emission by 10% and replace 10% of our overall energy requirement with renewable sources.
- Reduce specific hazardous waste generation by 10% and recycle 70% of hazardous waste through co-processing and alternate reuse.

### **HSE: Being part of the solution**

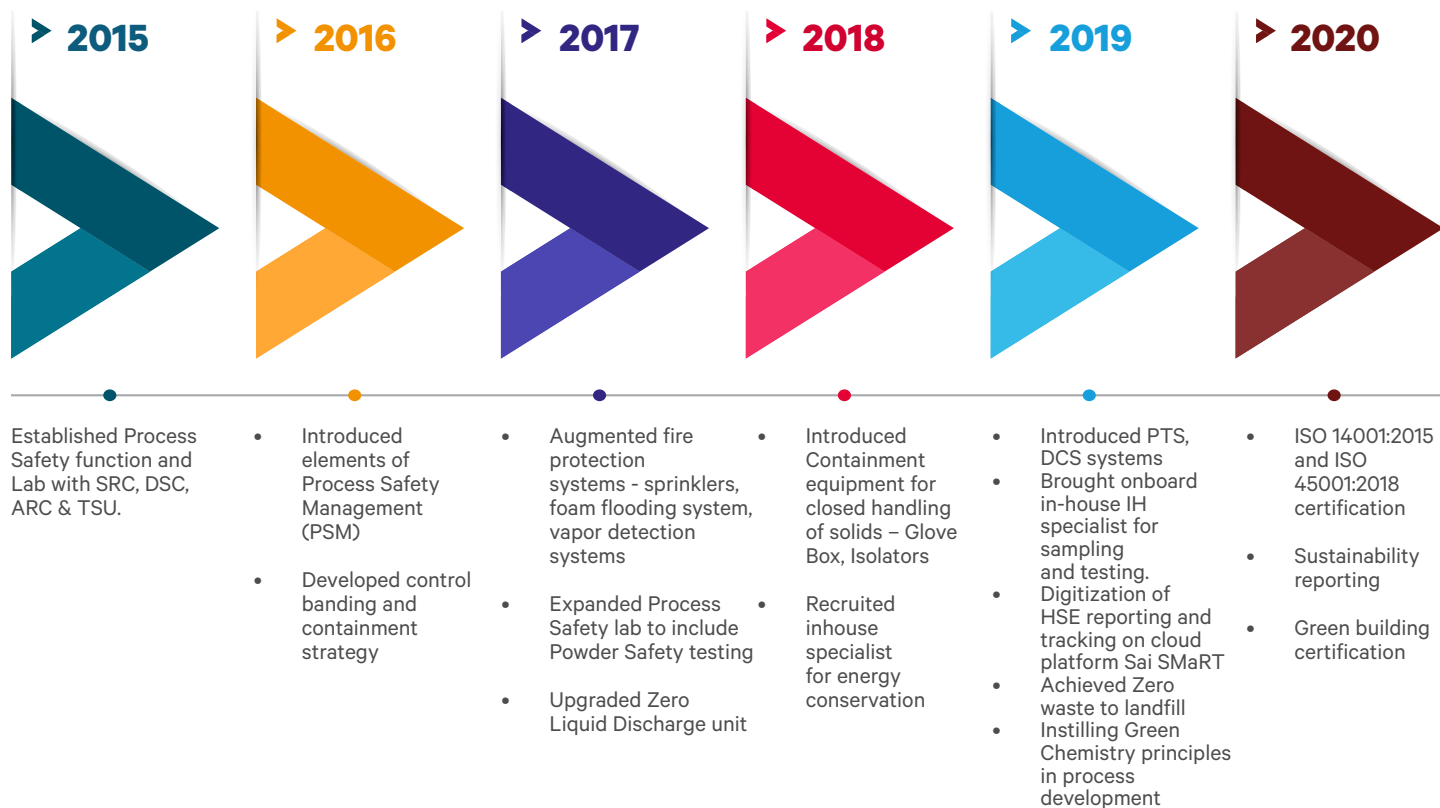
Being part of the solution is Sai's way of making HSE an enabler for business and building the confidence of key stakeholders.

A well-implemented health, safety, and environment (HSE) management system is an essential basis for good HSE performance. However, reliable performance and continuous improvement can only be achieved when there is a culture in which the elements of the HSE management system can flourish. Our HSE culture framework rests on three key pillars: Management commitment, Employee engagement, and Continuous improvement.

Each of these pillars is reflected in the conscious steps we have taken in the last several years. By investing in our facilities, processes, and people to promote HSE, we have significantly enhanced the infrastructure for environment management, process safety, and industrial hygiene. We have equally focused on getting the right talent and training in-house teams to carry out process safety and industrial hygiene studies, giving us the advantage of working on reactive chemistries and enabling effective technology scale-up of key molecules under development and can potentially meet patient needs.



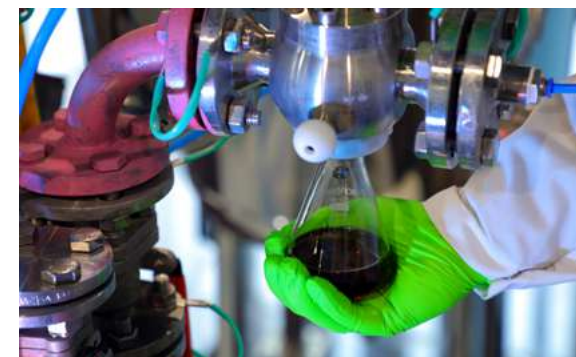
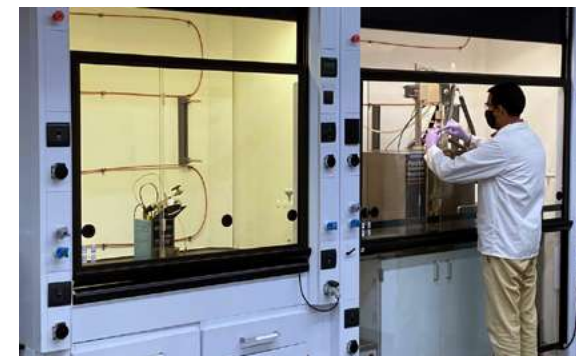
**A journey of continuous improvement with focus on Process Safety (PS), Industrial Hygiene (IH) and Environmental sustainability**



In the reporting year we received the ISO 14001:2015 (Environment management system) and ISO 45001:2018 (Occupational health and safety management system) certification for our R&D center (Unit II), Manufacturing facility (Unit IV) and Corporate office, further ensuring that Sustainable development goals and the HSE governance system is embedded in our management approach.

Over the last year, we have instituted initiatives that bring about

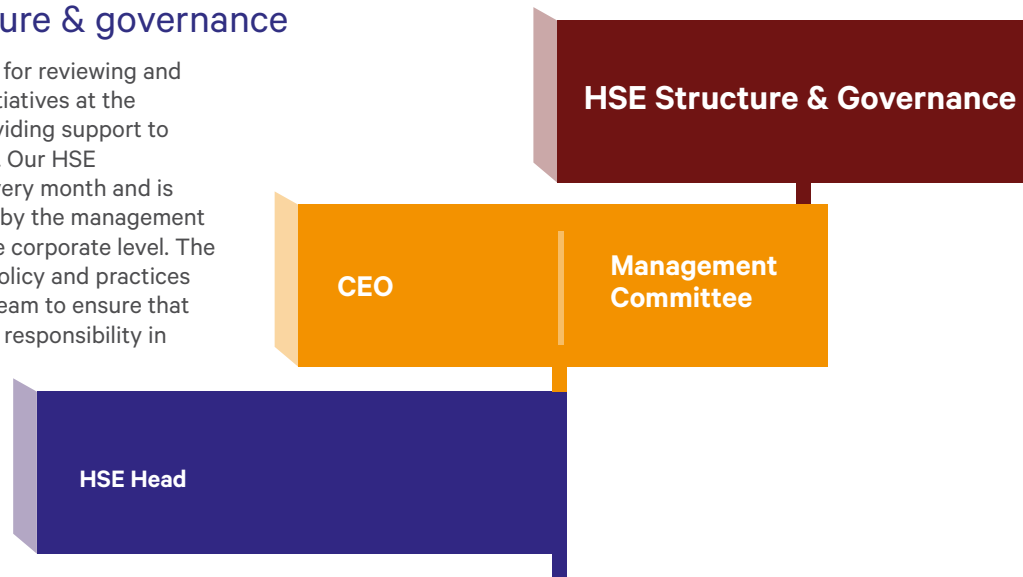
employee engagement at the shop-floor, crucial for day-to-day adherence with HSE requirements. The Shop Floor Transformation Initiative (SFTI) prioritizes energy conservation programs and environmental and safety infrastructure upgradation by cross-functional teams comprising production, HSE, and engineering while shop-floor teams conduct HSE control tours for daily observation of at-risk conditions and behaviors and to take proactive corrective and preventive actions.





## HSE management structure & governance

Our Corporate HSE team is responsible for reviewing and updating standards, facilitating HSE initiatives at the facilities, verifying compliance, and providing support to the manufacturing facilities as required. Our HSE performance is tracked and reported every month and is also a part of the review at the site and by the management committee (CEO, COO, BU heads) at the corporate level. The effective implementation of Sai's HSE policy and practices is monitored continuously by the HSE team to ensure that every employee demonstrates personal responsibility in meeting the requirements.



“We at Sai believe that growth moves us forward, and sustainable growth takes us further. Our HSE team functions as a proactive enabler of sustainable development by running significant initiatives to protect the environment, fortify employee well-being, and efficiently utilise resources. Over time, we have inculcated in our employees an innate mindset towards sustainability. This enables our progress towards the sustainable development goals each day. I firmly believe that focusing on resources and workforce efficiencies can rightly pave humankind’s road to sustainable development.”

**SreeKrishna Chopperla**  
Vice President - HSE

### Corporate HSE

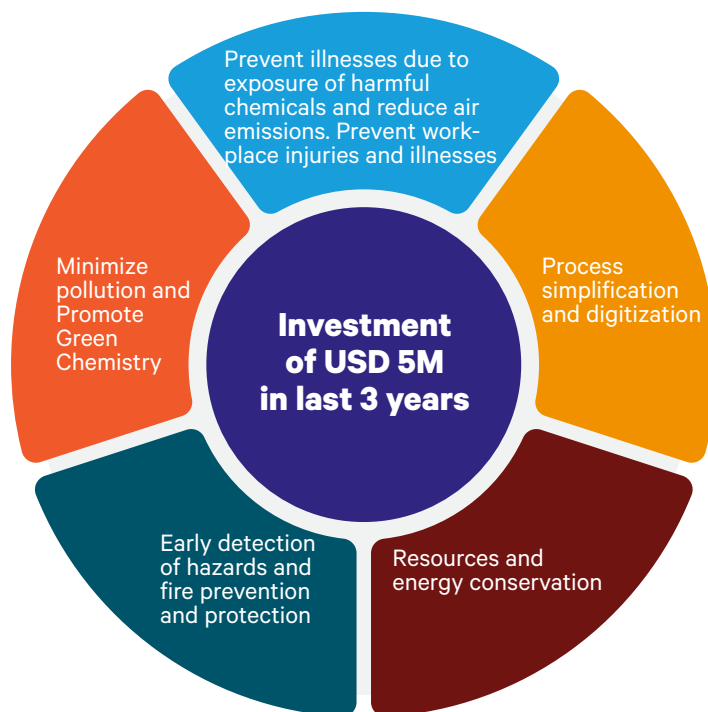
- Develop Guidelines and Standards
- HSE audit of external manufacturing sites and suppliers
- Internal HSE audits
- HSE Management System
- SDGs review and monitoring
- Process safety review

### Site HSE

- Risk assessment and HAZOP studies
- Site tours and inspections
- Effluent and hazardous waste management
- Water and emission management
- Site specific HSE training and induction
- Contractor safety management
- Process Hazard identification and mitigation
- Process safety management
  - Thermal screening of process and products
  - Powder safety studies
  - Process safety dossier
  - Industrial Hygiene and containment strategy assessment

## HSE operational excellence

The range of initiatives and critical HSE decisions implemented by us in process development and manufacturing, coupled with the investment made over the last three years, enables us to confidently scale-up and support business opportunities. For example, we have established a state-of-the-art laboratory for process safety investigations, which helps us develop and scale-up reactive chemistries. Similarly, the zero liquid discharge facility and well-designed energy conservation measures highlight our attention to HSE as a way of contributing to operational excellence. Here are important examples that demonstrate our approach towards HSE for environmental sustainability and occupational health & safety.



## Championing environmental sustainability

As a company in the CDMO space, with operations that can potentially impact the environment, we seek to mitigate these impacts by ensuring that all our facilities meet a strict set of environmental regulations and continuously adapt our processes to align with new regulatory and customer requirements. We also attach importance to the efficient use of water, energy, and materials. We are committed to protecting the environment and actively seek opportunities to minimize resource consumption and reduce greenhouse gas emissions and waste generation.

We demonstrate the precautionary principle approach in the following ways:

- Taking proactive measures such as enhancing zero liquid discharge (ZLD) capabilities and achieving zero waste to landfill initiatives.
- Implementing green chemistry and measuring the 'greenness index' of the processes that we develop.
- Measuring the impact on the environment and embedding the assessment in each step of process development and technology transfer.
- Actively pursuing energy conservation programs and prioritizing procurement of electricity through renewable sources.



## Adopting green chemistry

We have introduced Green Chemistry principles, through which we measure and monitor the greenness of the process right from the development phase. We developed a 'Greenness Index,' which is a computational model to determine the greenness of a process, in 2019.

**Adoption of  
Green Chemistry  
principles in process  
development**

**Processes evaluated  
for greenness index**

### Water Conservation

- Specific Water Consumption
- Quality of Waste Water

### Resource Conservation

- Atom Economy
- Reaction Mass Efficiency
- E-Factor
- Carbon Efficiency
- Chemical Yield

### Solvent Management

- Greenness of Solvent
- Specific Solvent Consumption
- Number of Solvents Used
- Solvent Recovery



## Green process of the year 2020

Further, to encourage the usage of green chemistry principles, we have initiated an internal Rewards and Recognition (R&R) program, recognizing teams that develop the most green process.



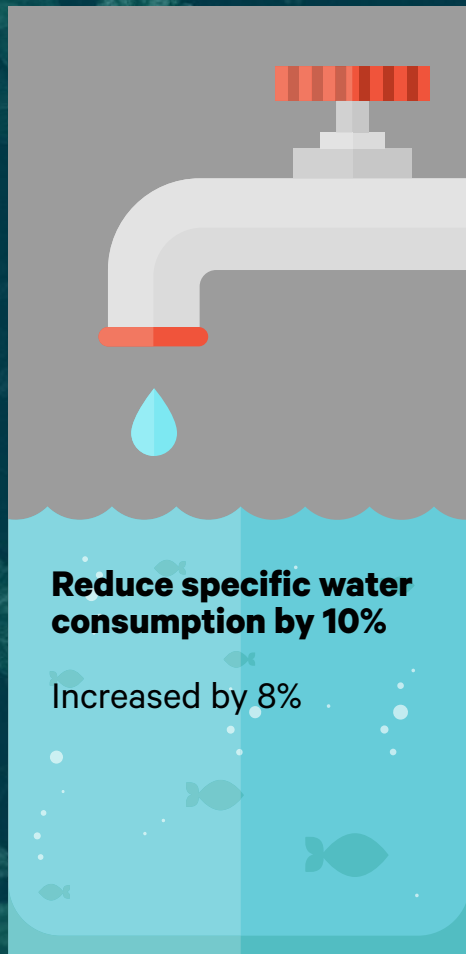
Award for Green process of the year announced

**20+ entries** in the first year



## Progress with our SDG goals

As part of our Sustainable Development Goals, we have targets defined for reducing specific water consumption, specific GHG emission reduction, increasing renewable energy consumption, and hazardous waste reduction. The performance against these targets is monitored regularly.

