Reaching People.
Touching Lives.

Translating Sustainability
Commitments into Action

Sun Pharmaceutical Industries Limited
Sustainability Report 2022-23

SUN
PHARMA

Translating Sustainability Commitments into Action

At Sun Pharma, we are focused on leveraging our resources, people and network to usher in a shared and sustainable future for all. We continue to collaborate with our stakeholders to implement solutions that positively impact the society.

We remain steadfast in integrating sustainability initiatives with business and translating our sustainability commitments into action. We have not only set well-defined sustainability goals with a clear roadmap but have also made significant progress towards realising those objectives.

Simultaneously, we are increasing our commitment to sustainability with new initiatives, including climate risk assessment in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) Framework, formulating a biodiversity policy and conducting biodiversity assessment at some of our facilities. We have also become a signatory to the United Nations Global Compact (UNGC), one of the largest corporate sustainability initiatives globally.

Along with new initiatives, we continue to allocate higher resources and make progress on our ongoing plans to reduce our environmental footprint by implementing various energy and water reduction projects, increasing the share of renewable energy in our overall energy mix and focusing on sustainable waste management. On the social front, the Great Place to Work® certification underscores our concerted efforts to foster a progressive and meritocratic workplace. Our Corporate Social Responsibility (CSR) initiatives continue to reach out to underprivileged communities and respond to challenges in healthcare, education, water & sanitation, rural development, and environmental conservation. Our holistic corporate governance framework is focused on going beyond compliance, increasing transparency and fostering reliability, trust and consistency.

As we continue to further align our business strategy with universal ESG principles; integrity, accountability and transparency remain our guiding philosophy.

Contents

About the Report

This annual Sustainability Report of Sun Pharmaceutical Industries Limited[1] (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715, 'Sun Pharma' (includes its subsidiaries and/or associate companies), headquartered in Mumbai, India, for FY23[2] provides details of our Environment, Social and Governance (ESG) performance from April 1, 2022, to March 31, 2023. This Report aims to offer our stakeholders a comprehensive assessment of Sun Pharma's vision, strategy, and performance on various sustainability parameters.

Reporting Frameworks and Benchmarks

This Report has been developed with reference to the Global Reporting Initiative (GRI) Standards 2021, with linkages to the United Nations Global Compact (UNGC) principles, United Nations Sustainable Development Goals (UN SDGs), Task Force on Climate-related Disclosures (TCFD), and the National Guidelines on Responsible Business Conduct (NGRBC) on the economic, social, and environmental responsibilities of the Company.

Sun Pharma also participates in global ESG rating assessments such as the S&P Global Corporate Sustainability Assessment (CSA) and the Climate Change and Water disclosures of CDP (erstwhile Carbon Disclosure Project), among others.

We have mentioned specific assumptions and methodologies in support of any estimates made in this Report. All our sustainability reports are available on our website.

Scope and Reporting Boundary

The reporting boundary covers 78% of the national and international operating locations of Sun Pharma at the consolidated level, consisting of 38 manufacturing locations and R&D centres[3]. In FY23, we have also published the Business Responsibility and Sustainability Report (BRSR), as mandated by the Securities Exchange Board of India (SEBI). The reporting boundary for BRSR includes all manufacturing and R&D locations within the boundary of the standalone entity, SPIL only. Due to variation in the reporting boundary in the BRSR and this report, the quantitative data and information related to environment, financial, and social sections is not comparable across these two reports.

External Assurance

The Sustainability Report FY23 has been externally assured by DNV Business Assurance India Private Limited[4] (DNV).

Feedback

It is our endeavour to seek feedback on our sustainability performance disclosures from all our stakeholders. Please share your feedback, suggestions and/or queries at: Secretarial@sunpharma.com[5]

[1]GRI 2-1, [2]GRI 2-3, [3]GRI 2-2, [4]GRI 2-5, [5]GRI 2-3

ESG Performance Highlights

Environment

7%
Reduction in absolute and 27% reduction in specific intensity for Scope 1 and Scope 2 emissions compared to baseline year 2020

21%
Reduction in absolute and 38% reduction in specific intensity for water consumption compared to baseline year 2020

32%
Energy sourced from renewable sources

Social

₹852.32 Mn
CSR spend

1 Mn
Lives touched in India through CSR initiatives

Great Place To Work® Certified

Governance

96%
Average Board meeting attendance

56%
Independent Board Directors

67%
of Board members specialising in pharmaceutical industry experience

Message from the Managing Director

Dear Stakeholders[6],

Globally, businesses can play a pivotal role in building a more sustainable and inclusive society. At Sun Pharma, we continue to harness our people's power, expertise and network to deliver sustainable outcomes for all our stakeholders. We are purpose-driven and inspired by our Vision – 'Reaching People And Touching Lives Globally As A Leading Provider of Valued Medicines'.

We strongly believe that the health of our planet is intricately linked with the life on the planet, which in turn is critical for global societal progress. In an increasingly uncertain world, we stand committed to collaborate and co-create solutions with our stakeholders that positively impacts the society.

We are guided by a clear roadmap for our Environment, Social, and Governance (ESG) initiatives. I am proud to share that Sun Pharma has become a signatory to the United Nations Global Compact (UNGC), one of the largest corporate sustainability initiatives globally, further demonstrating our commitment to align our strategy with universal ESG principles and to undertake the requisite steps for further advancing societal goals.

In addition to integrating ESG priorities within our business strategy and operations, we acknowledge the importance of transparent and accurate reporting of progress and future targets on sustainability. I am proud to present our Sustainability Report for the period FY23, which provides critical insights into our sustainability journey, our focus areas, our achievements and our long-term goals.

Environmental Stewardship and Climate Action

At Sun Pharma, we understand the impact our operations can have on the environment. Hence combatting climate change ranks high on our list of priorities. We are committed to addressing the impact of climate change through strategic actions to manage and mitigate carbon emissions associated with our operations and by assessing the climate risk exposure. Our climate change action plans are in line with Nationally Determined Contributions (NDCs) and the Paris Agreement. We are also a signatory to the India CEO Forum on Climate Change which demonstrates our determination to collaborate with fellow leaders in tackling climate-related challenges. We recently initiated a physical and

transition climate risk assessment as per the Task Force on Climate-related Financial Disclosures (TCFD) protocol. We have also carried out a Biodiversity assessment for five of our manufacturing locations. Embracing our role as corporate stewards of the environment, we strive to create a healthier planet for generations to come.

We already have set targets to address Scope 1 and Scope 2 emissions, water consumption, and co-processing of waste. We propose to achieve a 35% reduction in our Scope 1 and Scope 2 emissions by 2030, compared to the baseline year of 2020. Over the last three years, we have reduced our combined Scope 1 and Scope 2 emissions by about 7%. Further, we aim to achieve a 10% reduction in our water consumption by 2025, compared to the baseline year of 2020 and aim to co-process 30% of hazardous waste by 2025. Our water management initiatives have helped us to minimise our water footprint and reduce water consumption by 20.5% compared to the base year of 2020. In line with our goal of reducing carbon emissions, we increased our reliance on steam purchased (generated through biomass) and power purchased from renewable sources. Significant investments have also been made to adopt renewable energy and biomass, and through these efforts, we have been able to increase the share of renewable energy in our overall energy mix to ~32% compared to 22% over last three years.

Workforce Well-being

Our people are the bedrock of our business success. As an organisation with a global reach, we take pride in attracting and retaining a highly diverse and skilled workforce, which drives innovation and fosters synergy, giving us a competitive edge. Nurturing the growth and

well-being of our employees is at the heart of our approach, and we invest significantly in their development.

Through focused training sessions, recognition programmes and ample engagement opportunities, we provide our people with the means to grow and develop their capabilities. Our people-centric philosophy centres on empowering them to reach their fullest potential, building trust and propelling business growth. Our progressive workplace practices have been recognised, as we achieved Great Place to Work Certification in FY23 in India, underscoring our commitment to employee well-being and exemplary people practices.

Ensuring the safety of our workforce is a top priority for us. We make concentrated efforts to secure their well-being and foster a safe and collaborative environment. Comprehensive health and safety training is imparted across all our locations, creating a culture of awareness and responsible behaviour. We strictly adhere to best-in-class safety practices aligned with our Environment, Health, and Safety (EHS) Policy. Moreover, our commitment to workforce safety is reinforced through our ISO 45001:2018 Occupational Health and Safety Management System.

At the heart of our organisation, our people thrive in an environment that encourages growth, nurtures well-being, and ensures their safety. Together, we create a harmonious and successful journey for all, driving us towards a sustainable future.

Social Responsibility and Development

Globally, businesses can play a pivotal role in building a more inclusive society. At Sun Pharma, we continue to leverage our resources, people and reach to serve the underprivileged communities. We implement focused and socially responsible initiatives with the objective of holistic development of our local communities. Our focus areas for such initiatives include healthcare, education, water and sanitation, environment conservation, rural development and disaster relief.

[6]GRI 2-22

In FY23, we spent ₹ 852.32 Million on our Corporate Social Responsibility (CSR) initiatives, touching more than 1 Million lives across more than 1,000 habitations in India.

Our aim remains to drive care, compassion and inclusion within and amongst communities. Aligned with our purpose and vision, we remain committed to the United Nations Sustainable Development Goals (UN SDGs). Our socially responsible programmes are strategically designed to contribute towards the realisation of these vital global objectives.

Strengthening Access to Healthcare

Access to healthcare is an inherent human right, and we stand resolutely committed to our core values of delivering high-quality medicines across our diverse product portfolio, at affordable prices, to positively impact lives. Our extensive network of 43 manufacturing facilities spanning six continents, and our presence in over 100 countries, enable us to cater to unmet patient needs. We continue to invest in R&D to develop new and innovative molecules and improve accessibility. In FY23, we invested ₹23.68 Billion on R&D (~5.5% of sales), demonstrating our commitment towards new product development and innovation.

Our pursuit of better patient outcomes drives us to actively seek collaborations, engage with healthcare providers, and address the unmet medical needs of patients. By fostering these partnerships and collaborations, we strive to make a meaningful impact on the well-being of patients, targeting a healthier and more inclusive future for all.

Sustaining Commitment to Product Safety and Quality

As a leading pharmaceutical manufacturer, we prioritise the quality and safety of our products. These are deeply ingrained in our business operations and product portfolio, from design to delivery. Many of our facilities are approved by regulatory agencies like USFDA, EMEA, MHRA, WHO, etc. We also

hold ISO 9001:2015 certification for many of our sites. We adopt a proactive 'beyond compliance' approach to risk management, product quality and assurance. Supported by a strong Quality Management System, we deliver products that are safe and effective.

Our global pharmacovigilance team, supported by a strong Quality Management System (QMS) helps us to ensure delivery of safe, effective, easy-to-use products for all our customers. Our quality and safety practices are also cascaded to our supply chain by various best practices, governance, and control adaptations through our Global Code of Conduct, Supplier Code of Conduct, and Quality Audits. In FY22, we had revised our Critical Quality Attributes (CQA) audit checklist for our vendors to include ESG parameters.

Looking Ahead

The success of our ESG strategy relies on our commitment to continuous improvement. Our future will demand increased focus towards climate resilience and responsible business operations. We will continue to remain focused on integrating our ESG priorities into our long-term business strategy. We will also proactively engage with our stakeholders, seek their feedback, and collaborate with industry peers and other experts to identify opportunities to drive positive change.

By fostering a culture of innovation, responsibility, and accountability, governed by a strong emphasis on ethical, transparent and responsible practices, we aim to contribute positively to the development of a sustainable future for all.

I extend my sincere gratitude to our employees, customers, partners, and shareholders for their unwavering support and belief in our sustainability journey. Together, we can create a brighter and healthier future for generations to come.

Dilip Shanghvi
Managing Director
Sun Pharmaceutical Industries Limited

About Sun Pharma

Enriching Lives Everyday

We are a leading global specialty generic pharmaceutical Company with over US$5.4 Billion in revenues. We provide high-quality, affordable medications trusted by healthcare professionals and patients in 100+ countries, backed by 43 manufacturing facilities and strong R&D capabilities. We manufacture and distribute a diverse and wide range of pharmaceutical formulations for both chronic and acute therapies comprising generics, branded generics, specialty, complex or technology-intensive products, over-the-counter (OTC) medications, antiretrovirals (ARVs), active pharmaceutical ingredients (APIs), and intermediates.

We are an innovation-centric pharmaceutical Company committed to making impactful efforts towards building a sustainable world.

Our Vision

Our approach to business operations and long-term value creation is governed by our vision and supported by our value system.

Reaching people and touching lives globally as a leading provider of valued medicines

Sunology

At Sun Pharma, we place strong emphasis on creating the right culture to generate positive impact through four foundational components constituting our 'Sunology', or way of life.

Humility   **Integrity**   **Passion**   **Innovation**

Growth Strategy

Living up to our rich legacy as a leading pharmaceutical Company, we are committed to long-term business growth and development for all our stakeholders. Since inception, we have invested in four growth drivers and focused on four critical components to achieve our growth strategy and sustain successful business outcomes.

Growth Drivers

Research & Development and Manufacturing

Workforce

Portfolio

Geographical Reach

Critical Components

Sustainable Growth

Enhancing Business Development

Cost Leadership

Balancing Profitability and Investments for the Future

Ensuring Better Health Outcomes Globally

We put the health of our patients first and strive to improve and augment the world's healthcare system by building a robust portfolio of cutting-edge and affordable pharmaceutical products.

43,000+
Employees worldwide
(including executives on contract)

43
Manufacturing facilities
across six continents

Mumbai
Headquarters

100+
Market presence

Specialty Business

- Focus on building a global specialty business in select therapy areas like dermatology, ophthalmology and onco-dermatology
- Portfolio of 26 products marketed globally
- Portfolio expansion through organic and inorganic efforts
- Specialty R&D pipeline includes five molecules at different stages in clinical trials

~16%
Share of consolidated sales contributed by the Specialty Business in FY23

USA

- Ranked tenth in the US generics market as per IQVIA data
- Presence in generics, branded, and OTC segments
- Wide basket of 616 abbreviated new drug applications (ANDAs) and 67 new drug applications (NDAs) filed; 519 ANDAs and 54 NDAs approved across multiple therapies

₹135,353 Mn
FY23 Sales

India

- #1 Company in the Indian pharmaceutical market, with an 8.3% market share and 32 brands in the country's top 300 pharmaceutical brands, per All Indian Origin Chemists & Distributors (AIOCD) data
- Market leader in the chronic segment and strong positioning in the acute segment
- #1 ranking by prescriptions with 12 different classes of doctors as per SMSRC data

₹136,031 Mn
FY23 Sales

Emerging Markets

- Presence in ~80 countries
- Among the largest Indian pharmaceutical companies in emerging markets
- Focus markets: Romania, Russia, South Africa, Brazil, and Mexico

₹78,977 Mn
FY23 Sales

Rest of the World

- Presence across Western Europe, Canada, Israel, Japan, Australia and New Zealand
- Product portfolio includes specialty, hospital, and retail products

₹60,426 Mn
FY23 Sales

API

- Portfolio of ~380 APIs manufactured across 14 facilities
- 380 DMF/CEP approvals to date
- 489 DMF/CEP filings to date

₹19,724 Mn
FY23 Sales

Global Consumer Healthcare Business

- Among the top-five consumer healthcare companies in India
- Presence in 25+ countries
- Strong brand equity in four countries

Financial Performance[8]

Delivering Sustained Profitable Growth

We strive to enhance our key competencies to serve communities in the global markets with our portfolio of value-added products leading to sustained health outcomes. To deliver long-term value to our shareholders and stakeholders, we are committed to optimising efficiency, cash flows, and cost structure while we continue to grow our worldwide business.

Total Assets (in ₹ Mn)
807,436

FY23	**807,436**
FY22	698,078
FY21	676,667
FY20	682,436

Total Investments (in ₹ Mn)
43,113

FY23	**43,113**
FY22	36,185
FY21	33,200
FY20	35,156

Revenues (in ₹ Mn)
445,202

FY23	**445,202**
FY22	395,760
FY21	343,337
FY20	334,735

Operating Costs (in ₹ Mn)
239,429

FY23	**239,429**
FY22	209,559
FY21	181,445
FY20	194,854

Dividend Yield (%)
1.17

FY23	**1.17**
FY22	1.09
FY21	1.25
FY20	1.14

Economic Value Distributed (in ₹ Mn)
368,851

FY23	**368,851**
FY22	309,535
FY21	277,491
FY20	288,914

Employee Wages and Benefits (in ₹ Mn)
82,960

FY23	**82,960**
FY22	73,008
FY21	68,622
FY20	63,624

Payment to Providers of Capital (in ₹ Mn)
26,917

FY23	**26,917**
FY22	22,965
FY21	17,276
FY20	17,021

Economic Value Retained (in ₹ Mn)
76,351

FY23	**76,351**
FY22	86,225
FY21	65,846
FY20	45,821

Community Investments (in ₹ Mn)
852

FY23	**852**
FY22	458
FY21	575
FY20	214

Profit for the Year (in ₹ Mn)
84,736

FY23	**84,736**
FY22	37,272
FY21	29,038
FY20	37,649
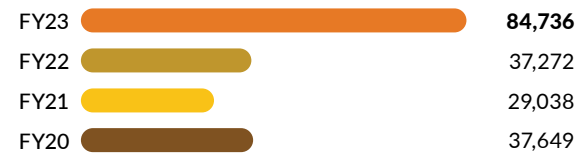
Net Debt-to-Equity Ratio (x)
(0.25)

(0.25)	FY23
(0.35)	FY22
(0.25)	FY21
(0.17)	FY20

Market Capitalisation (in ₹ Mn)
2,358,752

FY23	**2,358,752**
FY22	2,194,880
FY21	1,434,322
FY20	845,286
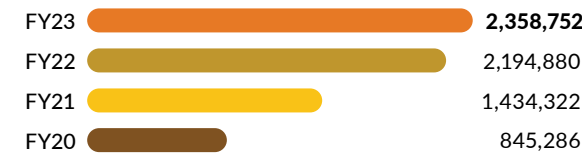
Payments to Governments (Current Income Tax) (in ₹ Mn)
18,692

FY23	**18,692**
FY22	3,544
FY21	9,573
FY20	13,201

[8]GRI 201-1

Corporate Governance

Going Beyond Compliance

Our corporate governance approach, characterised by quality, reliability, trust, consistency and innovation, is embedded in our value system. Maintaining the highest standards of ethical business conduct is central to our efforts to create shared value for all our stakeholders. Upholding ethical business conduct fosters transparent and accountable communication with all stakeholders, facilitating responsible and sustainable decision-making.

Global Code of Conduct

Our Global Code of Conduct (GCoC)[9] is the central mechanism that regulates our robust corporate governance approach. Deeply entrenched in our values, our GCoC provides fundamental guidance on the manner and mode of upholding the highest standards of responsible conduct across our business operations and value chain[10]. The GCoC is the governing document concerning all business activities, applicable to all employees as well as the Board of Directors. Further, all business partners, including suppliers, service providers, agents and channel partners, are expected to adhere to the principles of the GCoC.

Features of our GCoC

Code for Independent Directors	Conflict of Interest	Competition Law Compliance	Anti-bribery and Corruption
Honest and Ethical Conduct and Fair Dealing	Anti-Money Laundering	Whistleblower Policy	Protection of Confidential Information
Privacy Policy	Prohibition Against Company Political Contributions	Public Policy Advocacy	Prevention of Sexual Harassment
Non-discrimination	Human Rights	Environmental Policy	Interaction with Healthcare Professional (HCP) Policy

As enshrined in our GCoC, we have a strict, no-tolerance approach to bribery and corruption. We maintain strict vigilance across our business operations to prevent any such instances[11]. Employees are provided with training on the GCoC and must maintain strict adherence to the same[12]. For FY23, there have been no instances of bribery, corruption, anti-competitive, antitrust and monopoly practices[13].

Board of Directors

At Sun Pharma, we have a top-down approach to drive and achieve excellence in our operations. Our diverse Board of Directors[14] represents this approach, consisting of highly motivated and dedicated industry experts. The Board and its committees maintain strict oversight over the implementation of the GCoC, Company policies and processes, and compliance with local laws and regulations[15]. This approach demonstrates our commitment to implementing responsible business practices across our operations and the value chain.

Our Board comprises nine members, of which five are Independent Directors including one female Independent Director. Of our total Board strength, three Non-executive/Independent Directors hold specific experience in the pharmaceutical industry. Further details of the Board of Directors' skills and expertise can be found on page 60 of our Annual Report.

The average tenure of our Board of Directors is 10.22 years. All Independent Directors meet the criteria set out in the Companies Act 2013 and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations). Aligned to regulation 16 (b) of the Listing Regulations, an Independent Director means a Non-executive Director other than a Nominee Director and who is not related to the Promoter of the Company and who does not have any material pecuniary relationship with the Company, etc.

In FY23, we held six Board meetings with an average attendance rate of 96.3%. All Directors must attend at least 75% of meetings on a best-effort basis, effective April 1, 2023. To enhance transparency, all Board members undertake an annual self-review of the Board's performance[16]. Four of our Non-executive/Independent Directors hold less than four mandates with other listed companies. Non-executive or Independent Directors are restricted to seven mandates as per SEBI requirements. Aligned to the Companies Act 2013 requirements, one-third of all Non-independent Directors retire by rotation and are re-elected every year. Independent Directors are appointed for a specific period[17].

Corporate Governance (continued)

The Board is responsible for driving our vision, achieving the most sustainable results and delivering impactful shared value to all our stakeholders[18].

As the Business Responsibility Head, Mr. Sailesh Desai, a Whole-time Director, has been mandated to implement all sustainability-related initiatives and processes effectively[20]. We have formalised the Delegation of Authority (DoA) that provides for a robust framework, clearly outlining the responsibilities of key personnel. One of the mandates of the DoA is to support the integration of ESG and sustainability-related principles across our business through periodic board oversight on key functional areas of finance, environment, safety, procurement, human resources, and community

development, among others. Further details of the Board of Directors' skills and expertise can be found on page 60 of our FY23 Annual Report[19].

The remuneration of the Managing Director and Whole-time Director(s) is approved by the Board, as per the recommendation of the Nomination and Remuneration Committee, within the overall limit fixed by the shareholders at their meetings. The Company's Non-executive Directors are entitled to sitting fees of ₹100,000 for attending each meeting of the Board and/or of the Committee[21]. The Board of Directors periodically determine payment of Commission to the Independent Directors considering various factors including but not limited to the amount of time spent by each of the Directors on the Board processes.

Remuneration Paid/Payable to the Directors of the Company for FY23

[22]Ratio of remuneration of each Director to median remuneration of employees and increase/(decrease) in Remuneration in % can be found on page 40 of our FY23 Annual Report.

(in ₹)

Director	Salary	Bonus	Prerequisites/ Benefits	Sitting Fees	Commission to Independent Directors	Total
Israel Makov*				500,000		**500,000**
Dilip S. Shanghvi	41,008,680	8,201,736	5,324,493	-	-	**54,534,909**
Sailesh T. Desai	14,397,816	2,879,563	2,447,980	-	-	**19,725,359**
Kalyanasundaram Subramanian**	58,704,217	4,034,673	2,559,983	-	-	**65,298,873**
Sudhir V. Valia				1,900,000	-	**1,900,000**
Gautam Doshi				2,800,000	4,800,000	**7,600,000**
Pawan Goenka				3,400,000	5,100,000	**8,500,000**
Rama Bijapurkar				800,000	4,000,000	**4,800,000**
Sanjay Asher***				500,000	1,666,667	**2,166,667**

* Mr. Israel Makov retired and ceased to be the Chairman and Director of the Company upon the conclusion of the 30th Annual General Meeting held on August 29, 2022.

** Mr. Kalyanasundaram Subramanian retired and ceased to be the Director of the Company effective February 13, 2023.

*** Mr. Sanjay Asher is appointed as an Independent Director of the Company for a term of November 1, 2022, till March 31, 2025.

Board of Directors

Dilip S. Shanghvi
Managing Director

Dr. Pawan Goenka
Lead Independent Director

Gautam Doshi
Independent Director

Rama Bijapurkar
Independent Director

Sudhir V. Valia
Non-executive and Non-independent Director

Sanjay Asher
Independent Director

Rolf Hoffman
Independent Director[23]

Aalok D. Shanghvi
Whole-time Director[24]

Sailesh T. Desai
Whole-time Director

■ Audit Committee

■ Corporate Governance and Ethics Committee

■ Corporate Social Responsibility (CSR) Committee

■ Nomination and Remuneration Committee

■ Risk Management Committee

■ Stakeholders' Relationship Committee

[23]Appointed effective from June 15, 2023, [24]Appointed effective from June 1, 2023

Corporate Governance (continued)

Committees of the Board

The Board has constituted six committees[25] with clearly defined roles and responsibilities to ensure that every issue is effectively dealt with, and diverse matters are resolved expeditiously. These committees meet at regular intervals in terms of a pre-set cadence, deliberate on matters of technical or specialist nature and provide counsel and advice to the Board[26]. Through their overarching approach, these Committees also provide oversight to evaluate and implement some ESG-related topics.

Audit Committee

The Audit Committee oversees the Company's financial reporting process, reviews the internal financial controls, risk management system, whistleblower/vigil mechanism, and effectiveness of the audit process, in addition to establishing a connection between the internal and external auditors and the Board of Directors approval of transactions with related parties, evaluation of internal financial controls and risk management systems, among others.

Corporate Governance and Ethics Committee

The Corporate Governance and Ethics Committee monitors the Company's compliance with Corporate Governance guidelines, make recommendations to the Audit Committee and thereby to the Board on all such matters and corrective actions, if any, to be undertaken, review and ensure implementation of ethical standards and best practices in respect of Corporate Governance.

Corporate Social Responsibility (CSR) Committee

The CSR committee's primary function is formulating the annual action plan and giving recommendations to the Board regarding the amount of expenditure to be incurred on CSR. It also monitors and reviews the utilisation of the funds on various CSR-related activities and projects as per the CSR policy of the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee reviews and approves the Remuneration Policy[27] and formulates the criteria for evaluating the Independent Directors. The Board recommends and approves remuneration to Whole-time Directors, and all remuneration in whatever form, payable to senior management, identifies persons who are qualified to become directors and who may be appointed in senior management as per the criteria laid down and recommend to the Board the appointment or removal of such persons, among others.

