



# RISK TRANSPARENCY & TRUST: LEADING THE WAY WITH ACTION

**MELINDA MCCANTS, SENIOR RESILIENCY OFFICER**  
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# SERVING PATIENTS IS A PRIVILEGE



# HIGHLIGHTED OPPORTUNITY TO BETTER UNDERSTAND OUR SUPPLY CHAIN AND PARTNER WITH OUR SUPPLIERS



Understanding the impact of the 2011 Tsunami... **WEEKS!**

# AMGEN LOOKED TO MATURE INDUSTRIES WITH BROAD COMPLEX SUPPLY CHAINS

**Hi-tech Electronics**



**Telecommunications**



**Aero-Space**

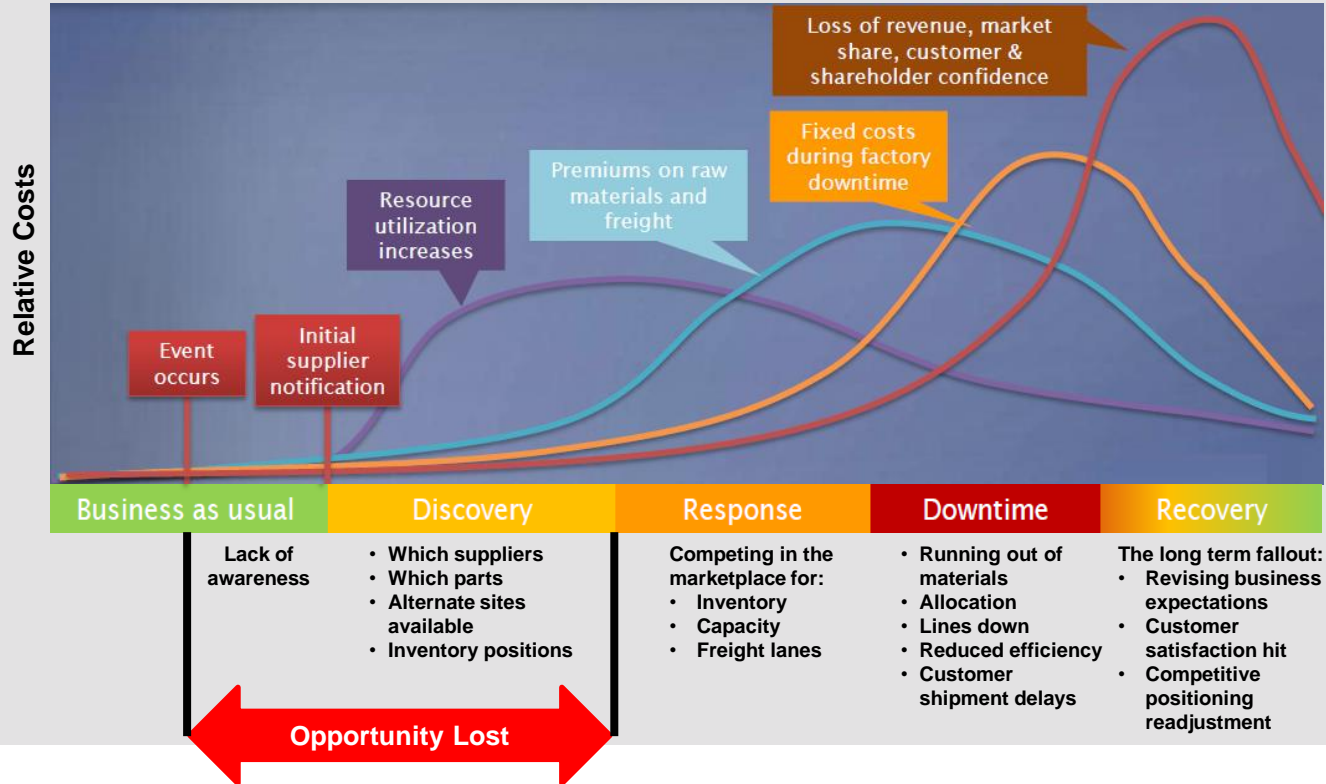


**Automotive**

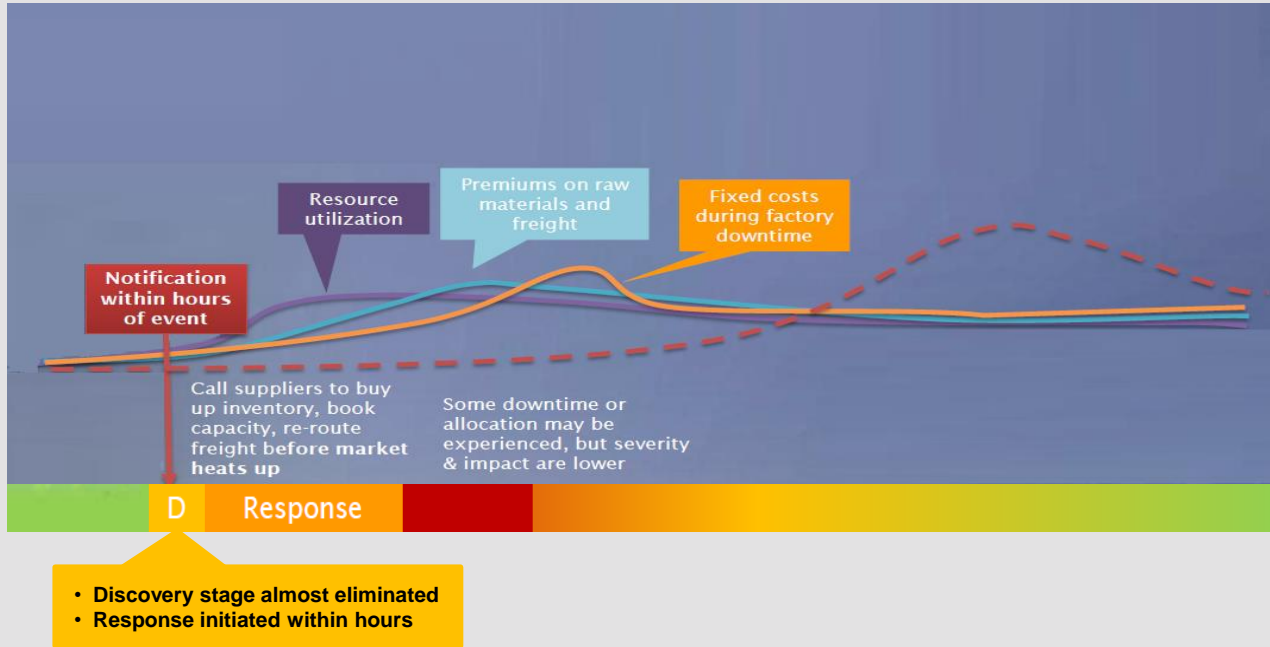


**And leveraged the learnings to improve our programs**

# TYPICAL EVENT IMPACT PROFILE IN A REACTIVE RESPONSE POSITION



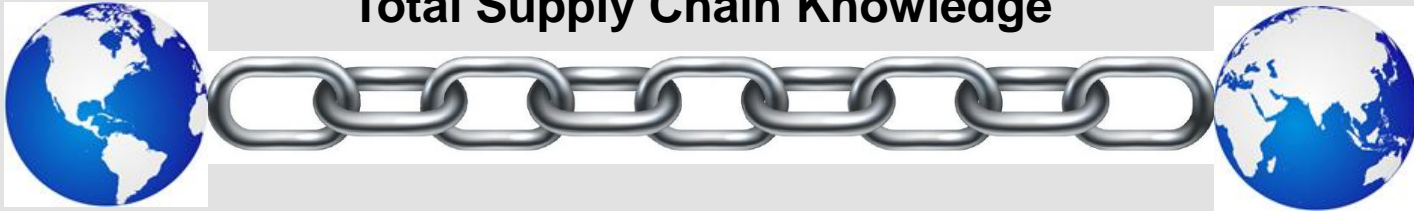
# EVENT PROFILE WITH AN ESTABLISHED PROACTIVE RESILIENCY CAPABILITY – MAPPED AND MONITORED



**Resiliency helps ensure faster recovery and ultimately uninterrupted patient supply**

# AMGEN NOW HAS A MULTIFACETED APPROACH TO ACHIEVE A ROBUST SUPPLY CHAIN AND PROACTIVELY MANAGE RISK

## Total Supply Chain Knowledge



### Key elements of a world class supply chain

**Partnership (SRE Program)**

Open collaboration with suppliers

**Supply Chain Transparency & Monitoring**

Understand manufacturing locations of suppliers

**Risk Assessment & Mitigation**

Understand raw material and supplier risk to avoid supply interruptions

# PARTNERSHIP: SUPPLIER RELATIONSHIP EXCELLENCE PROGRAM PROVIDES THE FOUNDATION FOR ENGAGEMENT WITH OUR KEY EXTERNAL PARTNERS

