

Policy Position on Resilient Supply- Summary

Sandoz actively works to secure its supply chain and engages with governments and regulatory authorities to prevent, mitigate and resolve shortages of medicines.

As a global player we are well placed to determine what measures can support greater insurances in delivering medicines to patients.

Sandoz believes that supply chain resiliency can be ensured with the collaboration of all stakeholders such as retail and hospital pharmacists, wholesalers and distributors, regulators, policymakers, patient groups and industry.

At times some of the proposals made by governments and policymakers could undermine resilience of supply chain, creating a complex and burdensome environment that Sandoz opposes. For example:

Sandoz opposes **single country increased inventory and stockpile obligations** imposed on manufacturers, even if those stockpiles are paid for by the contracting authority.

Stockpiles divert products from the overall market, add to operating costs, put at risk the supply in other markets.

In situations where stockpiles are being proposed and advocating against them it is not an effective strategy, it is critical to ensure that:

- a. the number of products subject to stockpiling is **limited to only critical medicines**, and inclusive of buffer stock made of components such as API, bulk as well as of finished products,
- b. the payer provides **adequate compensation to cover all costs** associated with stockpiling, including storage and any costs associated with handling expired products.

Government policies should aim at:

1. Incentivize and recognize generic and biosimilar industries as key contributors to healthcare systems' savings. For instance, measures like:
 - a. pricing & reimbursement policies that compensate for increased costs of goods and inflation
 - b. procurement criteria that foster resilience (multi winner, sufficient lead time...) and reward investment in resilient supply and environmental/ESG performance (non-price only criteria).
2. Design standardized and lean regulatory frameworks aligned with other markets and adopt digitalization. For instance:
 - a. Adoption of digital patients' information leaflets and multi-country packs
 - b. Digitalization and streamline of multiple reporting requirements in to a single point of reporting
 - c. Facilitate free movement of pharmaceuticals. Policies should support the elimination of tariffs, export restrictions, and any other barriers to trade of health products.

It is critical that Sandoz, as the world's leading global generic and biosimilar company, actively partner with governments to find the right balance between reliable supply, quality and appropriate pricing.

Sandoz supply chain resilience is built on a global, high-quality manufacturing network that is strengthened through strategic partnerships and a strong European footprint.

Sandoz's purpose is to pioneer access for patients. In 2023, Sandoz delivered 1.8 billion packs of medicines that served about 500 million patients.

Sandoz invested EUR 250 million over the last three years in our end-to-end penicillin supply chain: Our production facility in Kundl, Austria is the largest major fully integrated penicillin production facility outside of Asia (from API to FDF production). In December 2023, Sandoz broke ground on a USD 400+ million investment to a new biosimilar manufacturing plant in Lendava, Slovenia.