

2021 Sustainability Report

Building on the  
**Sustainability**  
Momentum



# Sustainability at Sai Life Sciences

The world is changing with the challenges becoming multidimensional. Many aspects of business and life were challenged by COVID-19. We took timely actions to support our multiple stakeholders. Our actions ranged from ensuring an effective crisis response, to safeguarding the well-being of our employees and to managing supply-chain disruptions. Such experiences build the realization of generating momentum by being responsible and committing to make progress towards higher goals despite difficult times.

We belong to the pharmaceutical innovation value chain that expands access to medicines, one of the vital elements of the sustainability imperative. Our presence in global sustainability platforms is helping us undertake collaborative partnerships in this direction. Building on the momentum even while tackling day to day difficulties associated with COVID-19, our sustainability agenda --- our plan of action for people, prosperity, and the planet remained our focus.

We continue taking critical measures that promote sustainable consumption and production, technological progress, and a values-driven approach. As we steadily address sustainability goals, we seek to become the chosen one by our key stakeholders. It is a steep learning curve, yet we choose this path as we are committed to playing our part in building a sustainable world.

With this mindset, every change we are catalyzing at Sai----be it in our culture, or systems, or practices, all add up to make us agile and responsive to the needs of the patient by being customer centric while aiming for net positive impact.





## About this report

This is our second annual sustainability report, and it describes our progress based on our sustainability framework which encompasses- sustaining as a partner of choice, being an employer of choice, growing as an HSE champion of choice and becoming a neighbour of choice.

### Reporting period for this Sustainability Report:

April 2020 to March 2021

### Reporting cycle: Annual

**In accordance:** This report has been prepared with the GRI Standards - Core Option

### Scope & Boundary

- Corporate office, R&D & Manufacturing centres, India
- R&D centre, Manchester, UK

### Scope of Reporting

- Financial performance indicators: India, USA & UK
- Environmental performance indicators: India & Manchester (only Hazardous waste & Electricity consumption)
- Employee metrics: India & Manchester
- Community performance indicators: India.

# Contents

Letter from our Chairman .....	5
Message from our CEO .....	6
About us .....	8
Sustainability Framework .....	14
Governance .....	18
Sustaining as a partner of choice .....	20
Being an employer of choice .....	36
Growing as an HSE champion of choice .....	47
Becoming a neighbour of choice .....	62
GRI content Index .....	67
Glossary .....	74

# Letter from our Chairman

Dear Stakeholder,

A consistent track record of over two decades has enabled Sai Life Sciences earn the trust of its stakeholders for its commitment and capability to deliver value. We take a holistic approach to ensure that whatever we do impacts each of our stakeholders in a positive way.

Though the year 2020 was challenging and uncertain, our collective ability of being agile kept the momentum going. We viewed the pandemic as an opportunity to lead in a more positive and impactful way. The need to respond with agility, yet thoughtfully, was fully supported by our leaders and our people, helping us stay on track with the efforts to meet our sustainability goals.

In 2019, we said that the momentum of sustainability is making Sai Life Sciences aspire to be the best for the world. As the world, including us, was dealing with the challenges of COVID-19, a break in the pharmaceutical supply chain serviced by CDMOs was imminent. However, our commitment and well-planned operations kept the supply chain productive and supportive of customers' goals.

Sai Life Sciences is pursuing a sustainable growth model drawing upon multidisciplinary talent in science and technology and a human-centered ethos—focused on customer delight, empowered people, and a team-based work environment. Our sustainability journey is strongly rooted in our core values of Integrity, Transparency, Ownership, Reliability, Respect, Collaboration, which serve as cultural cornerstones, giving us the strength to thrive.

As we continue to operate in a world where COVID-19 related challenges are still not behind us, we are taking a call for an unrelenting response. Sustainability is at a turning point -- which means more focus on serving our customers who meet global unmet medical needs, taking concrete steps to address climate change, and keeping our operations sustainable and safe, while being connected to the community.

Sincerely,

**K Ranga Raju**  
Chairman



# Message from our CEO

Dear Stakeholder,

As a new generation CRO-CDMO, we aim to be agile and flexible, bringing together professionals from multiple disciplines to find solutions that support rapid innovation and production. Our partners gain efficiency combined with quality, compliance, and a positive environmental footprint. Through SaiNxt, our transformation initiative, we have the vision to create a sustainable presence for value creation in the sector.

We are at the midpoint of our SaiNxt transformation journey that we began in 2019 with a horizon of 4 years. Our intent: to create a lasting shift that would make us flexible, agile, and collaboration-ready. Despite experiencing one of the most challenging growth phases due to the pandemic, we remain determined and committed to fulfilling partnership goals.

As a responsible corporate citizen, we stepped up our participation in addressing COVID-19 related challenges. We rapidly scaled support for both our people and the community. While healthcare support was organized and monitored to ensure safe operations, we never lost sight of the need for supply chain continuity taking proactive measures to meet customer commitments.

## Augmenting capabilities, building partnerships

Innovator pharmaceutical and biotechnology companies are strategic in their partnerships with CRO-CDMOs and aim for speed, flexibility, and a wide range of capabilities. An accelerated pace of delivery is vital for them as they strive to create access to medicines and meet unmet patient needs.

We seek to make a mark in the product pipelines of our innovator customers as we work with 17 out of 25 top pharma companies. Participating as a supply chain partner in the potential launch of 21 new medicines is in line with our vision of launching 25 new medicines by 2025.

Our differentiators in customer engagement include a global R&D edge with advanced capabilities in science and technology, agile manufacturing operations with integrated sustainability priorities, and a competent team that is committed to customer-centricity.

The SaiNxt initiative has strengthened our position as a partner of choice with notable progress across the organization in seven areas:

- Growth in scientific depth and scale
- Expansion in technology platforms and capabilities
- Fully integrated discovery and development campus, built for speed
- Global delivery model for biology and process chemistry
- Augmented manufacturing facilities
- Global customer outreach
- Thrust on Sustainability

## Momentum on sustainability

The sustainability agenda is an all-encompassing theme across our priorities. We believe that our business growth gains momentum as we strengthen our sustainability focus. Building on this momentum is our endeavor.

Taking a leap of faith across process, technology, infrastructure, and people, we have achieved a critical shift in our cultural fabric, reflecting collaboration and accelerated delivery. With a continuous improvement mindset, our focus is on preventing waste, leveraging value-adding processes where our people are involved in ideating and executing projects under the SaiGO operational excellence initiative.

“ Emphasizing sustainability as part of the organization-wide transformation provides opportunities to be a forerunner in the customer ecosystem. ”

Presenting below a few milestones in the reporting year across our sustainability principles of stakeholder partnership and prioritizing the planet:

### Prioritizing the planet

- Renewable energy consumption exceeded our SDG goal and is currently at 13% of our total energy consumption
- Implemented 10 energy conservation projects with a payback of 3 months
- Achieved zero waste to landfill
- Zero Liquid Discharge facility in our largest manufacturing facility
- Applying Greenness index to 65% of our portfolio with potential positive benefits during manufacturing
- Practice of sustainable chemistry – fit for purpose selection from a toolkit of scientific approaches - for e.g.: Catalysis, Bio-catalysis, and Flow chemistry that has the potential for better resource utilization.

### People-centricity

- Empowering teams to undertake shop floor transformation by owning customer-centric KPIs, workplace safety, and resource management
- Zero lost time injuries with frontline supervisors' participation in HSE tours and comprehensive process safety management

- Sai Gurukul - our award-winning digital learning & development management system which expands the competence of our talent with customized content
- SaiGO initiative to define business processes to promote collaboration, particularly in technology transfer
- Investment to the tune of USD 3 million by installing advanced containment systems capable of minimizing chemical exposure up to  $1\mu\text{g}/\text{m}^3$
- In-house capability for monitoring chemical exposure, heat stress, personal noise dosimetry to personnel

### **Community engagement**

We dedicated a significant part of the year and utilized 50% of our CSR outlay to help the community deal with COVID-19 challenges. Ranging from donation, supply of food and sanitation material, providing PPE and medical support, our teams were in the frontline giving their best engagement. We also altered our regular programs to serve the most emerging needs within the context of the pandemic.

### **Recognition of our efforts**

Emphasizing sustainability as part of the organization-wide transformation provides opportunities to be a forerunner in the customer ecosystem. As we work with innovator pharmaceutical companies, we are aware of their commitments to address global sustainability challenges. We strive to play our part and enable them to build a supply chain that reflects sustainability as a priority. Our determined efforts are getting reinforced by our customers, industry associations, and professional membership organizations.

- Sai has received two Excellence in Practice Awards from the Association for Talent Development-USA, for 2021 under Learning Technologies and Change Management categories. We were also awarded for Best Advance in Learning Technology by the Brandon Hall group.
- Our flagship manufacturing facility received a 5-star rating for excellence in EHS practices at the 13<sup>th</sup> edition of the Confederation of Indian Industry's (CII-SR) Excellence Awards. We also received the 21<sup>st</sup> National Award for Excellence in Energy Management for our manufacturing facility.

We remain committed to working with our stakeholders to make a difference for our world. Thank you for taking the time to learn more about Sai's sustainability efforts, goals, and achievements.

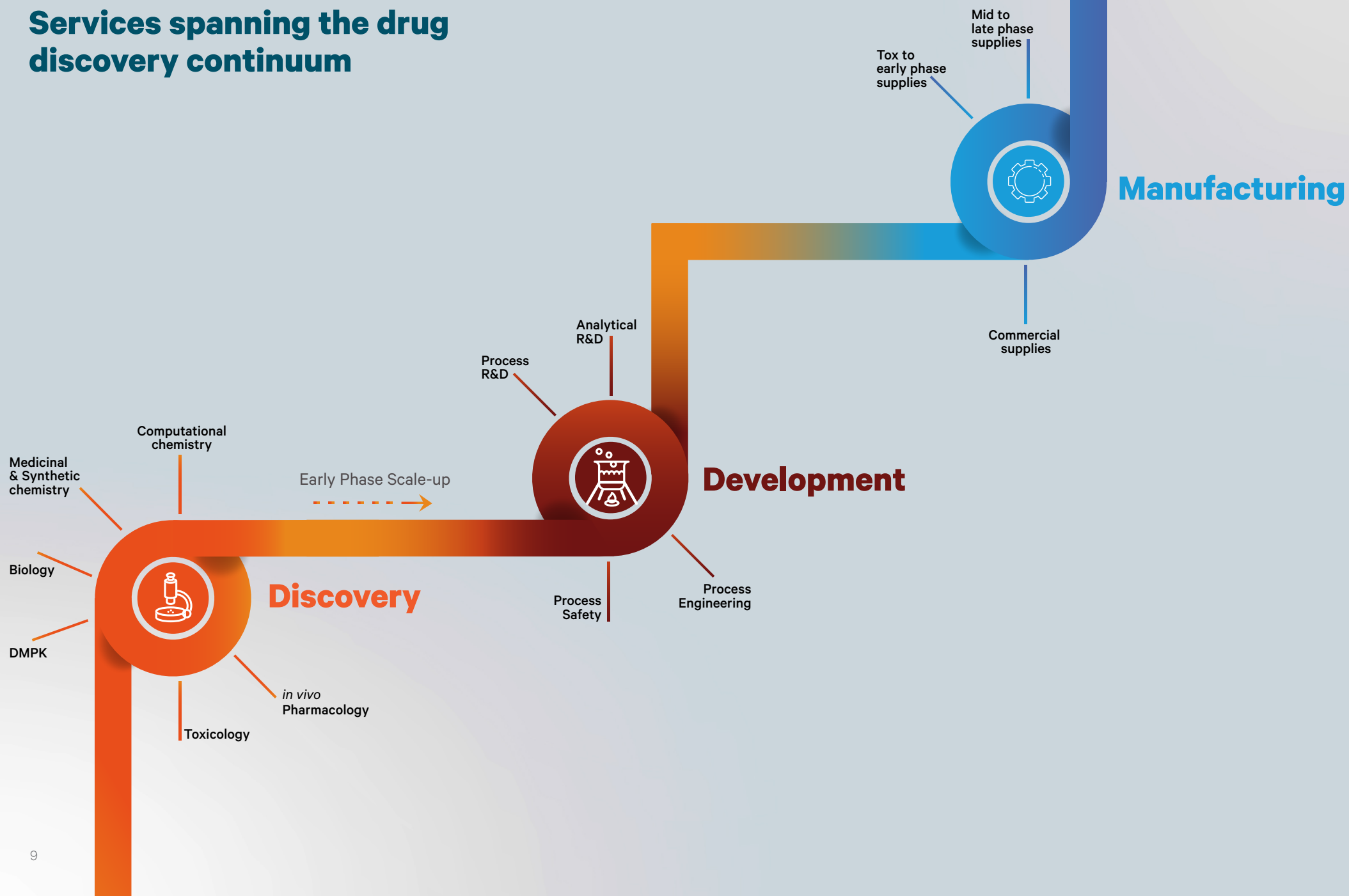
Sincerely,  
**Krishna Kanumuri**  
CEO & Managing Director



# About us



# Services spanning the drug discovery continuum





## Track record of making it better

100+

clinical stage programs served; 25 active commercial programs and 10 in Phase III

39

programs advanced from IND to phase I, II or III

## Diverse therapy areas

Oncology, CNS, Inflammation, Antivirals, Rare diseases and more

## 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.

## 17 of the top 25

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



### PSCI Membership

Sai Life Sciences became Associate Member of PSCI



### ACS – GCI Membership

Sai Life Sciences became Associate Member of ACS-GCI



### ISO 14001 & 45001

Corporate office, R&D and Manufacturing facilities are IMS certified

## Strong global presence



● R&D and manufacturing sites    ▲ Commercial presence

## Facilities overview

Development Centre - Hyderabad and Pune, India



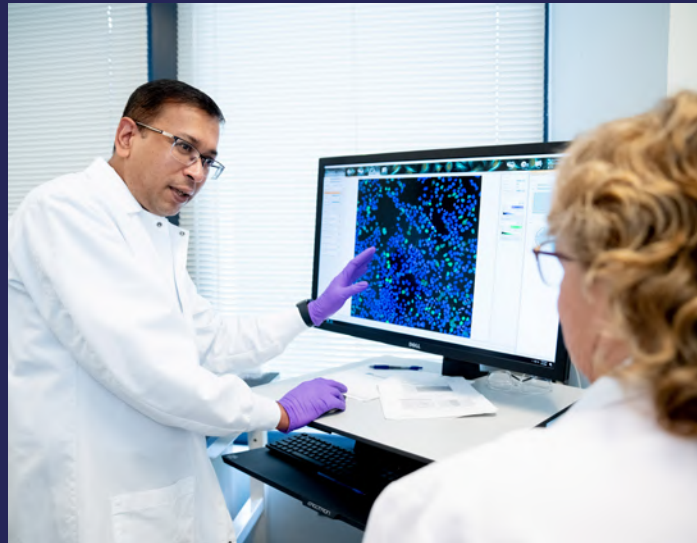
Manufacturing Hub - Bidar and Bollaram, India



Process R&D Lab - Manchester, UK

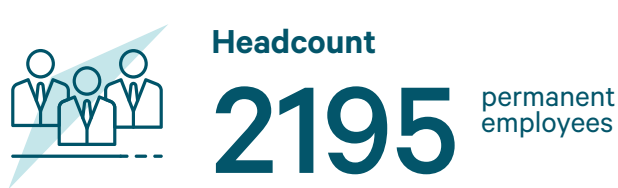
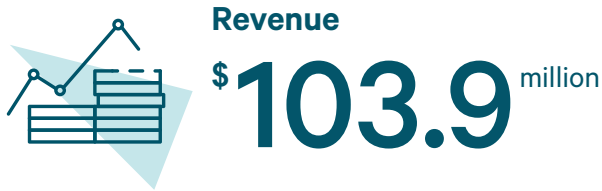


Discovery Biology Lab - Cambridge, USA



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

## Year in review



## Awards & recognitions

21<sup>st</sup> National Awards for Excellence in Energy Management



Association for Talent Development Excellence in Practice Awards



5-star rating at CII-SR EHS Excellence Awards



# Sustainability framework



# What sustainability means to Sai?

Sustainability is an engine for our growth as we actively integrate sustainability principles. We build on the 4 inter-related elements of our sustainability framework and generate compelling value for our stakeholders.