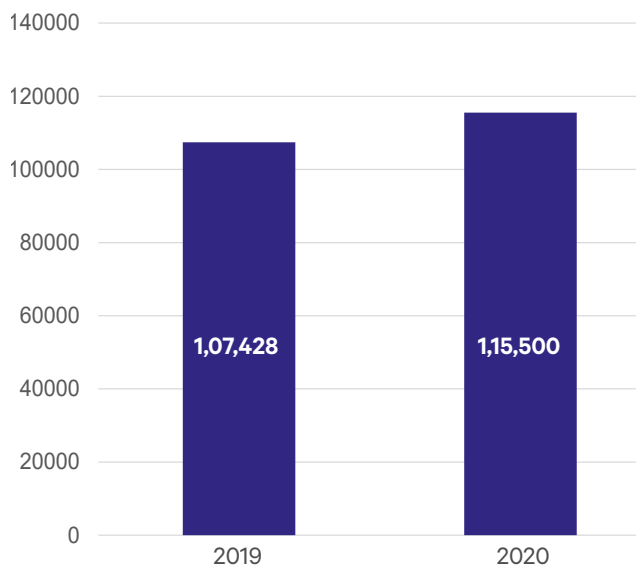




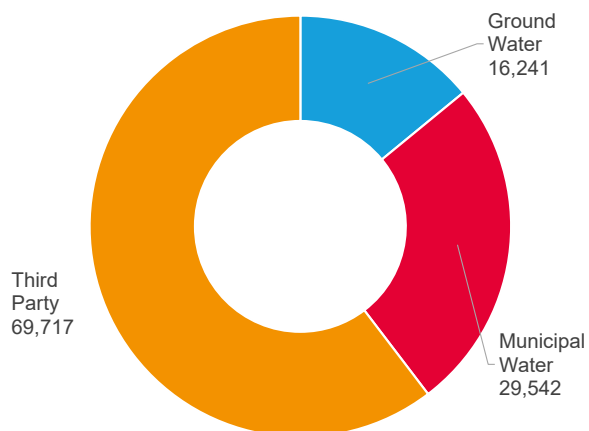
## Water management

Water is a key ingredient for the manufacturing of APIs and intermediates. We believe that it is our imperative to create awareness on water consumption and use it more efficiently. Our facilities source their water through groundwater, municipal supply, and third-party suppliers. The accountability of water usage is ensured by the installation of flow meters at all critical locations. We have made a concerted effort to increase the proportion of recycled water usage at our facilities - for example; treated wastewater is used for utility and gardening. We are taking steps towards achieving our SDG target by ensuring complete accountability of consumption, improving water consumption monitoring, deploying technology for water recycling and reuse, and raising awareness across the organization.

**Water withdrawal, kL**



**Water withdrawal by source, kL**



	FY 19	FY 20
Specific consumption of water (kL/million USD sales)	1074	1155





### Water reuse at Unit 4, Bidar – RO permeate for Cooling Tower and Chemical Dosing in ZLDS

#### Baseline

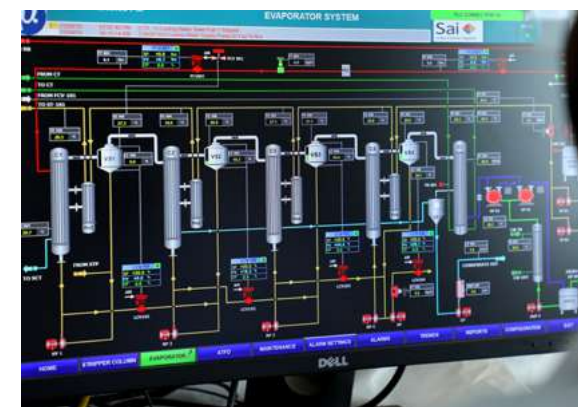
Unit4: Cooling towers make up water contributes to ~35%, and chemical dosing contributes to ~3% of total freshwater consumption per day. With reduced groundwater levels due to increasing demand, an action was needed to manage water consumption and increase water recycling.

#### Actions taken

- Process optimization in RO treatment
- Optimization of biological treatment plant
- Efficient Pre-treatment of RO feed water
- Periodic health monitoring of membranes

#### Impact

- 40-45 KLD of recycled water (RO permeate) instead of freshwater available for use
- 19% of total water requirement at site met through RO Permeate



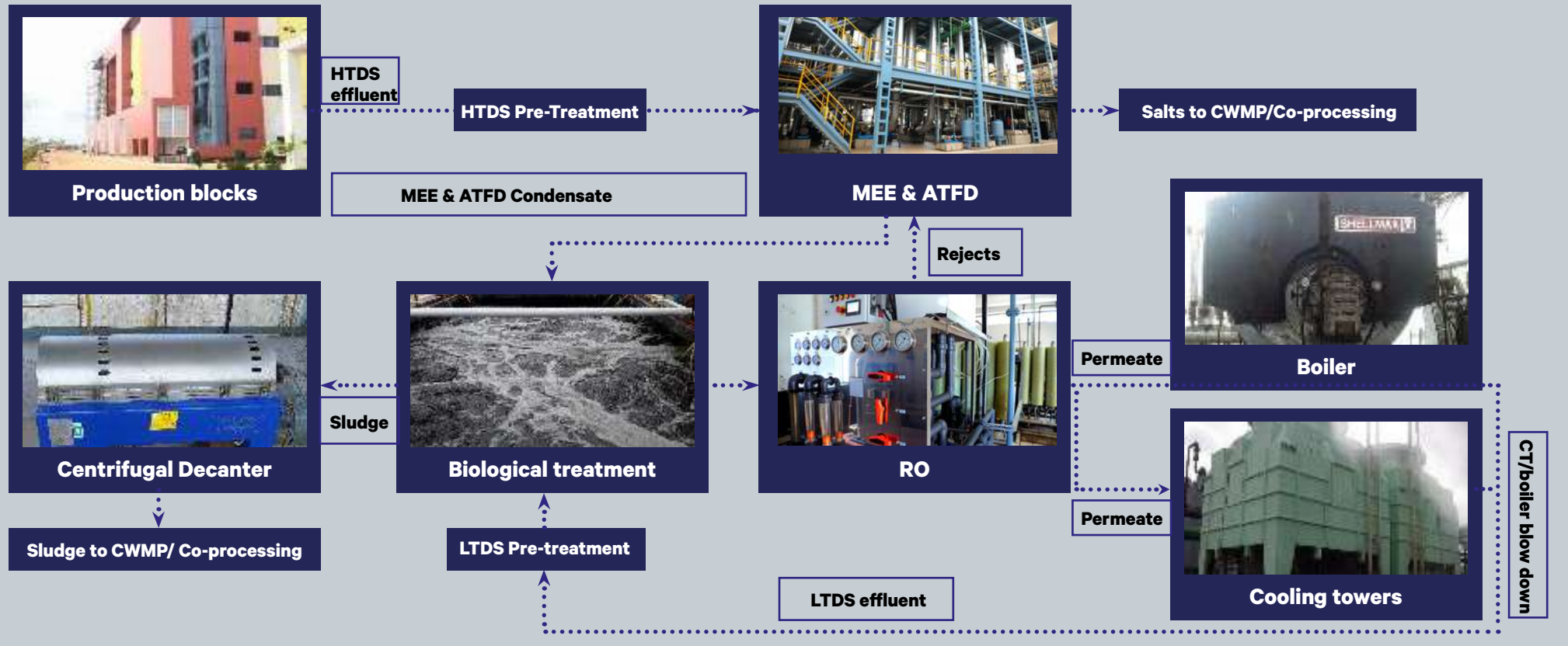
### Waste water management

Our facilities comply with all local and national regulations related to effluent discharge. All process wastewater and sewage generated across our facilities are treated in-house or sent to an external treatment facility. We rely on a Zero Liquid Discharge System, an important strategy to manage and recycle treated wastewater safely. We conduct systematic checks and inspections to verify the stability of our equipment and take preventive actions to proactively tackle leakages or spills.

## Enhancing our ZLDS capacity

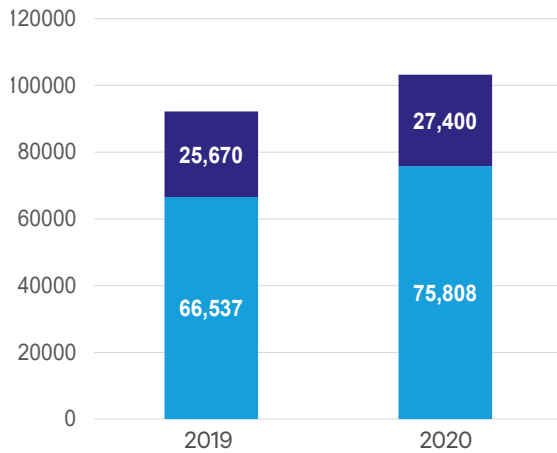
Our manufacturing unit in Bidar, Karnataka, is equipped with Zero Liquid Discharge System (ZLDS) to treat effluent. Using advanced technologies, we can recover treated wastewater and recycle for use in the utilities, resulting in significant savings in freshwater withdrawal. We make a continuous effort to increase the percentage of recycled water across all our locations.

### Wastewater recycling facility (Zero liquid discharge)



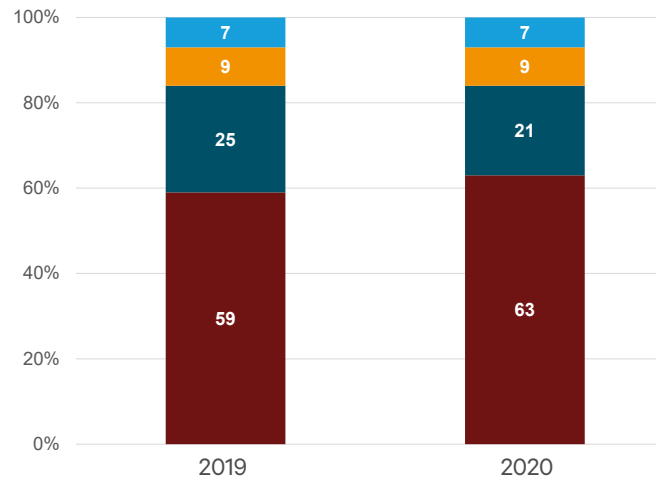
State of the art Evaporation plant, Agitated Thin-film Dryer and Reverse Osmosis (RO) added with an investment of USD 2M in 2019 towards the expansion of the Zero Liquid Discharge Plant.

### Effluent, kl



■ Generated ■ Recycled

### Effluent Disposal %



■ Zero Liquid Discharge ■ Common Effluent Treatment Plant  
 ■ In-house Treatment ■ For Third Party Usage



## Waste management

We have taken several actions to manage waste generated in our R&D center and manufacturing facilities responsibly. We have a dedicated waste storage facility to store hazardous wastes in a safe and contained manner. The storage shed is provided with adequate secondary containment to prevent any contamination.

In line with our SDG goal, Unit 4 has achieved Zero waste to landfill in 2019. All hazardous waste generated at Unit 4 is sent for co-processing to cement industries for use as an alternate fuel. This approach will be extended to other facilities to reduce further the waste sent to landfills. In the reporting year, 74% of the waste generated was sent for co-processing to the cement industry.





**Zero waste to landfill - disposal of hazardous waste through co-processing**

**Baseline**

Unit 4, Bidar was sending 50% of its hazardous waste generated for co-processing and the remaining waste was sent to the landfills.

**Actions taken**

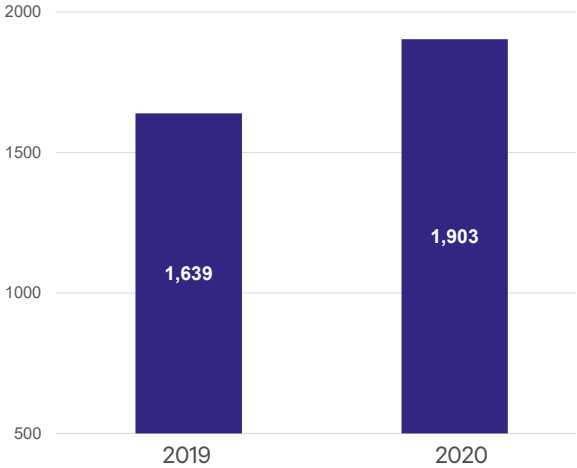
- Study undertaken to analyze how this waste can be converted for use in the cement industry as a source of alternate fuel.
- Waste profile study to understand the requirements for co-processing.
- Changes were implemented in the process of segregation and waste treatment to ensure that the treated waste met the requirement of the cement manufacturers.

**Impact**

- Zero waste to landfill achieved.
- Zero active pharmaceutical ingredient (API) discharge to environment.
- Reduction in GHG emissions.
- 100% Hazardous wastes are used as alternate fuel by cement industries.
- Extracting economical usefulness from waste.

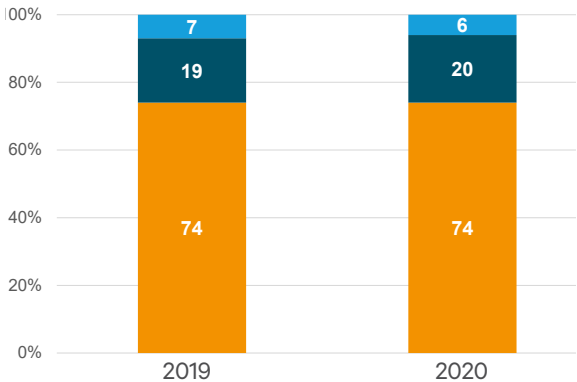
	<b>FY 19</b>	<b>FY 20</b>
Specific hazardous waste (MT/million USD sales)	<b>16.39</b>	<b>19.03</b>

**Hazardous Waste Generation, MT**



■ Waste Generated

**Hazardous Waste Disposal, %**

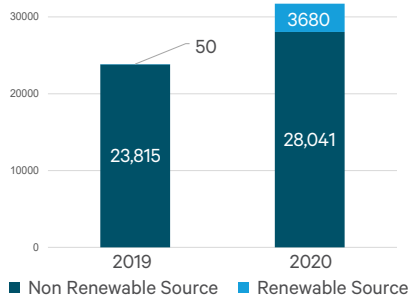


■ Co-processing ■ Landfill ■ Recyclers

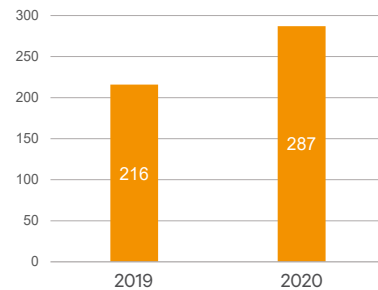
## Energy & climate

Our energy management strategy includes optimizing existing operations, integrating energy management in the operational design phase, and meeting energy requirements through renewable energy sources. We consume energy from non-renewable and renewable sources, including solar and hydro, and the renewable energy component in the total energy mix stands at 5%. We have entered into agreements with third-party renewable energy generators to support our Bidar site's energy needs. Currently, we do not have any in-house electricity generation source.

