

Supply Chain Management

Focusing on Supply Chain Efficiency

Product accessibility is integral to sustainable value creation for all stakeholders. To achieve this, we have implemented a robust supply chain management system that combines logistics, procurement, production planning, and inventory management, ensuring efficiency, and reliability at every step.

Our supply chain management system works diligently to ensure that we manufacture and supply products in line with market demand⁴².

To ensure efficiency and effectiveness, we regularly review our procurement and supply chain policies, systems, and processes

under the supervision of senior management. These evaluations are conducted to align our operations with the industry’s best practices and strategic objectives, allowing us to identify areas for improvement, and enhance our overall processes.

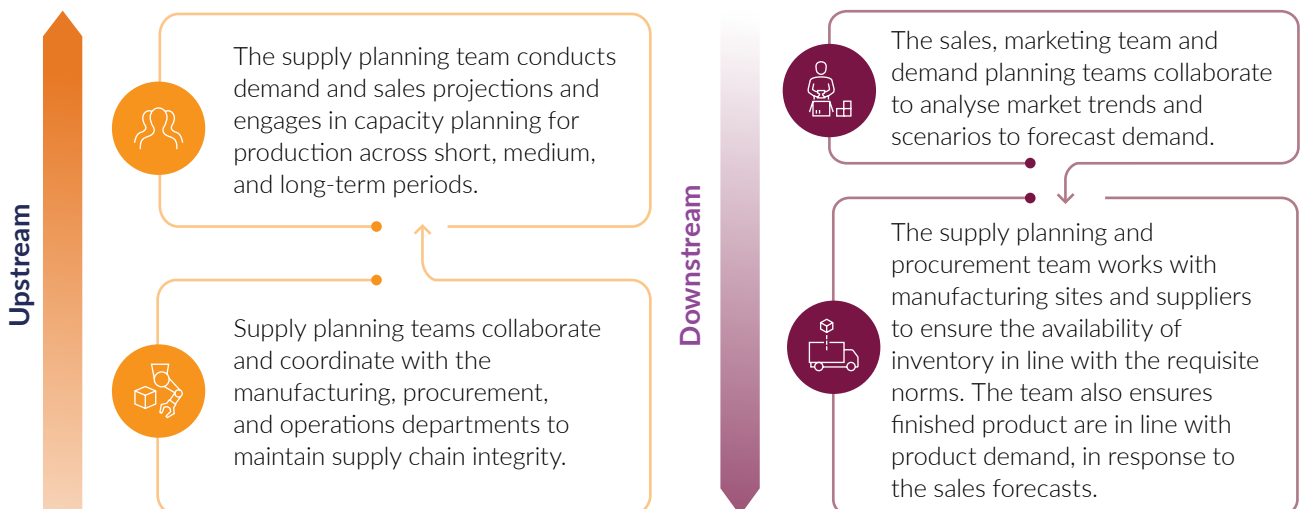
Through a robust, cross-functional approach to supply chain

management, we are committed to optimising resource utilisation, reducing waste, and streamlining operations. This strategy ensures timely delivery of medicines to patients. By enhancing access to healthcare while promoting the sustainability of our operations, we reaffirm our commitment to the well-being of the patients we serve.

Supply Chain Approach – Foundational Pillars

Procurement	Planning and Inventory Management	Distribution, Logistics & Finished Goods Delivery
<p>Our procurement team ensures a continuous supply of raw materials, primary and secondary packaging materials, and finished formulations. This approach supports the development and production of APIs and formulations to ensure their availability in the targeted markets.</p>	<p>Our integrated management system uses Distribution Requirement Planning (DRP), Market Requirement Planning (MRP), and other planning insights to evaluate inventory needs and efficiently monitor supply chain operations.</p>	<p>Our distribution and logistics team ensures the timely delivery of finished goods and services by efficiently coordinating with the supply chain team.</p>

An Overview of our Supply Chain Operations⁴³



In FY24, there were no significant changes or modifications to our supply chain.

⁴²GRI 3-3 | ⁴³GRI 2-6

- ☰
- I
- II
- III
- IV
- V
- VI
- VII
- VIII

Effective Supply Chain Monitoring

At Sun Pharma, we have established a comprehensive monitoring framework in our supply chain processes to identify, evaluate, and mitigate potential risks that may arise throughout our operations. Our systematic approach employs specific principles and checklists to evaluate risks and enable us to proactively develop targeted strategies to address any identified challenges.

We conduct regular evaluations of our vendors as a part of our monitoring process, making sure there is full coverage of all critical suppliers by Critical Quality Attributes (CQA) audits, every three years. During the reporting year, we carried out screening for our vendors, evaluating their adherence to a broad range of ESG indicators. These indicators encompass legal compliance, safety standards, respect for human rights, labour practices, working conditions, and environmental sustainability. We also organised



knowledge-sharing sessions with external experts focused on our supplier Environmental, Social, and Governance (ESG) programmes.

In order to strengthen our dedication to ESG principles across our business operations, we have established

a Supplier Code of Conduct. We expect all third-party vendors, suppliers, and business partners to adhere to the principles outlined in the Supplier Code of Conduct.

Initiatives

- Systematic suppliers and inventory reviews per guidelines
- Assessment of 100+ suppliers to ensure compliance with ESG parameters through desk-based audit
- Sourcing essential materials from diverse suppliers
- Reviewing compliance management practice and contract performance periodically
- Assessing new suppliers through regular audits aligned with the CQA policy, Supplier Code of Conduct, internal quality parameters, ESG parameters, and relevant regulations
- The Strategic Procurement Committee identifies and prioritises major risks and implements mitigation strategies
- Conducting ESG-focused training and capacity-building workshops for internal stakeholders

Local Sourcing

We aim to locally source whenever feasible to promote and enhance local businesses. For the standalone entity, Sun Pharmaceutical Industries Limited (SPIL), local suppliers accounted for 83% of our procurement⁴⁴.

Local sourcing reduces currency risk exposure by decreasing reliance on imports and fosters partnerships. Local sourcing supports the growth of local industries and economies. By engaging with local suppliers, we actively participate in creation of employment opportunities. Another significant advantage of local sourcing is the reduction of our environmental footprint. Minimising transportation distances decreases carbon emissions associated with long-distance logistics reducing our overall impact on the environment.

⁴⁴GRI 204-1