Risk Management Committee

The Risk Management Committee works for the implementation of the Risk Management Policy in addition to reviewing and assessing the risks and subsequent mitigation plan. The Committee evaluates the adequacy of risk management systems. It reviews processes for internal control of identified risks and business continuity plan and ensures that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

Stakeholders' Relationship Committee

The primary function of the Stakeholder's Committee is to solve the problems of security holders of the Company and review the adherence to the standards and measures of the services provided. This committee also undertakes measures for reducing the quantum of unclaimed dividends.

Policies

In addition to a strong governance structure, our robust policies provide a detailed framework for responsible business conduct across our operations and value chain. These policies outline clear expectations from all our employees and business partners and act as guiding documents for various business activities.

Global Code of Conduct	Policy on Material Subsidiaries	Legal Compliance Policy	Risk Management Policy
Policy on Materiality of and Dealing with Related Party Transactions	Policy of Determining Materiality of Events and Information	Remuneration Policy	Dividend Distribution Policy
Fair Code of Disclosure	Global Whistleblower Policy	Business Responsibility and Sustainability Reporting Policy	Corporate Social Responsibility Policy
Board Diversity Policy	Supplier Code of Conduct	Human Rights Policy	Tax Policy

Grievance Redressal

We are committed to redressing all grievances of all our stakeholders in a timely and secure manner[28]. Our Global Whistleblower Policy provides a safe mechanism for all stakeholders to report any misconduct or violation of our GCoC and other Company policies. We encourage all stakeholders to report misconduct or grievance without the fear of retaliation. Our website (https://sunpharma.com/contact/) gives an option for our stakeholders to file complaints/grievances related to product quality and adverse events.

For shareholders, we provide for a separate grievance redressal procedure through the Registrar and Share Transfer Agents as prescribed by SEBI. In FY23, the Company received 34 shareholder complaints and duly resolved these within the reporting period. We received four complaints on sexual harassment for the reporting year, and remedial action has been implemented, aligned to the Prevention, Prohibition and Redressal of Sexual Harassment Policy as outlined in the GCoC[29].
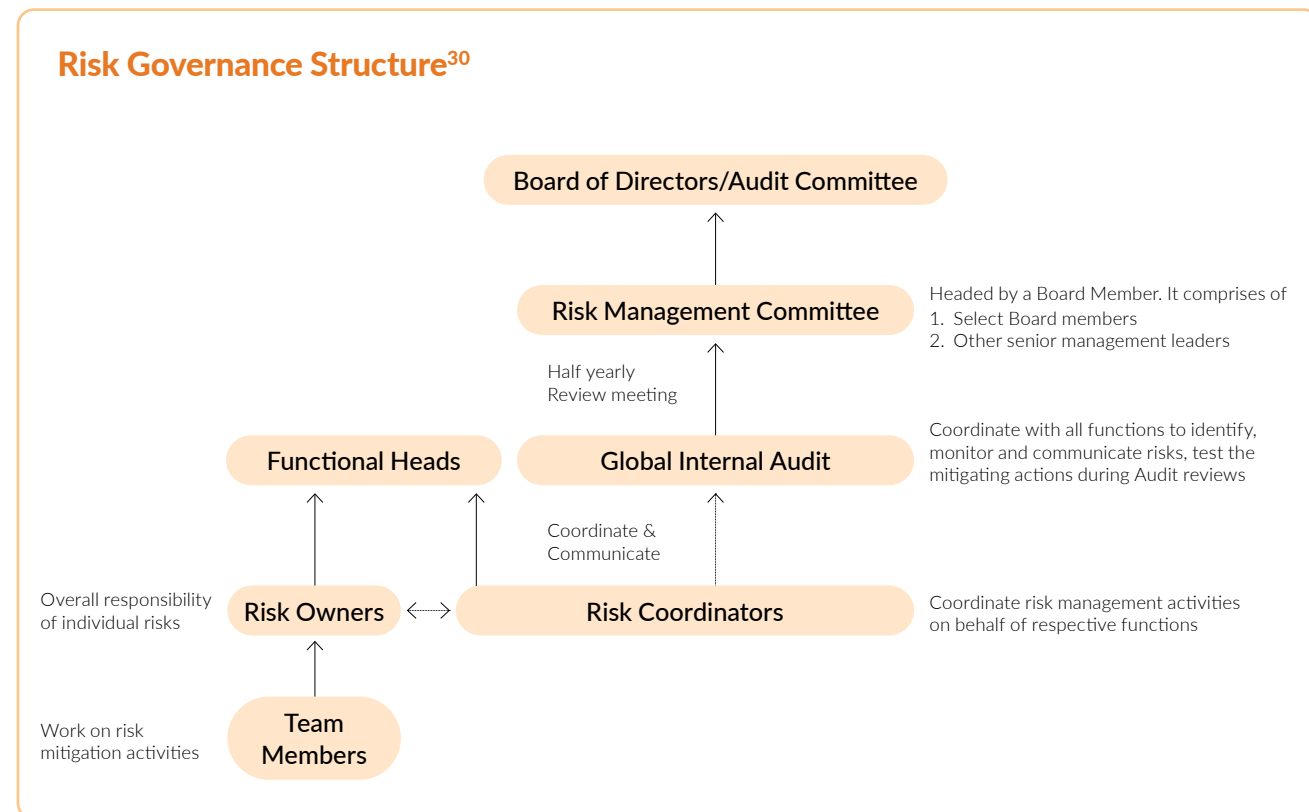
Strategic Risk Management

Focus on Risk Mitigation

At Sun Pharma, risk management is entrenched within our corporate strategy. The focus is on risk assessment, mitigation and de-risking while simultaneously enhancing risk management capabilities.

From strategic and regulatory risks to financial, operational and market risks, we remain exposed to many uncertainties owing to the nature, expanse, and location of operations worldwide. Through our Enterprise Risk Management (ERM) framework, we closely monitor, analyse, and mitigate these risks. Guided by a comprehensive risk governance mechanism, our integrated risk management approach enables us to successfully navigate current and emerging risks while pursuing our business objectives with resilience and fortitude.

Our Enterprise Risk Management Framework

Our Enterprise Risk Management (ERM) framework lays the foundation for our risk monitoring and response mechanism, designed with the interests of internal and external stakeholders. Moreover, we have integrated various pertinent and insightful practices recommended by the ISO 31000:2018 and Treadway Commission's Committee of Sponsoring Organizations (COSO) to strengthen our commitment to excellence in risk management processes and frameworks. The ERM framework (depicted below) is applicable across all our business units, subsidiaries, regions, and support functions.

Risk Governance Structure[30]

Board of Directors/Audit Committee

Risk Management Committee
Headed by a Board Member. It comprises of
1. Select Board members
2. Other senior management leaders

Half yearly Review meeting

Functional Heads

Global Internal Audit
Coordinate with all functions to identify, monitor and communicate risks, test the mitigating actions during Audit reviews

Coordinate & Communicate

Overall responsibility of individual risks

Risk Owners ⟷ Risk Coordinators
Coordinate risk management activities on behalf of respective functions

Work on risk mitigation activities

Team Members

[30]For detailed information about the roles and responsibilities of each stakeholder, please refer to the Company's synopsis of Enterprise Risk Management Policy available at https://sunpharma.com/wp-content/uploads/2022/08/Sun-Pharma-Risk-Management-Policy-Synopsis-May-2022.pdf

---

At Sun Pharma, risk management is undertaken through a cross-functional approach to facilitate cohesion in the response and management of risk incidents. The Board of Directors have constituted a Risk Management Committee (RMC) with the overall risk management responsibility. The RMC also assesses the adequacy of mitigation plans to address the risks identified in the Company's risk register. Furthermore, the Global Internal Audit team coordinates with all business teams to identify, monitor and communicate risks and test the effectiveness of mitigation strategies during audit reviews.

Our materiality assessment process also enables us to capture stakeholder views on their perception of the pertinent topics for our business. This approach also allows our management to consider external views while reviewing the risk register. It enables us to prepare risk responses to the material topics that can impact our ability to preserve, create or erode the value-creation potential of our business. We review our material topics annually with the senior management to assess any changes in the global macroeconomic trends, business landscape or strategy, which might necessitate the addition, relegation, or re-prioritisation of specific topics.

We also ensure that responsible personnel have the necessary knowledge and skills for effective risk management. In compliance with the requirements of Regulation 25(7) of the Listing Regulations, the Company has put in place a Familiarisation Programme for the Independent Directors to acclimatise them with our Company, their roles, their rights, responsibilities towards the Company, the nature of the industry in which our Company operates, and our business model. Currently, five Non-executive/Independent Directors have experience in risk management.

Risk Management Approach

We promptly escalate new risks and review the existing ones at least twice a year or more if necessary. If an adverse incident materialises, the Company management promptly communicates with all relevant stakeholders. Updates are shared with the Board depending on the event's criticality. Additionally, every six months, the Risk Management Committee is briefed on newly identified key emerging risks, ensuring a dynamic risk management approach and transparency in risk outlook.

Risk Identification

Our functional heads identify internal and external events that may impact our Company's operations. These risks are logged in a risk register, capturing key details such as risk descriptions, root causes, and existing mitigation plans.

Risk Assessment

The identified risks are carefully evaluated and prioritised based on their estimated likelihood of occurrence and magnitude of impact. The assessment follows our risk prioritisation criteria and aligns with our defined risk appetite. This process helps us prioritise the most critical risks.

Risk Treatment and Mitigation

With ownership assigned, the risk owners develop clear mitigation plans with specific action steps and timelines. These plans are presented to senior management for their approval and support.

Risk Monitoring

Our management establishes a well-defined and periodic risk review process to monitor the risks and their mitigation plans. For the key risks, the Risk Management Committee reviews the status of action plans agreed upon. Regular updates on risk-related matters are provided to the Risk Management Committee, enabling informed decision-making and promoting effective risk governance.

Strategic Risk Management (continued)

ERM Framework

Risk Identification

Risk Assessment

Risk Mitigation

Risk Treatment

Sun Pharmaceutical Industries Limited

Strategic Process | Operational Process | Support Process

ISO 31000: 2018 – Risk Management Principles and Guidelines

Risk Policy

Strategic Risks | Financial Risks | Operational Risks | Governance Risks

Board of Directors | Audit Committee | Risk Management Committee

Key Risks

Following the management's extensive assessment, we have identified significant risks that may impact our business operations, financial performance, and overall success. Below is a summarised account of the key risks and the impact(s) that merit careful consideration of the organisation's exposure to these risks. The list of mitigation actions is not exhaustive. It only indicates the comprehensive approach we take to manage the risks.

Corporate Governance and Business Ethics

Description
Addresses the requirements of maintaining a high standard of compliance across diverse markets, staying updated with evolving regulations, and upholding and enforcing ethical business practices.

Potential Impact

Failure to maintain the highest corporate governance and business ethics standards may lead to regulatory repercussions and financial and reputational loss.

Mitigation

We reduce non-compliance risk, ensure regulatory compliance across our operations/markets through proactive interaction with regulatory organisations.

We ensure all employees strictly adhere to the Company's policies through regular training on business ethics and code of conduct. We also strongly emphasise our quality control

measures in operating locations to ensure cGMP compliance.

We maintain accurate books and records and sufficient internal controls to abide by all applicable anti-bribery laws, including the U.S. Foreign Corrupt Practices Act (FCPA) and the local laws in every country in which we undertake business.

Product Quality, Safety and Recall Management

Description
Ensuring the safety of our products throughout their lifecycle. It includes issues such as adverse event reporting, compliance with Good Manufacturing Practices (GMP) regulations, and communication of safety-related information.

Potential Impact

Any major issues identified in product quality and safety may result in recalls and warnings from regulatory agencies, leading to temporary disruption of operations and brand/reputation loss. It may also expose us to litigation risks, fines, and penalties.

Mitigation

We ensure strict adherence to global quality standards and procedures.

We employ robust and centralised pharmacovigilance processes encompassing detailed SOPs that ensure efficient surveillance and reporting of adverse events in compliance with regulations, including the Narcotic Drugs and Psychotropic Substances (NDPS) Act.

We consistently invest in technological interventions, training on cGMP standards, automation and digitalisation, and employee capacity-building.

We undertake periodic quality reviews of third-party suppliers.

We implement brand protection (IP and trademark) and anti-counterfeit measures to ensure the authenticity of our products in the market.

Cybersecurity and Data Privacy

Description
Vulnerabilities arise from legacy systems, lack of regular technology updates, and potential cyber threats from hackers and data breaches that compromise sensitive information and digital assets.

Potential Impact

The lack of a robust data integrity and security mechanism could increase the rate of data breaches and result in the loss of valuable data that may harm the business. Customer/stakeholder data breaches may expose us to litigations, fines, and penalties.

Mitigation

To avoid breaches related to the Company and stakeholders' data, the vulnerability of our technology and IT systems is evaluated regularly.

We have processes and guidelines that ensure compliance with data security and privacy laws, such as the General Data Protection Regulation (GDPR).

We implement perimeter security, IT monitoring systems, antivirus, and patch management to mitigate the risks associated with cybersecurity and data breaches. We have also conducted cybersecurity training for our employees. We also enhance awareness of our employees via periodic internal e-mails related to safe practices surrounding data security, protection against potential phishing emails, and prevention of hacker attacks.

Strategic Risk Management (continued)

Human Capital Development

Description
Attention and investment towards talent management initiatives, including talent acquisition, retention, development, employee well-being and satisfaction, is imperative.

Potential Impact — **Mitigation**

As our business depends on our people's well-being, failure to meet/exceed employee expectations may harm the Company's employee retention rate, productivity, and business continuity, impacting the Company's growth.

We have multiple initiatives to attract and retain talent through development programmes encompassing global talent management, competitive remuneration, inclusive work culture, and other employee benefits programmes.

We have a formal succession planning programme for all leadership positions.

We ensure employee skill enhancement through continuous training and development.

Product Access and Affordability

Description
Addressing impediments related to product portfolio, product accessibility, and pricing is paramount.

Potential Impact — **Mitigation**

In the long run, the inaccessibility of products and the inability to expand geographically might negatively impact the Company's brand value and long-term growth.

We focus on establishing a robust and diversified product portfolio by enhancing cross-functional synergies, organisational capabilities, project management, and governance focused on product identification, development, planning, and launch.

We are strengthening the in-licensing and out-licensing of products.

We prioritise developing and commercialising complex generics and specialty products, among others.

We focus on operational excellence programmes to enhance yields, ensure supply chain continuity, and maintain adequate inventories.

Climate Change

Description
Ineffective management of greenhouse gas (GHG) emissions may expose the Company to climate-related physical and transition risks, which might disrupt operations and affect business continuity.

Potential Impact — **Mitigation**

Potential immediate physical risks to our operations may damage our assets, leading to business interruptions and increased expenses for repairing and restoring damaged sites.

The transition risks associated with climate change could also result in more stringent regulations in the countries of our operations and exports, leading to higher compliance costs or investment costs in newer technologies.

Failure to adapt to the adverse impacts of climate can also lead to a loss of reputation and stakeholder trust.

We have taken a target to reduce 35% of GHG emissions (covering Scope 1 and Scope 2) by 2030 compared to the baseline year of 2020.

We also conduct climate risk assessments across our operations to evaluate physical and transition risks.

We are continuously exploring avenues to reduce our reliance on fossil fuels by increasing the share

of biomass, procuring renewable energy, and implementing energy efficiency initiatives to optimise our energy consumption, by increasing energy efficiency at our operation, initiating energy reduction projects, procuring renewable fuels including biomass, shifting power from non renewable to renewable source.

Environmental Impact Management

Description
Focused efforts for efficient water usage, reduced waste generation, and proper disposal demonstrate the Company's commitment to a sustainable future and a healthy planet.

Potential Impact — **Mitigation**

Failure to manage environmental impacts can lead to adverse legal, regulatory, and financial consequences, loss of reputation and stakeholder trust, ultimately leading to a loss of operating license.

We continuously identify opportunities to manage its environmental impact. We have established targets for water conservation and waste management. We aim to reduce water consumption by 10% by 2025 and co-process 30% of hazardous waste by 2025 compared to the baseline year of 2020.

We are continuously monitoring our performance on water and waste parameters. We focus on efficient water consumption, reducing water withdrawal, and increasing water recovery.

For waste management, we focus on improving the share of recycling and reuse within our operations and co-processing hazardous waste.

We have established a robust Environment, Health, and Safety (EHS) policy and requisite procedures that ensure compliance with Central Pollution Control Board guidelines and local regulatory mandates stipulated by the relevant State Pollution Control Boards.

Strategic Risk Management (continued)

Sustainable Supply Chain and Responsible Procurement

Description
Any supply chain disruption may impact business continuity or product quality, and the risk of non-substitutable suppliers can affect the availability of critical raw materials.

Potential Impact — **Mitigation**

Long-term commercial partnerships with suppliers may be impacted if suppliers do not comply with various social, environmental and safety standards, leading to a loss of business value.

Non-substitutable and critical raw material suppliers may impact the business in case of any unforeseen disruptions.

We continuously explore opportunities to de-risk the supply chain by evaluating alternate suppliers for critical or non-substitutable raw materials.

As part of the Company's Supplier Code of Conduct, the suppliers are expected to adhere to the Company's ESG standards mentioned in the code.

We emphasise developing quality products to enhance the safety of consumers. We ensure the quality of raw materials for our production process by conducting periodic supplier audits.

Occupational Health and Safety (OHS)

Description
OHS is a vital component of the Company's commitment towards providing a safe and secure working environment. The ineffectiveness of the current health and safety management programmes may lead to many health and safety incidents.

Potential Impact — **Mitigation**

Frequent health and safety incidents will negatively influence the Company's safety and workforce well-being performance, consequently impacting the brand image, reputation and the Company's ability to attract and retain talent.

We have a robust EHS management system, including regular internal and external audits of its EHS practices.

We have based our risk assessment methodology and safety practices on guiding principles of our Process Safety Management System, which adds cohesiveness to our health and safety approach from the

aspects of risk assessment and working conditions.

We adopt a detailed corrective action plan post-identifying hazards and assessing safety incidents to help prevent such instances.

Ethical Clinical Trials and Animal Testing

Description
Risks and safety-related concerns are associated with the ethical trials on human subjects and animal testing.

Potential Impact — **Mitigation**

Failure to comply with guidelines and regulations of clinical trials and animal testing can undermine the efficacy and safety of the Company's clinical trials. It may also have an adverse regulatory/legal impact, lead to financial damages and reputation loss, and harm participants' health and safety. Delays at any stage can also prolong the overall timeline for drug development, leading to increased costs.

We comply with all relevant regulatory requirements governing clinical trials and animal testing. We have dedicated teams responsible for ensuring adherence to these regulations, which involve obtaining necessary approvals and permits and maintaining thorough documentation.

We also implement robust quality control and safety measures throughout the research process. This strategy involves monitoring and auditing clinical trials, data collection, and analysis to ensure accuracy, reliability, and compliance with relevant standards.

Long-term safety studies are undertaken for some of our innovative specialty products, post-commercialisation, to evaluate and measure safety parameters over a longer time horizon.

We collaborate with academic institutions, research organisations, and regulatory agencies to share knowledge, expertise, and resources on certain projects. Such collaborations enable the deployment of collective checks and balances to enhance the quality and ethical standards of clinical trials and animal testing.

Business Interruption/Operational Inefficiencies

Description
Potential disruptions or inefficiencies caused by natural disasters, regulatory delays, cybersecurity threats, or labour shortages may affect manufacturing and supply chain efficiency.

Potential Impact — **Mitigation**

This risk might lead to revenue loss, increased operational expenses, and, in the worst-case scenario, damage to the Company's reputation.

Market entry delays may affect competitiveness.

Incidents of data breaches could increase legal and financial liabilities.

We undertake three-month planning exercises to ensure the availability of critical raw materials to avoid stockouts.

We keep a safety stock for approximately three months for most of our key products. In case of a supply delay, we reduce lead time by using air shipments and ensure product availability.

Senior management periodic overview and department-wise responsibility is assigned to ensure compliance with regulatory requirements and product launch timelines.

We maintain an inventory of critical spares at multiple sites for uninterrupted availability.

Install backup solutions like DG sets and tanker supplies to mitigate power and raw material shortages.

We proactively manage labour shortages by timely recruitment and conduct regular operational and business reviews which ensures business continuity.

Strategic Risk Management (continued)

Intellectual Property (IP), Trademark, Technology, and other Confidential Information

Description
Potential threats to our valuable intellectual assets include unauthorised use, theft, or infringement of patents, trademarks, and confidential data.

Potential Impact — ⊙ — **Mitigation**

Infringement of valuable assets can result in costly legal battles and damage the Company's reputation.

Loss of stakeholder trust if confidential data is compromised, affecting partnerships and customer confidence.

We engage with drug authorities to enforce compliance and for cancellation of the manufacturing licenses of counterfeiters.

We train our field force to identify and locate potential violations in the market.

We have established a dedicated team at the head office to manage field inputs and execute necessary actions.

We regularly check new trademark filings to identify conflicts and avoid infringements.

We have established a framework and standard operating procedures to protect our IP for branded products in key markets.

Price, Cost and Margin Pressures

Description
Market competition, healthcare reforms, government-led price controls, and fluctuations in raw material and manufacturing expenses impact business profitability.

Potential Impact — ⊙ — **Mitigation**

Negative impact on financial performance and business sustainability.

We strengthen the product portfolio with new and innovative offerings to differentiate from competitors and withstand pricing pressures.

We focus on cost-effective solutions such as:

- We assess the feasibility of developing alternative vendors/ sites for products to optimise production costs and reduce dependencies.

- We enhance the sea-air ratio in favour of more cost-effective sea shipments to reduce transportation expenses.

- We explore alternative economic options, such as using alternate fuels and automation to improve cost efficiency in manufacturing processes.

Emerging Risks

At Sun Pharma, our risk management process accounts for the likelihood and impact of risks and the period a risk could occur. In addition to current risks, we evaluate emerging risks at least once every three years for timely remediation and prevention of any adverse consequences. In line with our risk management framework, emerging risks are also identified based on how likely they are to occur and the potential impact on the business.

Identification and classification of risks as emerging involves a thorough analysis of internal and external data, industry trends, market study, regulatory requirements, and expert insights. This holistic and systematic approach allows us to correctly gauge potential risks that could evolve to harm the business and allow for the implementation of mitigation strategies on time.

We have identified carbon tax and the weaponisation of artificial intelligence by cyber criminals as two important long-term emerging risks. We are making focused efforts to develop and implement mitigation measures to safeguard our business from these risks.

Risk Culture

In addition to a robust risk management framework for timely identification and mitigation of risks, we recognise the importance of inculcating an appetite for risk management across the organisation. Providing an all-encompassing and robust risk culture is integral to effective risk management.

We provide focused risk training to employees across the organisation. We also focus on ensuring that our employees are aligned with compliance and regulatory requirements, including environmental parameters, such as reducing water usage and waste generation, managing GHG emissions, and implementing renewable energy programmes.

Our employees are also encouraged to report any potential risks. The Global Internal Audit team is responsible for coordination across departments for various types of risks. The Company provides employees suitable platforms to raise concerns and highlight potential risks. Insights gained from such sessions further enhance mitigation strategies and enable a more robust risk culture.

As a pharmaceutical Company, we also recognise the importance of incorporating risk criteria within product development and approval. We have developed a reliable global quality standard to provide all users with critical information on managing risk throughout a product's lifecycle, from product development to disposal.

Stakeholder Engagement and Materiality Assessment

Shaping a Shared, Sustainable Future

Stakeholder engagement is crucial to our business, enabling us to maintain a consistent and continuous dialogue with our stakeholders. While dedicated functional representatives of the Company routinely engage with their respective stakeholders to create lasting and meaningful relationships, we also actively seek inputs from stakeholders on ESG-related aspects through surveys and consultations.

By involving stakeholders directly in the ESG materiality assessment process, we ensure we hear their voices and consider their perspectives in formulating ESG strategies. We also leverage digital platforms and social media to reach a broader stakeholder base. This inclusive approach enables us to capture and integrate diverse viewpoints in our ESG strategy.

We have adopted a systematic approach for stakeholder identification and mapping. Engaging with the right stakeholders is vital for comprehensively understanding the diverse expectations from our Company. These stakeholder groups include our shareholders, regulators, suppliers, and third-party manufacturers, non-governmental organisations (NGOs), local communities, customers and patients, employees, and our Company's senior leadership.

Stakeholder Engagement Methodology

Refining Stakeholder Priorities and Topics of Interest

- Identifying Key Internal Stakeholders
- Identifying External Stakeholders
- Collating Topics of Interest from Previous Engagement Cycles

Conversational Engagement and Managing Stakeholder Expectations

- Structured and Need-based Conversations
- Capturing Stakeholder Feedback and Expectations
- Reviewing the Business Strategy and Managing Stakeholder Expectations

Leveraging Stakeholder Insights and Sharing Progress

- Embedding Stakeholder Feedback in Business Strategy Review
- Developing Programmes to Meet Stakeholder Expectations
- Periodically Sharing Progress Insights with Stakeholders

Gaining Insights: Our Stakeholder Engagement Approach[31]

Investors/Shareholders

Engagement Process	Key Areas	Our Approach
• Financial performance reporting and earnings calls • Investor conferences • Event-driven press releases • Investor presentations	• Corporate governance • ESG disclosures • Regulatory compliance • Product responsibility • Cost-competitiveness	• Our governance procedures are firmly grounded in our business principles. We provide regular disclosures through our Annual Reports, Sustainability Reports and Investor Presentations to ensure transparency. • Dedicated teams such as the quality management and pharmacovigilance unit collaborate closely to uphold product quality and safety. • We emphasise operational excellence and have implemented initiatives covering production, personnel, and supply chain efficiency.

Regulators

Engagement Process	Key Areas	Our Approach
• In-person meetings • E-mails	• Regulatory compliance • Community engagement • Rural market penetration • De-risk supply chain	• We ensure adherence to regulatory requirements, establish robust SOPs and implement remedial actions to prevent non-compliance. • We undertake community development initiatives specifically tailored to address the community's unique needs. • We formulate comprehensive strategies to foster a responsible supply chain and evaluate alternate suppliers wherever possible.

[31]GRI 2-29

Stakeholder Engagement and Materiality Assessment (Continued)

Suppliers/Vendors/Third-party manufacturers

Engagement Process
- Vendor meets
- Virtual modes such as e-mail or telephone
- Assessments

Key Areas
- Timely payments
- Collaborations

Our Approach
- We monitor and facilitate prompt payments, implement digital interventions, and employ effective management systems.
- We promote vendor engagement based on specific needs and requirements to ensure optimal collaboration and mutually beneficial relationships.

