

Managing Director's Message²

Translating Intentions into Actions



We continue to remain focused on integrating our ESG priorities into our long-term business strategy.

Dilip Shanghvi
Managing Director

Dear Stakeholders,

FY22 was marked with a steady recovery from the impact of the global COVID-19 pandemic. As the global economy began bouncing back to normalcy, supply chain disruptions were controlled, and the global landscape transformed significantly. This tested the agility and future-readiness of most organisations, while also leading to dynamic shifts in customer needs and consumer behaviour. Nonetheless, sustainability remains at the core of most organisations and stakeholders' agendas, owing to increased awareness and the evident, undeniable impact of climate change.

Climate action failure has been categorised by The World Economic Forum's - Global Risk Report 2022 as a severe global risk that could impact the world critically over the next 10-20 years. Climate change has also increased the environmental, economic, social, and governance challenges across the globe, which calls for a methodical and strengthened action plan to revitalise business operations and make a positive difference.

At Sun Pharma, we strongly believe that the longevity of our planet is interlinked with the health of the human race and the power of the global economy. As the world tackles

the challenges of climate change, increased collaboration, innovation, and strengthened capabilities must fuel collective global action to build resilience against disruptions. As we all jointly address various business challenges, drive strategic initiatives, and optimise opportunities, ESG priorities become all the more imperative for designing business strategies and fostering a conscious culture of sustainability at Sun Pharma.

Our Focus on Improving Access to Healthcare

Supported by the global strength of over 38,000 employees, 43 global manufacturing sites across six continents, and a market reach of 100+ countries, we are the largest Indian pharmaceutical company. Driven by our vision of 'Reaching People and Touching Lives Globally as a Leading Provider of Valued Medicines', we remain strongly rooted in our values to provide high-quality and affordable medicines across our diversified product portfolio. Since 1983, we have consistently driven new ideas and improved technologies to expand our reach for better care of our communities. In this regard, we continue to invest in research, buoyed by a strong team of 2,700+, with an investment of ₹22.2 Billion into R&D in FY22, which stands at 5.8% of our sales.

²GRI 102-14



Product Safety and Quality Remains a Key Focus

Given the nature of our business, product safety and quality are of paramount importance and are deeply embedded across our product portfolio, business, and manufacturing locations as well as our value chain. A number of our manufacturing sites are ISO 9001:2015 certified, while we continue to adapt the best practices to prepare all our sites to ensure equal standards. We have a diverse global pharmacovigilance team, supported by a strong Quality Management System (QMS) that enables us to push the boundaries of product safety and quality and to deliver safe, effective, easy-to-use products for all our stakeholders. While Sun Pharma builds the foundation for operational resilience and agility, we continue to cascade responsible business practices across the supply chain through various best practices, governance, and control adaptations through our Global Code of Conduct, Supplier Code of Conduct, and quality audits. We review 100% of critical vendors every three years. We are actively working with our supply chain partners towards further improvement. In FY22, we revised our Critical Quality Attributes (CQA) audit checklist to include ESG parameters, in line with the recommendations of the Pharmaceutical Supply Chain Initiative (PSCI), to strengthen our sustainability commitment. We continue to encourage local sourcing to strengthen our supply chain through alternate vendor development, reduce our environmental footprint, and ensure cost optimisation. During the reporting period, we sourced nearly 95% of indirect procurement, 61% of direct procurement, and 67% of services from local suppliers.

Employees: Prioritising Our Human Capital

The drive, passion, and commitment of our employees continue to be the building blocks of Sun Pharma's inclusive and holistic growth approach. As a global organisation, our diverse and skilled workforce enables us to drive greater innovation, synergy, and build a competitive edge across our business operations. We work towards continuously investing in upskilling our workforce with upto 100 hours of training annually per employee, furthermore, recognising and rewarding performance. We regularly organise internal and external thought leadership programmes to improve functional and leadership skills, while giving our employees an opportunity to enhance and leverage their skills. We believe such interventions have the potential to drive transformations and become a source of new ideas and opportunities.

In the post-pandemic era, we continue to focus on employee well-being and strengthen our operational measures to ensure the safety of each employee. In FY22, our employees continued to receive safety and skill upgradation trainings. Further, our Environment, Health, and Safety (EHS) Policy enables us to ensure a robust safety culture across our business operations, which we continue to review and refresh at regular intervals. We have also established an ISO 45001:2018 (OHSMS)-compliant occupational health and safety (OHS) management system across our manufacturing facilities, demonstrating our commitment to providing the best-in-class safety practices for our workforce.

Working towards Welfare at Large

At Sun Pharma, we strongly believe in strengthening partnerships with our stakeholders to augment value creation across communities. Built on our vision of 'Reaching People, Touching Lives', we have robust CSR programmes across our focus areas, guided by a comprehensive CSR Policy and

CSR Committee to ensure effective implementation. Further, our CSR vision and mission support innovative and inclusive CSR interventions across underserved and marginalised communities. Our identified focus areas range from health, education, water and sanitation, to environment conservation, rural development, and disaster relief.

As an organisation that is driven by care and compassion, we continue to push the boundaries and extend efforts to deliver a positive impact on the wider community. In this regard, our CSR vision is aligned to the UNSDGs, with an emphasis on seven of them, under which we conduct all our CSR initiatives. In FY22, our CSR expenditure stood at ₹457.92 Million, with our programmes touching a total of 6.5 Million lives.

A Renewed Focus Towards Climate Action

As a proud signatory to the India CEO Forum on Climate Change, driven by the Government of India's Ministry of Environment, Forest and Climate Change, we continue to accelerate our efforts towards addressing the impact of climate change through new initiatives and mitigation projects. As a responsible business, we have progressively worked towards reduction in our scope 1 and scope 2 emissions, and in FY22, we have taken the initiative to set targets linked to the key material issues of energy and carbon emissions, water, and waste. We propose to achieve a 35% CO₂ reduction in our scope 1 and scope 2 emissions by 2030, considering the baseline year of 2020. Over the last two years, we have been able to reduce our combined scope 1 and scope 2 emissions by about 6.3%. Further, we aim to achieve a 10% reduction in our water consumption by 2025, considering the baseline year of 2020, and aim to co-process 30% of hazardous waste by 2025. Our water management 'programme' has helped us to minimise our water footprint, reducing water withdrawal intensity by 21%. In line with our vision of reducing carbon emissions, we increased our dependency on steam purchased (generated through biomass) and power purchased from renewable sources. We have increased the share of renewable energy in our operations from 22% to 31% over the last two years, which has helped us in reducing our carbon emission intensity over the last two years.

We continue to place great emphasis on the principles of 4R (reduce, reuse, recycle, and recharge) to aid our ambition of water conservation. In our effort to alleviate any negative environmental impact through wastewater generated, we have been implementing ZLD systems at many of our manufacturing facilities. Currently, 18 of our manufacturing locations have ZLD status.

Enhancing Sustainability Performance

Our future will demand increased commitments towards climate resilience and responsible business operations. We will continue to remain focused on integrating our ESG priorities into our long-term business strategy. I have great confidence in Sun Pharma's ability to drive positive value creation for our business, communities, and the environment. Together, we will leverage our global presence to drive a wider sustainability impact.

Warm regards,

Dilip Shanghvi
Managing Director