

Our suspicious order monitoring program includes for example:

- Experienced compliance team
- Dedicated suspicious order monitoring team
- Data and analytical programs
- Customer due diligence
- Education and training
- On-going engagement with state and federal regulators

In addition, we also have a dedicated product diversion program, which encompasses anonymous reporting mechanisms, which together with our suspicious order monitoring systems, supports risk mitigation.

Falsified medicine – medicine that is sold as authorized, authentic medicine but in fact contains ingredients of poor or toxic quality or dosage – continues to be an issue for the pharmaceutical industry. We have made significant investments in packaging and information technology to further enhance our ability to detect and prevent the distribution of counterfeit products. By lowering the likelihood that falsified products will enter the supply chain, we are helping to ensure the integrity of distributed products and continued access to high-quality medicine.

The company has global policies to govern validation, operations, serialization and product security. New and updated procedures have also been implemented across all manufacturing sites to drive consistency in packaging, management, master data and distribution of serialized product. Among these are processes to track and trace serialized products. An internal product safety group assists in monitoring the supply chain to help ensure it is not breached.

Serialization

Serialization is a process that helps companies obtain valuable information about the products they sell, and where they are made and shipped. It is required by a myriad of government regulations that require pharmaceutical companies to track their products along the supply chain and verify their authenticity. The goal of serialization is to ensure that medicines reaching consumers are not counterfeit, stolen or contaminated. Our quality, regulatory and serialization teams work to ensure that serialization requirements for all countries are met. In doing so, the company works closely with industry groups such as the RxGPS Alliance,

a group of multinational pharmaceutical supply chain stakeholders who have a common interest in advancing global alignment of drug serialization and tracing requirements to harmonize various standards among countries.

Serialization efforts include technology that uniquely numbers each pack and places a serialization mark, known as a 2D data matrix, on products. We work internally and externally (with contract manufacturers) to ensure that products made for patients include these identifying marks. Eventually, the serialization process will leverage aggregation, which places a unique code on shipping packages of our products. This code will associate data for each packaged product.

Once products are serialized, our work continues. Large amounts of data created by serialization must be managed, maintained and reported to authorities or trading partners. Shipments to customers will also include serialization data. This new way of conducting business is driving the digital supply chain with emphasis on data and product integrity.

For global manufacturers the challenges with serialization are requirements that vary by markets. Various versions of track and trace and endpoint authentication have emerged around the world, and we are working hard to meet these requirements to ensure access to high-quality, affordable, and authentic medications to ensure patient safety and compliance with global serialization regulations.

Integration of legacy Upjohn products into Viatris' serialization architecture progressed in 2021 and will continue in 2022.

Ensuring Reliable Supply Chains

Maintaining a reliable supply of pharmaceutical products is always critical, but even more so – and often more challenging – in the midst of a pandemic. As an essential business, Viatris has taken action to avoid supply chain disruptions for critical medicines.

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 on our sustainability practices. The strong relationships with logistics partners were especially valuable in addressing the volatile changes in demands amid the pandemic.

Global, diverse and flexible supply chains are key to timely and affordable access to medicine. We were able to maintain a global service customer level of 90% during the pandemic, in part thanks to our ability to assess stock daily and move products from one region to another based on needs and availability.

Our approximately 40 manufacturing sites across more than 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 approximately 600 third parties that enhance our internal capacity and capabilities. From an API point of view, we are vertically integrated on many key products, and we have built long-term strategic partnerships with our API suppliers to mitigate disruption.

We are one of the world's largest producers of APIs, providing them to customers in more than 100 countries. We are the leading producer of API used in generic ARVs, which treat HIV/AIDS. We also produce API for products in the following areas: antibacterial; central nervous system agents; antihistamines/antiasthmatics; cardiovascular, antivirals; antidiabetics; antifungals; and proton pump inhibitors.

Approximately half of our API comes from India and China, and the other half from North America, Europe, and emerging markets. In India, we have 15 manufacturing facilities located in seven different states, which mitigates the risk of disruption in any given part of the country.

- More than 20 countries supply top 100 products from nearly 80 different locations. Many products registered at multiple sites offers risk mitigation and flexibility to meet demand
- 50% of top 100 products dual sourced for API and/or finished product
- >20 countries supply API for 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 are continuously monitoring inventory levels of our raw materials and dosage forms.

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.

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 any potential fluctuations in demand or supply. In 2021, the supply chain team partnered with commercial teams to better understand customer requirements and further improve forecast accuracy. Doing so helps us plan production and reduces the risk of excess stock.

Forging Strong Supplier Relationships

Strong relationships, a global, diverse, flexible and transparent supply chain, and well-established processes enabled Viatris to maintain reliable supply and address volatile demands and urgent patient needs. Recent events caused volatility and supply chain distribution in general, proving the value of having good relationships with our partners. The Viatris Supplier Relationship Management program focuses on preferred suppliers to mitigate risk and enhance long-term strategic partnerships.

Expectations from key stakeholders about 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 will help us meet these expectations and be a Partner of Choice® in building more resilient and sustainable supply chains.

Supplier Code of Conduct

Our Supplier Code of Conduct provides guidance for doing business with us. The code references international conventions underpinning the UN Global Compact, the Women's Empowerment Principles and the CEO Water Mandate. Viatris is a signatory of all three. The code is an important policy tool in our work to enhance supplier relationships, part of mitigating supply chain risks and raising awareness on responsible practices.

Building out Sustainable Sourcing

Our sourcing vision is to serve as:

- 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 part of the integration work that continued in 2021, we took the opportunity to review our governance and programs on sustainable sourcing. New members joined our Council for Sustainable Sourcing to better reflect the new company and to further facilitate ownership across key functions. The council includes members from Viatris' vertical and sourcing leadership, EHS and CSR leadership, Quality and Compliance.