## Four Pillars of Supplier Relationship Excellence Program

### Deep Technical Engagement

Deep and holistic technical understanding of manufacturing processes, equipment, materials, their use, and interactions

#### OUTPUTS

- Material key attributes
- Equipment and process characterization
- Aligned test methods and specifications
- Improved in-process controls

### Supply Chain Optimization

Forecast clarity, traceability and full synchronization of the E2E supply chain to ensure robust supply

- Reliable supply
- Clear understanding of the full supply chain
- Optimized inventory and lead-times
- Sub-supplier inventory mgmt
- Supply risk mitigation program

### Quality Excellence

Total alignment of Quality requirements and performance standards to ensure regulatory compliance

- Aligned Quality Management system
- Robust testing / analytical methods
- Effective quality agreement and audits for sub-suppliers
- Lot definition and traceability

### Robust Relationship

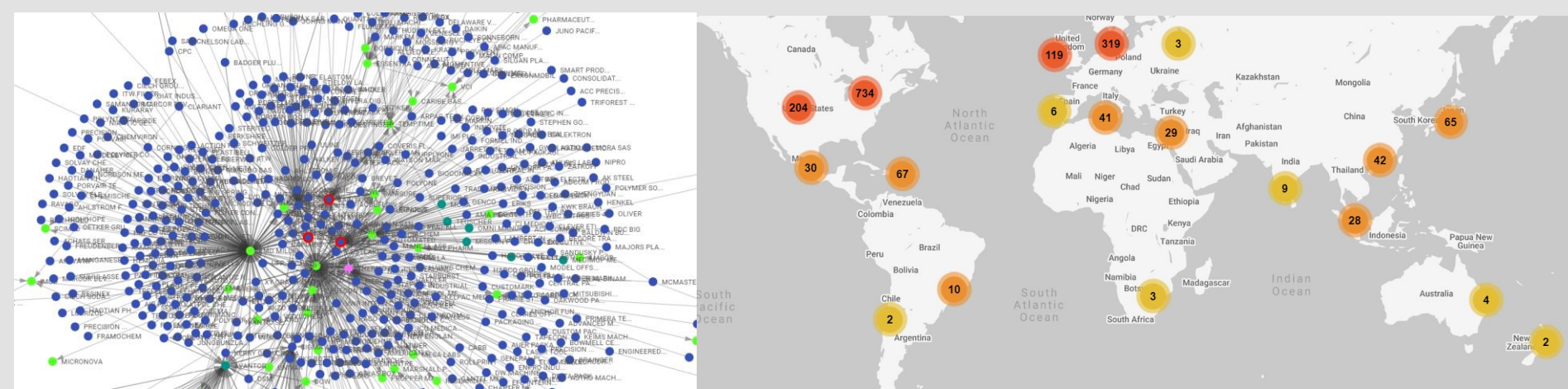
Earned Trust and Collaboration of joint, high performing team with clear expectations and a focus on results

- Shared goals
- Documented cadence of interactions
- Regular executive engagement
- Clear two-way communications and expectations
- Transparency of challenges and sharing of benefits

Amgen's SRE program continues to deliver value and reduce risk in our supplier base by providing a structured approach to supplier management



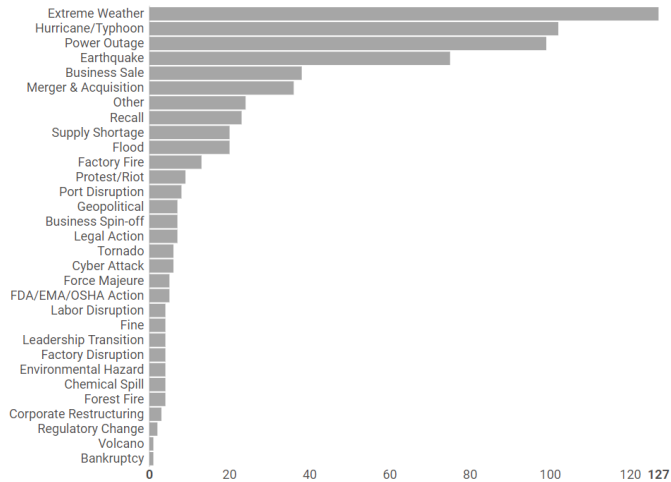
# SUPPLY CHAIN TRANSPARENCY & MONITORING



