Sun Pharmaceutical Industries Limited
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CIN: L24230GJ1993PLC019050

February 3, 2025

National Stock Exchange of India Limited   **BSE Limited**
NSE Code: SUNPHARMA   BSE Code: 524715

Sustainability Report for the financial year 2023-24

The Sustainability Report of Sun Pharmaceutical Industries Limited ("the Company")for the financial year 2023-24 is enclosed herewith and the same shall also be made available on the website of the Company – www.sunpharma.com.

For **Sun Pharmaceutical Industries Limited**

(Anoop Deshpande)
Company Secretary and Compliance Officer
ICSI Membership No.: A23983

Sun Pharmaceutical Industries Limited
Sustainability Report **2023-24**

**Translating Sustainability
Commitments into Action**

**Reaching People.
Touching Lives.**

About the Report

Sun Pharmaceutical Industries Limited[1]* along with its subsidiaries and/or associate companies (Sun Pharma), headquartered in Mumbai, India, is pleased to present its Sustainability Report for FY24[2]. This Report outlines our Environmental, Social, and Governance (ESG) performance from April 1, 2023, to March 31, 2024. The objective of this Report is to provide a comprehensive view of Sun Pharma's vision, strategy, governance, and performance across various sustainability metrics.

*
Reuters: **SUN.BO**

Bloomberg: **SUNP IN**

NSE: **SUN PHARMA**

BSE: **524715**

[1]GRI 2-1 | [2]GRI 2-3

Reporting Frameworks and Benchmarks

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

We participate in global ESG rating assessments, including the S&P Global Corporate Sustainability Assessment (CSA) and CDP's Climate Change and Water disclosures (erstwhile Carbon Disclosure Project). This Report details the assumptions and methodologies behind our estimates. All our Sustainability Reports are available on our website.

Scope and Reporting Boundary

The reporting boundary encompasses 78% of Sun Pharma's national and international operational sites, covering 38 manufacturing locations and R&D centres[3]. For FY24, 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 manufacturing and R&D locations of the standalone entity, Sun Pharmaceutical Industries Limited (SPIL) only. Due to variations 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

DNV Business Assurance India Private Limited (DNV) has externally assured the FY24 Sustainability Report[4].

Feedback
We welcome feedback and inquiries on our sustainability performance from all stakeholders at: Secretarial@sunpharma.com[5]

For more information, please visit
www.sunpharma.com

Contents

Translating Sustainability Commitments into Action

At Sun Pharma, we believe sustainability is not just a commitment but a shared responsibility that calls for decisive action. Our approach centres on embedding sustainable practices into our operations to deliver long-term value for all stakeholders. By aligning our sustainability strategy with global frameworks, we have established a solid foundation to translate our sustainability aspirations into meaningful outcomes.

We continue to focus on actionable initiatives to address environmental and social challenges. We are dedicated to combating climate change and reducing environmental impacts by aiming to achieve Net Zero emission status by 2050. From improving energy efficiency and increasing the share of renewable energy, to strengthening water conservation initiatives and advancing sustainable waste management, we are committed to reducing our environmental footprint.

We prioritise diversity, inclusion and equal opportunities for our employees. We are committed to achieving 30% women workforce representation by 2040. We are Great Place to Work® certified across 25 countries which is a testament to our cdedication to employee progress, engagement and welfare. We also have robust EHS and HR policies targeted at employee safety and well-being. Through our Corporate Social Responsibility (CSR) initiatives, we empower communities by addressing their needs in healthcare, education, water and sanitation, rural development, and environmental conservation.

Guided by a clear roadmap, we have achieved significant progress toward our sustainability goals. Our inclusion in the S&P Global Sustainability Yearbook 2024 reflects our dedication to corporate sustainability. We continue to align with internationally recognised frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD), to assess and manage climate risks effectively. As a proud signatory of the United Nations Global Compact (UNGC), we uphold its principles of human rights, labour standards, environmental stewardship, and anti-corruption.

Our governance framework emphasises accountability and transparency, ensuring our business decisions reflect our commitment to ethical practices. By integrating Environmental, Social, and Governance (ESG) principles into our operations, we continue to build trust with stakeholders and lay the groundwork for a sustainable future.

At Sun Pharma, sustainability is more than a goal—it is the way forward. We continue to take meaningful steps to transform our commitments into lasting actions that benefit society and the planet.

ESG Highlights for FY24

Environment

18%

Reduction in absolute carbon emissions and 42% decrease in specific intensity for Scope 1 and 2 carbon emissions compared to baseline year 2020

21%

Reduction in absolute water consumption and 44% decrease in specific intensity for water consumption compared to baseline year 2020

38%

Energy sourced from renewable sources

Social

₹ 1,164 Mn

CSR spend

1 Mn+

People in India benefitted from CSR initiatives

Great Place To Work® Certified 2024 INDIA

Certified in 25 countries globally

Governance

56%

Independent Board Directors

98.2%

Average Board meeting attendance

67%

Board members have pharmaceutical expertise

Message from the Chairman and Managing Director

Dear Stakeholders[6],

Sustainability has become pivotal in building a more equitable, environmentally conscious, and sustainable future for the society. Sustainability is also imperative for achieving economic stability and social cohesion. At Sun Pharma, our vision of 'Reaching People And Touching Lives Globally As A Leading Provider of Valued Medicines' inspires us to collaborate and co-create solutions with our stakeholders that positively impacts the society.

We continue to focus on delivering sustainable outcomes for all our stakeholders. Sustainability is an integral part of our way of doing business and we remain steadfast in our commitment to align our strategy with universal Environmental, Social and Governance (ESG) principles and to undertake the requisite steps for further advancing societal goals. We have implemented a comprehensive framework that includes key elements of ESG to deliver sustainable outcomes for all our stakeholders.

I am happy to let you know that Sun Pharma has been included in the S&P Global Sustainability Yearbook 2024. This Yearbook aims to distinguish those companies that have demonstrated strengths in corporate sustainability within respective industries.

Our Sustainability Report for FY24, provides critical insights into our sustainability journey, our focus areas, our achievements and our medium and long-term goals.

[6]GRI 2-22

Environmental Stewardship and Climate Action

Being cognizant of our impact on the environment, we have an unwavering commitment to addressing climate change and other environmental impacts through strategic actions. Our environmental stewardship is driven by our efforts to create a healthier planet for future generations. Our climate change action plans align with Nationally Determined Contributions (NDCs) and the Paris Agreement. We have recently set a target of becoming a Net Zero company by 2050.

We are making significant investments in adopting renewable energy. We have increased power consumption from renewable sources and the use of renewable fuels such as biomass. Renewable energy accounted for ~38% of our overall energy mix in FY24.

We have achieved a 18% reduction in our absolute Scope 1 and Scope 2 carbon emissions till date, compared to the baseline year of 2020 and we are confident of achieving our medium-term target of a 35% reduction in our Scope 1 and Scope 2 emissions by 2030.

Our target of a 10% reduction in our water consumption by 2025, compared to the baseline year of 2020, has been achieved ahead of time with a 21% reduction in water consumption till date. We aim to become a water positive company by 2030 and various water conservation projects have been initiated to achieve this target. We also aim to co-process

30% of our hazardous waste by 2025 compared to baseline year of 2020. For FY24, we co-processed 21% of our hazardous waste.

Workforce Well-being

Our people are the core drivers of both our business and ESG strategy. Attracting, retaining and nurturing a highly diverse and skilled workforce are key focus areas for us. We are investing significant resources in the development and well-being of our employees. A highly engaging work culture, empowerment, focused training sessions and recognition programmes provide our people with the means to grow and develop their capabilities to reach their fullest potential.

Respecting human rights is a fundamental value at Sun Pharma. We are a 'Great Place to Work® Certified' company in 25 countries, including India and various emerging markets. This underscores our progressive workplace practices and our commitment to employee well-being.

Inclusive Workforce and Gender Diversity

Diversity and inclusivity are key focus areas of our work culture. In the reporting year, female employees constituted 18.10% of our workforce. We have set a diversity target to achieve 30% women representation across our global workforce by 2040. We promote inclusion amongst our workforce by focusing on equal opportunities, non-discrimination and merit-based processes.

Workforce Safety

Safety of our workforce is a key priority for us and we make focused efforts to secure their well-being and foster a safe and collaborative environment. Our multi-pronged approach targeted at workforce safety includes, health and safety training across all our locations and nurturing a culture of awareness and responsible behaviour.

Our comprehensive Environment, Health, and Safety (EHS) Policy drives best-in-class safety practices at our operations. Moreover, our commitment to workforce safety is reinforced through ISO 45001:2018 certification at our sites.

Social Responsibility and Development

Our initiatives targeted at the development of our local communities include areas like, healthcare, education, water and sanitation, environment conservation, rural development and disaster relief. In FY24, we spent ₹ 1,164 Million on our Corporate Social Responsibility (CSR) initiatives, touching more than 1 Million lives across more than 1,000 habitations in India.

Strengthening Access to Healthcare

As a leading pharmaceutical company, improving access to healthcare globally is one of our key focus areas. We remain committed to our core values of delivering high-quality medicines across our diverse product portfolio for our patients. Our extensive network of 41 manufacturing facilities spanning six continents and our presence in approximately 100 countries, enable us to cater to unmet patient needs.

We offer patient assistance programmes, reimbursement support and cost saving programmes for certain products to make them more affordable to patients. As a part of our CSR initiative, we have mobile healthcare units providing free medicines and medical health care services to patients inhabiting villages around our operating locations.

We continue to invest in R&D to develop new and innovative molecules and improve accessibility. In FY24, we invested ₹ 31.78 Billion on R&D (~6.7% of sales), demonstrating our commitment towards new product development and innovation.

Besides our internal efforts to develop new products, we actively seek collaborations and in-licencing opportunities to enable access to latest generation products and technologies targeted at addressing the unmet medical needs of patients. By fostering our organic R&D initiatives and external 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

Access to safe and effective medicines is a critical prerequisite to secure universal health coverage. As a global pharmaceutical company, we are committed to providing high quality medications to patients and healthcare professionals across the world. From design to delivery, product safety and quality are fully embedded in our business operations.

Our global manufacturing presence consist of 41 facilities spread across multiple countries, many of which are approved by international regulatory agencies like USFDA, EMA, MHRA, PMDA, WHO, etc. We also hold ISO 9001:2015 certification for many of our sites. We deploy rigorous review and quality check mechanisms to adhere to regulatory compliance and maintain the highest standards of product quality supported by a strong Quality Management System (QMS). 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.

Corporate Governance

Upholding the highest standards of ethical business conduct is fundamental to our goal to generate shared and long-term value for all stakeholders. This commitment involves promoting transparent and accountable communication with all stakeholders, which is essential for fostering responsible and sustainable decision-making.

The Corporate Governance & ESG Committee, a sub-committee of the Board, has oversight on our ESG initiatives with a dedicated ESG Council reporting to this committee. In addition, the Board has constituted various other committees with clearly defined roles and responsibilities to ensure effective implementation of corporate policies and other matters.

Looking Ahead

Our commitment, continuous improvement and an ability to balance the expectations of all our stakeholders will remain the key drivers of our ESG strategy. We have a responsibility towards the future of our planet, and it demands increased focus towards climate resilience and responsible business practices. We constantly endeavour towards integrating ESG practices into our business strategy. Our proactive approach of engaging with our stakeholders helps us to understand and include their views in our ESG initiatives. Our strong emphasis on ethics and responsible business practices coupled with accountability and innovation helps us in systematically implementing our ESG initiatives to contribute positively towards the development of a sustainable future for all.

I am grateful to our employees, customers, value chain partners, regulators and shareholders for their unwavering support and belief in our sustainability journey. As always, we remain open to feedback and suggestions from our stakeholders.

Dilip Shanghvi
Chairman & Managing Director
Sun Pharmaceutical Industries Limited

About Sun Pharma

Augmenting Healthcare

We are a leading specialty generic pharmaceutical company with global revenues of over $ 5.9 Billion. Our focus is on catering to unmet medical needs of patients by providing high-quality medications in approximately 100 countries, supported by innovation, strong R&D capabilities, and a global manufacturing footprint comprising 41 sites.

We manufacture and distribute an extensive range of pharmaceutical formulations for both chronic and acute therapies, including specialty products, generics, branded generics, complex or technology-intensive products, over-the-counter (OTC) medications, antiretrovirals (ARVs), active pharmaceutical ingredients (APIs), and intermediates. We are a patient-centric pharmaceutical company devoted to improving healthcare accessibility and outcomes, whilst making meaningful contributions towards building a sustainable world.

Our Vision

Our business operations and long-term value creation strategy are driven by our vision
"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

Passion

Integrity

Innovation

Critical Levers

Sustainable Growth

Enhancing Business Development

Growth Drivers

Geographical Reach

Research & Development and Manufacturing

Growth Strategy

As a leading pharmaceutical company, we are committed to long-term growth and stakeholder value creation. Since our inception, we have invested in four growth drivers and prioritised four critical levers to ensure sustainable execution of our strategy.

Product Portfolio

Human Resource

Cost Leadership

Balancing Profitability and Investments for the Future

Global Presence[7]

Focusing on Health Outcomes

We are committed to developing high-quality innovative pharmaceutical products to strengthen healthcare systems and enhance patient outcomes worldwide.

Our Company

51,000+
Employees globally (including executives on contract)

41
Manufacturing facilities across six continents

~100
Countries presence

Mumbai
Headquarters

Specialty Business	**US Business**	**India Business**	**Emerging Markets**
~18% Contribution to FY24 sales	**₹ 153,493** Mn FY24 sales	**₹ 148,893** Mn FY24 sales	**₹ 86,195** Mn FY24 sales
26 Global products portfolio	**12th** Ranked in the US generics market[##]	**No. 1** Company in the Indian pharmaceutical market, with 8.5% market share[**]	**~80** Countries market presence
7 Total molecules in clinical trials and registration stages	**531** ANDAs & **51** NDAs Approved	**Market leader** in the chronic segment and strong positioning in the acute segment	**Leading** Indian company in emerging markets
3 Focus areas – Dermatology, Opthalmology, Onco-dermatology	**Ranked 2nd** by prescriptions in the US dermatology market[##]	**No. 1** Ranked across 12 doctor classes as per SMSRC data	**Focus Markets** Romania, Russia, South Africa, Brazil, Mexico

[**]As per All India Origin Chemists & Distributors (AIOCD) data.
[##]As per IQVIA data.

[7]GRI 2-1 and 2-6
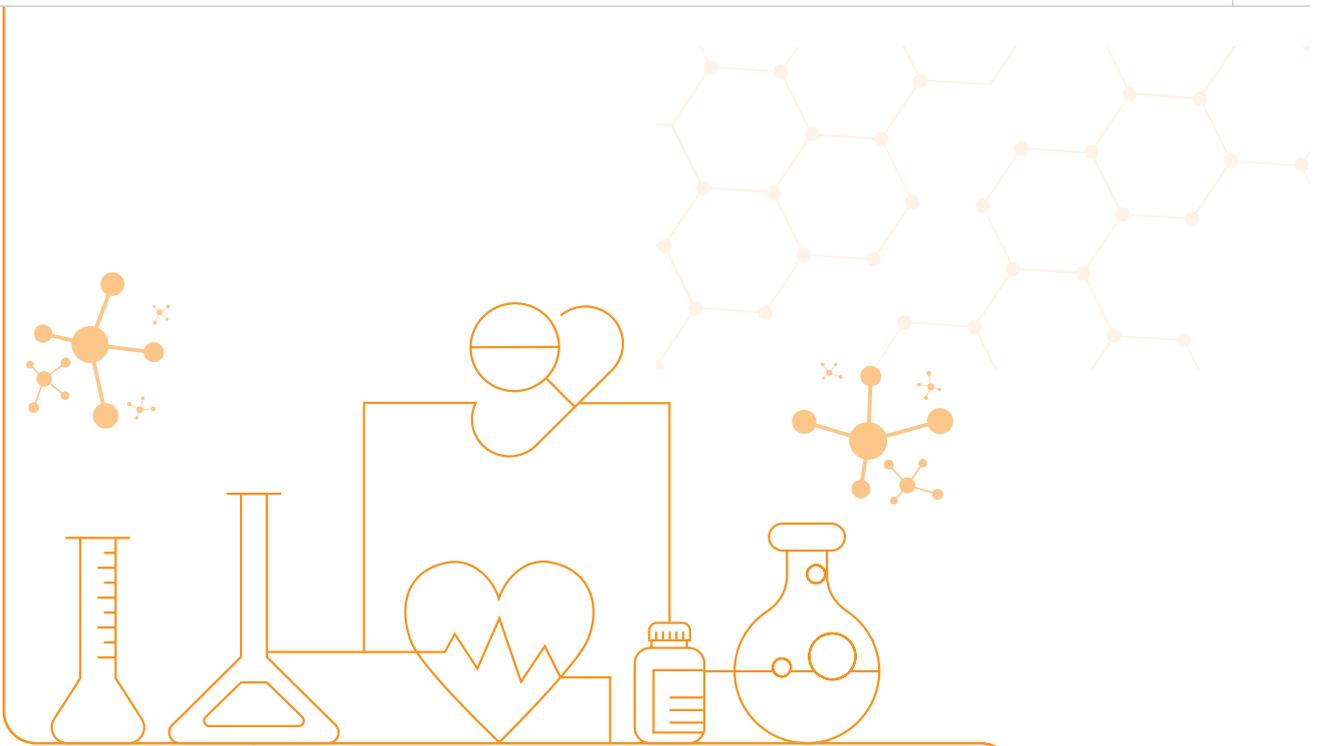
Rest of World (RoW) Markets

₹ 67,128 Mn
FY24 sales

Presence
Western Europe, Japan, Australia, New Zealand and Israel

Specialty and Generics
Global product portfolio

Active Pharmaceutical Ingredients (API) Business

₹ 19,187 Mn
FY24 sales

~380
APIs portfolio

386 DMF/CEP approvals till date

14
API manufacturing facilities

Global Consumer Business

Amongst Top 5
Consumer Healthcare Companies in India

25
Countries market presence

4
Countries strong brand equity

Note – All numbers/information are for FY24

Financial Performance[8]

Focus on Sustainable Growth

We are committed to enhancing our key competencies to better serve patients globally with our value-added products for sustained health outcomes. To provide long-term value to our shareholders and stakeholders, we focus on improving efficiency, optimising cash flows, and refining our cost structure while pursuing global growth.[8]

Financial Highlights for FY24 (all figures in ₹ Million unless stated otherwise)

Total Income
₹ 498,510 Mn

FY24	498,510
FY23	445,202
FY22	395,760
FY21	343,337
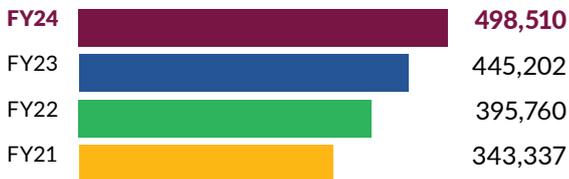
Operating Cost
₹ 260,447 Mn

FY24	260,447
FY23	239,429
FY22	209,559
FY21	181,445
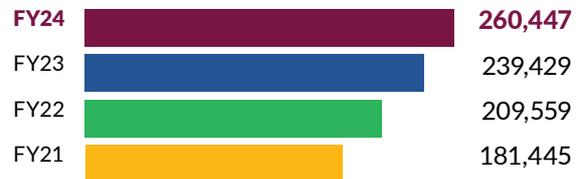
Employee Wages and Benefits
₹ 94,291 Mn

FY24	94,291
FY23	82,960
FY22	73,008
FY21	68,622
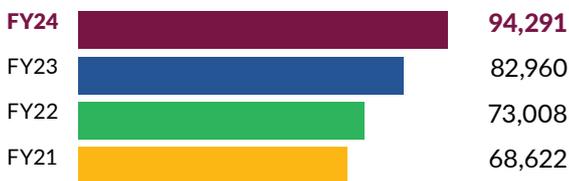
Payment to Providers of Capital
₹ 31,392 Mn

FY24	31,392
FY23	26,917
FY22	22,965
FY21	17,276
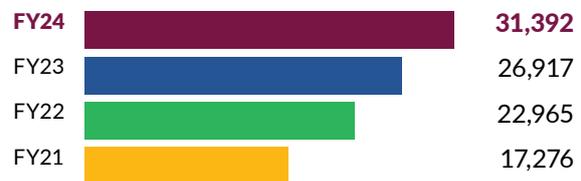
Profit for the Year
₹ 95,764 Mn

FY24	95,764
FY23	84,763
FY22	37,272
FY21	29,038
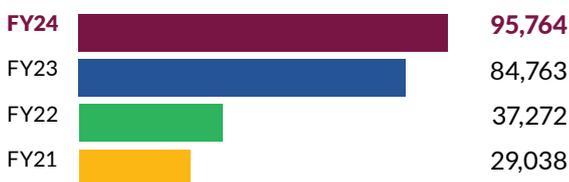
Net Debt-to-Equity Ratio (x)
(0.35) x

(0.35)	FY24
(0.25)	FY23
(0.35)	FY22
(0.25)	FY21

[8]GRI 201-1

Total Assets
₹ 854,629 Mn

FY24	**854,629**
FY23	807,436
FY22	698,078
FY21	676,667
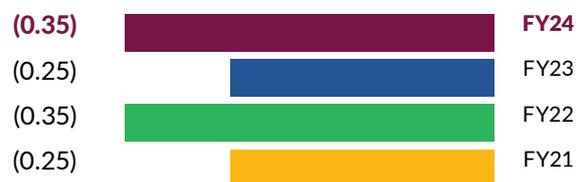
Total Investments
₹ 52,443 Mn

FY24	**52,443**
FY23	43,113
FY22	36,185
FY21	33,200

Dividend Yield (%)
0.83%

FY24	**0.83**
FY23	1.17
FY22	1.09
FY21	1.25
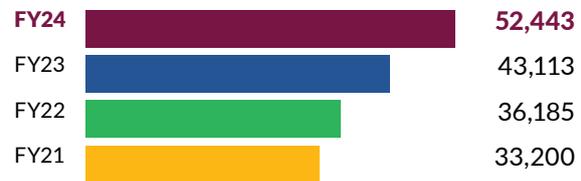
Economic Value Distributed
₹ 407,186 Mn

FY24	**407,186**
FY23	368,851
FY22	309,535
FY21	277,491
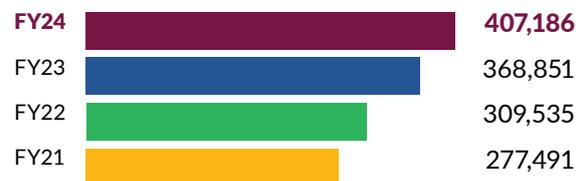
Economic Value Retained
₹ 91,324 Mn

FY24	**91,324**
FY23	76,351
FY22	86,225
FY21	65,846

Community Investments
₹ 1,164 Mn

FY24	**1,164**
FY23	852
FY22	458
FY21	575
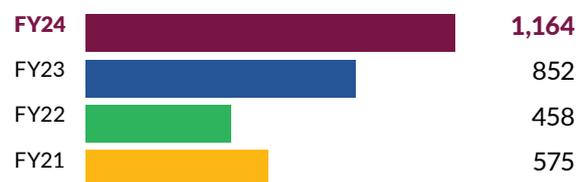
Market Capitalisation
₹ 3,888,186 Mn

FY24	**3,888,186**
FY23	2,358,752
FY22	2,194,880
FY21	1,434,322
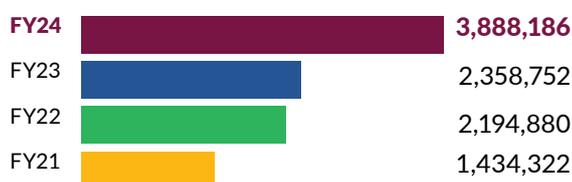
Payment to Governments (Current Income Tax)
₹ 19,893 Mn

FY24	**19,893**
FY23	18,692
FY22	3,544
FY21	9,573
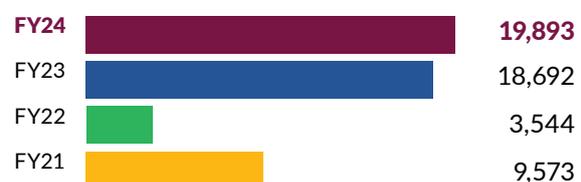
Our ESG Strategy

Aligning Business Strategy with a Sustainable Future

Our ESG strategy is rooted in our core values which form the foundation of our culture and guides our actions and decisions. These principles drive us to uphold the highest ethical standards, foster innovation, and remain steadfast in our commitment to positively impacting society and the environment at large.

— 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 ethical 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.

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6 CLEAN WATER AND SANITATION **7 AFFORDABLE AND CLEAN ENERGY** **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** **11 SUSTAINABLE CITIES AND COMMUNITIES** **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** **13 CLIMATE ACTION** **15 LIFE ON LAND**

Environment

Focus Areas

Environmental Management

We are committed to minimise our environmental footprint through reducing energy consumption, increasing water efficiency, and ensuring effective waste and emissions management.

