

Ensuring Reliable Supply Chains

As an essential business, Viatris has taken action to maintain a reliable supply of medicines, with special measures concerning critical medicines in times of volatile demand.

We rely on our suppliers and business partners to deliver high-quality, affordable and accessible products to our customers and, ultimately, to patients. In addition to robust procedures and controls, maintaining good relationships helps us to reduce risk and ensure a high-quality and reliable supply as well as advance our sustainability practices. Our strong relationships with logistics partners have been and continue to be especially valuable in addressing volatile changes in demands.

Global, diverse and flexible supply chains are key to timely and affordable access to medicine. The agility achieved through a global network improves our ability to respond to demand spikes and evolving patient needs.

We have a globally diverse supply network made up of both internal and third-party manufacturing facilities. Our network is made up of a considered mix of local, regional and global supply sites which provides significant supply chain resiliency. However, facilities seldom only supply medicines for the local market where they reside. No country can make every medicine it needs and often will rely on external inputs for those medicines that are finished locally. Proximity of component and material suppliers to our manufacturing locations is an important consideration when sourcing strategy is developed and executed. If there are constraints around supplies in a specific country, we leverage our supplier network from other countries to build resilience.

Our approximately 40¹ manufacturing sites across five continents, combined with our global supply chain network and the facilities of the many partners with whom we collaborate on manufacturing, development, supply and logistics, offer a worldwide, strategically located network of robust size and scope.

We have about 500 third parties across more than 680 locations that enhance our internal capacity and capabilities. As part of establishing reliable access to and supply of API, we have built long-term strategic partnerships with our API suppliers to mitigate disruption and build resiliency. We have been a leading producer of API used in generic ARVs, which treat HIV/AIDS, and as we make progress on the divestiture of these assets, they will remain essential to Viatris' network, designed to maintain reliability.

In 2023, we were able to maintain a global customer service level of 90% in a climate of volatile demand, inflation and general supply chain disruptions.

Our customer service level metric is "on-time-in-full delivery" to our customers. On time is customer specific and measured against customer agreements. "In full" is 100% of volume ordered. It is important to Viatris to measure service from our customers' perspective.

As part of upholding geographic diversification and flexibility, about 45% of our API comes from India and China, and the rest originates from North America, Europe and Emerging Markets. In India, we have manufacturing sites and key partners located across different states, which mitigates the risk of disruption in any given part of the country.

- Viatris' top 100 products are supplied by more than 150 locations from over 30 countries
- Many products registered at multiple sites offer risk mitigation and flexibility to meet demand
- 50% of our top 100 products are dual sourced for API and/or finished products
- Over 150 locations in more than 20 countries supply API for our top 100 products

For Europe, our finished dosage form facilities are supported by five different countries to mitigate risk of disruption.

Viatris' global supply chain is strategically designed to support our business and to protect the quality and safety of our diverse and increasingly complex products. We always do our best to service new demand to ensure patients receive the medication they need. We are continuously monitoring inventory levels of our raw materials and dosage forms.

As noted previously in this report, we have a Rapid Response Advanced Planning system, which is a state-of-the-art technology for supply chain planning and management. The program enables key stakeholders to be closely connected across our global operations. It enables us to update and share information in real time, allowing us to leverage capacities and resources across key functions such as commercial, supply chain, warehousing and manufacturing.

We look out over a 24-month horizon and plan supply to meet both the forecast and safety stock requirements to buffer against potential fluctuations in demand or supply. We have been increasing the frequency at which we refresh our safety stock settings so that we can be flexible to meet unmet needs and step up in instances where other companies are facing challenges to supply. Safety stock strategies combined with interconnected global supply chains help ensure continuity of supply for Viatris' customers while also supporting broader market requirements when competitors stock out. We are constantly monitoring stock levels in our local and regional warehouses. We audit all stocking locations, adhering to GDP (Good Distribution Practice). We work diligently to connect teams and further enforce understanding of customer requirements and further improve forecast accuracy. Doing so helps us plan production and reduces the risk of excess stock.

Designed to reach more patients with more solutions when and where they need them, our regional supply sites are often in close proximity to our key markets and utilize demand and supply data to leverage capabilities and create efficiency and flexibility across our operations.

Upholding Strong Supplier Relationships

Our global, diverse and reliable supply chain rests on strong supplier relationships, well-established processes to manage risk and collective commitments to timely access to medicines. Viatris' Supplier Relationship Management Program focuses on risk mitigation and further enhancing long-term strategic partnerships with preferred suppliers.