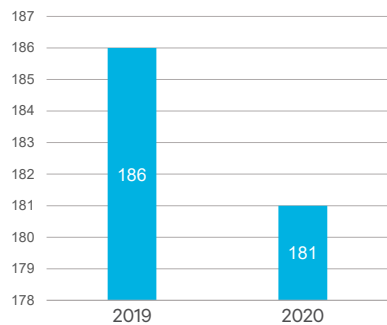
### Electricity Consumption, MWh



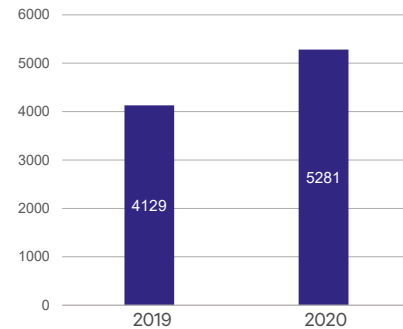
### Furnace Oil, kL



### Diesel Consumption, kL



### Coal, MT



In the reporting year, we established an energy management team consisting of energy managers and members from operations to drive our conservation efforts. The team focused on our Bidar location, which accounts for most energy consumption amongst all locations. The energy conservation project was implemented based on the baseline assessment and understanding of existing consumption patterns. Eleven energy efficiency projects, having cumulative savings of 403,544 kWh/annum were undertaken, which contributed towards electricity savings of 104,751 kWh in the reporting year.

## Energy conservation through optimization of utility systems

### Baseline

At Unit 4, Bidar 65-75% of total electricity is consumed by utility systems and constitutes a significant portion of energy cost. A baseline audit, conducted to understand the performance of these systems found that many systems were not meeting the designed specifications and therefore resulting in higher energy consumption and cost.

### Actions taken

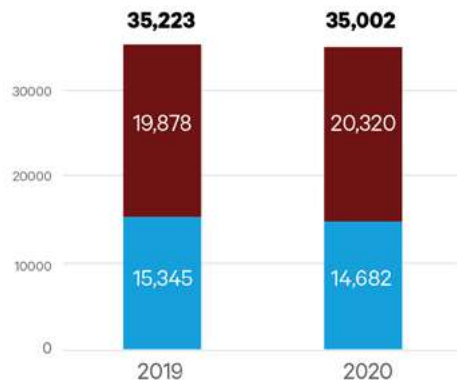
Energy management initiatives were undertaken in a phased approach, cross functional teams were formed to develop action plans on focus areas – chillers, pumps, cooling towers, AHUs and ETP blowers.

### Impact

- Energy savings from Utility Optimization: ~ 0.4M KWh/annum cumulative savings, GHG emission reduction: ~330 tCO<sub>2</sub>e/annum
- Baseline data established and Improved system efficiency
- Less maintenance - due to performance improvement

We have reduced approximately **3107 tCO<sub>2</sub>e/annum** of GHG emissions due to energy conservation programs and renewable electricity procurement at our Bidar location. We calculate GHG emissions (Scope 1 & 2) according to the international standards such as the ISO 46001 and GHG Protocol.

## GHG Emissions(tCO2e)



The emission factor from IPCC was used for calculation of Scope 1 emission and for Scope 2 emission we referred to the CEA database.

	FY 19	FY 20
Specific GHG emission (tCO2e/million USD sales)	352	350



## Air Emissions

As air emissions such as NOx, SOx, VOC, PM can significantly impact nearby communities and the environment, we have processes in place to manage and monitor such emissions. Our effort to minimize air pollution is supported through technology and robust engineering controls, and we have pollution control equipment in place to reduce emissions. All the production blocks, dispensing areas, and acid storage tanks are equipped with multistage scrubbers and online pH meters for acidic/alkaline emissions. All our critical manufacturing operations are carried out through closed systems. Our reactors are equipped with primary and secondary condensers with RT water and +5oC chilled water utility to prevent emission of VOCs. Our emissions are analyzed by an authorized third party agency every month and are well within the permissible level.





## Reduction of Volatile Organic Compound(VOC) Emissions and Increasing Solvent Recovery

### Baseline

At Unit 3, water jet ejectors used for vacuum distillation operation were observed to be underperforming. An investigation led to the following observations:

- VOC emissions from exhaust of vacuum pump.
- Odor nuisance at jet ejectors area, cooling tower area, and nearby premises.
- High Chemical Oxygen Demand (COD) in effluent
- Continuous seal leaks noticed at Jet ejectors pumps, and freshwater makeup needed to be regularly done.
- High power consumption of gland pumps and less solvent recovery.

### Actions taken

- Replaced water jet ejectors with more efficient oil lubricated vacuum pumps to achieve maximum efficiency.
- Provision of Chiller circulation lines to the vacuum pump condenser for effective condensing of the TVOC.
- Vacuum pump vent is connected to condenser and vent extended to safer location.
- Vacuum controller with adjustable control setup.
- Separate receiver provision for collecting solvent from vacuum pumps and condenser.

### Impact

- Reduction of Volatile Organic Compounds (VOCs) escape into atmosphere.
- 8% improvement in solvent recovery.
- No odor accumulation at the Vacuum pumps area and cooling tower.

## Protecting and restoring our ecosystem

As part of our efforts to reduce environmental pollution and increase the natural vegetation, we have developed a green cover in and around our facility. The Green cover project aims to increase the green canopy at our site and mitigate pollution and its impact. Active participation from employees has led to approximately 2150 plantations in and around our facilities - Units 2,3 & 4, thus benefiting the community. The plantation includes both the native species and garden species. Another example of our commitment to protect the environment is the elimination of plastic bottles across our facilities. Today all plastic bottles used for drinking across all locations have been replaced by glass bottles.



No more plastic, let's switch to glass bottles for drinking water at Sai Life Sciences



## Strengthening occupational health and safety

We strive to create a safe workplace by design for all our employees and contractors, emphasizing awareness of safety and occupational health matters through ongoing communication and training. We aim to increase risk awareness and identify and address hazards proactively, a step towards pursuing zero incidents. Following the hierarchy of hazard control from elimination through substitution, engineering, and administrative controls, with Personal Protective Equipment (PPE) as a last resort, hazards are eliminated through systematic and proactive hazard identification and risk assessment mechanism.

In terms of strengthening our infrastructure, we have upgraded fire prevention and protection systems by deploying automatic fire suppression systems in R&D laboratories, IT server rooms, Electrical panel rooms, Warehouses and Tank farms. We have installed automatic fire suppression systems in our newly built process engineering block and production facility at Unit 2 and Unit 4.



### Fire safety infrastructure



- Advanced fire detection system
- Centralized fire alarm system
- Automatic water and foam sprinkler systems in critical areas such as flammable chemical storage areas/production blocks
- Automatic foam bladder system
- Electrical panel fire suppression system vapour detection system

## Process Safety (PS)

We embarked on the journey of process safety in the year 2015 to develop and disseminate knowledge of safer and cleaner process technologies. The safety of our plants and processes is a critical element of our stewardship practices and allows us to protect our workforce and support business goals.

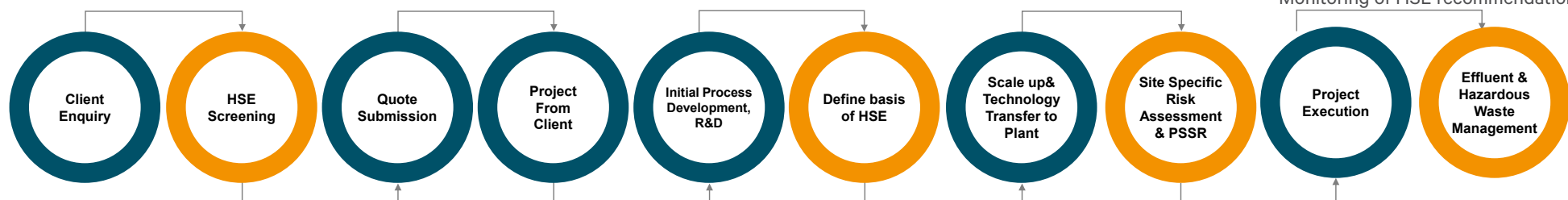
We took significant steps towards improving process safety by establishing a Process Safety division and a dedicated process safety testing lab in 2015. Since then, we have developed and strengthened our expertise in this area. Over the last few years, we have added advanced testing equipment in our safety lab and established the complete bandwidth for thermal safety testing and

powder safety testing. We have also added a Micro Reaction Calorimeter during the reporting period, enabling thermal screening of high-pressure reactions, including hydrogenation reaction.

Our Process Safety team, which has over 50 years of combined industry experience, uses a systematic approach to identify, evaluate, and control hazards involved in each process and provide recommendations. The compilation of a process safety dossier capturing environmental, process safety and industrial hygiene aspects and risks is a ready reference for customer discussions and technology transfer and scale-up decisions, a key milestone in process development.



### HSE integration across the project lifecycle



#### HSE Screening for Quotes

Develop Preliminary Hazard Assessment (PHA) for each quote  
PHA Contains Chemical Hazards, Process Hazards, identification of Process safety studies.

#### Define Basis of Safe operation (BoS)

Perform Process safety studies and develop Chemical Process Hazards Evaluation (CPHE), Powder safety testing reports, Process safety Dossier.

Walkthrough by Cross Functional Team. Control measures as per Process safety studies, Risk Assessments and Trainings, **Pre-Start Up Safety Review (PSSR)**.

 HSE Involvement

**Before Project Execution:**  
Implementation of Site HSE recommendations.

**During Project Execution:**  
Monitoring of HSE recommendations.



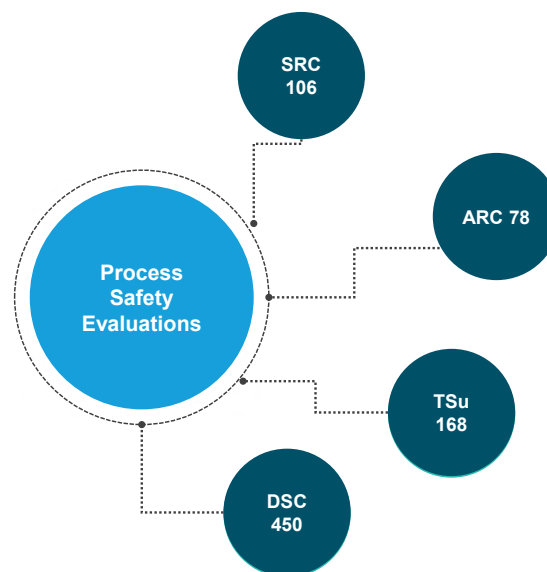
As a CDMO, we handle different kinds of processes involving exothermic reactions, hazardous raw materials and highly hazardous reactions. Therefore, it is important to establish a process safety strategy upfront. To establish the most appropriate basis of safety requires knowing which tests to conduct and how to interpret the obtained data effectively. The expertise of our process safety team is crucial to successful evaluations.

We ensure the safe development and scale-up by evaluating the thermal stability of substances, calculating process-related heat production and pressure rates, studying reaction kinetics, and the flammability and dust explosion properties of powders. Thermal stability testing of the materials and mixtures used in the process is completed using instruments such as a Differential scanning Calorimeter (DSC), a Thermal Screening Unit (TSu) and/or Accelerating Rate Calorimeter (ARC). For scale-up decisions, we carry out extensive studies across Similar Reaction Calorimeter (SRC), DSC, TSu, and ARC. As we accord high importance to process safety, we use advanced instruments such as TSu, ARC, which give essential data beyond regular DSC process investigations. These instruments are expensive, yet we make such investment in line with our values and our commitment to our people's safety and be a reliable partner for our customers.

### Industrial Hygiene (IH)

We continuously monitor and evaluate exposure hazards and have advanced containment systems in the laboratories, pilot plants, and manufacturing blocks validated to  $1\mu\text{g}/\text{m}^3$ . Containment equipment is designed and customized to our needs with the help of reputed global manufacturers through ergo-modeling. Fume cupboards, ventilated enclosures, equipment trains comprising reactors, and filter-dryers are equipped with containment facilities designed to meet stringent requirements and validated.

### Comprehensive process safety evaluations to define basis of safe operation



We have a dedicated Industrial hygiene expert in our team who conducts exposure assessments across our facilities and has established in-house competence in personal monitoring of solids, vapours, noise, heat stress, and surrogate validation of containment equipment. We conducted several qualitative and quantitative exposure assessments across R&D and manufacturing sites in the reporting period. More than 130 personal exposure monitoring samples were collected, and our internal experts conducted 10+ containment validations.



## IH Journey

### IH Guideline introduced in 2017-2018

- Validation performed for various containment equipment.
- Drum booths were introduced for charging of solvents in production block.
- IH equipment such as air flow calibrator, Air sampling pump, etc. procured.

### Qualitative Exposure Assessment conducted - 2019

- Personal exposure monitoring initiated for solids and solvents (100+ personal samples collected till date at R&D and manufacturing sites).
- Containment validations performed for DCS+PTS and Isocharge and Agitated Nutsche Filter Dryer (ANFD) with continuous liner ports at Unit 4.

### Noise Mapping & Personal Dosimetry carried out, Inhouse Analytical Capability established - 2019

- Area heat stress monitoring performed at various locations inside the plant.
- IH SOP implementation.
- Containment validation performed for laboratory fume hoods at Unit 2.

### Continuous monitoring and improvement - 2020-21

- Validating controls adopted by performing re-monitoring.
- Ergonomics assessment to be conducted.
- Personal exposure monitoring established as continuous and ongoing for existing and new operations.

### Installation of Containment systems - 2018

- Containment systems such as Isocharge, Drum containment system(DCS) and PTS for charging of products.
- Nine HSE professionals certified for W501 course (Measurement of Hazardous substances) and Industrial Hygiene expert hired.

### Further enhancements in containment and industrial hygiene capabilities

### Powder Transfer System (PTS) - 2016-17

procured and installed for charging of toxic products.

## Effectively controlling workplace conditions

### Powder Transfer System with Drum Containment System



#### Before Installation of Containment Equipment

- Manual charging of powders into reactor and mixing vessel.
- Potential employee exposure exists due to generation of airborne particulates during manual charging.
- Supplied air breathing suit was primary line of defense.

#### After Installation of Containment Equipment

- Reduction in employee exposure during handling of powders.
- Minimized manual intervention.
- Charging of powder via Drum Containment System (DCS) and Powder Transfer System (PTS)
- Minimization of dust explosion.
- Capability of handling powders having OEL less than  $1 \mu\text{g}/\text{m}^3$ .

#### Actions Taken

- Mapping of containment equipment based on operations performed.
- Powder Transfer System, Isocharge, Drum Containment System to charge solids.
- Continuous Liner ports during unloading via ANFD.
- Dispensing isolator for dispensing of powder at warehouse.
- Recipe based automated distant control system for manufacturing operation.



## Training

From an operational standpoint, there are always ways to improve. This is where we promote training and continuous monitoring as a way to learn and continuously improve our HSE impact. Our significant focus and investment in training and developing our employees in the HSE area is an ongoing commitment. As we operate in a highly regulated environment, training is mandatory and necessary for all employees. To effectively manage our training programs, we have transitioned all learning to an electronic platform. Sai Gurukul is a comprehensive cloud-based learning management system that auto assigns training based on role and need. Easy monitoring and tracking of compliance, enhances the effectiveness of our training. A majority of our HSE training is in an audio-visual format. It is developed in-house, including HSE induction, Near Miss reporting, PPE usage, and other key topics relevant to improve environmental performance.