This group will continue to:

- Provide guidance and direction for sustainable sourcing
- Develop governance, practice and reporting of sustainable sourcing
- Instill the culture of sustainable sourcing within sourcing teams
- Set annual sustainable sourcing goals and objectives
- Develop, implement and align with enterprise policies and metrics from a sustainable sourcing perspective
- Continue to expand our focus on green procurement.

In 2021, significant efforts went into further expanding our program on sustainable sourcing, leveraging the strengths and experiences from our legacy companies. Areas of focus included:

- Updating a new Supplier Code of Conduct for Viatris, reflective of our membership in the Pharmaceutical Supply Chain Initiative (PSCI)
- Developing new standards for EHS, labor and ethics assessment of external suppliers
- Scaling up the number of suppliers included in Viatris' sustainability and risk assessment procedures
- Proceeding with the supplier assessments for the AMR IA Framework on Responsible Manufacturing
- Source selection for Direct Materials

- Partnerships and communication
- Monitoring, reporting and continuous improvements

Partnerships and collaboration are essential for continued progress and impact. Viatris joined the PSCI in 2021, to benefit from joint principles and to help promote collectively responsible supply chain management and better conditions across the industry. By partnering with PSCI, we also hope to contribute to finding synergies and enhance efficiencies across our supply chains, ultimately allowing us to allocate resources to the mission of creating sustainable access to high-quality medicine.

The Pharmaceutical Supply Chains Initiative (PSCI) Is a nonprofit business membership organization with a vision for excellence in safety, environmental and social outcomes for the global pharmaceutical and healthcare supply chain. The purpose is to bring together members to define, establish and promote responsible supply chain practices, human rights, environmental sustainability, and responsible business.

Mitigating Supply Chain Risk

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 based on the PSCI principles. For the latter, we are including suppliers in a phased approach.

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 the 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. In 2021, we continued to expand our focus in this area to include global EHS in the process. Key vendors of strategic brands were assessed against PSCI principles.

Supplier Diversity in the U.S.

Promoting DE&I goes beyond our colleagues and serving patients. Advancing how we consider DE&I in our business dealings is part of helping to create more equal and resilient communities.

In the U.S., the Supplier Diversity Program supports small businesses and businesses owned by minorities, women and veterans. We are committed to continue to build relationships with small and diverse businesses.

We monitor spending and provide access to databases featuring diverse suppliers to promote these businesses. Our senior sourcing members meet quarterly to review achievements related to supplier diversity, and we continue to make program adjustments as we seek to expand our efforts in this area.

Tackling Medicine Shortages

Drug shortages are a challenge across the globe, with several causes that are in some instances very complex. This has been especially true amid the COVID-19 pandemic as countries closed their borders and enforced lockdowns, requiring increased collaboration with industry and governments to mitigate the impact on patients and find solutions.

The constraints of the pandemic have added to an already strained system, where global demand for medicine is increasing significantly, putting extra pressure on manufacturers and supply chains to produce and supply products around the globe. Global supply chain disruptions are continuing, exacerbated by global unrest and inflation. At the same time, governments all over the world are facing the urgent need to manage spending amid increasingly tight budget constraints.

Generic medicines have proven to be important in addressing both challenges: Generics lower the cost of medicine through increased competition in the marketplace with increased availability of treatments. However, generics manufacturers are facing increasing costs related with inflationary pressure combined with procurement models that often only look at the lowest price or pricing systems that don't allow medicine prices to keep up with unprecedented spikes in production costs. The combination can be difficult for industry to manage while pursuing the mission of access.

Global, diverse and flexible supply chains are essential to timely access to affordable medicine and, to that end, a key element in mitigating shortages is to promote and uphold policies that protect and enable these supply chains.

We have been actively engaged in drug shortage task forces initiated by health authorities to identify potential solutions to minimize shortages. We are also working with a variety of stakeholders to find a holistic and long-term solution to ensure continued supply and access to medicines.

Distribution

The company's products make their way to patients through a variety of distribution channels and intermediaries, and local laws and customs give rise to different types of pharmaceutical markets (distribution, tender, substitution and prescription). The customers we work with include retail pharmacies; specialty pharmacies; wholesalers and distributors; payers, insurers and governments; and institutions such as hospitals, among others. We work closely with them and other important collaborators, including NGOs, to help ensure the most efficient distribution of products possible.

Supporting Appropriate Use of Medications

Helping patients use medicines appropriately and adhere to prescriptions are crucial factors in improving health and well-being around the world. We promote the appropriate use of medicines and have several initiatives aimed at educating patients on medical conditions and ways to better manage them. We support online portals, websites and mobile applications that offer features ranging from tracking symptoms to reminding patients about refilling prescriptions. In addition, some digital solutions provide real-time guidance for healthcare providers to help them understand a patient's overall status. We support individual dose dispensing across several European countries to increase therapeutic adherence and reduce medication errors, which is particularly important for elderly patients taking multiple medications. Dose dispensing not only helps an individual patient use medication correctly, it also assists caretakers and healthcare professionals in managing medications more effectively. Further, we adapt packaging to include symbols and pictograms that illustrate dosage schedules to make it easier for patients to take the right doses of medicines at the right time.

Participating in Relevant Patient Assistance And Government Sponsored Healthcare Or Tender Programs

Viatris participates in various government sponsored healthcare or tender programs around the world. In the U.S., we also offer a patient assistance program that provides certain medicines for free to patients with demonstrated financial need. In January 2022, we launched an updated Viatris Patient Assistance Program, which incorporates elements from the legacy Upjohn and legacy Mylan organizations and allows us to continue our commitment to helping patients get the treatments they need, when and where they need them.