Hard and soft expectations from key stakeholders regarding our management of key sustainability matters in our own operation as well as in our external supply chain are rapidly evolving. Our continued commitment to work more closely with our key partners in the external supply chain is becoming increasingly important and will help us manage expectations, honor voluntary commitments and be a Partner of Choice® in building more resilient and sustainable supply chains – ultimately serving patients with a reliable supply of medicines.

Advancing Sustainable Sourcing

Viatris works with trusted partners around the globe through robust processes, practices and technologies that help us identify, evaluate, select and deliver goods and services that are cost effective, compliant and reliable. By also applying sustainability criteria in supplier engagement, we seek to further reduce risk, build resilience and contribute to more sustainable outcomes for partners across our value chain.

Our sourcing vision is to serve as an:

- Integrator of social, ethical and environmental parameters into Viatris Sourcing Practices, Standards & Strategies
- Partner of Choice®
- Catalyst for supply resilience ensuring access to more markets and patients worldwide

As described in the Environment chapter in 2023, we commenced our supplier engagement program regarding Viatris' target to reduce scope 3 GHG emissions by 25% by 2030, from a 2020 baseline.

In 2023, we continued to further build our foundation for sustainable sourcing including strengthening connectivity and ownership of sustainable sourcing components within applicable functions across Viatris. The Council for Sustainable Sourcing and Engagement is a key platform in this work and holds members from Viatris' vertical and sourcing leadership, EHS and Global Sustainability leadership, Quality, Legal, Operations, Regulatory, Compliance and Commercial. The council meets regularly throughout the year and is responsible for:

- Providing guidance and direction for sustainable sourcing
- Developing the governance, practice and reporting of sustainable sourcing
- Instilling the culture of sustainable sourcing within sourcing teams
- Setting and tracking annual sustainable sourcing goals and objectives

- Developing, implementing and aligning practices with company policies and metrics from a sustainable sourcing perspective
- Continuing to expand procurement to reduce environmental impacts

Partnerships for More Sustainable Outcomes

Partnerships and collaboration are essential for progress, scale and lasting impact. To this end, Viatris is a full, active member of the Pharmaceutical Supply Chain Initiative (PSCI), benefiting from united principles on and helping to promote collectively responsible supply chain management and better conditions across the industry. We currently hold the PSCI chair and are active members of several PSCI working groups.

As the design and application of sustainability criteria in the procurement of medicines are growing, bringing increased administrative burden across many stakeholders across the value chain, it is increasingly important to leverage well-established common best practices, more streamlined implementation and follow up. By partnering with PSCI, we actively work to find synergies and enhance efficiencies across our supply chains, with the aim of allocating resources to build sustainable access to high-quality medicine.

Viatris' Supplier Code of Conduct

Our suppliers are essential to the development and supply of high-quality medicine. Just as we are committed to conducting business responsibly and in compliance with applicable laws, we expect no less from our suppliers. Viatris' Supplier Code of Conduct is the guiding document for suppliers wanting to do business with Viatris and sets a minimum standard of conduct.

The Supplier Code of Conduct is based on Viatris' commitment to the U.N. Global Compact and PSCI principles.

Supplier Code of Conduct Training and Communication

Most Viatris colleagues, including all employees involved in managing our procurement and supply chain activities, have mandatory training on Viatris' Supplier Code of Conduct, including training on the topic of Labor and Human Rights. In 2023, more than 40,000 colleagues took

Viatris' Supplier Code of Conduct covers the below overarching areas, with additional detailed expectations across sub-topics:

- Ethical Business Practices
- Labor and Human Rights
- Health and Safety
- Environment
- Management Systems
- Sustainability Management and Disclosure

External stakeholders including members of our supply chain are encouraged to report any concerns via [Viatris' Compliance Line](#), promoted on Viatris.com and in the Supplier Code of Conduct.

the training. Further, Viatris' internal communications and certain market-specific trainings instruct colleagues on how to identify risks concerning all forms of slavery and human trafficking and how to report any suspected illegal activity.

To align our suppliers with the Code, we have dedicated supplier communication to our top suppliers by spend. The code is included in all new supplier agreements and available to all suppliers and partners via Viatris' public website.

We leverage PSCI's supplier resources, including virtual and in-person training programs and other events to encourage our suppliers to further build awareness and competency of sustainable and responsible practices specific to pharmaceutical operations.