HSE is at the core of all our operations, and therefore all employees and contractors are assigned to and undergo basic safety training. All employees are trained on Basic Fire Safety measures like usage of fire extinguishers, first aid techniques and a special team i.e. Emergency Response Team is periodically trained on Fire Fighting measures. First aid training is provided annually to all employees. In response to COVID-19, we conducted a Social distancing and Awareness training this year. As part of our focus on environment protection, resource conservation, and other environmental regulatory issues, we conducted more than 22 training related to these aspects during the reporting year. Employees and contractors in the environment team are trained in effluent management, environmental monitoring, and hazardous waste management. Also, we run several campaigns such as a 'Safety week' to raise awareness among our employees on HSE issues and through displays that reinforce the importance of safe behaviors.



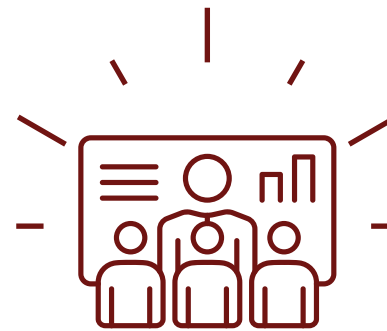
### HSE Training



Number of  
**Contractors**  
Trained  
(Avg/Month) **510**



Number of  
**Employees**  
Trained  
(Avg/Month) **1515**



Number of  
**Trainings**  
Conducted  
(Avg/Month) **53**



## 5S LEAN WORKPLACE



### 1. SORT

Organization – keeping only what is necessary and discard everything else – when in doubt, throw it out



### 2. SET IN ORDER

Orderliness – arranging and label only necessary items for easy use and return by anyone



### 3. SHINE

Cleanliness – keeping everything swept and clean for inspection – for safety and preventative maintenance



### 4. STANDARDIZE

Standardized cleanup – the state that exists when the first three pillars or “S’s” are properly maintained



### 5. SUSTAIN

Sustaining the discipline– making a habit of properly maintaining correct procedures

Make It better together...



#### Objectives

- Effective HSE Training Management
- System based learning, anytime
- Easy to monitor HSE training compliance
- Improve effectiveness of HSE training activities
- Facilitates custom report generation

#### Key features

- Auto-assigned based on role and Training Need Identification
- Online Training record
- Online attendance
- Online random picked questionnaire, Auto assessment
- Auto alert generation for training dues
- Multiple views of auto generated Management Information System
- Technical Trainings through audio/visual content



## Monitoring HSE performance

We have implemented a system of daily monitoring through 'Control Tours' at each of our facilities. Observations in the areas of employee safety, process safety and industrial hygiene, spills, leakages, and resource usage are documented. These observations are reviewed, and an action plan is created for key focus areas. Key internal stakeholders track the monthly reporting of observations and compliance with the recommended actions, and the management committee reviews progress. We also track our

sustainability and HSE performance through a digital platform called Sai SMaRT. This platform aims to collect, collate, and manage all information related to HSE, such as sustainability KPI reporting, safety incidents tracking and reporting, and audits at all our facilities, ensuring a streamlined process. We see the results with ongoing systemic initiatives and employee engagement as we achieved zero lost-time incidents in 2019-2020.





**A smarter One-stop tool for incident management, monitoring sustainability performance, audit and task management and reporting through Sai SMaRT**

## Sai SMaRT

One-stop Solution for Sustainability, Incident, Audit, Task Management & Reporting

### Sustainability Performance

Track, analyze, verify and report organization sustainability data.

### Incident Management

Workplace safety through real-time reporting and actionable insights.

### Audit Management

Enterprise-wide communication, efficient allocation of resources, accountability for corrective actions.

### Task Management

Tracks tasks and action items through completion, establishes accountability, and manages risk.



## Achieving environmental goals with HSE control tours

We initiated a focused campaign to reduce spills and leaks as part of our environmental management program. The campaign addressed near misses because of spills and leaks and ensured preventive actions with engineering controls in place.

### Spills/Leaks Reduction Campaign

Campaign launched in December 2019 to identify major areas/activity within the site for spills/leaks.

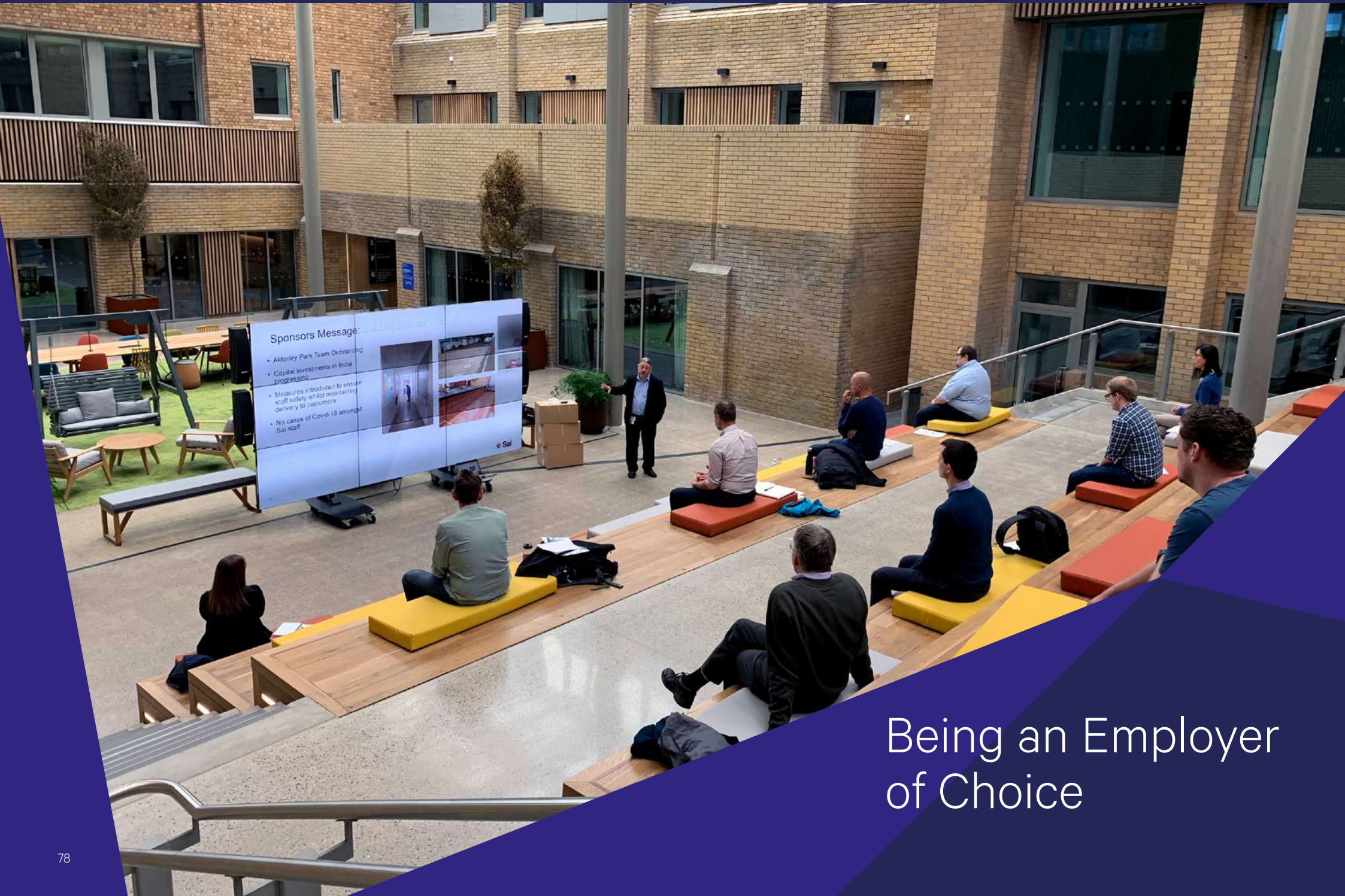
Site walkthroughs/control tours conducted to identify risk areas Sai SMaRT leveraged for near miss, unsafe act reporting.

In the first quarter of 2020, spills/leaks constituted over 70% of total reported near misses. Action plan was devised to monitor high risk areas and implement steps to mitigate risk. Engineering and procedural controls were put in place. Monthly monitoring dashboard created for each site with action and owner assigned.

The campaign resulted in reduction of spills/leaks related incidents by approx. 8-10% in the reporting period versus the previous year.







## Being an Employer of Choice



## Moving towards Learning, Diversity, Empowerment, Performance

Flexibility, agility, collaboration, and innovation are the hallmark traits of today's CDMO organizations. Thus, modern CDMO organizations must work to bring together and retain talent from cross-functional disciplines to find innovative and efficient solutions. We strive to create a great workplace by providing a stimulating and challenging work environment that keeps our employees, who we refer to as Saimers, engaged, inspired and meet their expectations. Our core values of Integrity, Respect, Collaboration, Transparency, Ownership, and Reliability are deeply embedded in Sai's work culture. Over the years, this culture has been critical in employing and retaining a talented workforce. We have focused on building a strong relationship with our employees as we firmly believe that it can foster trust in the leadership and belongingness to the organization. We have therefore aligned our policies and processes based on this principle and focused on embedding programs that promote engagement, empowerment, diversity and inclusion, employee health, wellbeing, and development to become an Employer of Choice.

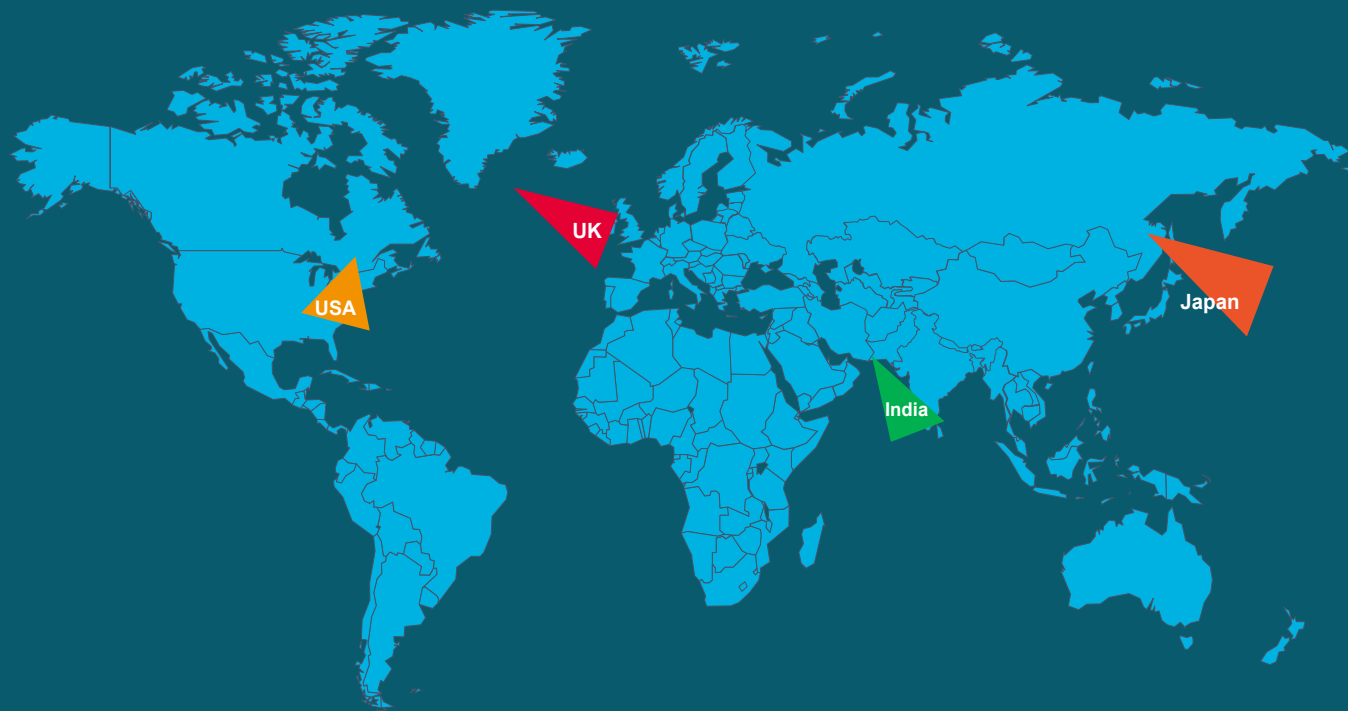
### Sustainability in focus

1. Create more opportunities for women and improve the percentage of women employee in the workforce to 12% by 2022.
2. Continue to invest in and promote an environment of continuous learning and development to improve and motivate our workforce.
3. Ensure employee policies and benefits are updated in line with industry standards to retain and attract the best talent.
4. Actively identify and focus on areas that will promote a positive health & safety culture in the workplace.



## Overview of current workforce

We have an experienced and committed team with diverse capabilities and skill sets, bound together by the 'Sai way of working' and committed to making things better for our customers, communities, and environment.



## Expanding global workforce



- 2000+ employees
- 700 R&D
- 1000 manufacturing
- 300 quality
- 800+ contractors
- 100+ temporary resources

## Experienced and committed talent pool



- Strong Team of Chemists and Chemical Engineers
- 150 PhDs/Post Docs
- 1100+ Master's
- 200 with tenure of 10+ years
- Average age of workforce: 34

### Number of new hires by age group



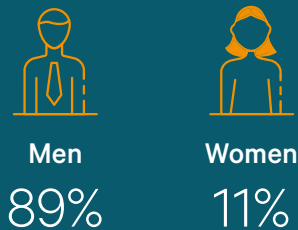
### Rate of new hires by age group



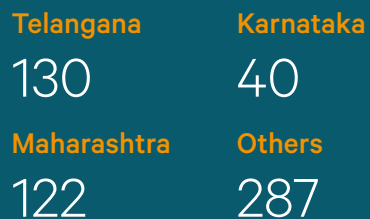
### Number of new hires by gender



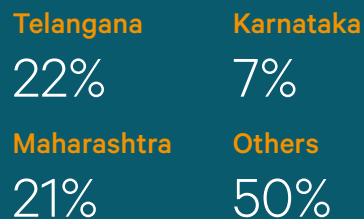
### Rate of new hires by gender



### Number of new hires by region



### Rate of new hires by region



### New Hire Highlights



#### 10.5% new women hires

**Promoting equal opportunities for women**  
+61 women added to the workforce



#### 70% new hires from other states

**Improving regional representation**  
+409 new hires from states excluding  
Telangana and Karnataka



#### 54% new hires below the age of 30

**Maintaining our talent eco system**  
We try to encourage diversity of thought and  
experience by hiring young talent as well as  
experienced employees from the industry.



## Employee policies and benefits

We provide a working environment where equal opportunity exists for all individuals to add value to the business and maximize their potential. We are committed to eliminating discrimination in all forms, including race, religion, gender, sexual orientation, marital or family status, disability, or nationality.

The comprehensive set of policies and benefits for employees is reviewed periodically to build a sustainable organization that ensures employee growth and development and has a strong value proposition to our employees. We have clearly defined policies for the following:

**Employment Policy, Recruitment Policy, Labor Policy** - which outline structured and consistent methodologies for recruitment as well as internal position selection decisions. As a company that believes in being a good corporate citizen, we are also committed to the principles of child labor prevention.

**Grievance Policy** – To ensure fair treatment and non-discrimination.

**Code of Conduct and Ethics Policy and Vigil Mechanism Policy** – In general, we have a zero-tolerance policy for harassment of employees or any other form of discrimination prohibited by law or against the values of our organization. These policies also ensure the prompt addressal of corruption or other malpractices.