NGOs

Engagement Process
- In-person meetings
- Virtual modes such as e-mail or telephone

Key Areas
- Employee volunteering
- Agile decision-making

Our Approach
- We facilitate and encourage employee voluteerism through various programmes and initiatives.
- Our CSR management system undergoes regular optimisation to enhance our ability to respond to the community's evolving needs.
- All our CSR projects are aligned with the United Nations Sustainable Development Goals (UN SDGs), ensuring that our initiatives contribute towards achieving these global objectives.

Community

Engagement Process
- In-person meetings
- Engagement through NGO partners

Key Areas
- Community development programmes focusing on healthcare, education, water and sanitation, rural development, and environmental conservation.

Our Approach
- We implement community development activities after conducting thorough need assessments.
- We have established formal and informal communication channels to address any grievances from the community. These channels allow for effective redressal of any concerns the community members raise.

Customers/Patients

Engagement Process
- In-person meetings
- E-mails
- Customer feedback

Key Areas
- Product quality, access, and pricing

Our Approach
- We ensure the safety and efficacy of our products through a robust Quality Management System (QMS).
- We have a strong pharmacovigilance mechanism to record and address product-related complaints
- Our pricing strategy is designed to provide the best value to our end customers, considering affordability, competitive market analysis, and customer needs.

Employees

Engagement Process
- Employee-focused web portals
- E-mails
- Employee engagement surveys
- Town hall meetings

Key Areas
- Training for professional growth and development
- Well-being initiatives
- Employee recognition
- Fair remuneration
- Good work-life balance

Our Approach
- We implement personalised employee learning and development initiatives tailored to individual needs and skill sets.
- We curate employee welfare and recognition programmes that acknowledge and appreciate the contributions and achievements of our workforce.
- We maintain an annual appraisal process and foster an open feedback culture to facilitate constructive dialogue and employee growth opportunities.
- We promote employee engagement through various initiatives, encouraging involvement, collaboration, and a sense of ownership within the organisation.

Senior leadership

Engagement Process
- In-person meetings
- Virtual modes such as e-mail or telephone

Key Areas
- Sustainable and resilient business operations
- R&D and innovation

Our Approach
- We review our business strategy regularly, considering market dynamics and incorporating valuable stakeholder inputs.
- We leverage emerging technologies to stay at the forefront of innovation and continually enhance our R&D capabilities.

Stakeholder Engagement and Materiality Assessment (continued)

Approaching Materiality: Evaluating Impact and Importance

In FY23, we revisited and reviewed our approach to identify the top priorities of our business by applying the principles of double materiality to reflect upon the changing priorities of our stakeholders and align them with our strategic goals. While previously we have evaluated the material topics from the point of view of relevance, this year we have reviewed our material topics with a consideration of impact - on our business performance and society or the environment.

This comprehensive revision ensures that our materiality assessment remains robust, enabling us to address the most pertinent ESG issues while driving sustainable value for all our stakeholders.

Our revised materiality assessment and the key material issues have been reviewed and discussed with our Senior Management. To stay aligned with the ever-changing external factors such as the competitive landscape, shifts in macroeconomic trends, evolving consumer preferences, and demands from regulators and investors, we have institutionalised a process to review our prioritisation and assessment of material topics annually.[32]

Explore

Focused research has been undertaken to identify and prioritise the most relevant and significant material issues for the business. We have referred to guidance from the Sustainability Accounting Standards Board (SASB), MSCI, Global Reporting Initiative (GRI) Standards, S&P Global, emerging risks, and the pharmaceutical sector megatrends.

Identify and Engage

We had conducted online questionnaire-based surveys for external stakeholders in the past. In the reporting year, we undertook a detailed internal review and questionnaire-based survey with senior management representatives.

The above steps resulted in identifying key material topics for the Company.

Review and Evaluate

We comprehensively analysed and assessed our senior management's responses and compared these to the stakeholder responses to develop the materiality matrix.

This evaluation ensured that the identified material topics aligned with our stakeholder expectations and overall business goals.

Materiality Review – FY23 Highlights

We engaged with our senior management members to obtain feedback on Sun Pharma's existing material topics and any new emphasis areas that are most relevant and significant for us.

By analysing the responses received, we gained valuable insights into the significance and impact of the material topics for society, the environment, and our business.

The material topics identified underwent a comprehensive validation process to ensure accuracy, relevance and prioritisation.

We were able to benefit from the expertise and insights of our senior management. Such insights help inform our decision-making processes and enable us to align our sustainability initiatives with our organisation's strategic objectives while considering the societal and environmental implications of our actions.

[32]GRI 3-1,3-2,3-3

Our Materiality Issues for FY23

We have prioritised the relative importance of the relevant material topics for our business and visualised it as a materiality matrix. The material topics in this matrix are an outcome of our stakeholder engagement and materiality assessment conducted in FY23. We evaluated each of these topics using the lens of double materiality. We have considered the perceived impact of the material topic on Sun Pharma's business and ability to create, preserve, or erode value for shareholders and other stakeholders. We have also attempted to evaluate the impact of these topics on society and the environment through Sun Pharma's business activities.

Materiality Matrix – FY23
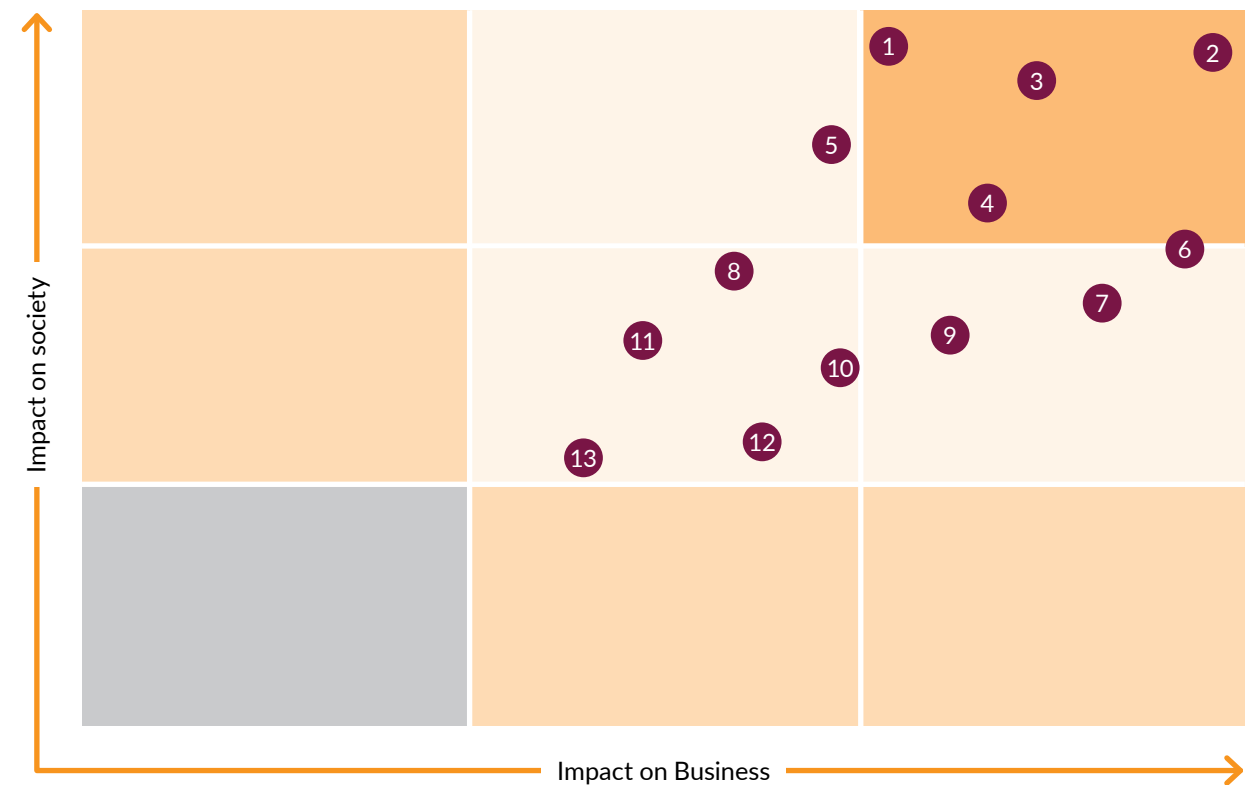
1. Innovation Management
2. Climate Change
3. Environmental Impact Management
4. Corporate Governance and Business Ethics
5. Access to and Affordability of Medicines
6. Cyber Security and Data Privacy
7. Product Quality, Safety and Recall Management
8. Human Capital Development
9. Occupational Health and Safety
10. Diversity, Equity and Inclusivity
11. Sustainable Supply Chain & Responsible Procurement
12. Social Impact through Community Engagement
13. Ethical Clinical Trials and Animal Testing

While we remain committed to closely monitoring and tracking our performance and progress on all identified material topics, we have explained our approach to managing our top five material topics with the highest relative importance for business continuity and societal value creation, in respective sections of this report.

Our detailed Materiality Assessment and Management Approach may be found in our FY23 Annual Report on page 82 via the link: https://sunpharma.com/wp-content/uploads/2023/07/SPIL-AR2022-23-Complete-Annual-Report.pdf

Our ESG Strategy

Integrating ESG in Business Objectives

At the heart of our ESG strategy lies our values and ideologies, which guide our actions and decisions. Humility, integrity, innovation, and passion form the foundation of our approach towards ESG. They drive us to uphold the highest ethical standards, foster innovation, and remain committed to positively impacting society and the environment.

Our Values

Quality

We prioritise delivering high-quality medicines and healthcare solutions that meet the needs of patients and healthcare providers globally.

Reliability

We strive to be a trusted partner by consistently delivering on our commitments and maintaining a reliable supply of medicines.

Trust

We value the trust placed in us by our stakeholders and work diligently to uphold it through transparency, accountability, and responsible business practices.

Consistency

We maintain consistency in our operations, ensuring that our actions align with our stated goals and commitments.

Innovation

We foster a culture of innovation to drive advancements in addressing unmet medical needs and improving health outcomes.

Environment

ESG Enablers	Our ESG Focus Areas	ESG Ambitions and Integration	UN SDGs
• Committed to increasing the use of renewable energy. • Reducing groundwater dependency • Implementing water conservation practices based on the reduce, reuse, recycle, and recharge (4R) principle • Adopting digitalisation and eco-efficient processes • Diverting hazardous waste to co-processing.	**Environmental Management:** We are committed to minimising our environmental footprint by implementing sustainable practices, reducing energy consumption, optimising water usage, and effectively managing waste and emissions.	**Carbon Emission Reduction:** Targeting a 35% decrease by 2030 (baseline: 2020) **Responsible water management:** Striving for a 10% reduction in water consumption by 2025 (baseline: 2020) **Sustainable waste management:** Aiming to co-process 30% of hazardous waste by 2025 **Promoting responsible resource consumption:** Focusing on enhancing eco-friendly practices across our business	

Social

ESG Enablers	Our ESG Focus Areas	ESG Ambitions and Integration	UN SDGs
• We prioritise the development of our workforce through customised learning and development programmes that enable skill enhancement. • We maintain a robust health and safety management system that prioritises the wellbeing of our workforce and adhere to human rights policies and all the applicable regulations. • Our detailed Supplier Code of Conduct promotes compliance with our value system and policies amongst our suppliers and partners. • We deploy a robust Quality Management System (QMS) to ensure product quality and patient safety.	**Employee Well-being:** We ensure the well-being and development of our employees through relevant learning and development programmes, robust health and safety management systems, and policies that promote a healthy work-life balance. **Societal Development:** We contribute to the communities we operate in through our CSR programmes, focusing on education, healthcare, and social welfare initiatives.	**Empowering Global Employees:** Implementing targeted online learning on Code of Conduct attributes **Cultivating an Agile Workforce:** Building a diversified skill set for enhanced adaptability **Upholding Health and Safety Standards:** Leveraging industry-best practices for optimal protection **Ensuring Human Rights Compliance:** A firm commitment with zero tolerance for non-compliance **Enhancing Access to Healthcare:** Delivering safe, effective, and responsibly-priced products	

Governance

ESG Enablers	Our ESG Focus Areas	ESG Ambitions and Integration	UN SDGs
• We have six core committees of the Board, including those focusing on sustainability and business responsibility. • We have a Global Code of Conduct applicable across our value chain, ensuring ethical practices. • We adhere to a Board Diversity Policy and conduct periodic assessments of Board performance to promote accountability and transparency.	**Corporate Governance:** We promote strong corporate governance practices, adhering to global best practices and promoting transparency, accountability, and integrity across our operations. **Innovation and Technology:** We embrace innovation and leverage technology to drive advancements in research, development, manufacturing processes, and patient care. **Product Quality & Safety:** We ensure responsible product stewardship by focusing on the safety, efficacy, and quality of our medicines throughout their lifecycle, from research and development to post-marketing surveillance.	**Committed to Regulatory and ESG Compliance:** Upholding stringent standards **Integrating ESG Parameters:** Promoting sustainability across the value chain	

Enhancing Access to Quality Healthcare

> The realisation of the goal of universal health coverage relies on access to safe and efficacious medicines at affordable prices. As a prominent global generic pharmaceutical Company, we are committed to delivering high-quality and affordable medications to patients and healthcare professionals in 100+ countries worldwide.

Aligned with our overarching vision of 'Reaching People, Touching Lives Globally as a Leading Provider of Medicines' we strive to enhance the presence and reach of our products in diverse international markets, urban centres, towns, and even rural areas. Our strong distribution network, comprising carrying and forwarding agents (CNFs), stockists, distributors, and wholesalers, empowers us to deliver our

pharmaceutical products to patients worldwide, ensuring widespread accessibility and availability to those needing medical products.

We aim to provide high-quality generic and branded medicines via our global workforce of 43,000+ (including executives on contract) people, across 43 manufacturing locations. Our proven R&D capabilities, comprising 2,800+ people and focused investments

(representing 5.5% of our sales in FY23), bolster our commitment to developing specialty medications to address unmet medical needs and the development of generic medications. Ensuring good health for all is attainable with access to essential pharmaceutical products, and our focus is on improving access to healthcare by delivering safe effective, and responsibly priced products.

Patient Safety

We deploy stringent mechanisms of review and quality checks to ensure regulatory compliance and maintain the product quality of our medicines and manufactured APIs, at the highest levels. Timely identification and mitigation of risks associated with our products' health and safety impacts, is critical to enhance product quality, patient safety and retain stakeholder trust[33]. Failure to maintain product quality may lead to penalties and warnings from regulatory authorities, ultimately, to an erosion of brand value and perception with our stakeholders. We comply with all quality and regulatory compliance standards and monitor product safety to ensure that our products' risk-benefit profile undergoes continuous assessment[34].

Pharmacovigilance at Sun Pharma

Our pharmacovigilance department is one of the first of its kind in India. It has been operational for 17 years, with a rich legacy signifying our focus on adopting a beyond-compliance approach to risk mitigation and product safety. Our pharmacovigilance system is designed to maintain stringent oversight on the safety of all our products and quickly implement risk mitigation measures in case of any adverse event reports[35]. We have established a global pharmacovigilance policy, which is supported by a Product Safety Committee and the Independent Pharmacovigilance QA reports to the Global Quality Head. The pharmacovigilance policy showcases the Company's commitment and efforts towards patient safety.

The senior management undertakes periodic policy reviews to ensure smooth and effective implementation. Our pharmacovigilance team provides

robust contingency planning, enabling timely and effective risk mitigation and resolution. This further streamlines our efforts to identify opportunities for workforce training, quality control and establishing robust safeguards to ensure patient safety. We have also incorporated industry-leading IT solutions to ensure efficient and accurate data processing, providing a solid technological backbone to our pharmacovigilance operations.

Comprising nearly 100 qualified physicians, Ph.D. holders, postgraduates, and graduates in science/pharmacology, our pharmacovigilance team performs Adverse Drug Reaction (ADR) case processing, periodic reporting, risk management and safety signal management activities. We consolidate our safety information in a central database and provide periodic reports to statutory authorities worldwide.

The Product Safety Committee provides guidance, monitors all pharmacovigilance processes and ensures strict compliance. Further, this committee is also responsible

for addressing our products' safety issues and implementing appropriate remedial measures. Our Global Quality Head supervises our independent pharmacovigilance quality audit, driven by a five-year strategic plan and an annual audit plan. We also undergo regular regulatory inspections from the US Food and Drug Administration (US FDA), the European Medicines Agency (EMEA), the UK Medicines and Healthcare products Regulatory Agency (UK MHRA), and Health Canada (HC), among others, ensuring compliance with pharmacovigilance requirements. Further details on some of the US FDA inspections can be found in our FY23 Annual Report on page 269 via the link - https://sunpharma.com/wp-content/uploads/2023/07/SPIL-AR2022-23-Complete-Annual-Report.pdf.

Through these comprehensive measures, Sun Pharma demonstrates its commitment to upholding the quality standards of its products, ensuring patient safety, and fostering trust among stakeholders and regulators.

[33]GRI 3-3, [34]GRI 416-1, [35]GRI 416-2

Sun Pharmaceutical Industries Limited

Sustainability Report 2022-23

Product Quality

Our Quality Vision is to globalise, harmonise, and simplify Good Practices (GxP) processes to create a long-term quality culture. We strive to continuously improve the Quality Management System (QMS) and all its components. We inculcate a high-quality culture through continuous employee development, training, and empowerment. We believe that it is everyone's obligation to produce safe, high-quality products.

Aligned with our Quality Vision, we have embraced an all-encompassing approach to quality management, integrating our global QMS with industry-leading practices and assurance procedures. Our commitment to quality extends to a robust framework for managing complaints, enabling thorough investigations, and implementing corrective actions. Our dedicated teams, such as the quality management team, ensure that

product quality follows strict quality and safety standards. Some of our API and formulations manufacturing sites have obtained ISO 9001:2015 certification, reinforcing our dedication to maintaining and implementing high-quality standards

in our manufacturing processes. Our Quality Practices include elements of sustainable quality design, quality data governance, harmonisation of processes for internal compliance, and global quality metrics, underscored by past learnings.

Quality Management System (QMS)

- Global QMS
- Cross-functional implementation of QMS including R&D, quality, and operations
- Implementation of best practices to ensure delivery of high-quality products

Quality Practices

- Sustainable quality design
- Quality data governance
- Harmonisation of processes for enhanced compliance
- Global quality metrics
- Lessons learned strategy

Key Elements of our QMS

- **Procedural documents:** Electronic document management systems - controlled printing, access controlled, and version controlled
- **Deviation analysis:** Periodic trend analysis of deviations
- **Training:** Instructor-led and electronic learning management systems, including a focused training course on Advanced Pharmacovigilance
- **Good documentation practices:** Implementation of good documentation practices in line with SOPs
- **Corrective and Preventive Actions (CAPA):** Robust product quality complaint management encompassing preliminary assessment, investigation, and corrective actions

Quality Assurance Process

Compliance with GxP regulations and country-specific regulations	Periodic inspections are undertaken at manufacturing locations in line with the requirements of GxP certifications by regulatory agencies	Release of raw materials, inclusive of API and packaging material post qualification and testing
Ensuring the quality of finished products through in-process testing, finished goods testing, and stability testing	Stringent compliance is ensured with specifications approved by regulatory agencies relevant to each specific market requirement	Prevention of deviations, failures, and discrepancies by recording investigations in the QMS
Comprehensive QMS system inclusive of change management, deviation management, CAPA, adverse product events, field alert reporting, complain management and recall process	Periodic audits are conducted by the Company's Corporate Quality team at all manufacturing sites, contract manufacturing sites, and vendors	Training of employees involved in GxP activities through modules curated for job-specific roles

Product Quality Complaint Management Process

Our Global Standard Operating Procedure (GSoP) establishes the guidelines for managing product recall and states the conditions determining product recall. We recall the product after evaluating the recommendation of the site recall committee, processing the product recall proposal, recall intimation, closure and trend analysis. Sun Pharma deploys a comprehensive approach to address product quality complaints. Upon receiving complaints, they are promptly logged into the system and undergo a preliminary assessment. We conduct an initial risk assessment as part of the investigation process and perform sample follow-ups.

Corrective and Preventive Actions (CAPA) are implemented based on the findings to address any identified issues. We document a complaint summary throughout this process and conduct an assessment. Finally, a response is provided to the complainant, ensuring effective communication and closure of the complaint.

Process of Redressal of Product Quality-related Complaints

- Product quality complaint receipt and logging
- Complaint acknowledgement and preliminary assessment
- Initial risk assessment
- Investigation
- CAPA undertaken
- Complaint summary and final risk assessment undertaken
- Response to complainant and closure of product quality complaint

Sample follow-up

Product recall proposal, if required
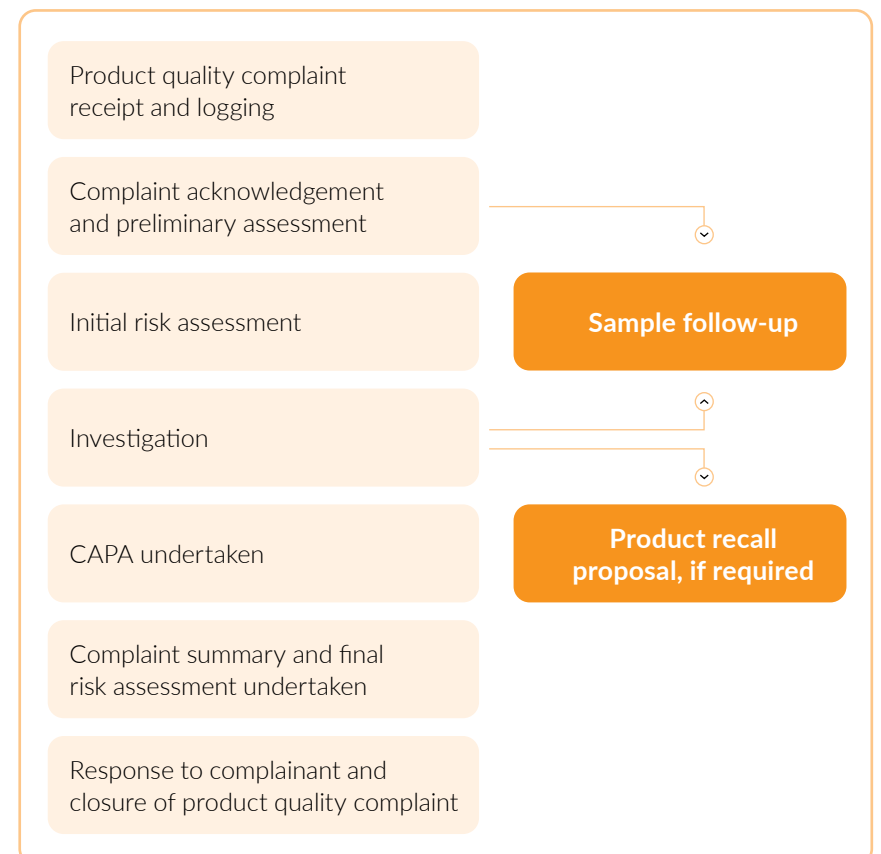
Product Recalls in FY23

1 Class I | **33** Class II

Responsible Future (continued)

Responsible Product Stewardship

At Sun Pharma, we emphasise establishing ethical procedures throughout the whole life cycle of a product, including accessibility, labelling, and disposal[36].

Product Accessibility

We strive to boost product accessibility and availability in various international markets, urban centres, and rural locations. Our extensive distribution network of retailers, distributors, wholesalers, and carrying and forwarding agencies (CNFs) enables us to make our products accessible to patients worldwide.

Product Labelling and Information

As a part of our commitment to responsible product stewardship, we ensure that customers have access to all pertinent product information, including pharmacokinetics, safe use, composition, clinical pharmacology, drug interactions and side effects, and storage requirements.[37] In the reporting year, there were no incidents of non-compliance with regulations resulting in a fine, penalty, warning, or non-compliance with voluntary codes.[38]

Responsible Product Disposal

We adhere to a well-established disposal process for the safe disposal of returned or recalled products as per local rules governing safety and environmental protection. We strictly abide by applicable laws and ensure that we meet the established standards for requirements unique to a given geography. Additionally, we document the identification method of product quantity and destruction date.

Foundational Pillars of Product Stewardship

Imperative
- Enhanced product quality and safety profile
- Increased transparency and trust among stakeholders
- Augment the culture of innovation across the organisation
- Ensure prompt evaluation and redressal of product queries/complaints

Cornerstones
- Established Quality Vision, Quality, Compliance, and Pharmacovigilance Management System
- Seamless and strategic Quality Assurance Process

Strategic Enablers
- A well-established global pharmacovigilance policy
- A highly capable global pharmacovigilance and quality team
- Product Safety Committee
- A global QMS integrated with industry-leading practices

Aspirations
- Continue to ensure ethical use of products
- Raise awareness about proper use and disposal of our products

Anti-counterfeit Awareness and Processes

Through an effective anti-counterfeit governance management system, we are committed to increasing awareness about the dangers posed by counterfeit medicines, especially in the markets where we encounter this issue. To tackle this problem, we have established a dedicated task force responsible for mitigating the risks associated with counterfeit medicines. This task force ensures seamless monitoring of counterfeit medicines for enhanced safety and security by collaborating with our trace-and-track technology and complaint management system.

Anti-counterfeit Governance Mechanism

- The trademark and learning and development (L&D) teams train the entire field force for identifying and reporting counterfeit medicines.
- A dedicated task force, including senior field members across clusters, is trained to identify counterfeit products. We have interlinked the identification with relevant KPIs.

Anti-counterfeit Management System

- Immediate reporting of complaints and queries related to counterfeit products to relevant regulatory authorities.
- Our trace-and-track technology prevents the sale of counterfeit products.
- We receive feedback and complaints from the complainant and marketing representatives.
- We enhance our product packaging for ease of distinguishing genuine from counterfeit medicines.
- Our robust complaint management system ensures smooth management of suspected counterfeit cases.
- Our task force continually strives towards standardised and unique packaging to mitigate counterfeit risk.