## Sustaining as a partner of choice

Operational excellence for delivery velocity, developing a science-driven, robust & scalable approach, demonstrate shared commitment to the end result

## Being an employer of choice

Culture of empowerment, Learning & Development and access to diverse talent to accelerate scientific progress, safety, quality, & culture transformation

## We anchor ourselves in two practices to propel us to go the extra mile:

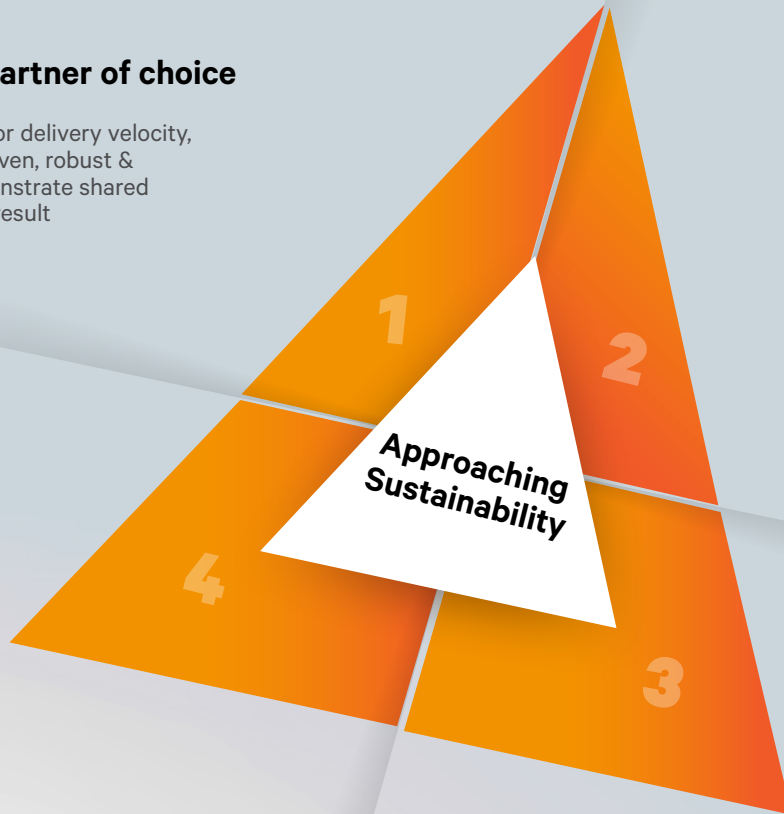
- Partnering effectively with customers, suppliers, and employees
  - Emphasize developing strong partnerships from within with everyone in a team, committed to having the right culture to experience mutual gain and serve the patient
- Championing the cause – for the planet and our society
  - Take care of the environment and our communities to make a positive difference.

## Becoming a neighbour of choice

Making a positive difference in the community through consistent participation

## Growing as an HSE champion of choice

Green process development and responsible manufacturing by reducing environmental footprint and ensuring safe operations



# Stakeholder Engagement and Materiality Assessment

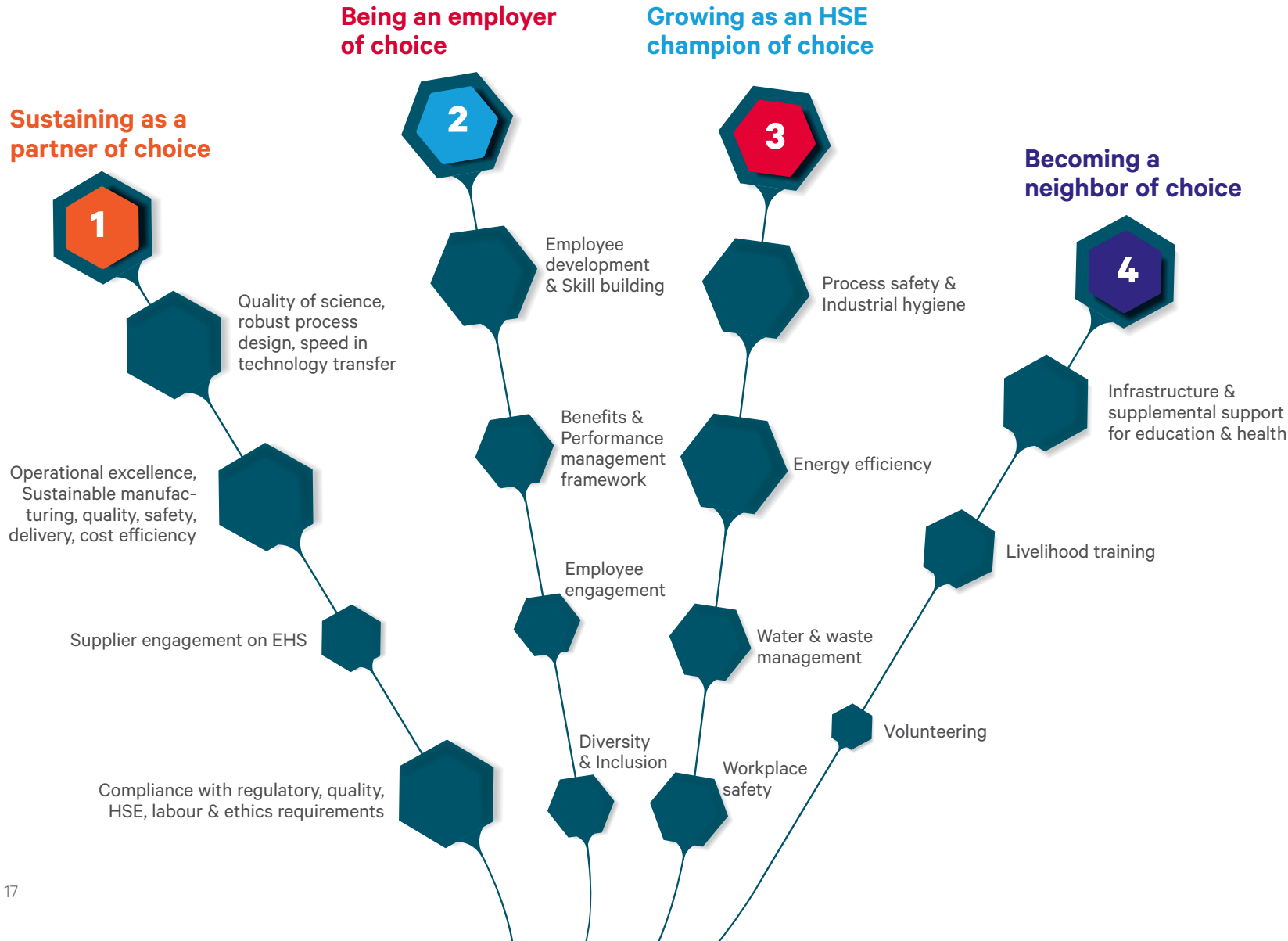
Our approach is to prioritize and seek the best possible impact for sustainability, driven by stakeholder engagement and materiality assessment. We revisited the materiality assessment undertaken in the reporting year 2019-2020. Our goal was to reiterate our commitment to integrate stakeholder inputs into our sustainability framework.

## Key stakeholder inputs and boundaries of action

Stakeholder	Inputs	Boundary	Engagement mechanism
<b>Customers</b>	Quality, partner in meeting environment goals, safe process and workplace, cutting-edge practice in R&D and technology, robust process, On Time In Full delivery (OTIF)	R&D, Technology Transfer, HSE, Manufacturing, Quality, Program management, Operational Excellence	Audit, Project review meeting, Customer feedback survey, Business Development meeting
<b>Employees</b>	Meeting career goals, benefits, performance management, skill building, engagement & empowerment	HR, R&D, Manufacturing, Operational Excellence	Employee satisfaction survey, one on one discussion, departmental meeting, PMS review
<b>Investors/Board</b>	Customer engagement, meeting business growth goals, Stakeholder engagement, cost efficiency, OTIF, Right first time	Governance, Finance, Business Development, R&D, Manufacturing, HSE, Operational Excellence	Board meeting, Management review, Investor meeting
<b>Suppliers</b>	Strategic partnership, support in meeting HSE and Quality goals	SCM, Manufacturing	Audit, Performance review meeting
<b>Community/NGOs</b>	COVID -19 response support, continuing engagement	CSR, Manufacturing, HR, R&D	Engagement meeting, Volunteering activity
<b>Regulators/Government</b>	Compliance	HSE, Quality, Manufacturing, R&D	Audit, Annual review
<b>Associations</b>	Best practices, Knowledge sharing	HSE, Quality, HR, Manufacturing, SCM	Conference, Events, Award application

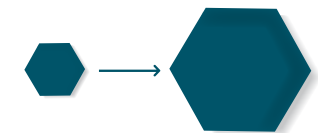
# Material Focus Areas

We looked at the stakeholder inputs, grouping their interests into actionable areas. As the next step, we derived the key focus areas that matter most to Sai and our stakeholders. The focus areas are held together within the 4 elements in our sustainability framework.



## Looking ahead

We have committed management attention and invested in people, processes and infrastructure to make sustainability a lived experience in the organization. We are looking forward to more momentum as we garner support from our multiple stakeholders. As we participate in the UN Global Compact, take up actions towards SA 8000 certification and define targets for diversity and inclusion, we are hopeful of co-creating and enhancing our sustainability framework to effectively serve our stakeholders.



Shows the extent to which Sai has gained momentum in the material area

# Governance



## Board of Directors

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.



**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

Sustainability governance is embedded through the organization. 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. Additionally, corporate and site level committees ensure the implementation and tracking of new initiatives as well as the identification of new opportunities.

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.

- Audit committee
- Securityholders relationship/ investors grievance committee
- Independent directors committee
- Nomination & remuneration committee
- Corporate social responsibility (CSR) committee
- Vigil mechanism committee

# Sustaining as a partner of choice



## In the journey of sustainable partnership

Sai's business model has evolved over the years and we are now a full-service CRO-CDMO offering end-to-end services across the drug substance discovery and development continuum. Our customer base has diversified across the spectrum starting from academia, start-ups, biotechs, emerging pharma, and large pharma companies spread across the US, UK, EU, and Japan. In keeping pace with the changing times, Sai has transformed itself into a global organization with operations and offices spread across these regions.

### Sai Nxt

- Investing in R&D and
- Technology infrastructure



**Sustainability  
momentum  
for customer  
partnership**

### Partnering Ethos

- Compliance
- Quality focus

### Embracing sustainability principles in line with our customers' sustainability goals

- Pursuing a higher percentage of renewable energy in the total energy mix
- Scaling up with a mindset of responsible manufacturing with an emphasis on adopting green chemistry
- Operational excellence for meeting customer needs by maximizing the efficiency of the process



## Sai Nxt: En route to excellence

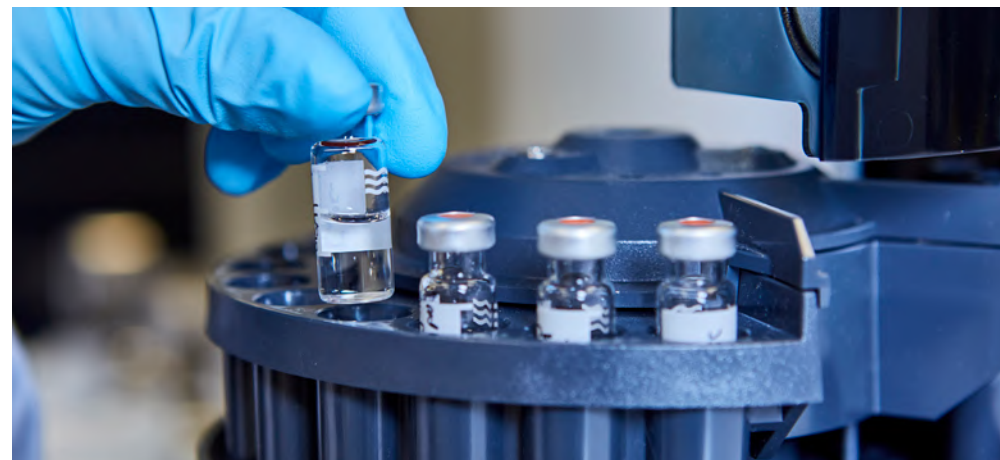
In the reporting year, we ramped up our R&D and technology infrastructure and accessed global technical expertise while creating local proximity for our customers. Put together, the emerging speed and agility are building a healthy momentum in the drive to build access to medicines.

The following 7 key developments across the organization encapsulate the essence of the progress we have made through the Sai Nxt initiative:

- Growth in scientific depth and scale
- Expansion in technology platforms and capabilities
- Fully integrated discovery and development campus, built for speed
- Global delivery model for biology and process chemistry
- New state-of-the-art manufacturing facilities
- Global customer outreach
- Renewed thrust on Sustainability

## Partnering ethos that drives us the extra mile

Our partnering ethos is firmly rooted in Transparency and Integrity. Our customer-facing project management structure along with electronically enabled data management helps our customers experience us as an extension of their developmental efforts. Our teams have the autonomy to make decisions that help us meet shared commitments, with a keen sense of turnaround time. On the integrity front, our audit outcomes, environmental and safety track record together make our customers trust that we are in it for the long haul as we translate sustainability principles into tangible actions.



## Compliance

As a progressive company in the pharma outsourcing value chain, maintaining compliance is sacrosanct. Compliance is at the heart of everything that Sai does, and this is manifested in our quality and safety/sustainability track records. It involves many ongoing efforts and we are fully committed to that direction.

## Differentiating with customer delight champions



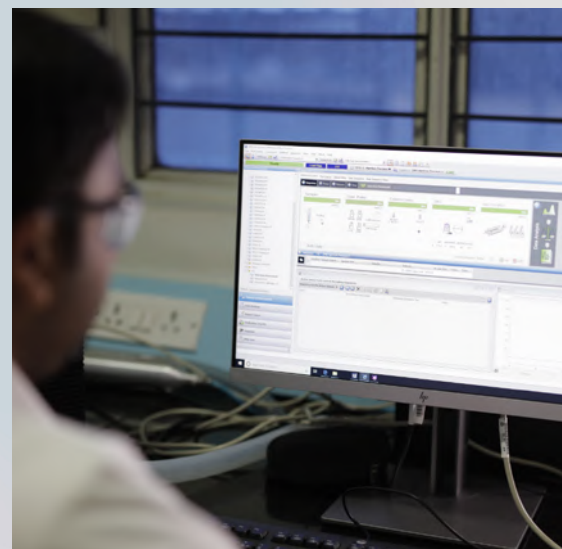
One of our customers with whom we have associated since the year 2009, identifies customer delight champions in the MedChem team. We offer an integrated program that comprises services from CADD, Biology, DMPK, Toxicology, PRD and Manufacturing. The objective was to identify drug candidates for depression and various CNS indications (modulators of NMDA receptors). Currently, several candidates are in clinical stage development with more than 1500+ compounds made for the customer in the past 12 years. Overall, the relationship has transformed from customer to patron to research partner.

