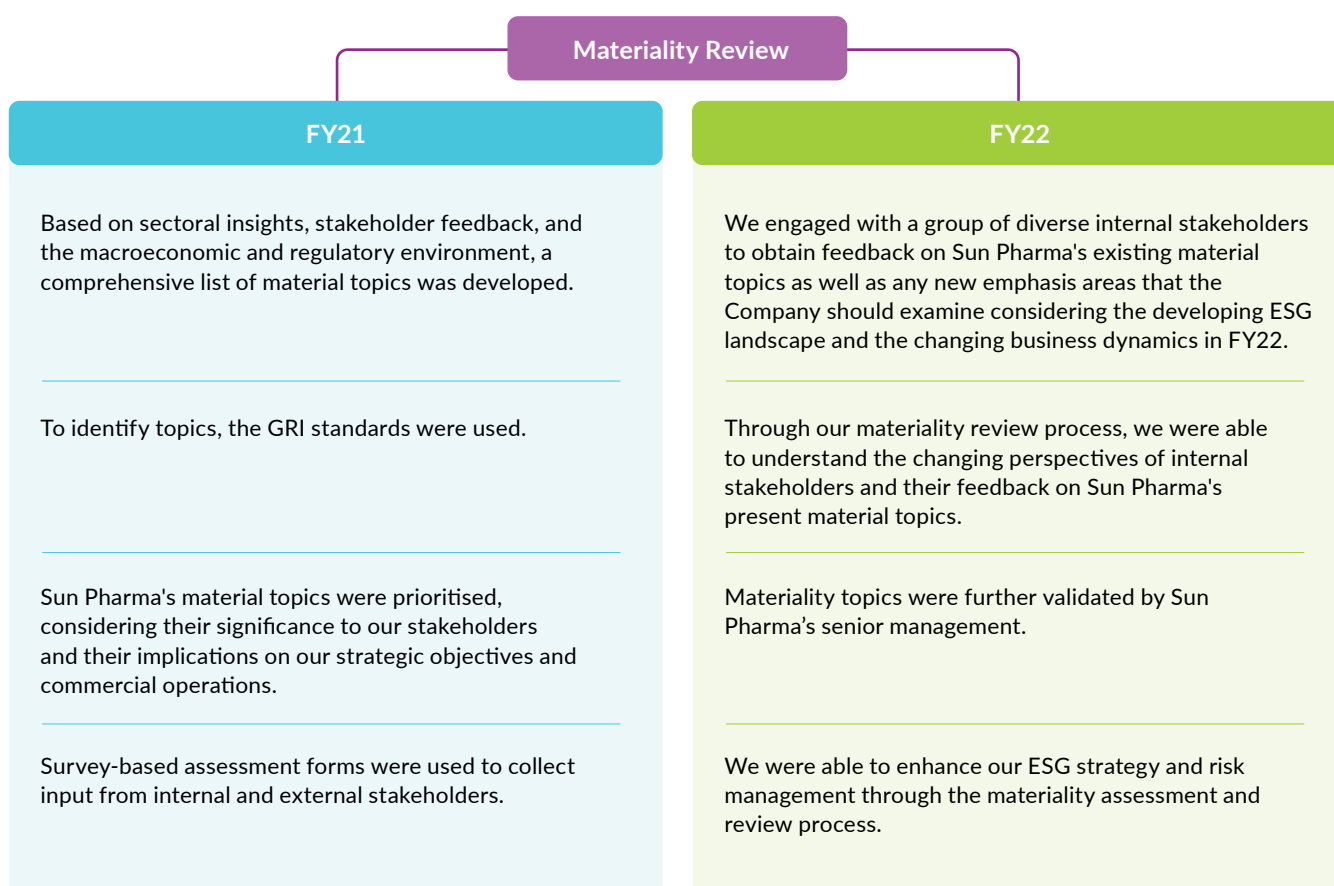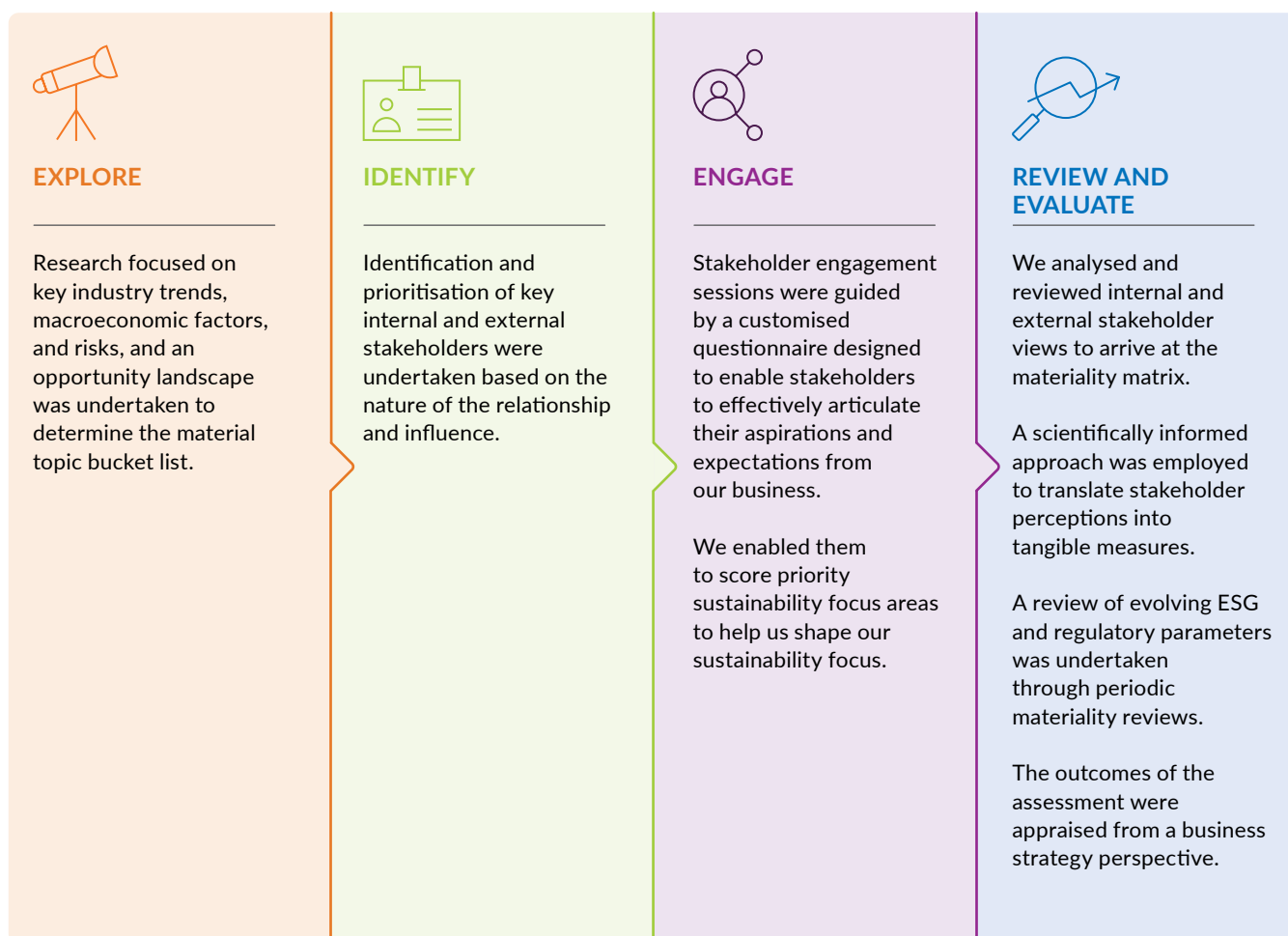## Stakeholder Engagement and Materiality Assessment (continued)