[36]GRI 3-3, [37]GRI 417-1, [38]GRI 417-2, GRI 417-3

Responsible Future (continued)

Research and Development (R&D)

Our strong expertise in R&D helps us realise our unwavering commitment to developing complex and innovative products that address the unmet medical needs of patients worldwide.[39] A strong R&D team of 2,800+ employees and scientists spread across multiple research centres globally helps us focus on developing specialty and generic products, novel and cost-effective processes and technologies. R&D plays a crucial role in driving our patient-centric approach to innovation. We aim to provide patients with innovative and affordable solutions to address their healthcare challenges. To achieve this, we consistently invest in building a robust pipeline of generics, branded generics, and specialty products for the global markets.

Leveraging our strong capabilities in evidence-based scientific and technical expertise, we strive to accelerate the development of next-generation innovative therapies. To further bolster our R&D endeavours, we actively collaborate through strategic industry-academia partnerships that enable us to deliver cutting-edge treatments.

Our R&D capabilities encompass a wide range of dosage forms, including injectables, orals, liquids, ointments, gels, sprays, and hormones, among others. Our legacy of creating robust intellectual properties supports our R&D team in pursuing innovation.

R&D Investments (in ₹ Billion)

FY19	FY20	FY21	FY22	FY23
6.9%	6.1%	6.5%	5.8%	5.5%
19.8	19.8	21.5	22.2	23.7

- R&D investments (₹ Billion)
- R&D investments (% of sales)

Intellectual Property

Our skilled intellectual property team specialises in chemistry, analytical techniques, dosage forms, and global patent practice. We harness our strong research and implementation capabilities to showcase the breadth and depth of our patent portfolio. We file patents to safeguard and protect our valuable intellectual property.

As of March 31, 2023, our patent portfolio comprised 2,300+ patents filed and 1,600+ granted patents. This portfolio is a testament to our commitment to innovation. Furthermore, our R&D centres undergo regular audits by multiple international regulatory authorities, ensuring compliance with stringent quality and regulatory standards.

Our R&D Approach and Capabilities

Enablers

- Significant investments in R&D to develop complex products, specialty products, generic products, APIs and for process improvement technologies.
- Dedicated R&D workforce of 2,800+ highly skilled individuals with access to state-of-the-art infrastructure.
- Stringent adherence to global regulatory requirements to maintain the highest quality standards.

- Focus on developing novel technologies, including using green reagents in API synthesis, applying Process Analytical Technology (PAT) tools, and implementing advanced processing techniques.
- Comprehensive strategies implemented for managing the product life cycle, including backward integration for key products.
- Process optimisation based on the Quality by Design

(QbD) concept and Six Sigma calculations to improve efficiencies and enhance in-process capability.
- Development of innovative compact dosage forms with improved stability and reduced pharmacokinetic variability.
- Commitment to excellence and pushing boundaries in pharmaceutical innovation.
- Continuous advancement of the product portfolio to meet evolving patient needs globally.

Capabilities

- Capabilities in finished dosage development, biological support, chemistry, and new drug development.
- Ability to develop products across various dosage forms, including orals, liquids, ointments, gels, sprays, and injectables.
- Expertise in developing non-infringing formulations and specialty/complex products.
- Comprehensive portfolio of products spanning multiple therapies to meet diverse patient needs.
- Capabilities to conduct clinical studies for complex generics and for specialty products.

Ambitions

- Strategic investments to expand the specialty pipeline.
- Focus on developing complex generics.
- Increased emphasis on building the R&D pipeline for emerging markets and India.
- Enhanced efforts in developing strategically important APIs.

FY23 Highlights

Overall R&D investments of

₹23.7 Billion in FY23

Developed and filed

200+

formulation dossiers globally (including market extensions) in FY23

Global portfolio of

1,100+

molecules across multiple geographies

Responsible Future (continued)

Foundational Pillars

Imperative
- Implementation of improved technology and innovation to support sustainable manufacturing processes.
- Focus on achieving cost-effectiveness across all business activities.

Approach
- Utilisation of lean manufacturing principles and process optimisation to unlock operational potential.
- Focus on developing specific products tailored for diverse markets.

Strategic Enablers
- Continuous adoption of relevant new technologies, such as Robotics Process Automation (RPA) and AI/ML.
- Dedicated teams to drive R&D for specialty and generic products.
- Regular reporting to the Board of Directors and Managing Director on progress.
- Organisational units focused on improving the rigour of cybersecurity practices and data management.

Aspirations
- Foster groundbreaking treatments and elevate the global healthcare landscape through amplified investments in R&D and innovation.

Sun Pharma – Specialty R&D Pipeline

Asset	Indication	Route of administration	Mechanism of action	Preclinical	Phase 1	Phase 2	Phase 3	Registration
CTP-543 (deuruxolitnib)	Alopecia Areata	Oral	JAK Inhibitor					
Ilumya (tildrakizumab)	Psoriatic Arthritis	Injection	IL-23 Antagonist					
MM-II	Pain in osteoarthritis	Injection	Liposomal intra-articular lubrication					
SCD-044	Psoriasis, Atopic Dermatitis	Oral	Selective SIPR1 Agonist					
GL0034	Type 2 Diabetes	Injection	GLP-1R Agonist					

Innovation and Technology

Through our strategic investments in state-of-the-art technologies, we have successfully enhanced the accessibility and affordability of medicines worldwide. We prioritise strict adherence to global safety standards while continuously improving the overall quality of our diverse product portfolio.[40]

Our commitment to technological advancement is evident through several projects that have yielded significant benefits. These include heightened safety measures, operational efficiency, technical improvements, and cost-effectiveness. To facilitate the adoption of pioneering technologies and foster long-term business growth, we have established a specialised Centre of Excellence (CoE). This CoE supports various functions such as R&D, quality, finance, manufacturing, HR, and supply chain. Collaborating closely with business units, our IT CoEs develop strategies that promote innovation. We make decisions regarding technology adoption collaboratively, considering proof of concept and business case approvals.

To ensure effective project implementation, we have comprehensive technology guidelines in place. These guidelines align with worldwide compliance and technology standards, such as the Information Security Management System (ISMS) and the Information Technology Infrastructure Library (ITIL). Our Corporate Technology Team has devised a comprehensive IT innovation and technology plan, which directs the adoption of necessary IT policies throughout the organisation.

In support of information security, we allocate an annual budget at the departmental level. This budget considers the existing internal hardware and application landscape, ongoing initiatives, new projects, and external factors influencing information security. Additionally, we have implemented a robust monitoring system to enhance the integrity and security of our data.

On March 1, 2023, we disclosed one information security incident that impacted some of the Company's IT assets. Remedial measures were immediately implemented to contain and manage the impact of the information security incident, including employing appropriate containment protocols to mitigate the threat, enhancing security measures and utilising global cyber security experts to ensure the integrity of the Company's IT systems' infrastructure and data. As part of the containment measures, we also proactively isolated our network and initiated recovery procedures. As a result of these measures, certain business operations were also impacted. In the reporting year, one breach was reported with respect to customer privacy data[41].

To prevent the risk of any future incidents, we have strengthened our cybersecurity infrastructure and are in the process of implementing further improvements to our cyber and data security systems. We are also implementing certain long-term measures to augment security control systems across the organisation. In coordination with legal counsel across relevant jurisdictions, all applicable regulatory and data protection authorities, where required, were informed of the breach and remedial measures implemented.

Responsible Future (continued)

Our Approach to Information Security

- Going forward, the intent is to transition to a zero-trust-based security architecture, coupled with increased training and controls. We adopt best practices based on industry-recognised information security standards like the National Institute of Standards and Technology (NIST) and ISO 27001:2013 to manage information security risks effectively.

- Global implementation of Standard Operating Procedures (SOPs) for data management across all locations.

- Continuous awareness building about information security using simulation-based learning within the organisation for all users.

- Deployment of Information Security Management System (ISMS), Global Standard Operating Procedures (GSOPs), and defence-in-depth strategies.

- 24x7 monitoring systems to identify threats and threat perceptions as part of Managed Detect and Respond protocols.

Compliance with Global Data Integrity and Security Standards, Including:

- US FDA requirements for data integrity and compliance with Drug cGMP.

- PDA technical report 80 for implementing a data integrity management system in our laboratories.

- Adherence to ISO 27001 Information Security Management System (ISMS) standards.

- Compliance with Data Protection regulations for protecting personal data in the geographies in which we operate.

Our Focus on Data Integrity and Security

- Implement policies, processes, and mandatory information security awareness training to ensure data integrity and security throughout the organisation.

- Categorisation of data integrity and security challenges in three main areas: cyber-attacks, insider threats, and data integrity at the manufacturing level.

  - Utilisation of defence in-depth strategies, 24x7 security operations centre, threat intelligence governance services, and partnerships with security experts to mitigate cyber-attack risks.

  - Alignment of Incident Management Policy with ISO 27001 standards.

  - Deployment of data leakage prevention tools to address insider threats, with further investigation conducted in collaboration with the business and HR functions.

  - Adoption of global Standard Operating Procedures (SOPs) for manufacturing operations' root cause analysis and risk assessments.

Sustainable Supply Chain

Product accessibility is integral to sustainable value creation for all stakeholders. Our supply chain management system, encompassing logistics, procurement, planning, and inventory management, aims to ensure that we manufacture and supply products in line with market demand[42].

To ensure the efficiency and effectiveness of our supply chain management, we conduct regular reviews led by our senior management. These periodic assessments continuously evaluate and enhance our processes, aligning them with industry best practices and strategic goals. We optimise resource utilisation, minimise waste, and streamline operations by prioritising

a strong and cross-functional supply chain management system.

This approach enables us to deliver products and services to our customers timely and sustainably, supporting our commitment to long-term success and value creation.

Supply Chain Approach – Foundational Pillars

Procurement

Our procurement team guarantees an uninterrupted supply of raw materials, primary and secondary packaging materials, and finished formulations. This approach facilitates the development and manufacturing of APIs and formulations and ensures their availability in the designated markets.

Planning and Inventory Management

Our integrated management system incorporates Distribution Requirement Planning (DRP), Market Requirement Planning (MRP), and other planning insights to assess inventory needs and efficiently monitor supply chain activities.

Distribution, Logistics & Finished Goods Delivery

Through effective coordination with the supply chain team, our distribution and logistics team ensures the timely delivery of finished goods and services and meets customer requirements.

The team also selects the optimal mode of transport for swift delivery of consignments.
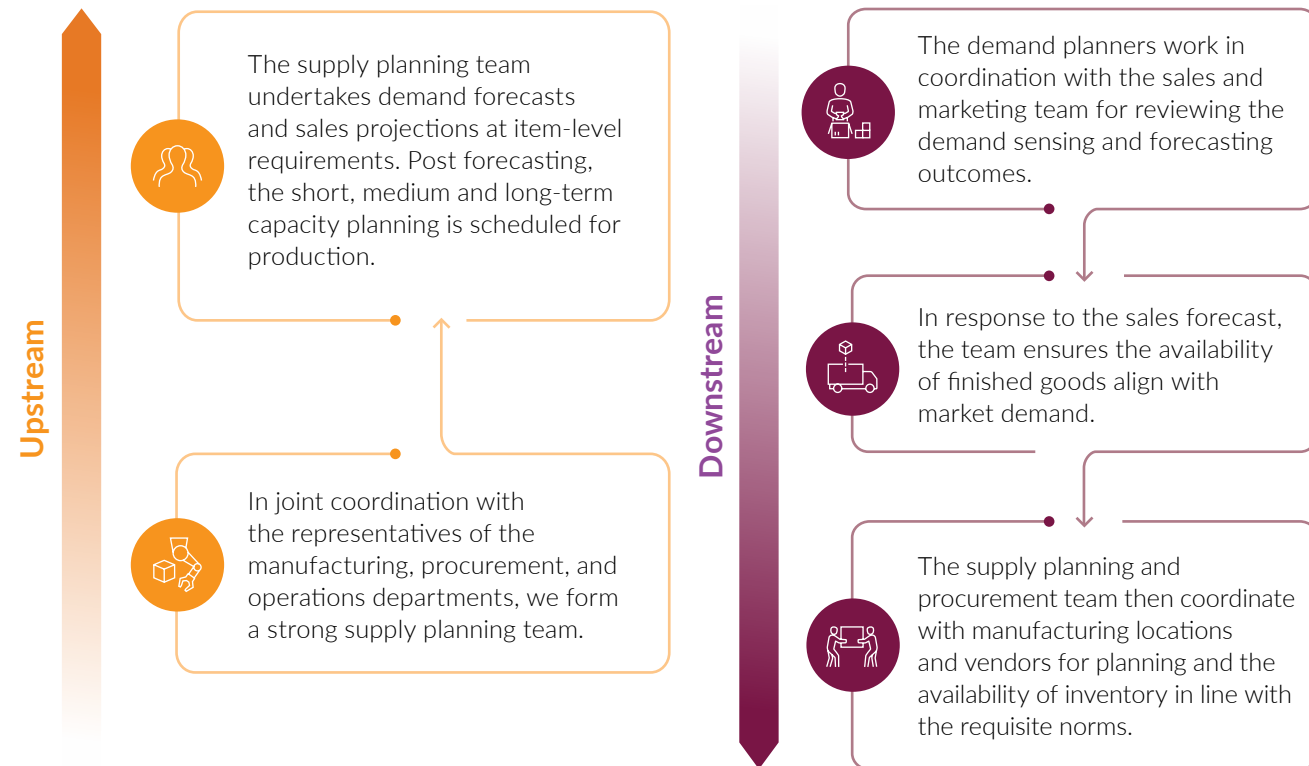
In case of any disruptions in the supply chain, the logistics team collaborates with the supply chain team to overcome challenges and fulfil the delivery of consignments.

Responsible Future (continued)

An Overview of Our Supply Chain Operations[43]

Upstream

The supply planning team undertakes demand forecasts and sales projections at item-level requirements. Post forecasting, the short, medium and long-term capacity planning is scheduled for production.

In joint coordination with the representatives of the manufacturing, procurement, and operations departments, we form a strong supply planning team.

Downstream

The demand planners work in coordination with the sales and marketing team for reviewing the demand sensing and forecasting outcomes.

In response to the sales forecast, the team ensures the availability of finished goods align with market demand.

The supply planning and procurement team then coordinate with manufacturing locations and vendors for planning and the availability of inventory in line with the requisite norms.

In FY22, there were no significant changes to the organisation's size, structure, ownership, or supply chain.

Effective Supply Chain Monitoring

We have implemented a robust monitoring mechanism within our supply chain processes to ensure the identification, assessment, and mitigation of risks. Our approach involves using principles and checklists to evaluate potential risks and develop strategies to address them systematically. As part of our monitoring process, we conduct periodic assessments of our vendors, ensuring 100% coverage of all critical suppliers through Critical Quality Attributes (CQA) audits within a three-year cycle. In FY22, we enhanced our CQA audit checklist by incorporating ESG parameters.

In FY23, we conducted scheduled assessments for some of our key vendors, ensuring compliance with the requirements of the CQA checklist. This proactive approach allows us to monitor and improve our supply chain practices continuously.

We have established a Supplier Code of Conduct that further strengthens our commitment to ESG practices within our business value chain. We expect all third-party vendors, suppliers, and business partners to adhere to the principles outlined in the Supplier Code of Conduct.

Initiatives

- Periodic review of suppliers and inventory as per established guidelines.
- Vendor performance evaluation through a scorecard mechanism and evaluating adherence to the Company's Supplier Code of Conduct.
- Empanelment and sourcing of critical items from multiple suppliers.
- Monitoring effective compliance management and contract performance.
- Assessment of new vendors through periodic supplier audits aligned with the CQA policy, Supplier Code of Conduct, internal quality parameters, ESG parameters, and relevant regulatory requirements.
- Identify and prioritise key risks, followed by implementing mitigation measures by the Strategic Procurement Committee.

Local Sourcing

We strive to prioritise local sourcing wherever feasible to help develop the local business ecosystem around our areas of operation. For our India operations, in FY23, we sourced 81% of indirect procurement and 71% of direct procurement from local suppliers.[44]

The emphasis on local sourcing brings multiple benefits to our operations. Firstly, it helps to mitigate our exposure to currency risks by reducing our reliance on imports. Additionally, it strengthens our supply chain by fostering closer collaboration and flexibility with local partners. Furthermore, local sourcing contributes to developing national skill sets, supporting the growth of local industries and economies. By engaging with local suppliers, we actively participate in the enhancement of local capabilities and the 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.

Through our focus on local sourcing, we aim to embed resilience in our operations, support indigenous economic development, and promote sustainability within our value chain and the local communities.

[43]GRI 2-6

[44]GRI 204-1

Environmental Stewardship

A Pledge to Protect Our Planet

Safeguarding the environment lies at the core of our endeavours, signifying an essential strategic priority and an integral pillar of our sustainable development aspirations. Mindful of our duty to mitigate any detrimental effects on the environment, we undertake focused initiatives to reduce our environmental impact.

As a responsible corporate citizen, we also recognise our role in achieving the United Nations' Sustainable Development Goals (UN SDGs). We strongly emphasise the optimum utilisation of our resources and leverage our influence in the business value chain to contribute to a more sustainable future.

Aligned with UN SDGs

6 CLEAN WATER AND SANITATION   **7** AFFORDABLE AND CLEAN ENERGY   **13** CLIMATE ACTION

Target 7.2
32% of renewable energy contribution in the overall energy mix.

Target 13.2
We are a signatory to the India CEO Forum on Climate Change, which aims to forge a sustainable partnership between the Government of India and the private sector for climate change. As a part of our efforts towards this, we incorporate climate change measures into our policies, strategies, and planning.

Target 6.3
Enhance water recovery by reducing the total discharge of untreated wastewater through recycling and reusing in operations. Additionally, 16 of our 31 manufacturing locations in the reporting boundary have achieved zero liquid discharge status.

Target 6.4
Water conservation measures have helped us conserve 562,189 KL of water in FY23.

Environmental Performance FY23

We have established ambitious targets to create a positive environmental impact. We have undertaken responsible measures and adopted conscientious practices to fulfil these targets effectively.

⚡ Energy Efficiency and Carbon Emissions [45]

Highlights	Achievements	Targets
• Energy reduction initiatives, resulting in saving of 90,933 GJ of energy	• 19% reduction in energy intensity by FY23 from baseline year of 2020	• Reduce absolute carbon emissions (Scope 1 and Scope 2) by 35% by 2030 (baseline year of 2020)
• Replacement of fossil fuel with biomass 507,071 GJ of energy sourced from biomass	• 32% of total energy sourced from renewable sources	• Progress achieved against the target: 6.91%
• Total Energy sourced from Renewable Sources during the year was 1,376,682 GJ	• 27% reduction in GHG intensity by FY23 from baseline year of 2020	

💧 Water Stewardship

Highlights	Achievements	Targets
• Continued focus on 4Rs (Reduce, Reuse, Recycle, and Recharge) for water conservation	• 38% reduction in water intensity by FY23 from baseline year of 2020	• Reduce water consumption by 10% by 2025 (baseline year of 2020)
• 7,558 KL of rainwater harvested in FY23		• Progress achieved against the target: 21%
• Reduced dependency on groundwater by using alternate sources		

🗑 Waste Management

Highlights	Achievements	Targets
• 48% of hazardous waste diverted from disposal, by using recycling and other recovery options	• Hazardous waste disposed through co-processing and incineration - 4,478 MT	• Co-processing of 30% hazardous waste by 2025
• 96% of non-hazardous waste diverted from disposal		• Progress achieved against the target: 18.4%

We reinforce the mechanisms that enable us to attain these targets through rigorous governance mechanisms, including a comprehensive Environment, Health, and Safety (EHS) policy and our well-defined EHS Management System and Energy Management System. These robust frameworks provide the necessary support and structure to drive progress and ensure the successful realisation of our environment-focused objectives to manage our greenhouse gas emissions, water consumption and waste generation.

[45] GRI 302-4
Note: Targets are linked to current scale of operations and revenue.

Environmental Stewardship (continued)

Environmental Governance Mechanism

Our environmental governance mechanism includes a comprehensive Environment, Health, and Safety (EHS) policy as well as our well-defined EHS Management System and Energy Management System. These robust frameworks provide the necessary support and structure to drive progress and ensure the successful realisation of our environmentally conscious objectives to manage our greenhouse gas emissions, water consumption and waste generation.

Our robust EHS governance processes guide us in evaluating the effectiveness of our environmental initiatives and help us maintain oversight on the EHS performance vis-a-vis the achievement of our targets. We conduct regular internal and external audits and inspections to track and evaluate compliance with all relevant EHS regulations and standards.

Additionally, we have established a comprehensive emergency response plan across our sites, guaranteeing swift and efficient resolution of any EHS incidents or accidents.

We have aligned our EHS Management System to ISO 14001:2015 norms. In the current reporting period, 19 sites have been ISO 14001:2015 certified. In addition, four sites have undergone a third-party audit, and all our sites have been internally audited for their EHS management systems. In addition, some of our facilities have been ISO 50001:2018 certified.

We strive to adhere strictly to all relevant local, state and national regulatory requirements and focus on identifying and minimising any potential or actual risks arising from non-compliance. In FY23, our facility in Toansa paid a fine of

₹5 Million[46] due to accidental water stagnation. We have implemented immediate corrective actions and incorporated remedial measures to prevent any future risks. We have notified the regulatory authorities of our mitigation measures. We recognise our workforce's important role in achieving our environmental targets and objectives. To facilitate this, we have instituted various engagement platforms to raise awareness and foster a culture of environmentally friendly practices among our employees. These forums empower our workforce to identify and address potential hazards within our operations, evaluate and mitigate environmental impacts, and advocate for a secure and healthy work environment. We also provide focused EHS training to our workforce, encouraging responsible conduct and environmentally conscious behaviour.

Additionally, we have enabled our workforce to access resources on EHS practices through the EHS section on our website, interactive quizzes, and collaborative brainstorming sessions.

Aligned with our Enterprise Risk Management Framework's strategic approach, we infer that environmental stewardship and climate action present a significant risk and an opportunity in our operations. We have integrated initiatives and practices throughout our operations to address this risk. Our Board of Directors play a crucial role in overseeing our Enterprise Risk Management Framework (ERM). Some of our senior executives have climate change initiatives as one of the performance parameters in their KPIs. Our Risk Management Committee is responsible for the assessment and management of the risks across our organisation. We have also developed specific mitigation strategies to address climate risks through our EHS governance mechanisms effectively.

Our EHS governance enablers[47]

- EHS Policy
- Global EHS standards
- Our value system

EHS governance structure overlooking the line function responsibility

- Global operation head
- Regional operation heads
- Cluster EHS heads
- Site EHS heads for each location
- Site-level departmental head and responsible area manager
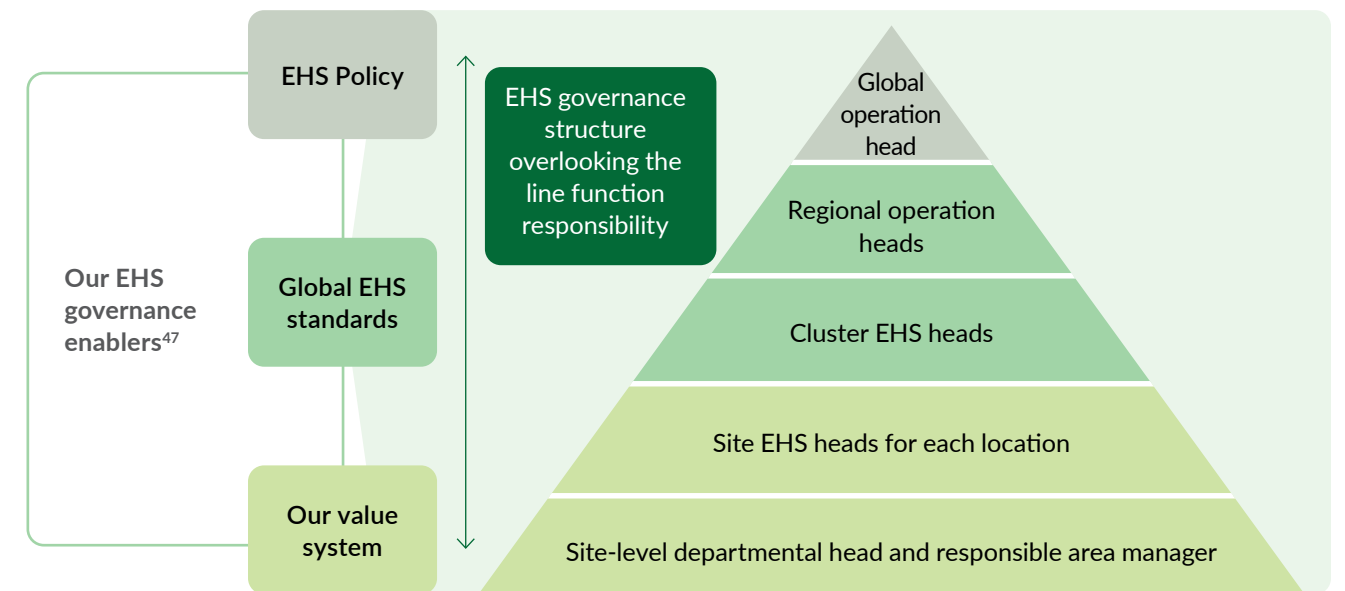
Our Climate-smart Vision

As a signatory to the India CEO Forum on Climate Change, initiated by the Ministry of Environment, Forest and Climate Change of the Government of India, we align to India's targets related to climate change adaptation and mitigation. Our climate change strategy focuses on energy efficiency, greenhouse gas emission management, waste and water management, R&D for efficient products and processes, and optimising resource utilisation through digitalisation. We have adopted an ambitious target to reduce our Scope 1 and Scope 2 emissions by 35% by 2030, compared to a 2020 baseline.

Strategic interventions in energy efficiency and investments in clean energy technology will facilitate the achievement of this target.

Aligned with our approach to integrating climate resilience into every facet of our business operations, we duly recognise and address both the physical and transitional risks per the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We are also developing mitigation strategies for the varied risks and disruptions our businesses may be exposed to due to climate change.

Environmental Stewardship (continued)

Energy Efficiency

Our energy demand and fossil fuel-based energy consumption in our operations are inextricably linked to greenhouse gas emissions and influence the achievement of our decarbonisation targets. To reduce our overall energy demand and leverage clean energy for our operations, we have adopted a three-pronged approach of monitor, minimise, and decarbonise.

Our Approach Towards Energy Management

Monitor
Monitor our energy consumption over the years, analyse the trends, setting internal and external energy benchmarking and set control action plans to achieve our target.