## Holistic approach for compliance management

We have a compliance tool that helps us map and track all the relevant requirements across EHS, HR and other key areas. The tool offers an online dashboard to know the status of compliances, assign ownership and upload proof of compliance.

### Features include:

- Web based application
- User based and role driven
- Real-time online dashboards on the status of compliances, remediation and notices



## Quality remains our focus

Our focus is on establishing the right systems and supporting our people to develop the skills for compliance and going beyond it to delight our customers. We are focused on meeting our customers' quality requirements and keeping our systems audit-ready. With the same spirit, we address customer complaints, tackling them on time with the aim of being trusted partners. In one instance our customer has this to say, "Very good system in place to control all the areas like Warehouse, Manufacturing, Quality Control, Engineering, and Quality Assurance especially the use of electronic systems GMP Pro and ComplianceWire makes Sai a reliable partner." Our customers recognize our training approach, globally experienced R&D and process engineering teams plus cGMP emphasis in kilo-lab facilities.

Our quality management system components are constantly monitored, and the effectiveness of the new learning and development system is resulting in addressing quality management system components in a timely manner.

### Success in Quality Audits

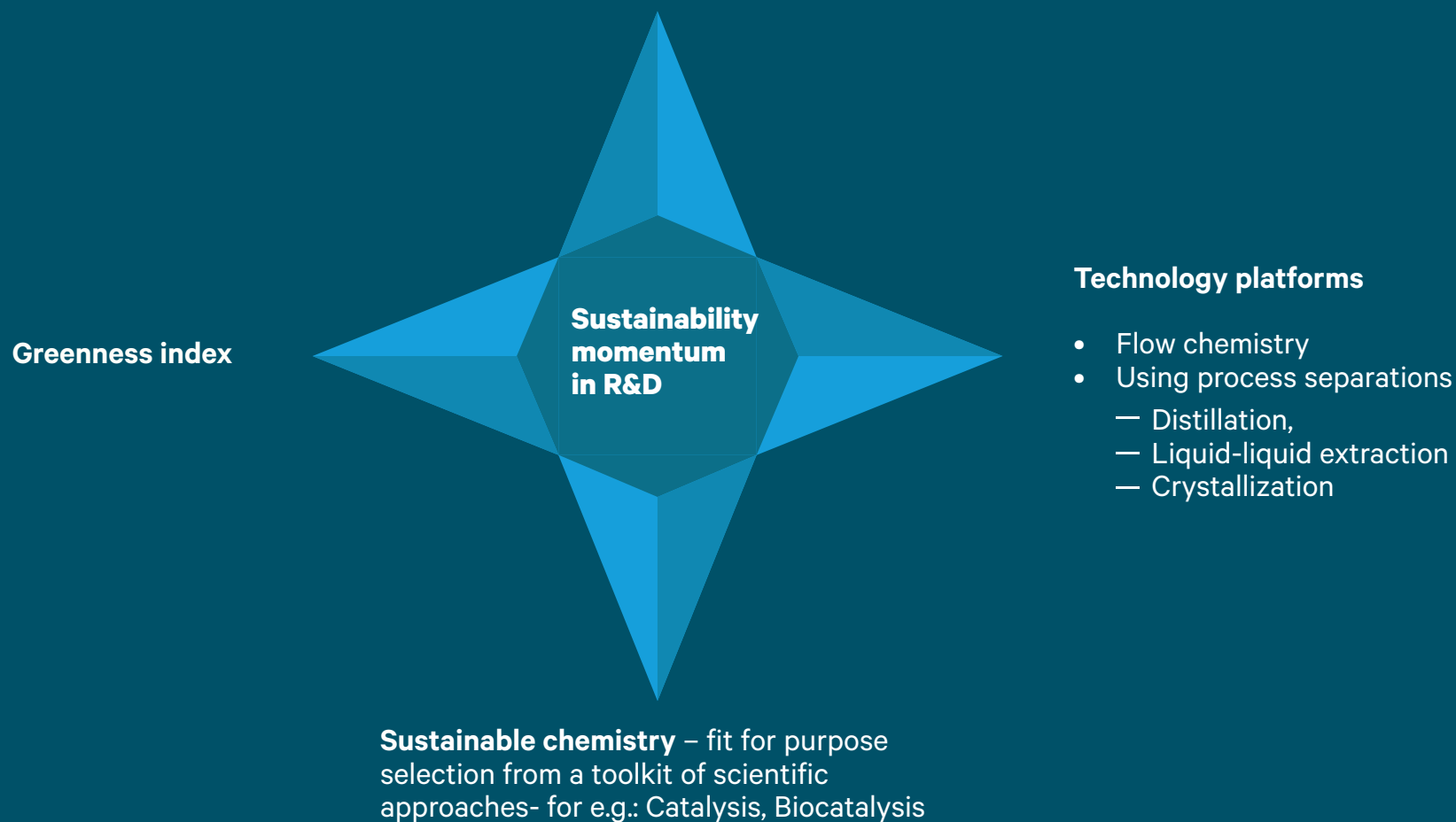
Sai completed 15 quality audits during the reporting year. Despite challenges of carrying out remote audits, our teams fared exceedingly well and received favourable comments from key customers and their representatives. Overall, our cGMP practices, electronic systems for quality and the upkeep of the facilities is appreciated.

Unit (April-2020 to Mar-2021)	Total number of Audits	Critical Observation	Status
Unit II	5	0	Closed
Unit III	1	0	Closed
Unit IV	9	0	Closed



# At the heart of our R&D culture: Meeting stakeholder expectations

Our sustainability outlook helps us to meet strategic and business considerations and simultaneously achieve progress in addressing scientific and technical challenges.



## Global R&D edge

The momentum for sustainability comes from the opportunity to move at the speed of science at our world-class R&D and technology centers in India, the UK, and the US. By harnessing the power of data and technology, green chemistry transformations, targeted analytical and development support, and operational excellence, our scientists and process engineers are empowered to effectively combine science and business goals.

### Data driven decision making

We use cutting edge tools for statistical design of experiments and advanced automation in process design. We have access to innovative chemistry equipment that facilitates a rapid and more thorough understanding of process parameters and supports process optimization by identifying important factors quickly through insitu reaction monitoring. We are able to pursue accelerated scale up with the use of process modelling software and achieve reduction in deviations at scale.

### Integrating business workflows for better customer outcomes: SaiGO

Contributing to a key part of development of new medicines requires several disciplines to work together collaboratively and harness innovation with a defined approach to make sure we deliver successfully. The SaiGO approach provides a framework to deliver innovation within a well-defined business process to ensure we meet customer needs. As we implement the different dimensions of the operational excellence model in R&D and Technology transfer, our focus is on effectively engaging diverse scientists as a cross functional team and navigating business related needs of speed, cost effectiveness and sustainability while immersing in science related new advances.



### Early Phase

- Addressing cost effectiveness and speed
- Rapid start, fit for purpose route screening, selection and scale up
- Phase appropriate analytical method development

### Mid to Late Phase

- Addressing the quality of science through
  - Detailed process development
  - Robust manufacturing process including green chemistry

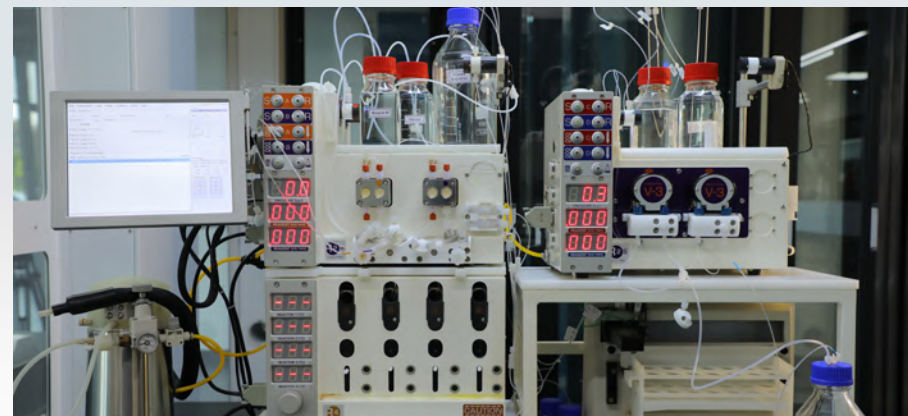
## Science-driven pipeline: Glimpses of few projects handled by us in 2020-2021

Customer Focus	Our Contribution
1. Developing precision-targeted therapeutics to treat patients with complex cancers.	Incorporated Tetra Ethylene Glycol chemistry and rapid support for validations by AR&D.
2. Intermediate product involving Suzuki Coupling.	Implemented scalable alternative for dry ice; optimized catalyst loading, removed DME (which is an unfavourable solvent due to toxicity).
3. Innovative biopharmaceuticals for rare diseases driven by genetic causes.	Developed a scalable route for multigram and kg synthesis of lead compound with +99.9% purity and enabled identification of the desired polymorph.



## Flow chemistry to create safer and rapid reaction conditions

Flow chemistry plays a key role in drug discovery, chemical process development, and manufacturing in the pharmaceutical industry. With the client tech pack, subject matter experts carried out a flow reaction in optimized process conditions. A detailed process safety study was carried out to know the level of exotherms. The R&D team focused on handling hazardous chemicals in flow, getting it first time right, running of a flow chemistry to meet safety and quality attributes and safe production of material in a continuous chemistry. The desired purity was (~95%) and % of dimer (< 4.0%).



## Sustainability thinking in action: Greenness Index

With the adoption of the greenness index, we are seeking to embrace sustainability outcomes. While greening the process is welcome, the challenges are multifold. Yet, we are encouraged to boldly traverse the spectrum of areas, at laboratory scale, where sustainability can be integrated into route selection, the nature of starting materials, and then translated into the manufacturing process.

The greenness index, our in-house developed computational model, enables us to look at these three aspects and many more to build a favorable environmental footprint. The environmental goal is dovetailed with cost-effectiveness, throughput, and scale-up viability--- a dynamic challenge that we address with R&D efforts and process technology.

Our strategy of introducing green chemistry at the right time is paying off. We are witnessing a paradigm shift as we baseline customer-designed R&D or manufacturing process and value add with "greenness", in medium to late-phase projects which comprise 65% of our portfolio. We seek to address potential long-term impacts arising out of a less green process and have formalized green chemistry-based transformation in the technical package.

# Taking responsibility for sustainability

## Green Chemistry implementation - Journey

- Consultation with internal stakeholders on implementation of green chemistry principles for R&D process.
- Development of framework to evaluate greenness index.
- Literature review to arrive at computational model for calculating greenness index.
- Inhouse computational model developed.
- Development of solvent selection guideline.
- Awareness sessions conducted for R&D team.
- Announcement of 1st edition of Green Process of the Year award - Rotating trophy, certificates & financial incentives.
- Formalized process for inclusion of green chemistry principles and framework as part of tech pack and process writeup.
- Announcement of 2nd edition of green process of the year award - Rotating trophy, certificates and financial incentives.

2018

2019

2020-21

## Green Process Awards (2020 & 2021) – Broad Performance metrics (pre vs post development)

27%

of projects had improved Greenness index by

>50%

10%

of projects had improved Greenness index by

20% - 50%

47%

of projects had improved Greenness index by

1% - 20%

13%

of projects had negative Greenness index (i.e. Greenness index had reduced from pre-development process)

3%

of projects had no change in Greenness

## Building agility in the manufacturing value chain

We are experiencing a significant change in the shop floor culture. The Area Effectiveness Team (AET), Service Effectiveness Team (SET), and Grass Root Team (GRT) at the shopfloor level promote and sustain employee engagement, prompt problem solving, and robust governance. The bottom line is in the value addition we can offer to our customers arising from the ownership culture we have seeded in the shopfloor in the following core disciplines.

**Operational Excellence aims to make customer-centric KPIs key for transformation**

**Sustainability momentum in manufacturing**

**Reducing environmental footprint**

**Engaging shopfloor teams**

## Operational Excellence aiming to make customer centric KPIs key for transformation

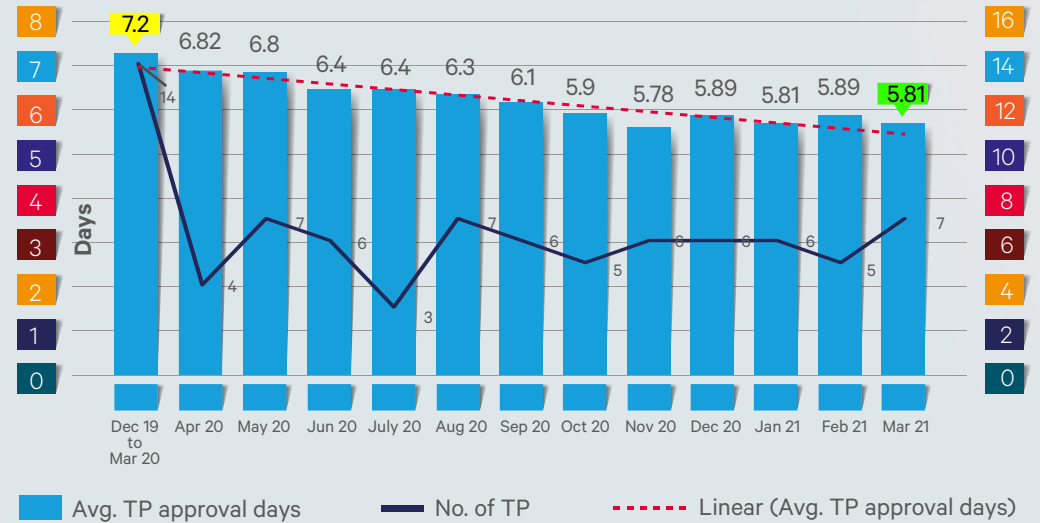
One of the areas that is building momentum for sustainability is the Shop Floor Transformation initiative (SFTI) under the umbrella of Sai GO, an organization-wide Operational Excellence (OE) program. It serves as a leading example of the daily, systemic improvements being pursued in the company with three overarching goals: Right first time, On-time in-full delivery (OTIF), and Customer Delight.

We are in the third year of transformation with encouraging results in key performance indicators such as batch performances in terms of quality, yield and cycle times, OTIF, Development Technology transfer effectiveness, service level agreement (SLA) with Warehouse, Quality Control and Engineering, safety and sustainable environmental practices.

We are pursuing a widespread impact from our Operational Excellence program, extending the program across the entire value chain of process development, technology transfer, and manufacturing. An important responsibility as we scale up processes from R&D to manufacturing is in accelerating our partnership goals through reliable manufacturing. Consequently, our focus is on getting it right-first time in manufacturing, beginning with error-free technology transfer.