Our Approach towards Materiality Assessment[13]

We undertook a materiality assessment in accordance with the GRI standards to include a sustainability-focused approach into our corporate strategy. We aim to periodically conduct materiality assessments in order to understand key topics that could significantly impact our business operations as well as our stakeholders. Further, our prioritised material topics represent the contours of our Sustainability Reports.

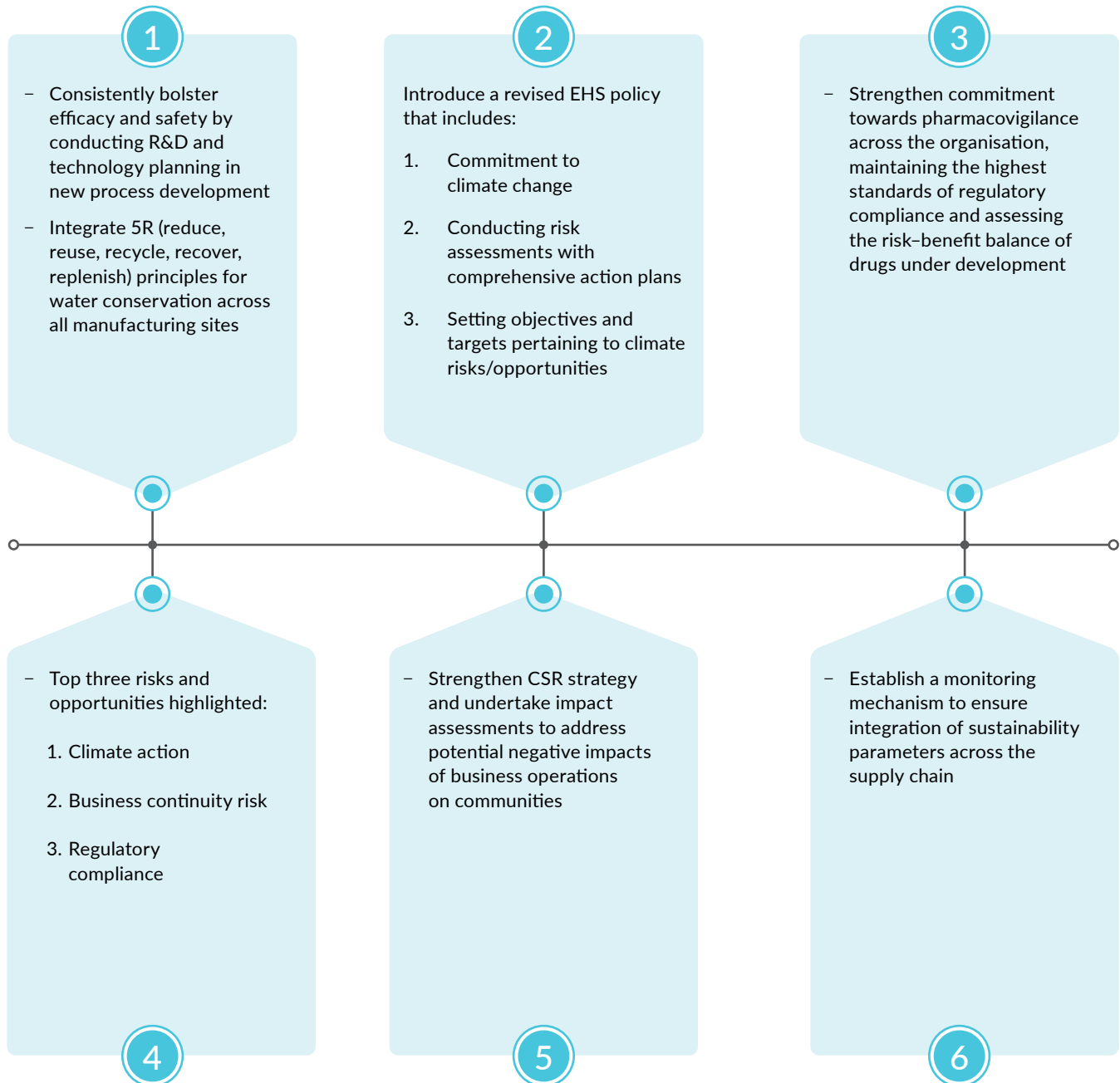### Our Methodology for Materiality Assessments

In FY21, we conducted our stakeholder engagement and materiality assessment for our maiden Sustainability Report in order to accrue insights across material topics that impact our Company's growth, through the lens of our internal and external stakeholders. This year, we further undertook a materiality review exercise with internal stakeholders, enabling a robust and comprehensive approach to strengthen our key ESG focus areas, in line with the evolving ESG and regulatory landscape. In this section, we present a summary of the main measures undertaken and the six focal areas into which the material topics were divided.

