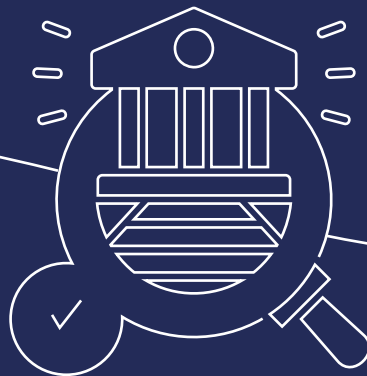


GOVERNANCE

At Sun Pharma, our approach to corporate governance framework is fundamentally anchored on principles of trust, accountability, reliability and transparency.

We emphasise the importance of upholding the highest ethical standards in our business practices, crucial for creating shared value for all stakeholders.




















Corporate Governance

Guided by Principles and Purpose

Our corporate governance philosophy is grounded in principles of trust, accountability, reliability and transparency, reflecting our commitment to excellence in all our operations.

In our commitment to creating a sustainable business, we prioritise our core values and strive to create an environment of trust through transparent and accountable communication with stakeholders, whilst promoting responsible and sustainable decision-making. Our robust corporate governance framework enhances transparency for all stakeholders and adheres to regulatory requirements. We have adopted a top-down approach to boost operational excellence, supported by a diverse, industry-experienced one-tier Board of Directors⁹.

Board of Directors¹⁰

	 <p>Dilip S. Shanghvi Chairman and Managing Director (Appointed as Chairman with effect from May 22, 2024)</p>		 <p>Dr. Pawan Goenka Lead Independent Director</p>
	 <p>Gautam Doshi Independent Director</p>		 <p>Rama Bijapurkar Independent Director</p>
	 <p>Sanjay Asher Independent Director</p>		 <p>Rolf Hoffman Independent Director (Appointed with effect of June 15, 2023)</p>
	<p>Aalok D. Shanghvi Whole-time Director (Appointed with effect of June 1, 2023)</p>		 <p>Sudhir V. Valia Non-executive and Non-independent Director</p>

● **Audit Committee**

● **Corporate Governance and ESG Committee**

● **Corporate Social Responsibility (CSR) Committee**

● **Nomination and Remuneration Committee**

● **Risk Management Committee**

● **Stakeholders Relationship Committee**

⁹GRI 2-9 and 2-11

¹⁰Mr. Sailesh Desai, Whole-time Director for FY24 ceased to be the Director effective from March 31, 2024 due to retirement.



Board Committees

At Sun Pharma, Board-level committees are integral to our governance framework. The Board has established six committees¹¹, each with specific roles to manage various organisational matters effectively. These committees meet regularly to address technical or specialised matters, provide guidance and valuable recommendations to the Board¹², thereby enhancing our decision-making process. Additionally, these Committees play a key role in overseeing the evaluation and implementation of various initiatives, underscoring our commitment to overall corporate governance. The Board and its committees also oversee the implementation of our strategies, Global Code of Conduct (GCOC), processes and ensure compliance with regulations and various Company policies¹³, reflecting our commitment to responsible business conduct across our operations and value chain.



Audit Committee

The Audit Committee supervises the Company's financial reporting process, examines internal controls, evaluates risk management, and assesses whistleblower mechanisms. It serves as a key link between internal and external auditors, and the Board of Directors, facilitating related party transaction approvals and evaluating internal financial controls and risk management strategies.



Corporate Governance and ESG Committee

This Committee monitors the Company's compliance with corporate governance guidelines, advises the Audit Committee and the Board on compliance, ensuring ethical standards and best practices are upheld. Effective from August 1, 2024, our Corporate Governance and Ethics Committee was renamed as Corporate Governance and ESG Committee and its scope was extended to include monitoring ESG initiatives of the Company.



Corporate Social Responsibility (CSR) Committee

The CSR Committee's main responsibility is to create annual action plan and provide recommendation to the Board related to the budget for CSR activities. Additionally, the committee oversees and evaluates the allocation of funds for various CSR initiatives and projects in alignment with the Company's CSR policy.



Nomination and Remuneration Committee

The Nomination and Remuneration Committee assesses and endorses the Remuneration Policy¹⁴, sets the criteria for evaluating Independent Directors. Additionally, the committee also recommends and approves compensation for Whole-time Directors as well as all forms of remuneration for senior management. It also identifies potential candidates for directorship and senior management positions according to established criteria and advises the Board on their appointment or removal.