### TP approval - cumulative average

SLA for TP approval - 4 days



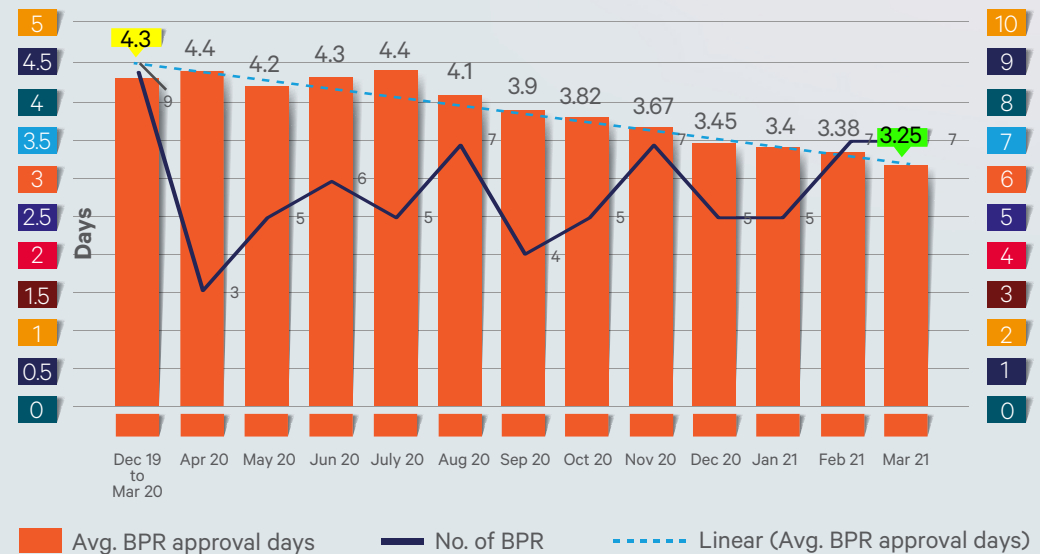
## Accelerating technology transfer and manufacturing

We are successfully integrating upstream activities of R&D in the OE program with dynamic collaboration between R&D, manufacturing and technology transfer. There is significant traction by setting-up critical trackers for walkthrough & technology transfer meeting effectiveness and online progress check. It is further strengthened through a decision-making platform and governance framework. Overall, the time taken for Technical Package (TP) and Batch Production Record (BPR) approval has now reduced by almost one fourth.



### BPR approval - cumulative average

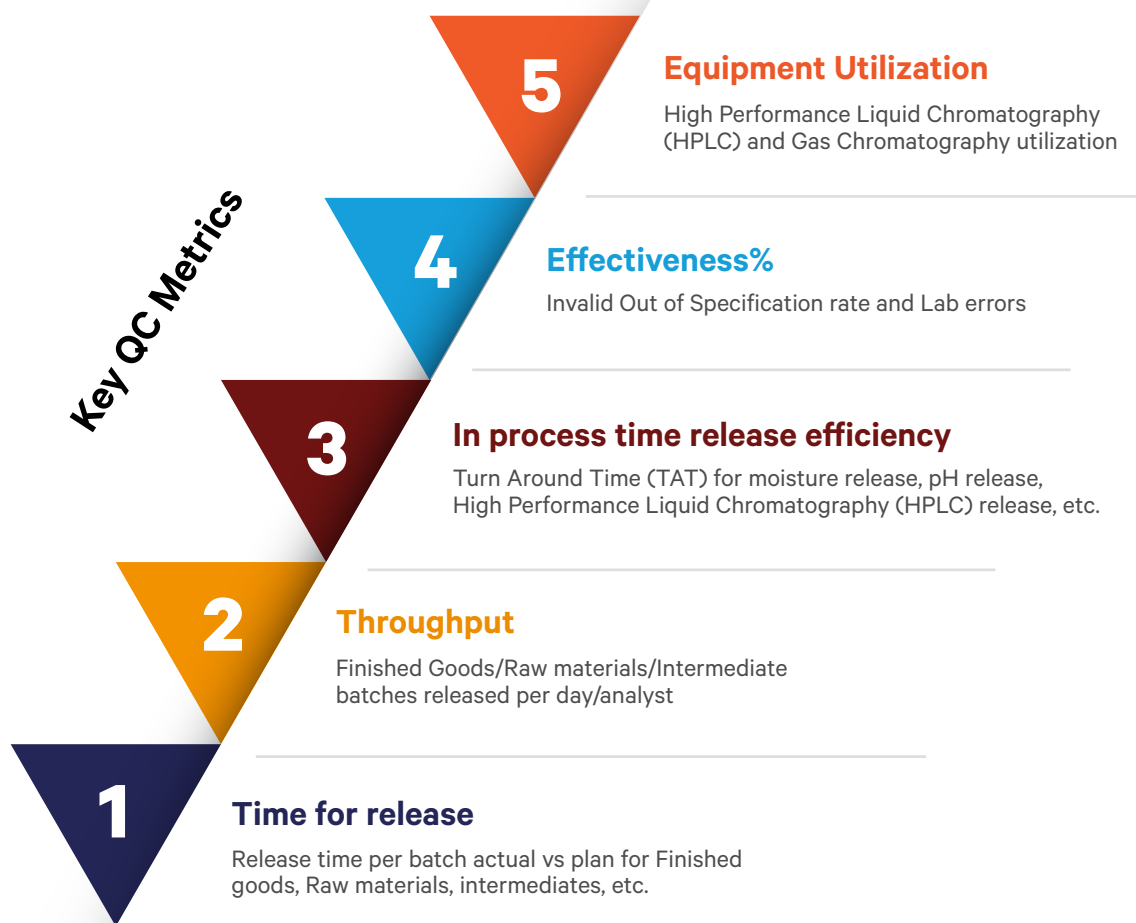
SLA for BPR approval - 1 to 2 days



In our business, the KPIs that matter most are timely delivery and execution as planned. The SFTI has played an important role in deepening a culture of service with OTIF being tracked with a critical lens. We are steadily progressing with lean audits, shopfloor-based cross-functional teams including integration of QC into the SFTI. For our established products, the OTIF is on average 75% and we are addressing root causes which cause major delays to get more encouraging results. Specifically, we are focused on reducing batch charging delay and integrating technology absorption meetings as part of the back-end processes.

## Significant QC improvement for timely product release

The approach of mapping SLAs, benchmarked with innovator pharma companies is enabling us to prioritize activities in QC and to positively impact the outcomes of the manufacturing process.



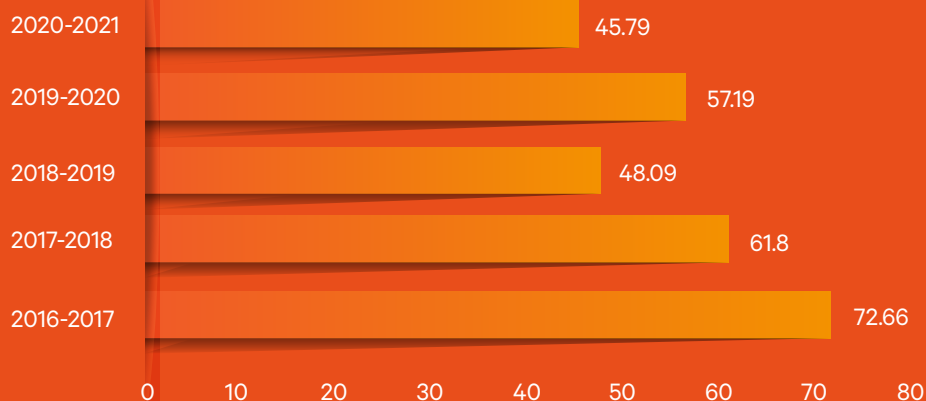
## Reducing environmental footprint

Energy management is a critical consideration in the way we manage our operations. Our approach to energy management is two-pronged- one, increasing energy conservation, and second, increasing the adoption of renewable energy. Working to be one of the most energy-efficient CRO-CDMO companies in the sector, we review benchmarks to learn and improve.

### Focusing on our environmental footprint by optimizing energy usage

One of the measures to monitor our energy performance includes Specific Energy Consumption (SEC). Despite a 16% increase in production in Unit IV in the reporting year, the SEC reduced by 19%. The initiatives for improving performance in utilities and capacity utilization have together contributed to energy efficiency.

#### SEC (MTOE/Ton) w.r.t FG production



## Engaging shopfloor teams

The SFTI is a bottom-up approach that has introduced a structure and tools to involve employees and make them play a larger role in problem-solving. Few of the key engagement mechanisms include Single point lessons, Kaizen, identification of abnormalities, and Lean audits. The performance across these KPIs in our two manufacturing units and in one R&D facility is visible as the AETs and SETs are actively engaged with their ideas to address bottlenecks.

KPI	UOM	Unit 4	Unit 3	Unit 2 Jan 21-Mar 21
SPL	NOS	874	25	24
Kaizen	NOS	173	12	-
No. of AET&SET	NOS	9	6	33
No. of abnormalities identified	NOS	26340	1676	312
Abnormalities closure	%	78	96	96
Lean Audit score	%	93	91	-

Our employees are also engaged in building a cost-conscious culture. The launch of the "Idea Box", supported by a structured process for brainstorming and proper evaluation has generated more than 500 cost optimization ideas. This program leverages the culture of employee engagement and expands the scope to instill the importance of waste elimination and cost excellence.



# Sustainable procurement through supplier engagement

We are committed to ensuring HSE, quality, and statutory related outcomes in our supply chain. Such a move is pivotal for risk mitigation, and it also has a positive upside as our customers recognize our engagement with our suppliers. We have qualified the Ecovadis assessment, a requirement of our global key customers, which has sustainable procurement as an important factor in the scoring criteria. The procurement cycle begins with an initial focus on qualification and then later building partnerships with strategic suppliers.

25

Total new **KSM vendors** registered in FY21

25

Number of vendors who underwent **HSE screening**

100%

Percentage of vendors who underwent **HSE screening**

## Strategic supplies and prioritizing sustainability

By instituting a supplier code that emphasizes HSE management, statutory compliance, and quality management, we select and classify our suppliers as strategic. Almost 45% of our total supplier base, with 60% of our total spend allocated towards this base, are identified with the support of third-party agencies. As part of engaging and developing our suppliers, we also take a facilitative approach towards improvement which is mutually gainful across sustainability parameters.

Additionally, we are developing product-specific engagement Initiatives which are focused on:

- Encouraging value-added services
- Procuring a basket of products to retain & engage the supplier
- Initiating vendor managed inventory practice to progress transactional suppliers into strategic ones

## Improving the environmental footprint in our supply arrangement

For a large volume raw material, where our annual requirement is approximately 130 tonnes per annum, we proactively engaged with the supplier to change the packaging material. By replacing paper-based packaging with re-usable containers, we have stopped disposing almost 10 tonnes of paper per annum.

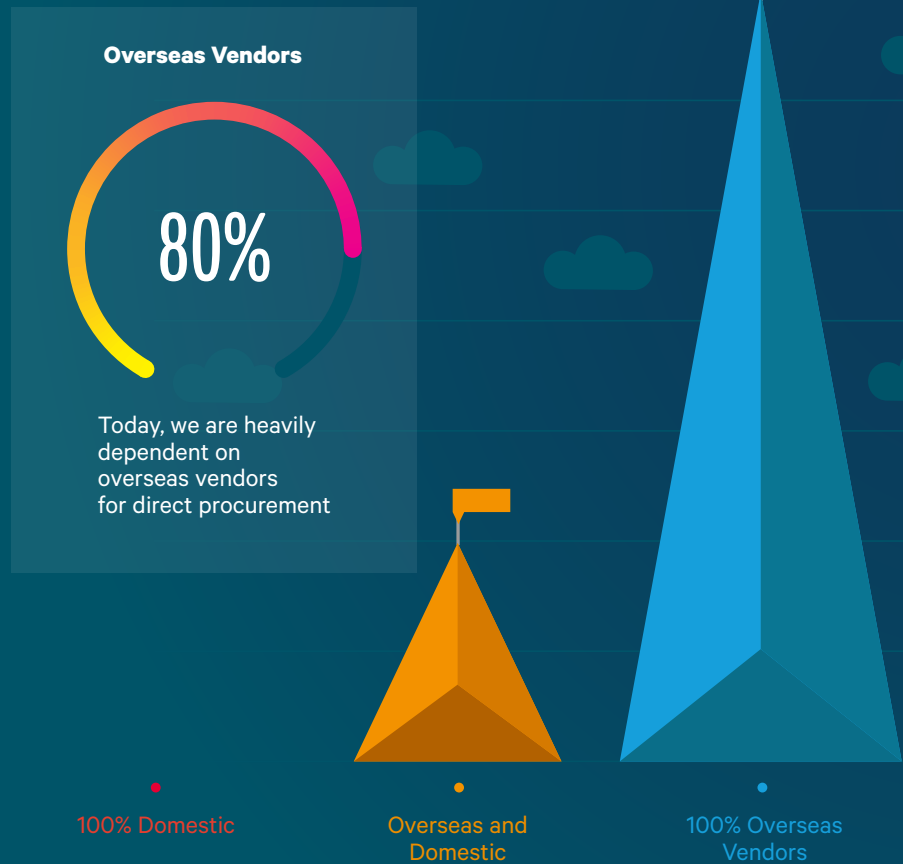


## Working with local suppliers

We are consciously working on mitigating risks, learning from the challenges faced during the peak of the pandemic, with a clear goal of making the procurement process sustainable to reliably meet customer expectations. The aim is to spread our risk by simultaneously cultivating local suppliers for our key projects. The plan is to de-risk up to 30% of our key projects with 100% of the requirements getting met locally. An additional 30% of the projects would be supported with 50% of supplies getting procured from local suppliers. A similar shift is proposed in the area of capital equipment procurement, where close to 55% of our procurement would be 100% sourced from local sources.