Enablers

- Increasing the use of renewable energy

- Implementing energy efficiency initiatives to optimise our energy consumption

- Reducing groundwater dependency

- Implementing reduce, reuse, recycle, and recharge the 4R-based water conservation practices

- Adopting digitalisation and eco-efficient processes

- Diverting hazardous waste to co-processing

Ambitions and Targets

Carbon Emission Reduction: Aiming for 35% reduction in Scope 1 and 2 absolute carbon emissions by 2030

Responsible Water Management: Targeting 10% reduction in water consumption by 2025

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

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

Focus Areas

Employee Well-being
We prioritise the well-being and growth of our employees by offering dedicated learning and development initiatives, maintaining robust health and safety management systems, and adopting policies that promote work-life balance.

Societal Development
We contribute to the empowerment of our communities through CSR programmes, with a focus on health, education, water & sanitation, environmental conservation and rural development.

Enablers

- We focus on workforce development through tailored learning programmes for skill enhancement

- We ensure workforce well-being through robust health and safety systems and upholding human rights along with all applicable regulations

- Our Supplier Code of Conduct encourages our suppliers to comply with our values and policies

Ambitions and Targets

Promoting Gender Diversity: Target 30% women representation in workforce by 2040

Empowering Global Employees: Implementing focused training and learning programmes for employees

Upholding Health and Safety Standards: Leveraging industry-best practices to ensure highest level of safety for all our employees

Ensuring Human Rights Compliance: Commitment to zero tolerance for non-compliance

Enhancing Access to Healthcare: Focus on developing innovative products to address unmet patient needs

Governance

17 PARTNERSHIPS FOR THE GOALS

Focus Areas

Corporate Governance
We promote robust corporate governance practices that align with global standards, ensuring transparency, accountability and integrity across our operations.

Innovation and Technology
We leverage innovative approaches and technology to advance research & development, manufacturing, and patient care.

Product Quality and Safety
We prioritise responsible product stewardship by ensuring the safety, efficacy, and quality of the products throughout their lifecycle, from research and development to post-marketing surveillance.

Enablers

- Our Board comprises six core committees, including those focusing on sustainability and business responsibility

- Our Global Code of Conduct mandates ethical practices across our operations and value chain

- We adhere to the board diversity policy and periodically assess Board performance to promote accountability and transparency

- We deploy a robust Quality Management System (QMS) to ensure product quality and patient safety

Ambitions and Targets

Committed to Regulatory and ESG Compliance: Upholding stringent standards

Integrating ESG Parameters: Promoting sustainability across our operations and our value chain

GOVERNANCE

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

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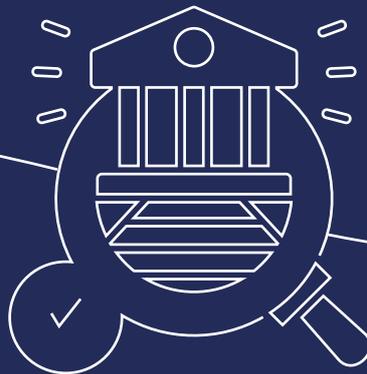
Corporate Governance

Guided by Principles and Purpose

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

In our commitment to creating a sustainable business, we prioritise our core values and strive to create an environment of trust through transparent and accountable communication with stakeholders, whilst promoting responsible and sustainable decision-making. Our robust corporate governance framework enhances transparency for all stakeholders and adheres to regulatory requirements. We have adopted a top-down approach to boost operational excellence, supported by a diverse, industry-experienced one-tier Board of Directors[9].

Board of Directors[10]

Dilip S. Shanghvi
Chairman and Managing Director (Appointed as Chairman with effect from May 22, 2024)

Dr. Pawan Goenka
Lead Independent Director

Gautam Doshi
Independent Director

Rama Bijapurkar
Independent Director

Sanjay Asher
Independent Director

Rolf Hoffman
Independent Director (Appointed with effect of June 15, 2023)

Aalok D. Shanghvi
Whole-time Director (Appointed with effect of June 1, 2023)

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

- ● **Audit Committee**
- ● **Corporate Governance and ESG Committee**
- ● **Corporate Social Responsibility (CSR) Committee**
- ● **Nomination and Remuneration Committee**
- ● **Risk Management Committee**
- ● **Stakeholders Relationship Committee**

[9]GRI 2-9 and 2-11
[10]Mr. Sailesh Desai, Whole-time Director for FY24 ceased to be the Director effective from March 31, 2024 due to retirement.

Board Committees

At Sun Pharma, Board-level committees are integral to our governance framework. The Board has established six committees[11], each with specific roles to manage various organisational matters effectively. These committees meet regularly to address technical or specialised matters, provide guidance and valuable recommendations to the Board[12], thereby enhancing our decision-making process. Additionally, these Committees play a key role in overseeing the evaluation and implementation of various initiatives, underscoring our commitment to overall corporate governance. The Board and its committees also oversee the implementation of our strategies, Global Code of Conduct (GCOC), processes and ensure compliance with regulations and various Company policies[13], reflecting our commitment to responsible business conduct across our operations and value chain.

Audit Committee

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

Corporate Governance and ESG Committee

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

Corporate Social Responsibility (CSR) Committee

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assesses and endorses the Remuneration Policy[14], sets the criteria for evaluating Independent Directors. Additionally, the committee also recommends and approves compensation for Whole-time Directors as well as all forms of remuneration for senior management. It also identifies potential candidates for directorship and senior management positions according to established criteria and advises the Board on their appointment or removal.

Risk Management Committee

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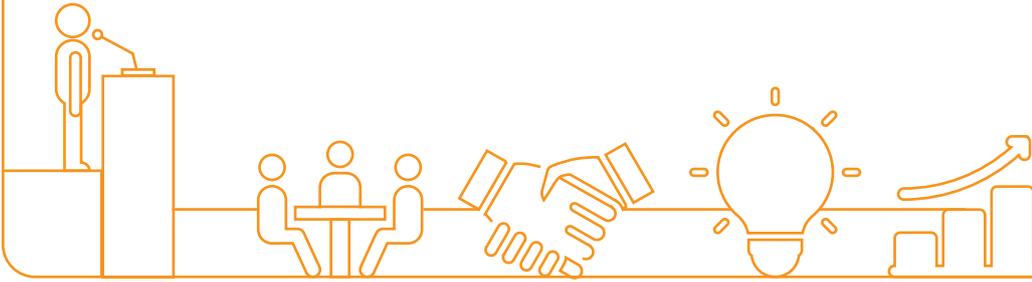
Stakeholders Relationship Committee

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

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

Corporate Governance

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

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

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

During the year, annual performance evaluation of the individual Directors, including the Chairman of the Board, was carried out as per the criteria and process approved by Nomination and Remuneration Committee[16]. Four of our Non-executive/Independent Directors hold fewer than four mandates with other listed companies. Additionally, in line with SEBI regulations, none of our Non-executive or Independent Directors hold more than seven mandates in any other publicly listed company.

Under the Companies Act 2013, one-third of all Non-independent Directors must retire by rotation and can be re-elected annually while Independent Directors serve specific terms[17]. Each member of the Board of Directors is elected individually. The average Board tenure in the reporting year was 11.2 years.

The Board approves the remuneration for the Managing Director and Whole-time Directors based on recommendations from the Nomination and Remuneration Committee within the overall limits set by shareholders at their meetings. Non-Executive Directors receive a sitting fee of ₹ 100,000 for attending each Board or Committee meeting[18]. The Board periodically decides on payment of commission for Independent Directors, considering factors such as period of Directorship during the year, position as Lead Independent Director, Chairmanship of the Audit Committee and other Board Committees, time spent on Board processes, etc.

The Board is responsible for driving our vision, strategising, and creating shared value for all stakeholders[19]. Effective August 1, 2024, our Corporate Governance and Ethics Committee was renamed as Corporate Governance and ESG Committee (a Board level Committee), with an expanded mandate to guide, review, monitor, and facilitate the implementation of the Company's Environment, Social and Governance (ESG) & sustainable development strategies, goals and initiatives of the Company. We have established a framework outlining key personnel's responsibilities regarding ESG matters, emphasising the integration of ESG principles across our operations with ongoing Board oversight[20].

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

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

The table below outlines the remuneration** paid to our Board for the reporting year[21].

(Amount in ₹)

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

[21]GRI 2-21

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

**Remuneration figures are for standalone entity.

Corporate Governance

Policies

We have established a strong governance structure and comprehensive policies to ensure responsible business conduct across our operations and value chain. These policies clearly outline expectations for all employees and business partners, serving as essential guides for various business operations[22].

Global Code of Conduct

Material Subsidiaries Policy

Legal Compliance Policy

Risk Management Policy

Remuneration Policy

Policy on Materiality of and Dealing with Related Party Transactions

Dividend Distribution Policy

Code of Fair Disclosure

Our Policies

Upholding excellence in governance across our operations and value chain

Board Diversity Policy

Policy of Determining Materiality of Events or Information

Corporate Social Responsibility Policy

Global Whistleblower Policy

Human Rights Policy

Business Responsibility and Sustainability Reporting Policy

Supplier Code of Conduct

Tax Policy

[22]GRI 2-23 and 2-24

Global Code of Conduct

Our Global Code of Conduct (GCoC)[23] provides a detailed framework for upholding high ethical standards across our business operations and value chain[24]. The GCoC governs all our business activities and applies to employees, the Board of Directors, and all our business partners, including suppliers, service providers, agents, and channel partners. Further information can be found here: https://sunpharma.com/wp-content/uploads/2024/08/Global-Code-of-Conduct_effective-Aug-2024.pdf.

Our GCoC enforces a strict zero-tolerance approach for bribery and corruption. We rigorously uphold these principles across all our operations and closely monitor compliance[25]. We do not contribute to political campaigns, or make charitable donations that acts as means of bribery and corruption. Employees receive training on these guidelines and are expected to adhere to them[26].

For FY24, there were no reported instances of corruption, bribery, conflicts of interest, or money laundering[27].

Grievance Redressal

At Sun Pharma, we prioritise a robust grievance redressal mechanism to address all concerns from our stakeholders promptly and securely[28]. Our Global Whistleblower Policy provides a safe way for all stakeholders to report any misconduct or violation of our GCoC and other policies. We encourage reporting of any potential breaches or retaliation. Complaints regarding product quality, adverse events, or other issues can be submitted on our website (https://sunpharma.com/contact/) without fear of reprisal.

We have set up a grievance redressal mechanism for our shareholders, managed by the Registrar and Share Transfer Agents, as mandated by SEBI. In FY24, we resolved 46 shareholder complaints within the reporting timeframe. Additionally, we received two sexual harassment complaints for which we implemented appropriate remedial measures under the Prevention, Prohibition, and Redressal of Sexual Harassment Policy outlined in the GCoC[29].

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[23]GRI 2-23 | [24]GRI 2-24 | [25]GRI 205-1 | [26]GRI 205-2 | [27]GRI 2-15, 205-3 and 206-1 | [28]GRI 2-25 and 2-26 | [29]GRI 2-27

STRATEGIC RISK MANAGEMENT

At Sun Pharma, we have seamlessly incorporated Enterprise Risk Management framework into our corporate strategy.

Our emphasis lies in assessing, mitigating, and minimising risks while continuously improving our risk management competencies.

Strategic Risk Management

Managing and Mitigating Risks for Resilience

Due to the global nature and scope of our operations, we face various uncertainties, including strategic, regulatory, financial, operational, market, econimic, political and sustainability risks. Our Enterprise Risk Management (ERM) framework allows us to closely monitor, analyse, and manage these risks effectively. Our robust risk governance strategy, supported by a strong governance framework, effectively tackles current and emerging challenges, enabling us to pursue our business objectives with resilience and determination.

Our Enterprise Risk Management Framework

Our Enterprise Risk Management (ERM) framework incorporates risk monitoring and response systems tailored for internal and external stakeholders. To enhance our risk management processes, we have incorporated globally benchmarked practices from ISO 31000:2018 and the Treadway Commission's Committee of Sponsoring Organisations (COSO) framework. The ERM framework applies to all business units, subsidiaries, regions, and support functions.

ERM Framework

Governance

- Board of Directors
- Risk Management Committee
- ERM Team
- Risk Coordinators

Integrated Framework

Entity → Business → Division → Function → Processes → Operations

Risk Identification → Risk Assessment → Risk Prioritisation → Risk Response → Risk Reporting → Risk Monitoring

- Challenges/ Opportunities
- Likelihood, Impact → Overall Risk Rating
- Prioritisation for Development of Mitigation Action
- Action Plan and Scheduling
- Review and Reporting
- Periodic Monitoring

Risk Governance Structure

The independent Risk Management Committee (RMC), constituted by the Board of Directors guides the Enterprise Risk Management (ERM) function and assess the occurrence and impact of risks. The ERM is tasked with ensuring that appropriate systems and processes are in place to monitor and evaluate risks associated with our business, monitoring the implementation of our Risk Management Policy and evaluating effectiveness of our systems. The RMC also conducts quarterly reviews of the Enterprise Risk Management framework and updates the Board on the evolving risk landscape and actions to be taken[30]. At the operational level, we have dedicated frontline risk coordinators whose primary responsibility is to manage and coordinate all risk management activities. The risk coordinators undertake regular reviews of the risk register to ensure adequate coverage of all respective business and support functions. They also facilitate and provide support to respective functions to identify, assess, prioritise, document, monitor, and report on potential and actual risks. Further, they maintain direct oversight of the current status of all risks, track the progress of the implemented mitigation plan, and submit periodic findings and updates to our Enterprise Risk Management (ERM) team.

The risk coordinators are supported by function heads, constituting the second line of operational risk management. Function heads are primarily responsible for identifying, assessing, and managing risks pertaining to their function. They undertake periodic meetings to monitor trends and factors under their respective functional areas that impact our risk profile, communicate internally on findings, and ensure the same is updated in risk register. Regular reviews of function-specific risk registers are also undertaken to assess the need to include any new risks. Function heads also evaluate the effectiveness of existing mitigation measures and implement additional actions for reduced risk exposure. Our ERM team maintains and monitors the risk register for all business and support functions.

They are responsible for ensuring the adequacy of our risk management processes and its implementation. They also track the progress of mitigation measures for significant risks. Risk reports are regularly prepared by the team and submitted to the RMC.

Our Internal Audit team led by the Head of Global Internal Audit acts as the third line of defense by assessing the operational effectiveness of our policies, and recommending improvements through periodic internal audits.

Through our materiality assessment process, we capture stakeholder feedback on important sustainability topics for our business, enabling management to integrate external perspectives while evaluating the risk register and developing risk responses. We also review and evaluate our material topics annually with senior management to monitor and evaluate changes in global macroeconomic trends, business landscape, or strategic priorities, ensuring appropriate adjustments to our risk priorities.

Risk Management Approach

We promptly address new risks and review existing ones at least biannually or more often if needed. In case of an adverse incident, management quickly informs relevant stakeholders. Depending on the severity of the event, updates are shared with the Board. Every six months, the Risk Management Committee is briefed on critical and high risks, ensuring a proactive and transparent risk management approach.

Risk Identification
Functional heads identify internal and external events that may impact the Company's operations. These risks are documented in a risk register, detailing their descriptions, causes, and mitigation strategies.

Risk Assessment and Prioritisation
Identified risks are assessed/rated for their likelihood and impact based on Company's risk appetite by senior management, using both quantitative and qualitative methods. The organisation then prioritises significant risks to develop an effective mitigation strategy.

Risk Response
Respective function heads develop mitigation strategies, along with clear action plans with timelines, and present them to senior management for approval. The activity or situation posing a risk may be reduced, accepted, shared, transferred, or avoided depending on the facts and circumstances.

Risk Reporting
The ERM team and respective risk coordinators/ functional heads review all risks. Key risks are periodically reported to the senior management.

Risk Monitoring
Management has defined a periodic process for reviewing risks and their mitigation plans. The RMC periodically evaluates the status of action plans for key risks, as agreed upon with risk coordinators/ function heads.

[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/2024/07/2024-05-21-Risk-Management-Policy-Synopsis.pdf

Strategic Risk Management

Key Risks

We have identified significant risks that may impact our business operations, financial performance, and overall success. Below is a summary 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 an overview of our comprehensive approach to managing the risks.

Risk Area – Corporate Governance and Business Ethics

Risk Description – Addresses the requirements of sustaining a high standard of compliance across various markets, staying up to date with changing regulations, and enforcing ethical business practices.

Impact

Failure to maintain and uphold the highest standards of corporate governance and business ethics could result in regulatory consequences as well as financial and reputational damage and business continuity.

Mitigating Actions

1. Consistent and regular engagement with regulatory agencies in all our markets, to ensure compliance and reduce any possibility of non-compliance.

2. Focused and regular training is provided to all staff members to ensure strict compliance with the Company's business ethics and Global Code of Conduct. Strong focus is also given to quality control at all operational locations to maintain cGMP compliance.

Risk Area – Product Quality, Safety, and Recall Management

Risk Description – These risks are associated with an identification of the difficulties in monitoring and making sure of the safety of our products throughout their lifecycle. It includes the following issues such as adverse event reporting, compliance with GxP regulations, and communication of safety-related information.

Impact

Significant concerns about product safety and quality could lead to recalls and regulatory alerts, temporarily impair business operations, and harm our reputation and brand. It could also result in legal repercussions, fines and penalties.

Mitigating Actions

1. Ensure continued and strict compliance with global quality standards and protocols and the applicable local regulatory requirements.

2. Provide robust and centralised pharmacovigilance systems with thorough Standard Operating Procedures (SOPs) to ensure effective monitoring and reporting of adverse events.

3. Regular investment in technological advancement, training programmes on current Good Manufacturing Practices (cGMP), automation, digitalisation, and employee skill development.

4. Undertake detailed and regular quality assessments of third-party suppliers.

5. Implement measures to protect our brand (intellectual property and trademarks) and combat counterfeiting, to ensure the authenticity of our products in the market.

Risk Area – Cyber Security and Data Privacy

Risk Description – Vulnerabilities of IT systems, absence of regular technology updates, and potential cyber threats from hackers and data breaches that compromise sensitive information and digital assets.

Impact

The absence of a strong data integrity and security mechanism significantly increases the risk of data breaches, potentially leading to the loss of valuable data with potential adverse effects on the business. Breaches of customer/stakeholder data may expose us to litigation, fines, and penalties.

Mitigating Actions

1. Regular vulnerability assessments and simulated hacker attacks on our IT systems are undertaken to prevent breaches of Company or stakeholders' data.

2. We have implemented patch management, antivirus software, IT monitoring systems, and perimeter protection to reduce the risks associated with cyber security and data breaches. Furthermore, we regularly provide training to our staff members on cybersecurity and reaffirm this knowledge through recurring internal emails that address secure data practices, safeguarding against phishing emails, and averting hacker attacks.

Risk Area – Human Capital Development

Risk Description – Focused investment in talent management initiatives, such as talent acquisition, retention, development, employee well-being, and satisfaction.

Impact

Neglecting to meet employee expectations could lead to adverse long-term effects on productivity and hinder the Company's growth trajectory.

Mitigating Actions

1. We implement various initiatives to attract and retain talent, including global talent management programs, competitive compensation, fostering an inclusive work culture, and offering employee benefits programs.

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

3. We prioritise employee skill enhancement through continuous training and development opportunities.

Strategic Risk Management

Risk Area – Access and Affordability

Risk Description – Addresses hindrances in product portfolio, product accessibility, and pricing.

Impact

Long-term brand value and growth prospects may suffer if the Company's products become inaccessible or if expansion into new geographic markets is hindered.

Mitigating Actions

1. We prioritise building a robust and diversified product portfolio through improved cross-functional synergies, organisational capabilities, project management, and governance throughout the product lifecycle.

2. We enhance our capabilities in both licencing and out-licencing of products.

3. Our focus lies on the development and commercialisation of complex generics and specialty products, among other priorities.

4. We emphasise operational excellence programmes aimed at improving yields, ensuring supply chain continuity, and maintaining sufficient inventory levels.

Risk Area – Environmental Impact Management

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

Impact

Neglecting environmental effects can result in unfavorable legal, regulatory, and financial repercussions, a decline in shareholder trust and reputation, and finally could lead to potential loss of an operating license.

Mitigating Actions

1. We continue to identify opportunities to minimise any adverse environmental effects from our operations. We have adopted targets for waste management and water conservation. Our goals include reducing water consumption by 10% till FY25 considering baseline of FY20 and co-processing 30% of hazardous waste by 2025.

2. We closely monitor and track our waste management and water consumption. Our priorities are to enhance water efficiency, reduce water withdrawal, and increase water recovery. For waste management, we focus on co-processing hazardous waste and promoting recycling and reuse within our operations.

Risk Area – Climate Change

Risk Description – Inefficacious management of greenhouse gas (GHG) emissions could lead to climate-related physical and transition risks for the Company, causing disruption of operations and affecting business continuity.

Impact

Our assets could be harmed by possible direct physical threats to our activities, which consequently can result in a temporary suspension of some of our operations and a rise in the cost of repairing and rebuilding affected locations. Transition risk associated with climate change may result in the introduction of more stringent regulations, which would increase the cost of compliance or new technology investments. Losing reputation and the trust of stakeholders can also result from a failure to respond to the negative effects of climate change.

Mitigating Actions

1. The Company has set a 35% reduction target for absolute carbon emissions (Scope 1 and Scope 2) by 2030 compared to the baseline of 2020.

2. To identify and assess the physical and transitional risks associated with our operations, we have also undertaken climate risk assessments.

3. By expanding energy sourcing from renewable sources such as solar and wind, increasing use of biomass and implementing energy efficiency programmes, we are continually seeking ways to reduce our reliance on fossil fuels in our operations.

Risk Area – Sustainable Supply Chain and Responsible Procurement

Risk Description – Consists of supply chain disruptions that could affect the business continuity or product quality and the risk of non-substitutable suppliers that can affect the continued availability of critical raw materials.

Impact

Long-term commercial partnerships with suppliers may be impacted if standards related to various social, environmental, and safety aspects are not complied with by suppliers, leading to loss of business value. Non-substitutable and critical raw material suppliers may impact on the business in case of any unforeseen disruptions.

Mitigating Actions

1. We are constantly looking for ways to reduce supply chain risk, such as by assessing potential substitute sources for essential or non-replaceable raw materials.

2. The suppliers are required to abide by the Company's ESG requirements as part of the Supplier Code of Conduct.

3. The Company has high focus on developing quality products and the safety of consumers. The quality of raw materials for our production process is ensured by conducting periodic supplier audits.

Strategic Risk Management

Risk Area – Occupational Health and Safety (OHS)

Risk Description – OHS is an integral part of our commitment to providing a safe and secure work environment for employees. Having an ineffective Health and Safety management system and programmes may cause many health and safety incidents.

Impact

A regular occurrence of health and safety issues will negatively impact the performance of the Company concerning worker well-being and safety. This will influence the Company's reputation, brand image, and capacity to draw in and retain talent.

Mitigating Actions

1. The business maintains a robust Environmental Health and Safety (EHS) management system, comprising regular audits of its EHS procedures, both internal and external.

2. Our Process Safety Management system's guiding principles serve as the foundation for both our safety procedures and risk assessment methodology, which unifies our approach to health and safety from the perspectives of working conditions and risk assessment.

3. After potential risks are identified and safety incidents are evaluated, a thorough corrective action plan is established to prevent the occurrence of similar incidents in the future.

Risk Area – Ethical Clinical Trials and Animal Testing

Risk Description – Addressing risks associated with clinical trials and animal testing is critical to demonstrate our commitment to responsible research practices, especially around the ethical and safety-related concerns of trials on human subjects and animal testing. Adverse events related to research practices can cause delays in product development and could lead to financial losses and negative public perception.

Impact

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 participant's health and safety. Delays at any stage can also prolong the overall timeline for drug development, leading to increased costs.

Mitigating Actions

1. The Company complies with all relevant regulatory requirements governing clinical trials and animal testing. We have dedicated teams responsible for ensuring compliance with these regulations, which involve obtaining necessary approvals, and permits, and maintaining thorough documentation.

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

3. 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.

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

Risk Area – Business Interruption/Operational Inefficiencies

Risk Description – Possible disruptions or inefficiencies by natural disasters, regulatory hindrance, cyber security threats, or workmen shortages could have an impact on the manufacturing and supply chains.

Impact

Business interruptions/operational inefficiencies can result in the loss of revenue, surge in operational expenses, and, in extreme cases, damage to the Company's reputation.

Additionally delays in the entering the market could have an impact on our competitiveness. Data breach cases could escalate legal and financial liabilities.

Mitigating Actions

1. We have robust planning process in place to avoid stock-outs of finished products.

2. We have norms for safety stocks that ensure availability of finished products and thereby ensure continuity of our operations. When there is a supply delay, decrease lead time by transporting shipments through air and ensuring availability of the product.

3. Regular review by senior management and department-wise responsibility given to ensure adherence with relevant regulatory requirements and product launch timeframes.

4. We keep a stock of essential spares at many sites to ensure uninterrupted availability.

5. Install backup solutions like DG sets and tanker supplies to decrease the chances of power and raw material shortages.

6. Timely recruitment and availability of human resources are ensured to manage shortage in manpower. We also evaluate loss of production at the site, if any, due to non-availability of manpower.

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

Risk Description – Possible threats to our intellectual assets include theft, unauthorised usage, or violation of patents, trademarks, and confidential data.

Impact

Breach of valuable assets could lead to costly legal battles and erode the Company's reputation. Further, stakeholder trust could be impacted if confidential data is compromised, impacting partnerships and customer confidence.

