Future-proofing the business

Our business thrives in a dynamic environment characterised by emerging risks that have the potential to disrupt our business operations and hinder progress on our strategic objectives. A comprehensive Enterprise Risk Management (ERM) framework enables us to identify. assess and effectively mitigate risks.

The ERM framework not only helps us to deal with risks associated with our business, stakeholders and communities, but also create opportunities to advance towards a sustainable future.

Policy	_	Con	nmittee	.	ERM framework
Risk management policy in line with Companies Act 2013, SEBI LODR amendments 2021, ISO 31000 and COSO principles of risk management covers all business units, subsidiaries and functions of Sun Pharma. The policy is reviewed periodically and was last updated in May 2021.		Risk Management Committee is entrusted with the responsibility of overseeing risks, such as strategic, operational and financial risks along with the adequacy of mitigation plans to address such risks.		The ERM framework identifies, monitors, mitigates and reports key risks that impacts the Company's ability to meet its strategic objectives.	
Risk identification	Analysing	Risk manage and evaluating risk	ement approach —	mitigation	Risk review
Risks are identified across our operations through various workshops and inputs received from the senior management.	The seve probabili each ident and eva	erity of impact and ty of occurrence of tified risk is analysed luated by our Risk ement Committee.	Based on the nat the risks, appropri mitigation or risk f (insurance) strate chalked out. Miti measures are detaile risk and incorporate of the risk register to impact and probabil occurrence	ture of iate risk transfer gjes are igation d for each ed as part b lower the lity of risk	Risks are reviewed every six months and new risks of changes to existing risks ar identified. The risk register periodically updated and sha with the management.

Our key risks and mitigation strategies

Strategic, business and commercial risk | Addressing risks associated with managing product portfolio, pricing and margins

- **#** Establishing a strong and diversified product portfolio by enhancing cross-functional synergies, organisational capabilities, project management and governance focused on product identification, development, planning and launch
- **%** Strengthening in-licencing and out-licencing of products

Material topic linkage



- Development of complex molecules
- # Mitigation strategy
- 12 Sun Pharmaceutical Industries Limited

Investment in innovation and technology

Focus on developing and commercialising specialty products and

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Vendor development, strengthening supply chain, working capital and

Undertaking operational excellence programmes focused on yield and

complex generics among others

inventory management

throughput improvement

Product accessibility

Sectoral and regulatory compliance risk | Risks linked to non-adherence with standards and guidelines of all local and global regulatory agencies, focusing on pharmacovigilance, proprietary, confidentiality and other core governance standards (For instance, CGMP, CGLP, among others)

- **#** Employ robust and centralised pharmacovigilance processes encompassing detailed SOPs that ensure efficient surveillance and reporting of adverse events
- **#** Make consistent investments in technological interventions, strengthening governance mechanisms, and employee capacity-building in the area of pharmacovigilance management
- **#** Established global quality standards and procedures throughout the organisation
- **#** Rolled out periodic training programmes for employees on global GMP training

Material topic linkage

ESG compliance

Product responsibility

Business continuity risk Addressing risks linked to business interruption from changes in local and global geo-political, socioeconomic, regulatory or other events

Ensuring business continuity by maintaining inventory of products and raw materials, having adequate local manufacturing capacity, conducting disaster recovery and business continuity testing for critical applications and alternative vendor development

Material topic linkage

Risk management

▲ ESG compliance

Technology risk Maintain a secure and impenetrable network and system while supporting pace and scale of business transactions across geographies

🖇 Strengthened perimeter security, IT and monitoring systems, anti-virus and patch management while conducting trainings on cyber security to reduce risks arising from cyber security and data breaches

Material topic linkage

Data integrity and security C Technology and digitalisation

Climate change and environmental risk Addressing environment and climate change related risks and incorporating relevant norms and practices across the value chain

Ensuring compliance through strong governance and review mechanisms, strengthening capabilities of EHS and legal compliance teams, conducting risk assessments and periodic reviews, implementing compliance management software for tracking and monitoring adherence to all applicable regulatory requirements

Material topic linkage

Managing waste

Water stewardship Energy management

Talent management linked risk | Addressing risks associated with talent acquisition, retention and development

Attracting and retaining talent through multiple talent development programmes encompassing global talent management, stretch programmes and schemes along with compensation and other benefits to employees

Material topic linkage



8 Mitigation strategy

- **#** Strengthening and harmonising quality related IT applications and systems
- # Undertaking periodic quality review of third-party locations
- **%** Strengthen quality of manufacturing records, test procedures at lab and continuous uptake of best practices
- **#** Conduct brand protection activities and strengthen framework for trademark and IP protection activities with the support of a dedicated IP team focusing on patents

Focusing on stable and larger markets and strengthening regulatory capacity in key markets by actively engaging with regulatory agencies and hence mitigating risks from external sources



Investment in innovative technologies

- **%** Undertaking proactive initiatives towards mitigating the physical and transitional risks linked to climate change, for instance decarbonising operations, GHG emission reduction measures, and physical climate risk assessment for climate-proofing assets
- **#** We also apply the precautionary principle (as described in Rio Declaration 1992) through the ERM framework to mitigate environmental risks

Formal succession planning programme for all leadership positions