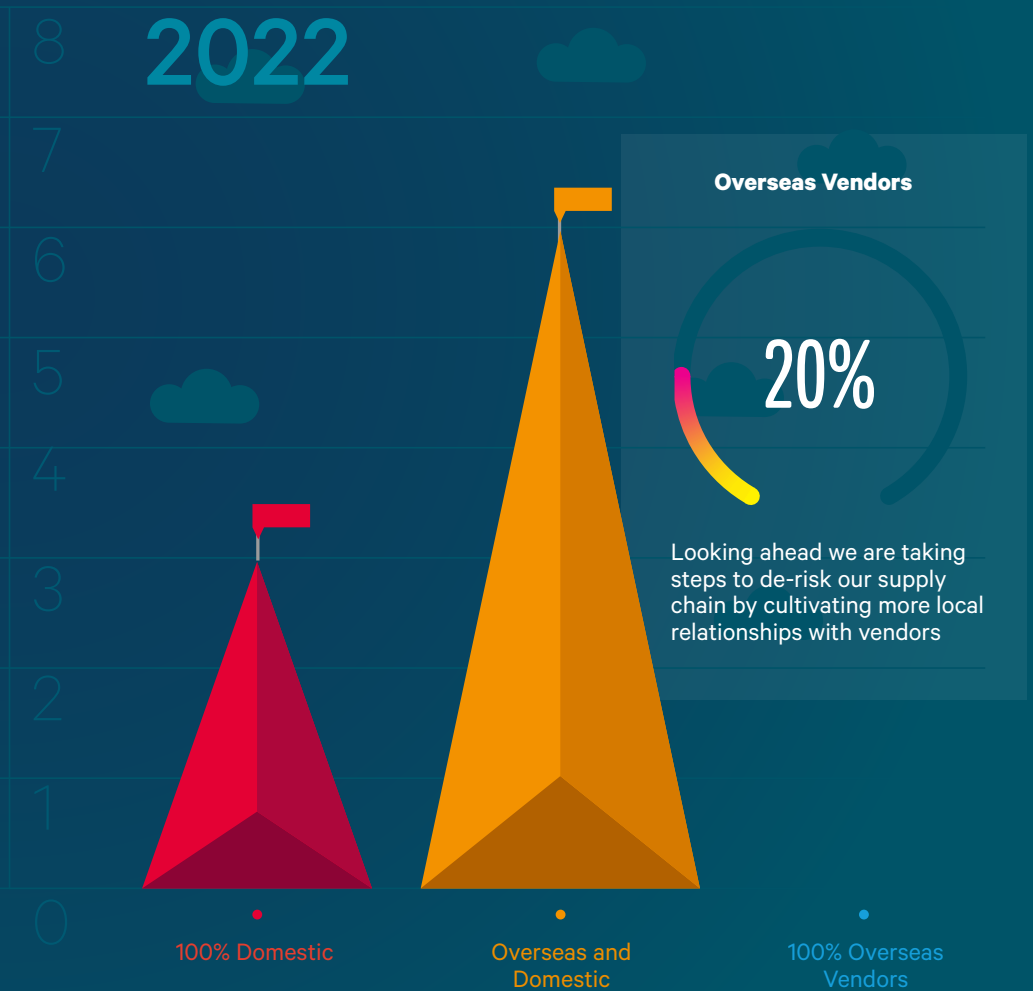
### Vendor Mix for Direct Procurement

# 2021



### Proposed Vendor Mix for Direct Procurement

# 2022



## COVID 19 response - Partners



### Live virtual tour to sustain site inspections

- Immersive walkthrough of facilities streamed via Microsoft Teams
- >50 customer tour conducted during July 2020 to March 2021
- Enabled engagement of multiple stakeholders in customer organization



### Supply chain continuity

- Proactively assessed and mitigated supply risks due to the pandemic
- Diversified our supply base and transitioned rapidly
- Fulfilling delivery commitment with an OTIF >97%
- Zero downtime in manufacturing

**Being an employer  
of choice**



## Establishing a strong foundation for sustainability

We aim to establish new mindsets and new ways of working within Sai. We have launched an array of different programs to support our workforce and the organization in achieving the best possible outcome. As we grow and increase our global footprint, creating a culture that unifies us and helps promote productivity and retain a talented workforce becomes increasingly important. Our approach to sustainably being an employer of choice is to ensure that we are a fair, consistent, collaborative employer and display an unwavering commitment and accountability to our employees. In this direction, we are defining new standards in our working practices and actively promote the skills of our employees.

In a fast-paced and changing environment, especially as we deal with the challenges of COVID-19 we strive to incorporate the human element into our culture. Over the last year, we have updated our benefits and policies, career development frameworks, reward and recognition programs and training programs to work towards meeting our sustainability goals.

**Create more opportunities for women and improve the percentage of women employees in the workforce to 12% by 2022**



**Ensure employee policies and benefits are updated in line with industry standards to retain and attract the best talent**

**Continue to invest in and promote an environment of continuous learning and development to improve and motivate our workforce**

# Sustainability momentum in people practices

## Recruiting the best talent

Our ability to recruit and develop the best talent directly impacts our stakeholders and promotes the long-term success of our business. Our recruitment strategy is key to attracting high-potential individuals from a wide range of backgrounds and to develop and retain them. During the reporting year, we expanded our workforce significantly. We moved quickly to implement new virtual e-learning platforms and streamlined procedures to accelerate onboarding amid pandemic restrictions.

### Number of new hires by age group

21-29	30-50	Over 50
334	314	7

### Rate of new hires by age group

21-29	30-50	Over 50
51%	48%	1%

### Number of new hires by gender

Men	Women
569	86

### Rate of new hires by gender

Men	Women
87%	13%

### Number of new hires by region

Telangana	Karnataka
377	208
Maharashtra	Manchester
45	25

### Rate of new hires by region

Telangana	Karnataka
57%	32%
Maharashtra	Manchester
7%	4%

## New Hire Highlights

### 13.5% New women hires

86 women added to the workforce, higher proportion versus previous reporting year

### 42% New hires from ex HQ locations

Improving regional representation with 278+ hires from Karnataka, Maharashtra and Manchester

## Creating a balanced workforce

Maintaining the talent ecosystem by employing a healthy mix of new hires under 30 as well as experienced talent

## Establishing roots in Manchester

Sai Life Sciences Manchester was set up at Alderley Park in July 2020 with a Process Research and Development Center of Excellence to assist our customers in developing routes and processes to their small molecule drug substances. We have a growing team of 25 highly experienced scientists focusing on Route Design and Process Development and plan to recruit talent from the top UK Chemistry universities. The center of excellence provides high quality and efficient development, scale-up and technology transfer to the Indian sites and expands our diversity in talent and capabilities.

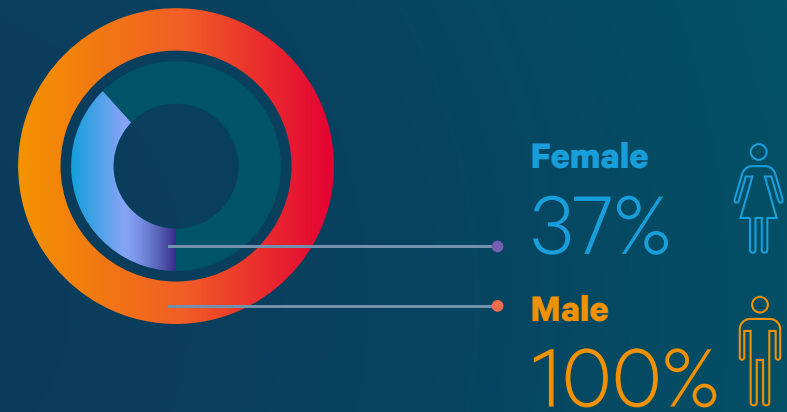
## Benefits and policies

In line with our commitment to retain and reward the best talent, we have also updated our benefits and policies over the last year. We have updated our group insurance and leave policies and increased the number of days of paternity leave from 3 to 5 days. For employees affected by the COVID pandemic, we set up a task force to take care of employees and their families.

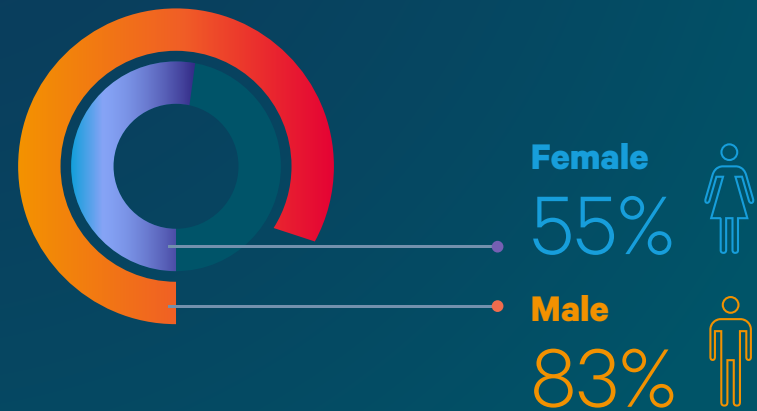
### % employees by gender who took parental leave



### % employees who returned to work after taking parental leave



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



## Building a High Performance Culture

We continue to benchmark and target pay, based on role-based performance. As an outcome of an external benchmarking exercise, over the last year, we have addressed employees' compensation to match industry standards.

### Delivery Linked Performance Pay, External Compensation Benchmarking

Introduction of DLPP, effective FY 22, for employees level 3 and above, initiating the move towards a performance based culture.

Market corrections undertaken for Saimers in line with study findings from external benchmarking by Mercer.

### Role Based Rewards and Recognition Framework

Provide more clarity on career progression and compensation in line with comparable roles in the industry.

### Career Counselling Cell

Counselling cell targeted at ensuring every Saimer progressively reaches their full potential.

Percentage of total employees who received performance review and career development



59%\*

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



Male  
93%



Female  
7%

% Split by Employee category of employees who received performance review and career development

Executive Level  
(Level 0, A, 1)

46%

Mid Management  
(Level 2&3)

47%

Top Management  
(Level 4,5,6)

7%

\*The % is calculated on the basis of total employee count at the end of the FY. The cut-off date for inclusion in annual appraisal for a given FY, is 1 Oct of that year. Employees who join after Oct 1st, shall be included in appraisal for next FY. Also, employees who are in notice period at the time of performance review are not included in the appraisal.

## Reward and Recognition Programs

We launched multiple initiatives across our sites to energize, incentivize and channel the talents of our workforce. We aim to promote a culture of recognition in the organization with specific linkages to our organizational values and therefore engage and retain our talent. Through our R&R programs we also aim to reinforce particular behaviours, practices, or activities that result in better performance and positive business results.

### Features

- Digital Platform
- Point Based System
- Recognition on the go, available on mobile
- Flexi-rewarding

### Type of reward programs offered

- Instant Recognition: To recognize instantly A job well Done
- Team Recognition (SWAT) : To recognize teams exemplifying spirit of collaboration.
- Project/department recognitions: SFTI awards, Project delivery awards, Customer delight awards, etc.



## Accelerating the momentum through culture

At Sai, we consciously work to create a culture of open dialogue with our employees and build an environment where everyone feels empowered to speak up.

During the reporting period, we conducted a “Feel the Pulse” employee survey at Unit IV, Bidar. The survey had a participation rate of 88% and identified key areas of improvement.



Over the last year, the SFTI program has been expanded across the organization. The initiative is enabling us to unify our culture by strengthening the orientation of our employees towards high performance and empower them in decision-making. At the same time, we ensure more efficient collaboration across functions within the organization.



The reporting year was challenging due to higher engagement through virtual channels. However, we ramped up our efforts to keep our employees motivated and engaged across our sites.



We communicate regularly and through a variety of channels to encourage two-way dialogue. One such initiative was the launch of the Saimer Cafe which is a quarterly magazine aimed at connecting employees across our sites and highlighting personal stories of our talented workforce and their families. This is in addition to our existing newsletter SaiGO that provides highlights of Saimer’s achievements.



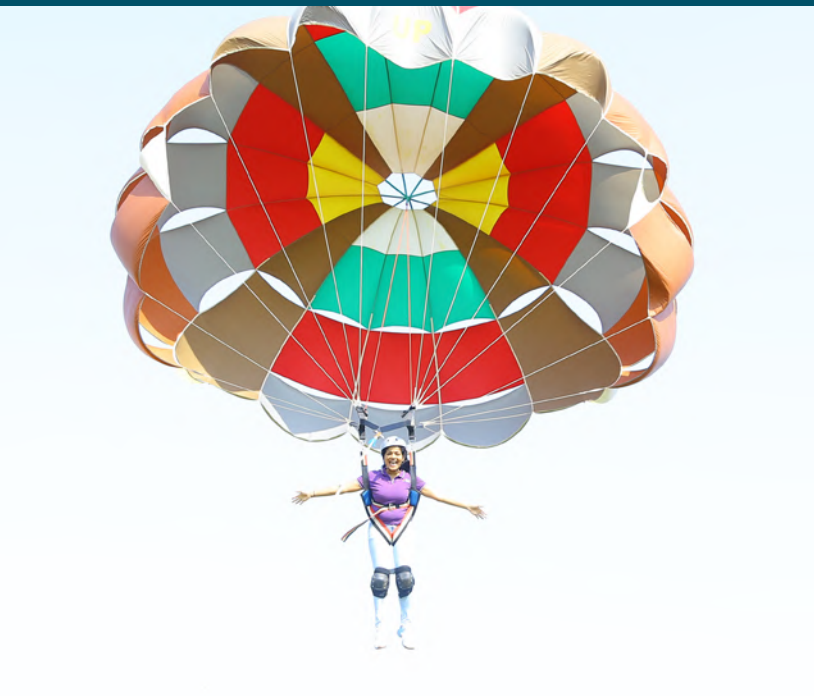


### Building a culture for sustainability

Over the year we've found creative ways to engage with our employees and their families. A few initiatives are:

We organized 'Chitrakaar - Paint your imagination', an exclusive drawing competition and exhibition for our associates and their families in Bidar. The exhibition provided an opportunity for Saimers and their families to deepen bonds within the Sai community and express themselves in a year that was defined by limited physical social interaction.

The theme for this year Women's day celebration was 'Choose to Challenge,' which marked a call to action to challenge gender biases and inequality. Women Saimers chose parasailing as their challenge. It was a treat to watch participants fasten the harness, operate landing gear as instructed and touch down seamlessly.





## Creating a more inclusive environment

Different perspectives help us to better understand customers and strengthen our power to innovate. We are therefore actively committed to achieving greater diversity in our workforce and ensuring equal opportunities and an inclusive environment for all our employees. In line with our sustainability goal of improving the representation of women in the workforce, we hired a higher proportion of women into the workforce versus previous years - 13% versus 10.5% over the previous year. The ratio of women in the workforce has therefore increased to 10% this year, up 1% from the previous reporting period.

**13%** Executive level positions filled by women

**6%** Top management positions filled by women

**7%** Mid management positions filled by women

**10%** Total women representation in the workforce



## Learning and Development

Qualified and motivated employees are an important prerequisite for the success of Sai. Identifying, leveraging our employees' talents, and developing them to stay competitive is therefore at the core. We ensure that quality and regulatory, soft skills, HSE and technical training needs are met through structured training modules via the Sai Gurukul and Percipio platforms. We have an average minimum requirement of 24 hours per employee per year across our organization.

### A Paradigm Shift for Effective Learning



**500+** New Employees Onboarded

**2000+** Users of Sai Gurukul over 6 facilities in US, UK and Asia

**50+** Qualified training Coordinators

# 2,67,101

Training assignments handled via **Sai Gurukul**

In June 2019 we shifted to a digital learning platform for effective training of employees and improved governance of training needs. This ensured that we were able to mitigate the adverse impact of the COVID 19 pandemic on training and keep the momentum on by upskilling our workforce through e-learning and virtual collaboration.

## Sai Gurukul was designed, configured and deployed as a holistic three-dimensional model

- Training Infrastructure Development – For sophisticated e-learning experience.
- Learning Management System (LMS) – For effective upskilling of knowledge and governance.
- Learning Content Management System (LCMS) – For creating advanced interactive content for adaptive learning.



As a result, new employees onboarded during the year experienced an efficient and on-time completion of initial induction training assignments despite the pandemic restrictions.

We have increasingly moved training content to more interactive audio-visual formats in the form of animation and SCORM based courses.

## Continuous System Improvement

Continuous improvement is one of our key attributes, where once in every 6 months, a new integration was completed in Sai Gurukul. The latest update is the SSO Integration - Integration with our company's Active Directory, enabling usage of domain password to login to LMS, further promoting easier access and quicker onboarding of new hires.