EXPLORE

Research focused on key industry trends, macroeconomic factors, and risks, and an opportunity landscape was undertaken to determine the material topic bucket list.

IDENTIFY

Identification and prioritisation of key internal and external stakeholders were undertaken based on the nature of the relationship and influence.

ENGAGE

Stakeholder engagement sessions were guided by a customised questionnaire designed to enable stakeholders to effectively articulate their aspirations and expectations from our business.

We enabled them to score priority sustainability focus areas to help us shape our sustainability focus.

REVIEW AND EVALUATE

We analysed and reviewed internal and external stakeholder views to arrive at the materiality matrix.

A scientifically informed approach was employed to translate stakeholder perceptions into tangible measures.

A review of evolving ESG and regulatory parameters was undertaken through periodic materiality reviews.

The outcomes of the assessment were appraised from a business strategy perspective.

Materiality Review

FY21

Based on sectoral insights, stakeholder feedback, and the macroeconomic and regulatory environment, a comprehensive list of material topics was developed.

To identify topics, the GRI standards were used.

Sun Pharma's material topics were prioritised, considering their significance to our stakeholders and their implications on our strategic objectives and commercial operations.

Survey-based assessment forms were used to collect input from internal and external stakeholders.

FY22

We engaged with a group of diverse internal stakeholders to obtain feedback on Sun Pharma's existing material topics as well as any new emphasis areas that the Company should examine considering the developing ESG landscape and the changing business dynamics in FY22.

Through our materiality review process, we were able to understand the changing perspectives of internal stakeholders and their feedback on Sun Pharma's present material topics.

Materiality topics were further validated by Sun Pharma's senior management.

We were able to enhance our ESG strategy and risk management through the materiality assessment and review process.

Stakeholder Engagement and Materiality Assessment (continued)

Key Insights from Our Materiality Review

We consistently focus on finding solutions to promote the health of people, the planet, and our Company through honest and transparent discussions with our stakeholders. Insights from our stakeholder engagement and materiality review in FY22 have been provided below.

1

- Consistently bolster efficacy and safety by conducting R&D and technology planning in new process development

- Integrate 5R (reduce, reuse, recycle, recover, replenish) principles for water conservation across all manufacturing sites

2

Introduce a revised EHS policy that includes:

1. Commitment to climate change

2. Conducting risk assessments with comprehensive action plans

3. Setting objectives and targets pertaining to climate risks/opportunities

3

- Strengthen commitment towards pharmacovigilance across the organisation, maintaining the highest standards of regulatory compliance and assessing the risk–benefit balance of drugs under development

4

- Top three risks and opportunities highlighted:

  1. Climate action

  2. Business continuity risk

  3. Regulatory compliance

5

- Strengthen CSR strategy and undertake impact assessments to address potential negative impacts of business operations on communities

6

- Establish a monitoring mechanism to ensure integration of sustainability parameters across the supply chain

Materiality Matrix

The following matrix represents the relative importance of material topics for our stakeholders and business activities. The material topics in this matrix are an outcome of our stakeholder engagement and materiality assessment conducted in FY21.

Materiality Assessment FY22

In FY22 as part of our materiality review exercise, we have further assessed the importance of the previously identified material topics based on their relevance to the current sustainability context and future trend.