Mitigating Supply Chain Risks

We have a robust due diligence process to better understand supplier capabilities and ensure their ability to comply with regulatory and compliance requirements. As part of de-risking the supply chain, we also have a process for dedicated sustainability risk assessment and a third-party due diligence program focused on high-risk partners, including suppliers.

Viatris' EHS Supplier Operations Program focuses on partners that supply our top 100 products by revenue as well as antibiotic suppliers. The program works to reduce business risks, liability risks and reputational risks by:

- Promoting transparency in the supply chain on significant EHS vulnerabilities impacting supply continuity, compliance and reputation
- Promoting responsible practices that improve ethics, labor, health, safety and environmentally sustainable outcomes for our supply chains in line with PSCI principles
- Building strong and long-term relationships with our strategic CMOs/suppliers and delivering on our commitment to minimize EHS risk concerning our business, liability and reputation
- Engaging suppliers on environmental and social sustainability
- Supporting Viatris' commitments to the U.N. Global Compact, AMR Industry Alliance and PSCI

We conduct on-site audits of key suppliers, including antibiotic manufacturers, to evaluate their environmental, health, safety and social performance, aiming to minimize potential disruptions, liabilities and reputational damage.

The program is based on the PSCI principles: Environment, Health, Safety, Labor, Ethics and Management systems. Viatris employs the PSCI framework in auditing our suppliers and in promoting responsible practices across our supply chain. The program provides oversight of prioritized supplier performance, works to reduce EHS and business resilience (BR) risks and supports supply continuity of products to patients. We are incorporating the requirements of our Global EHS Supplier Operations Program into our sourcing strategy and decisions.

As part of this program, suppliers are assigned risk ratings based on the EHS assessment, thereby enabling Viatris' governance process. Viatris works with suppliers who are amenable to actively reducing risk and improving EHS performance by implementing timely corrective action plans.

Suppliers are evaluated and categorized based on their EHS and social risk level as acceptable, high or critical high risk. Suppliers with elevated risk levels are escalated to the EHS Governance Committee for review and endorsement of a remediation plan.

Given the ultimate purpose of maintaining a reliable supply of medicine, the individual supplier's impact on business continuity, potential alternatives and strategic importance must be considered as part of the supplier engagement plan. For a supplier with elevated risk, the remediation plan is tracked monthly. With leadership from API sourcing, OSD, Injectable Dermatology Operations and EHS, the Governance Committee aims to ensure a comprehensive review of the supplier's risk profile.

We apply robust and proactive risk mitigation programs with current suppliers and for qualifying alternate suppliers. We monitor performance through reporting, trend analysis and consistent business review meetings and maintain escalation and cross-functional issue management processes.

Sourcing teams routinely meet with suppliers to review their performance of supply and create action plans to address identified risks. For our third-party finished-dose formulation suppliers, we maintain an end-to-end product management approach.

Source Selection

Source selection is a key sourcing process for direct materials to ensure vendors meet our minimum standards for quality, cost and compliance. Key suppliers of strategic brands are assessed against PSCI principles, which define, establish and promote responsible supply chain practices, human rights, environmental sustainability and responsible business.

Supplier Diversity in the U.S.

As part of our work to advance sustainable sourcing practices, uphold a reliable supply chain and drive innovation through diverse perspectives, Viatris' U.S. Supplier Diversity Program proactively builds relationships with small businesses and businesses owned by minorities, women, veterans, service-disabled veterans and other diverse populations. As a U.S. federal government contractor, we complete an annual commercial subcontracting plan under which we set supplier diversity goals. We then track and report our achievements for the previous year.

Supplier diversity offers numerous benefits for Viatris and our partners. Diverse suppliers bring unique perspectives, experiences and solutions, fostering creativity and driving us to think differently. Diverse supplier portfolios enable us to develop innovative products, services and approaches that resonate with our diverse customer base. By supporting and partnering with diverse businesses, we also seek to contribute to economic development, job creation and community empowerment with an emphasis on groups that may face social and economic challenges.

In 2023, Viatris joined the Diversity Alliance for Science organization as a corporate member and the affiliated HELIX Forum. This organization has contributed to identifying and engaging with suppliers that contribute to our Supplier Diversity Program.

We made significant progress in enhancing our Supplier Diversity Program during 2023, by furthering the connectivity with the Global Sourcing team, including quarterly progress reviews and facilitating supplier diversity training sessions across various Viatris departments.