To make technical learning more effective, we shoot live videos of pharmaceutical process operations in the production shop-floor, warehouse, and laboratories. Our employees have demonstrated agility in adapting to new ways of learning as we observe a high compliance rate further boosting the confidence of the leadership team to accelerate e-learning throughout the organization.

## Sai Gurukul - our online academy for effective learning

Sai Gurukul helped our organization achieve more than 99.5% annual training compliance score at the organization level. With reduction in number of human errors and increase in timely closure of Quality Management System components, Sai Gurukul has helped in effective learning through advanced audio-visual training content and anytime anywhere learning.

## Training organization and management system

A dedicated team of training coordinators is responsible for all training activities such as content creation, training assignments, and compliance monitoring. Compliance is driven through a combination of monitoring by the leadership team and daily compliance monitoring by training coordinators.

We have Standard Operating Procedures in place for training and our training areas include scheduled and unscheduled quality and regulatory on-the-job role-specific training, multi-disciplinary job-related training, HR/soft skill training, safety, and technical training. Gap assessments are periodically done to identify the future needs and upskill the internal talent accordingly to maintain a future-ready workforce

Sai holds the record for fastest implementation of Compliancewire LMS application amongst UL clientele as well as in the Global Pharmaceutical industry, for which UL has published a case study outlining our Sai Gurukul LMS implementation strategies, governance models, and organization-wide impact and results. We have also received two Excellence in Practice Awards from Association for Talent Development-USA, for 2021 under Learning Technologies and Change Management categories.



## COVID-19 Response - People



### Travel

Curb on domestic and international travel and mandatory self quarantine in case of unavoidable travel



### New ways of work

Work from home for all Corporate employees, virtual onboarding of new hires, shift to virtual meetings from F2F. Nose masks, hand sanitizers given to employees and contractors for home use



### Support

24x7 helpline for employees and their families  
Enabled medical assistance  
Expanded insurance cover  
COVID-19 awareness training

**Growing as an HSE  
champion of choice**



## Prioritizing the planet and safe operations

Health, Safety, and Environment at the workplace are a critical part of Sai's operations. Working safely is an important component that contributes to our success and we work towards eliminating the incidence of work-related injuries, while also producing products in compliance with the local laws and regulations and minimizing environmental impact. Our policies strive to achieve a high level of occupational safety, health, and environmental performance through a proactive approach, thereby enhancing the well-being of employees and the society at large.

**Reduce specific water consumption by 10%**

**Sustainability momentum in HSE**

**Reduce specific greenhouse gas emissions 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.**

# Our HSE Approach

## 1 Eliminate Hazards

Systematic and proactive hazard identification, risk assessment and by developing necessary safeguards through engineering and administrative controls for prevention of occupational ill-health and injuries.

## 2 Assessment

Proactively assessing health and safety risks, environmental aspects of our activities, products and services throughout the product lifecycle.

## 3 Compliance

Adhering to all applicable compliance obligations and other requirements.

## 4 Protecting the Environment

Prevention of pollution, sustainable use of resources, mitigation of climate change, protection of biodiversity and ecosystems.

## 5 Structured Framework

Setting and reviewing occupational health, safety and environment objectives and targets for continual improvement.

## 6 Enhancing Awareness

Systematic training and facilitating consultation and participation of employees and contractors in HSE related matters.

Responsibility for steering our HSE performance and ensuring that our processes are relevant and up to date lies with the Corporate HSE function. Our HSE management systems are integrated into business processes across the company and into our culture. Operational responsibility lies with the individual functions and workgroups, thereby ensuring line accountability. We have an HSE policy in place which clearly defines our commitment towards conducting our business in a safe, eco-friendly, and responsible manner. The policy also underlines our commitment towards compliance obligations, environmental risk assessment, protecting the environment, and increasing awareness to all stakeholders.

**Our HSE commitment extends beyond the minimum and by the end of the reporting year we achieved the following:**

Zero Liquid Discharge facility  
Achieved zero waste to landfill



Advanced containment systems capable of minimizing chemical exposure up to 1 µg/m3



In-house capability for monitoring chemical exposure, heat stress, personal noise dosimetry to personnel



Renewable energy consumption exceeded our SDG goal and is currently at 13% of our total energy consumption



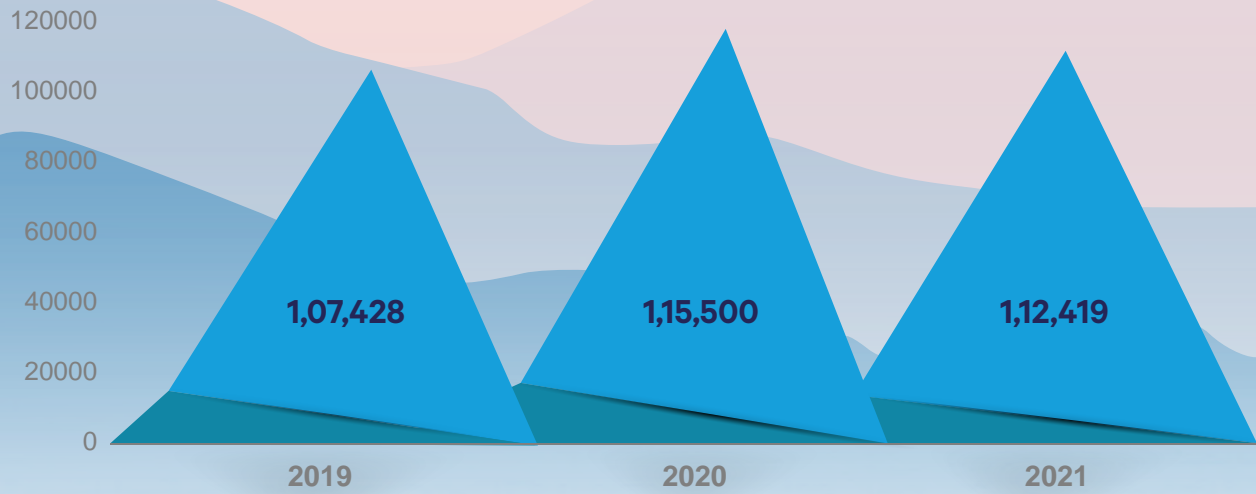
## Environmental footprint

We are aware that as a player in the pharmaceutical industry, our operations have a significant impact on the environment. The consumption of non-renewable fuels and electricity releases a significant amount of emissions into the atmosphere and therefore contributes to climate change.

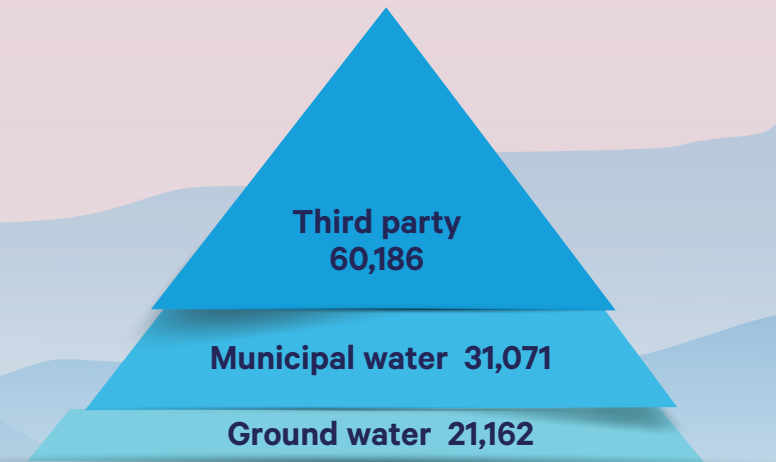
We are also aware that climate change and the risks associated with it, can also have an impact on our business in the form of access and availability of resources, and changes in regulations. Therefore, we consider it a priority to combat the challenges of environmental impact and climate change through structured initiatives to reduce our environmental footprint. At Sai, we continue to make investments to reduce emissions and improve the air quality of our environment. At Unit IV we have made several significant investments which have resulted in a 37% drop in CO<sub>2</sub> emissions from flue gases at the site.



### Water withdrawal, kL



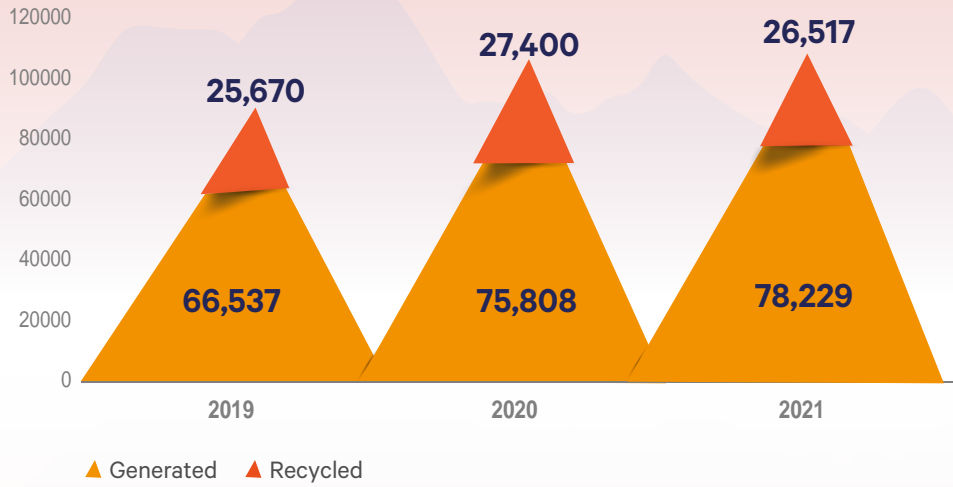
### Water withdrawal by source, kL



	FY 19	FY 20	FY 21
Specific consumption of water (kL/million USD sales) <i>India sites only</i>	1074	1155	1124

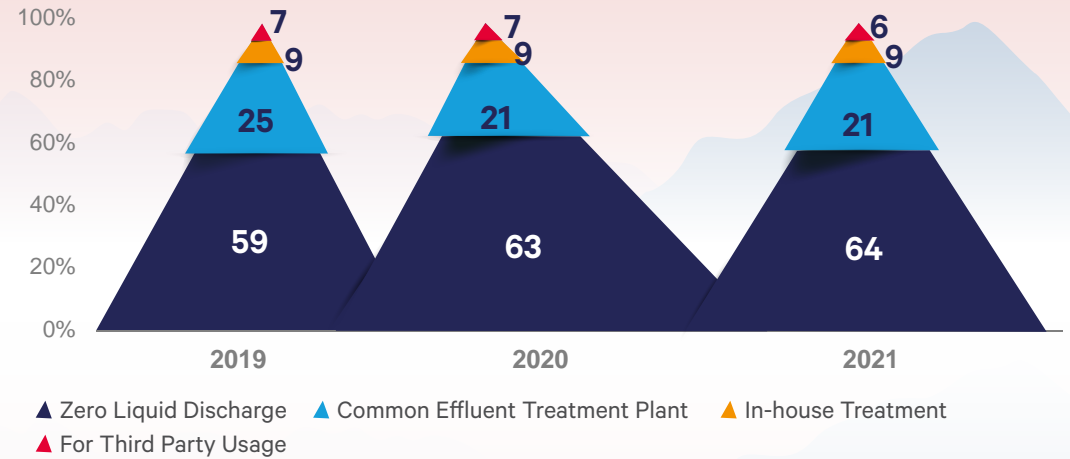
Does not include data for Manchester site

### Effluent, kL



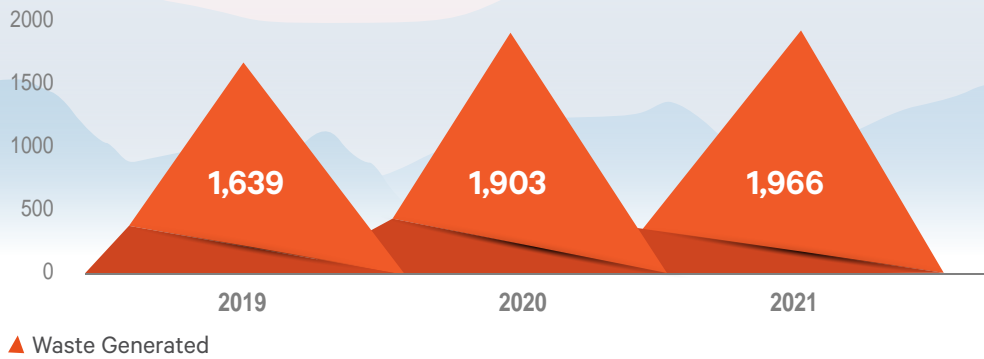
Does not include data for Manchester site

### Effluent Disposal %

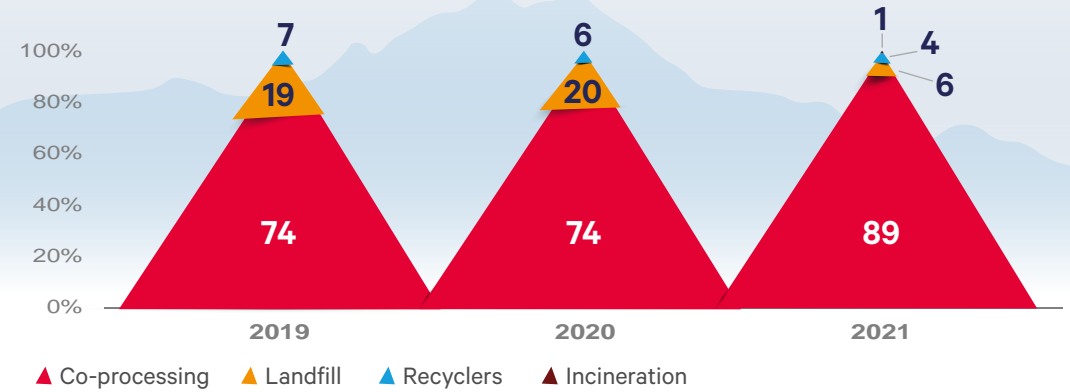


Does not include data for Manchester site

### Hazardous Waste Generation, MT



### Hazardous Waste Disposal %



	FY 19	FY 20	FY 21
Specific hazardous waste (MT/million USD sales) <i>India sites only</i>	16.39	19.03	19.63

## Environmental Initiatives at Unit IV

**35%**

Recycled water (RO permeate) for utilities

**23%**

ZLDS operational cost reduction

**4000**

Saplings planted

**100%**

Co-processing Zero waste to landfill achieved



Green belt at Unit IV

### Promoting better air quality through lower VOC emissions at Unit IV

The Challenge: The ZLD facility at Unit IV is equipped with tanks storage and the collection of High Total Dissolved Solids (HTDS) effluent. The open condition of the tanks resulted in the release of a high concentration of VOCs into the atmosphere.

Actions Taken: To improve the quality of air, Fume Hood systems, that limit the release of VOCs were installed on all three tanks. The Fume Hoods act as a local ventilation device that limit exposure of hazardous and toxic fumes to the operators as well as the release of these fumes into the environment. Post installation monitoring shows that the concentration of fumes escaping into the atmosphere has reduced by 98%.