Risk Management Committee

The Risk Management Committee is tasked with implementing of the Risk Management Policy, evaluating risks, and development of mitigation strategies. It evaluates the efficacy of risk management systems, reviews internal controls, supervises business continuity plans, and ensures effective methodologies, processes, and systems are in place to monitor and assess operational risks.

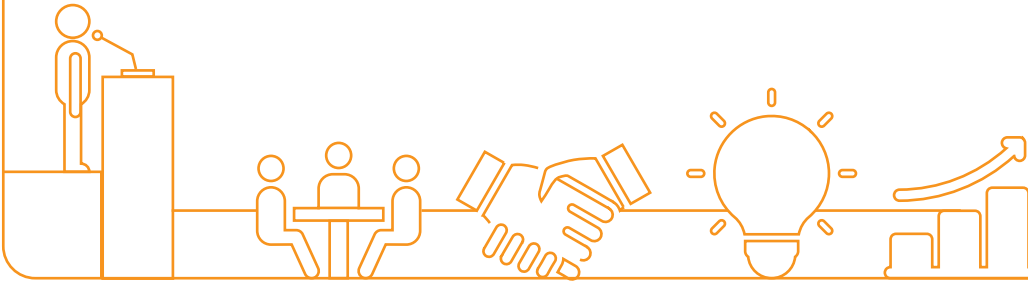


Stakeholders Relationship Committee

The Stakeholders' Relationship Committee addresses security holders' concerns, oversees service standards, ensures regulatory compliance, and implements measures to reduce unclaimed dividends.

¹¹GRI 2-9 | ¹²GRI 2-16 | ¹³GRI 2-12, 2-13 and 2-14 | ¹⁴GRI 2-20

Corporate Governance



As of March 31 2024, our Board of Directors consisted of nine members, of which five were Independent Directors, including one Independent female Director. All Independent Directors comply with the criteria outlined in the Companies Act 2013 and SEBI's Listing Regulations 2015. As per the requirements of the SEBI, one-third of all Board members should be independent. For FY24, 56% of our Directors were independent. Our Board also reflects diverse knowledge and individual domain expertise. For more information on our Directors' skills and expertise, please refer to page 67 of our FY24 Annual Report: <https://sunpharma.com/wp-content/uploads/2024/07/SPIL-Annual-Report-2023-24.pdf>¹⁵.

The roles and responsibilities of the Lead Independent Director inter-alia include the Lead Independent Director to chair the meetings in the absence of a full time Chairman. In the reporting year, FY24, Dr. Pawan Goenka, as Lead Independent Director, chaired all the Board meeting. Mr. Dilip Shanghvi, Managing Director was appointed as the Chairman of the Board effective from May 22, 2024.

In FY24, we conducted six Board Meetings with an average attendance rate of 98.2%. All Directors are expected to attend at least 75% of meetings to the best of their ability.

During the year, annual performance evaluation of the individual Directors, including the Chairman of the Board, was carried out as per the criteria and process approved by Nomination and Remuneration Committee¹⁶. Four of our Non-executive/Independent Directors hold fewer than four mandates with other listed companies. Additionally, in line with SEBI regulations, none of our Non-executive or Independent

Directors hold more than seven mandates in any other publicly listed company.

Under the Companies Act 2013, one-third of all Non-independent Directors must retire by rotation and can be re-elected annually while Independent Directors serve specific terms¹⁷. Each member of the Board of Directors is elected individually. The average Board tenure in the reporting year was 11.2 years.

The Board approves the remuneration for the Managing Director and Whole-time Directors based on recommendations from the Nomination and Remuneration Committee within the overall limits set by shareholders at their meetings. Non-Executive Directors receive a sitting fee of ₹ 100,000 for attending each Board or Committee meeting¹⁸. The Board periodically decides on payment of commission for Independent Directors, considering factors such as period of Directorship during the year, position as Lead Independent Director, Chairmanship of the Audit Committee and other Board Committees, time spent on Board processes, etc.