Mitigating Actions

1. Work with Drug Controllers to execute compliance and revoke manufacturing licences of counterfeiters.

2. Provide training for identifying potential market violation to the field force.

3. We have set a dedicated team at the head office to manage field inputs and carry out actions deemed necessary.

4. Inspecting new trademark filings periodically to recognise conflicts and avoid infringements.

5. Setting up a standard operating procedure and framework and standard to safeguard our IP for branded products in important markets.

Strategic Risk Management

Risk Area – Price, Cost, and Margin Pressures

Risk Description – Market competition, revisions in the prices controlled by the government and changes in the costs or prices of raw materials and manufacturing expenses affect the business profitability.

Impact

Adverse effects on the overall financial performance and long-term business viability.

Mitigating Actions

1. Reinforce product portfolio with new and innovative products to be distinct from competitors and withstand pricing pressures. Cost-effective solutions such as:

   – Identify the feasibility of creating alternative vendors/ sites for products to optimise production costs and reduce dependencies.

   – Optimise the dependencies on air transport in favour of cost-effective sea shipments to decrease transportation expenses.

   – Explore other options such as usage of alternate fuels and automation to increase cost efficiency in manufacturing processes.

Emerging Risks

At Sun Pharma, we assess risks by evaluating their likelihood, potential impact, and timeframe for occurrence. We review emerging risks at least every three years to ensure timely resolution and prevent serious consequences, focusing on their probability and potential effects on the business in line with our risk management framework.

The management conducts a thorough analysis of internal and external data, including industry trends, market study, regulatory requirements, and expert insights, to identify and classify emerging risks. This systematic approach enables timely implementation of mitigation strategies to address potential threats to the business. We present below two of the emerging risks identified by the management.

Geopolitical Fragmentation

High risk to manufacturing facilities and customers situated in regions experiencing heightened geopolitical tensions in the Middle East, and Eastern Europe. Sun Pharma has operations in Israel, Russia, Bangladesh, and Ukraine which are experiencing extended regional conflict.

Impact

Sun Pharma has global presence with manufacturing locations and customers located in several countries. Some of our manufacturing facilities are located in Israel, Russia and Bangladesh. These regions are experiencing heightened regional tensions over the past few years.

For us, supply chain disruptions are a significant concern, as conflicts can hinder the transportation of raw materials and finished products, leading to production delays or stoppages. The safety of our workforce becomes critical, with potential reductions in staff availability due to security threats. Facilities may also suffer physical damage, further interrupting manufacturing and research activities. Extended conflict causes disruptions in local healthcare infrastructure and can impede patient access to medications. Governments in conflict regions can impose trade restrictions or sanctions that hinder international transactions. Also, economic instability can lead to currency volatility, affecting operational costs and profitability.

Mitigation Action

Comprehensive risk management and contingency planning is implemented to prepare for potential geopolitical disruptions. The Company has implemented steps to mitigate the impacts of geopolitical fragmentation through strategic planning, resource allocation and by building stronger international relationships. Additionally, our corporate social responsibility initiatives and engagement with local communities helps us to build goodwill to mitigate political risks. Investments in healthcare infrastructure and community programmes strengthens relationships with local stakeholders.

Spread of Inaccurate Information and Declining Trust

Increasing use of technology has a potential to be misused and may knowingly or unknowingly lead to spread of wrong or incorrect information about our medicines and organisation through social media. There is a possibility of misuse of the same by individuals/organisations to propagate incorrect information, knowingly or unknowingly against the Company, industry, product, molecules and may have a potentially negative impact on reputation. Sustained inaccurate information and resulting campaigns can potentially lead to long term erosion of trust for the concerned organisation. This risk is increasingly becoming important as pharmaceutical organisations are under constant attacks from alternative medicine practitioners, specifically in India.

Impact

Dissemination of incomplete and/or incorrect information regarding the dangers or inefficacy of medications can result in mistrust on part of the patient and non-adherence to recommended treatment regimen resulting in non-compliance and a negative impact on the patient's health outcome. Continuous spread of incomplete or misinformation can prompt unwarranted scrutiny from regulatory bodies, potentially leading to investigations and inspections. A decline in public confidence can have a negative impact on product sales, directly impacting the Company's financial performance. Continued spread of incomplete and or incorrect information may lead to a decrease in stock prices and investor confidence. Erosion of trust can cause research institutions to be hesitant to collaborate on research projects, affecting innovation and development of novel products.

Mitigation Action

Sun Pharma has undertaken initiatives aimed at promoting scientific medical and pharmaceutical research outcomes for public health improvement. It involves sharing medical and pharmaceutical research with the public after conducting scientific research on ways to improve public health. This initiative has helped young scientists and scholars in the medical and pharmaceutical fields to work towards improving public health. We also implement a programme on Mobile Healthcare Unit that emphasises Health Promotion and Preventive Healthcare Education in underserved and marginalised areas and also provides Curative Treatment to those in dire need. Sun Pharma also supports various patient education initiatives through doctors to improve awareness of disease and its management. With regards to our products we have taken significant measures in our product packaging to address product counterfeit issues and continue to educate the health care practitioners on the same on a regular basis. Sun Pharma is also working very closely with the policy making authorities and industry associations to address the issues related to counterfeit medicines.

Risk Culture

We recognise the importance of instilling a risk management culture across the Company, backed by a robust framework for timely risk assessment and mitigations. We believe that having a holistic and robust risk culture is necessary for effective risk management. We provide focused risk training to our employees to help them learn and increase their awareness of potential risks and understand the importance of timely identification and reporting of risks for effective mitigation. Our Information Technology Security Team and Company Secretary regularly share information on various risks. We make consistent efforts to ensure that employees follow regulatory requirements.

As part of the familiarisation programme for the Board Members as envisaged under Regulation 25(7), of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the functional heads/senior executives make presentations to the Board Members on various topics covering operations, functional overviews, business performance and opportunities, risk management framework, and the regulatory environment in which the Company operates.

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

Stakeholder engagement is vital to our business for promoting trust and transparency.

We review key material topics to align them with evolving stakeholder priorities and our strategic objectives.
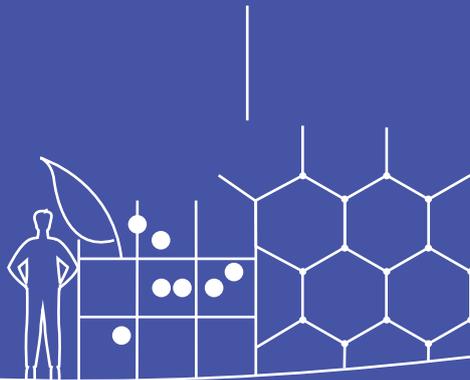
Stakeholder Engagement and Materiality Assessment

Guided by Materiality, Driven by Engagement

We actively engage with stakeholders to foster strong, meaningful relationships, promote trust and transparency and to improve strategic decision-making through diverse perspectives.

Engaging stakeholders directly in the ESG materiality assessment process helps us to gather valuable insights and incorporate their perspectives into our strategies and to foster a collaborative approach towards organisational sustainability.

This engagement enables proactive risk management, allowing us to identify and address potential challenges early on. By leveraging digital platforms and social media, we expand our outreach to ensure a wide range of viewpoints is included.

We adopt a structured approach to identify and map various stakeholders including shareholders, regulators, suppliers, third-party manufacturers, NGOs, local communities, customers and patients, employees, and 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

- Incorporate stakeholder feedback in organisational strategy reviews
- Create plans to address stakeholder expectations
- Regularly update stakeholders on progress and developments

Insights into Our Stakeholder Engagement Approach[31]

Investors/ Shareholders

Modes of Engagement
- Financial performance reporting and earnings calls
- Investor conferences
- Event-driven press releases
- Investor presentations

Key Themes
- Corporate governance
- ESG disclosures
- Regulatory compliance
- Product responsibility
- Business strategy and cost-competitiveness

Our Approach
1. Our governance procedures are firmly grounded in our business principles. We promote transparency by providing disclosures through annual reports, sustainability reports, and investor presentations
2. Dedicated teams such as the quality management and pharmacovigilance unit collaborate closely to uphold product quality and safety
3. We emphasise operational excellence and have implemented initiatives covering production and supply chain efficiency

Regulators

Modes of Engagement
- In-person meetings
- Emails

Key Themes
- Regulatory compliance
- Community engagement
- Rural market penetration
- Supply chain de-risking

Our Approach
- Ensure adherence to regulatory requirements, establish robust SOPs, and implement remedial actions to prevent non-compliance
- Community development initiatives tailored to address specific community needs
- Formulate a comprehensive strategy to foster a responsible supply chain and evaluate alternate suppliers wherever possible

[31]GRI 2-29

Stakeholder Engagement and Materiality Assessment

Suppliers/Vendors/Third-party Manufacturers

Modes of Engagement
- Vendor meets
- Virtual modes, Email or Telephone
- Assessments

Key Themes
- Timely payments
- Collaboration

Our Approach
- Monitor and facilitate prompt payments, implement digital tools
- Promote vendor engagement based on specific needs and requirements to ensure optimal collaboration and mutually beneficial relationships
- Conduct ESG assessments of suppliers to manage and mitigate potential risks

NGOs

Modes of Engagement
- In-person meetings
- Virtual modes, Email or Telephone

Key Themes
- Employee volunteering
- Agile decision-making

Our Approach
- We actively facilitate and encourage employee volunteerism through various programs and initiatives
- We continuously enhance our CSR management system to address the evolving community needs
- Our CSR projects are aligned with the United Nations Sustainable Development Goals (SDGs), ensuring that our efforts contribute to these global objectives

Community

Modes of Engagement
- In-person meetings
- Engagement through our NGO partners

Key Themes
Community development programs with a specific focus on:
- Healthcare
- Education
- Water & sanitation
- Rural development
- Environmental conservation

Our Approach
- Community development activities are implemented after conducting thorough needs assessments
- To address any grievances from the community, we have established both formal and informal communication channels, ensuring effective redressal of concerns raised by community members

Customers/Patients

Modes of Engagement
- In-person meetings
- Emails
- Customer feedback

Key Themes
- Product quality and access

Our Approach
- Ensure safety and efficacy of our products through a robust Quality Management System (QMS)
- We have a strong pharmacovigilance mechanism to record and address product complaints
- We offer patient assistance programs, reimbursement support and cost-saving programmes for certain products to make them more affordable to patients

Employees

Modes of Engagement
- Employee-focused web portals
- Emails
- Employee engagement surveys
- Town halls

Key Themes
- Training, professional growth and development
- Well-being initiatives
- Employee recognition
- Fair remuneration
- Work-life balance

Our Approach
- Implement personalised employee learning and development initiatives tailored to individual needs and skill sets
- Create and implement initiatives that recognise and value employee contributions
- Maintain a bi-annual appraisal process and foster an open feedback culture to facilitate constructive dialogue and employee growth opportunities
- Promote active employee engagement through various initiatives, encouraging involvement, collaboration, and a sense of ownership within the organisation

Senior Leadership

Modes of Engagement
- In-person meetings
- Virtual modes, Email or Telephone

Key Themes
- Sustainable and resilient business operations
- R&D and Innovation

Our Approach
- Conduct regular reviews of our business strategy, considering market dynamics and incorporating valuable input from stakeholders
- Leverage emerging technologies to stay ahead of innovation and continually enhance our R&D capabilities

Stakeholder Engagement and Materiality Assessment

Assessing Materiality: Evaluating Impact and Importance

In FY24, we reviewed key material topics in line with principles of 'double materiality' to align with evolving stakeholder priorities and our strategic objectives. This assessment considered both the impact of these topics on our business and the broader society, allowing us to effectively identify and prioritise key Environmental, Social, and Governance (ESG) topics.

We engaged our Senior Management in reviewing the materiality assessment results and key material topics. To remain aligned with changing external factors—such as competition, macroeconomic trends, consumer preferences, and regulatory demands—we have established a formal process that ensures continuous review and prioritisation of key material topics[32].

Explore

Focused efforts have been made to identify and prioritise key material topics impacting our business. We also refer to standards and frameworks from the Sustainability Accounting Standards Board (SASB), MSCI, Global Reporting Initiative (GRI), and S&P Global. Major trends in pharmaceutical sector and emerging risks also serves as inputs for this exercise.

Identify and Engage

In previous years, we used online surveys to gather insights from external stakeholders. This year, we conducted an internal review to capture senior management perspectives.

Review and Evaluate

We thoroughly analysed the senior management responses and compared them with stakeholder feedback to create the materiality matrix, ensuring that the identified material topics aligned with stakeholder expectations and our business objectives.

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

Our Materiality Topics for FY24

We have prioritised the 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 process. We reviewed 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 stakeholders. We have also evaluated the impact of these topics on society and the environment through Sun Pharma's business activities.

Materiality Matrix – FY24
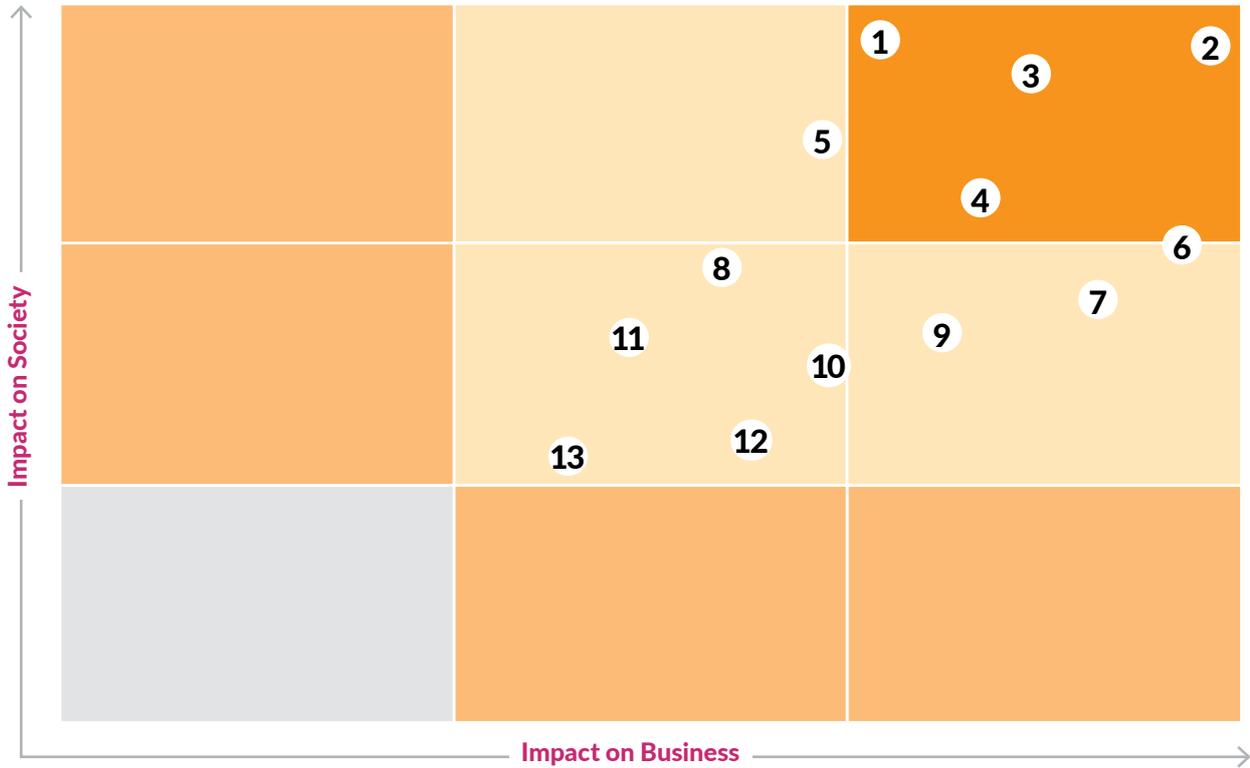
1 Innovation Management

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 and Responsible Procurement

12 Social Impact through Community Engagement

13 Ethical Clinical Trials and Animal Testing

We prioritise monitoring our performance on key material topics. Our detailed Materiality Assessment and Management Approach is available in our FY24 Annual Report on page 88 at: https://sunpharma.com/wp-content/uploads/2024/07/SPIL-Annual-Report-2023-24.pdf

RESPONSIBLE PRODUCT STEWARDSHIP

Access to safe and effective medicines is crucial for universal healthcare coverage.

Our R&D is focused on patient-centred innovation and strategic investments in advanced technologies. We are committed to meeting the highest quality standards for our products and complying with all regulatory requirements.

Quality Healthcare

Committed to Quality and Equitable Healthcare

Access to safe and effective medicines is an important prerequisite for universal health coverage. We are committed to providing high-quality medications to patients and healthcare professionals worldwide.

With a team of 3,000+ skilled Research and Development (R&D) professionals coupled with strategic R&D investments (representing 6.7% of our sales in FY24), we focus on developing specialty, branded generics and generic medications across various therapeutic areas targeted at improving healthcare access for our patients. Our strong distribution network of distributors, stockists, and wholesalers, ensures global access to medical products for patients in need.

Patient Safety

We conduct rigorous reviews and quality assurance to maintain high standards of quality for our products and ensure compliance with all regulations. Promptly identifying and addressing potential health and safety risks is imperative for product quality, safeguarding patient safety, and building trust with our stakeholders[33]. We continuously assess the risk-benefit profile of our offerings by adhering to globally benchmarked quality and regulatory compliance standards while rigorously monitoring product safety[34].

Pharmacovigilance at Sun Pharma

Our Pharmacovigilance department adopts a proactive approach to mitigating risk and ensuring product safety. Our pharmacovigilance system continuously monitors product safety and swiftly addresses any adverse events[35]. The Product Safety Committee supports our Global Pharmacovigilance Policy, and the Independent Pharmacovigilance Quality Assurance team reports to the Chief Quality Officer.

Our pharmacovigilance team focuses on contingency planning, risk mitigation and resolution of adverse events to enhance quality control, workforce training, and patient safety. We utilise advanced IT solutions for efficient data processing. Comprising around 100 qualified professionals, including physicians and scientists, our pharmacovigilance team handles Adverse Drug Reaction (ADR) cases, expedited reporting, risk management, safety signal management and consolidating safety data into a centralised database for reporting to global regulatory authorities.

The Product Safety Committee oversees pharmacovigilance processes, ensuring compliance with standards addressing safety issues and setting necessary remedial measures. Our Chief Quality Officer monitors an independent pharmacovigilance quality audit, guided by a five-year strategy and annual plan. We also undergo regular inspections by regulatory bodies, including US Food and Drug Administration (US FDA), European Medicines Agency (EMA), UK Medicines and Healthcare products Regulatory Agency (UK MHRA), Health Canada (HC), the Pharmaceuticals & Medical Devices Agency (Japan PMDA) and other such regulatory agencies to ensure compliance. Further details on some of the US FDA inspections can be found in our FY24 Annual Report on page 276 via the link - https://sunpharma.com/wp-content/uploads/2024/07/SPIL-Annual-Report-2023-24.pdf

Product Quality

Our **'Quality Vision'** aims to globalise, standardise, and streamline Good Practices (GxP) processes, promoting a culture of Quality excellence and sustainability. We are dedicated to continuously improving our Quality Management System (QMS) and using latest generation electronic systems for better functionality. Our focus on employee development, empowerment, and training helps us in fostering a culture centered on product quality.

We have created a comprehensive approach to quality management under our 'Quality Vision', aligning our global QMS with industry best practices and assurance processes. Our quality standards also cover procurement, product distribution, stakeholder complaint management, investigations, and corrective and preventive measures.

Our dedicated quality management team ensures strict adherence to quality and safety standards. Our strategy focuses on sustainable quality design, data governance, process harmonisation, and global quality metrics implementation.

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

Quality Management System (QMS)

- Global QMS
- Cross-functional implementation of QMS including R&D, quality, and operations
- Adopting best practices, tools and procedures to ensure a comprehensive end-to-end product quality

Quality Practices

- Sustainable quality design
- Quality data governance
- Process harmonisation for enhanced compliance
- Global Quality metrics
- Sharing of internal and external learnings

Key QMS Elements

- **Procedural Documents:** Electronic document management systems - access controlled, printing control, and version control
- **Deviation and Investigation Analysis:** Periodic trend analysis
- **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
- **Management Review Meeting:** Sun Pharma's senior management ensures the quality system governance through periodic quality reviews

Quality Assurance Process

Compliance with GxP and country-specific regulations	Periodic inspections by regulatory agencies at manufacturing sites ensure compliance with cGMP certification requirements	Release of input and packaging material post qualification and testing
Ensuring product quality through in-process testing, finished goods testing, and stability testing	Stringent compliance is ensured with specifications relevant to each market/ geographical requirement	Prevention of recurring deviations, failures, and discrepancies by recording, of investigation in the QMS
Comprehensive QMS system including change management, deviation, and investigation management, CAPA, adverse events management, field alert reporting, complaint management, and recall process	Periodic audits conducted by the Company's Corporate Quality team at all manufacturing facilities contract manufacturing sites, a and vendor locations	Training of employees involved in GxP activities through modules curated for job-specific roles

Quality Healthcare

Product Quality Complaint Management Process

The guidance for managing product recalls and the conditions to determine product recalls are provided in our Global Standard Operating Procedure (GSoP). Product recall steps include, reviewing the suggestions of the Site Recall Committee, processing the proposal for product recall, notification of recall, closure and analysis of trends.

A thorough approach is followed to address the complaints on product quality. After receiving complaints, they are documented on the system and undergo an initial evaluation. During the investigation process, we perform a primary risk assessment along with sample follow ups.

Based on the results, Corrective and Preventive Actions (CAPA) are implemented to resolve identified issues. We record a summary of the complaint throughout this procedure and perform a review. A response is provided to the complainant, facilitating clear communication and resolution of the complaint.

For FY24, we had zero Class-I recalls and 20 Class-II Recalls. The total value of recalled products was $ 0.22 Million. In the reporting year, our manufacturing facilities underwent 48 regulatory inspections conducted by regulatory agencies like USFDA, UK MHRA, EMA, PMDA and others. The USFDA conducted 7 inspections at our manufacturing facilities resulting in 11 Form-483 observations.

Process of Redressal of Product Quality-related Complaints
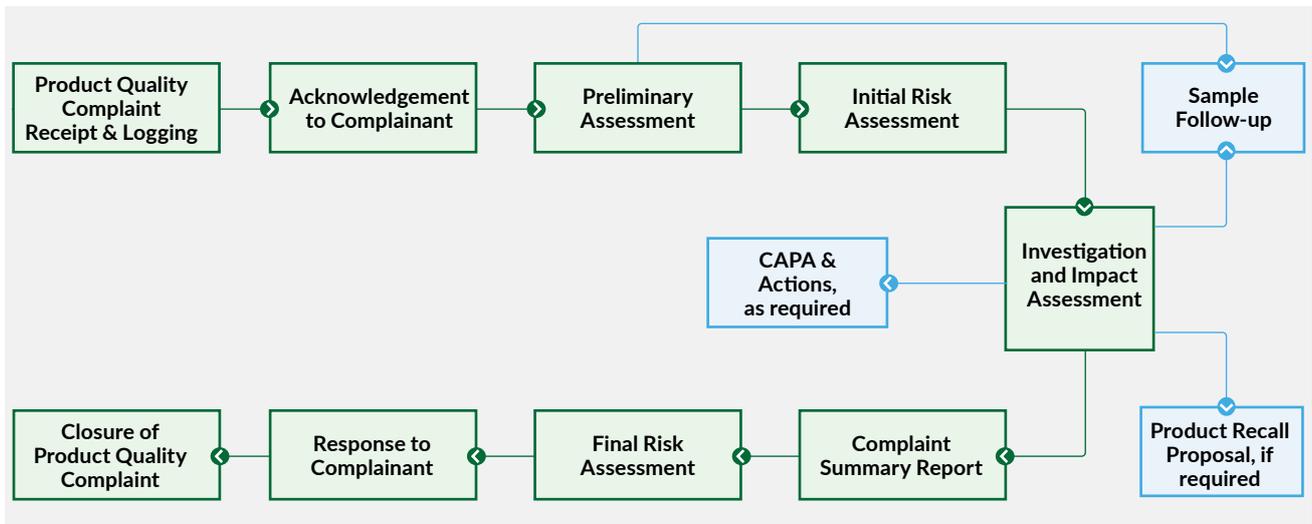
Responsible Product Stewardship

At Sun Pharma, we are committed to responsible product stewardship, upholding the highest ethical standards throughout a product's lifecycle, from development to manufacturing, labelling, and disposal[36].

Product Accessibility

We aim to improve the accessibility of our product across global markets covering both urban and rural areas. Our distribution network, including retailers, distributors, wholesalers, and carrying & forwarding agencies (CNFs) ensures worldwide availability of our products to our patients.

Product Labelling and Information

We adhere to all regulations related to product labelling and information, including pharmacokinetics, safe use, composition, clinical pharmacology, drug interactions and side effects, and storage requirements, as a part of our commitment to responsible product stewardship[37].

In FY24, there were no incidents of noncompliance, resulting in any fines, penalties, warnings, or breaches of voluntary codes[38].

Responsible Product Disposal

We follow local safety and environmental regulations for the safe disposal of returned or recalled products, ensuring compliance with relevant laws and regional standards. We also maintain records of disposed product quantity and destruction date.