**Prevention of Sexual Harassment Policy** – Our policy applies to all employees irrespective of gender. A mandatory awareness session is conducted for all new hires and additionally, a refresher session is conducted for all employees every year.

### Employee benefits

In today's competitive business environment, benefits and compensation are important factors in attracting and retaining the best talent. We continue to add to and evolve our programs to meet our employees' needs. We also implement a number of initiatives aimed at promoting employee morale and wellbeing. These include time off policies, employee volunteering opportunities, workplace social events, and incentive programs, and employee recognition initiatives. All our employees are provided with free and flexible transport to each site. Additionally, to ensure nutrition and convenience, healthy and hygienic food is available at subsidized rates at Pune, Bidar and Shamirpet sites. We also provide monetary incentives to employees for the successful recruitment of a referred candidate.

We provide our employees insurance coverage that can support their well-being and is in line with local regulation and competitive with industry standards.

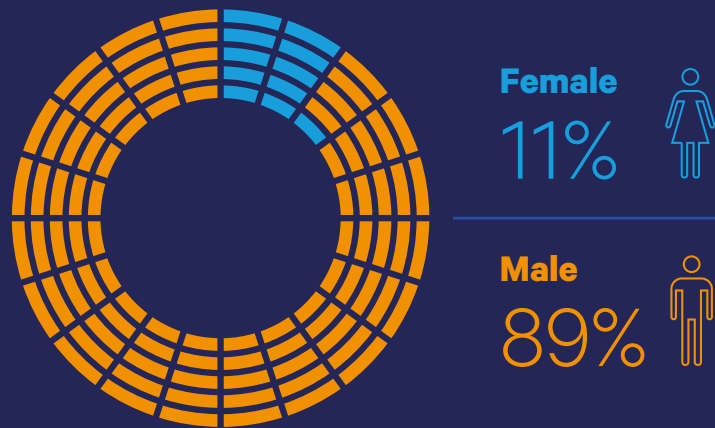
- A Group Mediciclaim policy is extended to all employees and their dependents.
- A Personal Accident policy covers all employees, the premium of which, is borne by the company.
- COVID Related Insurance: We proactively introduced a special COVID medical insurance as an option for employees and their dependents.



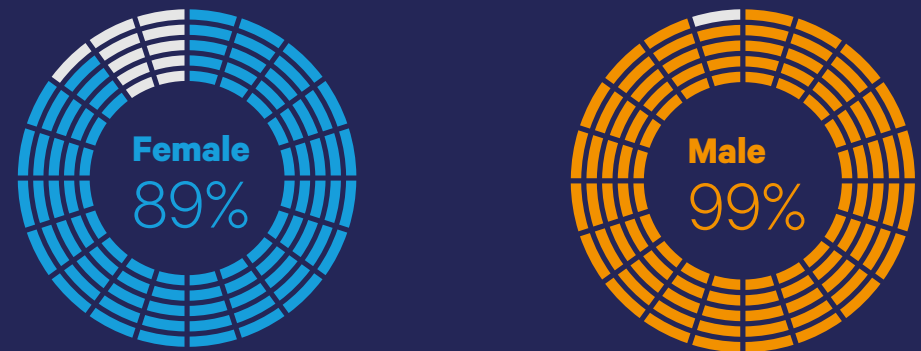
## Parental leave

We provide parental leave in accordance with statutory laws and regulations. Maternity leave is in accordance with the Maternity Benefits Act of 1961 and its subsequent amendments. Maternity leave can be availed twice by an employee during their tenure with Sai. Additionally, three working days are available as paternity leave. Our return to work rate of employees who took parental leave is 97.6%.

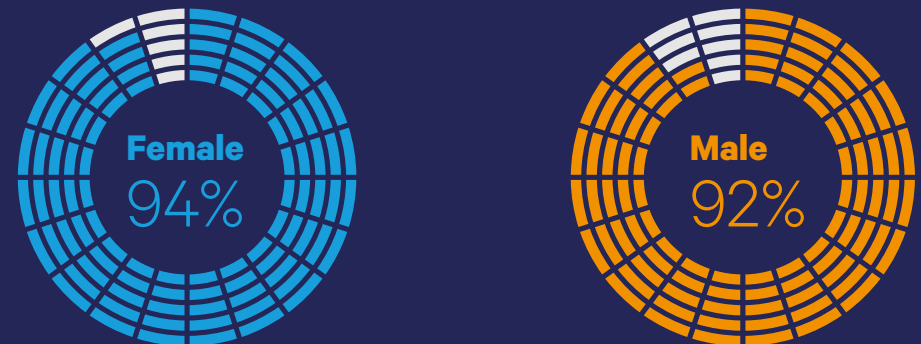
### % employees who took parental leave



### % employees who returned from parental leave



### % employees who returned & still employed for 12 months



**Club House and Medical Center, Bidar:** Considering the remoteness of the location and a lack of facilities in the area, a Club House was set up in Bidar. This facility is open to all employees and their families and is equipped with gym equipment, indoor games and a media room. Additionally, a medical center was set up in the Club House to provide physician consultation to employees and their families. The initiative has been successful in creating a sense of community and belonging for the Bidar employees. The center conducts regular medical check-up for all employees as mandated by local regulation. In addition, it supports all medical exigencies for employees as well as their dependents. The doctors at the center and Clubhouse are fully equipped to handle emergencies and make appropriate referrals in case of need. The center has also extended support during the Covid19 crisis across the unit for employees and their family members through a dedicated helpline. Additionally, trained medical staff also conduct wellness sessions for Saimers and their families.

“

“The medical staff provided prompt and adequate care and I was able to recover from my illness quickly.”

– A Saimer family member

“

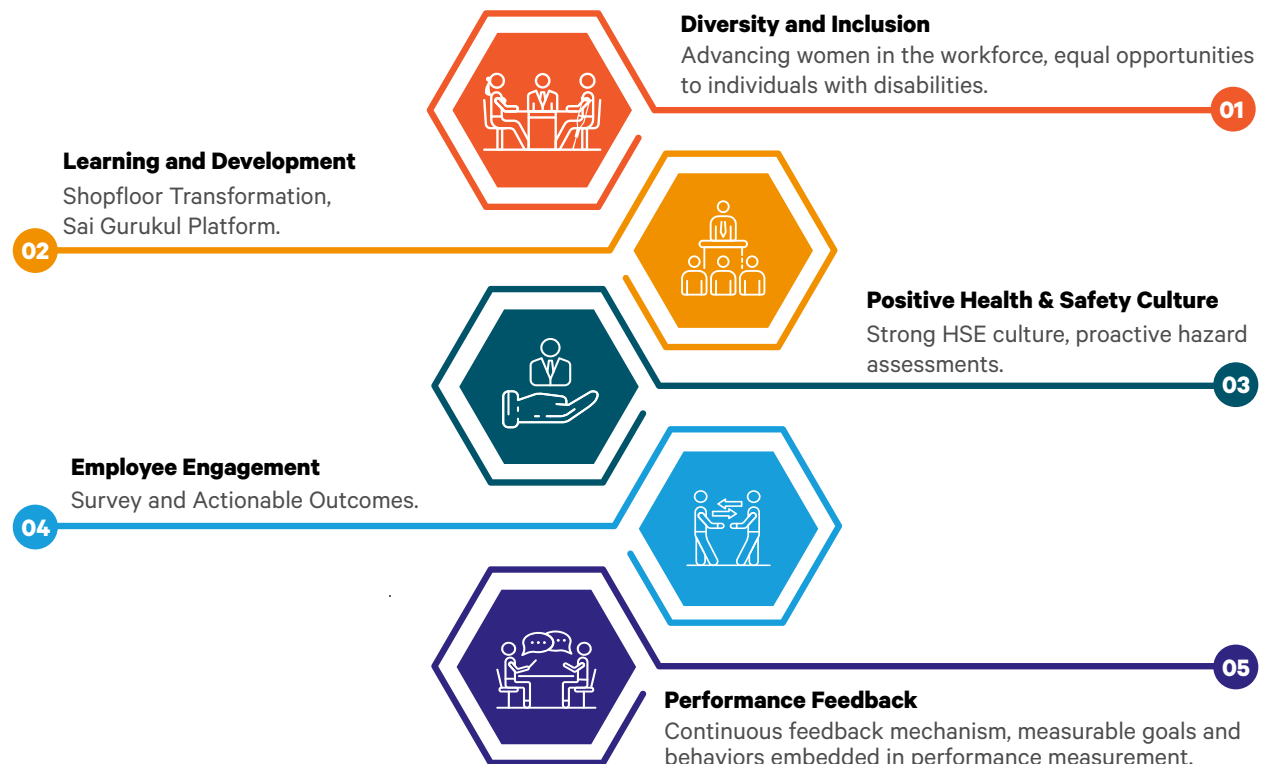
“The medical staff is very helpful and supportive and I felt safe in their care, even though I was far away from my hometown.”

– A Saimer family member

### Taking progressive steps

Our key assets are our employees and we believe that investing in them is a major factor that contributes to our growth and success. We have several key initiatives that focus on:

- Diversity and Inclusion
- Learning and Development
- Positive Health & Safety culture
- Employee Engagement
- Performance Management





## 01 Diversity & Inclusion

We endeavor to embed diversity and inclusion in the workplace consciously by **creating an inclusive mindset**.

For change to happen every individual leader needs to feel a sense of belongingness. We aim to create an environment for each individual to bring their best self forward and work to establish this sense of belongingness. As a first step towards meeting our SDG goal, we have been working to sensitize our leadership and employees across the organization on the importance and benefits of diversity. We endeavor to drive inclusivity by providing the right environment and constant dialogue on the subject.

In pursuing our goal of gender and regional diversity and providing equal opportunity to people with disabilities, we aim to improve the effectiveness of our workforce. This however, will be done completely on the basis of meritocracy which will continue to be our main underlying principle to drive diversity and inclusion.

Our talent acquisition team is leveraging social networks and conducting targeted recruitment drives to attract the right talent. In the reporting period we made a conscious effort to approach inclusion and diversity more holistically, by adding more women to the workforce, ensuring a healthy mix of campus and experienced hires, increasing regional representation and improving local representation in the top management at each of our sites. We have consciously worked to improve our workforce's regional representation in India, with almost 70% of our new hires from states outside of Karnataka and Telangana, where our sites and offices are located. Additionally, we are committed to creating opportunities for people with disabilities as well.

### Advancing the representation of women in the workforce

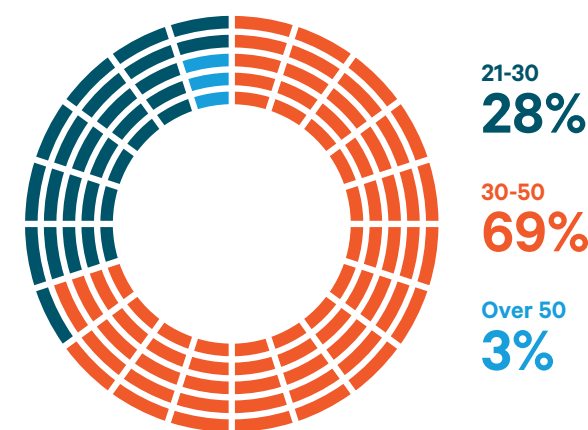
Diversity is a very important part of our recruitment philosophy, and we seek to proactively take steps to build it into our workforce. Our goal is to improve women's representation in the workforce to 12% by 2022. Our current representation of women is at a stable 9% as of 2019-2020. We are continuing to progress towards this goal, which is reflected in our new hire ratio for women at approximately 10.5%.

## 02 Learning and Development (L&D)

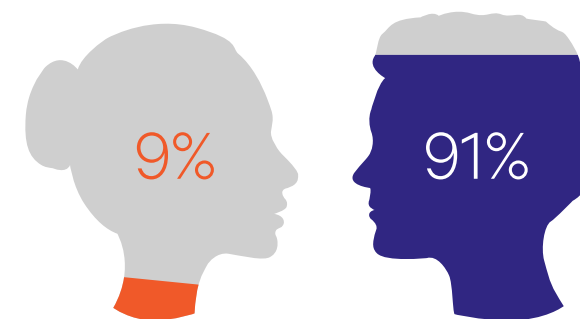
The CDMO industry requires us to have strong technological expertise in a number of areas in addition to being agile, flexible, collaborative, proactive and in tune to our customer's needs. We therefore invest significantly in our resources to ensure a highly trained workforce. In the reporting period, we have undertaken several L&D transformation initiatives to address the training needs of our employees. We have a holistic approach to training, focusing on safety, regulatory, soft skill and technical training. We have a dedicated training team of 80+ qualified personnel, constantly working to evaluate training needs and facilitate the generation of training content that is in line with latest standards.

Training needs are identified for each job role/function and training activities are managed through our cloud-based learning management system (Sai Gurukul). Training for our contract workforce is conducted on the shop floor frequently on selected topics based on specific operations or on key learnings from near misses/incidents and behavior based observations. External training is conducted on a need basis. We have dedicated training halls equipped with laptops specifically to be used for training purposes.

### % of total employees by age group



### % of total employees by gender



## Comprehensive L&D through Sai Gurukul

Sai Gurukul is comprehensive training platform that encompasses the entire training cycle from administration, documentation, tracking, reporting and delivery of training or learning and development programs. It is designed to effectively and efficiently automate the creation, delivery, and reporting of role-based training, qualification and compliance programs. The training is either instructor-led or computer-based and we have made significant progress over the last year in converting 3800+ training items into

visual or animated content. A majority of this content has been developed in-house and a minor portion is outsourced to external agencies. Our training categories are broadly classified into five types - Quality & Regulatory, Safety, HR/Soft Skills, Technical and other. Several sub-modules exist under each category. Each training is assigned a qualification score of 100% which ensures that employees understand the training content.



### Quality and Regulatory

10 Sub modules including on the job trainings, CAPA training, contract personnel training, off-site job training.



### Technical

3 sub modules - process oriented training, equipment and instrument operating training, automation techniques - HMI.

### Safety

4 Sub Modules- Scheduled Safety Training, Unscheduled Safety Training, Safety CAPA training, External Safety Training.



### Other/Miscellaneous

5 sub modules supply chain management, financial management, information technology management, project management and other.

5 Sub Modules – HR Corporate Policies, Communication Skills, Leadership Skills, Behavioral Skills, Interpersonal Skills.

### HR/Soft Skill

### Performance outcome

Reduction in human errors and increased timely QMS closure rates.

The dynamic nature of our products and processes demands extensive training and therefore the training requirement varies across each role, sub function, department and site. Additionally, the number of training hours per employee can vary greatly in these categories. However, as per our overall training system and process, the minimum average number of training hours per employee for a given year is approximately 24 hours.

