Sun Pharmaceutical Industries Limited
Sun House, Plot No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai – 400 063, Maharashtra, INDIA.
Tel. : (91-22) 4324 4324
Fax : (91-22) 4324 4343
Website: www.sunpharma.com
Email: secretarial@sunpharma.com
CIN: L24230GJ1993PLC019050

August 27, 2024

National Stock Exchange of India Ltd.
Scrip Name: SUNPHARMA

BSE Limited
Scrip Code: 524715

Submission of ESG Overview for financial year 2023-24

We are submitting herewith the ESG Overview of the Company for the financial year 2023-24, which shall be released after this submission.

The ESG Overview of the Company shall also be made available on our Company's website at www.sunpharma.com.

For **Sun Pharmaceutical Industries Limited**

Anoop Anjanikumar Deshpande
Digitally signed by Anoop Anjanikumar Deshpande
Date: 2024.08.27 17:48:05 +05'30'

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

SUN PHARMACEUTICAL INDUSTRIES LIMITED

ESG OVERVIEW

FY 2023-24

Contents

About the Report

Sun Pharmaceutical Industries Limited[1] (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715, "Sun Pharma", (includes its subsidiaries and/or associate companies), headquartered in Mumbai, India presents the ESG Overview FY 2023-24[2]. This ESG Overview provides details of our ESG performance, summarised between April 1, 2023, to March 31, 2024.

Scope and Reporting Boundary

Our ESG Overview provides information on our sustainability performance across 38 key locations, comprising 78% of our operations and 97% of our revenues. These locations include our national and international manufacturing sites and R&D facilities. For the financial year, 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 is inclusive of all manufacturing and R&D locations within the boundary of the standalone entity only, i.e., Sun Pharmaceutical Industries Limited (SPIL). Due to variation in the reporting boundary in the Business Responsibility and Sustainability Report and this ESG Overview, the data/information disclosed in these two reports are not comparable.

Feedback

We welcome inputs for improvement and to address concerns and expectations of all our stakeholders. Please share your feedback, suggestions and/or queries at Secretarial@sunpharma.com:[3]

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

About Sun Pharma

Trusted by healthcare professionals and patients, we are a leading global specialty generic pharmaceutical industry with global revenues of USD 5.9 billion. At Sun Pharma, we supply high-quality, affordable medications to approximately 100 countries. With 41 manufacturing facilities and robust R&D capabilities, we specialize in a diverse range of pharmaceutical formulations with an extensive portfolio that spans across generics, branded generics, specialty medicines, complex formulations, technology-intensive therapies, over-the-counter medications (OTC), antiretrovirals (ARVs), Active Pharmaceutical Ingredients (APIs), and intermediates.

Our business operations and long-term value creation are driven by our vision: "Reaching people and touching lives globally as a leading provider of valued medicines" and supported by our core values. At Sun Pharma, we prioritize cultivating the right culture to generate positive impact through four foundational components—Humility, Integrity, Passion, and Innovation—collectively known as our 'Sunology,' or way of life.

Living up to our rich legacy as a leading pharmaceutical company, we are committed to long term business growth and development for all our stakeholders. Our growth strategy is centered around four critical components:

Sustainable growth | **Enhancing business development** | **Cost leadership** | **Balancing profitability and investments for the future**

Since inception, we have made focused investments in four capabilities to implement our growth strategy and sustain successful business outcomes. These are:

Research & Development and Manufacturing | **Our Workforce** | **Our Portfolio** | **Our Geographical Reach**

Geographical Reach[4]

51,000+
Employees worldwide

41
Manufacturing facilities across six continents

~100
Markets presence

Headquarters - Mumbai

USA

- Ranked 13th in the US generics market as per IQVIA data
- Presence in generics, branded, and OTC segments
- Wide basket of 635 ANDAs & 65 NDAs filed and 531 ANDAs & 51 NDAs approved across multiple therapies
- Sales: INR 153,493 Mn

[4]GRI 2-1

ESG Overview FY 2023-24

India

- No.1 Company in the Indian pharmaceutical market, with 8.5 % market share and 32 brands in the country's top 300 pharmaceutical brands as per All India Origin Chemists & Distributors (AIOCD) data. Market leader in the chronic segment and strong positioning in the acute segment.
- No.1 ranking by prescriptions with 12 different classes of doctors as per SMSRC data.
- Sales: INR 148,893 Mn

Specialty Business:

- Focus on building a global specialty business in select therapy areas like dermatology, ophthalmology and onco-dermatology
- Portfolio of 26 products marketed globally
- Portfolio expansion through organic and inorganic efforts
- Specialty R&D and Registration pipeline includes 6 molecules at different stages in clinical trials and registration stage
- Sales: Specialty business contributed ~18% of sales

Emerging markets:

- Presence in approximately 80 countries
- Among the largest Indian pharmaceutical companies in Emerging Markets
- Focus markets: Romania, Russia, South Africa, Brazil, Mexico
- Sales: INR 86,195 Mn

Global consumer healthcare business:

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

Rest of the world:

- Presence across Western Europe, Canada, Israel, Japan, Australia & New Zealand and other markets
- Product portfolio includes specialty, hospital and retail products
- Sales: INR 67,128 Mn

API:

- Portfolio of ~380 APIs manufactured across 14 facilities
- 386 DMF/CEP approvals to date
- 507 DMF/CEP filings to date
- Sales: INR 19,187 Mn

ESG Highlights FY 2023-24

Environment

Energy

- 38% energy sourced from renewable sources
- Reduced energy consumption by 2.4 GJ/Revenue in ₹ Million compared to previous financial year through targeted energy efficiency measures
- 18% reduction in absolute Scope 1 and Scope 2 emissions compared to baseline year 2020

Water

- 21% reduction in water consumption in FY 2023-24 from baseline year of 2020

Waste

- 50% of hazardous waste diverted from disposal, by using recycling and other recovery options
- 95% of non-hazardous waste diverted from disposal

UN SDG Goals

Social

Employee wellbeing

- Great Place To Work® Certified
- 8,282 new hires
- 18.10% gender diversity
- Zero fatalities

Corporate Social Responsibility

- INR 1,165 Mn spent on CSR activities
- Over 1 Million – Lives touched in India through CSR initiatives

UN SDG Goals

Governance

Corporate Governance

- 98.2% Average Board meeting attendance
- 56% Independent board directors
- 60% of Independent and Non-Executive Board Members specializing in pharmaceutical industry experience

UN SDG Goals

ESG Overview FY 2023-24

Corporate Governance

At Sun Pharma, we are committed to doing business the right way. Our corporate governance philosophy is anchored in principles that prioritize Quality, Reliability, Trust, Consistency, and Innovation, reflecting our commitment to excellence in every facet of our operations.

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.

Our Board of Directors

We have adopted a top-down approach to operational excellence, driven by our diverse one-tier Board of Directors[5]. The total strength of our board is 9 members, including 5 independent directors and 1 female director. All independent directors comply with the criteria set forth in the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In line with SEBI requirements of providing for at least one-third independent directors. At Sun Pharma, 56% of Directors are independent.

Our Board of Directors:**

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

Aalok D. Shanghvi
Whole-time Director

Dr. Pawan Goenka
Lead Independent Director

Gautam Doshi
Independent Director

Rama Bijapurkar
Independent Director

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

Sanjay Asher
Independent Director

Rolf Hoffman
Independent Director

**Mr. Sailesh Desai, Whole-time Director for FY 2023-24 ceased to be the Director effective from March 31, 2024.

[5] GRI 2-9 and 2-1

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. During the reporting year, i.e. FY 2023-24, Dr. Pawan Goenka, Lead Independent Director, chaired all the Board meetings.

Within our board composition, three independent/non-executive directors bring specialized expertise in the pharmaceutical industry. The average tenure for our board of directors is 11.2 years.

In FY 2023-24, we conducted 6 Board meetings with an average attendance rate of 98.2%. All directors are expected to attend a minimum of 75% of meetings to the best of their ability. During the year, annual performance evaluation of the Board and Committees of the Board, individual Directors including the Chairman of the Company, was carried out as per the criteria and process approved by Nomination and Remuneration Committee, which is in line with the SEBI Guidance Note on Board Evaluation.

The performance evaluation of the Non-Independent Directors and the performance of the Board as a whole was discussed at the separate meeting of the Independent Directors as well.

Dr. Pawan Goenka, the Lead Independent Director interacted with all the Directors individually for their feedback on the performance of the Directors. Additionally, four of our non-executive/independent directors hold less than four mandates in other listed companies. As per SEBI regulations, non-executive or independent directors are restricted on holding a maximum of 7 mandates. Aligned to the requirements of the Companies Act 2013, one-third of all Non-Independent Directors retire by rotation and are re-elected every year. The independent directors are appointed for a specific period. All Board of Directors are elected individually.[6]

Global Code of Conduct

At the heart of our corporate governance framework lies our Global Code of Conduct (GCOC)[7], a central mechanism regulating our operations. Embedded within our GCoC is a commitment to a zero-tolerance policy against bribery and corruption. We uphold stringent vigilance across all facets of our business to proactively prevent any such instances[8].

Employees are provided with training on the GCoC and are expected to maintain strict adherence to the same[9]. For FY 2023-24, there have been no instances of bribery, corruption, and money laundering or conflicts of interest.[10]

[6]GRI 2-10
[7]GRI 2-23
[8]GRI 205-1
[9]GRI 205-2
[10]GRI 205-3 and 206-1

Contributions and other spending

We contribute to trade associations or tax-exempt groups. Our total contribution has been provided below.

	Currency	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total contributions and other spending	INR Mn	215.85	175.89	169.34	201.80

We do not make any contribution or incur any expenditure towards political campaigns, or for charitable contributions and sponsorship that acts as a means of bribery and corruption.

Top 3 Largest Contributions and Expenditures

Sl. No.	Name	Amount Paid (Rs.)	Advocacy Topic
1	Indian Pharmaceutical Alliance (IPA)	7,080,000	Regulatory reforms to improve drug development process in India, Trade Margin Rationalization
2	The Federation of Indian Chambers of Commerce and Industry (FICCI)	826,000	Regulatory Reforms for Pharma sector in India
3	The Associated Chambers of Commerce of India (ASSOCHAM)	531,000	Address the challenges faced by India in the health sector and to strengthen Public and Private healthcare Initiatives

Tax Strategy and Reporting

Adhering to our corporate ethos and social responsibilities, we prioritize full compliance with statutory obligations, including tax laws, in every jurisdiction where we conduct business. We recognize our commitment as responsible taxpayers to diligently fulfil our obligations by adhering to applicable tax laws and submitting required tax returns within specified timelines. Further details on our approach to taxation can be found at: https://sunpharma.com/wp-content/uploads/2022/06/2.pdf

Tax Paid for FY 2023-24

Sr No.	Particulars	Amount (INR)
1.	Cash Taxes Paid	21,238,857,689
2.	Tax Refund Received	5,544,457,689
3.	Net Tax Paid (as reported in cash flow statement)	15,694,400,000

The details of tax paid for the reporting year have been provided below:
(All financial numbers are in local currency in Million)

Name of the Subsidiary Company	Country/Tax Jurisdiction	Primary Activity	Number of Employees	Reporting Currency	Revenue	Profit / (Loss) before Taxation	Income Tax accrued	Income Tax Paid	% Shareholding	Capital	Relationship
Aditya Acquisition Company Ltd.	Israel	Subsidiary	0	ILS	-	0.0	-	-	99.99%	0.0	Subsidiary
Alchemee Skincare Corporation (Formerly known as The Proactiv Company Corporation)	USA	Marketing of OTC pharmaceutical products	-	USD	5.2	1.6	-	-	78.48%	-	Subsidiary
Alchemee, LLC	USA	Manufacturing & marketing of OTC pharmaceutical products	1	USD	74.9	(0.6)	(1.9)	0.0	78.48%	-	Subsidiary
Alkaloida Chemical Company Zrt.	Hungary	Manufacturing of pharmaceutical products	454	USD	44.4	20.3	1.4	0.9	99.99%	89.3	Subsidiary
AO Ranbaxy	Russia	Marketing of pharmaceutical products	511	RUB	10,157.1	85.4	78.1	152.9	100.00%	163.0	Subsidiary
Basics GmbH	Germany	Marketing of pharmaceutical products	37	EURO	66.0	3.1	0.7	0.6	100.00%	4.9	Subsidiary
Caraco Pharmaceuticals Private Limited	India	Subsidiary	0	INR	-	(0.1)	-	-	100.00%	0.1	Subsidiary
Chattem Chemicals Inc.	USA	Manufacturing of pharmaceutical products	98	USD	58.1	10.7	1.9	0.4	100.00%	-	Subsidiary
Concert Pharma Ireland Limited	Ireland	R&D	-	USD	-	-	-	-	100.00%	-	Subsidiary
Dusa Pharmaceuticals, Inc.	USA	Manufacturing & marketing of pharmaceutical products	0	USD	89.7	45.4	6.2	0.0	100.00%	-	Subsidiary
Faststone Mercantile Company Private Limited	India	Subsidiary	0	INR	-	0.1	0.0	(0.0)	100.00%	0.1	Subsidiary
Foundation for Disease Elimination and Control of India	India	Not-for-profit company for CSR activities	0	INR	2.3	(0.1)	-	-	100.00%	0.1	Subsidiary
Green Eco Development Centre Limited	India	Effluent Treatment	-	INR	-	(0.0)	-	-	100.00%	7.0	Subsidiary
JSC Biosintez	Russia	Manufacturing of pharmaceutical products	968	RUB	3,297.6	231.4	49.6	81.2	100.00%	0.3	Subsidiary

(All financial numbers in local currency in Million)

Name of the Subsidiary Company	Country/Tax Jurisdiction	Primary Activity	Number of Employees	Reporting Currency	Revenue	Profit / (Loss) before Taxation	Income Tax accrued	Income Tax Paid	% Shareholding	Capital	Relationship
Libra Merger Limited	Israel	Holding Company	0	USD	-	(0.0)	-	-	99.99%	0.0	Subsidiary
Neetnav Real Estate Private Limited	India	Subsidiary	0	INR	1.6	(32.8)	(0.0)	0.9	100.00%	0.1	Subsidiary
Ohm Laboratories, Inc.	USA	Manufacturing of pharmaceutical products	379	USD	120.7	(28.0)	(2.2)	-	100.00%	0.2	Subsidiary
PI Real Estate Ventures, LLC	USA	Subsidiary	0	USD	3.0	1.2	-	-	100.00%	-	Subsidiary
Proactiv YK	USA	Marketing of OTC pharmaceutical products	-	JPY	2,396.9	(83.3)	(20.7)	(2.4)	78.48%	-	Subsidiary
Ranbaxy (Malaysia) SDN. BHD.	Malaysia	Manufacturing & marketing of pharmaceutical products	250	MYR	210.6	45.9	10.2	8.9	96.10%	8.3	Subsidiary
Ranbaxy (Poland) SP. Z O.O.	Poland	Manufacturing & marketing of pharmaceutical products	85	PLN	40.5	1.8	0.5	0.7	100.00%	4.3	Subsidiary
Ranbaxy (Thailand) Co., Ltd.	Thailand	Marketing of pharmaceutical products	96	THB	851.9	14.5	10.3	5.7	100.00%	115.0	Subsidiary
Ranbaxy Farmaceutica Ltda.	Brazil	Marketing of pharmaceutical products	16	BRL	359.0	15.8	(0.3)	3.0	100.00%	17.4	Subsidiary
Ranbaxy Inc.	USA	Holding Company	21	USD	-	(29.5)	(0.2)	-	100.00%	12.8	Subsidiary
Ranbaxy Nigeria Limited	Nigeria	Manufacturing & marketing of pharmaceutical products	207	NGN	11,864.7	(47,852.0)	141.2	115.9	86.16%	40.0	Subsidiary
Ranbaxy Pharmaceuticals (Pty) Ltd	South Africa	Manufacturing & marketing of pharmaceutical products	285	ZAR	1,904.4	110.7	(11.4)	7.8	100.00%	700.0	Subsidiary
Ranbaxy Pharmaceuticals Ukraine LLC	Ukraine	Marketing of pharmaceutical products	102	UAH	394.8	28.7	5.1	7.3	100.00%	40.0	Subsidiary
Ranbaxy Signature LLC	USA	Joint Venture	0	USD	-	(0.1)	-	-	67.50%	-	Subsidiary

(All financial numbers in local currency in Million)

Name of the Subsidiary Company	Country/Tax Jurisdiction	Primary Activity	Number of Employees	Reporting Currency	Revenue	Profit / (Loss) before Taxation	Income Tax accrued	Income Tax Paid	% Shareholding	Capital	Relationship
Ranbaxy South Africa (Pty) Ltd	South Africa	Manufacturing & marketing of pharmaceutical products	95	ZAR	135.4	10.0	(9.8)	0.7	100.00%	17.5	Subsidiary
Realstone Infra Limited	India	Subsidiary	0	INR	-	(84.9)	-	-	100.00%	2.5	Subsidiary
Realstone Multitrade Private Limited	India	Subsidiary	0	INR	-	0.1	0.0	0.0	100.00%	0.1	Subsidiary
Rexcel Egypt LLC	Egypt	Manufacturing & marketing of pharmaceutical products	0	EGP	8.0	(4.7)	(0.2)	0.1	100.00%	2.1	Subsidiary
SC Terapia SA	Romania	Manufacturing & marketing of pharmaceutical products	918	RON	1,271.3	343.2	43.5	43.1	96.81%	25.0	Subsidiary
Skisen Labs Private Limited	India	Subsidiary	0	INR	-	(0.1)	-	-	100.00%	163.6	Subsidiary
Softdeal Pharmaceutical Private Limited	India	Subsidiary	78	INR	1,559.5	95.0	25.8	102.5	100.00%	0.1	Subsidiary
Sonke Pharmaceuticals Proprietary Limited	South Africa	Joint Venture	4	ZAR	531.6	30.1	9.4	3.7	70.00%	2.0	Subsidiary
Sun Farmaceutica do Brasil Ltda.	Brazil	Marketing of pharmaceutical products	184	BRL	281.9	30.0	3.5	4.7	99.99%	5.6	Subsidiary
Sun Laboratories FZE	UAE	Marketing of pharmaceutical products	2	USD	137.8	(0.0)	-	-	100.00%	12.3	Subsidiary
Sun Pharma (Netherlands) B.V.	Netherlands	Holding Company	0	USD	44.7	38.4	17.5	-	100.00%	774.5	Subsidiary
Sun Pharma (Shanghai) Co.,Ltd	China	Marketing of pharmaceutical products	9	CNY	6.3	(0.2)	0.0	0.3	100.00%	1.0	Subsidiary
Sun Pharma ANZ Pty Ltd	Australia	Manufacturing & marketing of pharmaceutical products	50	AUD	80.8	2.6	0.8	0.8	100.00%	32.0	Subsidiary
Sun Pharma Canada Inc.	Canada	Marketing of pharmaceutical products	63	CAD	42.6	0.1	(1.6)	0.0	100.00%	2.3	Subsidiary

(All financial numbers in local currency in Million)

Name of the Subsidiary Company	Country/Tax Jurisdiction	Primary Activity	Number of Employees	Reporting Currency	Revenue	Profit / (Loss) before Taxation	Income Tax accrued	Income Tax Paid	% Shareholding	Capital	Relationship
Sun Pharma De Mexico S.A. DE C.V.	Mexico	Marketing of pharmaceutical products	161	MXN	363.4	(34.6)	(4.6)	5.7	100.00%	1.0	Subsidiary
Sun Pharma De Venezuela, C.A.	Venezuela	Marketing of pharmaceutical products	0	VES	-	-	-	-	100.00%	0.0	Subsidiary
Sun Pharma Distributors Limited	India	Distribution of pharmaceutical products	18	INR	1,48,914.3	3,359.2	856.9	977.8	100.00%	1.5	Subsidiary
Sun Pharma East Africa Limited	Kenya	Marketing of pharmaceutical products	77	KES	1,151.4	88.8	28.8	0.1	100.00%	0.1	Subsidiary
Sun Pharma Egypt LLC	Egypt	Manufacturing & marketing of pharmaceutical products	132	EGP	243.6	(43.7)	(3.0)	3.5	100.00%	281.6	Subsidiary
Sun Pharma France	France	Manufacturing & marketing of pharmaceutical products	23	EURO	43.0	1.4	0.1	-	100.00%	44.9	Subsidiary
Sun Pharma Holdings	Mauritius	Holding Company	0	USD	0.0	(0.8)	0.0	0.0	100.00%	3,420.8	Subsidiary
Sun Pharma Holdings UK Limited	UK	Holding Company	0	GBP	-	(0.0)	-	-	100.00%	30.6	Subsidiary
Sun Pharma Italia srl	Italy	Marketing of pharmaceutical products	24	EURO	43.2	1.0	(1.2)	0.2	100.00%	0.1	Subsidiary
Sun Pharma Japan Ltd.	Japan	Manufacturing & marketing of pharmaceutical products	181	JPY	14,163.9	(1,081.3)	1.0	-	100.00%	158.0	Subsidiary
Sun Pharma Japan Technical Operations Limited	Japan	Manufacturing & marketing of pharmaceutical products	31	JPY	2,852.6	269.9	93.5	87.9	100.00%	50.0	Subsidiary
Sun Pharma Laboratories Limited	India	Manufacturing & marketing of pharmaceutical products	11618	INR	1,13,773.0	54,410.6	7,143.5	9,190.8	100.00%	400.5	Subsidiary
Sun Pharma Laboratorios,S.L.U.	Spain	Manufacturing & marketing of pharmaceutical products	20	EURO	23.1	0.7	(0.9)	(0.9)	100.00%	1.0	Subsidiary

(All financial numbers in local currency in Million)

Name of the Subsidiary Company	Country/Tax Jurisdiction	Primary Activity	Number of Employees	Reporting Currency	Revenue	Profit / (Loss) before Taxation	Income Tax accrued	Income Tax Paid	% Shareholding	Capital	Relationship
Sun Pharma Middle East FZE LLC	UAE	Marketing of pharmaceutical products	0	AED	-	(0.0)	-	-	100.00%	0.3	Subsidiary
Sun Pharma Philippines, Inc.	Philippines	Marketing of pharmaceutical products	91	PHP	613.2	11.4	6.4	10.9	100.00%	8.7	Subsidiary
Sun Pharma Switzerland Ltd.	Switzerland	Marketing of pharmaceutical products	0	CHF	0.2	(0.0)	(0.0)	-	99.99%	0.1	Subsidiary
Sun Pharma UK Limited	UK	Marketing of pharmaceutical products	17	GBP	50.7	0.9	0.2	0.1	100.00%	21.8	Subsidiary
Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	Manufacturing & marketing of pharmaceutical products	629	BDT	2,826.6	433.9	167.6	139.3	72.50%	60.0	Subsidiary
Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	Manufacturing of pharmaceutical products	132	AUD	44.5	(13.6)	-	-	100.00%	164.1	Subsidiary
Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	Marketing of pharmaceutical products	72	EURO	44.4	1.0	0.2	0.2	99.99%	0.0	Subsidiary
Sun Pharmaceutical Industries S.A.C.	Peru	Marketing of pharmaceutical products	82	PEN	23.1	(12.7)	-	-	100.00%	4.3	Subsidiary
Sun Pharmaceutical Industries, Inc.	USA	Manufacturing & marketing of pharmaceutical products	1002	USD	1,377.9	27.3	(21.7)	0.8	100.00%	-	Subsidiary
Sun Pharmaceutical Medicare Limited	India	Manufacturing of pharmaceutical products	1024	INR	3,226.9	(440.4)	2.7	28.8	100.00%	2.5	Subsidiary
Sun Pharmaceutical Peru S.A.C.	Peru	Marketing of pharmaceutical products	0	PEN	-	0.2	-	0.0	100.00%	0.0	Subsidiary
Sun Pharmaceuticals (EZ) Limited	Bangladesh	Manufacturing & marketing of pharmaceutical products	0	BDT	-	(302.5)	-	-	72.49%	60.0	Subsidiary
Sun Pharmaceuticals Germany GmbH	Germany	Marketing of pharmaceutical products	6	EURO	48.5	1.2	0.3	0.1	99.99%	0.0	Subsidiary
Sun Pharmaceuticals Holdings USA, Inc.	USA	Holding Company	-	USD	-	0.0	-	(19.1)	100.00%	-	Subsidiary

Name of the Subsidiary Company	Country/Tax Jurisdiction	Primary Activity	Number of Employees	Reporting Currency	Revenue	Profit / (Loss) before Taxation	Income Tax accrued	Income Tax Paid	% Shareholding	Capital	Relationship
Sun Pharmaceuticals Morocco LLC	Morocco	Marketing of pharmaceutical products	142	MAD	305.0	6.9	0.4	-	100.00%	12.2	Subsidiary
Taro International Ltd.	USA	Marketing of pharmaceutical products	0	USD	20.8	0.8	0.3	1.4	78.48%	0.0	Subsidiary
Taro Pharma Corporation, Inc.	USA	Marketing of OTC pharmaceutical products	0	USD	-	-	-	-	78.48%	0.0	Subsidiary
Taro Pharmaceutical Industries Ltd. (Taro)	Israel	Manufacturing & marketing of pharmaceutical products	860	USD	190.1	(0.7)	1.9	(5.3)	78.48%	0.7	Subsidiary
Taro Pharmaceuticals Europe B.V.	Netherlands	Subsidiary	0	EURO	0.0	0.0	0.0	0.0	78.48%	0.0	Subsidiary
Taro Pharmaceuticals Inc.	Canada	Manufacturing & marketing of pharmaceutical products	586	USD	312.9	130.9	23.8	13.2	78.48%	372.6	Subsidiary
Taro Pharmaceuticals North America, Inc.	USA	Subsidiary	0	USD	-	-	-	-	78.48%	0.0	Subsidiary
Taro Pharmaceuticals U.S.A., Inc.	USA	Marketing of pharmaceutical products	190	USD	331.3	(27.6)	6.4	0.3	78.48%	0.1	Subsidiary
The Proactiv Company Holdings, Inc. (Formerly known as Galderma Holdings, Inc.)	USA	Holding Company	-	USD	-	-	-	-	78.48%	-	Subsidiary
The Proactiv Company KK	USA	Subsidiary	-	JPY	-	206.5	79.1	72.8	78.48%	-	Subsidiary
The Taro Development Corporation	USA	Subsidiary	0	USD	-	40.9	8.8	-	100.00%	-	Subsidiary
Universal Enterprises Private Limited	India	Subsidiary	0	INR	-	(0.1)	-	-	100.00%	4.5	Subsidiary
Vivaldis Health and Foods Private Limited	India	Business of Veterinary Medicines, Nutrition and Pet Care	133	INR	604.4	99.3	25.3	25.8	60.11%	4.3	Subsidiary
Zenotech Laboratories Limited	India	Manufacturing of pharmaceutical products	202	INR	408.3	111.4	28.4	10.7	68.84%	610.3	Subsidiary

Risk Management

Risk Management at Sun Pharma takes place in a cross-functional collaborative manner spanning across various departments to ensure solidarity in the response and management of risk. The overall responsibility of risk management in the organization lies with the independent Risk Management Committee (RMC) constituted by the Board of Directors. The RMC is tasked with ensuring that appropriate systems and processes are in place to monitor and evaluate risks associated with our business and monitoring the implementation of our Risk Management Policy and evaluating the effectiveness of our systems. The RMC also undertakes quarterly reviews of our Enterprise Risk Management framework and keeps the Board of Directors informed on the evolving risk landscape and actions to be taken.

At the operational level, we have a dedicated frontline role of 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, evaluate, prioritize, monitor and report on potential and actual risks. Further, they maintain direct oversight on the current status of all risks and track the progress of implemented mitigation plan and submit periodic findings and updates with our Enterprise Risk Management (ERM) team.

The Risk Coordinators are supported by Function Heads who form the second line of operational risk management. Function heads have the primary responsibility to identify, assess and manage risks pertaining to their function. They undertake periodic meetings to monitor the trends and factors of their responsibility area that impact our risk profile, communicate internally on findings and coordinate the updates to be made to our risk register. Regular review of business function risk registers is 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 reducing the risk exposure.

Our ERM team maintains and monitors the risk register for all business and support functions. They are responsible to ensure 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.

Led by our Head Global Internal Audit, the third line of defense, our Internal Audit team reviews our identified risks and tests the operational effectiveness of our policies, systems, processes and controls, and suggests improvements and corrective actions plans through validating the effectiveness of implemented mitigation plans during periodic internal audits.

Through our materiality assessment process, we capture stakeholder perceptions of important sustainability topics for our business. This enables the management to consider the views external to the organization while evaluating the risk register, enabling in creation of risk responses to important areas which affect our ability to create, preserve or erode the possibility of value creation potential of our business. We review and evaluate our material topics yearly with the senior management to monitor if there are movements in global macroeconomic trends, business landscape or strategy necessitating relegation addition or re-prioritization of risks.

Approach to Risk Management

We expeditiously escalate new risks and periodically internally review and monitor existing risks and mitigation measures, minimum twice a year or more if necessary. In case of an adverse incident taking place, the management of the Company informs all the related stakeholders. The updates may also be communicated to the Board level Risk Management Committee, depending on how critical the event is. The Board level Risk Management Committee is updated every six months on newly identified emerging risks ensuring a proactive dynamic risk management approach and transparency in viewing risks. We prioritize risks based on certain defined criteria of a priority risk.

The table below gives details on the identified risks, description of the risks, potential impact and mitigation actions of the identified risks:

Sr. No.	Risk Area	Description	Impact	Mitigating actions
1.	Corporate Governance and business Ethics	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.	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.	» Consistent and regular engagement with regulatory agencies in all our markets, to ensure compliance and reduce any possibility of noncompliance. » 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.
2.	Product Quality, Safety and Recall Management	These risks are associated with 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.	Significant concerns with 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.	» Ensure continued and strict compliance with global quality standards and protocols and the applicable local regulatory requirements. » Provide for robust and centralised pharmacovigilance systems with thorough Standard Operating Procedures (SOPs) to ensure effective monitoring and reporting of adverse events. » Regular investment in technological advancement, training programs on current Good Manufacturing Practices (cGMP), automation, digitalisation, and employee skill development. » Undertake detailed and regular quality assessments of third-party suppliers. » Implement measures to protect our brand (intellectual property and trademarks) and combat counterfeiting, for ensuring the authenticity of our products in the market.
3.	Cyber Security and Data Privacy	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.	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.	» Regular vulnerability assessments and simulated hacker attacks of our IT systems are undertaken to prevent breaches of Company or stakeholders' data. » 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

Sr. No.	Risk Area	Description	Impact	Mitigating actions
4.	Human Capital Development	Focused investment in talent management initiatives, such as talent acquisition, retention, development, employee well-being and satisfaction.	Neglecting to meet employee expectations could lead to adverse long-term effects on productivity and hinder the Company's growth trajectory.	» 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. » We have established a formal succession planning program for all leadership positions. » We prioritise employee skill enhancement through continuous training and development opportunities.
5.	Access and Affordability	Addresses hindrances in product portfolio, product accessibility, and pricing.	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.	» We prioritise building a robust and diversified product portfolio through improved cross-functional synergies, organisational capabilities, project management, and governance throughout the product lifecycle. » We enhance our capabilities in both in-licensing and out-licensing of products. » Our focus lies on the development and commercialisation of complex generics and specialty products, among other priorities. » We emphasise operational excellence programs aimed at improving yields, ensuring supply chain continuity, and maintaining sufficient inventory levels.
6.	Environmental Impact Management	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	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.	» We continue to identify opportunities to minimise any adverse environmental effect from our operations. We have adopted targets for waste management and water conservation. Our targets are to reduce water consumption by 10% and to co-process 30% of hazardous waste by 2025. » We closely monitor and track our waste management and water consumption. Our priorities are to increase water efficiency, decrease water withdrawal, and increase water recovery. For waste management, we focus on co-processing hazardous waste and increasing recycling and reuse within our own operations.

Sr. No.	Risk Area	Description	Impact	Mitigating actions
7.	Climate change 	Inefficacious management of greenhouse gas (GHG) emissions that could lead to climate related physical and transition risks of the company, causing disruption of operations and affecting business continuity.	Our assets could be harmed by possible direct physical threats to our activities, which consequently, can result in temporary suspension of some of our operations and a rise in the cost of repairing and rebuilding affected locations. The transition risks brought on by climate change may also lead to stricter laws in the nations where we do business and export, 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	» The company has set a 35% reduction target for absolute carbon emissions (Scope 1 and Scope 2) by 2030 compared to baseline of 2020. » To identify and assess the physical and transitional risks associated with our operations, we have also undertaken climate risk assessments. » By increasing power sourcing from renewable energy like solar, wind and increasing proportion of biomass along with putting energy efficiency programs into place to maximize our energy usage, we are constantly looking for ways to lessen our dependence on fossil fuels in our operations.
8.	Sustainable Supply Chain and Responsible Procurement 	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.	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 the business in case of any unforeseen disruptions.	» 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. » The suppliers are required to abide by the Company's ESG requirements as part of the Supplier Code of Conduct. » The Company has a high focus on developing quality products and safety of consumers. The quality of raw materials for our production process is ensured by conducting periodic supplier audits.

Sr. No.	Risk Area	Description	Impact	Mitigating actions
9.	Occupational Health and Safety (OHS) 	OHS is an integral part of our commitment to provide a safe and secure work environment for employees. Having an ineffective Health and Safety management system and programs may cause many health and safety incidents.	A regular occurrence of health and safety issues will negatively impact the performance of the Company concerning worker well-being and safety. This will have an effect on the Company's reputation, brand image, and capacity to draw in and retain talent.	» The business maintains a robust Environmental Health and Safety (EHS) management system, comprising regular audits of its EHS procedures, both internal and external. » 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. » After potential risks are identified and safety incidents are evaluated, a thorough corrective action plan is established to prevent occurrence of similar incidents in the future.
10.	Ethical Clinical Trials and Animal Testing 	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 lead to financial losses and negative public perception.	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 have a negative impact on participant's health and safety. Delays at any stage can also prolong the overall timeline for drug development, leading to increased costs.	» 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, permits, and maintaining thorough documentation. » 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. » Long term safety studies are undertaken for some of our innovative specialty products, post commercialisation, in order to evaluate and measure safety parameters over a longer time horizon. » 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, checks and balances to enhance the quality and ethical standards of clinical trials and animal testing.

Sr. No.	Risk Area	Description	Impact	Mitigating actions
11.	Business interruption/ Operational inefficiencies	Possible disruptions or inefficiencies by natural disasters, regulatory hindrance, cybersecurity threats, or workmen shortages could have an impact on the manufacturing and supply chains.	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.	» We have robust planning process in place to avoid stock-outs of finished products. » 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. » Regular review by senior management and department-wise responsibility given to ensure adherence with relevant regulatory requirements and product launch timeframes. » We keep a stock of essential spares at many sites to ensure uninterrupted availability. » Install backup solutions like DG sets and tanker supplies to decrease the chances of power and raw material shortages. » We raise new manpower requests during budget to manage shortage in manpower and evaluate loss of production at the site, if any, due to non availability of manpower.
12.	Intellectual Property (IP), trademark, technology and other confidential information	Possible threats to our intellectual assets include theft, unauthorized usage, or violation of patents, trademarks, and confidential data	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	» Work with Drug Controllers to execute compliance and revoke manufacturing licenses of counterfeiters. » Provide training for identifying potential market violation to the field force. » We have set a dedicated team at the head office to manage field inputs and carry out actions deemed necessary. » Inspecting new trademark filings periodically to recognize conflicts and avoid infringements. » Setting up a standard operating procedure and framework and standard to safeguard our IP for branded products in important markets.
13.	Price, Cost & Margin pressure	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	Adverse effects on the overall financial performance and long-term business viability	» Reinforce product portfolio with new and innovative products to be distinct to set from competitors and withstand pricing pressures. Cost-Effective Solutions such as: - Identify the feasibility of creating alternative vendors/sites for products to enhance production costs and reduce dependencies. - Optimize the dependencies on sea and air transport in favor 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, our risk management process considers the probability and impact of risks as well as the timeframe within which a risk could occur. Added to current risks we also assess emerging risks at least once in three years for timely resolution and preventing dire consequences. Emerging risks are identified on the basis of their likeliness to occur and their effect on the business, in accordance to our risk management framework.

The Risk Management Committee identifies and classifies emerging risks after thorough analysis of internal and external data industry trends, market study, regulatory requirements and expert insights. This ensures a systematic and holistic way to identify potential risks that could have an adverse impact on the business and provide scope for implementing timely mitigation strategies.

Emerging risk 1: 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 with no definite end in sight.

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 plans 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 programs strengthens relationships with local stakeholders.

Emerging risk 2: Spread of incomplete and/or inaccurate information & erosion of 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/ organizations 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 organization. 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, stifling innovation and development on 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 emphasizes Health Promotion and Preventive Healthcare Education in underserved and marginalized 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 recognize the importance of instilling a risk management culture across the Company along with a strong risk management framework helping in timely gauging and mitigating risks. 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 on potential risks and understand the importance of timely identification and reporting of risks for proper mitigation. Regular information is also shared by our Information Technology Security Team and Company Secretary on the management of various risks. We make consistent efforts to make sure that employees follow regulatory requirements. Our Function Heads also have a variable incentive component based on their management of identified risks within their overall compensation.

In line with the requirements of Regulation 25(7) of the Listing Regulations, we conduct an annual Familiarization Programme for Independent Directors on areas of operations, functional overviews, business performance and opportunities, risk management framework, regulatory environment in which the Company operates.

We acknowledge the significance of embracing risk criteria in the product development and approval process as a pharmaceutical company. We have created a robust Global Quality Standard intending to provide users with crucial information about managing risk aspects for product quality.

Materiality Assessment FY 2023-24

Stakeholder engagement is fundamental to our business, facilitating consistent and continuous dialogue across all levels. Our dedicated functional representatives regularly engage with stakeholders to cultivate lasting relationships. Moreover, we actively seek input from stakeholders on Environmental, Social, and Governance (ESG) topics through surveys and consultations. By involving stakeholders in the ESG materiality assessment process, we ensure their perspectives shape our strategies. We harness digital platforms and social media to extend our reach, fostering a broader dialogue with diverse stakeholders. This inclusive approach enriches our ESG strategy by incorporating diverse viewpoints.

We have implemented a structured methodology for stakeholder identification and mapping. Effectively engaging with key stakeholders is crucial to comprehensively understanding their diverse expectations of our company. Our stakeholders include a broad spectrum, spanning both internal and external entities such as shareholders, regulators, suppliers, third-party manufacturers, non-governmental organizations (NGOs), local communities, customers, patients, employees, and our senior leadership.

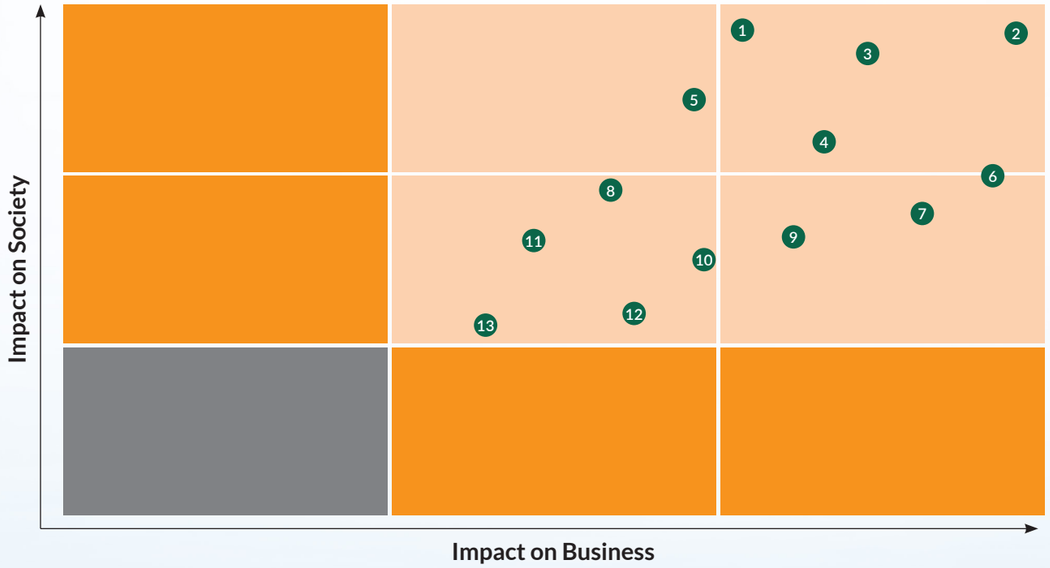
In FY 2023-24, we undertook a reassessment of our approach to identify the most critical material topics for our business, applying the principles of double materiality, with an intention to reflect upon the changing priorities of our stakeholders and align them with our strategic goals. During the reassessment process, we considered material topics with a consideration of impact on our business performance and on society or environment. This approach enables us to effectively address key Environmental, Social, and Governance (ESG) challenges, thereby driving sustainable value creation for all our stakeholders.

We engaged with our Senior Management through reviews and discussions regarding our revised materiality assessment and the key material issues. To maintain alignment with dynamic external factors such as shifts in the competitive landscape, macroeconomic trends, evolving consumer preferences, and regulatory and investor demands, we formalized an institutionalized approach which ensures continuous review and prioritization of key material topics[11].

Our Top Materiality Topics FY 2023-24

We have prioritized the significance of key material topics relevant to our business and depicted them visually in a materiality matrix. These topics result from a thorough process involving stakeholder engagement and materiality assessment, guided by the principles of double materiality. We have considered the perceived impact of the material topics on Sun Pharma's business and ability to create, preserve, or erode value for shareholders and other stakeholders. We have also attempted to evaluate the impact of these topics on society and environment through Sun Pharma's business activities.

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



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

Our detailed Materiality Assessment and management approach may be found on page 88 at the link: https://sunpharma.com/wp-content/uploads/2024/07/SPIL-Annual-Report-2023-24.pdf

While we remain committed to closely monitor and track our performance and progress on all identified material topics, we have offered below a detailed explanation of our approach to manage our top five material topics which have the highest relative importance for both business continuity and societal value creation.

Indicator	Material Issue 1
Material Issue	Innovation Management
Business Case	» Investments in R&D are strategically targeted to develop new generic products, pursue complex generics and development of specialty products. Expanding the product pipeline through R&D efforts helps to develop specialty products (including completion of clinical trials) and diversify offerings leading to revenue growth and maintaining a competitive edge. » R&D plays a pivotal role in pioneering non-infringing processes essential for the development and commercialization of generic products. R&D provides scientific evidence and data to demonstrate non-infringement and/or invalidation over existing patents held by the original drug manufacturer. This capability enhances our ability to launch new generic products ahead of patent expiry which in turn leads to higher revenues. The R&D teams are actively engaged in optimizing manufacturing processes for generic drugs, focusing on enhancing efficiency, reducing costs, and upholding stringent quality standards. This can involve developing novel formulations, improving production techniques, and implementing cost-effective manufacturing practices. » Before a generic drug can be approved, it must demonstrate bioequivalence to the branded reference product. Our R&D team conducts studies to establish the equivalence in terms of safety, efficacy, and pharmacokinetic properties. This ensures that the generic drug can be substituted for the original innovator product. R&D investments are necessary to perform these studies.
Business Impact	Revenue
Business Strategy	Our R&D efforts are focused on the development of complex, innovative products across dosage forms supported by strong chemistry/biological/clinical trials capabilities, a skilled R&D team of over 3,000 people and a strong intellectual property team which coordinates with R&D to develop non-infringing processes. These efforts are funded through our annual R&D budget. Since inception, we have spent INR 270 billion on our R&D initiatives till date. All these resources help us in driving innovation in our business.
Target	Invest 8-10% of revenues on R&D annually
Target Year	2025
Progress	6.7% of revenues invested in R&D for the reporting year
Executive Compensation Linked	Our Senior Management including the R&D team has performance linked incentive as one of the components of their overall compensation

Indicator	Material Issue 2
Material Issue	Climate Change
Business Case	» Ineffective management of greenhouse gas (GHG) emissions may expose the Company to climate related physical and transition risks which might lead to disruption of operations and affect business continuity. » Potential immediate physical risks to our operations may damage our assets, which in turn, could lead to business interruptions and increased expenses for repairs and restoration of damaged sites. » The transition risks associated with climate change could also result in more stringent regulations in the countries of our operations and exports, leading to higher compliance costs or investment costs in newer technologies. » Failure to adapt to adverse impacts of climate can also lead to loss of reputation and stakeholder trust. » Failure to limit GHG emissions may lead to financial costs associated with Carbon markets, and in the form of Carbon taxes / price » Failure to manage product level GHG footprint may potentially restrict the Company from accessing customers and markets with Net Zero goals
Business Impact	Risk
Business Strategy	We have conducted climate risk assessment across our operations to evaluate physical and transition risks. We are continuously exploring avenues to reduce our reliance on fossil fuels in our operations by increasing the share of biomass, increasing the share of renewable energy to the total energy consumed and implementing energy efficiency initiatives to optimize our energy consumption. We have invested in multiple renewable energy power projects.
Target	Reduction of absolute carbon emissions by 35% (Scope 1 and Scope 2) by 2030 compared to baseline year of 2020.
Target Year	2030
Progress	18% reduction achieved by the reporting year compared to the baseline year 2020
Executive Compensation Linked	Our Senior Management including the EHS team has performance linked incentive as one of the components of their overall compensation

Indicator	Material Issue 3
Material Issue	Environmental Impact Management
Business Case	Efficient management of water is crucial for the company to generate a positive environmental impact. Prioritizing efforts toward efficient water usage is essential to showcase the company's dedication towards sustainable future and healthy planet. Failure to proactively manage water resources could result in the risk of water scarcity, fluctuating water prices, and potential interruptions to business operations.
Business Impact	Risk
Business Strategy	The company consistently seeks out opportunities to oversee its water usage. We actively monitor our water performance and emphasize efficient consumption practices, reducing withdrawals and enhancing water recovery efforts. Through the implementation of these initiatives, we mitigate operational risks associated with water usage. This shows our dedication to environmental stewardship, which is increasingly valued by customers, investors, and regulatory bodies.
Target	Reduce water consumption by 10% by 2025 compared to baseline year of 2020
Target Year	2025
Progress	Reduction of 21% by the reporting year compared to baseline year of 2020
Executive Compensation Linked	Our Senior Management including the EHS team has performance linked incentive as one of the components of their overall compensation

Double Materiality and Impact on Society

The following two topics have an ability to impact society and other stakeholders and hence we are actively monitoring the performance of the following two topics and their relevant parameters, using KPI monitoring to assess their potential impact on society. Our goal is to minimize adverse effects and maximize positive value creation for all stakeholders through continuous efforts.

Indicator	Material Issue 1
Material Issue	Environmental Impact Management
Cause of the Impact	Operations and Supply Chain
External stakeholder(s)/ impact area(s) evaluated	Operations, Environment, Society and External Employees
Topic relevance on external stakeholders	Greenhouse gas (GHG) emissions resulting from fossil fuel use in our direct operations contribute to global warming. Failure to reduce GHG emissions could result in increased mean surface temperatures, leading to wider systemic social impacts such as sea level rise, extreme weather-related events, coral bleaching, climate related migration, social inequality and hinder food security. Consequently, these impacts can disrupt our operations and supply chain. Given the growing focus on corporate responsibility in addressing climate change, inability to effectively manage the GHG emissions may expose the business to regulatory scrutiny, loss of brand reputation and misalignment with customer expectations. We actively take steps to reduce GHG emissions through actions such as fuel switching, use of renewable energy, energy efficiency measures and other technological solutions. Our commitment to global climate action is evidenced by our decarbonization goal, backed by a comprehensive strategy and roadmap for reducing carbon emissions.
Type of impact	Positive and Negative
Output Metric	Avoided CO2 Emissions
Impact Valuation	Improved air quality from avoiding combustion of fossil fuels
Impact Metric	Social Cost of Carbon

Indicator	Material Issue 2
Material Issue	Innovation Management
Cause of the Impact	Operations and Products/Services
External stakeholder(s)/ impact area(s) evaluated	Operations, Environment, Society and External Employees
Topic relevance on external stakeholders	Our investments in spurring innovation in our specialty business leads to the development of new and more effective medications through advancements in medical research. This also leads to an overall improvement in public health, extends life expectancy, and improves the quality of life of patients by addressing previously unmet medical needs. Investments in innovation in our generics pipeline also increases access to quality affordable generic medications for the wider population, thereby reducing the burden of disease and improving public health outcomes in developed and developing nations, where high costs can be a barrier to availing basic health treatments. Specific investments in process innovation also leads to more efficient manufacturing processes, thereby lowering production costs, reduced material usage and improved resource efficiency, minimum waste generation and improved resource recovery, faster production times, and better quality control.
Type of impact	Positive
Output Metric	Enhance access to healthcare & medicines globally
Impact Valuation	Improved health and quality of life of patients
Impact Metric	Number of patients reached globally

Product Quality and Accessibility

Access to safe and effective medicines at affordable prices is a critical prerequisite to secure universal health coverage. As a global generic pharmaceutical company, we are committed to providing high quality and cost-effective medications to patients and healthcare professionals across approximately 100 countries worldwide. Our vision of "Reaching People, Touching Lives" guides us to work towards growing the reach and presence of our products to cater to global markets, urban centers, towns and rural areas. With the support of our strong distribution network comprising of carrying and forwarding agents (CNFs), distributors, stockists and wholesalers, we are able to reach patients across the globe ensuring broad access and availability of the medical products to those in need.

Our global workforce of over 51,000 people (including executives on contract) people across 41 manufacturing locations are our backbone behind providing high quality generic and branded medicines. Our commitment to and efforts for enhancing access to healthcare is driven by our Research and Development (R&D) capabilities which includes 3,000+ people and investments in R&D comprising of 6.7% of our sales in FY 2023-24

Product Innovation and Healthcare Clinical Pipeline

At Sun Pharma, we have a comprehensive product portfolio across various therapeutic segments, including neuropsychiatry, cardiology, diabetes, gastroenterology, pain/analgesics, gynecology, ophthalmology, urology, dermatology, respiratory, anti-infectives and other segments. Our continuous endeavor is to develop and commercialize a robust product portfolio supported by increasing investments in innovation and technology. This approach enhances our efforts to cater to unmet needs patient needs and improve product availability and accessibility across all markets. Our current R&D pipeline does not include any product which is considered to have a "novel mechanism of action" or which is considered as "first-in-class" in the scientific community. The R&D pipeline does not have any product which has received USFDA Priority Review/EMA Accelerated Assessment.

The table below provides details on our projects for each stage of the healthcare innovation process.

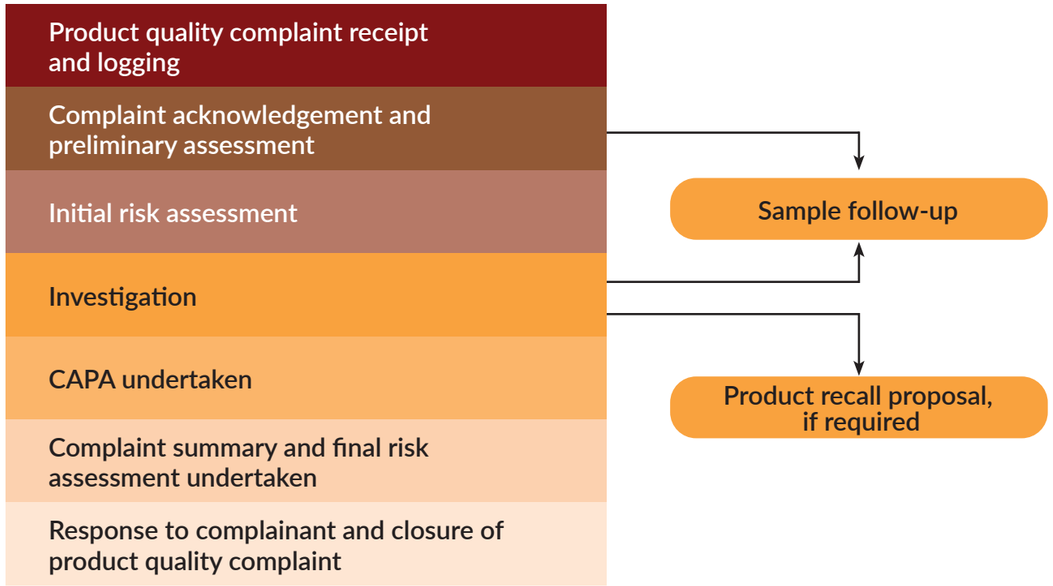
Innovation Phase	Number of Projects
Total	19
Pre-clinical development	13
Clinical trials/pathway to approval	4
Launch	2

Patient Safety and Product Quality

At Sun Pharma, we deploy rigorous review and quality check mechanisms to adhere to regulatory compliance and maintain the highest standards of product quality. Ensuring timely identification and mitigation of risks relating to the health and safety effects of our products is crucial to improve the quality of our products, safety of our patients and maintaining long term trust in our stakeholders. Non-compliance may attract warnings and penalties from regulatory authorities ultimately eroding our brand value and stakeholder perception. In line with ensuring that the risk benefit profile of our offerings is constantly evaluated, we adhere to all the quality and regulatory compliance standards and strictly monitor product safety[12].

[12]GRI 3-3 and 416-1

We have summarized a robust seven step process for receipt and redressal of any complaints related with respect to product quality:



For FY 2023-24, we had zero Class-I recalls and 20 Class-II Recalls. The total value of recalled products was USD 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.

Enhancing Access to Healthcare

As a leading pharmaceutical company, improving access to healthcare globally is one of our key focus areas. Below are some of the initiatives that we have undertaken in this direction:

1. As a part of our CSR initiative, we provide medicines to patients inhabiting villages around our operating locations. We have mobile healthcare units providing free medicines and medical health care services.
2. To improve the access of medicines in low- and middle-income countries (LMICs) we have signed a non-exclusive voluntary licensing agreement with MSD to manufacture and supply a generic version of molnupiravir in over 100 low and middle-income countries (LMICs) including India
3. The R&D team at Sun Pharma aims to offer patients with affordable and effective medicines and treatments to help them recover from their ailments. We continuously invest in creating a strong portfolio of generics, branded generics, and specialty products to cater to international markets.
4. The company offers patient assistance programs, reimbursement support and cost saving programs for certain products to make them more affordable
5. We conduct research to develop new medicines for neglected diseases like Zika, Chikungunya and Dengue

Innovation and Technology

By strategically investing in state-of-the art technologies, we are advancing our mission to improve global access to affordable medicines. Our commitment to upholding strict global safety standards is crucial as we continuously elevate the quality across our diverse product portfolio[13].

Our dedication towards technological advancement is evident by a series of successful initiatives yielding substantial benefits. These include enhanced safety measures, improved operational efficiency, technological advancements, and cost efficiency. To promote the integration of pioneering technologies and foster long-term business growth, we have established a specialized Center of Excellence (CoE). This CoE collaborates across key functions such as R&D, quality assurance, finance, manufacturing, HR, and supply chain management. Moreover, our Corporate Technology Team has devised a comprehensive IT innovation and technology roadmap, guiding the implementation of essential IT policies organisation wide.

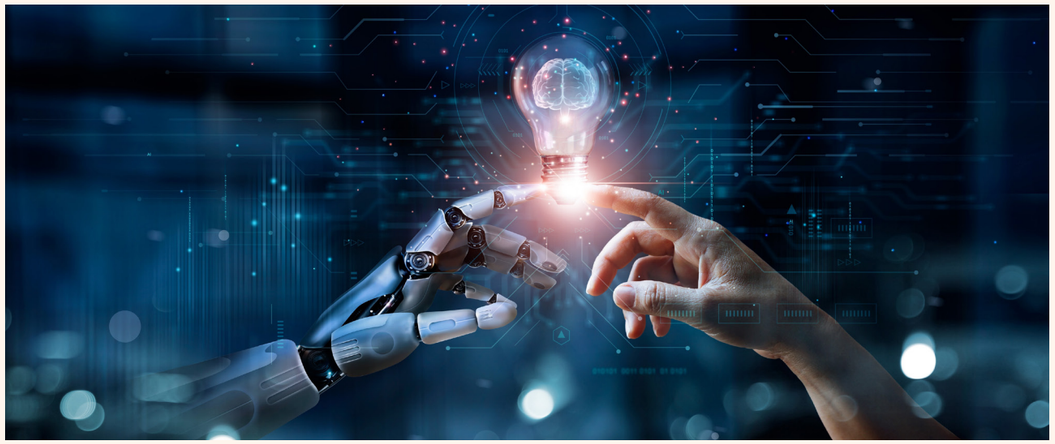
One of our Board Members, Mr. Sudhir V. Valia, who is also part of our Risk Management Committee constituted by the Board, has past experience in the implementation of Information technology management systems in the Company. Currently, our Chief Information Officer (CIO) has the direct responsibility to oversee all matters related to cyber security across our operations.

Our Information Security Policy is available internally to all employees. This policy provides details on the systems and processes to protect sensitive data against any potential threat and maintain the integrity of all digital resources. Employees can report any concerns or suspicious activity through a dedicated email ID. Regular communication through mailers and banners is also undertaken to ensure employees are aware of information security impacts and channels to report any concerns.

All employees are also provided with training on our information security practices and processes and relevant standards and guidelines. As provided for in our policy, information security requirements are also integrated within all employee-related processes. Non-compliance with our policy and processes will result in investigation and necessary disciplinary action.

We also have multiple measures in place to protect our assets from any cyber security threat. We have formalized Business Continuity and Contingency Plans to detect, contain and recover from any perceived cyber security threats. Furthermore, we conduct third party vulnerability analyses and simulated hacker attacks to further enhance our security measures and ensure robustness of existing processes.

In FY 2023-24, there have been zero instances of information security breaches[14].



[13]GRI 3-3
[14]GRI 418-1

Environmental Stewardship

At Sun Pharma, environment protection is central to our efforts as a responsible corporate citizen, representing a crucial strategic priority and an important pillar of our commitment towards sustainable development. We continue to carry out our operations in an environmentally conscious manner while being aware of our responsibility to reduce any detrimental effects.

In furtherance of our commitment to reduce our carbon footprint, we are constantly exploring various opportunities to reduce carbon emission and have implemented various initiatives to keep our GHG emissions in control. These initiatives will support us in achieving our ambitious target of securing a 35% reduction in our absolute carbon emissions for Scope 1 and Scope 2 by 2030 compared to our baseline of 2020.

Our ESG Focus Areas	FY 2023-24 Targets	Long-Term Targets	Performace Against Long Term Targets
Energy Efficiency and Carbon Emissions	Scope 1 emissions – 79,886 tCO2e Scope 2 emissions – 300,045 tCO2e Non-renewable energy consumption – 761,914 MWh	Reduce absolute carbon emissions (Scope 1 and Scope 2) by 35% by 2030 (baseline year of 2020)	18% reduction in absolute Scope 1 and Scope 2 emissions in FY 2023-24 from baseline year 2020
Water Management	Total Net Fresh Water Consumption- 2.67 Million cubic meters	Reduce water consumption by 10% by 2025 (baseline year of 2020)	21% reduction in water consumption in FY 2023-24 from baseline year of 2020
Managing Waste	Total non-hazardous waste disposed – 889 MT Total hazardous waste disposed- 15,584 MT	Co-processing of 30% hazardous waste by 2025	Co-processed 20.68% of hazardous waste in FY 2023-24

Environmental Governance Mechanism

We have a robust environmental governance mechanism which includes a comprehensive Environment, Health, and Safety (EHS) policy, well-defined EHS Management System and Energy Management System which enable us to attain our defined targets. This framework enables us to successfully achieve our environment objectives of reducing our water consumption, greenhouse gases and waste generation.

Our EHS Management System adheres to ISO 14001:2015. During FY 2023-24, 18 sites (41%) have been certified with ISO 14001: 2015, 7 sites (16%) have been third-party certified and all our sites have been internally certified for their EHS management systems.

We ensure continuous adherence with all regulatory requirements at relevant local, state, and national levels and strive to recognize and minimize actual or potential risks emerging from non-compliance. In FY 2023-24 there were zero environmental non-compliance issues.

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Number of violations of legal obligations/ regulations related to environment	0	0	1	0
Amount of fines/penalties related to the above (in INR)	0	0	5,000,000	0
Environmental liability accrued at year end (in INR)	0	0	0	0

Energy Management

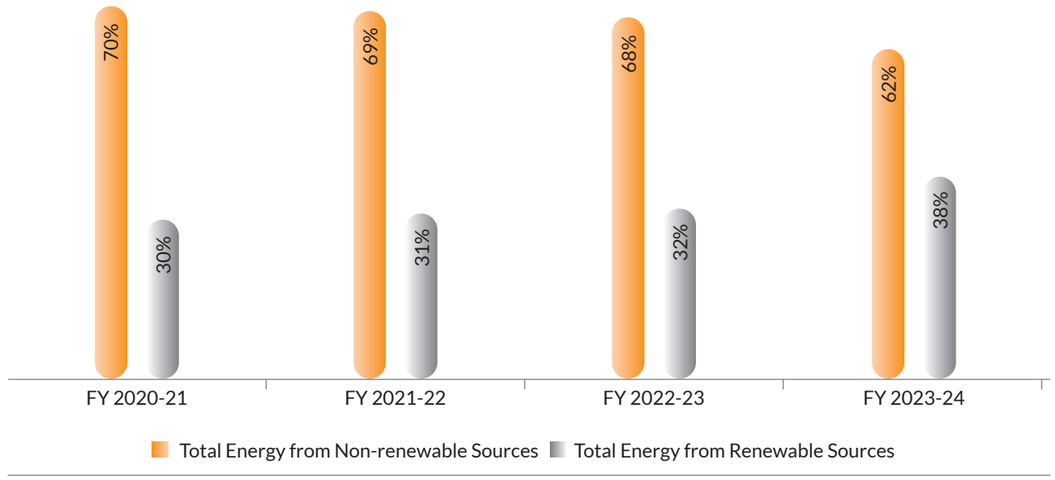
At Sun Pharma, we are committed to continuous enhancement of our energy performance and energy conservation across our operations. Through internal/external energy audits we monitor energy consumption on an equipment and plant basis. We also regularly benchmark performance and conduct energy gap assessments, which help us identify and implement energy conservation projects. These initiatives have successfully reduced carbon emissions and supported our organization's decarbonization goals.

To strengthen our commitment, we have implemented the ISO 50001:2018 Energy Management System at various sites. We also conduct training and awareness program for significant energy users across sites. To reduce our overall energy demand and leverage clean energy, we have adopted a three-pronged approach: monitor, minimize, and decarbonize. Our energy demand and the consumption of fossil fuel-based energy in our operations is inextricably linked to greenhouse gas emissions hence, we aim to reduce absolute carbon emissions (Scope 1 and Scope 2) by 35% by 2030, using 2020 as the baseline year through our energy efficiency programs and decarbonisation initiatives. To achieve this, we are increasing the share of biomass, renewable energy, and implementing energy efficiency initiatives to optimize our energy consumption. In FY 2023-24, we reduced Scope 1 and 2 absolute carbon emissions by 18% compared to baseline year 2020. At Sun Pharma we also target to reduce our Specific energy consumption in Giga joule by at least 2% year on year per million rupees of turnover (GJ/Turnover in Million Rupees). In FY 2023-24, the energy consumption was 12.68 GJ per million rupees of turnover as compared 15.04 GJ per million rupees of turnover in FY 2022-23. We reduced energy consumption by 2.4 GJ/Revenue in ₹ Million compared to previous financial year through targeted energy efficiency measures which accounts for 16% reduction in specific energy consumption. We are continuously working on process innovation to reduce energy consumption in our manufacturing process.

Our annual energy consumption trends

Energy Consumption (in MWh) [15]	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total energy from non-renewable sources	829,108.76	839,092.28	815,699.29	689,427.94
Total Energy from Renewable Sources	363,546.52	384,192.90	382,411.66	422,359.37
Total energy consumption	1,192,655.29	1,223,285.18	1,198,110.94	1,111,787.31

Energy intensity (GJ/Revenue in ₹ Million)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
	18.67	16.81	15.04	12.68



[15] GRI 302-1

In our pursuit of reducing carbon emissions and utilizing alternative energy sources, we have undertaken several initiatives:

- Installed a hybrid (wind + solar) power plant to partially meet the energy needs for our various manufacturing facilities in Gujarat.
- Installed captive solar power plant to meet partial power requirement at Dewas manufacturing site.
- Installed captive wind energy plant at Maduranthakam (MKM) site.
- 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.

We are progressively integrating renewable energy within our operations to reduce dependence on fossil fuels and decrease greenhouse gas emissions.

Key energy conservation initiatives include:

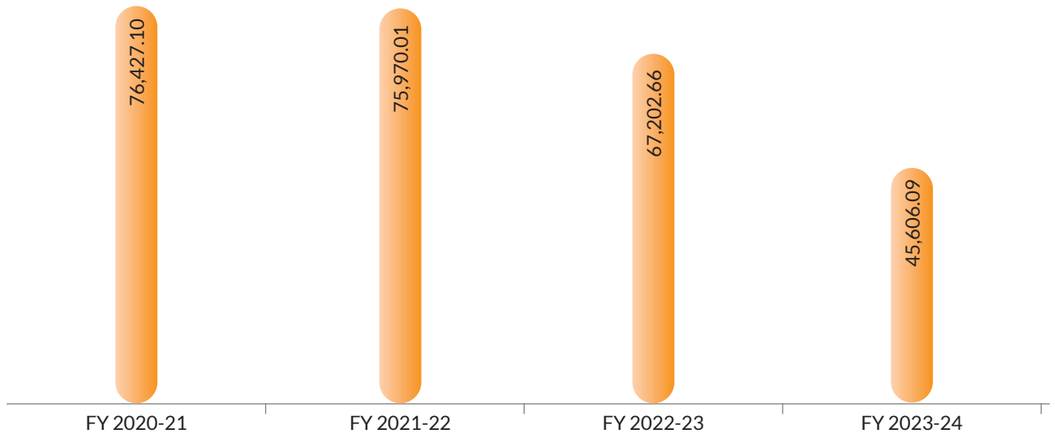
- Utilizing heat pumps for hot water generation to reduce steam consumption.
- Demand side management of compressed air to reduce power consumption of air compressors.
- Replacing old chiller with energy efficient chillers.
- Use of variable frequency drives to improve pumping and compressor energy performance.
- Use of energy efficient dryer to minimize 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 location to minimize 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.
- Utilization of flash recovery system to reduce steam requirement.
- Replacement of existing dehumidifier with energy efficient dehumidifier.
- Energy efficient lighting system.
- Motion sensor installed at various locations to minimize energy wastage.
- Use of Electronically Commutated (EC) blower at air handling units.