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

Foundational Pillars of Product Stewardship

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

Imperative

Cornerstones

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

Product Stewardship Pillars

Strategic Enablers

- Well-established global pharmacovigilance policy
- Highly capable global pharmacovigilance and quality team
- Product Safety Committee
- A global QMS integrated with industry-leading practices

Aspirations

- Ensure ethical product usage
- Raise awareness about proper use and disposal of our products

Anti-counterfeit Measures

Awareness and Processes

We are committed to raising awareness about the risks of counterfeit medicines in affected markets by implementing an effective anti-counterfeit governance management system. A dedicated task force has been established to manage these threats and improve safety. This task force ensures seamless monitoring of counterfeit medicines for enhanced safety and security through our trace-and-track technology and complaint management system.

Governance Mechanism

- The trademark and learning and development (L&D) teams train the entire field force for identifying and reporting counterfeit medicines.
- A designated task force of senior field personnel is trained to identify counterfeit medications, supported by a trained field team for detection and reporting on counterfeit medicines. The identification process is linked with associated KPIs.

Management System

- Feedback mechanism in place to receive complaints from the complainant and marketing representatives.
- Prompt reporting of complaints and queries relevant to counterfeit products to concerned regulatory authorities.
- Trace-and-track technology to detect and prevent sale of counterfeit products.
- Improving product packaging for easy distinction between genuine and counterfeit medicines. We continually strive towards standardised and unique packaging to mitigate counterfeit risk.
- Well-established complaint management system for seamless management of suspected cases of counterfeit products.

Research and Development

Focus on Innovation

Our Research and Development (R&D) expertise reinforces our commitment to developing innovative, safe and effective products that cater to the unmet medical needs of patients across the globe[39]. A strong team of 3,000+ R&D professionals along with our chemistry and technological skills help us in developing a strong pipeline of specialty and complex generic products. Our R&D capabilities extend across various dosage forms, including injectables, orals, liquids, ointments, gels, sprays, hormones, and oral products. Our R&D centres undergo regular audits by multiple international regulatory authorities, ensuring compliance with stringent quality and regulatory standards. In addition to our internal efforts, we also collaborate with academia and industry experts to enhance our R&D capabilities.

FY24 R&D Highlights

₹ 31.8 Bn

In R&D investment

2,301 Patents

Granted till date

~250

Global formulation dossiers filed

3,000+ Member

Strong R&D team

Note – All facts and figures are for FY24

R&D Investments
₹ 31.8 Bn

	FY21	FY22	FY23	FY24
R&D investments (% of sales)	6.5	5.8	5.5	6.7
	21.5	22.2	23.7	31.8
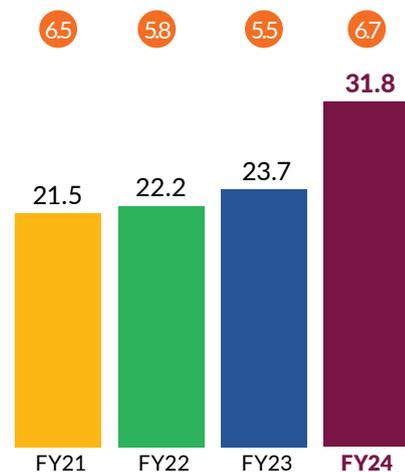
● R&D investments (% of sales)

Intellectual Property

Our intellectual property team specialises in chemistry, analytical techniques, dosage forms, and global patent practices.

As of March 31, 2024, our patent portfolio comprised 3,154 patents filed and 2,301 granted patents, reflecting our unwavering commitment to innovation and adopting cutting-edge science.

[39]GRI 3-3

Our R&D Approach and Capabilities

Enablers

- Significant investments in R&D with focus on developing specialty, complex generics, APIs, and process improvement

- Dedicated R&D team of 3,000+ professionals with state-of-the-art R&D infrastructure

- Compliant with global regulatory standards for maintaining high-quality

- Aim to create new technologies using green reagents in API synthesis, applying Process Analytical Technology (PAT) tools, and executing advanced processing techniques

- Comprehensive product life cycle management with backward integration for key products

- Enhancing operational efficiency using Quality by Design (QbD) framework and Six Sigma methodologies

- Development of innovative compact dosage forms with enhanced stability and decreased pharmacokinetic variability

- Expansion of product portfolio to cater to the evolving needs of patients

Capabilities

- Capability to develop various dosage such as orals, liquids, ointments, gels, sprays, and injectables

- Biological capabilities, chemistry skills, and new drug development capabilities

- Capability to develop non-infringing formulations and specialty/complex products

- Broad product portfolio covering multiple therapeutic segments catering to diverse patient needs

- Competencies to undertake clinical studies for specialty products and complex generics

Ambitions

- Targeted investments to expand the specialty pipeline

- Focus on developing complex generics

- Growing focus on developing the R&D pipeline for Emerging Markets and India

- Improved efforts in developing strategically important APIs

- Collaborate with academia and industry experts to enhance our R&D capabilities

Research and Development

Our Specialty R&D Pipeline (as of November 2024)

Candidate	Mechanism of Action	Indication	Preclinical	Phase 1	Phase 2	Phase 3	Registration
Leqselvi	JAK Inhibitor	Severe alopecia areata	▬	▬	▬	▬	▬
Nidlegy™	Immunocytokines	Melanoma & non-melanoma skin cancers	▬	▬	▬	▬	▬ (partial)
Ilumya	IL-23 Antagonist	Psoriatic arthritis	▬	▬	▬	▬	
Fibromun	Innovative anti-cancer immunotherapy	Soft tissue sarcoma	▬	▬	▬	▬	
		Glioblastoma	▬	▬	▬		
MM-II	Liposomal intra-articular lubrication	Pain in osteoarthritis	▬	▬	▬		
SCD-044	Selective SIPR1 Agonist	Atopic dermatitis	▬	▬	▬		
		Psoriasis	▬	▬	▬		
GL0034	GLP-1R Agonist	Obesity	▬	▬			

Note - 1. Leqselvi received USFDA approval in July
2. All molecules for global markets except Nidlegy™ where Sun Pharma is commercial partner for Europe, Australia & New Zealand. Nidlegy™ is a trademark of Philogen.

Reducing Environmental Impact through 'Green Chemistry'

The pharmaceutical industry is adopting a benign-by-design approach, employing non-toxic methods/tools/techniques/solvents for sustainable product development. Our R&D teams continuously innovate to minimise our products' ecological footprint through **'Green Chemistry'** approaches.

Steps Taken to Reduce Environmental Impact

Measures to Minimise Environmental Impact

- Switiching from organic solvent to water
- Solvent-free processiing
- Reducing solvent use in high-volume product
- Enhancing processes for energy-efficient manufacturing
- Using Biocatalyst
- Using green chemistry to cut hazardous waste
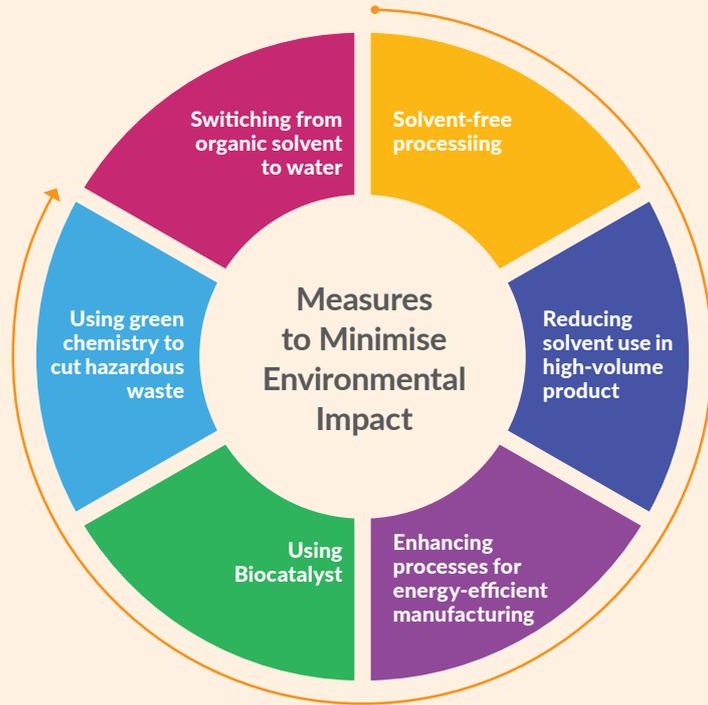
Innovation and Technology

Harnessing Technology for Global Impact

Through strategic investments in world-class technologies, we have expanded the accessibility of medicines across the globe. We prioritise strict compliance with global safety standards while constantly assuring the quality of our varied portfolio[40].

We focus on innovation to enhance safety, improve efficacy, optimise operations, advance technical capabilities, and ensure cost-effectiveness. To drive innovation and achieve sustained business growth, we have established a dedicated Centre of Excellence (CoE) which supports key organisational functions such as R&D, quality assurance, finance, manufacturing, HR, and supply chain operations. We make decisions related to technological incorporation in

a collaborative manner while taking into consideration proof of concept and business case approvals.

We have established technology guidelines to ensure effective project execution, adhering to global standards like the Information Security Management System (ISMS) and the Information Technology Infrastructure Library (ITIL). The Corporate Technology team has developed a detailed IT innovation and technology plan, and each department allocates an annual

budget for information security. This budget considers the current hardware landscape, ongoing initiatives, new projects, and external factors influencing information security. We also maintain a robust monitoring system to enhance reliability and data protection.

Zero Incidents

During FY24, we did not incur any information security/data privacy incidents.[41]

Our Approach to Information Security

24/7 Threat Monitoring

Our around-the-clock monitoring systems are designed to detect and address threats as part of our Managed Detect and Respond protocols.

Transition to Zero-trust Security

We aim to advance towards a zero-trust-based security infrastructure, enhancing our security posture with comprehensive training and controls.

Information Security Management System (ISMS)

We apply Information Security Management System (ISMS) protocols, Global Standard Operating Procedures (GSOPs), and defense-in-depth strategies.

Information Security Process

Adherence to Industry Standards

We follow best practices aligned with the National Institute of Standards and Technology (NIST) and ISO 27001:2013 to effectively manage information security risks.

Continuous Awareness and Training

We enhance information security awareness through simulation-based learning for all employees.

Standard Operating Procedures (SOPs)

We implement Standard Operating Procedures (SOPs) globally for consistent data management across all locations.

[40]GRI 3-3 | [41]GRI 418-1

Our Compliance with Global Data Integrity and Security Standards

Compliance with USFDA data integrity and cGMP standards

Complying with ISO 27001 Information Security Management System (ISMS) standards

Following PDA Report 80 for creating a data integrity management system in our laboratories

Adhering to data protection regulations to safeguard personal data at operational locations

Our Focus on Data Integrity and Security

Policy Enforcement and Training

We enforce stringent policies and processes, supported by mandatory training on information security awareness, to maintain data security and integrity throughout the organisation.

Data Integrity and Security Segmentation

We address data integrity and security issues by segmenting them into three main areas: Cyber-attacks, Insider threats, and manufacturing process integrity.

Comprehensive Defence Strategies

We use multiple strategies to mitigate cyber-attack risks, including a 24/7 Security Operations Centre (SOC), threat intelligence governance services, and collaboration with security experts.

Incident Management Alignment

We align our Incident Management Policy with ISO 27001 standards to ensure effective response protocols.

Coordinated Investigations

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

Standard Operating Procedures (SOPs) Implementation

We implement globally benchmarked Standard Operating Procedures (SOPs) for manufacturing operations, focusing on root cause analysis and risk assessment.

Supply Chain Management

Focusing on Supply Chain Efficiency

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

Our supply chain management system works diligently to ensure that we manufacture and supply products in line with market demand[42].

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

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

Through a robust, cross-functional approach to supply chain

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

Supply Chain Approach – Foundational Pillars

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

An Overview of our Supply Chain Operations[43]

Upstream

The supply planning team conducts demand and sales projections and engages in capacity planning for production across short, medium, and long-term periods.

Supply planning teams collaborate and coordinate with the manufacturing, procurement, and operations departments to maintain supply chain integrity.

Downstream

The sales, marketing team and demand planning teams collaborate to analyse market trends and scenarios to forecast demand.

The supply planning and procurement team works with manufacturing sites and suppliers to ensure the availability of inventory in line with the requisite norms. The team also ensures finished product are in line with product demand, in response to the sales forecasts.

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

[42]GRI 3-3 | [43]GRI 2-6

Effective Supply Chain Monitoring

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

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

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

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

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

Initiatives

- Systematic suppliers and inventory reviews per guidelines

- Assessment of 100+ suppliers to ensure compliance with ESG parameters through desk-based audit

- Sourcing essential materials from diverse suppliers

- Reviewing compliance management practice and contract performance periodically

- Assessing new suppliers through regular audits aligned with the CQA policy, Supplier Code of Conduct, internal quality parameters, ESG parameters, and relevant regulations

- The Strategic Procurement Committee identifies and prioritises major risks and implements mitigation strategies

- Conducting ESG-focused training and capacity-building workshops for internal stakeholders

Local Sourcing

We aim to locally source whenever feasible to promote and enhance local businesses. For the standalone entity, Sun Pharmaceutical Industries Limited (SPIL), local suppliers accounted for 83% of our procurement[44].

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

[44]GRI 204-1

ENVIRONMENTAL STEWARDSHIP

We have an unwavering commitment to addressing climate change and other environmental impacts through strategic actions.

We are making significant investments in adopting renewable energy, use of biomass fuel, energy efficiency measures, water conservation and waste management.

Environment

Protect. Restore. Thrive

At the heart of our corporate strategy lies a steadfast commitment to environmental sustainability, which we prioritise as a strategic imperative.

We actively pursue focused initiatives to minimise the environmental impact of our operations, acknowledging our responsibility to mitigate any adverse consequences.

We are committed to the responsible stewardship of natural resources and leverage our influence throughout the business value chain to drive progress toward a sustainable future.

Aligned with UN SDGs

Target 6.3

Improve water recovery by minimising release of untreated wastewater through recycling and reuse. Additionally, 16 of our manufacturing sites have achieved zero liquid discharge status.

Target 7.2

Renewable energy contributes 38% to the overall energy mix.

Target 13.2

We are a signatory to the India CEO Forum on Climate Change to promote collaboration between the Government of India and the private sector. We integrate climate change initiatives into our policies and strategies.

Target 15.5

Biodiversity risk assessment conducted at 5 manufacturing locations.

Environmental Performance FY24

To minimise our environmental footprint and create a positive impact, we have set ambitious goals. By employing efficient technologies, investing in renewable energy, and adopting industry best practices in waste, water, and carbon emissions management we aim to achieve these targets within the timelines envisaged.

Energy Efficiency and Carbon Emissions[45]

Targets

Reduction of 35% in absolute carbon emissions (Scope 1 and Scope 2) by 2030 (baseline year of 2020)

Highlights

1,520,492 GJ total energy sourced from Renewable Sources in FY24

Replacement of fossil fuel with biomass, **567,363 GJ** of energy sourced from biomass

ISO 50001:2018 Certified six sites

Achievements

18.23%
Reduction in absolute carbon emissions (Scope 1 and Scope 2) compared to baseline year 2020

32%
Reduction in energy intensity compared to baseline year 2020

38%
Energy sourced from renewable sources

42%
Reduction in GHG intensity (Scope 1 and Scope 2) compared to baseline year 2020

Water Stewardship

Targets

Reduction of 10% in water consumption by 2025 (baseline year of 2020)

Highlights

Continued focus on **4R's - Reduce, Reuse, Recycle, and Recharge** for water conservation

Reduced dependency on groundwater by using alternate sources

Achievements

20.96%
Reduction in water consumption compared to baseline year 2020

44%
Reduction in water intensity compared to baseline year 2020

[45]GRI 302-4

Environment

Waste Management

Targets

Co-processing of **30%** hazardous waste by 2025

Highlights

50%
Hazardous waste diverted from disposal, by using recycling and other recovery options

95%
Non-hazardous waste diverted from disposal

Achievements

20.68%
Hazardous waste co-processed

Environmental Governance Framework

Our environmental governance framework consists of a comprehensive Environment, Health, and Safety (EHS) Policy, supported by a structured EHS Management System, and Energy Management System. These robust frameworks enable us to achieve our goals of reducing carbon emissions, water consumption, and waste generation.

Our robust EHS governance framework evaluates our environmental initiatives and monitors EHS performance against set targets. We conduct regular internal and external audits and inspections to ensure compliance with EHS standards and regulations. Additionally, we have established a comprehensive emergency response plan at all sites for prompt and effective action in case of an accident or EHS incident.

Our EHS Management System is aligned with the ISO 14001:2015 framework. During FY24, 18 sites have been certified with ISO 14001: 2015, 7 sites have been third-party certified and all our sites have been internally certified for their EHS management systems. Six of our manufacturing facilities have also been ISO 50001:2018 certified.

We are committed to strictly complying with all relevant local, state, and national regulatory requirements, prioritising the identification and reduction of potential or actual risks from non-compliance. In FY24, there were zero instances of environmental non-compliance[46].

Our employees play a crucial role in achieving our environmental goals. To support this, we have established

various engagement forums to raise awareness and promote sustainable practices. These platforms help employees identify and address risks, assess and reduce environmental impact, and advocate workplace safety. Additionally, we also conduct periodic EHS training programmes for our employees to enhance responsible and environmentally conscious behaviours.

Aligned with our Enterprise Risk Management (ERM) framework's strategic approach, we recognise that environmental impact and climate change both pose risks as well as opportunities for our operations. We have integrated various mitigation strategies and environmental enhancements across our manufacturing facilities.

[46]GRI 2-27

EHS Governance Framework

EHS Policy

Our EHS Governance Enablers[47]

Global EHS Standards

Our Value System

EHS governance structure overlooking the line function responsibility

Global Operation Head

Regional Operation Head

Cluster EHS Heads

Site EHS Leaders for each Location

Site-level Department Head and responsible Area Manager
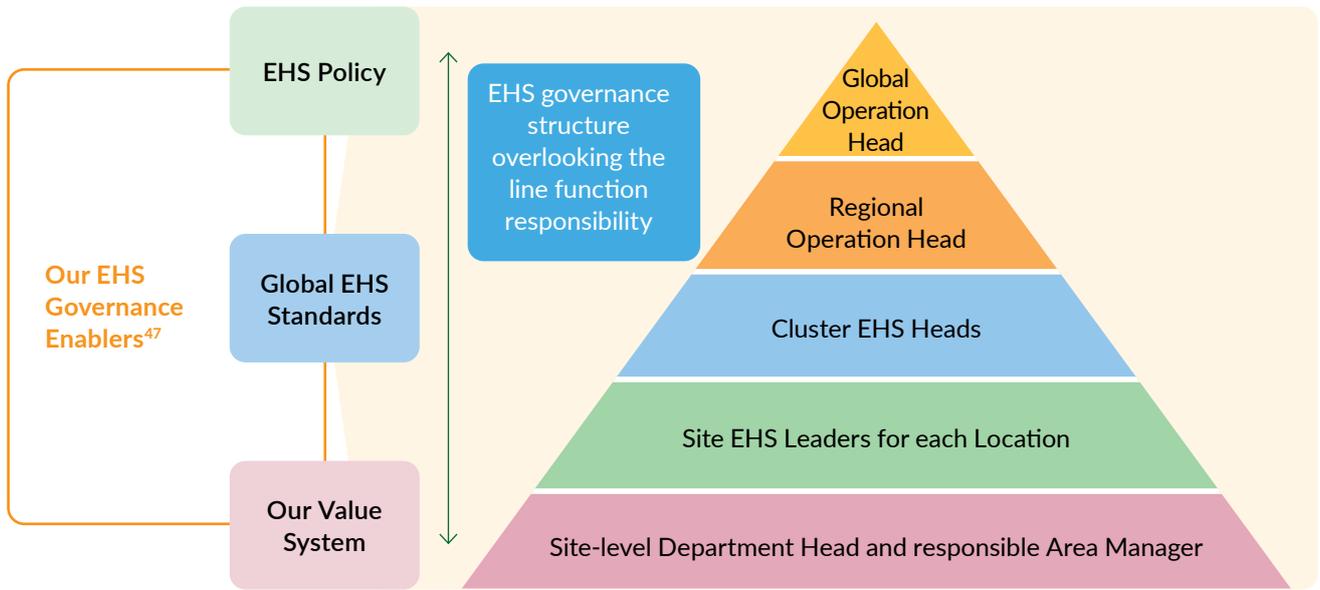
Our Climate-smart Vision

We are committed to aligning with the India's Nationally Determined Contributions (NDCs) targets. Our climate change strategy emphasises energy efficiency, greenhouse gas emission management, waste, and water management, R&D for sustainable products and processes, and optimising resource use through digitalisation.

We aim to reduce our Scope 1 and Scope 2 carbon emissions by 35% by 2030, considering 2020 as our baseline, through energy efficiency and clean energy investments. Additionally, we are committed to achieving Net Zero emissions by 2050.

In line with our commitment to integrate climate resilience across our operations, we recognise and address physical and transition climate risks per the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We will be developing targeted mitigation strategies to enhance resilience against various climate risks.

35%
Reduction target in Scope 1 and Scope 2 carbon emissions by 2030 compared to baseline of 2020

Net Zero
Emissions by 2050

[47]GRI 3-3

Energy Efficiency

Monitor. Minimise. Decarbonise.

At Sun Pharma, we are committed to improving our energy efficiency by ensuring energy conservation across our operations.

Recognising that our energy demands and fossil fuel consumption is linked directly to greenhouse gas emissions, we have adopted a three-part strategy: **monitor, minimise, and decarbonise.**

Our Approach Towards Energy Management

Monitor
Monitor energy usage trends, set benchmarks, and create action plans to meet our targets

Minimise
Minimise reliance on energy-intensive sources by using energy-efficient methods and recover waste heat for further utilisation

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

Monitor

Monitoring energy consumption helps identify patterns and deviations, validate energy savings, and informed decision-making. It also aids in analysing trends of forecasting future demand, setting reduction goals, and evaluating the success of energy-saving initiatives.

The data below shows trends in our annual energy usage over the past four years, highlighting a consistent decline in non-renewable energy and reduced energy intensity.

Energy Consumption in FY24[48]

Total Energy from Non-renewable Sources
(in GJ)

FY24	2,481,939
FY23	2,936,517
FY22	3,020,730
FY21	2,984,789

Total Energy from Renewable Sources
(in GJ)

FY24	1,520,492
FY23	1,376,682
FY22	1,383,094
FY21	1,308,767

Total Energy Consumption
(in GJ)

FY24	4,002,431
FY23	4,313,199
FY22	4,403,824
FY21	4,293,557

Energy Intensity
(GJ/revenue in ₹ Mn)[49]

FY24	12.68
FY23	15.04
FY22	16.81
FY21	18.67
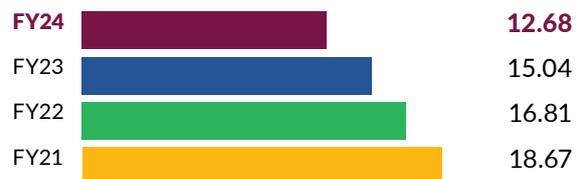
[48]GRI 302-1 | [49]GRI 302-3

Energy Efficiency

Energy Consumption in FY24 (in GJ)

	Electricity Consumption	Steam Consumption	Fuel Consumption
FY21	2,002,450	745,010	1,546,096
FY22	2,026,117	771,970	1,605,739
FY23	2,065,568	698,069	1,549,563
FY24	2,023,721	681,452	1,297,259

● Electricity Consumption   ● Steam Consumption   ● Fuel Consumption
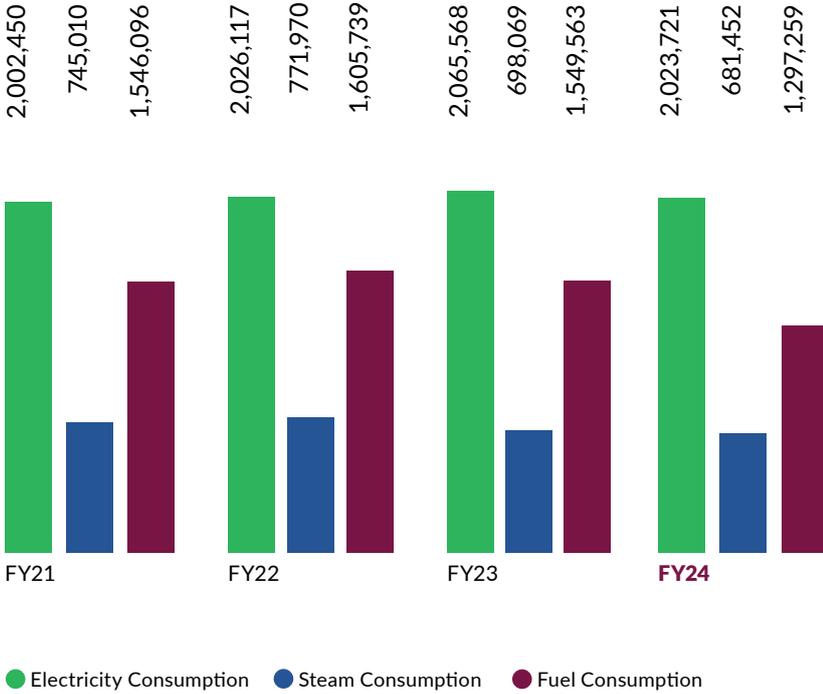
Energy Mix FY24 (in %)

Total Energy from Renewable Sources (%)

FY21	FY22	FY23	FY24
30	31	32	38

Renewable Energy Mix FY24 (in %)

- 37.31
- 8.93
- 0.48
- 2.14
- 41.49
- 9.65
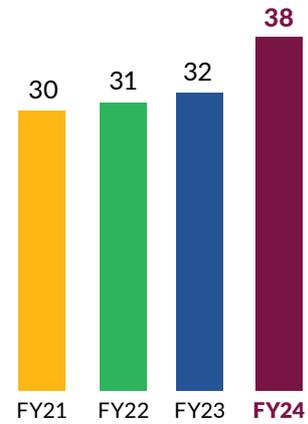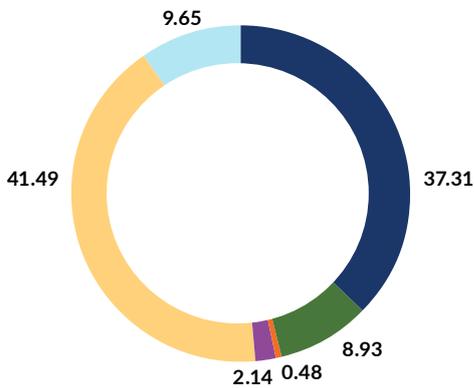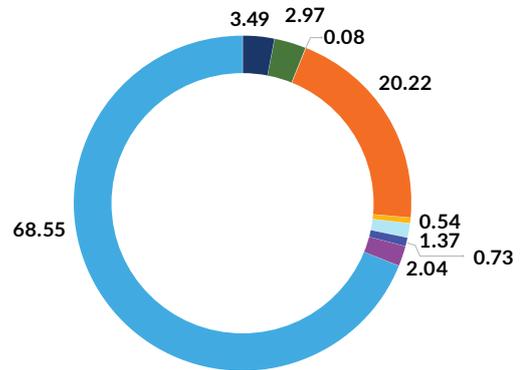
● Biomass
● Captive solar (including rooftops & solar lights)
● Captive wind energy
● Renewable sources - power purchased
● Steam purchased (biomass based)
● Captive hybrid energy (solar+wind)

Non-renewable Energy Mix FY24 (in %)

- 3.49
- 2.97
- 0.08
- 20.22
- 0.54
- 1.37
- 0.73
- 2.04
- 68.55

● High-speed diesel (HSD)
● Furnace oil
● Petrol
● Compressed natural gas (CNG)
● Liquefied petroleum gas (LPG)
● Light diesel oil (LDO)
● Coal
● Steam purchase (Coal based)
● Grid electricity

I II III IV V VI VII VIII

Minimise and Decarbonise

We are committed to integrating renewable energy into our operations to reduce our carbon emissions and reliance on fossil fuels. In FY24 we invested significantly in energy-efficient and clean energy initiatives, leading to a reduction in high-speed diesel, furnace oil, and coal consumption by transitioning to a carbon-neutral energy source.