In line with the changing regulatory landscape, emergence of pandemic-induced risks, and the growing prominence of ESG, we recognise the importance of integrating ESG monitoring, emergency preparedness, and regulatory compliance as new material issues within our corporate governance domain. The criticality of the supply chain associated with sustained business growth has led us to further strengthen the integration of our values and responsible business practices across the value chain. We have identified responsible supply

chain management as an additional material topic to further augment responsible practices with our business partners. With the inclusion of responsible practices across our supply chain, we realise the importance of integrating human rights within our ESG strategy to further enhance inclusivity and establish a discrimination-free work culture. By integrating human rights in our material issues, we aspire to augment our practices, principles, and policies pertaining to human capital across the value chain. The growing importance of climate change across the globe has propelled us to integrate climate change, energy efficiency, and carbon emissions into our environmental management material issues for FY22. Below is the list of material topics which are finalised post discussion and analysis with the senior leadership team at Sun Pharma.

Material Topics Post Review in FY22

Corporate governance

1. ESG compliance
2. Risk management
3. Regulatory compliance
4. Emergency preparedness and response
5. ESG governance

Societal development

15. Community development–CSR
16. Health education and prevention

Environmental management

6. Waste management
7. Water stewardship
8. Energy management
9. Climate change
10. Energy efficiency and carbon emissions

Product stewardship

17. Product accessibility
18. Responsible product pricing
19. Product responsibility (including quality and safety across life cycle)
20. Responsible supply chain management

Employee well-being

11. Talent attraction and retention
12. Workforce welfare
13. Occupational health and safety
14. Human rights

Innovation and technology

21. Investments in innovative products and technologies
22. Development of complex molecules
23. Data integrity and security
24. Technology and digitalisation

[13]GRI 102-47, GRI 102-49

Stakeholder Engagement and Materiality Assessment (continued)

Overview of Our Material Issues

Sustainability Focus Areas	Reporting Boundary	
Corporate governance – Risk management – ESG compliance – Regulatory compliance – Emergency preparedness and response – ESG governance	India and overseas operations	
Innovation and technology – Investments in innovative technologies – Development of complex molecules – Data integrity and security – Technology and digitalisation	India and overseas operations	
Product stewardship – Product accessibility – Responsible product pricing – Product responsibility (including quality and safety across life cycle) – Responsible supply chain management	India and overseas operations	
Environmental management – Waste management – Water stewardship – Energy management – Climate change – Energy efficiency and carbon emissions	India and overseas operations	
Employee well-being – Talent attraction and retention – Workforce welfare – OHS – Human rights	India and overseas operations	
Societal development – Community development–CSR – Health education and disease prevention	India and overseas operations	

Key Performance Indicators

Contribution to UN SDGs

- Key implications, threats, and opportunities
- Non-compliance with environmental laws/regulations in the social and economic spheres can result in significant penalties and non-monetary sanctions
- Number of reviews undertaken periodically on compliance and risks
- Strengthened Business Continuity Plan (BCP)
- Initiatives to drive an ESG culture across the organisation

- The number of patents that have been applied for and secured
- Total number of substantiated complaints about consumer privacy violations received
- Number of automated or digitalised systems, processes, or procedures
- Using digital tools across business activities and the supply chain

- The percentage of major product categories whose health and safety consequences are being evaluated for improvement
- Minimisation of the number of product recalls
- Total number of cases of non-compliance with rules and/or voluntary codes relating to product health and safety
- Digital initiatives to predict possible risks affecting the supply chain

- The amount of energy usage that has been minimised as a direct result of conservation and efficiency measures
- Total fuel consumption from renewable and non-renewable sources inside the Company
- Total weight of hazardous and non-hazardous waste
- Total water withdrawal
- Conducting a risk assessment and implementation of mitigation action plans
- Targets pertaining to energy and emissions in line with relevant standards

- Employee skills were strengthened through the implementation of programmes
- Employees who took maternity leave returned to work and were retained at a higher rate
- The total number of discriminatory incidents recorded and corrective actions undertaken
- The number, rate of fatalities, and work-related injuries documented
- Initiatives to promote good health and educate the community on disease prevention
- Zero human rights violations
- Gender diversity
- Number of third-party audits for human rights in line with SMETA

- Percentage of operations with implemented local community engagement, impact assessments, and/or development programmes

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS