Stakeholder Engagement and Materiality Assessment[11]

Integrating Stakeholder Expectations into Strategic Objectives
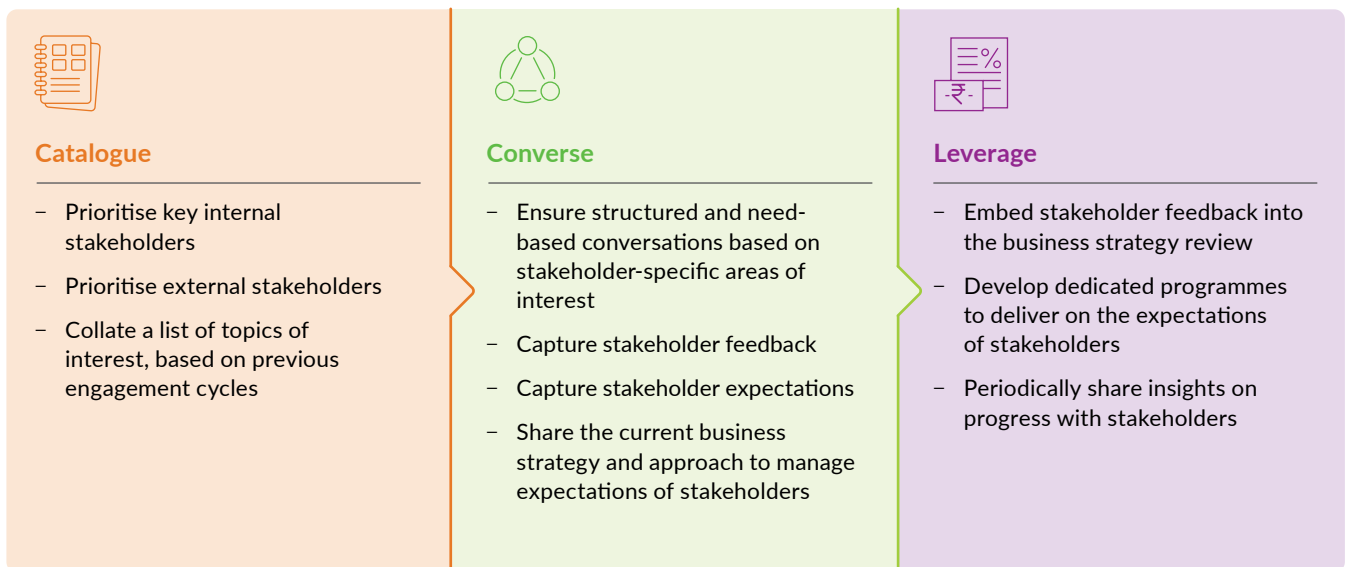
For us, a stakeholder-centric strategy is indispensable for a sustainable and future-oriented business.

Our Stakeholder Engagement Process

We have created customised communication channels that are suited to the specific requirements of each stakeholder group. We identified and prioritised groups of internal and external key stakeholders, based on our principles of inclusivity, accountability, and responsibility. The stakeholders were identified and prioritised according to their influence on the organisation and the extent to which they are impacted by our business decisions. The key internal and external stakeholder groups identified by the Sun Pharma as part of the engagement mechanism are: investors/shareholders, regulators, suppliers/vendors/third-party manufacturers, non-governmental organisations (NGOs), community, customers/patients, employees, and senior leadership.

Our materiality assessment provides insight into material topics that are important to our stakeholders and our business operations, as well as how we generate value in the ESG landscape. In FY22, we conducted a materiality evaluation for the reporting period in light of the changing ESG landscape. As a result of this, seven new material topics were added to the list of those reported in FY21. Additionally, we used our management and stakeholder views to validate and assess significant material topics that may have an influence on the Company's strategy, business operations, and ability to build and preserve value over time. Our stakeholder engagement methodology is further highlighted below.

Catalogue

- Prioritise key internal stakeholders
- Prioritise external stakeholders
- Collate a list of topics of interest, based on previous engagement cycles

Converse

- Ensure structured and need-based conversations based on stakeholder-specific areas of interest
- Capture stakeholder feedback
- Capture stakeholder expectations
- Share the current business strategy and approach to manage expectations of stakeholders

Leverage

- Embed stakeholder feedback into the business strategy review
- Develop dedicated programmes to deliver on the expectations of stakeholders
- Periodically share insights on progress with stakeholders

[11]GRI 102-42, GRI 102-43

Insights into Our Stakeholder Engagement[12]

Stakeholder Group	Engagement Process	Focus Area of the Stakeholder Group	Our Approach for Meeting Expectations
Investors/ shareholders	– Annual/quarterly financial reports and earnings calls – Attending investor conferences – Issuing specific event-based press releases – Investor presentations	– Corporate governance – ESG disclosures – Regulatory compliance – Responsible supply chain management – Product responsibility – Cost competitiveness	– Our essential business principles serve as the foundation for our governance procedures – Periodically, in the form of an annual report and an investor presentation, transparent disclosures are presented. As a step to disclose our responsible business practices, we have been releasing our BRR annually on a regular basis since 2013. We also published our BRSR on a voluntary basis in FY22. This is our second Sustainability Report in FY22, and we will continue to capture key sustainability initiatives and performance indicators on an annual basis – The supply chain is managed effectively and responsibly by a specialised supply chain team – Dedicated teams, such as the quality management team and the pharmacovigilance unit, work together to guarantee that product quality and safety are met in accordance with strict quality and safety standards – Operational excellence initiatives focusing on production, personnel, and supply chain efficiency allow cost competitiveness
Regulators	– In-person meetings – Emails	– Regulatory compliance – Community engagement – Rural market penetration – De-risk supply chain	– Raise timely clarifications for regulatory adherence; build process design and remedial action to avoid non-compliance – Devise community development initiatives that are tailored to the needs of society – Devise a strategy for a responsible supply chain
Suppliers/vendors/ third-party manufacturers	– Vendor meets – Virtual modes such as email or telephone	– Timely payments – Collaboration	– Monitor and execute timely payments, digital interventions, and management systems – Facilitate need-based vendor engagement
NGOs	– In-person meetings – Virtual modes such as email or telephone	– Employee volunteering – Agile management process	– Employee volunteerism is facilitated and encouraged through programmes – The CSR management system is optimised on a regular basis to improve response to community needs – CSR projects are conducted in line with the UN SDGs
Community	– In-person meetings – Engagement through our NGO partners	– Community development programmes with a focus on health, education, sanitation, and infrastructural development	– Community development activities have been implemented based on comprehensive need assessments. To achieve good development outcomes for the communities served across the target regions, a comprehensive strategy is used – Community grievance redressal is implemented through formal and informal channels of communication during community development programmes held in localities in the vicinity of our manufacturing units
Customers/ patients	– In-person meetings – Emails – Customer feedback sessions	– Product quality, access, and pricing	– Ensure a robust QMS and pricing strategy based on enabling the best outcomes for end-customers
Employees	– Employee-focused web portals, such as Ask HR – Emails – Employee engagement surveys – Town halls	– Training, professional growth and development – Well-being initiatives – Employee recognition – Fair remuneration – Good work–life balance	– Customised employee learning and development initiatives – Curated employee welfare and recognition programmes. – Annual appraisal and open feedback culture – Active employee engagement
Senior leadership	– In-person meetings – Virtual modes such as email or telephone	– Sustainable and resilient business operations – R&D and innovation	– Carry out a periodic business strategy review based on market dynamics and stakeholder inputs – Capitalise on emerging technologies and continuously strengthen R&D capabilities

[12]GRI 102-40, GRI 102-44

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