

Message from the Managing Director



Dear Stakeholders⁶,

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

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

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

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

Environmental Stewardship and Climate Action

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

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

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

Workforce Well-being

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

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

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

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

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

Social Responsibility and Development

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

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

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

Strengthening Access to Healthcare

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

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

Sustaining Commitment to Product Safety and Quality

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

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

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

Looking Ahead

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

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

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

Dilip Shanghvi
Managing Director

Sun Pharmaceutical Industries Limited

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