- Partnered with suppliers for supply chain mapping including their key suppliers
- Interdependencies between suppliers and sub-tier suppliers identified
- Understanding of risks associated with location and interdependencies

# SUPPLY CHAIN TRANSPARENCY & MONITORING REDUCES WHAT TOOK WEEKS IN 2011 DOWN TO MINUTES

Events by Type in the last 12 months



364

Tier 1 Partners Monitored

90

Sub-tier Suppliers Monitored

1,008

Sites Monitored



2,259 EventWatch Bulletins were sent out.



Of these, 255 events were close to Amgen's supply chain locations and a Virtual WarRoom was created



Know in minutes the potential impact

# RISK ASSESSMENT: EXTERNAL SUPPLY RISK MODEL

Prioritization & Strategy Proposal

Strategy Review, Approval & Execution

1

- Data Collected
- Quantitative Model

May

2

- Category Review
- Mitigation Development

June/July

3

- Review with Sites/Functions
- Mitigations Approved

August/September

4

- Mitigation Execution
- Quarterly Updates

Quarterly

# EXTERNAL SUPPLY RISK PROGRAM IDENTIFIES OPPORTUNITIES TO FURTHER REDUCE RISK WITH EXTERNAL PARTNERS

## External Supply Risk Model

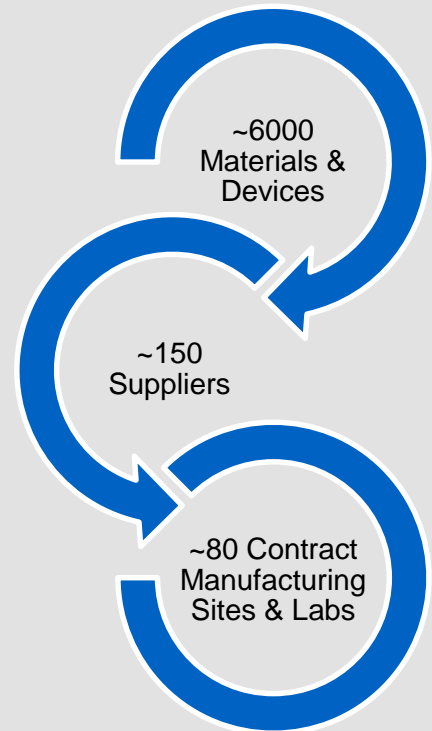
- All active raw materials/devices and contract manufacturers are ranked based on attributes
- Model is completed annually