Minimise
Minimise the use of energy-intensive sources by transitioning to energy efficient processes, and recover waste heat for further utilisation.

Decarbonise
Reduce carbon footprint from our energy sources by adopting cleaner fuel alternatives and shifting to renewable energy sources.

Monitor

Monitoring our energy consumption helps us identify patterns and irregularities, validate energy savings, and make informed decisions on areas of intervention. Regular monitoring also aids in extrapolating current energy consumption trends to infer and forecast future energy demand, set energy reduction targets, and assess the effectiveness of implemented energy-saving initiatives.

This section highlights our annual energy consumption trends over the past four years. A steady decline in the proportion of non-renewable sources in our energy mix also characterises our overall decrease in energy intensity.

Energy Consumption (in GJ)[48]	FY20	FY21	FY22	FY23
Total energy from non-renewable sources	3,249,576	2,984,789	3,020,730	2,936,517
Total energy from renewable sources	925,374	1,308,767	1,383,094	1,376,682
Total energy consumption	4,174,950	4,293,557	4,403,824	4,313,199
Energy intensity (GJ/revenue in ₹ Million)[49]	18.67	18.67	16.81	15.04

[48]GRI 302-1, [49]GRI 302-3

Energy Consumption FY23 (in GJ)

FY20: 1,892,836 / 490,634 / 1,791,480
FY21: 2,002,450 / 745,010 / 1,546,096
FY22: 2,026,117 / 7,71,970 / 1,605,739
FY23: 2,065,568 / 698,069 / 1,549,563
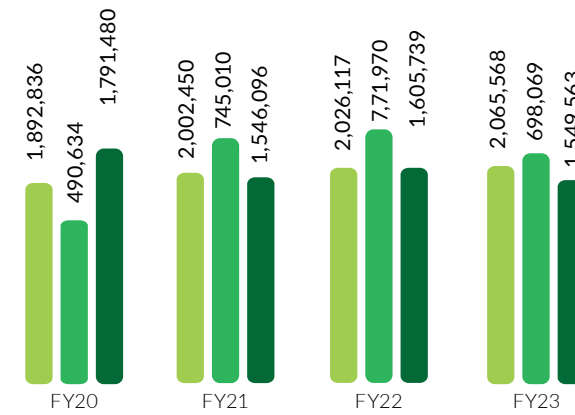
- Electricity consumption
- Steam consumption
- Fuel consumed

Energy Mix FY23 (in %)

FY20: 22 / 78
FY21: 30 / 70
FY22: 31 / 69
FY23: 32 / 68

- Total Energy from Renewable Sources
- Total Energy from Non-renewable Sources

Renewable Energy Mix FY23 (in %)

- 36.83
- 9.52
- 0.70
- 2.25
- 50.71
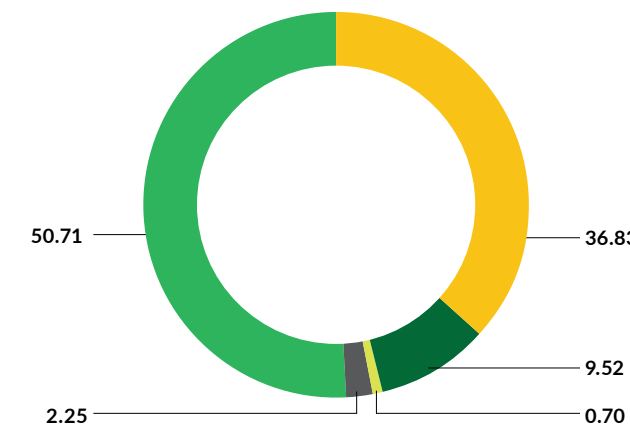
- Biomass
- Solar rooftop (including solar street light)
- Windmills
- Renewable sources - power purchased
- Steam purchased

Non-renewable Energy Mix FY23 (in %)

- 3.03
- 2.66
- 0.08
- 23.35
- 0.90
- 1.60
- 3.89
- 64.50
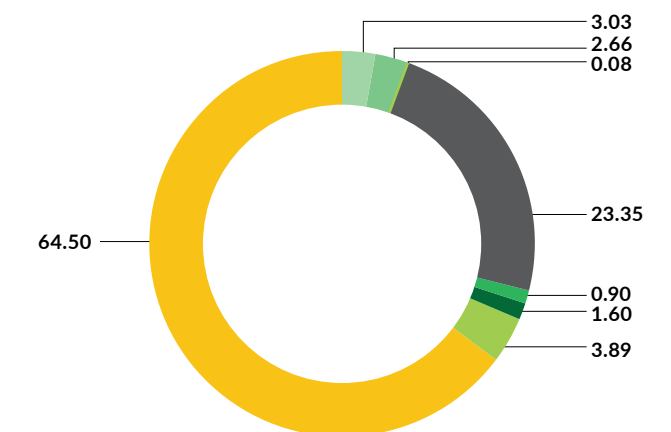
- High speed diesel (HSD)
- Furnace oil
- Petrol
- Compressed natural gas (CNG)
- Liquefied petroleum gas (LPG)
- Light diesel oil (LDO)
- Coal
- Grid electricity

Minimise and Decarbonise

We have been progressively integrating renewable energy within operations to reduce dependence on fossil fuels and decrease greenhouse gas emissions. In FY23, we invested ~₹2,143 Million in clean energy and energy-efficient projects.

We have successfully reduced our consumption of high-speed diesel (HSD), furnace oil, and coal by transitioning to biomass fuel, a carbon-neutral energy source.

Environmental Stewardship (continued)

In FY23, we have implemented focused energy efficiency measures[50]. Some of these are enumerated below:

1 Installation of Hybrid (Wind + Solar) Power Plant This strategic investment is expected to result in an annual GHG reduction potential of 37,530 tCO_2e.

2 Solar Rooftop Installations, contributing to an annual GHG reduction potential of 3,340 tCO_2e.

3 Energy Efficient Chillers and Heat Pumps at sites are anticipated to lead to an annual GHG reduction potential of 1,788 tCO_2e.

4 Other projects, such as VFD and LED, among others, resulted in a cumulative annual GHG reduction potential of ~10,474 tCO_2e.

Emissions Management

Scope 1 GHG Emissions[51]

We periodically monitor and report on the emissions of direct fuels consumed (HSD, furnace oil, petrol, CNG, LPG, LDO, and coal) in our operations. Our Scope 1 emissions demonstrate a declining trend over the past four years, both in absolute and intensity terms.

Scope 1 Emissions (tCO_2)

FY23	67,203
FY22	75,970
FY21	76,427
FY20	94,844

Emission Intensity for Scope 1 [tCO_2/revenue (in ₹ Mn)]

FY23	0.23
FY22	0.29
FY21	0.33
FY20	0.42

The emissions from using biomass in our operations have been classified as biogenic emissions, accounting for a total of 57,577 tCO_2e in FY23.

Scope 2 GHG Emissions[52]

We monitor and report our emissions of the purchased electricity from the grid. The Scope 2 emissions intensity also demonstrates a steadily declining trend over the past four years.

Scope 2 Emissions (tCO_2)

FY23	352,678
FY22	343,236
FY21	342,522
FY20	356,225

Emission Intensity for Scope 2 [tCO_2/revenue (in ₹ Mn)]

FY23	1.23
FY22	1.31
FY21	1.49
FY20	1.59

Scope 3 GHG Emissions[53]

We report on the indirect emissions within our business value chain of seven categories of Scope 3 emissions, as specified by the GHG protocol. The categories of emissions that are most material to our operations and with the highest impact within the value chain are from purchased goods and services. Fuel- and energy-related activities (not included in Scope 1 or Scope 2) business travel, employee commute, upstream transportation and distribution, downstream transportation and distribution, and waste generated during operations.

S. No.	Source	FY22 (tCO_2)	FY23 (tCO_2)
1	Purchased goods and services	169,413	182,980
2	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)[54]	-	99,161
3	Employee commute	16,106	20,115
4	Business travel	513	3,794
5	Upstream	6,138	7,630
6	Downstream	30,030	38,311
7	Waste generated in operations	4,690	5,275
	Total	**226,890**	**357,266**

Monitoring Scope 3 emissions provides us with strategic opportunities to engage with the business value chain and create awareness of sustainable practices for our business partners. It also provides us with insights into sustainable procurement and logistics. We will continue to track our Scope 3 emissions and eventually take targets for addressing specific categories of Scope 3 emissions. For one of our key products, we have initiated the use of an environment-friendly multi-layered cold storage packaging which can be re-used after refurbishment/re-qualification post every use cycle. This results in the reduction of CO_2 emission as well as improves the overall efficiency.

Environmental Stewardship (continued)

Emission of Ozone-Depleting Substances (ODS)[55]

We are committed to phasing out equipment that uses ozone-depleting substances (ODS). Following the guidelines set by the Montreal Protocol, we have been progressively transitioning to equipment that utilises gases with no ozone-depleting potential.

Specifically, we have adopted R-134a and R-404a gases as alternatives to R-22, ensuring compliance with international standards and best practices in adopting non-ODS refrigerants in our operations.

Our sources of emissions of ODS are primarily from the refrigerants in air-conditioners and chiller plants. For the reporting year, the recharge quantity of CFC 11 equivalent ODS was 0.256 MT.

Other Air Emissions[56]

We monitor the emissions of air pollutants such as sulphur oxides (SOx), nitrogen oxides (NOx), and particulate matter from our operations. We continuously maintain these at levels lower than those prescribed by central and state pollution control boards. We are actively exploring initiatives to reduce the intensity of air pollutant emissions and ensure compliance with relevant environmental standards and regulations.

Emissions (MT)

FY	NOx	SOx	PM
FY21	158	132	210
FY22	196	163	226
FY23	170	148	171

● NOx ● SOx ● PM
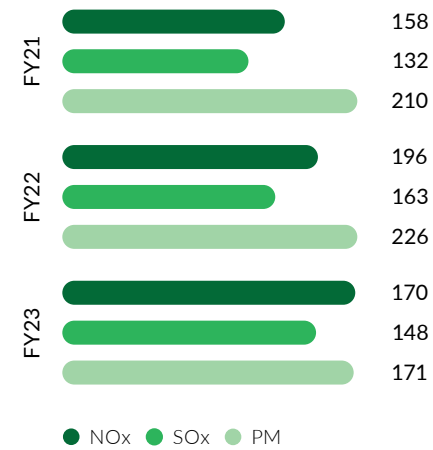
Waste Management[57]

Our waste management strategy involves monitoring waste at its source, optimising resource utilisation and minimising the generation of waste. We prioritise waste diversion from landfills through recycling and other recovery methods, including co-processing. Our waste management practices align with our commitment to co-processing 30% of hazardous waste by 2025.

Additionally, we have embraced digitalisation to reduce paper consumption within our operations. In FY22, we initiated the Equipment Qualification and Validation Life Cycle Management System (EQVLMS), a software mechanism to replace manual paper-based document archiving with an online repository.

Type of Waste Generated (MT)[58]

	FY20	FY21	FY22	FY23
Hazardous	23,448.83	30,580.94	29,786.86	32,033.46
E-waste	5.43	6.22	9.37	9.51
Non-hazardous	11,734.22	17,027.73	21,471.00	21,431.22

[55]GRI 305-6, [56]GRI 305-7, [57]GRI 306-1, 306-2, [58]GRI 306-3

Waste Diverted from Disposal (MT)[59]

Categories	FY20	FY21	FY22	FY23
Hazardous waste				
Reuse	0	0	0	0
Recycling	10,201.43	13,543.25	15,451.10	15,448.30
Other recovery options	0	0	0	0
Total	**10,201.43**	**13,543.25**	**154,51.10**	**15,448.30**
E-waste				
Recycling	5.62	7.20	10.71	5.32
Non-hazardous waste				
Reuse	5.84	1.90	1.92	3.08
Recycling	9,930.63	13,495.62	20,156.81	20,036.02
Other recovery options	599.33	640.01	811.18	629.26
Total	**10,535.8**	**14,137.53**	**20,969.91**	**20,668.36**

Waste Directed to Disposal (MT)[60]

Hazardous waste	FY20	FY21	FY22	FY23
Incineration	3,044.67	2,755.57	2,188.50	1,717.86
Landfilling	8,220.46	9,543.03	9,027.90	10,536.27
Co-processing	1,452.18	2,540.12	2,377.53	2,759.88
Other disposal operations	0	0	0	0
Total	**12,717.31**	**14,838.72**	**13,593.93**	**15,014.01**

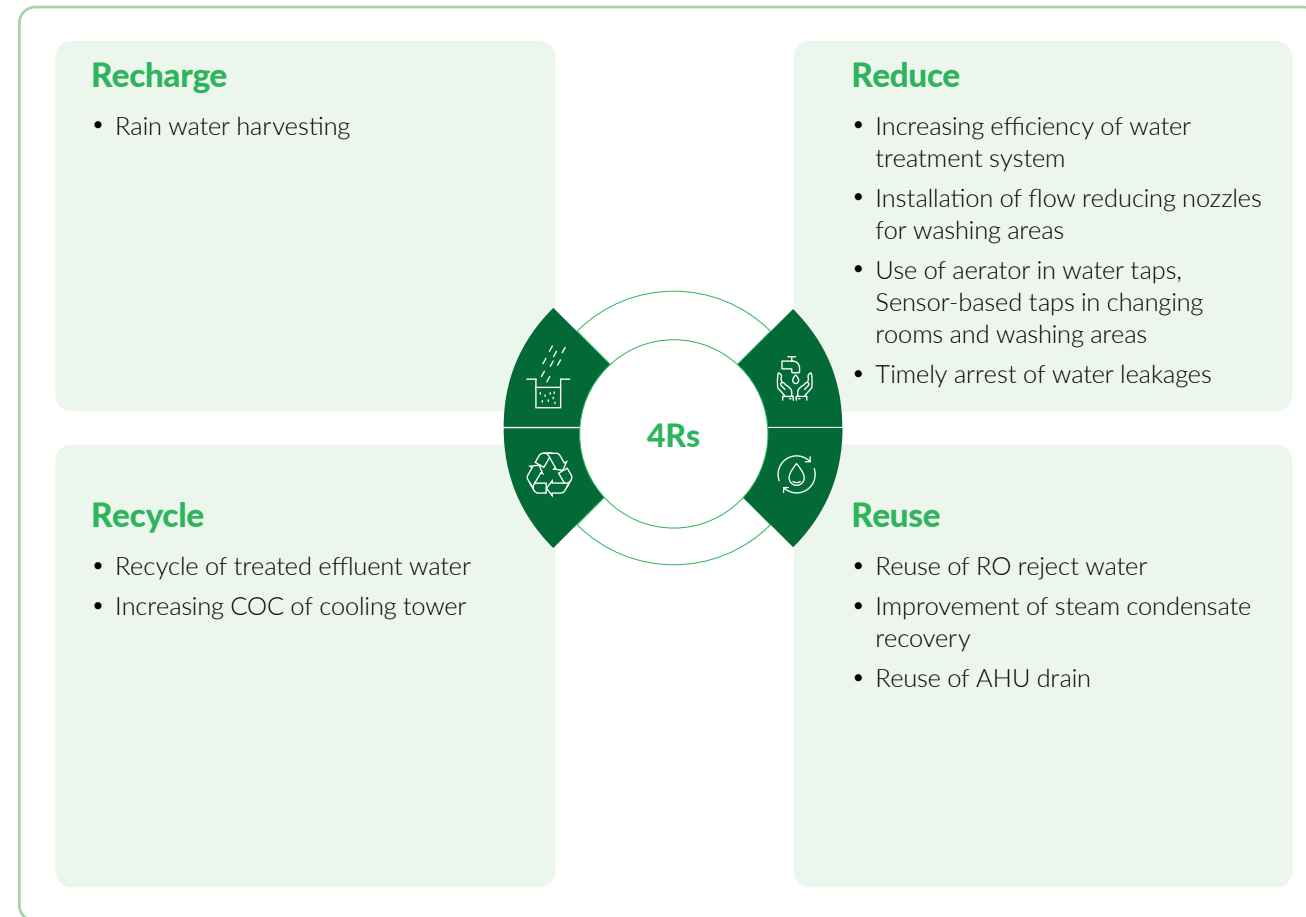| Non-hazardous waste	FY20	FY21	FY22	FY23
Incineration	43.48	42.66	49.34	41.49
Landfilling	511.04	791.31	804.52	552.38
Other disposal operations	0	0	0	0
Total	**554.52**	**833.97**	**853.86**	**593.87**

To minimise the disposal of single-use plastics, we have collaborated with an authorised third-party waste handler to collect and manage end-use plastic, ensuring compliance with pollution control board guidelines and extended producer responsibility (EPR) regulations.

[59]GRI 306-4, [60]GRI 306-5

Environmental Stewardship (continued)

Water Stewardship[61]

Our approach to water management is based on the principles of the 4Rs: 'Reduce, Reuse, Recycle, and Recharge'.

Recharge
- Rain water harvesting

Reduce
- Increasing efficiency of water treatment system
- Installation of flow reducing nozzles for washing areas
- Use of aerator in water taps, Sensor-based taps in changing rooms and washing areas
- Timely arrest of water leakages

4Rs

Recycle
- Recycle of treated effluent water
- Increasing COC of cooling tower

Reuse
- Reuse of RO reject water
- Improvement of steam condensate recovery
- Reuse of AHU drain

We are committed to reducing our reliance on groundwater sources, particularly from water-stressed areas. In FY23, only 12% of our water withdrawal originated from water-stressed areas, demonstrating a positive change compared to 13% in FY22. Furthermore, groundwater accounted for 42.2% of our total water withdrawal this year, compared to 44.4% for FY22.

We have implemented zero liquid discharge (ZLD) systems at 16 sites. The remaining sites have efficient effluent treatment systems that comply with local environmental regulations. We closely monitor the effluent discharged by the non-ZLD sites to ensure compliance with relevant environmental requirements. Managing our water also offers possibilities to recycle and reuse it in our operations, thereby decreasing the overall water demand. All these initiatives have helped us in significant reduction of water consumption.

Water Withdrawal by Sources[62]

Source	FY20	FY21	FY22	FY23
Third party (KL)	1,406,394	1,598,604	1,556,383	1,454,548
Surface water (KL)	660,804	708,714	649,986	696,295
Groundwater (KL)	2,151,053	1,796,012	1,762,243	1,569,983
Total (KL)	**4,218,251**	**4,103,330**	**3,968,613**	**3,720,826**

Water Withdrawal by Sources

- 39%
- 19%
- 42%

Legend:
- Surface water
- Groundwater
- Third party water
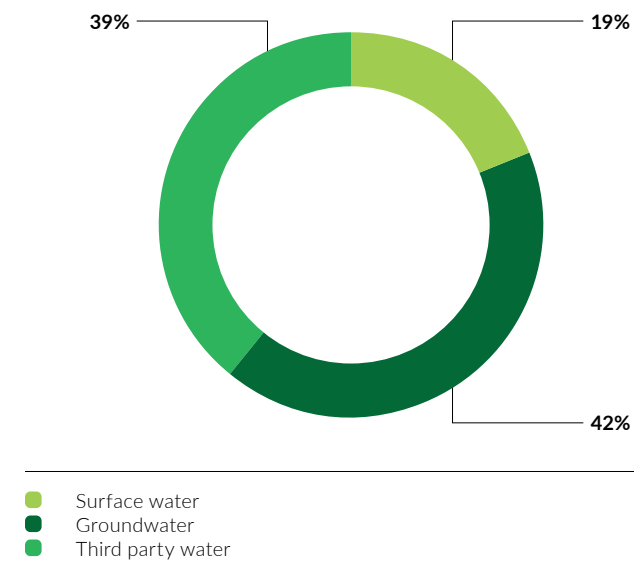
Water Withdrawal from Water-stressed Areas

Source	FY20	FY21	FY22	FY23
Third-party (KL)	58,646	52,054	51,717.0	5,3998
Surface water (KL)	6,000	6,000	7,200.0	7,200
Groundwater (KL)	404,111	413,553	448,238.9	400,341
Total (KL)	**468,757**	**471,607**	**507,155.9**	**461,539**

Water Discharge[63]

Third Party (KL)

FY23	1,422,385
FY22	1,287,972
FY21	1,285,097
FY20	1,325,132

Water Consumption[64]

Water Consumption (KL)

FY23	2,298,441
FY22	2,680,641
FY21	2,818,233
FY20	2,893,119

Water Discharged in Water-stressed Areas (KL)

FY23	6,308.00
FY22	4,424.00
FY21	12,761.00
FY20	15,861.00

Water Intensity (KL/revenue in ₹ Mn)

FY23	8.01
FY22	10.23
FY21	12.25
FY20	12.94

Environmental Stewardship (continued)

Biodiversity

Biodiversity and ecosystem services have direct and indirect linkages with business operations, such as freshwater requirements, air purification, noise control, and flood control, among others. The floral and faunal biodiversity plays a critical role in managing nature's balance and acts as an indicator for evaluating the health of an ecosystem.

We at Sun Pharma recognise the relationship between biodiversity and our business sustainability. The Company thus aims to minimise any negative impact on biodiversity and ecosystem services. Our Biodiversity Policy showcases our commitment and position on overall biodiversity management. This policy is publicly available on our website.

Scope and Methodology

In the reporting year, we assessed biodiversity risk through a third-party agency at five manufacturing locations based on their contribution to overall business. The biodiversity risk assessment has documented various biodiversity components, ecosystems, and ecosystem services within and around these five locations. We identified biodiversity risks using the Taskforce on Nature-related Financial Disclosures Framework (TNFD) V0.4. Site-specific biodiversity surveys, floral and faunal, served as the basis of this assessment.

Stages of Biodiversity Risk Assessment

Documentation of floral (trees, shrubs, herbs, and medicinal plants), faunal diversity (mammals, birds – aquatic and terrestrial, herpetofauna, butterflies)	Qualitative and quantitative analyses of floral and faunal diversity	Identification of flora and fauna along with rare and endangered species; nationally, regionally, or locally significant species and communities present in the study area as per Wild Life (Protection) Act, 1972
Assessment of the carbon sequestration potential of the existing green belt within the study area	Development of an action plan for conservation and enrichment of biodiversity	Identifying non-native or invasive species

Biodiversity Risks and Opportunities

Risk due to sourcing of surface water/ groundwater for process requirements	Risk arising due to the growth of invasive species in greenbelt areas	Risk from species with high conservation importance reported within the site and nearby area	Carbon sequestration from greenbelt to address the residual emission as an opportunity through biodiversity conservation

Climate Governance

We undertake risk management through a cross-functional approach that facilitates cohesion in the response and management of risk incidents. This mechanism operates through a multi-layered governance structure.

Our Multi-layered Governance Structure

Board of Directors ↔ Risk Management Committee (RMC) ↔ Global Internal Audit (GIA) ↔ Environment Team

Roles and Responsibilities

Board Oversight

The Board of Directors have constituted a Risk Management Committee (RMC) with the overall risk management responsibility. The Board-level RMC has the highest level of oversight over Sun Pharma's risk profile and opportunity landscape, including identifying, managing, and monitoring of key climate-related risks. The committee, chaired by the Managing Director (MD), ensures strategic review and implementation of risk management policies and year-on-year performance against overall business goals and targets using enterprise risk framework (ERM). Our MD has multiple decades of corporate experience and guides our ESG strategy. Our MD periodically oversees climate-related issues and reviews/approves major climate-related projects and capital expenditures. The environment team regularly updates the Managing Director on all the above aspects.

Management Roles and Responsibilities

The environment team oversees our climate change-related initiatives' implementation, progress, and performance. It regularly updates the MD on all the above aspects.

Environmental Stewardship (continued)

TCFD and Climate Risk Management Approach

The climate risks included in our Enterprise Risk Management (ERM) undergo the risk management approach mentioned hereunder.

TCFD and Climate Risk Management[65]

In alignment with the Task Force on Climate-related Financial Disclosures (TCFD) Framework, we have conducted a detailed physical and transition climate risk assessment, including scenario analyses. The risk assessment included physical climate risks and transition-related risks to the business. Our initiatives align with leading frameworks and guidelines, such as the TCFD and the Carbon Disclosure Project (CDP). Sun Pharma's TCFD methodology is grounded in rigorous climate risk studies, GHG inventorisation, and analysis of existing institutional arrangements. We are using both qualitative and quantitative climate-related scenario analysis.

We have covered short-term, medium-term, and long-term time horizons in our climate risk assessment.

Short term (0-5 years)	Medium term (5-10 years)	Long term (10-30 years)
The short-term climate risks are defined for a period of 0 to 5 years and are addressed through various initiatives within the organisation, including energy efficiency and renewable energy projects. We have also set environmental targets for 2025 (considering 2020 as the baseline year) in alignment with our climate action strategy.	The medium-term climate risks are defined for a period of 5 to 10 years and are expected to be addressed through various initiatives within the organisation including, energy efficiency and renewable energy projects. We have also set a target of 35% reduction in absolute emissions (Scope 1 and Scope 2) by 2030, considering the baseline year of 2020 in alignment with our climate action strategy.	While the long-term horizon presents inherent uncertainties, we proactively address this challenge by integrating our climate action plans into our business growth strategy. By doing so, we ensure that sustainability and climate resilience are ingrained in our operations, allowing us to adapt effectively to emerging situations, including unforeseen events like climate-related supply chain disruptions.

TCFD – Physical Risks and Scenario Analysis

We analysed the physical risks for all of Sun Pharma's geographical locations as well as its value chain. This assessment encompassed our manufacturing locations, offices and upstream strategic supplier's manufacturing sites, and critical downstream warehouses. Our assessment process utilised globally recognised models to assess acute and chronic physical risks associated with extreme temperatures, droughts, flooding, thunderstorms, precipitation, wildfires, and wind velocity.

Acute Physical Risks

We have identified potential acute physical risks that may challenge our operations and value chain. Subsequently, we will develop location-specific mitigation plans to address these risks effectively. The primary objective of our physical climate risk assessment was to understand exposure to acute physical risks and minimise the impact of extreme weather events and other climate-related hazards on our operations and supply chain. By proactively addressing these risks, we focus on ensuring the continuity of our operations and mitigate potential damages arising from acute physical impacts.

Chronic Physical Risks

The primary objective of our chronic physical climate risk assessment was to understand exposure to risks such as precipitation patterns, extreme temperature, and water availability and minimise its impact on our direct operations and supply chain. Additionally, we used WWF's Water Risk Filter Tool to evaluate water stress and availability risks at our manufacturing and R&D sites.