Energy-efficiency Measures[50]

We have taken various initiatives for energy conservation. Few of them are mentioned below:

- Utilising heat pumps for hot water generation to reduce steam consumption
- Demand side management of compressed air to reduce power consumption of air compressors
- Replacing old chillers with energy efficient chillers
- Use of variable frequency drives to improve pumping and compressor energy performance
- Use of energy efficient dryer to minimise power consumption
- Improving condensate recovery to reduce fuel and water usage at various sites

- Lowering hot water temperatures to decrease steam requirements
- Replacing old inefficient motors with energy efficient motors
- Replacement of old energy inefficient pumps with energy efficient pumps in cooling towers
- Motion sensor installed at various locations to minimise energy wastage
- Piping modification for energy efficient distribution
- Heat recovery at Multi Effect Evaporator (MEE) and Agitated Thin Film Dryer (ATFD) to preheat boiler feed water

- Utilisation of flash recovery system to reduce steam requirement
- Replacement of existing dehumidifier with energy efficient dehumidifier
- Energy efficient lighting system
- Use of Electronically Commutated (EC) blower at air handling units
- Commissioned captive solar rooftop at various locations
- Replacement of boiler fuel from conventional sources like furnace oil and high-speed diesel to renewable biomass briquettes for steam generation

In FY24, the energy consumption was 12.68 GJ per million rupees of turnover as compared 15.04 GJ per million rupees of turnover in FY23. We reduced energy consumption by 2.4 GJ per million rupees in turnover compared to previous financial year through targeted energy efficiency measures which accounts for 16% reduction in specific energy consumption.

[50]GRI 302-4 and 305-5

Emissions Management

Scope 1 GHG Emissions[51]

We regularly monitor and report emissions from the usage of direct fuels (HSD, furnace oil, petrol, CNG, LPG, LDO, and coal) in our processes. The past four years have seen a decline in both the absolute levels and intensity of our Scope 1 emissions.

Scope 1 Emissions
(tCO_2e)

FY24	45,606
FY23	67,203
FY22	75,970
FY21	76,427
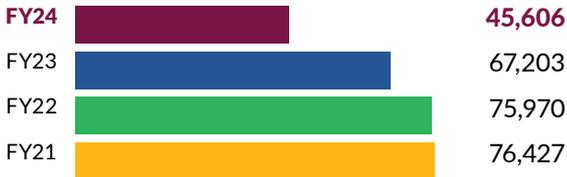
Emission Intensity for Scope 1
(tCO_2e/revenue in ₹ Mn)

FY24	0.14
FY23	0.23
FY22	0.29
FY21	0.33
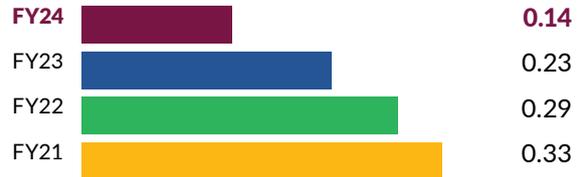
Total biogenic emissions in FY24 was 63,547 tCO_2e.

Scope 2 GHG Emissions[52]

We monitor and report our emissions of electricity purchased from the grid. There has been a steady decline in the Scope 2 emissions intensity over the past four years.

Scope 2 Emissions
(tCO_2e)

FY24	323,237
FY23	352,678
FY22	343,236
FY21	342,522

Emission Intensity for Scope 2
(tCO_2e/revenue in ₹ Mn)

FY24	1.02
FY23	1.23
FY22	1.31
FY21	1.49
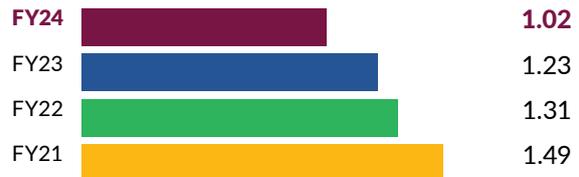
Scope 1+2 Emissions
(tCO_2e)

FY24	368,843
FY23	419,881
FY22	419,206
FY21	418,949

Scope 1+2 Emission Intensity
(tCO_2e/revenue in ₹ Mn)

FY24	1.16
FY23	1.46
FY22	1.60
FY21	1.82
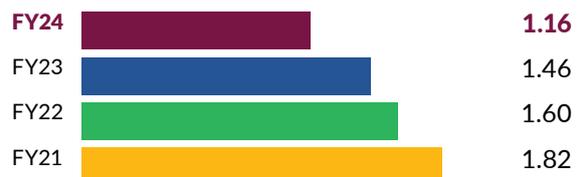
[51]GRI 305-1 and 305-4 | [52]GRI 305-2 and 305-4

Scope 3 GHG Emissions[53]

At Sun Pharma, we track and report the indirect emissions from our value chain across seven Scope 3 categories, following the GHG protocol. The largest impact comes from purchased goods and services, while other categories include business travel, fuel, and energy-related activities, upstream and downstream transportation and distribution, employee commuting, and waste generated in operations.

Scope 3 Emissions

Source	FY23 (tCO$_2$e)	FY24 (tCO$_2$e)
Purchased goods and services	182,980	236,932
Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	99,161	87,270
Employee commute	20,115	16,412
Business travel	3,794	4,443
Upstream	7,630	4,242
Downstream	38,311	24,012
Waste generated in operations	5,275	6,477
Total	**357,266**	**379,788**

Tracking Scope 3 emissions gives us opportunities to engage across our value chain, spread awareness amongst our business partners, and encourage them to adopt sustainable practices. We have begun using eco-friendly multi-layered cold storage packaging for one of our key products, which after refurbishment/re-qualification post every use cycle can be reused leading to a reduction in carbon emissions and improving overall efficiency.

Emission of Ozone-depleting Substances (ODS)[54]

Aligned with the Montreal Protocol guidelines, we are committed to eliminating equipment that uses ozone-depleting substances (ODS). We are systematically transitioning towards alternative equipment that uses gases that have no or limited potential for ozone depletion.

We use R-134a and R-404a as substitutes for R-22 to comply with international standards and adopt the best practices for non-ODS refrigerants.

Our primary source of ODS emissions is refrigerants present in air-conditioners and chiller plants. For the reporting year, the recharge quantity of CFC 11 equivalent ODS was 0.298 MT.

Other Air Emissions[55]

We closely monitor emissions from air pollutants like Sulphur Oxides (SOx), Nitrogen Oxides (NOx), and Particulate Matter (PM) to ensure they stay below the thresholds set by central and state pollution control authorities.

Stack Emissions (MT)

FY24
- PM: 181
- SOx: 125
- NOx: 234

FY23
- PM: 171
- SOx: 148
- NOx: 170

FY22
- PM: 226
- SOx: 163
- NOx: 196

■ PM ■ SOx ■ NOx
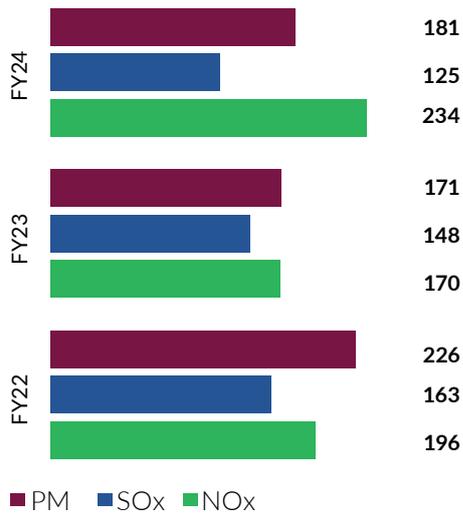
Waste and Water Management

Waste Management[56]

Our waste management strategy includes monitoring waste at its source, enhancing resource utilisation, and reducing waste generation.

We also divert waste from landfills through methods like recycling and co-processing. Our waste management practices align with our commitment to co-processing 30% of hazardous waste by 2025.

We continue to identify opportunities to minimise any adverse environmental effects from our operations. We have adopted digital solutions to reduce paper consumption in our operations.

We have also implemented the Equipment Qualification and Validation Life Cycle Management System (EQVLMS), a software that replaces manual paper-based document archiving with an online repository.

Type of Waste Generated (MT)[57]

Categories	FY21	FY22	FY23	FY24
Hazardous	30,580.18	29,802.89	32,033.69	32,353.58
E-waste	6.22	9.35	9.51	19.53
Non-hazardous	15,508.17	21,494.28	21,407.26	19,817.99

Waste Diverted from Disposal (MT)[58]

Categories	FY21	FY22	FY23	FY24
Hazardous waste				
Reuse	159.06	0	0	0
Recycling	11,801.24	15,445.71	15,448.30	16,021.95
Other recovery options	1,613.53	0	0	13.18
Total	13,573.83	15,445.71	15,448.30	16,035.13
E-waste				
Recycling	7.20	10.71	5.32	19.92
Non-hazardous waste				
Reuse	1.90	1.92	3.08	463.59
Recycling	14,956.40	20,113.92	20,059.71	14,383.29
Other recovery options	834.14	811.19	629.26	3,526.86
Total	15,792.44	20,927.03	20,692.05	18,843.46

[56]GRI 306-1 and 306-2 | [57]GRI 306-3 | [58]GRI 306-4

Waste Directed to Disposal (MT)[59]

Categories	FY21	FY22	FY23	FY24
Hazardous waste				
Incineration with Energy recovery	251.91	59.79	998.23	150.22
Incineration without Energy recovery	2,631.76	2,111.36	719.81	617.45
Landfilling	8,976.61	8,481.45	10,535.78	11,589.68
Co-processing	3,045.84	2,566.87	2,759.85	3,192.38
Other disposal operations	0	0	0	351.92
Total	**14,906.11**	**13,219.47**	**15,013.67**	**15,901.65**
Non-hazardous waste				
Incineration with Energy recovery	0	0	0	67.57
Incineration without Energy recovery	42.66	49.34	41.30	8.82
Landfilling	1,146.71	1,024.57	552.38	828.89
Co-processing	0	0	0	0
Other disposal operations	0	0	0	1.81
Total	**1,189.37**	**1,073.91**	**593.68**	**907.09**

To reduce the disposal of single-use plastic, we have partnered with authorised third-party waste handlers for the collection and management of end-use plastic, thereby ensuring compliance with the pollution control board's guidelines and regulations of Extended Producer Responsibility (EPR).

[59]GRI 306-5

Waste and Water Management

Water Stewardship[60]

At Sun Pharma, we have set a target to be water-positive by 2030. In the reporting year, we took significant steps to reduce water consumption across our operations. Recognising that cooling towers are major water consumers; we focused on decreasing thermal load at our manufacturing sites by utilising low-grade heat. We installed heat pumps to capture and repurpose waste heat and enhanced chiller efficiency to minimise water use in cooling towers.

Additionally, we have also upgraded our water treatment systems to minimise water loss.

In the reporting year, we had zero liquid discharge (ZLD) systems operational at 16 sites. At non-ZLD locations, we ensure our effluent treatment systems comply with local regulations while monitoring discharges to protect local ecosystems. We also collect and reuse water from

Air Handling Unit (AHU) drains and recycle RO reject water, optimising overall water use. Transitioning from groundwater to surface water at various locations, we implemented flow-reducing nozzles, aerators, and sensor-based tap leakages to prevent losses and maintain operational efficiency. Our rainwater harvesting initiatives further reduce reliance on external sources and aid in replenishing local groundwater levels.

Watershed Development Project

We have initiated a major CSR project for watershed development in various villages across Ahmednagar and Beed districts in Maharashtra, India. These initiatives aim to enhance the resilience of rural communities facing critical water scarcity challenges, particularly in drought-prone areas. Our strategy supports farmers in reducing dependency on rainfall for irrigation by implementing effective water harvesting and management practices. Covering over 29,000 hectares and benefiting more than 7,800 household (including both farming and non-farming households) and a population of more than 36,000, our projects have led to the construction of vital water harvesting structures, such as farm ponds and check dams, which replenish groundwater aquifers and support agricultural and domestic water needs. In FY24, these efforts have directly benefited over 1,600 farming households, improved soil moisture, and reduced soil erosion. We successfully created water harvesting potential of 1.57 Million kiloliters of water, increased soil moisture, reduced soil erosion in 906 hectares of land and enhanced crop potential through group irrigation wells installation.

Through community engagement, we conducted awareness and capacity-building sessions focused on water conservation, and efficient agricultural practices. We remain dedicated to water stewardship, creating shared value for local communities, and contributing to their socio-economic development.

1,600+

Farming households benefitted

1.57 Mn KL

Water harvested

Note – All numbers/information are for FY24

[60]GRI 303-1, 303-2

Our water management approach is based on the principles of the 4Rs:

Reduce, Reuse, Recycle, and Recharge

Reduce

- Improving water treatment efficiency resulting in reduced water consumption
- Installation of flow-reducing nozzles for washing areas
- Use of aerator in water taps
- Sensor-based taps in changing rooms and washing areas
- Timely resolution of water leakages

Reuse

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

Recharge

Rainwater harvesting

Recycle

- Recycle of treated effluent water
- Increasing cycles of concentration (COC) of cooling tower

We are committed to decreasing our dependence on groundwater sources, especially in water-stressed areas. Our water withdrawal in water-stressed areas was 11% in FY24 compared to 12% in FY23. In FY24, groundwater usage was 39% of the total water withdrawal compared to 42% in FY23.

Water Withdrawal by Sources[61]

Source	FY21	FY22	FY23	FY24
Third-party (KL)	1,598,604	1,556,383	1,454,548	1,631,368
Surface water (KL)	708,714	649,986	696,295	447,578
Groundwater (KL)	1,796,012	1,762,243	1,569,983	1,325,943
Total	4,103,330	3,968,613	3,720,826	3,404,889

Note – All numbers/information are for FY24

[61]GRI 303-3

Waste and Water Management

Water Withdrawal by Source (in %)

13%
Surface water

39%
Groundwater

48%
Third-party water

Water Withdrawal from Water-stressed Areas

Source	FY21	FY22	FY23	FY24
Third-party (KL)	52,054	51,717	53,998	53,930
Surface water (KL)	6,000	7,200	7,200	7,200
Groundwater (KL)	413,553	448,239	400,341	315,954
Total (KL)	471,607	507,156	461,539	377,084

Total Water Consumption[62]

Water Consumption
(KL)

FY24	**2,286,622**
FY23	2,298,441
FY22	2,680,641
FY21	2,818,233

Total Water Discharge[63]

Third-party
(KL)

FY24	**1,118,266**
FY23	1,422,385
FY22	1,287,972
FY21	1,285,097

Water Discharged in Water-stressed Areas (KL)

FY24	**6,662**
FY23	6,308
FY22	4,424
FY21	12,761

Water Intensity
(KL/revenue in ₹ Mn)

FY24	**7.24**
FY23	8.01
FY22	10.23
FY21	12.25

[62]GRI 303-5 | [63]GRI 303-4

Biodiversity

Biodiversity and ecosystem services are interlinked with our operations, influencing factors like freshwater availability, air quality, noise management, and flood mitigation. Diversity amongst flora and fauna is crucial in sustaining ecological balance and serves as an important measure for maintaining a healthy ecosystem.

At Sun Pharma, we recognise the linkage between biodiversity and our operational sustainability and are committed to minimising any negative impacts on biodiversity and ecosystem services. Our commitment to biodiversity management is outlined in our Biodiversity Policy, which is publicly available on our website.

Assessing Biodiversity Risks and Ecosystem Health

We have assessed five manufacturing locations for biodiversity risks based on their contribution to their 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. Floral and faunal biodiversity surveys conducted have established a baseline for biodiversity management.

Stages of Biodiversity Risk Assessment

Documentation of Biodiversity
Documentation of floral (trees, shrubs, herbs, and medicinal plants), faunal diversity (mammals, birds – aquatic and terrestrial, herpetofauna, butterflies)

Analysis of Diversity
Conducting qualitative and quantitative analyses of floral and faunal diversity

Species Identification
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 Wildlife (Protection) Act, 1972

Carbon Sequestration Assessment
Evaluating the carbon sequestration potential of the existing green belt within the study area

Action Plan Development
Formulating a strategic action plan for the conservation and enrichment of biodiversity

Assessment of Invasive Species
Identifying non-native or invasive species that may threaten the local ecosystem

Biodiversity Risks and Opportunities

Risks

- 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 areas

Opportunities

Carbon sequestration in greenbelt areas can reduce residual emissions, and enhance biodiversity conservation

Climate Stewardship

As a leading pharmaceutical company, we are aware of our ecological footprint, as well as our impact on and dependence upon the ecosystem in which we operate. We are committed to leveraging our environmental management systems to mitigate the environmental risks associated with our business operations, while continuously improving our performance and building resilience.

We aim to reduce carbon emissions year on year and promote the use of renewable energy.

Climate Governance

At Sun Pharma, we implement risk management using a cross-functional approach that promotes collaboration for addressing and managing risk incidents, supported by 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 has constituted a Board-level Risk Management Committee (RMC) tasked with comprehensive oversight of risk management. Chaired by the Chairman and Managing Director (CMD), this committee is responsible for assessing our risk profile and opportunities, including the identification and monitoring of significant climate-related risks and opportunities.

The RMC conducts strategic reviews of risk management policies and measures performance against business objectives using the enterprise risk management (ERM) framework. With extensive corporate experience, our CMD also guides the Company's ESG strategy and regularly oversees climate-related initiatives, including major projects and capital expenditures. The environmental team provides continuous updates to the CMD on these critical areas.

Management Roles and Responsibilities

The Environment team manages the implementation, monitoring, and assessment of our climate change initiatives, and keeps the Chairman and Managing Director (CMD) informed on climate-related matters.

Climate Risk Management Approach

Climate Risk Management[64]

We have conducted a comprehensive assessment of physical and transition climate risks, including scenario analysis aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. This assessment assessed and identified physical climate risks and transition-related climate risks impacting the business. Qualitative and Quantitative analysis were employed during scenario analysis. Sun Pharma's climate risk management approach is based on thorough climate risk assessments, GHG inventorisation, and evaluating current institutional mechanisms.

Through a comprehensive assessment of climate risk assessment, we have covered short, medium and long-term time horizons.

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 carbon 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. We have also set a target to become a Net Zero company by 2050.

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 included our offices, manufacturing sites, strategic upstream suppliers, and critical downstream warehouses. Utilising globally recognised models, we analysed acute and chronic risks from droughts, extreme temperatures, thunderstorms, floods, wildfires, precipitation, and wind velocity.

Acute Physical Risks

We have identified potential acute physical risks that could adversely impact our operations and value chain. To effectively manage these risks, we plan to implement location-specific mitigation plans. The main objective of evaluating physical climate risk was to assess our vulnerability to immediate threats and mitigate the impact of weather-related incidents on our operations and supply chains. By proactively addressing these challenges, we aim to ensure the sustained continuity of our operations and minimise damages arising from the acute physical impacts.

Chronic Physical Risks

Understanding our exposure to chronic physical risks like precipitation patterns, water availability, and extreme temperature through our physical climate risk assessment helps us minimise its impact on our direct supply chain and operations. We evaluate water stress risks at our manufacturing and research sites using WWF's Water Risk Filter Tool. The climate risk assessment study identified our manufacturing sites in Sikkim as vulnerable to flash flooding. We estimate the financial implications of flooding of Sikkim sites to be ₹ 700-809 Million. In late 2023, an adverse weather event led to large-scale flooding in Sikkim which damaged public infrastructure validating our climate risk study. Our sites remained operational due to their strategic terrain. However, we will continue to consider Sikkim sites critically important and invest in mitigation measures.

[64]GRI 201-2

Climate Stewardship

Climate-related Scenario Analysis

We analysed historical trends and future projections of various climate hazards with potential impacts on our business locations. To understand the future hazard trends, the Shared Socioeconomic Pathways (SSPs) assessment using SSP 1, 2, and 5 scenarios until the year 2100 were used. The analysis used scenarios from the IPCC Sixth Assessment Report (SAR) published by the United Nations Intergovernmental Panel on Climate Change in 2022. The physical climate risk data has a temporal resolution of every five years from the present till 2100. The SSPs are based on five narratives that describe broad socioeconomic trends likely to influence future society.

SSP – Scenarios

SSP 1

Sustainability – Taking the Green Road

- 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

SSP 2

Middle of the Road

- 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°C by 2100

SSP 5

Fossil-fueled Development – Taking the Highway

- 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°C by 2100

The scenario analysis provided findings on various long-term climate risks across the value chain. The evaluation process used globally recognised models to evaluate acute and chronic risks related to extreme temperatures, flooding, thunderstorms, droughts, precipitation, wildfires, and wind velocity.

Transition Risks and Scenario Analysis

We conducted a Transition Risk and Scenario Analysis till 2050 to evaluate potential risks to our business arising from anticipated changes in policies, regulations, markets, and technologies driven by the impacts of climate change. We used the Network for Greening the Financial System (NGFS) Scenarios created in partnership with an academic association from the Potsdam Institute for Climate Impact Research (PIK), the International Institute for Applied Systems Analysis (IIASA), the University of Maryland (UMD), Climate Analytics (CA) and the Eidgenössische Technische Hochschule Zürich (ETH) for this assessment.

The transition pathways for NGFS Scenarios are differentiated by many key design choices of Net Zero targets, long-term temperature targets, short-term policy, technology available, and overall policy coordination.

Different Transition Scenarios as Detailed in the NGFS

Nationally Determined Contributions (NDCs) scenario

The scenario envisions India's NDC being executed completely and aligns with the business' emissions 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

The scenario follows a haphazard transition where the business as usual (BAU) scenario will be followed until 2030 after which it will suddenly start to decline to restrain global warming below 2°C.

Divergent Net Zero scenario

By 2050, the world will reach the Net Zero target 2050, but with increased costs due to various policies introduced across sectors, resulting in a quicker phase-out of fossil fuels.

