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## Ensuring Sustainable Supply Chain for Nutra Ingredients

The changes in lifestyle patterns have made us realise and recognise the need for nutritional supplements in daily life, which has led to an explosive growth in the worldwide nutraceutical market, than was initially anticipated. The prevalence of the COVID-19 pandemic has further propelled the demand for nutritional supplements.

**O**n the back of this strong demand outlook and to gain more market share, Sami-Sabinsa Group and numerous other nutraceutical companies in India are attempting to spread their global footprint and further broaden their product offerings.

Sami-Sabinsa is burgeoning its presence globally, and the volume demand from its existing customers is on the rise, constantly. To fulfil customer needs, the company has to ensure that there is a sustainable supply

of raw materials for manufacturing its one-hundred-plus nutritional ingredients, which are in constant demand year-round. Secondly, its production capability needs to keep up the pace to meet the delivery deadlines of customers. Sami-Sabinsa, the largest exporter of natural nutraceuticals in India, is strongly committed to building a sustainable and responsible supply chain to fulfil its customer expectations. This is quite evident from the repeat orders from our loyal customers and year-on-year client additions.

### **Taking on the Challenges of Sustainability:**

#### **(a) Plant resource-based raw material sustainability:**

Sami-Sabinsa ensures raw material sustainability through its proven contract farming model and by identifying more new habitats for cultivating selected medicinal plants.



**Contract Farming Model:** Sami-Sabinsa Group is a pioneer in the 'contract farming' of medicinal plants in India, and for almost two decades the company has made significant strides in this field. With the contract farming model, Sami-Sabinsa has successfully introduced *Coleus forskohlii* for commercial cultivation, which was otherwise known to grow in the wild. Through years of persistent efforts, Sami-Sabinsa has established a significant network of farmers to cultivate different medicinal plants like turmeric, coleus, tulsi, etc. over an area of 20,000 acres in different states in India. Sami-Sabinsa considers farmers as its partners, and to meet the growing demand for its products, the company keeps adding to its farmer network year on year. Sami-Sabinsa offers the farmers the desired quality planting material to raise crops and the technical know-how for cultivation and post-harvest management of the produce. The returns to the farmers are maximised by assuring and granting them a Mutually Agreed Price. To ensure the right quality raw material supply from farmers, Sami-Sabinsa trains its farmers in Good Agricultural Practices (GAP) and Good Field Collection Practices (GFCP) developed by the World Health Organization (WHO) for medicinal plants. Through Contract Farming of medicinal plants, in the year 2022, *Coleus forskohlii* alone is cultivated on about 4,000 acres of land in Southern India.

**Additional Habitat Identification:** Sami-Sabinsa is constantly identifying additional natural habitats and working on reforestation programmes for growing selected species of medicinal plants, which helps the company to meet its current and near future raw material requirements. The company works along with Union and State Ministries, Forest Departments, Farmer Groups, and NGO's for the implementation of the project.

- In the recently concluded 'Global AYUSH Investment & Innovation Summit 2022', Sami-Sabinsa signed a Memorandum of Understanding (MoU) with the farmers in Kupwara district, through the J&K Medicinal Plants Board for the cultivation of high-altitude medicinal plants. The MoU will ensure the sustainability of the endangered medicinal plant, *Picrorhiza kurroa* (commonly known as 'Kutki') that goes into the production of the nutraceutical ingredients.
- Earlier this year, Sami-Sabinsa entered an MoU with an NGO, Manav Sadhan Vikas Sanstha (MSVS) in Madhya Pradesh for the plantation of *Garcinia indica* (commonly known as Kokum) in the Konkan region of Western India. Kokum is a fruit-bearing plant that is gaining importance in the nutraceutical industry. Sami-Sabinsa is eyeing large-scale plantations of this

species in this region.

- Previously, Sami-Sabinsa has worked with the Ministry of Meghalaya to develop models of cultivation of medicinal plants in the state and provide training to the local farmers.
- Outside India, Sami-Sabinsa also entered into a partnership agreement with a private company in the year 2021, to produce particular medicinal plants in Vietnam.
- **Reforestation of Medicinal Trees:** In Madhya Pradesh, Sami-Sabinsa has committed to funding a 10-year reforestation project that will ensure the planting of more than 1,66,600 Indian Kino trees (*Pterocarpus marsupium*). This reforestation effort is the first attempt by the industry to conserve this high-value species, which has been declared 'near threatened'. Sami-Sabinsa has entered into an MoU with Madhya Pradesh Rajya Van Vikas Nigam, M.P. for the implementation of the project. So far, 50,000 trees have been successfully planted and Sami-Sabinsa will spend over Rs 5 crore towards the cultivation of this high-value endangered medicinal tree. This reforestation effort has won the NutraIngredients-USA Editors Award for industry initiative of the Year 2018.

**(b) Boosting Production Capability to Meet Demand:**

Sami-Sabinsa Group is a leading producer of nutraceuticals, cosmeceuticals, standardised herbal extracts, fine chemicals, specialty chemicals, probiotics and enzymes. The company manufactures its products as per global standards at its seven state-of-the-art manufacturing facilities located in Bengaluru, Hyderabad and Utah (USA). The company caters to customers majorly in the USA, Germany, Australia, Canada, China, India, Japan, Poland, South Africa, South Korea, Brazil, UAE and Vietnam.

To fast-track production and cater to the increasing demand and introduce new product lines, Sami-Sabinsa is coming up with its additional state-of-the-art Greenfield facility at Hassan in Karnataka, to produce nutraceutical ingredients. The company has invested Rs 300 crore in this facility that sprawls over an area of more than 25 acres with two units. In the fourth quarter of 2022, the facility's first phase will be operational.

In order to maintain our position as a renowned global leader in the production of nutraceutical ingredients, Sami-Sabinsa Group believes that sustainability in the sourcing of desired raw materials, and manufacturing ingredients in accordance with globally recognised standards, is the key to customer satisfaction and business scalability. **NS**