### Types of training content



**2332**

Computer based training



**1374**

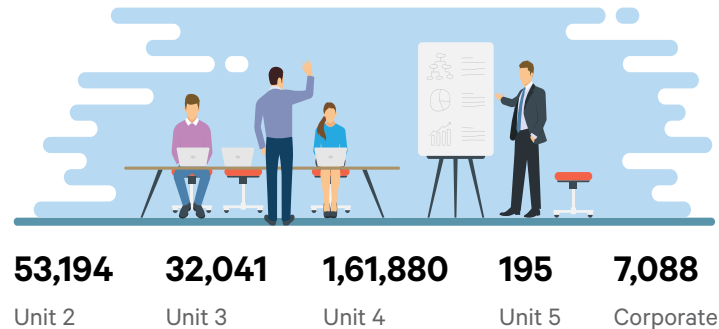
Instructor led functional



**122**

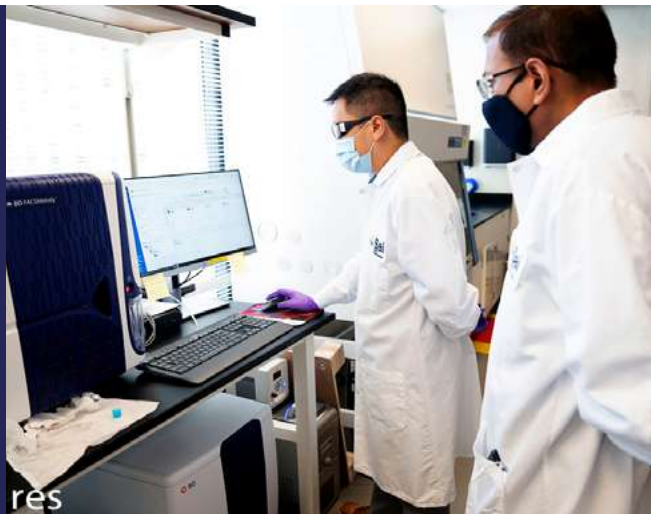
Other

### Total training assignment, 2019-2020



### Promoting an environment of continuous learning while driving engagement with the 'Experience Lab'

In an effort towards engaging our employees and maximizing the value that they bring, in February 2019, we initiated the 'Experience Lab' initiative. The intent was to integrate the feedback and experience from our employees towards the development of our R&D center. We collaborated with our customers in the UK and EU with the intent to learn from their laboratory operations by visiting their sites. The Experience lab was equipped with several models of fume cupboards from global manufacturers, a Satellite Analytical lab, double jacketed reactors, etc. A team of 15 chemists and analysts were chosen to operate in the Experience Lab. Formal feedback sessions were held every fortnight and the finalized equipment, concepts and designs were incorporated in the new R&D center.



"Being in a knowledge-based industry, we foster the skills and competency of our people through best-in-class L&D practices. We have mapped the learning needs of about 120 roles across all our sites and review them periodically. Training is organized in different categories like quality, technical, safety, soft skills and other need-based training. We also have enabled a robust learning management system along with rich audio-visual resources to enhance learning."

#### **Damodharen M**

Senior Vice President  
Global Quality and Regulatory Affairs



### 03 Promoting a positive health & safety culture in the workplace

We set a firm foundation – providing training, being compliant, and creating a safe workplace, which are the key ingredients for a positive health and safety culture. We have policies and procedures in place that define how we work, thereby empowering our employees to translate it into their day to day actions. Our policies aim to protect employees, contractors, customers, and local communities from occupational injuries, ill-health, and environmental pollution.

- We proactively assess hazards in product development and manufacturing, and address the risks by developing necessary safeguards.
- We continuously strive to enhance awareness and educate and train our employees and contractors in a structured and targeted way.



Our strategy	Key initiatives	Outlook
<ul style="list-style-type: none"> <li>• Strong Corporate and site process safety and industrial hygiene framework</li> <li>• Internal and External Audit</li> <li>• Continuous Training and Awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Sai Gurukul Training Platform for Employees and Contractors</li> <li>• Train the Trainer approach</li> <li>• Shop Floor Transformation, Area Effectiveness Teams (AETs)</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to embed safety culture in all our operations by encouraging reporting of near misses and behaviour observations</li> <li>• Promote a culture of actively caring for each other</li> </ul>



To reinforce and promote a safety culture, we have implemented an R&R program to reward employees and departments for reporting unsafe conditions and near miss incidents. We have observed that this encourages employees to constantly observe their work locations for any at-risk conditions.

## 04 Employee engagement and strengthening employee culture

Collaboration and respect are paramount in building work relationships, company culture and in ensuring that we achieve our organizational goals. We believe that cross functional engagement is essential for organizational success and it is therefore a part of our day to day work and goal execution. Another aspect of collaboration is the engagement with our customers. We encourage our employees to connect with our customers directly during the course of a project on various platforms. In an organization that is constantly challenging its workforce to bring its best to the table, it is imperative that debates are conducted and feedback and solutions are received with respect. We believe that this approach creates an environment of engagement and encourages innovation and teamwork within the organization.

To facilitate regular Employee engagement, we have regular Employee connect programs:

- Meet your HR
- Meet your Business Unit Head
- Quarterly open house with leadership team
- Buddy program for new hires
- Structured periodic interaction and feedback from new hires, up to 6 months from their date of joining



### Promoting employee engagement to create a positive and productive workplace

#### Ensure employees are heard

Regular connects to understand and resolve employees issues promptly. Promotes our core value of **Transparency**.



**HR  
Connect**

**Celebrate  
together**



#### Create a positive environment

Conduct fun at workplace, Celebrate birthdays and new hire induction celebration so that employees feel valued. Promotes our core values of **Respect** and **collaboration**.

**Initiatives**

**Health  
and well  
being**



#### Health and wellness talks

We take care of our employee's health which impacts productivity.

#### Recognize achievements and exemplary behaviors

No success is too small to celebrate. We recognize team and individual successes and promote desirable behaviours at the workplace through SWAT awards, feedback and appreciation platforms.



**Appreciation  
& rewards**

## Ensuring our employees feel heard through the Employee Engagement Survey

In January 2020, we conducted our first Employee Engagement Survey with the intent of measuring employee satisfaction. The survey, with a participation rate of 31% in the organization, was rolled out to all employees to score satisfaction on areas of leadership behavior, company culture and people practices, career and learning, understanding and alignment with organizational

goals, and belongingness on a scale of 1-4(1 being the least). The overall score was over 3 across all parameters, with an average score of 3.14. Even so, as we strive to make things better for our employees, an action plan has been rolled out based on the results of this survey - mainly focusing on learning and development, career path frameworks and reward and recognition.

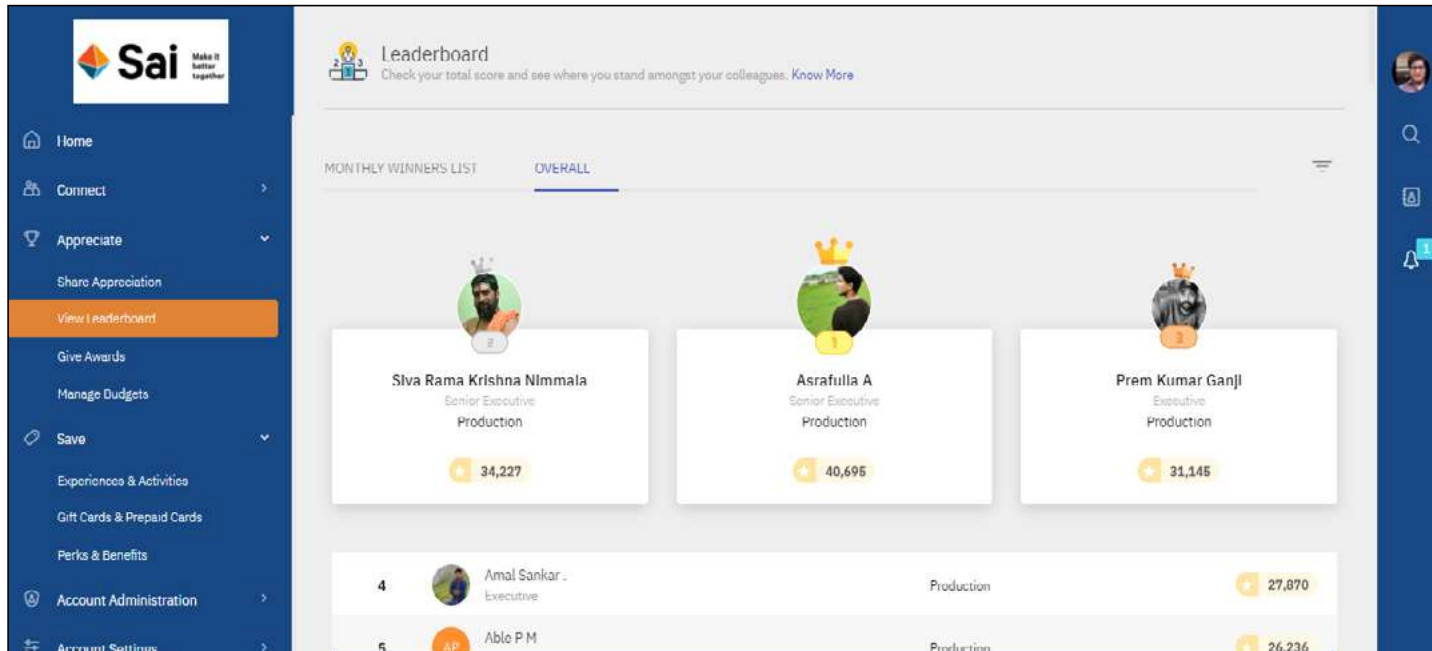




## Reinforcing the right behaviors with our Reward and Recognition (R&R) program

We embed employee rewards and recognition in our daily business practices to celebrate and reward a passionately engaged workforce. To promote cross functional collaboration, we recognize and reward not just individual successes but team successes as well. We have consciously tried to cultivate a culture of instant appreciation and support and have rolled out internal

platforms to recognize individual successes more broadly. In the reporting period an online digital platform was launched where individuals and teams (within department as well as cross functional) can be appreciated and rewarded for demonstrating exemplary behavior in work or in upholding Sai Values. The idea is to facilitate instant recognition for a 'Job well done'.



## Our R&R program recognizes employees on the below criteria

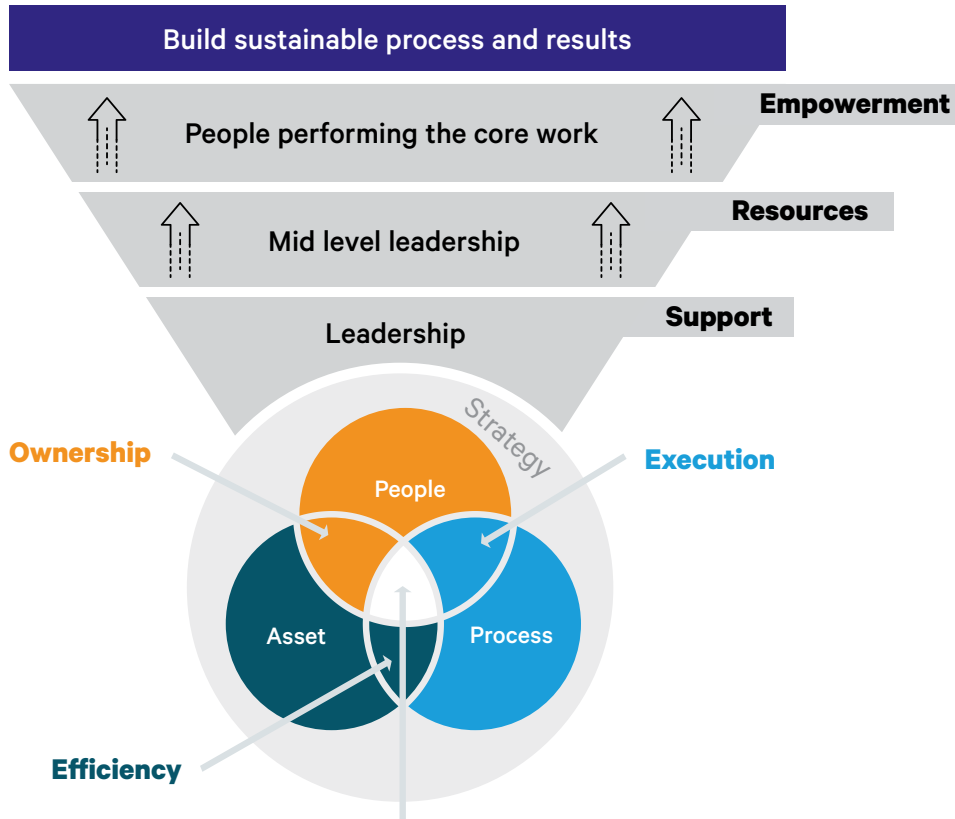
- Adhering to Sai values.
- Upholding the quality standards of the organization – “Quality Champion”.
- Ensuring a safe and healthy working environment – “Safety Champion”
- Bringing to the table a great idea – “Innovator”
- A “Great Job Done”



## Strengthening our culture with the Shop Floor Transformation Initiative (SFTI)

We believe that culture transformation and organization growth can happen if every individual is engaged, empowered and motivated. We believe that enabling a sense of ownership and accountability across all levels of organization, while maintaining

transparency in decision making can drive alignment among all employees to the vision of the organization. The Shop Floor Transformation Initiative (SFTI) was born from this vision of culture transformation starting 'bottom up' - from the shop-floor.



### SFTI - Shop Floor Transformation Initiative

- It is based on Principles of TQM (Total Quality Management), TPM (Total Productive Maintenance) etc.
- People on Shop Floor are Empowered, Engaged in Cross functional Team activities through Daily metric Management, Enabled (Trained) by right Quality tools, Supported by Leadership team, Encouraged with appropriate Rewards and recognition.
- This leads to cultural transformation, Employee Engagement, Sustenance, Value unlocking, Employee involvement in Excellence Journey etc.

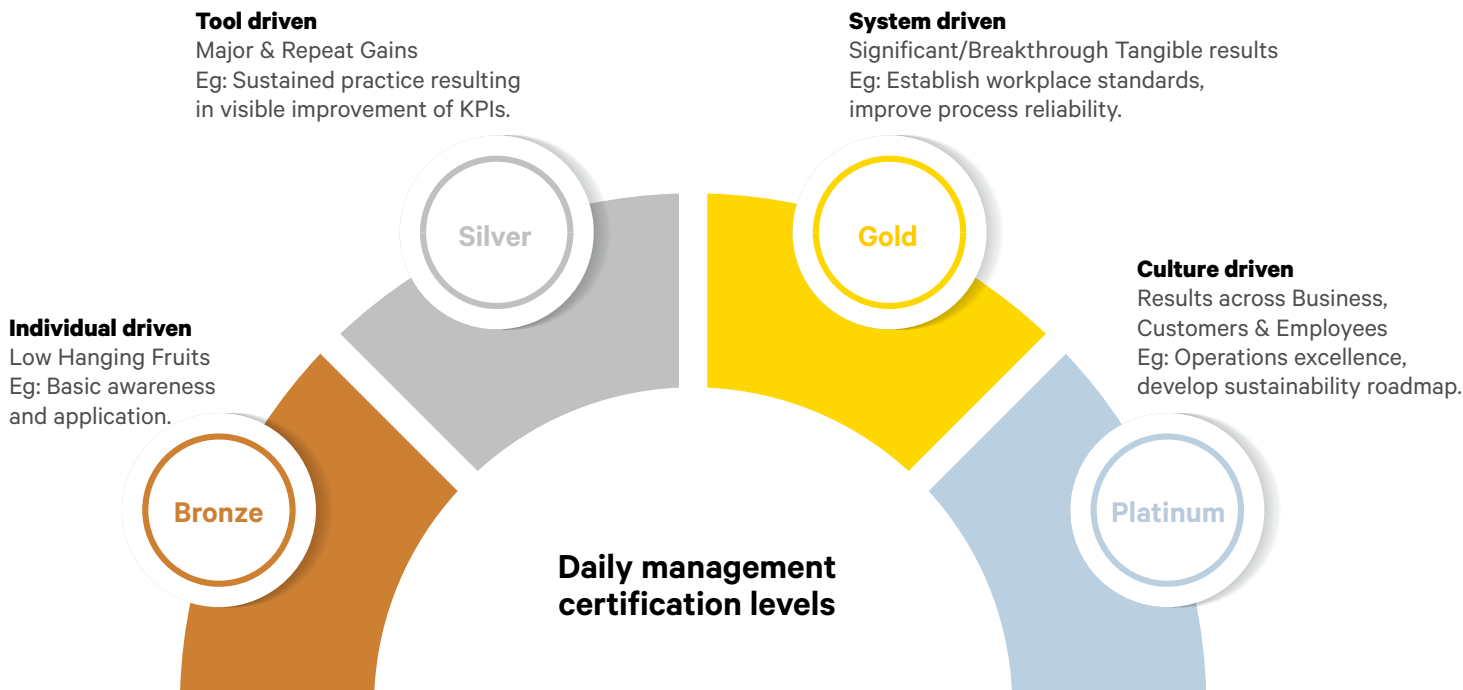


SFTI helps organization to align People, Processes and Assets to business strategy resulting in better Reliability, Quality and Effectiveness as expected by customer.