We studied the historical trends and future projections of the above-mentioned various climate hazards impacting our business locations.

[65]GRI 201-2

Climate-related Scenario Analysis

We studied the historical trends and future projections of various climate hazards with potential impacts on our business locations. For future hazard trends, our climate risk assessment used the Shared Socioeconomic Pathways (SSPs) assessment using SSP 1, 2, and 5 scenarios until the year 2100. For this analysis, we used these scenarios and the Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC), published in 2022. The data allows physical climate risk to be assessed every five years from the present to 2100.

The SSPs are based on five narratives describing broad socioeconomic trends that could shape future society. We considered SSP 1, 2, and 5 climate scenarios for Sun Pharma's physical risk assessment for all locations.

SSP – Scenarios

SSP 1: Sustainability – Taking the Green Road	SSP 2: Middle of the Road	SSP 5: Fossil-fueled Development – Taking the Highway
• Low challenges to mitigation and adaptation • Shift to sustainable practices results in rapid technological development, relative global equality of income and environmental sustainability • Emissions continue to increase through the end of the century, with resulting warming of more than 1°C by 2100	• Medium challenges to mitigation and adaptation • Decisive mitigation actions to reduce emissions to half of current levels by 2080 • Emissions will continue to increase through the end of the century, with warming of more than 2 degrees Celsius by 2100	• High challenges to mitigation, low challenges to adaptation • Continuation of business as usual with emissions at current rates • High-growth energy-intensive emissions result in warming of more than 4 degrees Celsius by 2100

The above three scenario analyses gave us insights into various long-term climate risks across our value chain. Our assessment process utilised globally recognised models to assess acute and chronic physical risks associated with extreme temperatures, droughts, flooding, thunderstorms, precipitation, wildfires, and wind velocity.

Transition Risks and Scenario Analysis

We have conducted a Transition Risks and Scenario Analysis until 2050 to assess the risks to the business posed by upcoming/anticipated changes in the policies, regulations, markets, and technologies due to climate change impacts. We have used Network for Greening the Financial System (NGFS) scenarios developed in partnership with an academic consortium from the Potsdam Institute for Climate Impact Research (PIK), International Institute for Applied Systems Analysis (IIASA), University of Maryland (UMD), Climate Analytics (CA) and Eidgenössische Technische Hochschule Zürich (ETH) for this assessment.

The transition pathways for the NGFS Scenarios are differentiated by several key design choices relating to long-term temperature targets, net-zero targets, short-term policy, overall policy coordination and technology availability.

Environmental Stewardship (continued)

Different Transition Scenarios

Nationally determined contributions (NDCs) scenario: This scenario foresees India's NDC is implemented fully and aligns the business' emissions as per the NDC trajectory.

Below 2°C scenario: This scenario gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.

'Net Zero 2050' scenario: This scenario limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero by 2050.

Delayed transition scenario: This scenario assumes a disorderly transition where emissions until 2030 will follow the business as usual (BAU) scenario, and then

it will suddenly start declining to restrict global warming below 2°C.

Divergent net zero scenario: The world will reach net zero around 2050 but with higher costs due to divergent policies introduced across sectors, leading to a quicker phase-out of fossil fuels.

Addressing Transition Risks

Transition Risk	Impact	Risk Level
Policy and Legal Risks	Currently, there is no carbon price/tax implemented in India. Thus, for Sun Pharma, regulatory implications from a policy perspective are low. On the other hand, our units based outside India might have some regulatory implications on their operations due to different carbon prices/tax policies. We are proactively implementing initiatives for reducing direct and indirect GHG emissions for multiple sites worldwide, aligning with our target for reducing GHG emissions (Scope 1 and Scope 2) by 35% by 2030.	Low – Medium
Market Risk	With an increase in cost for the essentials (power/electricity rates at local sites and cost of raw materials), Sun Pharma needs to transition to renewable energy sources. It is important to note that as the Indian Government currently has no plans to phase out coal, this scenario considers the price of power to not increase significantly. This is similar to the NDC scenario. However, the other three low-carbon transition scenarios mentioned above may steeply increase prices, especially post-2030. These three scenarios indicate the dissuasion of using coal as a source of energy. Sun Pharma's units worldwide would be affected as policies would impact the market price of power to an extent.	Low – Medium
Technology Risk	Technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system can have a significant impact on organisations. The percentage share of projected renewable energy sources would grow in the next few years, posing a lower transition risk. Renewable energy constitutes ~32% of our total energy usage. We are consistently working to increase the share of renewable energy in our overall energy mix. We have recently installed a Hybrid (Solar + Wind) power plant. We have also installed solar rooftops at various locations and are consistently working towards the upgradation of our boilers to use biomass.	Low
Reputational Risk	Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions related to climate risks. Our reputational risks are low because of our commitment to GHG reduction and focus on renewable energy. We have set targets for the reduction of GHG emissions (Scope 1 and Scope 2), reduction of water consumption and co-processing of our hazardous waste. Furthermore, we are increasing the share of renewable energy in our overall energy consumption and are also focusing on various other energy efficiency initiatives. The Company has been implementing Zero Liquid Discharge (ZLD) systems at many manufacturing facilities to alleviate any negative environmental impact through wastewater generated. Currently, 16 manufacturing locations have ZLD status.	Low

Physical Climate Risk Adaptation

Energy Efficiency

We aim to reduce carbon emissions (Scope 1 and 2) by 35% by 2030, considering the baseline of 2020. To achieve these targets, we have introduced many energy-saving initiatives like the installation of an energy-efficient zero purge refrigerant type air dryer, the installation of an energy-efficient cooling tower, the use of smart and efficient heating ventilation and air conditioning (HVAC) equipment, replacement of chilled water (CHW) and hot water (HW) pumps with an energy-efficient pump equipped with IE3 motor, among others. These measures have helped us reduce fuel consumption, optimise water usage and shrink our carbon footprint for many sites worldwide.

Water Management

Since droughts and water scarcity are expected to be exacerbated as a result of the physical impacts of climate change, we are exposed to water risks at some of our sites which have the potential to temporarily disrupt operations and affect our revenues. To comprehensively assess water risk, we have utilised both the WWF Water Risk Filter and Central Ground Water Board (CGWB) analysis for all our locations. For our sites in India, we relied on the CGWB analysis to identify water-stress areas. In contrast, for locations outside of India, we employed the WWF Water Risk Filter to identify water stress sites. We have taken a target to reduce our water consumption by 10% by the year 2025, compared to baseline year of 2020.

Metrics and Targets

We are committed to reducing our carbon footprint, and to accomplish this goal, we have implemented several carbon and energy-related initiatives to manage our GHG emissions. All these initiatives aim to realise our ambitious target of achieving a 35% reduction in absolute GHG emissions for Scope 1 and Scope 2 by 2030 compared to the 2020 baseline.

Scope Covered by the Target

Scope 1 + Scope 2

Target Timeframe

Base Year	Target Year
2020	**2030**

Base Year Emissions

451,068 MT CO_2

% Reduction Target from Base Year

35%

Workforce Resilience and Well-being
Empowering Talent

Aligned with our vision of 'Reaching People, Touching Lives Globally as a Leading Provider of Medicines', we are championing the potential of our diverse and dynamic workforce.[66] With a talented team of 43,000+ individuals, we are a global brand united by the shared mission of creating a healthier future for all.

Aligned with UN SDGs

Material Topics

- Human Capital Development
- Diversity, Equity and Inclusivity
- Occupational Health and Safety

Target 5.1
End all forms of discrimination against all women everywhere.

Target 5.5
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

Target 8.5
Achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.

[66]GRI 3-3

Building and Empowering Teams

Our workforce embodies the Company's ideologies; Humility, Integrity, Passion, and Innovation[67], positively impacting the Company's success and the lives of the people we serve. We sincerely acknowledge that our achievements stem from the exceptional individuals who are the backbone of our Company, and we nurture and empower talent to achieve their full potential.

We translate this commitment through our progressive human resource management strategy, consistent investments for its implementation, and concerted efforts to ensure its relevance amidst changing workforce expectations. We have reinforced the approach by our unwavering adherence to four fundamental principles - Connect, Align, Respect, and Ensure (C.A.R.E) - which form the bedrock of our success.

[68]Sunology, a combination of the words 'Sun' and 'Ideology', is the way of life at Sun Pharma: https://sunpharma.com/about-us/
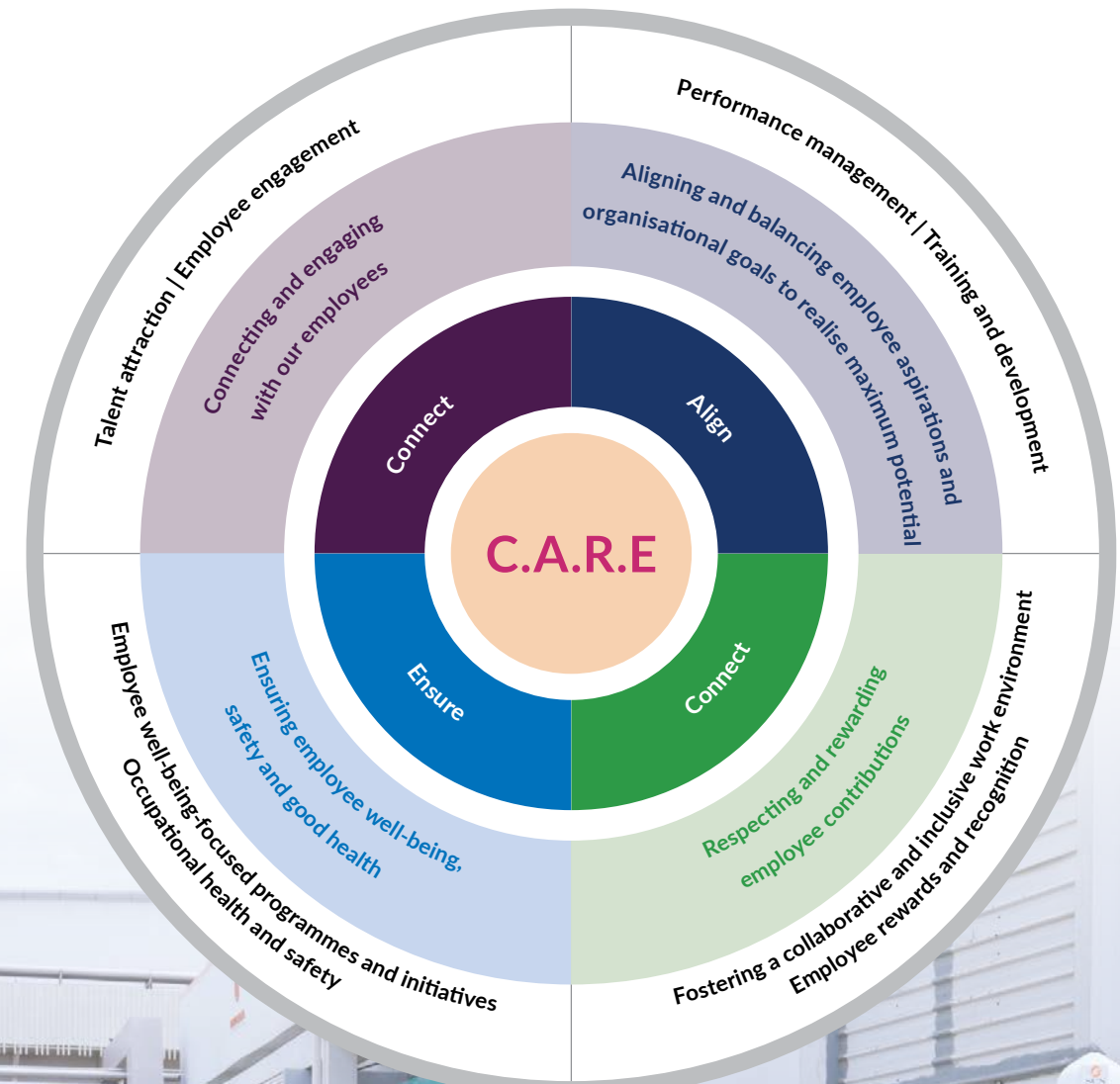
Workforce Resilience and Well-being (continued)

Sun Pharma is Great Place To Work®-certified, a testament to our unwavering dedication to creating an exceptional workplace environment. This recognition is crucial as it validates our commitment to fostering a culture of trust, collaboration, and genuine care, making our organisation a preferred place to build a fulfilling career.

As a knowledge-driven Company, we are committed to providing a platform for continuous learning. We strive to bring together the brightest minds from multiple disciplines and diverse backgrounds, which best reflects our global nature of work and the communities we serve. Our value system strongly supports our workforce management and development approach, and we focus on empowering our global workforce of 43,000+.

The table below provides details on our workforce by gender, age, and region for FY23.[69]

Total Global Consolidated Workforce

Employee Category	<30 years	30-50 years	>50 years	Male	Female
Employees					
Top management	0	56	107	143	20
Senior management	0	451	297	648	100
Middle management	58	2,028	498	2,035	549
Junior management	251	3,371	614	3,336	900
Non-Management*	9,940	10,313	1,129	19,044	2,338
Executives on Contract	1,313	222	19	1,017	537
Trainees	6	3	0	1	8
Total Employees	**11,568**	**16,444**	**2,664**	**26,224**	**4,452**
Workers					
Permanent associates	1,621	3,576	922	5,879	240
Casual labour	89	26	15	71	59
Contractual labour	5,865	591	13	4,735	1,734
Total Workers	**7,575**	**4,193**	**950**	**10,685**	**2,033**

Total Workforce – India

Employee Category	<30 years	30-50 years	>50 years	Male	Female
Employees					
Top management	0	38	80	108	10
Senior management	0	374	198	525	47
Middle management	38	1,642	265	1,697	248
Junior management	141	2,760	320	2,857	364
Non-Management*	9,576	8,493	370	17,544	895
Executives on contract	1,205	27	0	907	325
Total Employees	**10,960**	**13,334**	**1,233**	**23,638**	**1,889**
Workers					
Permanent associates	1,607	3,506	906	5,825	194
Contractual labour	5,762	434	0	4,624	1,572
Total Workers	**7,369**	**3,940**	**906**	**10,449**	**1,766**

*This includes all employees in non-management roles and field employees

69GRI 2-7, 2-8 and 405-1

Total Workforce – Global (Excluding India)

Category	<30 years	30–50 years	>50 years	Male	Female
Employees					
Top management	0	18	27	35	10
Senior management	0	77	99	123	53
Middle management	20	386	233	338	301
Junior management	110	611	294	479	536
Non-Management*	364	1,820	759	1,500	1,443
Executives on contract	108	195	19	110	212
Trainees	6	3	0	1	8
Total Employees	**608**	**3,110**	**1,431**	**2,586**	**2,563**
Workers					
Permanent associates	14	70	16	54	46
Casual labour	89	26	15	71	59
Contractual labour	103	157	13	111	162
Total Workers	**206**	**253**	**44**	**236**	**267**

*This includes all employees in non-management roles and field employees

Promoting Inclusivity

At the heart of our success lies a diverse and inclusive work culture. For the reporting year, women comprised 14.94% of our total workforce. Furthermore, 48% of our workforce is within the age bracket of 30-50 years for the reporting year.

15% 85%

- Male
- Female
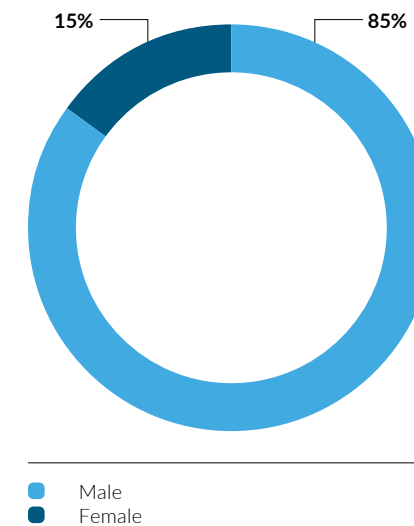
We focus on promoting inclusion in the workforce by using a three-pronged approach:

Equal Opportunities

As an equal-opportunity employer, we treat our employees with utmost dignity, respect, and fairness.

Non-discrimination

We maintain a zero-tolerance policy on all forms of discrimination, including that based on gender, sexual orientation, race, religion, caste, ethnicity, age, nationality, disability, HIV status, or family status, among others.

Meritocracy

We focus on merit-based recruitment and selection, training and development, performance evaluation, compensation, and career progression.
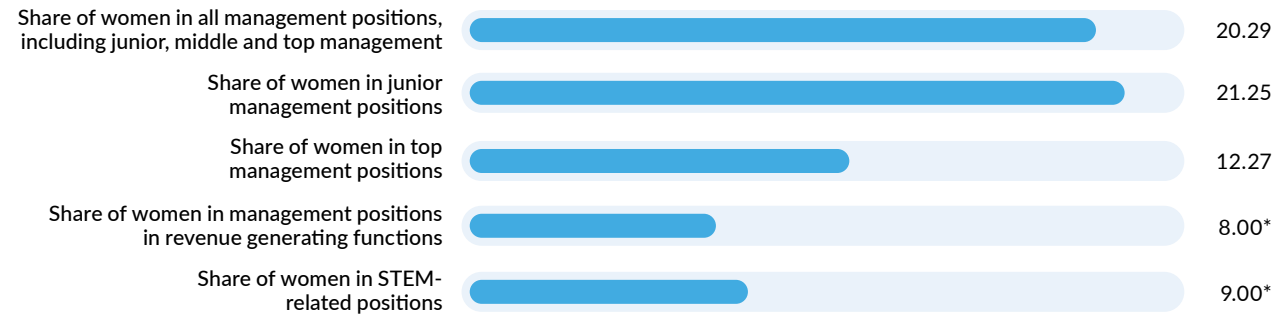
By honouring various ethnic festivals and observing international days of recognition like Women's Day, we aim to create an environment where employees value and feel a sense of belonging.

We also make focused efforts to provide for adequate representation of women in management positions and other technical roles and revenue-generating functions.
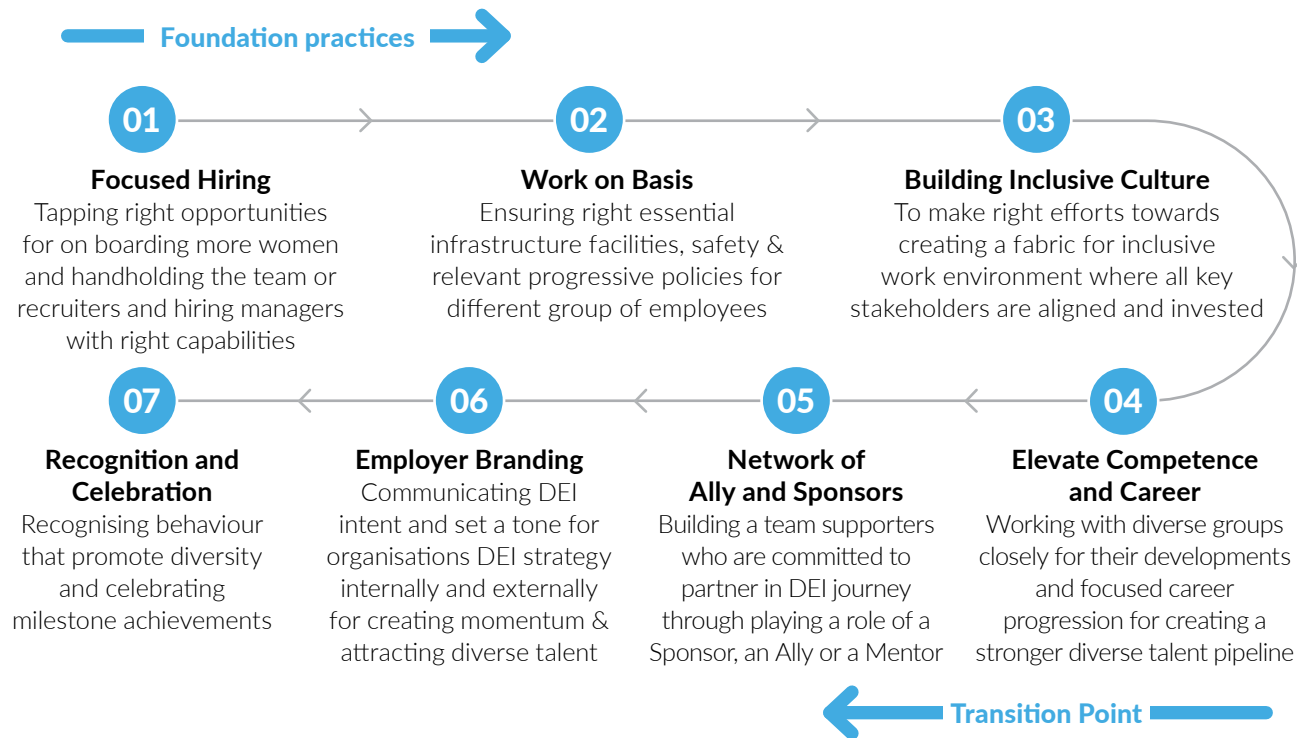
Workforce Resilience and Well-being (continued)

Gender diversity across management level and functions for FY23 (%)

	%
Share of women in all management positions, including junior, middle and top management	20.29
Share of women in junior management positions	21.25
Share of women in top management positions	12.27
Share of women in management positions in revenue generating functions	8.00*
Share of women in STEM-related positions	9.00*

* Data for our Indian operations, which account for more than 80% of our workforce

Diversity, Equity, and Inclusion (DEI) Approach | Sun Pharma

Foundation practices

01 Focused Hiring
Tapping right opportunities for on boarding more women and handholding the team or recruiters and hiring managers with right capabilities

02 Work on Basis
Ensuring right essential infrastructure facilities, safety & relevant progressive policies for different group of employees

03 Building Inclusive Culture
To make right efforts towards creating a fabric for inclusive work environment where all key stakeholders are aligned and invested

04 Elevate Competence and Career
Working with diverse groups closely for their developments and focused career progression for creating a stronger diverse talent pipeline

05 Network of Ally and Sponsors
Building a team supporters who are committed to partner in DEI journey through playing a role of a Sponsor, an Ally or a Mentor

06 Employer Branding
Communicating DEI intent and set a tone for organisations DEI strategy internally and externally for creating momentum & attracting diverse talent

07 Recognition and Celebration
Recognising behaviour that promote diversity and celebrating milestone achievements

Transition Point

DEI initiatives of FY23

- Articulation and communication of DEI policy
- Focused hiring through campus connect, all women walk-ins and lateral hiring for critical roles
- Gender and inclusive Intelligence workshops for leaders
- Sessions for all people managers on mitigating unconscious bias
- Focused development programmes for women employees
- Concentrated efforts of employer branding through social media to attract more women talent

Talent Acquisition

We are committed to fostering a healthy, inclusive, and excellence-driven culture that enables our employees and aspiring talent to do meaningful work with us. We are an equal-opportunity employer focusing on a candidate's competency and compatibility with the organisation's core corporate values and purpose.[70] We ensure this alignment to attract the right talent during the hiring process. Our recruitment strategy supports diversity in hiring, and we monitor the results to identify the scope of improvement.

[70]GRI 3-3

Each new employee undergoes induction training that orients them to our corporate value system, operations, and organisational aspirations, helping them embrace our shared purpose. In FY23, our global employee base grew by 7,619 employees. The table below provides details on our new hires for FY23[71]:

Majority of our new hires were in the <30 age bracket

Region	<30 years		30-50 years		>50 years		Male		Female	
	Nos.	Rate	Nos.	Rate	Nos.	Rate	Nos.	Rate	Nos.	Rate
India	5,528	50.4%	1,076	8.1%	23	1.9%	5,820	24.6%	807	42.7%
Global (excluding India)	340	56.5%	566	18.2%	86	6.0%	514	19.9%	478	18.7%

Internal hires accounted for 7%* of the total open positions filled during the year.

Our people-centric approach is a decisive factor in enabling the retention of our employees and providing them with valuable opportunities for growth and empowerment. We carry out systematic retention by adopting this approach, coupled with our rewards and recognition framework. The table below provides details on our employee turnover for FY23.[72]

16.27% Employee turnover rate

12% Voluntary employee turnover rate*

Region	<30 years		30-50 years		>50 years		Male		Female	
	Nos.	Rate	Nos.	Rate	Nos.	Rate	Nos.	Rate	Nos.	Rate
India	2,505	26.5%	1,342	10.0%	105	8.2%	3,623	16.1%	329	20.0%
Global (excluding India)	179	34.2%	486	15.9%	139	9.5%	393	15.6%	411	16.3%

* Data for our Indian operations, which account for more than 80% of our workforce

Talent Management and Continuous Learning

Our investment in the professional development of our staff aims to cultivate a culture of shared growth and excellence. We focus on building a spirit of continuous learning and development to help our employees embrace the skills they need in their present and future roles.