Location	VOC before installation of fume hood (ppm)	VOC after installation of fumehood (ppm)	VOC reduction (%)
HTDS collection tank 1 (103 KL)	249.2	1.85	99%
HTDS collection tank 2 (103 KL)	110.2	1.2	98%
HTDS Equalization tank (63 KL)	75.2	1.4	98%

## Environment friendly execution of batches in Unit 3

Our aim is to continuously improve the manufacturing process to minimize environmental impact and improve workplace safety. The R&D team undertook laboratory scale investigations, followed by quality assurance. After completing the critical steps, we utilized a systematic approach to gain customer approval, complete change control documentation and then scale-up for commercial quantities. The process now uses 43% less water, solid waste to the landfill has been cut by approximately 45% and we have eliminated usage of n-heptane solvent. The environmentally-friendly process is well established with the completion of 13 batches producing the desired quality and yield.

## Process development and technology

We have increasingly adopted green chemistry principles during the process development of every mid-late phase project that we work on, with the objective of identifying opportunities for environmental protection and conservation. Green chemistry principles help us to understand resource consumption, generation of waste and the efficiency of processes. The indicators that contribute to the greenness of a process are tracked and monitored by process development teams and are also included as part of our technical package. We have continued to recognize best practices and recognize teams that develop better processes through the Green Process of the Year Award.

## Green Process of the Year 2021

- 85% reduction in specific water consumption
- 82% reduction in specific solvent consumption
- Avoided use of dichloromethane



## Energy Management

We realize that energy management is a journey of continual improvement involving multiple improvement initiatives in operations, investment in energy-efficient equipment, energy monitoring, and making the right choices to integrate renewable electricity. Our Energy policy provides a clear direction to address our energy needs sustainably. We have initiated the implementation of ISO 50001 standard to provide the management system framework and set the foundation for sustaining our efforts.

## Energy consumption and renewable energy

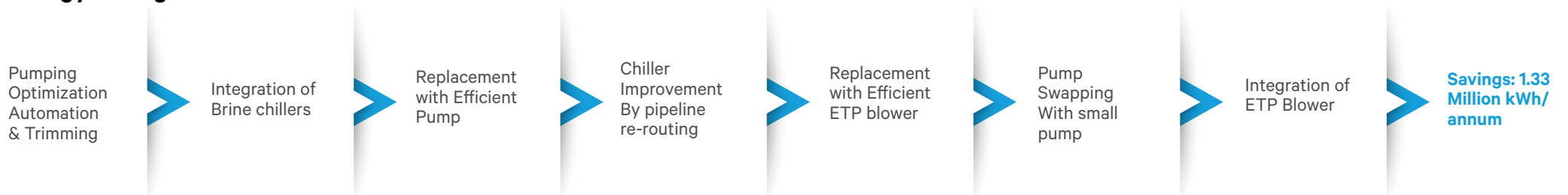
Our energy requirements are met through a mix of renewable and non-renewable sources. The renewable energy component in the total electricity purchased is 31% in the reporting year. Overall, the component of renewable energy in the total energy consumed is 13%. This achievement is building momentum for us as we have met the internal sustainable development goal we had set for ourselves. Consequently, we reduced GHG emissions by 18% as compared to last year's emissions. This helped us reduce 7976 tCO<sub>2</sub>e accounting for 15% and 20% reduction in Scope 1 and Scope 2 emissions respectively.

## Energy Monitoring & Conservation

We lay equal emphasis on monitoring energy consumption and involve Services Effectiveness Teams (SET) in addressing energy losses. The IOT based energy management system measures energy usage vis-a-vis the baseline and prompts for action to curb leakages for each production block. We have defined benchmarks for energy consumption in utilities, process equipment and other equipment (like ETP, Multiple effect evaporator, etc) with respect to occupancy. Likewise, we have an SEC key performance indicator target for energy consuming assets included in our monitoring program.

We have completed 10 energy conservation projects in our manufacturing facility this year. These projects have generated cumulative energy savings of 1.33 million kWh/annum. In addition, we have completed 70% projects which are identified as Energy kaizens.

## Energy savings



### Being energy smart

We are investing in a battery of energy conservation projects with a dedicated focus by our energy managers. An important project in utilities enabled us to integrate two chillers and operate it with an optimum load while the capacity utilization was reduced in either of the production blocks the chillers are independently mapped to.

### Chiller Utility Integration

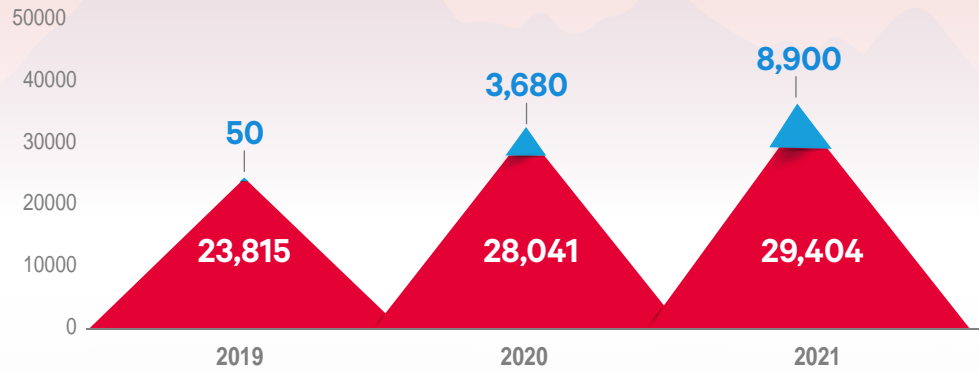
#### Before

- Individual two utility +5 chiller are running for two production block facilities
- Both chillers are running at partial loading based on its occupancy
- Constant primary flow system

#### After

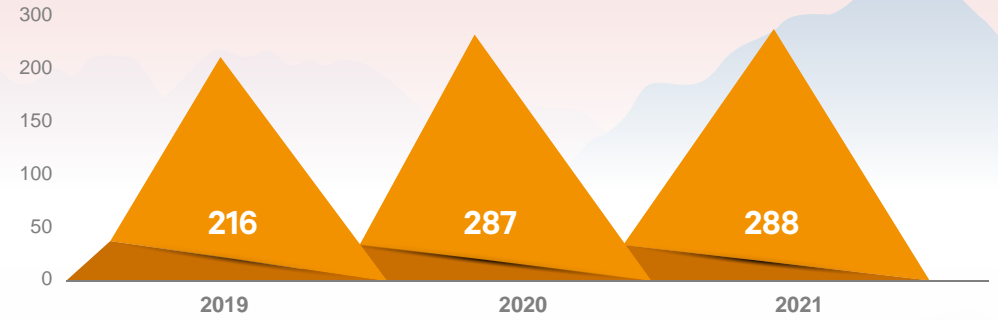
- Integration of both utilities
- Flow balancing carried out by converting from constant primary to variable primary with flow control logic
- Actual saving > 300 kwh/day

### Electricity Consumption, MWh



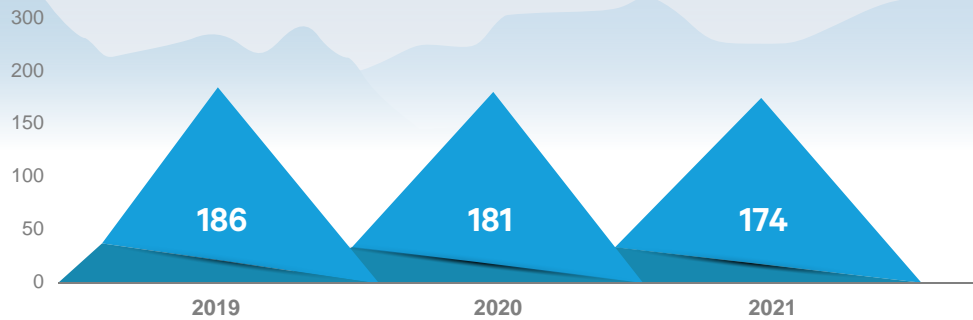
▲ Non Renewable Source ▲ Renewable Source

### Furnace Oil, kL



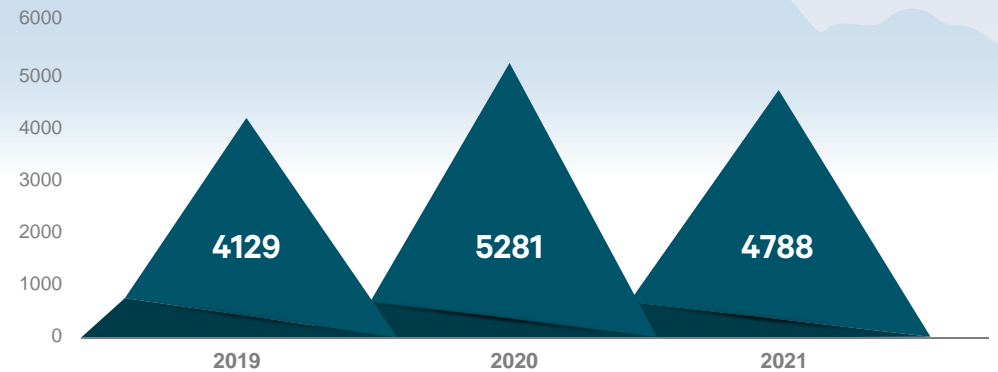
Does not include data for Manchester site

### Diesel Consumption, kL



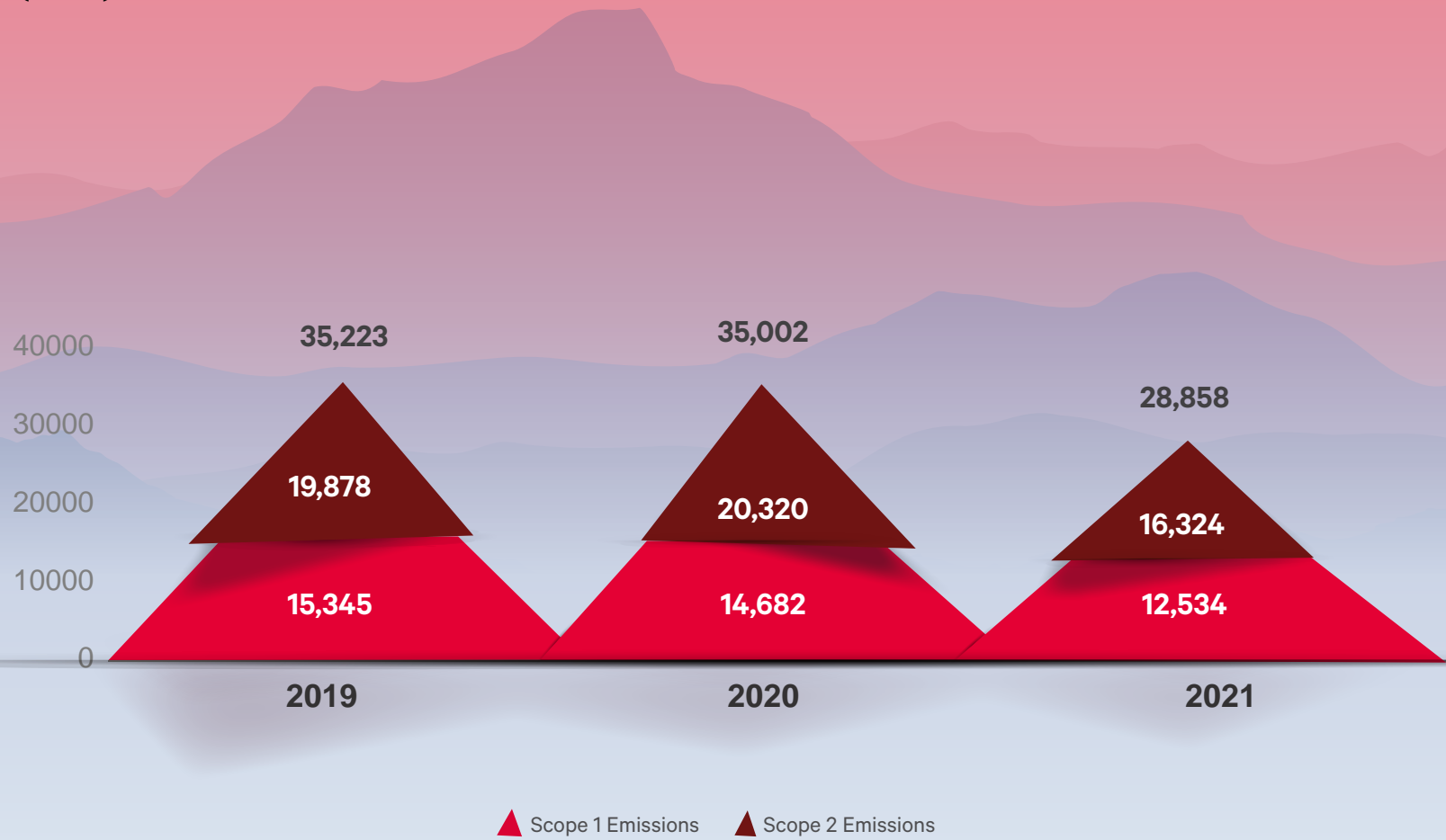
Does not include data for Manchester site

### Coal, MT



Does not include data for Manchester site

## GHG Emissions (tCO2e)



	FY 19	FY 20	FY 21
Specific GHG emission (tCO2e/million USD sales) <i>India sites only</i>	<b>352</b>	<b>350</b>	<b>288</b>

Does not include data for Manchester site

## Taking the lead with occupational health and safety

There has been a significant reduction of first aid cases due to a combination of the SFTI cultural impact across the organization, better compliance to our processes and reporting, and timely address of near-misses and safety observations. Since September 2020, SFTI has also been implemented in the Hyderabad R&D Centre by SaiGO, our Governance and Operational Excellence initiative, to bring a systematic approach in addressing workplace safety compliance and upkeep.

### First-aid cases

Year	2019	2020	2021
Manchester	—	—	5
India	280	172	31

### Near miss

Year	2019	2020	2021
Manchester	—	—	7
India	224	378	417

### Lost time frequency rate

2021	0
2020	0
2019	0.15

### Lost time severity rate

2021	0
2020	0
2019	1.11

2020-2021

### Incident type

Location	Near Miss	Unsafe act/unsafe condition	First Aid	Lost Time injury	Property Damage
India	417	220	31	0	6
Manchester	7	5	5	0	0

2020-2021

### Severity (Near Miss/Unsafe act/Unsafe condition)

Location	High Potential	Low Potential
India	32	605
Manchester	3	9

## Safety Training

At Sai, we are committed to proactively assessing health and safety risks, and eliminating hazards through systematic and proactive hazard identification. A critical enabling factor to help meet targets is through enhancing awareness among employees and contractors through systematic training and by facilitating consultation and participation of employees in HSE related matters.

### HSE Training



Average number of HSE training per month **35**



Average number of Employees trained per month **1364**



Average number of contractors trained per month **300**

### Reinforcing emergency preparedness

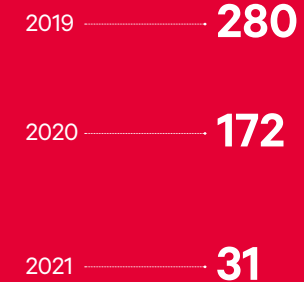
A refresher training for the ERT team from all functions at our R&D center was conducted by a retired Fire Officer. The training focused on the understanding of firefighting equipment and infrastructure, firefighting techniques, spill control procedures and the usage of PPE during emergency situations.