The key principle around the SFTI was the establishment of Daily Management at the shop floor. The Daily Management process comprises three elements - people, process and assets, each meant to drive specific behaviors at the shop floor. The SFTI aims to create a culture of "I CAN" through leadership development, education, problem solving techniques and a well-defined R&R program. Cross functional teams were formed to support the Daily management process. Teams and individuals were supported by

training and capability building at each level of the SFTI initiative. Employees were also provided training in Single Point Lessons and Kaizen. A healthy number of suggestions have been provided during the reporting period with the ratio of approximately 2.24 Kaizen per employee.

A structured R&R system was established to award certification, rewards and recognition for individuals as well as teams.



The SFTI continuous improvement daily management has resulted in a sustained improvement of manufacturing site performance, employee engagement, ownership and accountability in the shop-floor.



“The Shop Floor Transformation Initiative (SFTI) has had a discernible positive impact on our operations, with a cultural shift and enhanced ownership among shop floor associates. The visible improvements are rapid and structured information flow, improved transparency across cross functional teams, effective resource planning, instant support and consistent operations, leading to an overall cost improvement.”

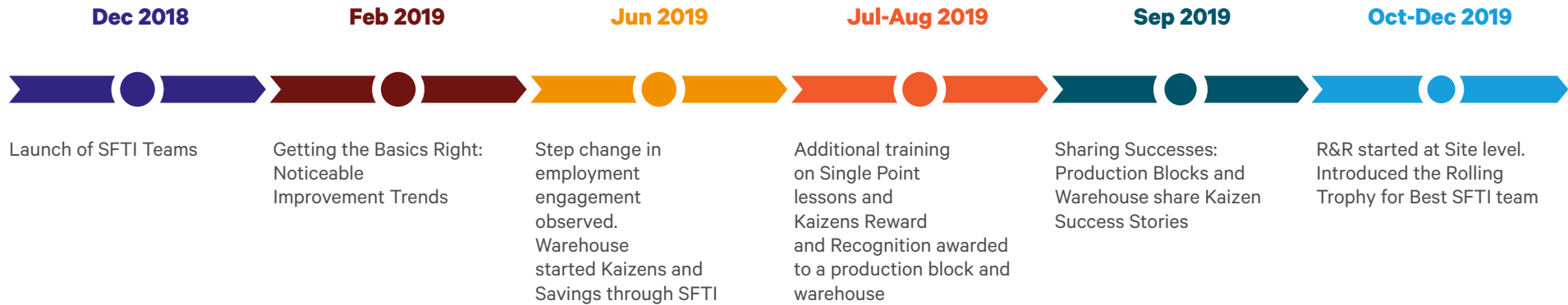
**Vasanthamuruges A**

Senior Vice President - Manufacturing



## The SFTI journey so far

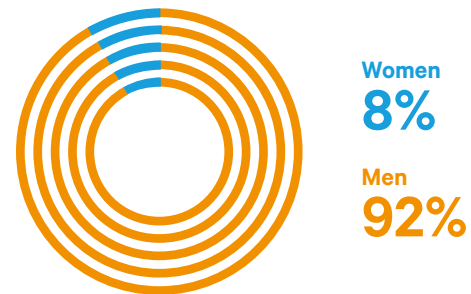
We believe that culture transformation and organization growth can happen if every individual is engaged, empowered and motivated. We believe that enabling a sense of ownership and accountability across all levels of organization, while maintaining transparency in decision making can drive alignment among all employees to the vision of the organization. The Shop Floor Transformation Initiative (SFTI) was born from this vision of culture transformation starting 'bottom up' - from the shop-floor.



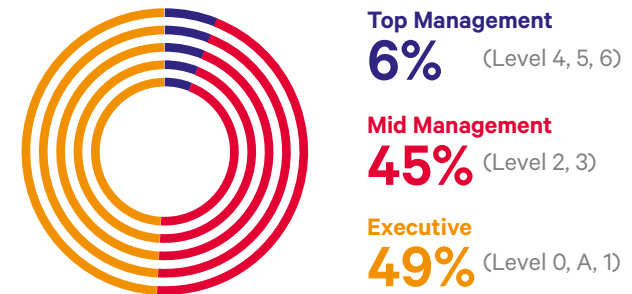
## 05 Managing our talent effectively with our Performance Management System (PMS)

Our performance system is designed to ensure that employees, teams and functions are aligned to the company's strategic priorities. We aim to provide challenging work assignments to Saimers, that encourages them and stretches their performance limits, thus ensuring continuous development and work satisfaction. We have started to develop a culture of continuous feedback and incorporate 360-degree feedback where applicable to develop our employees. In the reporting period all our employees (as per our eligibility criteria) have received a formal appraisal and review.

### % of employees who received performance review and career development, by gender



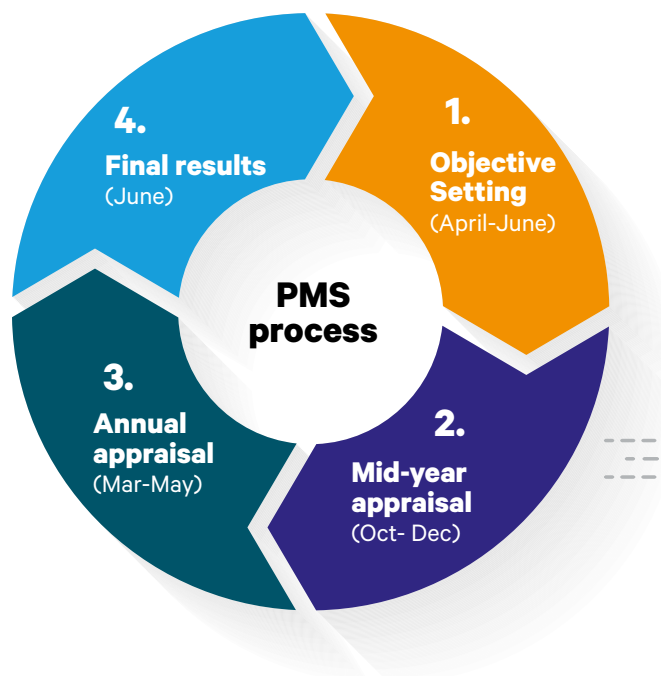
### % of employees who received performance review and career development, by employee category



We have a robust Performance Management Framework in place that facilitates employee development and talent management. The entire Performance Management System (PMS) is executed through an online platform. The organizational goals are converted to business unit, team and individual goals. Transparency is maintained through this process and business unit/function head goals are shared with the team and individual goals are reviewed with the respective managers. A mid-year appraisal allows for a reevaluation of goals and progress. A 'journal' option within the PMS module, allows the employee to update progress of each goal and is also visible to the manager for tracking and timely feedback. The assessment period ends with an annual appraisal to review the employee's performance, provide constructive feedback and identify developmental needs.

In addition to the formal assessment framework, managers are encouraged to have periodic one-on-one discussions with their reportees. To support this, we have an online continuous two-way feedback mechanism. These discussions help Saimers to understand and compare their potential and current performance levels. The performance management process is linked to other processes in the organization such as compensation, talent and career management.

### Performance management framework



Compensation and benefits + Talent development



### Piloting a structured continuous feedback mechanism within the R&D function

In order to encourage more regular dialogue with our employees, we have begun a more structured continuous feedback mechanism within the R&D function with the intent of extending it to other functions as well. On a monthly basis, employees update their goal progress in the journal. Reporting managers can also view the journal entries and provide supporting comments on the same. Managers also have an option of giving feedback through the Continuous Feedback option available in the platform. These two features help in recording more real time details on employee performance, and thus minimize disconnect during the annual appraisal review. This mechanism also helps managers intervene or support an employee more promptly and correct the course of action.





# Becoming a Neighbour of Choice



## Moving towards Positive, Proactive, Community Connection

As a socially responsible organization, we aim to improve the quality of life of our local communities and contribute positively to our society. Being socially responsible benefits our employees, customers, and the communities in which we operate. We are committed to making a meaningful impact through the initiatives that we undertake and ensuring that the benefit provided to the communities is long term and can be sustained. Our current focus is on communities in the neighborhood of our operations with plans in

place to expand reach in other locations when the right opportunity presents itself.

In June 2019, we announced our Sustainable Development Goals (SDGs) to impact communities in the areas of Education, Livelihood, and Health. Since then, we have made healthy progress towards these goals and can confidently report that we are positively impacting local communities.

### Sustainability in focus

- Provide education and create livelihood for 1500 people from financially and socially less privileged communities through our CSR programs.
- Provide free medical screening to 10,000 people through our healthcare programs.

### Committed to becoming a neighbour of choice by supporting local communities

We choose communities in the vicinity of our operations in the states of Karnataka and Telangana.

#### Communities we support

##### Shameerpet

- School Health Education (SHE) program with Healing Fields
- Sai Livelihood Development Center (SLDC) with SAFA
- Jugnu program (microfinancing)
- LVPEI Vision Care Center
- Mobile Health Camps

##### Bidar

Sai Livelihood Development Center(SLDC) with SAFA

##### Vijayawada

LVPEI Vision Care Center

##### Hyderabad

Sai Mentorship Program

##### Pune

Sai Mentorship Program



We aim to be a reliable, long-term, and active partner to local communities. Accordingly, we focus our resources on a few critical projects where our engagement can make a significant difference. We do this by assessing the specific needs of each community that we choose to support - by undertaking structured surveys to evaluate the need for CSR support and projected impact and

outcome. These factors influence how we choose our partners. We have partnered with Non-Governmental Organizations (NGOs) that display the same level of commitment as ours to better community health, well-being, and development. Our key partners include SAFA India, Healing Fields, LV Prasad Eye Institute (LVPEI), and Care Foundation, among others.

### Our focus is primarily on three areas - Education, Livelihood Development and Health.



#### Education

Promote the holistic development of children in schools and communities. Drive awareness in nutrition, health, sanitation, life skills and social issues.



#### Livelihood

Encourage financial independence of women and youth in local communities through skill and capacity building programs.



#### Health

Provide free health care access to the underprivileged with a focus on preventive care and diagnosis.

Consistent with the spirit and concept of collaboration and sustainability, we prefer to engage as an equal partner in the earliest possible stage of any project to optimize using the available resources by all stakeholders.

Our experience shows that financial resources alone are not enough for success in a community project; rather, engagement and partnership play equally important roles. We draw support from our family of Saimers, who also engage actively in CSR programs, often going beyond monetary contribution by giving 'in-kind' or 'time'

through Volunteering, Sai Mentorship Programs, and the Joy of Giving program, among others.

The spirit and enthusiasm of our employees further drive us to better the communities around us. In the past, we have responded by matching the donations generated from the Joy of Giving Charity Drive to support various education, health, and well-being programs and ensure that we provide our employees with the necessary platforms to engage with local communities.



## Key highlights and initiatives 2019-20

Our total spends **₹15 million** towards community development, which is approximately 2% of our profit after tax.

### Our outreach across the three focus areas



#### Education

### 6000+ children

reached directly by program with **480+ School Health Education (SHE) Champions** created to create awareness on health, nutrition, hygiene and overall wellness.

#### Total reach to community

> 22000

### +278 government school

students mentored through the Sai Mentorship Program.



#### Livelihood

### 290+ women

trained with the goal of establishing financial independence.

### 35 capacity building workshops

(Roshni Clubs) raising awareness on social issues, attended by **150+ women.**

### Supported 12 women

by providing Micro financing through the Jugnu fund to support small scale business start up.



#### Health

### 5000+ patient

screenings at Sai LVPEI Vision Centres.

### 600+ physician screenings

and Consultation at mobile health camps.

#### 2018-2019 beneficiary schools SHE champion program

- Govt Primary School, Tumkunta
- Zilla Parishad High School-Tumkunta
- Govt Primary School -Turkapally
- Zilla Parishad High School-Turkapally
- Zilla Parishad High School-Koltur
- Zilla Parishad High School-Keshavaram

#### 2019-2020 beneficiary schools SHE champion program

- Zilla Parishad High School-Shameerpet
- Primary School-Shameerpet
- Zilla Parishad High School-Laxmapur
- Primary School-Laxmapur
- Zilla Parishad High School-Lalgadimalakpet
- Primary School-Lalgadimalakpet
- Zilla Parishad High School-Aliabad



## Promoting the holistic development of children through targeted initiatives in education

### School Health Education program with Healing Fields

We partner with **Healing Fields**, a nonprofit organization based out of Hyderabad focused on health financing and community health education, to run the **School Health Education (SHE) Program**.

**Sai's SDG Goal: Provide education and create livelihood for 1500 people from financially and socially less privileged communities**

Focus areas	Programs	FY 19	FY 20
<b>Education</b>	<p><b>School health Education champions program:</b></p> <p>Empowering and educating school children to become agents of change in their communities in specific regards to health, nutrition and wellness.</p>	<b>2500 students</b>	<b>3600 students</b>



## SHE program objectives

### Create awareness

To increase awareness and knowledge on health, nutrition, hygiene, sanitation, physical exercise, adolescence health and hygiene to lay the foundation for healthy adult life.

### Create a healthy environment

Facilitate Water and Sanitation in the identified schools.

### Influence communities

Leverage the SHE Champions influence their families and communities, thereby expanding the reach of the program.



### Social awareness

Leverage platform to bring focus to issues such as gender sensitivity, girl child education, etc.

### Ensure Sustainability

Maintain reach with schools that have completed the program to ensure continued impact while simultaneously targeting new schools under the SHE program.

Under this program, student leaders are identified, trained, and developed as School Health Education (SHE) Champions. The SHE champions then pass on the learning to their respective classes through planned projects. Through this tiered approach, the initiative's scope of reach and impact is far more extensive than the immediate training delivered.

With the help of Healing Fields, we had identified 23 government schools as part of this program and have, through our support, completed training in 14 schools.

During the first year (2018-2019), 247 'SHE Champions' from 6 Government schools were trained. These SHE Champions reached out, educated, and trained 3000 students and 4500 families to develop healthy practices. The program was carried over to 2019-2020 to cover an additional eight schools and continue training and mentoring the current SHE champions. While we have exceeded our SDG target for education, we will continue to support this program by enrolling more schools.





### **COVID response and impact of SHE program**

The facilitators of the SHE Shamirpet team have been at the forefront of COVID 19 relief. A COVID 19 awareness session was conducted in 14 schools covering 400 SHE Champions between February 2020 and March 2020 by field facilitators targeting almost 400 families. Medical assistance was provided to students displaying symptoms. However, no positive case was diagnosed. Six thousand masks were distributed to SHE champions and their families from the most marginalized communities to combat COVID 19. The program also supported 103 underprivileged families with food rations during this crisis.