Climate Stewardship

Addressing Transition Risks

Transition Risk	Impact	Risk Level
Policy and Legal Risks	Currently, India does not have a carbon price/tax resulting in minimal regulatory implications for Sun Pharma from a policy perspective. However, our operations outside India may be subject to different carbon prices/ tax policies resulting in potential regulatory impacts. To mitigate these challenges, we are actively implementing initiatives aimed at reducing direct and indirect Greenhouse Gas (GHG) emissions across our global sites, in adherence to our targets to reduce absolute Carbon emissions (Scope 1 and Scope 2) by 35% by 2030.	Low - Medium
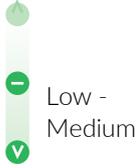
Transition Risk	Impact	Risk Level
Market Risk	Given the rising costs of essential resources at local sites such as electricity/ power, and raw materials, Sun Pharma recognises the need to transition to renewable energy sources. An important consideration is that the Indian Government currently has no immediate plans to phase out coal; hence, the scenario considers the power prices will remain relatively stable aligning with India's NDC target. In contrast, the other three low-carbon transition scenarios mentioned above suggest a significant increase in energy costs particularly after 2030 due to coal usage reduction. These policy changes will likely impact the market price of electricity affecting Sun Pharma's global operations.	Low - Medium
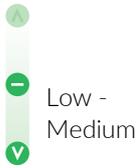
Transition Risk	Impact	Risk Level
Technology Risk	Technological advancement and innovation aid the transition to lower-carbon and energy-efficient economic systems, significantly benefiting the Company. In the upcoming years, the share of renewable energy in overall energy consumption is projected to increase, posing a lower transition risk. Currently, renewable energy accounts for approximately 38% of our total energy usage and we are working towards further increasing its share as a part of our total energy mix. We have installed captive hybrid (wind+solar), solar, and wind power plants, and solar rooftops at various locations. Additionally, we are actively upgrading our boilers to utilise biomass energy to further advance our sustainability efforts.	Low

Transition Risk	Impact	Risk Level
Reputational Risk	Climate change presents a potential reputational risk, driven by evolving customer or community perceptions of climate-related risks. However, our commitment to Green House Gas (GHG) reduction and focus on renewable energy mitigates these risks. We have established targets for reducing carbon emissions (Scope 1&2), decreasing water consumption, and co-processing hazardous waste. Additionally, we are enhancing the share of renewable energy in our overall energy mix and pursuing various energy efficiency incentives. The Company has implemented Zero Liquid Discharge (ZLD) systems at various manufacturing facilities to minimise negative environmental impact by wastewater generation. Currently, 16 of our manufacturing sites have achieved ZLD status.	Low

Physical Climate Risk Adaptation

Energy Efficiency

We are committed to reducing our carbon emissions (Scope 1&2) by 35% by 2030 using 2020 as our baseline. To achieve this goal, we have implemented several energy-saving initiatives like installing 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 successfully reduced fuel and power consumption, optimised water usage, and carbon footprint across multiple sites globally.

Water Management

As droughts and water scarcity intensify due to climate change, we recognise that some of our sites may face water-related risks disrupting operations and impacting revenues temporarily. To assess these risks, we used the WWF Water Risk Filter and Central Ground Water Board (CGWB) analysis at all our sites. In India, we focused on CGWB analysis to identify water-stressed areas, while for sites outside India, we applied the WWF Water Risk Filter. We have set a target to reduce our water consumption by 10% by 2025, from the baseline year of 2020.

Metrics and Targets

We have launched several initiatives aimed at carbon management and energy efficiency to reduce GHG emissions and decrease our carbon footprint. These initiatives aim to help achieve a 35% reduction in absolute Scope 1 and Scope 2 carbon emissions by 2030 compared to the 2020 baseline year.

We have identified several climate-related opportunities to significantly reduce our energy costs. We estimate to save around ₹ 1,604.5 Million annually once all the planned projects are commissioned. We expect to invest approximately ₹ 5,721.5 Million to implement various energy efficiency and renewable energy projects. Some projects planned are hybrid power (Solar+Wind), solar rooftop projects, converting boiler fuel from non-renewable fuel to biomass, upgrading heat pumps, energy efficient chillers, compressors and pumps. In addition to the above projects, we are exploring various projects for carbon offsets to neutralise our residual emissions.

Reduction Target

Scope Covered by Target — Scope 1 + 2	Base Year 2020	Target Year 2030
	451,068 tCO$_2$e Base year emissions	**35%** Reduction in absolute Scope 1 and Scope 2 carbon emissions

SOCIAL

Our human resource is one of the key drivers of our success. We are committed to fostering a diverse, inclusive, and supportive workplace that empowers employees to reach their full potential.

By investing in talent development, health, and safety, we ensure our people are equipped to contribute meaningfully to our mission of improving global health outcomes.
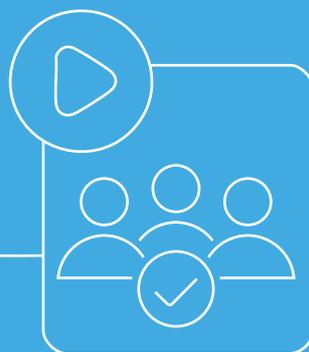
Workforce Empowerment

Thriving Together

Our employees are one of the key drivers of our success. In line with our vision of 'Reaching people, Touching Lives' globally as a leading provider of valued medicines', we are committed to fostering and empowering the potential of our diverse and dynamic workforce[65].

Our employees contribute valuable expertise to the company's growing intellectual capital, leveraging their varied educational background and experience. With a skilled team of over 51,000 employees, we are united by a common mission to build a healthier future for all.

51,000+
Global workforce in FY24

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

UN SDG Alignment

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
17 PARTNERSHIPS FOR THE GOALS

UN SDG Targets

5.1
End all forms of discrimination against women everywhere.

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

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.

[65]GRI 3-3

Building Empowered Teams

The CARE Philosophy

Our workforce embodies the core values of **Humility, Integrity, Passion, and Innovation**, essential for achieving operational success and making a positive impact on the lives of the patients we serve. We recognise that our success stems from the contributions of empowered individuals, and we are dedicated to encouraging our employees to realise their full potential. The diversity and unity of our workforce are essential to achieving operational excellence. We are committed to fostering a sense of pride and ownership in their work while supporting their growth.

Our progressive human resource management strategy is implemented through consistent investments and collaborations, designed to meet evolving workforce expectations. We have strengthened our approach by aligning with four core principles - **Connect, Align, Respect, and Ensure (C.A.R.E).**
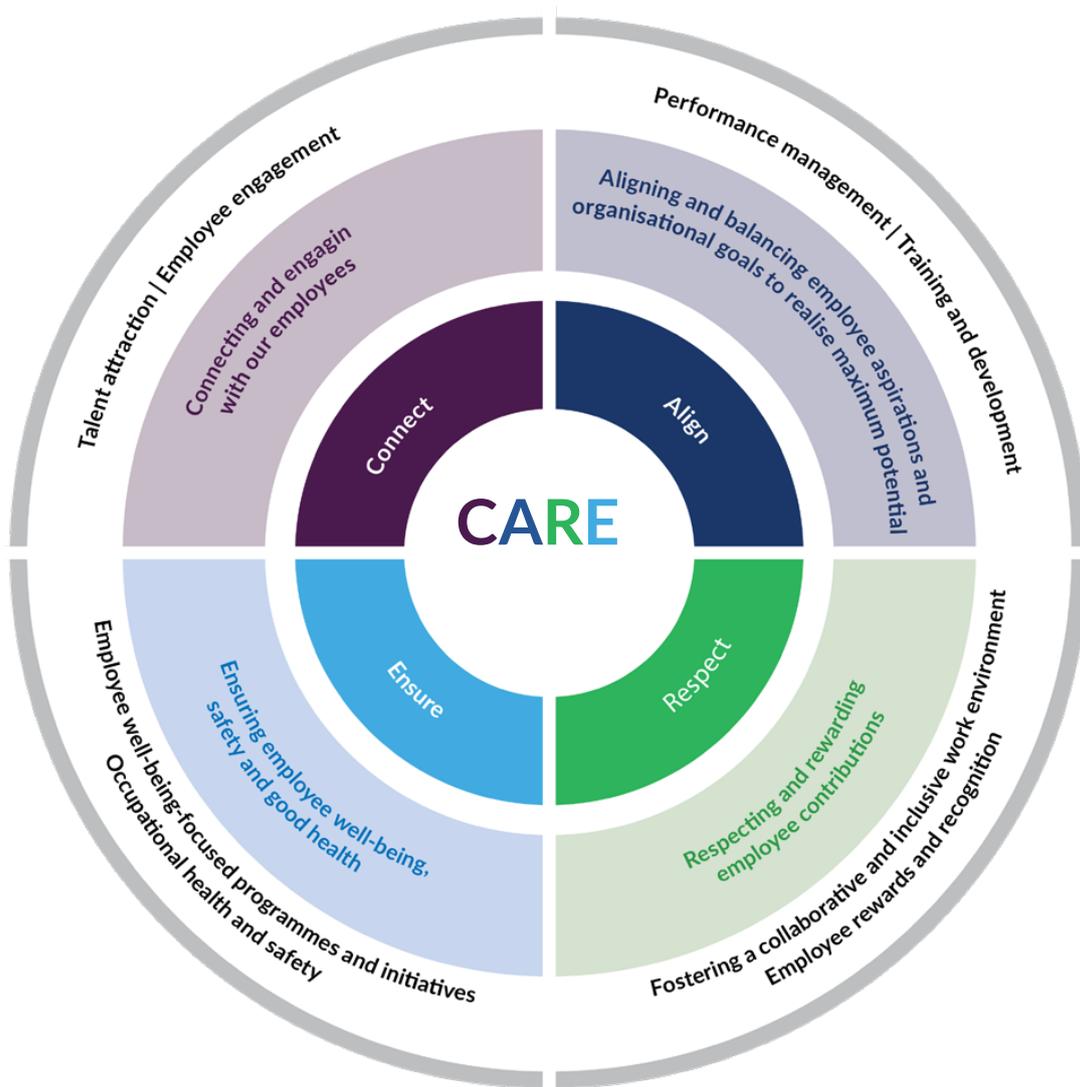
At Sun Pharma, we are proud to be recognised as a Great Place To Work® across 25 countries including India and various emerging markets, reflecting our steadfast commitment to cultivating an exceptional workplace environment. This certification underscores our dedication to fostering a culture of trust, collaboration, and genuine care, making our organisation a preferred destination for building meaningful and rewarding careers.

In an evolving world, continuous learning and development are key to ensuring that employees keep up with change. We provide employees with ample opportunities to develop new skills, enhance knowledge and stimulate imagination to work passionately. We encourage teams to exceed expectations through well-integrated growth strategies. We bring together talent from diverse backgrounds, which reflects in our international work and the communities we serve. We aim to empower our global talent of over 51,000 individuals, rooted in our strong value system which supports our workforce management and development approach.

Workforce Empowerment

The table below provides details on our workforce by gender, age, and region for FY24[66].

Total Global Consolidated Workforce – FY24

Employee Category	<30 years	30-50 years	>50 years	Male	Female
Employees					
Top Management	0	65	156	186	35
Senior Management	6	618	534	906	252
Middle Management	67	2,334	627	2,307	721
Junior Management	264	3,630	712	3,551	1,055
Non-Management*	2,882	4,824	921	6,098	2,529
Executives on Contract	9,333	7,201	870	15,675	1,729
Trainees	1,392	168	11	950	621
Total Employees	**13,944**	**18,840**	**3,831**	**29,673**	**6,942**
Workers					
Permanent Associates	1,554	4,203	1,304	6,288	773
Casual Labour	1	123	2	75	51
Contractual Labour	7,669	208	73	6,351	1,599
Total Workers	**9,224**	**4,534**	**1,379**	**12,714**	**2,423**

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

[66]GRI 2-7, 2-8 and 405-1

Total Workforce – India – FY24

Employee Category	<30 years	30-50 years	>50 years	Male	Female
Employees					
Top Management	0	44	90	121	13
Senior Management	0	383	231	556	58
Middle Management	50	1,745	282	1,790	287
Junior Management	148	2,845	350	2,954	389
Non-Management*	2,270	3,137	86	4,595	898
Field Employees	8,917	5,307	304	14,151	377
Executives on Contract	1,345	60	0	847	558
Total Employees	12,730	13,521	1,343	25,014	2,580
Workers					
Permanent Associates	1,504	3,638	935	5,835	242
Casual Labour	0	0	0	0	0
Contractual Labour	7,557	0	0	6,093	1,464
Total Workers	9,061	3,638	935	11,928	1,706

Total Workforce – Global (Excluding India) – FY24

Employee Category	<30 years	30-50 years	>50 years	Male	Female
Employees					
Top Management	0	21	66	65	22
Senior Management	6	235	303	350	194
Middle Management	17	589	345	517	434
Junior Management	116	785	362	597	666
Non-Management*	612	1,687	835	1,503	1,631
Field Employees	416	1,894	566	1,524	1,352
Executives on Contract	47	108	11	103	63
Total Employees	1,214	5,319	2,488	4,659	4,362
Workers					
Permanent Associates	50	565	369	453	531
Casual Labour	1	123	2	75	51
Contractual Labour	112	208	73	258	135
Total Workers	163	896	444	786	717

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

Diversity, Equity, and Inclusion

Empower. Include. Inspire.

At Sun Pharma, we believe that a diverse workforce and an inclusive workplace culture leads to better decision-making, improved employee engagement and retention. We are committed to creating an environment where everyone feels valued, respected, and supported, regardless of race, ethnicity, gender identity, sexual orientation, religion, age, or ability.

Promoting Diversity, Equity, and Inclusion

Our approach to diversity, equity, and inclusion is centered on creating a work environment that prioritises employee well-being while addressing their unique needs and expectations. We are dedicated to cultivating a safe and inclusive workplace that leverages diversity and its strengths to deliver positive outcomes for all stakeholders.

Our Diversity, Equity and Inclusion (DEI) strategy prioritises three critical principles:

Equal Opportunity	Non-discrimination	Meritocracy
As an equal-opportunity employer, we treat our employees with the utmost dignity, respect, and fairness.	We have a zero-tolerance policy on all forms of discrimination, including gender, sexual orientation, race, religion, caste, ethnicity, age, nationality, disability, HIV status, or family status, among others.	We focus on merit-based recruitment and selection, training and development, performance evaluation, compensation, and career progression.

Our Diversity, Equity, and Inclusion (DEI) Approach

7 — Recognition and Celebration
Recognising behaviour that promotes diversity and celebrating milestone achievements.

6 — Employer Branding
A critical enabler of our employee value proposition, socialised internally and externally.

5 — Network of Ally and Sponsors
Building team members committed to supporting our DEI journey by taking on roles of Sponsors, Allies, or Mentors.

1 — Focused Hiring
Tapping the right opportunities for onboarding more women and equipping recruiters and hiring managers with the necessary skills and capabilities to achieve the goal.

2 — Work on Basis
Ensuring essential infrastructure facilities, safety, and relevant progressive policies for all employee groups.

3 — Building Inclusive Culture
Establishing a culture that fosters an inclusive workplace where all key stakeholders are aligned and invested.

4 — Elevate Competence and Career
Collaborating closely with diverse groups to promote focused career progression and development, strengthening our talent pipeline.

To strengthen a sense of belongingness and inclusivity, we celebrate various ethnic festivals and follow international days of recognition like Women's Day.

Female Employees in Global Workforce
(in %)

We invest significant efforts in supporting the career development and professional aspirations of our female employees, providing them with a safe and empowering workplace. Our commitment extends to ensuring that women hold key management positions, technical roles, and revenue-generating functions.

Women in Overall Workforce

FY24	18.10%
FY40 Target	30%

Women in All Management Positions

FY24	22.89%
FY40 Target	30%

Women in Top Management Positions

FY24	9.19%
FY40 Target	15%

Women in Junior Management Positions

FY24	22.90%
FY40 Target	30%

Women in Revenue-generating Functions

FY24	31.83%
FY40 Target	40%

Women in STEM-related Positions

FY24	23.57%
FY40 Target	30%

We recruit skilled individuals across diverse age groups, fostering a competitive edge and leveraging a wide range of expertise to drive our value creation initiatives.

At Sun Pharma, we recognise the value young professionals bring through their diverse skills, enthusiasm, and innovative ideas. Their contributions help us remain dynamic and forward-thinking in a rapidly evolving industry. Supported by strong leadership, our young employees play a key role in building a thriving workplace, introducing fresh perspectives, and shaping a future-ready workforce.

In FY24, individuals between the age groups of <30 years and 30-50 years comprised 44.77% and 45.17% of our workforce respectively. The remaining 10.07% of our workforce was aged >50 years.

Our DEI Initiatives

- Articulation and communication of DEI policy
- Focused hiring through campus connects, all-women walk-ins, and lateral hiring for critical roles
- Re-shine programme inviting women to rejoin the corporate world after a career break
- Gender and inclusive intelligence workshops for leaders
- Sessions for all people managers on mitigating unconscious bias and intentional inclusion
- Focused development programmes for women employees basis their career stage
- SheShines – Women employee resource group launch
- Concentrated efforts on employer branding through social media to attract more women talent

Note – All numbers/information for FY24

Talent Management

Talent Acquisition

We remain committed to attracting, retaining, and developing diverse talent through targeted hiring initiatives. Our recruitment strategy is built on two fundamental principles: merit and diversity.

As an equal opportunity employer, we prioritise candidates' competencies and alignment with our corporate values and purpose during the hiring process[67]. To ensure a seamless integration, all new hires undergo mandatory induction training, familiarising them with our values, operational framework, and organisational aspirations. This approach fosters a shared understanding and commitment to our collective purpose.

8,282

New employees hired in FY24

6.41%

Open positions filled through internal hires in FY24

Total New Hires[68]

Region	<30 years		30-50 years		>50 years		Male		Female	
	Nos.	Rate (%)	Nos.	Rate (%)	Nos.	Rate (%)	Nos.	Rate (%)	Nos.	Rate (%)
India	5,306	41.68	1,135	8.39	29	2.16	5,210	20.83	1,260	48.84
Global (excluding India)	582	47.94	1,010	18.99	220	8.84	879	18.87	933	21.39

We have adopted a robust people-centric approach, emphasising on employee growth, empowerment, and engagement. Our strategy prioritises retention through well-structured initiatives, supported by comprehensive rewards and recognition programmes. In FY24, our total turnover rate was 19.12% (6,864 employees) and our voluntary turnover rate was 11.89% (4,270 employees).

Employee Turnover[69]

Region	<30 years		30-50 years		>50 years		Male		Female	
	Nos.	Rate (%)	Nos.	Rate (%)	Nos.	Rate (%)	Nos.	Rate (%)	Nos.	Rate (%)
India	3,410	28.92	1,482	10.83	162	11.49	4,405	17.90	649	28.53
Global (excluding India)	314	29.07	1,076	20.10	420	16.23	1,052	22.17	758	17.73

Talent Management and Continuous Learning

We are committed to workforce development, fostering a culture of continuous growth and excellence. Our goal is to create an environment of ongoing learning, equipping employees with the skills needed for their current roles and future career progression.

Annual Assessments for Performance Management

The process involves annual goal planning, development needs assessment, mid-year and year-end reviews, and strengthening our performance management strategy. We foster agile and informal two-way communication channels between managers and employees, promoting open communication and ensuring transparency in team-based performance appraisal and feedback. The annual appraisal cycle was conducted for 100% of our eligible employees, through a management-driven systematic objective-led approach.[70]

Holistic Training and Development Programmes

In our continued efforts, we provided many in-depth learning avenues aligned with our organisational objectives and workforce aspirations. Our programmes address diverse learning needs through individual growth plans and interactions with different business units. Involving both internal and external experts enhances our ability to deliver flexible learning to our employees. We offer access to programmes such as Massive Open Online Courses (MOOCs) and TED Talks.

Note – All numbers/information are for FY24
[67]GRI 3-3 | [68]GRI 401-1 | [69]GRI 401-1 | [70]GRI 404-3

Overview of Our Skill-building Programmes[71]

We provide robust training programmes designed to foster and maintain a future-ready workforce.

To foster a culture of high performance, growth, and employee satisfaction, we have tailored comprehensive learning and development programmes focused on unlocking excellence. Our training programmes systematically identify learning needs and address knowledge gaps to keep employees informed about emerging concepts.

As a Company committed to upholding ethical standards, we prioritise corporate ethics with utmost scrutiny. Consequently, our training modules encompass a range of topics, including compliance with the Global Code of Conduct, IT security, Health and Safety, Prevention of Sexual Harassment (POSH), etc. In FY24, each employee underwent an average of 42 hours of training, as compared to 63 hours in FY23[72].

Training Programmes designed to build a Future-ready Workforce

Technical Skill Development

Leadership Development

Data and Documentation Management

Soft Skills and Behavioural Training

Digital Tools Training

Culture-building

The following statistics provides details on average training hours for FY24 by gender and employee category[73].

Average Training Hours for FY24

For FY24, each employee underwent an average of 42 hours of training

	Male	Female
Top Management	39	15
Senior Management	42	28
Middle Management	51	32
Junior Management	94	43
Non-management	90	16
Field Employees	13	17
Executives on Contract	100	100

₹ 3,153
Average training spend per employee for FY24
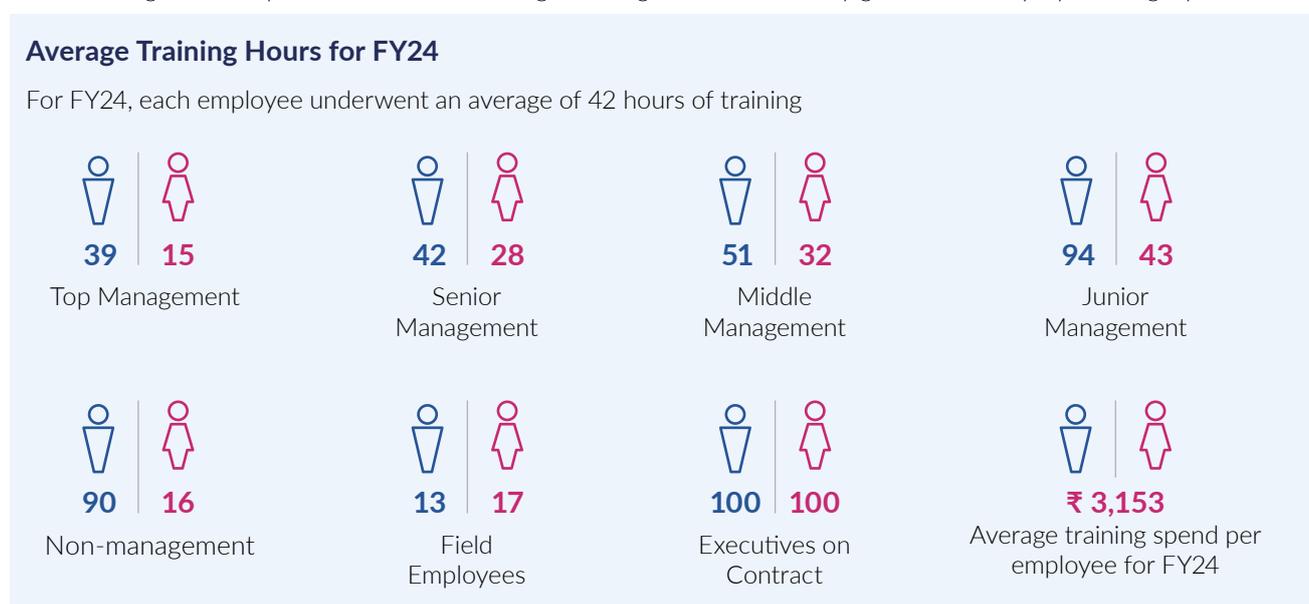
Note – All numbers/information are for FY24

[71]GRI 404-2 | [72]GRI 2-4: We have streamlined our data collection process and are hence issuing a restatement for our average training hours per employee for FY 2022-23 | [73]GRI 404-1

Talent Management

We continue to offer comprehensive learning opportunities aligned with the Company's objectives and employee aspirations. We highlight below two such programmes[74]:

People Manager Development Programme

This programme aims to enhance the leadership skills and capacities of new managers across all business functions. We implement several initiatives within this programme, including:

1. Focused training for First Time Managers and Supervisory Development training for our manufacturing teams.

2. Operational and functional level training to equip managers with the right skills to address organisational challenges. Interventions include programs like Manager as a Coach, Seven Habits of Highly Effective People, Emerging Managers, LEAD, IGNITE, SURGE, etc.

3. Strategic level programmes to support our leaders to adapt to volatile markets and cross-cultural levels.

This focuses on Executive MBA, Data Analytics, Design Thinking, Change & Culture Management, Digital Transformation, etc.

Business Benefit

This programme is designed to nurture our employees' leadership aspirations while aligning their growth with our overarching business strategy. Managers play a pivotal role as the bridge between employees and the organisation, making it essential to equip them with the skills needed for effective communication and seamless operations.

The program empowers our workforce with the tools to tackle workplace and business challenges, ensuring they remain agile in an ever-evolving environment. Through targeted training, we aim to cultivate a future-ready workforce with strong leadership capabilities. This initiative also promotes evidence-based decision-making and strengthens our global competitiveness.

Quantitative Impact of Business Benefit

The training provided through this programme has significantly enhanced business productivity and employee efficiency. As a result, our production capabilities increased by 9.4% in FY24 compared to FY23.

Additionally, the program has improved the average people manager score, rising from 78 for 567 managers to 79 for 2,160 managers.

51%
of eligible FTEs participating

Sales Force Effectiveness Programme

This programme focuses on the development of our field force, which constitutes approximately 33% of our total workforce. It offers a structured seven-day induction period, followed by intermittent focused training sessions. The training modules cover essential areas such as sales fundamentals, roles and responsibilities, product knowledge, and marketing strategies.

The programme equips our field force with the skills needed to enhance market readiness. By adopting innovative selling techniques, participants can optimise their time, engage effectively with customers, and perform their responsibilities with greater dedication and efficiency.

Business Benefit

Our field force forms the front line of our organisation. They undertake regular engagement with our customers, doctors, and other critical stakeholders. Providing them with the right skills is essential for our operational success and ability to deliver positive impacts.