Annual Assessments for Performance Management

The process includes goal planning, development needs assessments, mid-year reviews, and year-end reviews, ensuring a robust performance management strategy. We also undertake agile and informal open two-way discussions between employees and managers and team-based performance appraisal for greater transparency and holistic feedback. In FY23, the annual appraisal cycle covered 100% of our employees, following a systematic objective-led approach by the management.[73]
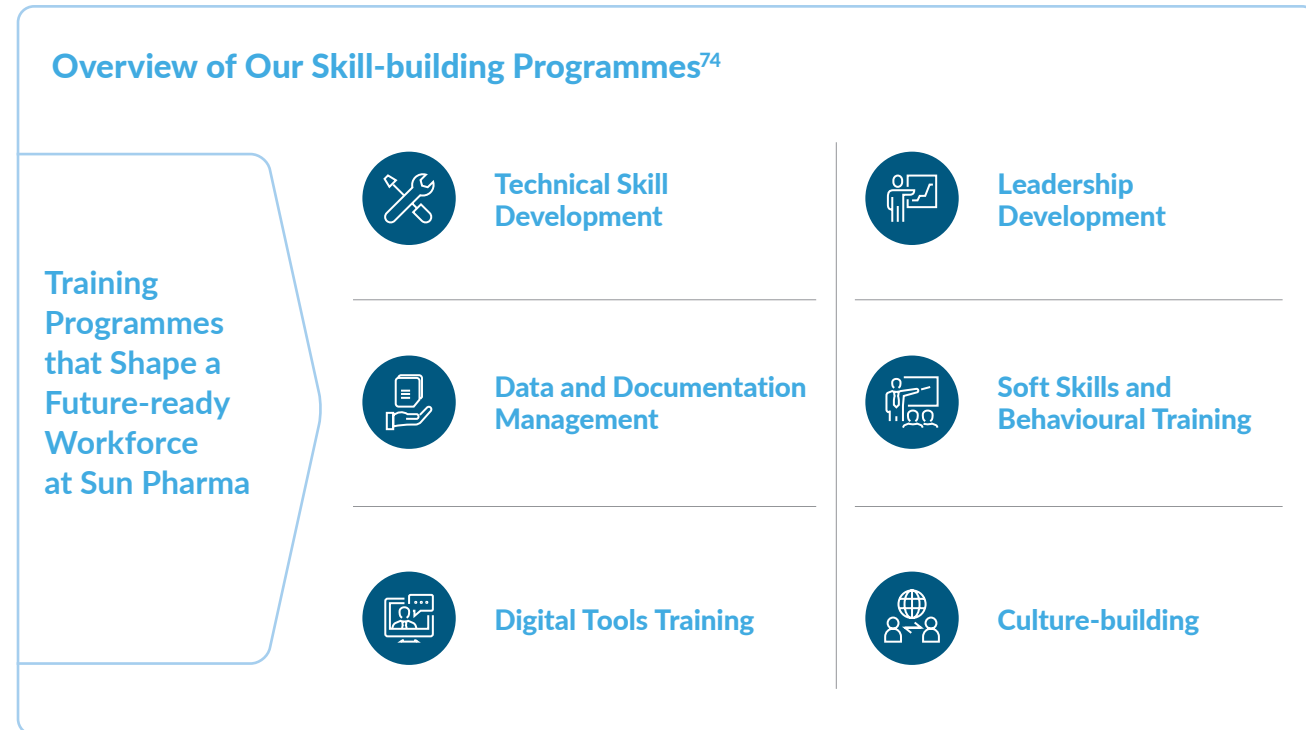
Holistic Training and Development Programmes

We continued to deliver comprehensive learning opportunities that align with our organisation's objectives and our employees' aspirations. Our programmes intend to meet various learning needs determined through examining individual growth plans and business unit interactions. Internal and external specialists facilitate the flexible offering of these programmes to our employees. Our staff also has access to diverse programmes through Massive Open Online Courses (MOOCs) and TED Talks.

[71]GRI 401-1, [72]GRI 401-1, [73]GRI 404-3

Workforce Resilience and Well-being (continued)

Overview of Our Skill-building Programmes[74]

Training Programmes that Shape a Future-ready Workforce at Sun Pharma

- Technical Skill Development
- Data and Documentation Management
- Digital Tools Training
- Leadership Development
- Soft Skills and Behavioural Training
- Culture-building

Leadership Development Programme

In the reporting year, we organised several training initiatives to nurture the potential of our leaders. Through measures like the Leaders Development Programme (LDP), Manager as a Coach, Seven Habits of Highly Effective People, and People Development Programme, we equipped functional leaders with general management skills to tackle organisational challenges from a strategic business perspective. Such programmes enable our functional leaders to adapt to volatile markets and navigate cross-cultural challenges and rapidly changing risk landscapes while driving strategic initiatives to strengthen Sun Pharma's global competitiveness.

30%
Participation

Sales Force Training Programme

We organised a tailored programme on the basics of Sales force to enhance the skills and capabilities of our field force. Through valuable insights, the programme aims to improve market readiness among participants. They learned to optimise their time, employ innovative selling techniques, and communicate effectively and authentically with customers. It also cultivated a sense of ownership and accountability within the workforce, empowering them to become passionate brand advocates who drive meaningful results for the Company. The programme's emphasis on trust development further strengthened their ability to influence positive outcomes.

35%
Participation

For FY23, each employee underwent an average of 78 hours of training.

Average Training Hours for FY23[75]

	Male	Female
Top management	53	19
Senior management	12	2
Middle management	34	12
Junior management	102	67
Associate/Non-management	99	3
Executives on Contract	145	78

Average amount spent per FTE on training and development: ₹1,684

Behavioural Framework

With a focus on seven behavioural traits, the framework plays a pivotal role in driving leadership development. It serves as a guide, creating a clear pathway for each employee, grooming them towards future leadership roles, and fostering a leadership-focused culture. By nurturing these critical competencies, we cultivate an entrepreneurial, effective, and inclusive mindset to drive organisational leadership. This strategy enables us to build an extensive internal talent pipeline for succession.

Behavioural Competencies →

	Strategic Orientation	Execution Focus	Accountability	Collabo-ration	Process Excellence	People Development	Customer-centricity
Elements ↓	Market awareness	Aspiring higher by taking stretch goals	Performance monitoring of functional and cross-functional goals	Self-awareness and emotional control	Process orientation	Providing inspirational leadership	Understanding customer expectations
	Tolerance to ambiguity	Planning and prioritisation	Initiative	Boundary-less behaviour	Process compliance	Attracting and engaging talent	Market intelligence
	Analysing and interpreting data	Attention to detail	Adapting and responding to change	Nurturing relationships	Resource optimisation	Delegation	Building relationships
	Persistence			Influence	Process improvement	Developing talent	Offering customer-centric solutions
	Cultural sensitivity						

Workforce Resilience and Well-being (continued)

Talent Engagement

Our workforce is an essential source of value that drives our performance and productivity, and we want our teams to feel comfortable contributing ideas and suggestions about propelling our purpose ahead. We have built our engagement approach based on active and honest interactions with our personnel, which underscores our commitment to nurturing strong relationships with our staff based on mutual trust. Valuing our employees is at the core of our Company's ethos. Our people-centred approach fosters a genuine sense of pride, trust, and loyalty, laying the foundation for a workforce that excels and enables our organisation to thrive.

Fair Compensation

We truly value our employees' efforts and recognise that fair and adequate compensation is crucial in acknowledging their contributions. We design our compensation programmes keeping this objective in mind. We ensure that remuneration across our workforce is competitive through diligent benchmarking with industry peers, guidance from our independent compensation advisors, and a global approach to rewards. At the governance level, the Nomination and Remuneration Committee is responsible for the overall management of remuneration processes and policies and for determining the remuneration of senior management personnel. Furthermore, remuneration for the Managing Director and Whole-time Directors is also approved by shareholders as required by local laws and regulations.[76]

Gender Pay Assessment[77]

Employee Level	Average Women Salary (in ₹)	Average Men Salary (in ₹)
Executive level (base salary only)	20,473,128	27,326,085
Executive level (base salary + other cash incentives)	28,442,046	39,551,486
Management level (base salary only)	9,188,739	9,333,847
Management level (base salary + other cash incentives)	12,143,185	12,658,385
Non-management level (base salary only)	4,490,587	4,562,269

We comply with all applicable laws and regulations for minimum wages at the hiring stage across our operations.[78]

Employee Benefits

At Sun Pharma, we continuously benchmark our employee benefits and opportunities against market trends to meet the evolving needs of our diverse global teams and their families. By offering flexible benefits programmes, including insurance policies, retirement arrangements, and allowances, we empower our employees to achieve their full potential while meeting their personal and health goals. We also support our employees with retirement benefits such as contributions to a pension fund and mandatory retirement provisions per applicable laws and regulations.[79]

Sun Pharma Employee Benefits	
Global parental leave	Professional allowance*
Medical insurance	Housing allowance*
Accident insurance	Education allowance for school fees*
Life insurance	Phone allowance*
Car allowance*	Meal allowance*
Transportation allowance*	Variable/Performance pay for certain employee categories*

*These provisions are contingent upon the HR policy of the individual global locations

We offer a range of leaves designed to support our employees' improved work-life balance and flexibility needs. Through our Company's portal, our employees across global operations can enjoy the flexibility of choosing their shift hours or opting to work from home at certain locations.

We provide maternity, adoption, and paternity leave. We offer resources such as on-site lactation facilities and partnerships with nearby creches to support employees transitioning back to work after parental leave. The table below provides details on parental leave taken during FY23.[80]

Description	Male	Female
Number of employees entitled to parental leave	14,242	2,103
Number of employees who availed parental leave	831	175
Number of employees who returned to work in the reporting period after parental leave ended	830	122
Number of employees who returned to work after parental leave ended in previous year who were still employed 12 months after they returned to work	672	111
Return to work rate (%)*	99.9%	69.7%

*Does not account for spillover of maternity /paternity leave across financial years.

Employee Engagement Survey

Every two years, we undertake an Organisational Health Index (OHI) survey to help us identify and address gaps between our employee engagement approach and employee experience. The survey adopts and incorporates global and functional benchmarks. The employee sentiments recorded from the survey results give us valuable insights to improve the overall work culture at Sun Pharma. Our employee engagement scores have improved each year over the last survey cycles.

In FY23, we underwent the Great Place to Work® Survey and achieved an employee engagement score of 84% across our operations.

We also received the following external recognitions:

1. India's Best Workplaces for Millennials 2023
2. India's Best Employers Among Nation-Builders 2023
3. India's Top Workplaces in Pharma, Healthcare & Biotech Industry

Recognitions and Rewards

The power of recognition goes beyond monetary benefits. Our employee appreciation programmes are platforms to commend notable contributions and celebrate exceptional achievements. The programmes act as catalysts, igniting a sense of belongingness and a continuous drive for excellence.

Metrics Covered by the Survey

Job satisfaction   Purpose   Stress levels   Happiness

Workforce Resilience and Well-being (continued)

Nurturing an Ethics-driven Culture

Our Global Code of Conduct (GCoC) serves as the foundation to guide ethical standards and practices across the Group. It applies to members of the Board of Directors and all Company employees, irrespective of their employment status. It covers 28 topics ranging from honest and ethical conduct and fair dealing, non-discrimination, compliance with laws, rules and regulations, and creating a gender-friendly workplace, to policies addressing whistleblowing and insider trading, among others.

We expect our value chain partners to adhere to the principles of the code. We consistently uphold our values in every business endeavour,

ensuring compliance with the GCoC. Through various training programmes, both online and in the classroom, we actively instil these principles in our employees. The GCoC is available on the Company's website, and all employees must acknowledge their commitment to conduct themselves according to it.

Our Human Rights Commitment

Sun Pharma is committed to safeguarding and respecting human rights in every aspect of our global operations through our Human Rights Policy. We have built the policy upon the Universal Declaration of Human Rights, including those contained in the International Bill of Rights and Declaration on

Fundamental Principles and Rights at Work (1998) as per the International Labour Organization. As upholding human rights is a collective effort, we expect our value chain partners to adhere to the principles of human rights. Our goal is to promptly detect any instances of human rights violations and responsibly address the identified risks. We also provide grievance redressal mechanisms to address violations of fundamental human rights and to deal with stakeholder concerns on human rights in a just, fair, and prompt manner. [81]Furthermore, for FY23, ~82% of our security personnel have received training on our human rights policies and processes across select geographies.[82]

Zero Tolerance Policy towards Child and Compulsory/Forced Labour

We ensure that we do not employ anyone below 18 years of age, in line with our firm commitment to ethical and good labour practices. We also strictly prohibit forced or compulsory labour and do not engage with suppliers or vendors who employ such practices.[83]

Freedom of Association[84]

We fully comply with local labour laws, valuing the importance of fair wages, freedom of association, participation, and collective bargaining throughout our operations. We prioritise creating an environment where employee rights are consistently recognised and protected. In keeping with this stance, we respect the right of our employees to join, form, or refrain from any employee collectives without fear of retaliation, harassment, or intimidation of any kind. Our management-recognised employee union (wherever applicable across our global manufacturing operations) represents 4.54% of our workforce as of March 31, 2023.[85]

Human Rights Protection and Due Diligence Efforts

At Sun Pharma, we strive to identify the adverse human rights impact on our business on all the relevant stakeholders and correspondingly account for addressing these impacts through corrective actions. Our efforts cover various areas such as labour standards, health and safety, environmental practices, corporate ethics, and specific topics like freedom of association, safe working conditions, fair wages, child labour, and discrimination.

Employee Awareness on Human Rights Policies and Procedures

To promote understanding and support our commitment to human rights, we train our employees through a focused training programme on our Learning Management System. These training programmes aim to raise awareness and knowledge, fostering a culture that values respect, fairness, and equality.

We strictly adhere to all applicable laws and regulations with respect to Human Rights. For FY23, we received 11 complaints of discrimination, all of which were resolved within the prescribed timeline.[86]

Ensuring Employee Well-being, Health, and Safety

Through a range of focused programmes and initiatives, we have created a supportive work environment that goes beyond traditional benefits and addresses the holistic health and well-being of the workforce.

Addressing Mental Health

We conduct regular sessions on mental health, equipping employees with valuable tools to tackle stress and other challenges. By openly discussing and addressing these issues, Sun Pharma fosters a culture of support and resilience. **Mann Talks** (message from heart) is a free and confidential counselling helpline available to all employees. This resource serves as a safe and personal space for employees to express their concerns, seek guidance, and receive professional assistance. We celebrate International Yoga Day across our global locations as part of our commitment to employee welfare.

This annual event allows employees to engage in yoga and mindfulness practices, promoting relaxation, inner peace, and a renewed sense of vitality. Sun Pharma has also integrated sports and health programmes into its employee welfare initiatives, recognising the link between physical fitness and overall well-being. We organise sports activities in every location, encouraging employees to participate actively. During the much-awaited Family Day event, we extend these opportunities to include sports competitions for employees' family members.

Our Proactive Approach to Occupational Health and Safety[87]

Our Employee Health and Safety (EHS) policy articulates our approach to occupational health and safety standards. Our EHS management system is driven by our commitment to achieving 'zero harm' and aims to stay ahead of regulations and legislation. By benchmarking our EHS standards against international best practices such as ISO 45001:2018, we ensure a proactive approach to safety.

Employees Covered by OHS Management System[88]

Number of Employees whose Work/Workplace is Controlled by the Organisation	Number of Employees Covered by the OHS System
7,974	**7,974**

Number of Employees covered by the OHS System, Audited or Certified by an External Party	Number of Employees Covered by the OHS System and Internally Audited
6,964	**7,729**

Number of Workers Excluded

0

We undertake regular audits and deploy robust governance mechanisms to monitor and review EHS implementation across manufacturing sites. From Area Managers to the Operations Head, our EHS leadership oversees and upholds safety standards at all our units. We have ingrained the fundamental safety principles in our EHS guidelines and standards. They ensure that best practices align with standards like ISO 45001:2018 and local regulatory requirements are implemented to enhance our EHS performance. Through continuous training and awareness programmes, we create a culture of safety and shared commitment, to promote it in our workplaces.

Workforce Resilience and Well-being (continued)

Global EHS Focus Areas

The four core areas of our global EHS management system shape our multi-pronged approach in these areas.

17 sites globally are ISO 45001:2018-certified.
- Self-audit level 1
- Corporate audit level 2
- Third-party audit level 3

Audit

Governance

The EHS policy, management system, and global standards strengthen our EHS governance.
- EHS KPIs
- EHS CAPA Tracker
- EHS Culture Meter

The ISO framework serves as the foundation for our global EHS standards.
- EHS management
- Process safety
- Occupational safety
- Environment
- Occupational health and hygiene

EHS Standard Implementation

Culture Building

We drive our EHS culture development by a top-to-bottom EHS engagement mechanism that works through numerous channels.
- Visible leadership
- Engagement of employees
- Line accountability in EHS
- Competence and capability

Hazard Identification, Risk Assessment, and Incident Investigation[89]

We regularly conduct risk assessment exercises to evaluate safety practices and implement appropriate action plans to mitigate risks. The principles of our Process Safety Management, which comprises 14 elements, guide our risk assessment methodology and safety practices. This approach ensures that our risk assessment and working conditions are improved consistently. Our employees can report and investigate incidents through a customised IT Global EHS portal, enabling knowledge sharing on preventive measures to avoid recurrences.

14 Elements of Process Safety Management

Health and Safety Management
- Management of change
- Incident investigation
- Contractors
- Compliance audits
- Employee involvement
- Trade secrets

Control of Work
- Hot work permit
- Emergency preparedness and response
- Mechanical integrity
- Pre-startup safety review
- Training management

Advanced Risk Assessment
- Process safety information
- Process hazard analysis
- Operating procedures and safety practices

[89]GRI 403-2 and 403-7

Key Focus Areas of Process Safety Management

Risk Analysis

Purpose

This process examines root causes and develops appropriate mitigation plans.

Tools implemented
- EHS checklists
- Hazard and Operability (HAZOP) analysis
- Hazard Identification and Risk Assessment (HIRA)
- Qualitative Risk Analysis (QRA)
- Job Safety Analysis (JSA)

Risk Evaluation For Materials Used Across Manufacturing Operations

Purpose

This process assesses the EHS information related to the materials used in manufacturing operations. This evaluation aims to prevent any potential hazards from the unintended mixing of different materials.

Change Management System

Purpose

This process examines and addresses changes in process and facilities.

Work-related Hazard Identification

Purpose

To identify unsafe conditions at work and monitor work-related hazards by the site-specific EHS governing team.

On-site Emergency Preparedness

Purpose

To implement a robust fire safety and emergency management system.

We conduct regular fire safety drills and training sessions to ensure preparedness and maintain a ready supply of fire protection equipment that has been tested for functionality across our manufacturing locations.

Disaster Management

Purpose

To identify emergencies and establish a chain of procedures.

We strive to ensure uninterrupted operations and healthcare solutions. Through our formal on-site emergency plan (OSEP), we identify potential emergencies and outline procedures, including designated evacuation routes. Furthermore, we evaluate risks associated with potential disasters that could impact our supply chain as part of our business continuity plan.

Employee Health Management System[90]

Our comprehensive health management system includes well-defined processes, standard operating procedures (SOPs), and other administrative controls to mitigate the risks associated with our manufacturing processes. We conduct pre-employment health check-ups to ensure that employees are physically fit for their roles. For our employees, we conduct regular health check-ups at our dedicated occupational health centres across all our facilities. Qualified doctors and nurses are available around the clock to monitor employee health and address immediate concerns. We ensure the confidentiality of patient health records following the commitments outlined in our Global Code of Conduct. We also provide comprehensive health insurance schemes to all our employees.

Additionally, we organise health-focused initiatives to promote healthy living. We encourage our people to participate in awareness programmes and webinars on nutrition, mental health, meditation, and lifestyle-related diseases, among others. Furthermore, we extend the benefits of our health-focused programmes to our contractual workforce and proactively encourage their participation in these programmes.

[90]GRI 403-3 and 403-6

Workforce Resilience and Well-being (continued)

The Five Pillars of our Safety Management System[91]

1 Forums and meetings - informal and formal safety committee meetings

2 Leadership engagement through EHS meeting forums

3 In-house and external training in line with ISO 45001:2018 requirements

4 Incident reporting and knowledge sharing through IT-based Global EHS portal
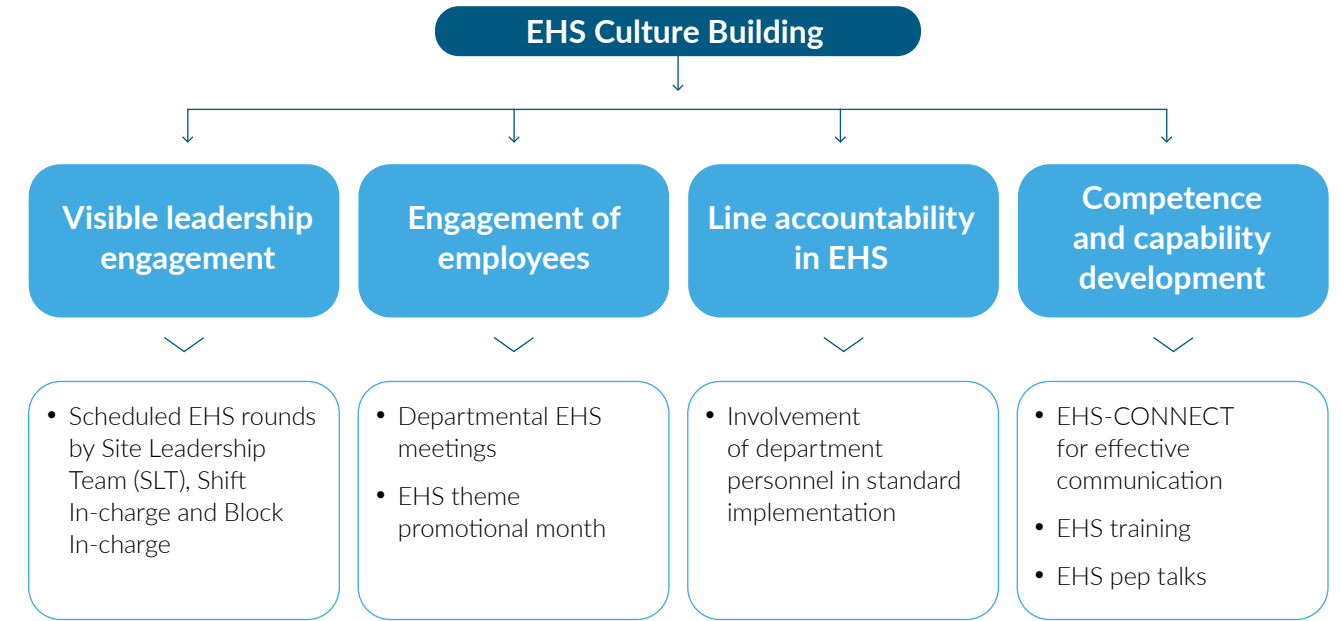
5 Audits for compliance with ISO 45001:2018

Instilling a Safety-oriented Mindset

We utilise a multi-pronged approach to integrate a safety-oriented culture deeply into our operations and practices. Through practical safety training, we equip our workforce with the knowledge and skills to improve their understanding of safety practices. Through formal and informal communication channels, we promote safety practices, engaging our workforce through quizzes, interactive EHS competitions, safety drills, and the observance of National Safety Week

and Fire Service Week. Additionally, our rewards programme recognises individuals who demonstrate a commitment to safety. A visible leadership engagement plays a pivotal role in the whole process, permeating the safety mindset throughout our organisation. The scheduled EHS rounds, conducted by the Site Leadership Team (SLT), shift in-charge, and block in-charges, reinforce the importance of safety and bring a sense of responsibility and accountability among all employees.[92]

Measuring and understanding the state of our EHS culture helps us

gain valuable insights to shape and strengthen our safety culture. To enable us to assess the effectiveness of our safety training programmes and EHS initiatives, we introduced an evaluation tool called 'EHS Culture Meter'. It covers all aspects of EHS, including employee training across all grades and functions regarding their ability to engage, comply with, and integrate the factors within the existing safety management system. This analysis enables the EHS governance team to identify areas of strength and areas that may need further attention.

EHS Culture Building

Visible leadership engagement
- Scheduled EHS rounds by Site Leadership Team (SLT), Shift In-charge and Block In-charge

Engagement of employees
- Departmental EHS meetings
- EHS theme promotional month

Line accountability in EHS
- Involvement of department personnel in standard implementation

Competence and capability development
- EHS-CONNECT for effective communication
- EHS training
- EHS pep talks

Safety Performance in FY23

Safety Metrics for Work-related Injuries[93]

Description	Employees	Workers
Fatalities (as a result of work-related injury)	0	0
High-consequence work-related injuries (excluding fatalities)	0	0
Recordable work-related injuries	33	13
Man hours worked	40,327,754	23,463,022
Rate of fatalities*	0	0
Rate of high-consequence work-related injuries (excluding fatalities)*	0	0
Rate of recordable work-related injuries*	0.164	0.111

*Rates have been calculated as per 200,000 man-hours worked.

Safety Metrics for Work-related Ill Health[94]

Description	Employees	Workers
Fatalities	0	0
Recordable cases	0	0

Enhancing Social Value

Striving Towards an Equitable Future

Through our philanthropic programmes and volunteering efforts, we extend our responsibility beyond addressing healthcare outcomes to delivering meaningful change in the lives of the communities. We maximise our impact and reach by collaborating with our partners, who help us weave the essence of our 'Sunology' philosophy into community-related initiatives.

Aligned with UN SDGs

Our CSR Vision

We will strive to bring about the holistic development of underserved communities in a sustainable and impactful manner.

Our CSR Mission

We will leverage our people, expertise, and networks to address the needs of the communities that we serve and thereby catalyse overall development.

Objectives

Serving the Community

Giving back to the community and addressing its needs is a key priority for Sun Pharma. We glean the imperatives of the local community through a bottom-up planning approach.

Ensuring Sustainability

Introducing community interventions that address critical needs and can become sustainable over time.

Leveraging Resources

Utilising Sun Pharma's internal resources, such as research, marketing, financial, human resources, and products, to maximise impact in social initiatives.

Our Focus Areas

- Health
- Education
- Water and Sanitation
- Environmental Conservation
- Rural Development
- Disaster relief

Our Governance Structure

Board of Directors

- Constituted the CSR Committee
- Approve the CSR Policy[95]
- Sanction the annual CSR budget and the proposed CSR projects for the year
- Make disclosures in the Boards' report as specified in the Annexure to the CSR Rules and comply with all applicable statutory requirements

CSR Committee

- Formulate the CSR policy and update it regularly
- Recommend the CSR budget
- Recommend the annual action plan and projects of the Company related to CSR activities
- Review and monitor the progress of all CSR activities

Corporate CSR Team

- Identify and execute CSR projects
- Monitor progress periodically and update the CSR Committee
- Serve as the first point of contact for the operating CSR teams

NGO/Other Implementing Partners

- Assist in conceptualising and implementing the CSR programmes
- Support capacity building of partners
- Monitor the impact of programmes on relevant stakeholders
- Submit periodic reports to the Company

Plant/Field CSR Teams

- Collect and verify requests for CSR programmes from the community
- Recommend programmes to the corporate CSR team
- Assist implementation partners with requisite approvals from the community and the government
- Engage employees in CSR work
- Submit periodic progress reports to the corporate CSR team

[95]The CSR Policy applies to Company's India's operation

Enhancing Social Value (continued)

We consider our success to be intertwined with the well-being and prosperity of our communities. Guided by this conviction, we have driven our Corporate Social Responsibility (CSR) endeavours based on a well-defined CSR policy and strategy focused on critical areas for community upliftment.