## Daily monitoring of HSE

During the year we had a strong focus on monitoring our HSE performance through established HSE control tours. Repeat observations were analyzed and root cause analysis was conducted to identify improvement areas and improve our site performance. The rigorous systems in place via the daily monitoring, control tours, and training have resulted in better HSE performance across all our sites. The number of first aid cases and safety incidents have been considerably controlled due to a thorough understanding of the critical procedures, training, and usage of appropriate PPEs wherever required.

- Control tours on a daily basis to identify and assess gaps with respect to HSE management across all operations/ areas within the sites
- Action items based on observations and involvement of cross functional team
- Observation vs Compliance is recorded
- Monthly reporting of observations and compliance to internal stakeholders
- Examples of Health and Safety observations – PPE violation, bare electric cables, improper containment, high noise, etc.



decrease in **First aid** cases since 2019



## Occupational hygiene

With a focus on improving employee's health at the workplace, we have made investments to the tune of USD 3 million and continue efforts to improve industrial hygiene and containment capabilities. We plan to complete risk assessments for other occupational hygiene considerations such as vibration and biological hazards and enhance existing engineering controls. Our in-house Industrial Hygienist is responsible for the implementation of the Occupational Hygiene programs across all our sites.

### Continuous improvements in Occupational Hygiene

#### Engineering controls validated by performing re-monitoring

Solvent transfer booths were validated at Unit IV, Bidar. Flexi containment used for various operations such as reactor charging, drying, powder processing, etc. was validated down to  $1 \mu\text{g}/\text{m}^3$ .

#### Ergonomics Assessment

Ergonomics assessments were conducted for containment systems at Unit II and IV.

#### Containment validation conducted for Glove boxes at R&D facility

Reactor charging and ANFD unloading Glove boxes were validated down to  $1 \mu\text{g}/\text{m}^3$  at Unit II, Shamirpet.



## Process safety capabilities

Developing safe, eco-friendly, and efficient processes are a priority at Sai and we have a dedicated lab and team to ensure that each process, at each stage, is thoroughly evaluated for HSE before scale-up.

The new R&D center in Hyderabad leverages the experience of our team to embed process safety and an 'intelligent' lab design to enhance safety and productivity. The lab is ergonomically designed with logical workflows. Each process lab has dedicated analytical support and compliant storage for solvents and chemicals. The lab is also equipped with fume hoods that meet global standards of containment for hazardous chemicals.

### Process Safety Strategy for scale-up

#### Assess

- Theoretical desktop screening
- Initial thermal stability tests DSC, TSU – products, RMs distillation crudes and so on
- Reaction calorimetry of synthesis reaction along with Gas evolution (SRC, uRC)

#### Report

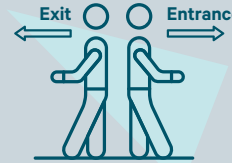
- Evaluation of chemical reaction hazards
- Define influence of operating hazards
- Define Basis of Safety (BoS) – e.g. safe operating temperatures or suggest process modification

#### Implement

- Communicate BoS in Process Risk Assessment(PRA) and ensure safety measures are incorporated into plant and process design
- Inclusion of HSE instruction in BPRs.



# COVID 19 response - Workplace



## Governance

- Established empowered committee to monitor situation across locations with additional sub-committees to create awareness, implement guidelines and monitor personnel health

## Hygiene & sanitization

- All units fully functional and streamlined with COVID safety norms
- Equipped locations with Fever warning systems, thermal screenings at Entry and Exit
- Replaced multi-touch areas with no-touch alternatives i.e. biometric sensors with swipe cards, sensor-based taps, etc.

## Staggered shifts

- Implemented shift-based work schedules at all locations, staggered work schedules at R&D sites
- Adjusted transport system to <50% occupancy to ensure social distancing and staggered timings at cafeterias

## Guidelines & protocols

- Published COVID-19 protocol for employee conduct
- Guidelines of Work from Home for Saimers of corporate released

# Becoming a neighbour of choice



## Building relationships with local communities

Being a “Neighbour of Choice” for us means ensuring that the people in our local communities benefit from the social development that we undertake. Strong relationships with our communities in the key areas that we are active in are indispensable for our business operations and our success. We partner with organizations that will help us achieve our goals to improve health and education and increase livelihood to support community resilience.

During the year, many of our existing programs were impacted by the COVID-19 pandemic as schools remained shut, and social restrictions limited physical contact and visits to our local communities. It has therefore been imperative for us to work with partners to extend support where it is needed most. We supported local governments and frontline workers in their sanitation efforts and with PPE and continued our partnership with LVPEI to set up a new eye center to promote community eye health. We partnered with the Adhyayan foundation to promote education and mentorship to underprivileged children and partnered with Roshni trust to promote community mental health.

**Provide education and create a livelihood for 1500 people from financially and socially less privileged communities through our CSR programs**



**Sustainability momentum in CSR**

**Provide free medical screening to 10,000 people through our healthcare programs.**

## Promoting community eye health care through the LVPEI centers

Continuing with our focus on providing basic eye health care to the underprivileged and promoting community health, we inaugurated the latest LVPEI Sai Life Sciences Eye center at Alwal in Hyderabad, India in January 2021. The center is already offering full-fledged services to the local communities in Alwal and Shamirpet and more than 10,000 patients have been treated including more than 800 patients from economically underprivileged backgrounds.



# 500,000

Local population catered to



# 30,000

Capacity of outpatients that can be handled per year



# 3,000

Capacity for surgeries per year

The center caters to both paying and non-paying patients, where patients are charged according to their ability to pay, in a three-tier fee structure that cross subsidizes the patients who cannot afford to pay while ensuring equitable quality of services to all. Additional community services are provided in the form of home care for the elderly and through school screening programs.

The Centre has programs built around 3 core areas

### Prevention

Through early screening

### Treatment

Diagnosis with medical and surgical treatment

### Rehabilitation

Services to support the visually impaired





## Engaging women from the communities through the Sai Livelihood Development Program

During the year we found ways to engage women from the communities and contribute meaningfully to the fight against COVID. The livelihood center in Tumkunta engaged women in mask-making orders between June and September of 2020. This initiative provided women trainees an opportunity to generate income for themselves. Over the course of four months, 25 women produced over 19,000 masks for the Shamirpet Mandal office, which generated a total earning of over Rs. 57,000 for the women.



## Looking forward with the Sai Champions 'Bridge the Gap' program and Mental HealthCare Camps

In the reporting year, many of our partner schools had to shut down due to the COVID 19 pandemic restrictions. This resulted in children from the government-run school systems, having to stay at home with little to no access to digital learning resources. To address this challenge and the issue of the learning loss that these children are facing, we introduced the Sai Champions 'Bridge the Gap program'. The program also aims to address the deeper impacts of the pandemic on children's emotional and social well-being. This program was proposed earlier this year and kick-started in the middle of the year. Sai has partnered with Adhyayan Foundation in helping design and support the overall running of the program.

The COVID-19 pandemic has also had a significant impact on how we interact with others, our work, and almost every other aspect of our lives. Added to the fear of contracting the virus, people are also faced with challenging new realities of social distancing, working from home, unemployment, the remote schooling of children, and limited physical contact with loved ones and friends. This can have a significant impact on the mental well-being of people. Mental health needs the same attention and support as one would give to any physical health condition and therefore, easy access to this care is important.

In the pursuit to make it better together, Sai Life Sciences has entered into a partnership with Roshni Trust to support free weekly mental health camps in the coming year, in two centers in Hyderabad- the Roshni Counselling Center(RCC) and another at Ramakrishna Math.



## COVID-19 Response - Communities

During the COVID-19 outbreak, there was a drastic rise in sanitation efforts by various public and private organizations to help arrest the spread of the disease. This increased a huge demand for effective alcohol-based sanitizers as well as the demand for protective equipment such as masks. During this period, we helped local government and organizations through donations of sanitizers, masks as well as monetary support.



**20,000+**  
**N95 masks donated**

to frontline workers through employee driven initiatives

**\$200,000**  
**Monetary aid**

Telangana, Maharashtra and Karnataka Governments  
to support the fight against COVID

**10,000+ kgs.**  
**Hand Sanitizer**

Distributed to local government bodies

# GRI content index

Disclosures	Titles	Page nos.
<b>General Standard Disclosures</b>		
<b>Organizational profile</b>		
102-1	Name of the organization	2
102-2	Activities, brands, products, and services	9
102-3	Location of headquarters	12
102-4	Location of operations	12
102-5	Ownership and legal form	Unlisted Public Limited company
102-6	Markets served	10
102-7	Scale of the organization	13
102-8	Information on employees and other workers	13, 38
102-9	Supply chain	33,34
102-10	Significant changes to the organization and its supply chain	33,34
102-11	Precautionary Principle or approach	49
102-12	External Initiatives	10, 13
102-13	Membership of associations	10
<b>Strategy</b>		
102-14	Statement from senior decision-maker	5, 6

Disclosures	Titles	Page nos.
<b>Ethics &amp; Integrity</b>		
102-16	Values, principles, standards, and norms of behavior	5
<b>Governance</b>		
102-18	Governance structure	19
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	16
102-41	Collective bargaining agreements	Not applicable as we do not have trade union
102-42	Identifying and selecting stakeholders	16
102-43	Approach to stakeholder engagement	16
102-44	Key topics and concerns raised	16
<b>Reporting practices</b>		
102-45	Entities included in the consolidated financial statements	Includes operations in India, US & UK
102-46	Defining report content and topic boundaries	3
102-47	List of material topics	15, 17

<b>Disclosures</b>	<b>Titles</b>	<b>Page nos.</b>
<b>Reporting practices</b>		
102-48	Restatements of information	Inclusion of Manchester for this year reporting
102-49	Changes in reporting	Manchester location has been included in this report
102-50	Reporting period	3
102-51	Date of most recent report	14 <sup>th</sup> Dec 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Back cover
102-54	Claims of reporting in accordance with the GRI Standards	3
102-55	GRI content index	67
102-56	External assurance	Not Applicable
<b>Economic</b>		
<b>Economic performance</b>		
103	Management approach	15
201-1	Direct economic value generated and distributed	13

Disclosures	Titles	Page nos.
<b>Indirect economic impacts</b>		
103	Management approach	22, 64-66
203-1	Infrastructure investments and services supported	13, 64-66
<b>Procurement practices</b>		
103	Management approach	33
204-1	Proportion of spending on local suppliers	33-34
<b>Environment</b>		
<b>Energy</b>		
103	Management approach	15, 48, 56, 49
302-1	Energy consumption within the organization	56
302-4	Reduction of energy consumption	55
<b>Water and effluents</b>		
103	Management approach	15, 48, 49
303-3	Water withdrawal	51

<b>Disclosures</b>	<b>Titles</b>	<b>Page nos.</b>
<b>Water and effluents</b>		
303-4	Water discharge	52
<b>Emissions</b>		
103	Management approach	15, 48, 49
305-1	Direct (Scope 1) GHG emissions	57
305-2	Indirect (Scope 2) GHG emissions	57
305-4	GHG emissions intensity	57
305-5	Reduction of GHG emissions	57
<b>Effluent &amp; waste</b>		
103	Management approach	15, 48, 49
306-1	Water discharge by quality and destination	52
306-2	Waste by type and disposal method	52
<b>Environmental supplier assessment</b>		
103	Management approach	33

<b>Disclosures</b>	<b>Titles</b>	<b>Page nos.</b>
<b>Environmental supplier assessment</b>		
308-1	New suppliers screened using environmental criteria	33
<b>Social</b>		
<b>Employment</b>		
103	Management approach	15-37
401-1	New employee hires and employee turnover	38
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39
401-3	Parental leave	39
<b>Training &amp; education</b>		
103	Management approach	44-45
404-1	Average hours of training per year per employee	44
404-2	Programs for upgrading employee skills and transition assistance programs	44-45
404-3	Percentage of employees receiving regular performance and career development reviews	40

Disclosures	Titles	Page nos.
<b>Diversity &amp; equal opportunity</b>		
103	Management approach	15, 43
405-1	Diversity of governance bodies and employees	19
<b>Occupational health and safety</b>		
103	Management approach	15, 49, 58
403-1	Occupational health and safety management system	49, 59, 60
403-2	Hazard identification, risk assessment, and incident investigation	49, 59, 60
403-5	Worker training on occupational health and safety	59
403-8	Workers covered by an occupational health and safety management system	59, 60
403-9	Work-related injuries	58
<b>Local communities</b>		
103	Management approach	63
413-1	Operations with local community engagement, impact assessments, and development programs	64-66

# Glossary

ACS	American Chemical Society
AET	Area Effectiveness Team
ANFD	Agitated Nutsche Filter Dryer
API	Active Pharmaceutical Ingredient
BoS	Basis of Safety
BPR	Batch Production Record
BSI	British Standards Institution
BU	Business Unit
CDMO	Contract Development and Manufacturing Organization
CEO	Chief Executive Officer, Ministry of Power
CII	Confederation of Indian Industry
CO <sub>2</sub>	Carbon Dioxide
COVID	Coronavirus disease
CRO	Contract Research Organization
CSR	Corporate Social Responsibility
DLPP	Delivery Linked Performance Pay
DSC	Differential Scanning Calorimeter

ERT	Emergency Response Team
ETP	Effluent Treatment Plant
FY	Financial Year
GHG	Green House Gas
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
GRT	Grass Root Teams
GSK	Glaxo Smith Kline
HR	Human Resources
HSE	Health Safety and Environment
HQ	Headquarters
IOT	Internet of Things
ISO	International Organization for Standardization
kL	Kilo Liter
KPI	Key Performance Indicator
LCMS	Learning Content Management System
LMS	Learning Management System

LVPEI	LV Prasad Eye Institute
MT	Metric Tons
NA	Not Applicable
NGO	Non-Governmental Organization
OE	Operation Excellence
OOS	Out Of Specification
OTIF	On Time In Full
PMDA	Pharmaceuticals and Medical Devices Agency
PMS	Performance Management System
PPE	Personal Protective Equipment
PRA	Process Risk Assessment
PSCI	Pharmaceutical Supply Chain Initiative
PSCI	Pharmaceutical Supply Chain Initiative
QC	Quality Control
R&D	Research and Development
RCC	Roshni Counselling Center
RM	Raw Material
RO	Reverse Osmosis
SCM	Supply Chain Management
SCORM	Shareable Content Object Reference Mode

SDG	Sustainable Development Goal
SFTI	Shop-floor Transformation Initiative
SEC	Specific Energy Consumption
SET	Service Effectiveness Team
SFTI	Shop Floor Transformation Initiative
SLA	Service Level Agreements
SRC	Simular Reaction Calorimeter
SSO	Single Sign On
tCO <sub>2</sub> e	Tonnes (t) of carbon dioxide (CO <sub>2</sub> ) equivalent (e)
TPH	Tonnes per hour
TSu	Thermal Screening Unit
UK	United Kingdom
UL	Underwriters Laboratories
UN	United Nations
USA	United States of America
USD	US Dollar
USFDA	United States Food and Drug Administration
ZLDS	Zero Liquid Discharge System



**Sai Life Sciences Limited**

CIN: U24110TG 1999PLC030970.

Office # L4-01 & 02, 4th Floor, SLN Terminus, Survey No. 133,  
Gachibowli Miyapur Rd., Gachibowli, Hyderabad 500032, Telangana, India.

Contact person:

**Sree Krishna Chopperla**

[sustainability@sailife.com](mailto:sustainability@sailife.com)

[www.sailife.com](http://www.sailife.com)