It also cultivates 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 strengthens its ability to influence positive outcomes.

Quantitative Impact of Business Benefit

This has enabled an 8.72% increase in our revenue generated in FY24, as compared to FY23.

Our Great Place to Work score has also increased from 80 to 82, with a field force engagement score of 87.
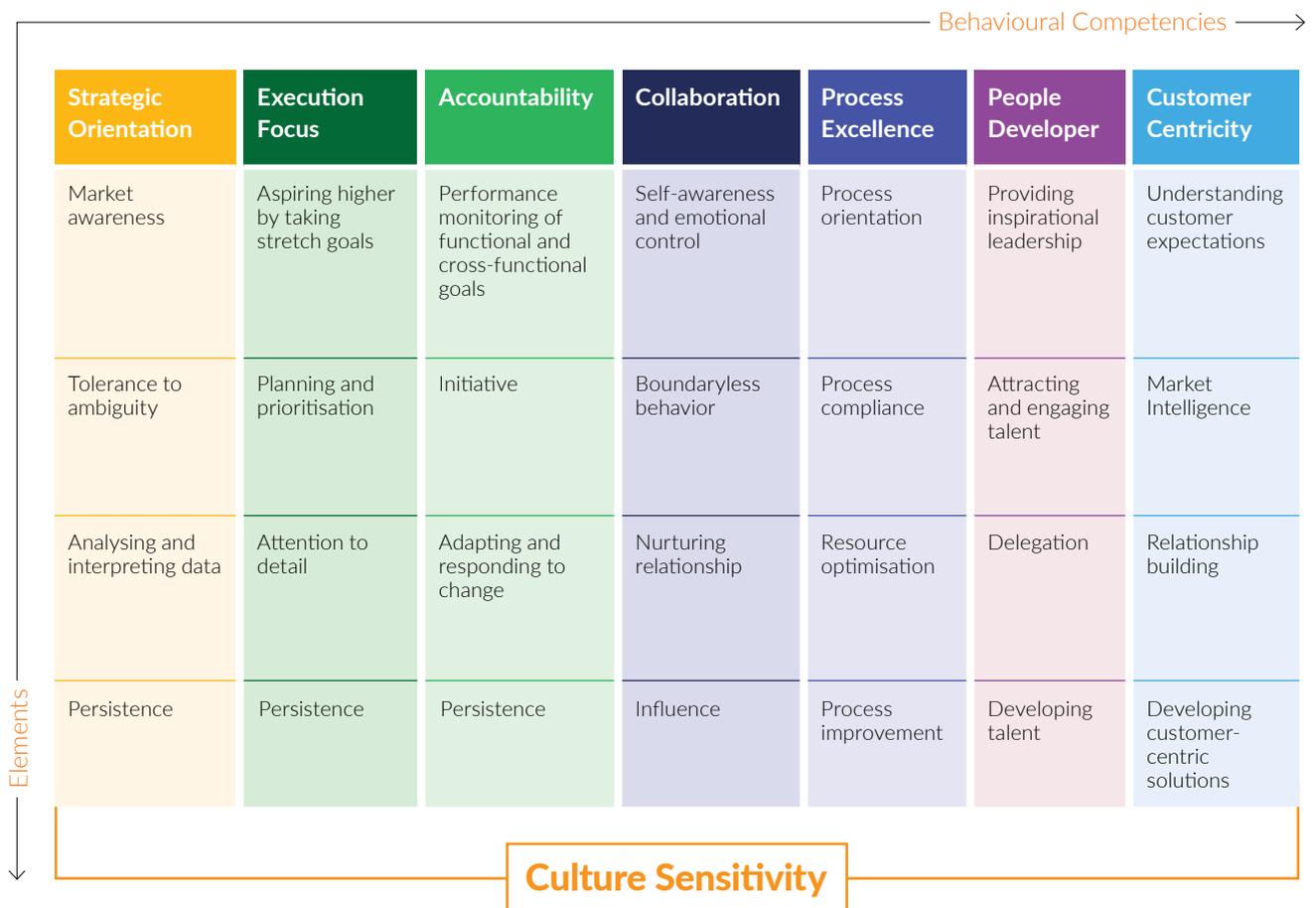
80%
of eligible FTEs participating

[74]GRI 404-2

Behavioural Framework

Focusing on seven key behavioral traits, the framework plays a crucial role in driving leadership development. It acts as a roadmap, guiding each employee on a clear path toward future leadership roles while fostering a culture centered on leadership. By nurturing these essential competencies, we cultivate an entrepreneurial, effective, and inclusive mindset that drives organisational leadership. This strategy allows us to build a robust internal talent pipeline for succession planning.

Behavioural Competencies →

Strategic Orientation	Execution Focus	Accountability	Collaboration	Process Excellence	People Developer	Customer Centricity
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	Boundaryless behavior	Process compliance	Attracting and engaging talent	Market Intelligence
Analysing and interpreting data	Attention to detail	Adapting and responding to change	Nurturing relationship	Resource optimisation	Delegation	Relationship building
Persistence	Persistence	Persistence	Influence	Process improvement	Developing talent	Developing customer-centric solutions

Elements

Culture Sensitivity

Talent Management

Our workforce serves as the cornerstone of our productivity and performance. We actively encourage our teams to share ideas and suggestions, fostering a culture of innovation and collaboration to achieve operational excellence.

Our engagement strategy prioritises continuous, transparent communication, enabling us to build synergistic relationships founded on mutual trust. To maintain strong connections, we utilise multiple communication channels,

including leadership town halls, to regularly engage with employees. These touchpoints allow us to share updates, disseminate key information, and cultivate a sense of unity and belonging across our global workforce.

Fair Compensation

Our compensation programmes are designed to provide fair and competitive remuneration, acknowledging our employees' contributions. These programmes are aligned with industry standards, benchmarked against peers, and guided by global reward practices

and recommendations from independent compensation advisors.

The Nomination and Remuneration Committee of the Board is responsible for overseeing and managing the Remuneration Policy and procedures. The committee's

role is pivotal in determining senior management compensation and benefits. The Managing Director and Whole-time Directors' remuneration is also decided with the shareholders' consent and in compliance with local laws and regulations[75].

[75]GRI 2-20

Gender Pay Assessment[76]

Employee Level	Average Women's Salary in INR	Average Men's Salary in INR
Executive level (base salary only)	20,631,011	20,372,489
Executive level (base salary + other cash incentives)	28,765,139	26,028,019
Management level (base salary only)	4,862,393	2,478,266
Management level (base salary + other cash incentives)	6,084,068	2,732,662
Non-management level (base salary only)	1,860,977	1,041,207

We comply with all applicable laws and regulations for minimum wages at the hiring stage across our operations[77].

Employee Benefits

We benchmark and structure our employee benefits and rewards package with current market trends, aligned to the changing needs of our diverse global workforce and their families. We provide comprehensive benefits like insurance, various allowances, including pension fund contributions, retirement benefits, and other mandatory retirement provisions to our workforce in compliance with applicable laws and regulations[78].

Sun Pharma Employee Benefits

Global Parental Leave

Car Allowance*

Education Allowance for School Fees*

Medical Insurance

Transportation Allowance

Phone Allowance*

Accident Insurance

Professional Allowance*

Meal Allowance*

Life Insurance

Housing Allowance*

Variable/Performance Pay for Certain Employee Categories*

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

[76]GRI 405-2 | [77]GRI 202-1 | [78]GRI 201-3 and GRI 401-2

Talent Management

To support our employees in improving their work-life balance and flexible needs, we have curated a range of leave benefits. Employees at all our locations have the flexibility of selecting their shift hours and opting for work from home, if justified, at specific locations.

We provide maternity, paternity, and adoption leave, along with on-site breastfeeding and creche facilities to support employees transitioning back to work after parental leave.

In FY24, we recorded a total return to work rate of 96% and a retention rate of 98%. The table below provides details on parental leave taken during FY24[79].

Employees Availing Parental Leave – FY24

Description	Male	Female
Number of employees entitled to parental leave	16,465	5,377
Number of employees who availed parental leave	1,193	275
Number of employees who returned to work in the reporting period after parental leave ended	1,195	226
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	208	189
Return to work rate (%)	100	82.18
Retention rate (%)	96.30	94.50

Employee Engagement Survey

We conduct an Organisational Health Index (OHI) survey every two years, incorporating global and functional benchmarks, to assess employee experience and satisfaction. The survey insights help us understand employee sentiments and provide us with valuable data to enhance our work culture. Our employee engagement scores have consistently improved compared to previous surveys. In FY24, we underwent the Great Place to Work® Survey in 25 countries and achieved an employee engagement score of 82% across our operations vis-à-vis our target of 75%.

Great Place to Work Survey - Metrics Covered

- Job Satisfaction
- Purpose
- Stress Levels
- Happiness

[79]GRI 401-3

Commitment to Human Rights

We are committed to upholding and safeguarding human rights across all our global operations, aligned with our Human Rights Policy. This Policy is rooted in the Universal Declaration of Human Rights and encompasses principles from the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (1998). We expect our value chain partners to adhere to these human rights principles, recognising that the protection of human rights is a collective responsibility. We have established procedures to identify and mitigate human rights risks, along with grievance redressal systems to address stakeholder concerns in a prompt and fair manner[80]. In FY24, 29% of our security personnel received training on our human rights policies and processes at specific locations[81].

Zero Tolerance Policy towards Child and Compulsory/Forced Labour

We ensure to not employ anyone below 18 years of age, aligning with our firm's commitment to ethical and good labour practices. We strictly prohibit forced or compulsory labour and do not engage with suppliers or vendors who employ such practices[82].

Freedom of Association[83]

We adhere to local labour laws, valuing the importance of fair wages, freedom of association, participation, and collective bargaining in our operations. We prioritise fostering an environment that consistently upholds and safeguards employee rights. In support of this, our employees have the right to join, form, or refrain from any employee collectives without fear of retaliation, harassment, or intimidation in any manner. Our management-recognised employee union (wherever applicable across global manufacturing locations) represents 9.71% of our workforce as of March 31, 2024[84].

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[85]. 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 of Human Rights Policies and Procedures

We are committed to upholding human rights by providing employees with targeted training through our learning management system[86]. These programmes are designed to enhance awareness and understanding, fostering a workplace culture built on respect, fairness, and equality.

We diligently comply with all the applicable Human Rights laws and regulations. In FY24, we received 13 complaints, of which two were pending resolution at the end of the reporting year[87].

[80]GRI 406-1 I [81]GRI 410-1 I [82]GRI 408-1 and 409-1 I [83]GRI 407-1 I [84]GRI 2-30 I [85]GRI 412-1 I [86]GRI 412-2 I [87]GRI 403-1

Employee Health, Safety, and Well-being

Putting People First

We have implemented a variety of targeted programmes and initiatives to foster a conducive working culture that transcends beyond the traditional benefits addressing the holistic health and well-being of employees.

Our Proactive Approach to Occupational Health and Safety[88]

Our Employee Health and Safety (EHS) Policy outlines a comprehensive approach to establish and maintain occupational health and safety standards across the Company. Central to this policy is our unwavering commitment of achieving a state of 'zero harm' that drives us to meet regulatory and legislative requirements.

We adopt a proactive approach towards safety by adopting the international best practices, including ISO 45001:2018. This approach establishes a robust foundation for effective occupational health and safety risk management, ensuring alignment with industry standards. In pursuit of these objectives, we conduct regular health and safety audits, underpinned by a well-structured governance framework.

This framework allows us to track and evaluate the implementation and effectiveness of our safety measures, ensuring continuous improvement in our practices. Our EHS leadership team, comprising the Operations Head, Area Managers, and other key personnel, plays a crucial role in monitoring and upholding safety standards at all our operational sites. To further enhance our safety initiatives, we conduct regular training sessions and awareness programs, fostering a culture of safety and shared commitment among all employees. By engaging our workforce in ongoing education about safety practices, we empower them to contribute actively to our overarching goal of creating a safe and healthy work environment.

Employees Covered by OHS Management System[89]

14,963
Employees Covered by the OHS System

13,589
Employees Covered by the OHS System and internally audited

12,902
Employees covered by the OHS system and audited or certified by an external party

14,963
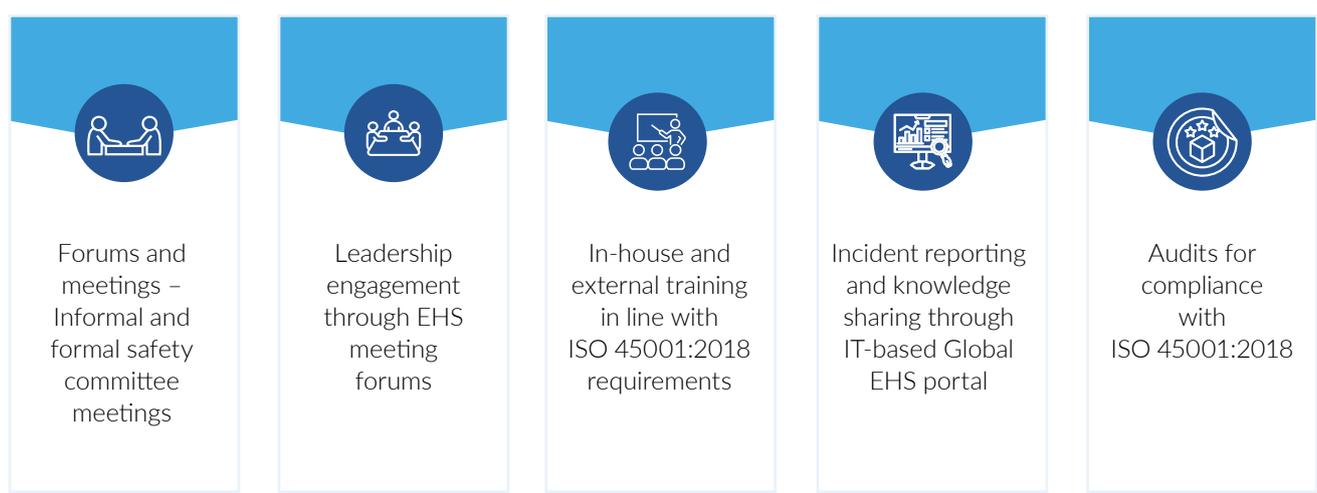Employees whose Work/Workplace is controlled by the organisation

ZERO
Workers excluded

Five Pillars of Our OHS Management System[90]

Forums and meetings – Informal and formal safety committee meetings

Leadership engagement through EHS meeting forums

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

Incident reporting and knowledge sharing through IT-based Global EHS portal

Audits for compliance with ISO 45001:2018

Global EHS Focus Areas

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

18 sites globally are ISO 45001:2018-certified.

- Self-audit
- Corporate audit
- Third-party audit

The EHS policy, management system, and global standards strengthen our EHS governance.

- EHS KPIs
- EHS CAPA Tracker
- EHS Culture Meter

Audit

Governance

EHS Standard Implementation

Culture Building

The ISO framework serves as the foundation for our global EHS standards.

- EHS management
- Process safety
- Occupational safety
- Environment
- Occupational health and hygiene

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

[90]GRI 403-7, GRI 403-5

Employee Health, Safety, and Well-being

Hazard Identification, Risk Assessment, and Incident Investigation[91]

At Sun Pharma, we conduct regular, comprehensive risk assessments on health and safety to evaluate existing practices and implement action plans designed to mitigate potential risks. Central to our safety commitment is our Process Safety Management framework encompassing 14 key elements, which serves as a guiding structure for our risk assessment methodology, and ensures that our practices are continually improved. By adhering to this structured approach, we can enhance our understanding of workplace risks and conditions, fostering a culture of safety that evolves alongside our operations. We have developed a customised Global EHS portal, which empowers our employees to report incidents and conduct investigations, promoting a transparent exchange of information regarding preventative measures, instrumental in identifying and implementing strategies to avert future occurrences, thereby reinforcing our dedication to a safe and sustainable work environment.

14 Elements of Process Safety Management

Health and Safety Management	Control of Work	Advanced Risk Assessment
• Management of change	• Hot work permit	• Process safety information
• Incident investigation	• Emergency preparedness and response	• Process hazard analysis
• Contractors	• Mechanical integrity	• Operating procedures and safety practices
• Compliance audits	• Pre-startup safety review	
• Employee involvement	• Training management	
• Trade secrets		

Key Focus Areas of Process Safety Management

Risk Analysis

Purpose

Helps examine the root causes and informs the development of appropriate mitigation action plans.

Tools Implemented

- EHS checklists – Hazard and Operability Study (HAZOP)
- Hazard Identification and Risk Assessment (HIRA)
- Qualitative Risk Analysis (QRA) – Job Safety Analysis (JSA)

Risk Evaluation for Materials used across Manufacturing Operations

Purpose

Assess and evaluate EHS information related to the materials used in manufacturing operations, which aims to prevent any potential hazards resulting from the unintended mixing, storing and handling of different materials.

Change Management System

Purpose

Examine and address the changes in processes and facilities.

Work-related Hazard Identification

Purpose

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

On-site Emergency Preparedness

Purpose

Implement a robust fire safety and emergency management system. Regular fire safety drills and training sessions are conducted to ensure preparedness, and we maintain a ready supply of fire protection equipment, that has been tested for functionality, across our manufacturing locations.

Disaster Management

Purpose

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 entire supply chain as part of our business continuity plan.

[91]GRI 403-2 and 403-7

Employee Health Management System[92]

Our health management system is comprehensively designed to enhance employee well-being through a structured framework encompassing clearly articulated processes, standard operating procedures (SOPs), and robust administrative controls, aiding us to mitigate risks associated with our operations. Before onboarding, all prospective employees are required to undergo pre-employment health checkups for fit to work certification. In addition to these initial assessments, we offer regular health check-ups at all our sites facilitated through professionally certified health centres, with qualified nurses and doctors committed to monitoring employees health and responding promptly to medical emergencies. In alignment with our Global Code of Conduct, we ensure that patient health records are kept confidential.

To further support the health and well-being of our personnel, we provide comprehensive health insurance plans that cover all employees. We also organise a variety of health focused initiatives designed to promote healthier lifestyles. Our ongoing commitment includes regular webinars and awareness progammes that address a range of critical topics such as nutrition, mental health, meditation, and the prevention of lifestyle-related diseases. The benefits of these health-centered programmes are also extended to contractual employees, encouraging their participation. Through these comprehensive efforts, we aim to foster a culture of health and well-being throughout our organisation.

[92]GRI 403-3 and 403-6

Employee Health, Safety, and Well-being

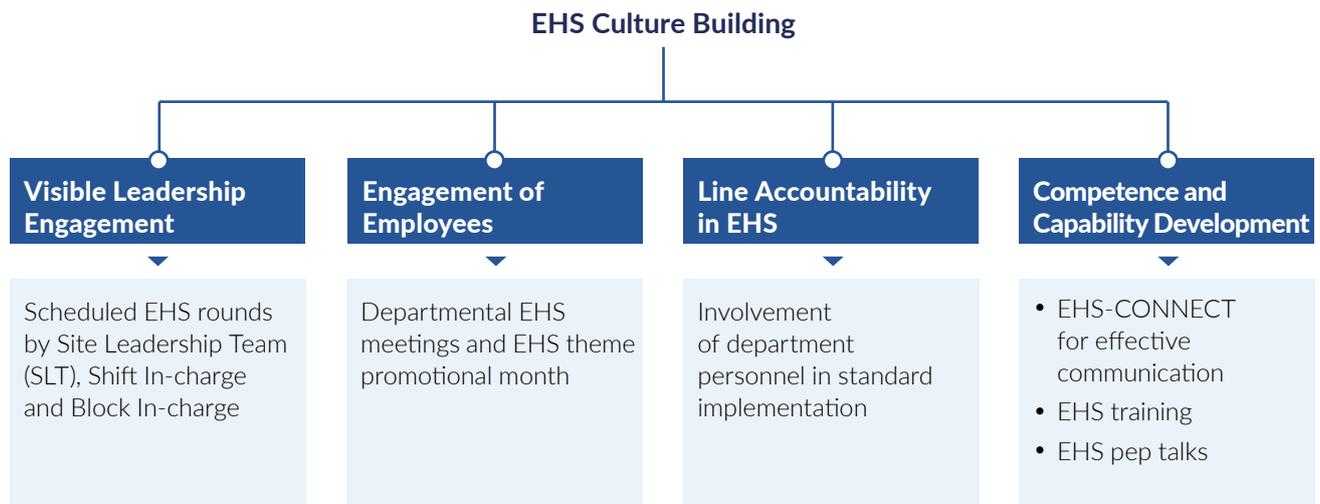## Instilling Culture and Mindset of Safety

In our ongoing commitment to fostering a culture centred around safety, we have developed and implemented a comprehensive strategy aimed at embedding a safety-first mindset deeply within all aspects of our operations. At the core of this initiative lies practical safety training, which plays a critical role in empowering our workforce. By equipping employees with essential knowledge and skills, we enhance their understanding of safety practices thereby ensuring active contribution to a safer work environment. To effectively advocate for safety, we utilise a blend of both formal and informal communication channels. This multi-faceted approach includes interactive activities such as quizzes, EHS (Environmental, Health, and Safety) competitions, and safety drills. We also actively participate in events like National Safety Week and Fire Service Week, providing further opportunities to emphasise the importance of safety within our organisational culture.

Recognising and rewarding individuals who demonstrate a commitment to safety is also a cornerstone of our strategy. Our rewards program acknowledges those who exemplify a strong dedication to maintaining safe practices, thereby motivating others to prioritise safety in their daily routines. Leadership plays a vital role in this initiative, embedding a safety-focused mindset throughout the organisation. To reinforce our safety culture further, we conduct scheduled EHS rounds, led by the Site Leadership Team (SLT), shift in-charges, and block in-charges, which serve to reinforce the significance of safety and bring a sense of responsibility and accountability among all employees[93].

We measure and understand our EHS culture, which helps us gain valuable insights to shape and strengthen our safety culture. Introduction of the 'EHS Culture Meter' has been instrumental in assessing the effectiveness of our safety training programmes and initiatives, covering all aspects of EHS, including the employee trainings provided across various roles and functions. By evaluating their ability to engage and comply with, and integrate safety factors into our existing safety management systems, we can gain a comprehensive view of our organisational safety posture. Through this analysis, our EHS governance team identifies strengths we possess and areas that may require additional focus. This ongoing evaluation process ensures that we remain proactive in our approach to safety, continuously striving for improvement and excellence in our safety practices.

EHS Culture Building

Visible Leadership Engagement	Engagement of Employees	Line Accountability in EHS	Competence and Capability Development
Scheduled EHS rounds by Site Leadership Team (SLT), Shift In-charge and Block In-charge	Departmental EHS meetings and EHS theme promotional month	Involvement of department personnel in standard implementation	• EHS-CONNECT for effective communication • EHS training • EHS pep talks

[93]GRI 403-4

Safety Performance in FY24

Safety Metrics for Work-related Injuries[94]

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	41	8
Man hours worked	43,501,749	23,115,093
Rate of fatalities*	0	0
Rate of high-consequence work-related injuries (excluding fatalities)*	0	0
Rate of recordable work-related injuries*	0.188	0.069

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

Safety Metrics for Work-related ill health[95]

Description	Employees	Workers
Fatalities	0	0
Recordable cases	1	0

Addressing Mental Health

We are committed to enhancing the mental health and well-being of our employees through regular sessions focused on mental health. These sessions equip them with essential tools to effectively manage stress and navigate various challenges. Our initiatives aim to cultivate a culture of mutual support and resilience, fostering an environment of open conversations and creating a safe working place. To facilitate this supportive atmosphere, we offer a free and confidential counseling helpline known as Mann Talks (message from heart) available for all employees, providing a safe space for them to discuss their issues, receive guidance and access professional assistance.

In addition to our mental health initiatives, we celebrate International Yoga Day across all our operations as a part of our commitment to employee welfare. The event provides employees space to practice yoga and mindfulness, calmness and revitalised energy.

Recognising the importance of physical fitness in overall well-being, we have implemented a variety of employee welfare initiatives that focus on sports and health programmes. We actively encourage participation in sports activities organised at every location, fostering teamwork and mutual trust. We organise sports competitions during our Family Day event to encourage employee family participation, foster connections among colleagues, and enhance community well-being. Our efforts aim to promote a supportive environment that prioritises the physical and mental health of our workforce.

[94]GRI 403-9 | [95]GRI 403-10

Communities

Inspiring Change, Empowering Communities

At Sun Pharma, we are committed to integrating our vision of 'Reaching People, Touching Lives' in the community. Our philanthropic initiatives and volunteering efforts extend our responsibilities beyond improving healthcare outcomes to foster meaningful change in the communities we serve.

We are committed to fostering societal upliftment by strategically collaborating with our partners, to amplify the impact and seamlessly integrate our philosophy into community initiatives.

Aligned with UN SDGs

Our CSR Vision
We aim to achieve comprehensive development for underserved communities in a sustainable and meaningful way.

Our CSR Mission
We will use our people, expertise, and connections to meet the needs of the communities we serve, promoting overall development.

Objectives

Community Service: Giving back to the community and addressing their needs is a top priority for Sun Pharma. We employ a bottom-up planning approach to gain a deeper understanding of community requirements.

Ensuring Sustainability: Introducing community interventions that address critical needs and achieve long-term sustainability.

Using Resources Effectively: Leveraging Sun Pharma's internal resources, including research, marketing, finances, human resources, and products, to maximise the impact of our social initiatives.