The Board is responsible for driving our vision, strategising, and creating shared value for all stakeholders¹⁹. Effective August 1, 2024, our Corporate Governance and Ethics Committee was renamed as Corporate Governance and ESG Committee (a Board level Committee), with an expanded mandate to guide, review, monitor, and facilitate the implementation of the Company's Environment, Social and Governance (ESG) & sustainable development strategies, goals and initiatives of the Company. We have established a framework outlining key personnel's responsibilities regarding ESG matters, emphasising the integration of ESG principles across our operations with ongoing Board oversight²⁰.

¹⁵GRI 2-17 | ¹⁶GRI 2-18 | ¹⁷GRI 2-10 | ¹⁸GRI 2-19 and 2-20 | ¹⁹GRI 2-12 | ²⁰GRI 2-13 and 2-14

Remuneration Paid/Payable to the Directors of the Company for FY24

The ratio of our Managing Director's remuneration to the median remuneration of employees for the reporting year was 89.38. Information regarding the percentage increase or decrease in remuneration can be found on page 73 of our FY24 Annual Report: <https://sunpharma.com/wp-content/uploads/2024/07/SPL-Annual-Report-2023-24.pdf>.

The table below outlines the remuneration** paid to our Board for the reporting year²¹.

(Amount in ₹)

Director	Salary	Variable Pay	Bonus	Prerequisites/ Benefits	Sitting Fees	Commission to Independent Directors	Total
Dilip Shanghvi	45,744,180	-	9,148,836	5,648,904	-	-	60,541,920
Pawan Goenka	-	-	-	-	3,400,000	5,100,000	8,500,000
Gautam Doshi	-	-	-	-	3,100,000	4,700,000	7,800,000
Rama Bijapurkar	-	-	-	-	1,000,000	4,100,000	5,100,000
Sanjay Asher	-	-	-	-	800,000	4,000,000	4,800,000
Rolf Hoffmann	-	-	-	-	700,000	2,500,000	3,200,000
Sudhir Valia	-	-	-	-	2,200,000	-	2,200,000
Aalok Shanghvi	38,970,086	8,235,537	4,193,664	17,353,620	-	-	68,752,907
Sailesh Desai [#]	15,492,852	-	3,098,570	1,979,148	-	-	20,570,570

²¹GRI 2-21

[#]Ceased to be the Director of the Company upon completion of term of appointment effective from March 31, 2024.

**Remuneration figures are for standalone entity.



Corporate Governance

Policies

We have established a strong governance structure and comprehensive policies to ensure responsible business conduct across our operations and value chain. These policies clearly outline expectations for all employees and business partners, serving as essential guides for various business operations²².



²²GRI 2-23 and 2-24



Global Code of Conduct

Our Global Code of Conduct (GCoC)²³ provides a detailed framework for upholding high ethical standards across our business operations and value chain²⁴. The GCoC governs all our business activities and applies to employees, the Board of Directors, and all our business partners, including suppliers, service providers, agents, and channel partners. Further information can be found here: https://sunpharma.com/wp-content/uploads/2024/08/Global-Code-of-Conduct_effective-Aug-2024.pdf.

Our GCoC enforces a strict zero-tolerance approach for bribery and corruption. We rigorously uphold these principles across all our operations and closely monitor compliance²⁵. We do not contribute to political campaigns, or make charitable donations that acts as means of bribery and corruption. Employees receive training on these guidelines and are expected to adhere to them²⁶.

For FY24, there were no reported instances of corruption, bribery, conflicts of interest, or money laundering²⁷.

Grievance Redressal

At Sun Pharma, we prioritise a robust grievance redressal mechanism to address all concerns from our stakeholders promptly and securely²⁸. Our Global Whistleblower Policy provides a safe way for all stakeholders to report any misconduct or violation of our GCoC and other policies. We encourage reporting of any potential breaches or retaliation. Complaints regarding product quality, adverse events, or other issues can be submitted on our website (<https://sunpharma.com/contact/>) without fear of reprisal.

We have set up a grievance redressal mechanism for our shareholders, managed by the Registrar and Share Transfer Agents, as mandated by SEBI. In FY24, we resolved 46 shareholder complaints within the reporting timeframe. Additionally, we received two sexual harassment complaints for which we implemented appropriate remedial measures under the Prevention, Prohibition, and Redressal of Sexual Harassment Policy outlined in the GCoC²⁹.