### **Encouraging social and emotional skill development in children with Learning Curve life skills foundation**

To further support holistic child development, we partnered with the Learning Curve (LC) foundation based in Hyderabad, which works with low-income community schools. LC works with schools to help improve children's emotional intelligence and enhance soft skills, which enables them to become more confident. We supported the implementation of the Learning Curve Teacher-Mentor program at Nachiketa Tapovan, a school in Madhapur, through volunteering efforts from employees. In addition, we also sponsored LC's in-house developed Teacher Tool Kits and Student Learning material for six government schools in 2018-19.







**Promoting life skills development through the Sai Mentor Program**

The Sai Mentor program was established to connect enthusiastic Saimers with a volunteering and mentorship spirit to high school students from five government schools. The program's goal is to motivate and guide students towards a better life and provide learning opportunities that promote life skills development. The program has been running successfully since, out of our sites in Pune and Hyderabad. Each site has partnered with government-run schools from the local community and in 2019-20 over 68 students were mentored by our employees through this program.

## Additional programs to support education and development

### Teach for India(TFI), Hyderabad and Pune

TFI works to bring quality education to government-run schools through its Teacher Fellowship model. Sai has been supporting this program since 2018, sponsoring 8 teacher fellows till date.

### Leap for Word, English Literacy Program, Pune

The NGO addresses the issue of less access to opportunities, for educated youth resulting from poor English skills, specially from regional language government-run schools. The organization aims to build this segment's English competency in order to help boost their employability, as well as access to higher education. Sai has been supporting LFW's work in Pune schools for nearly 5 years now.



### Enfold, Bangalore

Sai has supported Enfold's efforts in the area of Child Personal Safety education for the last 5 years. The program reaches out to children, parents, teachers and the broader community to raise awareness on sexual abuse.



“We are committed to make a positive impact in the communities where we work, through increased access to health care, creation of opportunities for livelihood, and supplemental education programs to enrich learning for children. Our aim is to empower and educate people to better understand opportunities available to them, and make informed decisions.

Seeing individual success stories at the end of the day, is what makes it meaningful; whether it is a woman trainee who comes out of the livelihood program with the confidence and ability to earn for her family for the first time, or seeing students become more confident, and expressive over the course of a 10-week life skill education program.”

**Sudha Kanumuri - CSR Head**

## Promoting sustainable livelihood development through the Sai SAFA Livelihood Development Centre

To progress our commitment towards enabling livelihood creation for the underprivileged, we partnered with SAFA, which focuses on women's socio-economic empowerment. We established the Sai SAFA Livelihood Development Center (SLDC), which offers vocational training to women in Tailoring, Embroidery, and Beautician training. Most of the women in these localities are migrants, illiterate, and semi-skilled.

### SLDC program objectives

#### Skill building



Support women from the local community through skill building and supporting empowerment.

#### Social awareness



Bring awareness to issues such as the importance of financial independence, literacy, child education, nutrition, health and wellness.

#### Income Generation and Financial Independence



Set women from these communities on a path of income generation and financial independence.



**Sai's SDG Goal: Provide education and create livelihood for 1500 people from financially and socially less privileged communities**

Focus areas	Programs	FY 19	FY 20
<b>Livelihood training</b>	<b>Skill training program:</b> a. Tailoring b. Beauty & wellness c. Embroidery	<b>140 people</b>	<b>155 people</b>





Over 290 women have successfully graduated from these training programs since 2019, with over 155 in 2020. Training cycles are three months long in duration and the number of training cycles are determined by the demand observed in the community. Training courses are offered in Tailoring, Beauty and Wellness. Additionally, over 150 women have participated in 35 capacity programs, referred

to as Roshini Clubs. The key objective of the Roshini Club is to raise awareness on important social issues and empower women to be confident and independent. The programs have been received by the communities positively, and we are encouraged by the commitment and participation of these women in our programs.



## Supporting Women on the Journey to Financial Independence

To support these women a step further, we also have a separate Jugnu fund, which offers micro-financing to women who wish to start their own microbusiness. So far, we have had about 12 women who have utilized this fund to start their businesses.

In September 2019, we hosted an exhibition in our Corporate office and Shamirpet unit, showcasing the handmade eco-friendly products by women helped by SAFA programs. Our employees showed support by participating actively and purchasing these products. The proceeds from the sale of products went back into the SAFA production units, thereby benefiting the women working in those units.

### Jugnu fund beneficiary highlight

#### Sabitha – Micro Business Startup

In 2019, Sabitha, a 30 year old woman was seeking support to start a micro business to support her family of five. After interviewing her as a candidate for the Jugnu fund, we were impressed by her commitment and enthusiasm to strive towards financial independence and support her family.



We provided her a loan of INR 15,000 to help set up a small Saree business in her community. The business has been running successfully over the last year and generates a stable monthly income. The benefits of this business start up is two fold, in that it also contributes to the local economy.

Her success, has inspired many other women like her to strive for financial independence.



#### COVID-19 support by the SLDC women trainees

From May to August 2020, women trainees from SLDC were engaged with orders for making masks from their homes, based on a pay model. Women fulfilled orders for approximately 20,000 masks in response to COVID 19 generating income as well as supporting the need arising from the crisis.



## Improving community health through Sai LVPEI vision centers and mobile health camps

We have two established programs that provide basic health screening for eye care as well as overall physician screening and mobile health camps for general health. We have partnered with LV Prasad Eye Institute and Care Foundation for these initiatives.



- Provide basic screening and facilitate early prevention of common eye illnesses.
- Provide more holistic care and support by dispensing prescription eyewear and also refer patients to higher levels of care when further medical or surgical intervention is required.



- Aim to offer Physician consultation to adults and children of the community as well as basic diagnostic services for blood Pressure, haemoglobin and blood glucose testing.
- Provide primary care by dispensing medicines for common ailments at no cost.



**Sai's SDG Goal: Provide free medical screening to 10,000 people through our healthcare programs**

Focus areas	Programs	FY 19	FY 20
Health	Sai LVPEI Vision Centres - Permanent free walk-in eye care facility that serves the primary eye health needs of the community, offering basic screening and diagnosis, at no cost to patient.	<b>2430 people</b>	<b>2944 people</b>
	Mobile health camps - physician consultation for adults and children.	<b>697 people</b>	<b>876 people</b>

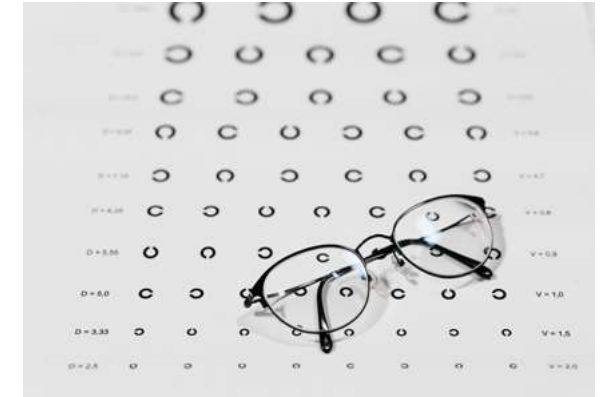




### Sai LVPEI Vision Centers

We have set up Primary Vision Centers in Hyderabad and Vijayawada. The Sai LVPEI Vision Center in Shamirpet, is a permanent free walk-in eye care facility that offers primary screening and diagnosis to the community. A second center offering similar services has been set up in Vijayawada.

The two vision care centers have conducted more than 5000 screenings since 2019, free of cost for community members. We plan to have additional centers set up that can offer more screening programs to communities. Even though our current SDG goal is to provide primary health screening, we intend to provide more holistic care and monitoring for individuals to support prevention, surgical care, and rehabilitation.



	<p><b>2944</b> Patients screened</p>		<p><b>997</b> Spectacles prescribed</p>
	<p><b>248</b> Spectacles dispensed</p>		<p><b>251</b> Referred to higher ophthalmic care</p>

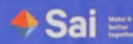
### Mobile health camps

In addition to the LVPEI Vision centers, we also conduct monthly mobile health camps, partnering with Care Foundation. These health camps offer Physician consultation and basic diagnostic services. In the reporting period 1500+ screenings were conducted by these health camps.

Just as with the Vision care centers, we hope to scale up our programs to focus more on preventive care, facilitate surgical care

and support and continuous monitoring programs for communities in need.

There are several other standalone programs that we conduct in the area of healthcare, such as Blood Donation drives in Pune and Bidar. We also supported the State Government in the fight against COVID-19 in the form of monetary support as well as donation of sanitizers.



Make a better experience

**COVID-19**  
Let's Beat COVID-19 Together

**Guidelines to follow at workplace**



Always wear face mask



Maintain 3 feet distance always with others



Avoid unnecessary contact with surfaces

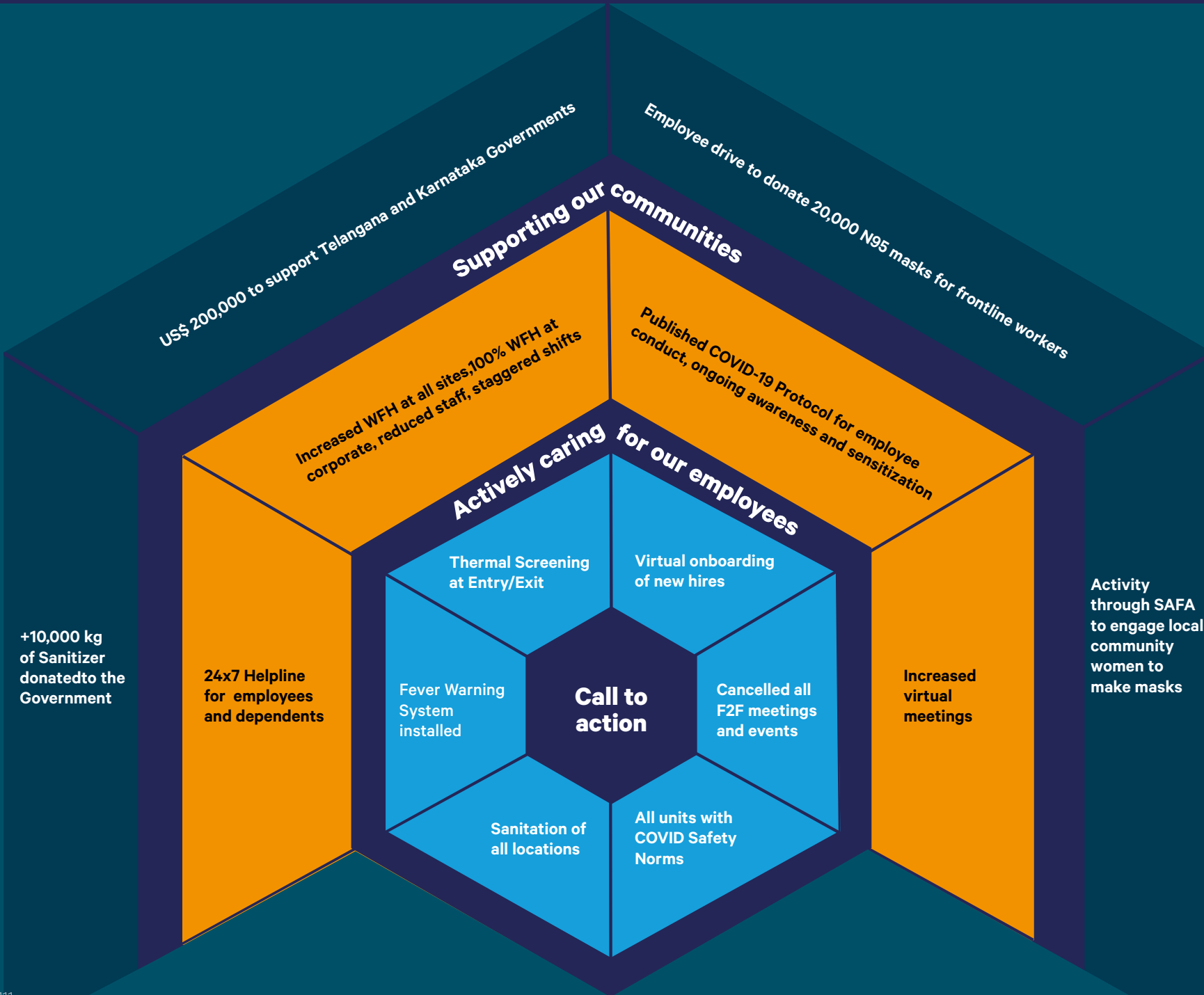


Avoid gathering



Thank you for keeping yourself and your colleagues safe!

COVID-19:  
Call to action



We responded to the COVID-19 pandemic in responsible ways. We navigated through uncertainties, monitoring developments while taking proactive steps to be resilient and sustainable. Our promise of “Make it better together” guided our actions to meet our customer commitments responsibly while ensuring our employees’ safety. This section of the report presents a snapshot of our COVID-19- Call to Action plan beginning from March 2020.

Information pertains to FY20-21



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# Glossary

ACS	American Chemical Society
AET	Area Effectiveness Team
API	Active Pharmaceutical Ingredient
ARC	Accelerating Rate Calorimeter
BCF	Batch Change Frequency
BCT	Batch Cycle Time
BPR	Business process re-engineering
BU	Business Unit
CAGR	Compound annual growth rate
CAPA	Corrective and Preventive Actions
CDMO	Contract Development and Manufacturing Organization
CEA	Central Electricity Authority
CEO	Chief Executive Officer, Ministry of Power
CII	Confederation of Indian Industry
CO <sub>2</sub>	Carbon Dioxide
COFEPRIS	Comisión Federal para la Protección contra Riesgos
COO	Chief Operating Officer
COVID	Coronavirus disease

CSR	Corporate Social Responsibility
DOE	Design of Experiments
DSC	Differential Scanning Calorimeter
EHS	Environment Health and Safety
EU	European Union
FY	Financial Year
GHG	Green House Gas
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
HR	Human Resources
HSE	Health Safety and Environment
INR	Indian Rupee
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
IT	Information Technology
KSM	Key Starting Material
KW	Kilo Watt
L&D	Learning and Development

LMS	Learning Management System
LVPEI	LV Prasad Eye Institute
MDC	Methylene Dichloride
MTTR	Mean time to Recovery
MTBF	Mean time between failure
NCE	New Chemical Entity
NGO	Non-Governmental Organization
NOx	Nitrogen Oxide
OE	Operation Excellence
OOS	Out Of Specification
OTIF	On Time In Full
PM	Particulate Matter
PM & PdM	Preventive Maintenance and Predictive Maintenance
PMDA	Pharmaceuticals and Medical Devices Agency
PMS	Performance Management System
PPE	Personal Protective Equipment
PQCDSM	Productivity, Quality, Cost, Delivery, Safety, and Morale
PSCI	Pharmaceutical Supply Chain Initiative
PSCI	Pharmaceutical Supply Chain Initiative
QA	Quality Assurance

R&D	Research and Development
R&R	Rewards and Recognition
RO	Reverse Osmosis
SDG	Sustainable Development Goal
SFTI	Shop-floor Transformation Initiative
SHE	School Health Education program
SLDC	Sai Safa Livelihood Development Center
SRC	Similar Reaction Calorimeter
SOx	Sulphur Oxides
THF	Tetrahydrofuran
MT	Metric Ton
TSu	Thermal Screening Unit
UK	United Kingdom
UN	United Nations
USD	US Dollar
USFDA	United States Food and Drug Administration
VOC	Volatile Organic Compounds
WHO	World Health Organization
ZLDS	Zero Liquid Discharge System





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