Our Focus Areas

Health

Environmental Conservation

Education

Rural Development

Water and Sanitation

Disaster Relief

Our Governance Structure

Board of Directors
- Constitute the CSR Committee
- Approve the CSR Policy[96]
- Approve the annual CSR budget and the proposed CSR projects for the year
- Disclose information in the Board's report as specified in the CSR Rules annex and comply with all legal requirements

CSR Committee
- Develop and regularly update the CSR policy
- Recommend the CSR budget
- Suggest the annual action plan and projects for CSR activities
- Review and oversee the progress of all CSR activities

Plant/Field CSR Teams
- Gather and verify CSR programme requests from the community
- Recommend programmes to the corporate CSR team
- Assist implementation partners in obtaining necessary approvals from the community and government
- Involve employees in CSR activities
- Provide regular progress reports to the corporate CSR team

NGO/Other Implementing Partners
- Help design and implement CSR programmes
- Support the capacity building of partners
- Monitor the impact of programmes on relevant stakeholders
- Submit regular reports to the Company

[96]The CSR Policy applies to Company's India operations only.

Communities

Enhancing Social Value

At Sun Pharma, our success is deeply connected to the health and prosperity of the communities we serve. With this belief at the forefront of our mission, we actively pursue our Corporate Social Responsibility (CSR) initiatives. Our efforts are grounded in a clear CSR policy and strategy targeting key areas essential for uplifting and empowering our communities.

Our CSR Policy, endorsed by the Board, serves as a framework for executing our CSR programmes within our defined key focus areas. These programmes are strategically aligned with Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

We are committed to enhancing societal well-being through targeted interventions in areas like healthcare, education, water and sanitation, environmental conservation, rural development, and addressing emerging societal challenges.

We regularly conduct thorough community needs assessments to strengthen the efficacy and reach of our CSR initiatives. This proactive approach helps us identify specific challenges and requirements within the communities we serve, enabling us to tailor our CSR Initiatives effectively. This approach ensures that our support is impactful and delivers real value where it is most required.[97]

₹ 1,164 Mn
Spent on CSR initiatives in FY24

1+ Mn
Beneficiaries impacted through CSR initiatives
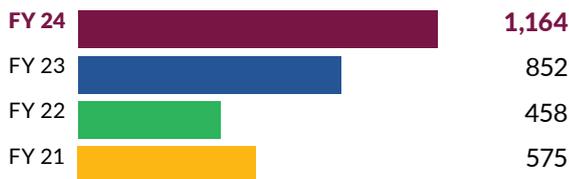
1,000+
Habitations covered across 14 Indian states/union territories

During the reporting period, Sun Pharma's operations did not have any adverse impacts on local communities.[98]

CSR Expenditure
(in ₹ Mn)

FY 24	1,164
FY 23	852
FY 22	458
FY 21	575

CSR Impact (Beneficiaries Reached)
(in Mn)

FY 24	1.0+
FY 23	1.0+

Our Initiatives to Create Lasting Value[99]

Healthcare Programmes

UN SDG Linkages

Objective

To improve community well-being by promoting affordable medical treatments, providing access to reliable medical information, and encouraging better treatment-seeking behaviour.

Key Initiatives in FY24

- Providing support towards setting up of Cancer Sanatorium Institute and Eye Hospital to deliver high-quality cancer and eye care treatment at Wadala, Mumbai

- Financial assistance for field action research focused on addressing moderate to severe malnutrition among children, aimed at eradicating malnutrition

- Delivering curative and preventive healthcare to underserved communities through 14 Mobile Healthcare Units (MHU) across 9 states, focusing on maternal, neonatal, and reproductive health services among others

- Contribution towards enhancing rural medical facilities by providing medical equipment and supporting upgradation of primary health centres and government hospitals near our plants

- Provide support towards management, control, and elimination of communicable and non-communicable diseases with notable success achieved in the elimination of Malaria from 1,233 villages in the Mandla district

- Setting up a state-of-the-art Dry Eye Disease (DED) clinic and laboratory for the research, screening, and treatment of DED

198,786
Patients treated through MHUs

19,311+
Beneficiaries received health promotive services

₹ 866.22 Mn
Total spend in FY24

[99]GRI 413-1

Communities

Education Programmes

UN SDG Linkages

4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Objective

To improve education experience quality of students by investing in adequate infrastructure, skill development, and promoting holistic development.

Key Initiatives in FY24

- Provide adequate support for Anganwadi infrastructure development to uplift them into child-friendly spaces
- Upgradation of school infrastructure by constructing new classrooms, installing solar rooftops, and developing playgrounds

- Promoting scientific research in medicine and pharmaceuticals to improve public health outcomes
- Providing support to set up Digital Classroom in government-aided schools with an intelligent touchpad board, a projector, a computer, a Wi-Fi Internet connection, audio speakers, and licensed software

40,395
Lives touched

₹ 139.09 Mn
Total spend in FY24

Rural Development Programmes[100]

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 FY24

- Skill development training for youth and women to facilitate employment
- Installation of solar streetlights
- Drinking water project to ensure access to clean water for all

- Infrastructure upgrades focused on enhancing rural facilities to improve community living standards
- Disaster relief projects

₹ 37.68 Mn

Total spend in FY24

[100]GRI 203-1

Communities

Environment Conservation Programmes

UN SDG Linkages

Objective

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

Key Initiatives in FY24

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

₹ 76.63 Mn

Total spend in FY24

Special Initiatives

The Company has implemented initiatives such as distributing poshan (nutrition kits) to tuberculosis (TB) patients in Vapi (Gujarat) and Toansa (Punjab) under the Pradhan Mantri TB Mukt Bharat Abhiyaan.

This year, we have allocated ₹ 1.06 Million for disaster relief and response activities to support local administrations and nearby communities. We provided public health centres with essential goods and equipment, including free face masks, sanitisers, medicines, and food packages for the rural community.

Awards, Recognitions, and Memberships for FY24

Awards and Recognitions

Amongst India's Top 3 Sustainable companies in Pharma & Healthcare sector by BW Business world

Great Place To Work® certified in 25 countries, including India and various emerging markets

Awarded Gold at 49th International Convention on Quality Control Circles (ICQCC 2024) held in Colombo - for two manufacturing sites

Awarded Gold in the 'Grand Prix' category for overall excellence in Corporate Social Responsibility (CSR) at the 12th edition of the ACEF Asian Leaders Summit and Awards

'Gold Award' at the 2nd ASMA Annual Summit on Medical Affairs, India chapter in Mumbai - for adopting innovative best practices and executing transforming ideas impacting patients' lives

India Pharma Awards 2024 across two categories:

1. Pharma Innovation of the Year – for R&D efforts

2. Excellence in Quality – for R&D and one of our manufacturing sites

Top Rated Pharma Company in Ambition Box Employee Choice Awards 2024

India's Best Employers Among Nation-Builders 2024 by Great Place to Work

Amongst India's Most Respected Companies in a survey across 21 sectors done by BW Businessworld

Memberships of Associations[101]

We are members of the following trade and industry associations: Create Lasting Value[101]

The Associated Chambers of Commerce of India (ASSOCHAM)

The Federation of Indian Chambers of Commerce and Industry (FICCI)

Confederation of Indian Industry (CII)

Indian Drug Manufacturing Association (IDMA)

Federation of Gujarat Industries (FGI)

India CEO Forum on Climate Change

Indian Pharmaceutical Alliance (IPA)

Gujarat Employers Organisation (GEO)

[101]GRI 2-28

Reporting Boundary[102]

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

[102]GRI 2-2

GHG Annexure

Scope 1

Category	Sub-category	Emission Factor Source	FY24 Emissions (tCO$_2$)
Stationary combustion	Fuel consumed in manufacturing operations	IPCC Guideline for Natural Greenhouse Gas Inventories of 2006	45,606.09

Scope 2

Category	Sub-category	Emission Factor Source	FY24 Emissions (tCO$_2$)
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. 19) guide (location-based)	323,237.43
		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	FY24 Emissions (tCO$_2$)
Purchased goods and services	Purchased goods and materials for raw materials, purchased materials	DEFRA – supply chain emission factors for spending on products	236,932.26
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 2023 Emissions Factor Database	87,269.91
Employee commute	Employee commute	India Specific Road Transport Emission Factors, 2015 – WRI – India GHG Programme	16,411.44
		World Resource Institute (2017) – GHG protocol tool for mobile combustion Version 2.6	
Business travel	Air travel & Hotel Stay	DEFRA 2023 guidelines	4,443.20
Upstream transportation and distribution	Domestic and international inbound	DEFRA 2023 guidelines	4,242.17
Downstream transportation and distribution	Domestic and international outbound	DEFRA 2023 guidelines	24,012.33
Waste generated in operations	Waste disposal	DEFRA 2023 guidelines	6,476.99

GRI Index

GRI Standard Number	Disclosure Number	Description	Section/Sub-section Title	Page No.
General Disclosures				
GRI 2 – General Disclosure	2-1	Organisational details	About the Report	ii
	2-2	Entities included in the organisation's sustainability reporting	About the Report	ii
			Reporting Boundary	110
	2-3	Reporting period, frequency, and contact point	About the Report	ii
	2-4	Restatements of information	Restatement	89
	2-5	External assurance	Assurance Statement	1
	2-6	Activities, value chain and other business relationships	Sustainable Supply Chain	8, 54
	2-7	Employees	Workforce Empowerment	84, 85
	2-8	Workers who are not employees	Workforce Empowerment	84, 85
	2-9	Governance structure and composition	Board of Directors Committees of the Board	16, 17
	2-10	Nomination and selection of the highest governance body	Board of Directors	18
	2-11	Chair of the highest governance body	Board of Directors	16
	2-12	Role of the highest governance body in overseeing the management of impacts	Board Committees	17, 18
	2-13	Delegation of responsibility for managing impacts	Board Committees	17, 18
	2-14	Role of the highest governance body in sustainability reporting	Board Committees	17
	2-15	Conflicts of interest	Corporate Governance	21
	2-16	Communication of critical concerns	Corporate Governance	17
	2-17	Collective knowledge of the highest governance body	Corporate Governance	18
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance	18
	2-19	Remuneration policies	Corporate Governance	18
	2-20	Process to determine remuneration	Board Committees, Corporate Governance and Fair Compensation	17, 18, 92
	2-21	Annual total compensation ratio	Remuneration Paid/Payable to the Directors of the Company for FY24	19
	2-22	Statement on sustainable development strategy	Message from the Chairman and Managing Director	4
	2-23	Policy commitments	Global Code of Conduct	20, 21
	2-24	Embedding policy commitments	Global Code of Conduct	20, 21
	2-25	Processes to remediate negative impacts	Grievance Redressal	21
	2-26	Mechanisms for seeking advice and raising concerns	Grievance Redressal	21
	2-27	Compliance with laws and regulations	Grievance Redressal, Environmental Governance Framework	21, 60
	2-28	Membership associations	Memberships of Associations	109
	2-29	Approach to stakeholder engagement	Stakeholder Engagement Methodology	37
	2-30	Collective bargaining agreements	Commitment to Human Rights	95

GRI Standard Number	Disclosure Number	Description	Section/Sub-section Title	Page No.
GRI 3 – Material Topics	3-1	Process to determine material topics	Assessing Materiality: Evaluating Impact and Importance	40
	3-2	List of material topics	Materiality Matrix – FY24	40, 41
	3-3	Management of material topics	Assessing Materiality: Evaluating Impact and Importance	40, 44, 46, 48, 52, 54, 61, 82, 88
GRI 200 Economic Standards Series				
GRI 201 – Economic Performance	201-1	Direct economic value generated and distributed	Financial Performance	10
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Stewardship	75
	201-3	Defined benefit plans, obligations and other retirement plans	Employee Benefits	93
GRI 202 – Market Presence	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Gender Pay Assessment	93
GRI 203-1 – Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Rural Development Programmes	107
GRI 204 – Procurement Practices	204-1	Proportion of spending on local suppliers	Local Sourcing	55
GRI 205 – Anti-corruption	205-1	Operations assessed for risks related to corruption	Global Code of Conduct	21
	205-2	Communication and training about anticorruption policies and procedures	Global Code of Conduct	21
	205-3	Confirmed incidents of corruption and actions taken	Global Code of Conduct	21
GRI 206 – Anti-competitive Behaviour	206-1	Legal actions for anticompetitive behaviour, antitrust, and monopoly practices	Global Code of Conduct	21
GRI 300 Environmental Standards Series				
GRI 302 – Energy	302-1	Energy consumption within the organisation	Energy Consumption in FY24	63
	302-3	Energy intensity	Energy Consumption in FY24	63
	302-4	Reduction of energy consumption	Energy-efficiency Measures	59, 65
GRI 303 – Water and Effluents	303-1	Interactions with water as a shared resource	Water Stewardship	70
	303-2	Management of water discharge-related impacts	Water Stewardship	70
	303-3	Total water withdrawal by source	Water Withdrawal by Sources	71
	303-4	Water discharge	Total Water Discharge	72
	303-5	Water consumption	Total Water Consumption	72
GRI 305 – Emissions	305-1	Direct (Scope 1) GHG emissions	Scope 1 GHG Emissions	66
	305-2	Energy indirect (Scope 2) GHG emissions	Scope 2 GHG Emissions	66
	305-3	Other indirect (Scope 3) GHG emissions	Scope 3 GHG Emissions	67
	305-4	GHG emissions intensity	Scope 1 GHG Emissions, Scope 2 GHG Emissions	66
	305-5	Reduction of GHG emissions	Environmental Performance FY24 Minimise and Decarbonise	65
	305-6	Emissions of ozone-depleting substances (ODS)	Emission of Ozone-depleting Substances (ODS)	67
	305-7	Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and other significant air emissions	Other Air Emissions	67

GRI Index (continued)

GRI Standard Number	Disclosure Number	Description	Section/Sub-section Title	Page No.
GRI 306 – Waste	306-1	Waste generation and significant waste- related impacts	Waste Management	68
	306-2	Management of significant waste-related impacts	Waste Management	68
	306-3	Waste generated	Type of Waste Generated	68
	306-4	Waste diverted from disposal	Waste Diverted from Disposal	68
	306-5	Waste directed to disposal	Waste Directed to Disposal	69
GRI 400 Social Standards Series				
GRI 401 – Employment	401-1	New employees hired and employee turnover	Talent Acquisition	88
	401-2	Benefits provided to full-time employees	Employee Benefits	93
	401-3	Parental leaves	Employee Benefits	94
GRI 403 – Occupational Health and Safety	403-1	Occupational health and safety management system	Our Proactive Approach to Occupational Health and Safety	95, 96
	403-2	Hazard identification, risk assessment, and incident investigation	Hazard Identification, Risk Assessment, and Incident Investigation	98
	403-3	Occupational health and safety	Employee Health Management System	99
	403-4	Worker participation, consultation and communication on occupational health and safety	Instilling Culture and Mindset of Safety	100
	403-5	Worker training on occupational health and safety	Five Pillars of Our OHS Management System	97
	403-6	Promotion of worker health	Employee Health Management System	99
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Hazard Identification, Risk Assessment, and Incident Investigation	97, 98
	403-8	Workers covered by an occupational health and safety management system	Employees Covered by OHS Management System	96
	403-9	Work-related injuries	Safety Performance in FY24	101
	403-10	Work-related ill health	Safety Performance in FY24	101
GRI 404 – Training and Education	404-1	Average hours of training per year per employee	Average Training Hours for FY24	89
	404-2	Programs for upgrading employee skills and transition assistance programmes	Overview of Our Skill-building Programmes	89
	404-3	Percentage of employees receiving regular performance and career development reviews	Annual Assessments for Performance Management	88

GRI Standard Number	Disclosure Number	Description	Section/Sub-section Title	Page No.
GRI 405 – Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Workforce Empowerment	84
	405-2	Ratio of basic salary and remuneration of women to men	Gender Pay Assessment	93
GRI 406 – Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Commitment to Human Rights	95
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	Commitment to Human Rights	95
GRI 408 – Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Commitment to Human Rights	95
GRI 409 – Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Commitment to Human Rights	95
GRI 410 – Security Practices	410-1	Security personnel trained in human rights policies or procedures	Commitment to Human Rights	95
GRI 412 – Human Rights	412-1	Operations that have been subject to human rights reviews or impact assessments	Commitment to Human Rights	95
	412-2	Employee training on human rights policies or procedures	Commitment to Human Rights	95
GRI 413 – Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes	Enhancing Social Value	104
	413-2	Operations with significant actual and potential negative impacts on local communities	Enhancing Social Value	104
GRI 416 – Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Patient Safety	44
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Patient Safety	44
GRI 417 – Marketing and Labelling	417-1	Requirements for product and service information and labelling	Responsible Product Stewardship	46
	417-2	Incidents of non-compliance concerning product and service information and labelling	Responsible Product Stewardship	46
	417-3	Incidents of non-compliance concerning marketing communications	Responsible Product Stewardship	46
GRI 418 – Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Innovation and Technology	52

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	95
	Principle 2	Businesses should make sure that they are not complicit in Human Rights abuses	95
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	95
	Principle 4	The elimination of all forms of forced and compulsory labour	95
	Principle 5	The effective abolition of child labour; and	95
	Principle 6	The elimination of discrimination in respect of employment and occupation	95
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	58-79
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	58-79
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	58-79
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms,including extortion and bribery	21

Assurance Statement

DNV

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV Business Assurance India Private Limited ('DNV'), has been commissioned by Sun Pharmaceutical Industries Limited (Corporate Identity Number L24230GJ1993PLC019050, hereafter referred to as 'Sun Pharma' or 'the Company') to undertake an independent assurance of the Company's sustainability/non-financial disclosures in its Sustainability Report FY 2023-24 (hereafter referred as 'Report').

The disclosures have been prepared by Sun Pharma:
- "with reference" to requirements of Global Reporting Initiative (GRI) sustainability reporting standards 2021
- Greenhouse Gas Protocol: *A Corporate Accounting and Reporting Standard.*

DNV carried out the assurance engagement in accordance with DNV's VeriSustain™ protocol, V6.0, which is based on our professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) - *Assurance Engagements other than Audits.* DNV's VeriSustain™ Protocol has been developed in accordance with the most widely accepted reporting and assurance standards.

Apart from DNV's VeriSustain™ protocol, DNV team has also followed ISO 14064-3 - *Specification with guidance for the verification and validation of greenhouse gas statements* and ISO 14046 - *Environmental management - Water footprint - Principles, requirements, and guidelines* to evaluate disclosures wrt Greenhouse gases and water disclosures respectively.

The intended user of this assurance statement is the Management of Sun Pharmaceutical Industries Limited.

We have not performed any work and do not express any conclusion, on any other information that may be published outside of the Report and/or on Company's website for the current reporting period.

Responsibilities of the Management of Sun Pharma and of the Assurance Provider

The Management of Sun Pharma has the sole responsibility for the preparation of the Report and is responsible for all information disclosed in the Report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and, ensuring the quality and consistency of the information presented in the Report. Sun Pharma is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on their website.

In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

Scope, Boundary and Limitations

The scope of work as agreed is a limited assurance of the GRI disclosures in the Sustainability Report as mentioned in Annexure-I, for the reporting period 01/04/2023 to 31/03/2024. The reported boundaries of the non-financial performance are based on the internal and external materiality assessment covering Company's operations as brought out in the section 'Scope and Reporting Boundary' of the Company's sustainability report.

Based on the agreed scope with the Company, the boundary covers all the global operation locations of Sun Pharma at consolidated level. For environmental disclosures, the boundary covers the key manufacturing locations and R&D centres (totalling 38), accounting for 78% of global operating locations of Sun Pharma.

Inherent Limitation(s):

DNV's assurance engagements are 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, are true, and is free from material misstatements.

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Assurance Statement (continued)

Page 2 of 6

The assurance scope has the following limitations:

- The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions.
- DNV has not been involved in evaluation or assessment of any financial data/performance of the company. DNV opinion on financial disclosures relies on the third party audited financial reports of the Company. DNV does not take any responsibility of the financial data reported in the audited financial reports of the Company.
- The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of assurance.
- Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.
- The assurance does not cover the Company's statements that express opinions, claims, beliefs, aspirations, expectations, aims, or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.
- The assessment does not include a review of the Company's strategy or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.
- The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.
- Aspects of the Report that fall outside the mentioned scope and boundary are not subject to assurance. The assessment is limited to the defined parameters.
- The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Company is responsible for ensuring adherence to relevant laws.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Assurance Process

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of Sun Pharma. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. We carried out the following activities:

1. Reviewed the disclosures in the Report. Our focus included general disclosures, management processes, and any other key metrics specified under the reporting framework.
2. Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial disclosures in report.
3. Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting principles.
4. Collect and evaluate documentary evidence and management representations supporting adherence to the reporting principles.
5. Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected GRI disclosures.
6. DNV audit team conducted on-site audits for corporate offices and sites (mentioned in Annexure II). Sample based assessment of site-specific data disclosures was carried out. We were free to choose sites for conducting our assessment.
7. Reviewed the process of reporting as defined in the assessment criteria.

Conclusion

Limited Level of Assurance

On the basis of the assessment 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 the other GRI disclosures as mentioned in Annexure- I, in all material aspects and in accordance with the reporting criteria.

1. Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report explains out the materiality assessment process carried out by the Company which has considered concerns of internal and external stakeholders, and inputs from peers and the industry, as well as issues of relevance in terms of impact for Sun Pharma's business. The list of topics has been prioritized, reviewed and validated, and the Company has indicated that there is no significant change in material topics from the previous reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Page 3 of 6

2. Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report adequately brings out the Company's policies, strategies, management systems and governance mechanisms in place to respond to topics identified as material and significant concerns of key stakeholder groups.

Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.

3. Reliability/Accuracy

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the systems and processes that the Company has set in place to capture and report its performance related to identified material topics across its reporting boundary. The majority of information mapped with data verified through our assessments with Sun Pharma's management teams and process owners at the Corporate Office and sampled sites within the boundary of the Report were found to be fairly accurate and reliable. Some of the data inaccuracies identified in the report 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 post correction.

Nothing has come to our attention to believe that the Report does not meet the principle of Reliability and Accuracy.

4. Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported?

The Report brings out the Company's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its operational locations coming under the boundary of the report, for the chosen reporting period while applying and considering the requirements of Principle of Completeness.

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.

5. Neutrality/Balance

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the disclosures related to Sun Pharma's performance during the reporting period in a neutral tone in terms of content and presentation, while considering the overall macroeconomic and industry environment.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 – *Conformity assessment – General principles are requirements for validation and verification bodies*, 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[1] during the assurance engagement. DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) 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 for internal use of Sun Pharmaceutical Industries Limited.

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[1] *DNV Corporate Governance & Code of Conduct -* *https://www.dnv.com/about/in-brief/corporate-governance.html*

Assurance Statement (continued)

DNV

Page 4 of 6

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work or this report.

For DNV Business Assurance India Private Limited

Parab, Ankita Digitally signed by Parab, Ankita Date: 2024.08.26 15:32:04 +05'30'	Kakaraparthi Venkata Raman Digitally signed by Kakaraparthi Venkata Raman Date: 2024.08.26 16:37:15 +05'30'
Ankita Parab Lead Verifier, Sustainability Services, DNV Business Assurance India Private Limited, India.	Kakaraparthi Venkata Raman Assurance Reviewer, Sustainability Services, DNV Business Assurance India Private Limited, India.
Assurance Team: Anjana Sharma, Goutam Banik, Varsha Bohiya, Suraiya Rahman, Syed Rameez	

26/08/2024, 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

Page 5 of 6

Annexure- I

Disclosures assured for Limited level of assurance:

- GRI 203: Indirect Economic Impacts 2016 – 203-1;
- GRI 204: Procurement practices 2016- 204-1;
- GRI 205: Anti-corruption 2016 – 205-1, 205-2, 205-3;
- GRI 302: Energy 2016 – 302-1, 302-3, 302-4;
- 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, 305-6, 305-7;
- GRI 306: Waste 2020 – 306-1, 306-2, 306-3; 306-4; 306-5;
- GRI 401: Employment 2016 – 401-1, 401-2, 401-3;
- GRI 403: Occupational Health & 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 410: Security Practices 2016 – 410-1;
- GRI 413: Local Communities 2016 – 413-1, 413-2;
- GRI 416: Customer Health and Safety 2016 – 416-1, 416-2;
- GRI 417: Marketing and Labeling 2016 – 417-1, 417-2, 417-3;
- GRI 418: Customer Privacy 2016 – 418-1.

* For Scope 3, GHG emissions are calculated for Category 1, 3, 4, 5, 6, 7 and 9 as per GHG Protocol.

Assurance Statement (continued)

DNV

Page 6 of 6

Annexure- II

Sites selected for On-site audits

Sr. no.	Site	Location
1.	Corporate office	Mumbai, Maharashtra
2.	Manufacturing plants- on-site	Dewas, Madhya Pradesh- API plant Dewas, Madhya Pradesh- Formulation plant Toansa, Punjab- API plant Mohali, Punjab- Formulation plant Maduranthakam, Chennai- API plant
3.	Manufacturing plants- remote	Halol, Gujarat- Formulation plant Panoli, Gujarat- API plant Guwahati, Assam- Formulation plant Malaysia- Formulation plant
4.	R&D centre- remote	Vadodara, Gujarat- R&D facility

Note

Note

Corporate Office

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