Sun Pharma's CSR Policy, approved by the Board, is the framework that shapes the Company's community programmes. All programmes are strategically aligned with the provisions of Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014. Our key intervention areas include healthcare, education, water and sanitation, environmental conservation, rural development,

and addressing emerging societal challenges. We periodically conduct comprehensive needs assessments to address community needs in these areas effectively. This approach helps us identify the challenges and specific requirements that the communities need and tailor our CSR initiatives accordingly. This strategy ensures that we provide support and add value where it is most needed.[96]

In FY23, we spent ₹ 852.32 Million toward our CSR efforts. This investment benefitted more than a Million people across 1,000+ habitations in 14 states/union territories of India.

Furthermore, there were no negative impacts on the local communities from Sun Pharma's business and operations in the reporting period.[97]

CSR Expenditure (₹ Mn)

FY23	852
FY22	458
FY21	575

CSR Impact (Beneficiaries Reached) (Mn)

FY23	1.0*
FY22	6.5

*The number of beneficiaries has declined over last year due to reduction in COVID-19 beneficiaries and closure of two large CSR projects last year.

Our Initiatives to Create Lasting Value[98]

Healthcare Programmes

UN SDG Linkages

Objective
To enhance community well-being by promoting affordable treatments, facilitating access to reliable medical information, and fostering improved treatment-seeking behaviour.

Key Initiatives in FY23
- Supporting the set-up of Cancer Sanatorium Institute and Eye Hospital, Wadala, Mumbai
- Funding for field action research on moderately and acute malnourished children to eliminate malnutrition

- Functioning of 14 mobile healthcare units (MHUs) in 7 states in India that provide services across maternal, neonatal and reproductive health, among others
- Initiatives on Dry Eye Amelioration (IDEA) project
- Contribution to providing medical equipment, upgrading rural primary health centres and government hospitals near our plants
- Organisation of specialised medical camps
- Providing medicines for mega/specialised health camps, old age homes, orphanages, among others

199,175
patients were treated through MHUs, and

34,048
beneficiaries received health promotive services (home visits, information, education, and communication material).

Total Expenditure
₹767.26 Mn

Education Programmes

UN SDG Linkages

Objective
To improve the quality of students' educational experience by investing in adequate infrastructure, cultivating and nurturing their skills and promoting holistic development.

Key Initiatives in FY23
- Anganwadi infrastructural development
- School infrastructure development project
- Promotion of scientific medical and pharma research outcomes for public health improvement
- Setting up a digital classroom project.
- Remedial education programme
- Skill development programme

21,790
lives touched

Total Expenditure
₹51.96 Mn

Rural Development Programmes

UN SDG Linkages

Objective
To positively transform lives in rural areas by enhancing basic infrastructure and services and empowering individuals through vocational training

Key Initiatives in FY23
- Installation of solar streetlights
- Drinking water project
- Upgradation activities for rural infrastructure
  - Installation of solar water pump for community
  - Construction of community shed

360
households reached

923
beneficiaries

Total Expenditure
₹14.71 Mn

[96]GRI 413-1, [97]GRI 413-2, [98]GRI 413-1

Enhancing Social Value (continued)

Environment Conservation Programmes

UN SDG Linkages

Objective

To champion environmental stewardship initiatives that safeguard the planet's health and empower the community to take action

Key Initiatives in FY23
- Tree plantation drives
- Development and maintenance of green belts in areas near our operations
- Environmental sensitisation efforts in schools and in the community

Total Expenditure
₹3.05 Mn

Additionally, the Company has undertaken other initiatives like distributing poshan kits to tuberculosis (TB) patients in Vapi (Gujarat) and Toansa (Punjab) under the Pradhan Mantri TB Mukt Bharat Abhiyaan. This year, we also spent ₹0.11 Million for disaster relief and response activities to support the local administration and nearby communities in the fight against COVID-19. We provided goods and equipment to public health centres, which included free facemasks, sanitisers, medicines, and food packages to the rural community.

Global Outreach

Through philanthropic endeavours in underserved communities, Sun Pharma's global operations deliver profound social impact. Guided by a holistic approach to community development, our global outreach programme collaborates with credible partners engaged in transformative work on the ground.

Aiding Young Scholars: Sun Pharma's Mebendazole Aid Reaches Guatemalan Schools

"Due to lack of resources and inability to pay for medications, families of children who received a supply of medicines were most grateful. We are thankful for this continued support in our communities."

-*Heydy Bu, Spokesperson, Food for the Poor*

Guatemala faces chronic child malnutrition, resulting in high infant, child, and maternal mortality rates.

Sun Pharma empowered IHP to make a meaningful difference in Guatemala, starting with elementary schools like Colegio Experimental Primavera. Together with our partner, Food for the Poor, we provided a vital supply of mebendazole, an anti-worm medicine specifically targeted at

Sun Pharma's donations to International Health Partners (IHP) helped provide:

Medicines to the value of

~₹20.20 Mn

Treatments

101,169

treating gastrointestinal illnesses. This medication is crucial in helping school-age children particularly susceptible to infections due to factors such as wearing open shoes, playing in soil, and suffering from malnutrition. By addressing these pressing health challenges, Sun Pharma is committed to uplifting the lives of Guatemalans, with a focus on improving the well-being of children and their families.

Other Activities

- Engaging the elderly in heartwarming seasonal activities: Warm Winter and Summer Happening
- Celebrating Taro's Taverna: Unveiling the Greek-inspired community cafe
- Harvesting together: Building connections through a community vegetable garden
- Organising sessions, meals, and workshops for 150+ seniors
- Creating a seating area for the elderly from recycled material
- Donating food packages to families in need
- Blood donation campaign
- Educational tour for chemistry students

US$140,300
Community Expenditure

280+
Volunteers

Annexure: Awards, Recognitions and Memberships for FY23

Awards and Recognitions

01	Great Place To Work®	02	7th CSR HEALTH IMPACT AWARD under the Category of CSR Health Project (Large Corporate)
03	'Golden Peacock Award for Energy Efficiency 2022' for Sikkim facility	04	International Research Institute for Manufacturing's (IRIM) 'National Award for Manufacturing Competitiveness (NAMC) 2022-23' - Gold Medal for Mohali facility
05	'Society of Energy Engineers and Managers (SEEM)' - Gold Award 2022 in Corporate Category	06	International Research Institute for Manufacturing's (IRIM) - 'India Green Manufacturing Challenge 2023' - Gold Medal for Mohali facility
07	India's Best Workplaces for Millennials 2023	08	India's Best Employers Among Nation-Builders 2023
09	India's Top Workplaces in Pharma, Healthcare, and Biotech Industry		

Memberships of Associations

We are members of the following trade and industry associations[99]:

01	The Associated Chambers of Commerce of India (ASSOCHAM)	02	The Federation of Indian Chambers of Commerce and Industry (FICCI)
03	Confederation of Indian Industry (CII)		
04	Association of Accessible Medicines (AAM)	05	Indian Drug Manufacturing Association (IDMA)
06	Federation of Gujarat Industries (FGI)		
07	India CEO Forum on Climate Change	08	Indian Pharmaceutical Alliance (IPA)
09	Gujarat Employers Organisation (GEO)		

[99]GRI 2-28

Reporting Boundary[100]

The following facilities and R&D centres have been considered as part of our reporting boundary for the data pertaining to environment, health and safety, and human resource parameters.

Sr. No.	Type of Manufacturing	Site Location	State	Country
1	API (bulk drug)	Ahmednagar	Maharashtra	India
2	API (bulk drug)	Panoli	Gujarat	India
3	API (bulk drug)	Toansa	Punjab	India
4	API (bulk drug)	Dewas	Madhya Pradesh	India
5	API (bulk drug)	Maduranthakam	Tamil Nadu	India
6	API (bulk drug)	Ankleshwar	Gujarat	India
7	API (bulk drug)	Dahej	Gujarat	India
8	API (bulk drug)	Karkhadi	Gujarat	India
9	API (bulk drug)	Malanpur	Madhya Pradesh	India
10	API (bulk drug)	Haifa Bay		Israel
11	API (bulk drug)	Latrobe		Australia
12	API (bulk drug)	Port Fairy		Australia
13	Formulation	Karkhadi	Gujarat	India
14	Formulation	Dadra	Dadra and Nagar Haveli and Daman & Diu	India
15	Formulation	Dewas	Madhya Pradesh	India
16	Formulation	Halol	Gujarat	India
17	Formulation	Mohali	Punjab	India
18	Formulation	Poanta Sahib	Himachal Pradesh	India
19	Formulation	Baddi	Himachal Pradesh	India
20	Formulation	Baska	Gujarat	India
21	Formulation	Guwahati	Assam	India
22	Formulation	Jammu	Jammu	India
23	Formulation	Setipool	Sikkim	India
24	Formulation	Ranipool	Sikkim	India
25	Formulation	Kedah		Malaysia
26	Formulation	Chattanooga	Tennessee	USA
27	Formulation	New Brunswick	New Jersey	USA
28	Formulation	North Brunswick	New Jersey	USA
29	Formulation	Billerica	Massachusetts	USA
30	Formulation	Roodepoort	Johannesburg	South Africa
31	Formulation	Brampton	Ontario	Canada
32	Formulation	Haifa Bay		Israel
33	Formulation	Cluj		Romania
34	R&D centre	Tandalja	Gujarat	India
35	R&D centre	Gurugram	Haryana	India
36	R&D centre	Haifa Bay		Israel
37	R&D centre	Brampton	Ontario	Canada
38	R&D centre	New Brunswick	New Jersey	USA

[100]GRI 2-2

GHG Annexure

Scope 1

Category	Sub-category	Emission Factor Source	FY23 Emissions (tCO$_2$e)
Stationary combustion	Fuel consumed in manufacturing operations	IPCC Guideline for Natural Greenhouse Gas Inventories of 2006	67,202.66

Scope 2

Category	Sub-category	Emission Factor Source	FY23 Emissions (tCO$_2$e)
Emission generated from the purchased electricity	Purchased electricity manufacturing	India - CO$_2$ baseline database for the Indian Power Sector User Guide, issued by the Central Electricity Authority, Government of India CEA (v. 18) guide (location-based)	352,677.54
		Australia - National Greenhouse Accounts Factors – August 2021 (industry.gov.au)	
		Malaysia - Inception Report: Grid Electricity Emission Factors for Malaysia (mgtc.gov.my)	
		Israel, South Africa, Romania - IFI Default Grid Factors 2021 v3.1	UNFCCC	
		US - GHG emission calculation tool	

Scope 3

Category	Sub-category	Emission Factor Source	FY23 Emissions (tCO$_2$e)
Purchased goods and services	Purchased goods and materials for raw materials, purchased materials	DEFRA – supply chain emission factors for spending on products	182,979.69
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	Fuel and energy-related activities (not included in Scope 1 or Scope 2)	DEFRA 2022 Emissions Factor Database	99,160.91
Employee commute	Employee commute	India Specific Road Transport Emission Factors, 2015 - WRI - India GHG Programme	20,114.45
		World Resource Institute (2017) - GHG protocol tool for mobile combustion Version 2.6	
		Calculated EFDB - 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy - Light Duty Vehicle (Passenger Cars) US	
		Calculated EFDB - 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy - Cars - EU3 and later calculated EFDB - 2006 and Revised 1996 IPCC	
		Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy - Light Duty Diesel Vehicle (Passenger Cars) US	
Business travel	Air travel	EPA GHG emission methodology	3,794.42

Category	Sub-category	Emission Factor Source	FY23 Emissions (tCO$_2$e)
Upstream transportation and distribution	Domestic and international inbound	World Resource Institute (2017)- GHG protocol tool for mobile combustion Version 2.6	7,629.84
Downstream transportation and distribution	Domestic and international outbound	World Resource Institute (2017)- GHG Protocol tool for mobile combustion Version 2.6	38,311.26
Waste generated in operations	Waste disposal	DEFRA 2021 guidelines	5,275.14

Restatement[101]

- Scope 2 emissions reported for FY22 have undergone a change as a result of updated emission factors released by the Central Electricity Authority, Government of India

- Water withdrawal and consumption reported for water stress areas in FY22 have been modified as a result of a change in the identified water stress areas by The Central Ground Water Board, Government of India

- The reported energy, emissions and water intensity for FY22 has undergone a change due to the addition of revenue of one more site within the scope of the reporting boundary

- Waste numbers restated due to calculation error in previous year

- Scope 3 emissions for FY22 have undergone a change as a result of refining the calculation methodology by using internationally recognised conversion factors.

[101]GRI 2-4

GRI Index

GRI Index (Continued)

GRI Standard Number	Disclosure Number	Description	Section/Sub-section Title	Page No./ Explanation
GRI 305 - Emissions	305-1	Direct (Scope 1) GHG emissions	Scope 1 GHG Emissions	56
	305-2	Energy indirect (Scope 2) GHG emissions	Scope 2 GHG Emissions	57
	305-3	Other indirect (Scope 3) GHG emissions)	Scope 3 GHG Emissions	57
	305-4	GHG emissions intensity	Scope 1 GHG Emissions, Scope 2 GHG Emissions	56, 57
	305-5	Reduction of GHG emissions	Emissions Management	56
	305-6	Emissions of ozone-depleting substances (ODS)	Emission of Ozone Depleting Substances (ODS)	58
	305-7	Nitrogen Oxides (NOX), Sulphur Oxides (SOX), and other significant air emissions	NOx, SOx, and PM Emissions	58
GRI 306 - Waste	306-1	Waste generation and significant waste- related impacts	Waste Management	58
	306-2	Management of significant waste-related impacts	Waste Management	58
	306-3	Waste generated	Waste Management	58
	306-4	Waste diverted from disposal	Waste Diverted from Disposal	59
	306-5	Waste directed to disposal	Waste Directed to Disposal	59
GRI 400 Social Standards Series				
GRI 401 - Employment	401-1	New employees hired and employee turnover	Talent Acquisition	73
	401-2	Benefits provided to full-time employees	Employee Benefits	77
	401-3	Parental leaves	Employee Benefits	77
GRI 403 - Occupational Health and Safety	403-1	Occupational health and safety management system	Our Proactive Approach to Occupational Health and Safety	78, 79
	403-2	Hazard identification, risk assessment, and incident investigation	Hazard Identification, Risk Assessment, and Incident Investigation	80
	403-3	Occupational health and safety	Employee Health	81
	403-4	Worker participation, consultation and communication on occupational health and safety	Instilling a Safety Mindset	82
	403-5	Worker training on occupational health and safety	Instilling a Safety Mindset	82
	403-6	Promotion of worker health	Employee Health	81
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Hazard Identification, Risk Assessment, and Incident Investigation Employee Health	80, 82
	403-8	Workers covered by an occupational health and safety management system	Our Proactive Approach to Occupational Health & Safety	79
	403-9	Work-related injuries	Safety Performance in FY23	83
	403-10	Work-related health	Safety Performance in FY23	83
GRI 404 - Training and Education	404-1	Average hours of training per year per employee	Average Training Hours for FY23	75
	404-2	Programs for upgrading employee skills and transition assistance programmes	Talent Management and Continuous Learning	74
	404-3	Percentage of employees receiving regular performance and career development reviews	Talent Management and Continuous Learning	73

GRI Standard Number	Disclosure Number	Description	Section/Sub-section Title	Page No./ Explanation
GRI 405 - Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Workforce Resilience and Well-being	70
	405-2	Ratio of basic salary and remuneration of women to men	Talent Engagement	76
GRI 406 - Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Our Human Rights Commitment	78
GRI 407 -Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our Human Rights Commitment	78
GRI 408 - Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Our Human Rights Commitment	78
GRI 409 - Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our Human Rights Commitment	78
GRI 410 - Security Practices	410-1	Security personnel trained in human rights policies or procedures	Our Human Rights Commitment	78
GRI 411 - Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Our Human Rights Commitment	78
GRI 413 - Local communities	413-1	Operations with local community engagement, impact assessments, and development programmes	Enhancing Social Value	86
	413-2	Operations with significant actual and potential negative impacts on local communities	Enhancing Social Value	86
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Patient Safety	37
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Patient Safety	37
GRI 417: Marketing and Labelling	417-1	Requirements for product and service information and labelling	Responsible Product Stewardship	40
	417-2	Incidents of non-compliance concerning product and service information and labelling	Responsible Product Stewardship	40
	417-3	Incidents of non-compliance concerning marketing communications	Responsible Product Stewardship	40
GRI 418 - Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Innovation and Technology	45

United Nations Global Compact (UNGC) Index

Area	Principle	Statement	Page No.
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed Human Rights	78
	Principle 2	Businesses should make sure that they are not complicit in Human Rights abuses	78
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	78
	Principle 4	The elimination of all forms of forced and compulsory labour	78
	Principle 5	The effective abolition of child labour; and	78
	Principle 6	The elimination of discrimination in respect of employment and occupation	78
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	50-67
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	50-67
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	50-67
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	13

Assurance Statement

DNV

INDEPENDENT ASSURANCE STATEMENT

Scope and Approach

DNV Business Assurance India Private Limited has been commissioned by the Management of Sun Pharmaceutical Industries Limited (Corporate Identity Number L24230GJ1993PLC019050, hereafter referred as 'the Company') to carry out an independent assurance of the qualitative and quantitative disclosures related to sustainability performance in the digital formats of its Sustainability Report 2022-23 ('the Report') as well as referenced information in its Annual Report, the Company's website and other publicly available documents. The Sustainability Report is prepared by the Company in reference to Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021 and its revisions ('GRI Standards'), for the financial year ending 31st March 2023

We performed a limited level of assurance based on our assurance methodology DNV's VeriSustain[TM1], which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI Principles for Defining Report Content and Quality. In doing so, we evaluated the quantitative and qualitative sustainability performance disclosures presented in the Report for the activities undertaken by the Company during the reporting period 1st April 2022 to 31st March 2023. Our assurance engagement was planned and carried out during April 2023 – August 2023.

Responsibilities of the Management of Company and the Assurance Provider

The Management has the sole responsibility for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analysing and reporting the information presented within the Report and references in the Company's website. The Company is also responsible for the maintenance and integrity of its website containing the sustainability-related disclosures referenced within the Report. In performing this assurance work, our responsibility is to the Management; however, this statement represents our independent opinion and is intended to inform the outcomes of our assurance to the stakeholders of the Company.

We have not provided any other services in 2022-23 to the Company which in our opinion, would have constituted a conflict of interest with this assurance work. Our assurance engagement is based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and free from material misstatements.

Scope, Boundary and Limitations

The reporting scope and boundary encompasses environmental, social and governance performance of Sun Pharma are as described in the Report in the sections 'About the Report', 'Annexure of Reporting Boundary' and 'Materiality', and includes economic, environmental and social performance related to operations of Active Pharmaceutical Ingredients (API)(13), Formulation: Sun Global Operation (SGOs)(20), and Research and Development (R&D) Centres (5).

The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) activities, and other financial data are based on audited financial statements issued by Sun Pharma's statutory auditors which is subject to a separate audit process. We were not involved in the review of financial information within the Report.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our opinion for a limited level of assurance based on DNV's VeriSustain. We adopted a risk-based approach, that is, we concentrated our efforts on the issues of high material relevance to Sun Pharma. As part of the process, a multi-disciplinary team of sustainability and assurance specialists reviewed sustainability disclosures related to the

---

[1]The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from www.dnv.com

PRJN-569976-2023-AST-IND   Page 1 of 4

Assurance Statement (continued)

DNV

Company's operations with the management teams and data owners at the Company's Corporate Office in Mumbai and sample facilities in India. We undertook the following activities:

- Review of the approach to materiality determination and stakeholder engagement, and the outcomes as stated in the Report. We did not have any direct engagement with external stakeholders.

- Reviews of the draft and final versions of the sustainability report.

- Verification of the information and claims made in the Report, and assessment of the robustness of the data management system, data accuracy, information flow and controls for the reported disclosures. We examined and reviewed supporting evidence such as documents, data and other information made available by the Company related to the disclosures made in the Report, along with the Company's protocols for how the data was measured, monitored, recorded and reported.

- Review of the management approach disclosures related to identified material topics through interviews with selected senior managers responsible for devising and implementing sustainability strategies. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives.

- Onsite verification at sample Active Pharmaceutical Ingredients (API), Formulation: Sun Global Operation (SGOs), and Research and Development (R&D) Centers, that is, Halol and Dahej in Gujarat; Ahmednagar, Maharashtra, Sikkim, Gurgaon in Haryana and conducted remote assessment for South Africa; including review of the processes and systems for preparing and consolidating site-level sustainability data in line with the principles of reliability, accuracy and completeness. We were free to choose sites for conducting assessments on the basis our risk-based approach; and,

- An independent assessment of the Report against the requirements of the GRI 2021 standards.

Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly describe the Report's adherence to the GRI Standards 2021 including the GRI 2: General Disclosures, GRI 3: Management Approach and disclosures related to the following GRI Topic-specific Standards which have been identified by the Company to bring out its performance against its prioritised material topics.

- GRI 201: Economic Performance 2016- 201-1
- GRI 204: Procurement practices 2016- 204-1;
- GRI 302: Energy 2016 – 302-1, 302-2, 302-3, 302-4, 302-5,
- GRI 303: Water and Effluents 2018 – 303-1, 303-2, 303-3, 303-4, 303-5;
- GRI 305: Emissions 2016 – 305-1, 305-2, 305-3, 305-4; 305-5, 305-6, 305-7;
- GRI 306: Effluents and Waste 2020- 306-3;306-4; 306-5
- GRI 307: Environmental Compliance 2016- 307-1;
- GRI 401: Employment 2016- 401-1, 401-2, 401-3
- GRI 403: Occupational Health and Safety 2018– 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10;
- GRI 404: Training and Education 2016 – 404-1, 404-2, 404-3;
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1, 405-2;
- GRI 406: Non-discrimination 2016- 406-1;
- GRI 407: Freedom of Association and Collective Bargaining 2016- 407-1;
- GRI 408: Child Labor 2016- 408-1;
- GRI 409: Forced or Compulsory Labor 2016- 409-1 ;
- GRI 412: Human Rights Assessment 2016- 412-1, 412-2;
- GRI 413: Local Communities 2016- 413-1, 413-2;
- GRI 416: Customer Health and Safety 2016– 416-1, 416-2;
- GRI 417: Marketing and Labelling 2016- 417-1, 417-2;
- GRI 419: Socioeconomic Compliance 2016- 419-1.

Note: Scope 3 emissions reported as part of GRI 305-3 include emissions due to purchased goods and services, employee commute, business travel, Upstream transportation and distribution, Downstream transportation and distribution, Fuel and Energy related activities, Waste generated in operations.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

DNV

Materiality
The process of determining the issues that is most relevant to an organization and its stakeholders.
The Report brings out the materiality determination and review exercise carried out by Sun Pharma to identify key topics which impact the Company and its stakeholders; the exercise included identification of topics based on industry trends, internal targets and risks. Further, Sun Pharma has prioritized material topics for disclosure in the Report based on inputs and requirements from cross-functional internal and external stakeholders while considering the Company's value drivers.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Stakeholder Inclusiveness
The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.
The Report brings out the processes for identification, as well as modes and frequencies of engagement with key internal and external stakeholders, that is, employees, suppliers, shareholders and investors, communities and non-governmental organisations (NGOs), senior leadership, regulators and B2B customers. The stakeholder engagement process includes identification of key concerns for significant stakeholder groups through formal and informal mechanisms.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness
The extent to which an organization responds to stakeholder issues.
The Report articulates the Company's responses to the stakeholder engagement processes carried out by the Company, as well as the approaches and performance related to identified material topics through GRI topic-specific Standards. The Company has further linked its material topics to its overall strategies, management approach and goal setting processes, as well as future challenges of the healthcare business.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability
The system for maintaining the quality of underlying sustainability disclosures and performance management systems including the accuracy and comparability of information presented in the Report
The Report brings out the processes that company has established towards capturing and reporting its performance related to its identified material topics considering the requirements related to the principles of Reliability and Accuracy. The majority of data and information verified through our onsite assessments with Sun Pharma management teams and data owners at the sites sampled by us as part of our assurance engagement within the boundary of the Report were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed for correctness.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness
How much of all the information that has been identified as material to the organisation and its stakeholders is reported.
The Report brings out the Company's sustainability performance related to its prioritized material topics and reporting boundaries for the reporting period through appropriate GRI Topic-specific Standards. The Company is in the process of strengthening its existing systems and processes towards completely bringing out disclosures where information was not available, and this has been explained within the Report as exclusions.
Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

Neutrality
The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.
The Report articulates disclosures related to the Company's sustainability performance for prioritized material topics including key risks, opportunities and challenges faced during the reporting period in a neutral tone in terms of the content and presentation, while applying consideration to not unduly influence stakeholders' assessments made based on the reported disclosures.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

DNV

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct[2] during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

For DNV Business Assurance India Private Limited

Lankalapalli, Bhargav	Digitally signed by Lankalapalli, Bhargav Date: 2023.08.17 14:48:22 +05'30'	Kakaraparthi, Venkata Raman	Digitally signed by Kakaraparthi, Venkata Raman Date: 2023.08.17 15:02:42 +05'30'
Bhargav Lankalapalli Lead Verifier DNV Business Assurance India Private Limited, India		Venkata Raman Kakaraparthi Technical Reviewer DNV Business Assurance India Private Limited, India.	

17th August 2023, Mumbai, India.

DNV Business Assurance India (Private) Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

[2] *The DNV Code of Conduct is available on request from www.dnv.com*

PRJN-569976-2023-AST-IND   *Page 4 of 4*

Notes

Notes

Disclaimer

Statements in this 'Sustainability Report' describing the Company's objectives, projections, estimates, expectations, plans or industry conditions or events are 'forward-looking statements' within the meaning of applicable securities laws and regulations, and actual results, performance or achievements could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, competitors' pricing in the Company's principal markets, changes in government regulations, tax regimes, economic conditions within India and the countries within which the Company conducts business and other factors, such as litigation and labour unrest or other difficulties. The Company assumes no responsibility to publicly update, amend, modify or revise any forward-looking statements based on any subsequent development, new information, future events or otherwise, except as required by applicable law. Data reported in this document is consolidated or based on the reporting boundary defined in the report.

Some images used in this Sustainability Report are for creative purposes only.

SUN PHARMA

Corporate Office

Sun House, CTS No. 201 B/1,
Western Express Highway,
Goregaon (E), Mumbai 400 063, Maharashtra, India.
CIN: L24230GJ1993PLC019050
Tel: +91-22-4324 4324 | Fax: +91-22-4324 4343
www.sunpharma.com

Registered Office

Sun Pharma Advanced Research Centre
(SPARC), Tandalja,
Vadodara – 390 012,
Gujarat, India.