## Risk Mitigations are Defined based on Risk Model

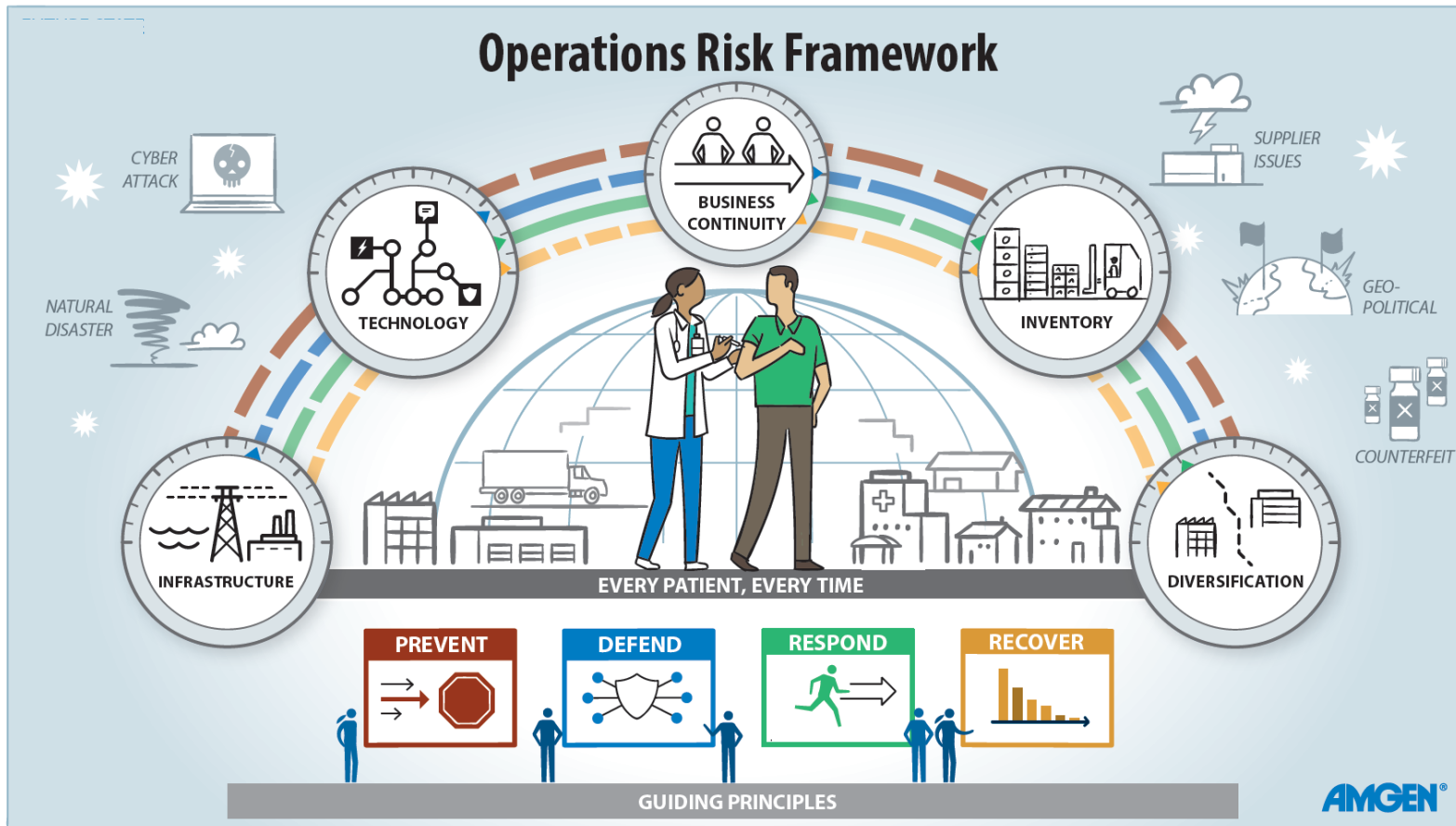
- Mitigations are focused on reducing the risk for critical materials and tracked to completion

## Ongoing Risk Monitoring & External Supply Risk Register

- Financial health is monitored through Dunn & Bradstreet
- FM Global conducts engineering site visits to critical suppliers/contract sites
- SRE & Site Leads identify potential risks through their engagement
- Additional risks identified through ongoing monitoring will have mitigations managed through the External Supply Risk Register



# AMGEN'S RESILIENCE STRATEGY CONTINUES TO EVOLVE TO ENSURE WE SUPPLY EVERY PATIENT, EVERY TIME



# RESPONSIVE APPROACH TO RISK MANAGEMENT COLLABORATING WITH SUPPLIERS AND CONTRACT SITES

**EventWatch Alert**

**Tropical Storm Seniang Brings Floods in Southern Philippines**  
FLOODS AND LANDSLIDES BY SENIANG CAUSE DISRUPTIONS

Event Type	Supply Chain Disruption Potential
Floods	Supply Chain Disruption Potential
Philippines with 6.0M Local Brn Island in Possi eight hours in	Supply Chain Disruption Potential
IMPACT OF Severe Subst Authority, Wn sss that the Philippines in	Supply Chain Disruption Potential



**Risk Management Collaboration**



**Supplier/Contract Sites Collaboration**



**24x7 Event Monitoring**



**Proactive Monitoring of Potential Supply Chain Disruptions**



**Supply Chain Mapping**



**Full Visibility of Amgen's Supply Chain**

- Documented process to manage potential Supply Chain disruptions
- Suppliers/Contract Sites respond via the system
- Communications strategy implemented to notify Amgen Network

- Suppliers/Contract sites collaborate to mitigate risks identified by Risk Model
- Suppliers/Contract Sites Business Continuity Plans reviewed and understood by Amgen
- When disruptions occur proactive actions include expediting shipments, adding shifts, shifting production to alternate sites

- All Tier 1 Suppliers and ACM sites including contract labs are mapped and actively monitored
- All SRE Suppliers providing sub-tier information



Q & A