Emissions Management

Scope 1 GHG Emissions[16]

We regularly monitor and report the emissions relating to the direct fuels used in our operations (HSD, furnace oil, petrol, CNG, LPG, LDO and coal). There has been a declining trend of our Scope 1 emissions over the past four years.

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Scope 1 emissions (tCO2)	76,427.10	75,970.01	67,202.66	45,606.09

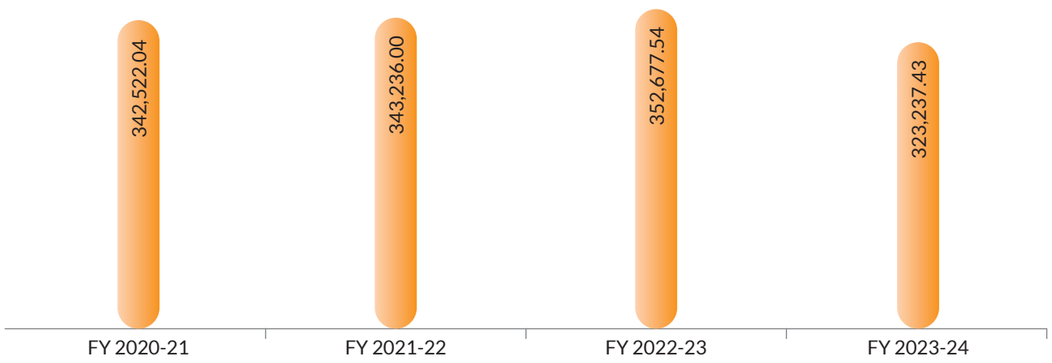


[16] GRI 305-1 and 305-4

Scope 2 GHG Emissions[17]

We monitor and report our emissions pertaining to the purchased electricity from the grid.

	FY 2020-21	FY 20201-22	FY 2022-23	FY 2023-24
Scope 2 emissions (tCO2e)	342,522.04	343,236.00	352,677.54	323,237.43



	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Scope 1+2 Emission (tCO2)	418,949	419,206	419,881	368,844
Scope 1+2 Emission Intensity (Emission in tCO2/Revenue in ₹ Million)	1.82	1.60	1.46	1.16

Scope 3 GHG Emissions[18]

As per the mandate of the GHG protocol, we report the indirect emissions from our business value chain relating to seven categories of Scope 3 emissions. Purchased goods and services, fuel- and energy related activities, business travel, employee commute, upstream transportation and distribution, downstream transportation and distribution, and waste generated during operations, are the categories of emissions that are most crucial to our operations, having the most impact.

Scope 3 GHG Emissions (tCO2e)

Categories	FY 2022-23	FY 2023-24
Purchased goods and services	182,979.69	236,932.26
Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	99,160.91	87,269.91
Employee commute	20,114.45	16,411.44
Business travel	3,794.42	4,443.20
Upstream	7,629.84	4,242.17
Downstream	38,311.26	24,012.33
Waste generated in operations	5,275.10	6,476.99
Total	**357,265.66**	**379,788.32**

[17] GRI 305-2 and 305-4
[18] GRI 305-3 and 305-4

Waste Management

At Sun Pharma, our waste management strategy focuses on reducing waste generation through comprehensive action plans. We monitor waste at its source, optimize resource utilization, and implement initiatives to minimize waste production. We have set quantified targets to minimize waste, including our commitment to co-process 30% of hazardous waste by 2025. In FY 2023-24, we have co-processed 20.68% of hazardous waste. We conduct internal audits at regular intervals to identify opportunities for enhancing waste performance.

To reduce waste sent to landfills, we prioritize recycling and other methods, such as co-processing. We have implemented various measures to reduce manufacturing rejects in line with our resource optimization and waste minimization objectives. Our compliance with Extended Producer Responsibility (EPR) involves collecting and managing end-of-use plastic waste effectively by partnering with an authorized third-party waste handler to collect and manage end-use plastic, ensuring adherence to pollution control board guidelines and EPR regulations.

Additionally, we have adopted initiatives to divert more hazardous waste towards co-processing and recycling rather than disposal methods like incineration and landfilling. Digitalization efforts have been embraced to reduce paper consumption. As a part of our waste management reduction efforts, awareness training is provided to employees on 3R i.e. Reduce, Reuse and Recycle.

In order to minimize waste for one of our key products, we have adopted an eco-friendly multi-layered cold storage packaging system designed for reuse after refurbishment and re-qualification. This approach minimizes waste and enhances overall efficiency while reducing CO2 emissions.

Waste Generated

Type of waste[19]	Generated (MT)			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Hazardous	30,580.18	29,802.89	32,033.69	32,353.58
Non-hazardous	15,508.17	21,494.28	21,407.26	19,817.99

Waste Diverted from Disposal[20]

Categories	FY 2020-21 (MT)	FY 2021-22 (MT)	FY 2022-23 (MT)	FY 2023-24 (MT)
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**
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**	**20,629.05**	**18,843.46**

[19] GRI 306-3
[20] GRI 306-4

Waste Directed to Disposal[21]

Categories	FY 2020-21 (MT)	FY 2021-22 (MT)	FY 2022-23 (MT)	FY 2023-24 (MT)
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
Waste otherwise disposed - Co-processing	3,045.84	2,566.87	2,759.85	3,192.38
Waste with unknown disposal method	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
Waste otherwise disposed - Co-processing	0	0	0	0
Waste with unknown disposal method	0	0	0	1.81
Total	**1,189.37**	**1,073.91**	**593.68**	**907.09**

Water Stewardship

At Sun Pharma, we are dedicated to minimizing our dependence on groundwater, particularly in water-stressed regions. Our water management strategy is based on the principles of Reduce, Reuse, Recycle, and Recharge (4Rs), ensuring sustainable and responsible water use across our operations. We regularly perform site water assessments and water balancing to identify conservation opportunities. At Sun Pharma, we have set a target to become water positive by year 2030.

To reduce water consumption, we have implemented several proactive measures. Recognizing that cooling towers are significant water consumers, we focus on reducing thermal load at our manufacturing sites and utilize low-grade heat. We have installed heat pumps at various locations to capture and use this heat and have enhanced chiller efficiency to minimize water use in cooling towers. We also monitor steam condensate and flash recovery to maximize recovery rates.

Our water treatment systems have been upgraded to reduce wastage during the treatment process. By shifting from groundwater to surface water at various sites, installing flow-reducing nozzles, aerators, and sensor-based taps, we have achieved significant water savings. We also address water leakages promptly to prevent losses and maintain efficiency.

We have implemented zero liquid discharge (ZLD) systems at 16 sites, further supporting our efforts for improvement in wastewater quality. At non-ZLD sites we maintain efficient effluent treatment systems compliant with local regulations and also closely monitor effluent discharge to meet stringent environmental standards and minimize impacts on local ecosystems. We also collect and reuse water from Air Handling Unit drains and have systems in place to recycle RO reject water and treated effluent, optimizing water use . Our rainwater harvesting initiatives further reduce our reliance on external sources and help replenish local groundwater levels. Additionally, we provide training and awareness sessions at each site to boost water efficiency.

[21] GRI 306-5

We have set a goal to reduce our water consumption by 10% by 2025, using 2020 as the baseline year. This goal reflects our dedication to continuous improvement and responsible resource management. In FY 2023-24, we achieved a significant reduction of 21% compared to the baseline year, demonstrating the effectiveness of our water management initiatives in our operations. These measures collectively highlight our commitment to sustainable water management and our progress toward our water conservation goals.

Water Withdrawal from Sources[22]

Source	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Third party (KL)	15,98,604	15,56,383	14,54,548	16,31,368
Surface water (KL)	7,08,714	6,49,986	6,96,295	4,47,578
Groundwater (KL)	17,96,012	17,62,243	15,69,983	13,25,943
Total (KL)	**41,03,330**	**39,68,613**	**37,20,826**	**34,04,889**

Water Discharge[23]

Source	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Third party (KL)	1,285,097	1,287,972	1,422,385	1,118,266

Water Consumption[24]

Source	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Water consumption (KL)	2,818,233	2,680,641	2,298,441	2,286,622

Water Consumption Intensity

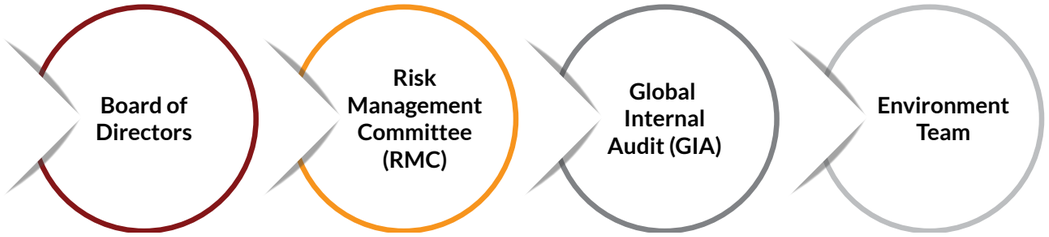
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Water Intensity (Water Consumption in KL/ Revenue in ₹ Million)	12.25	10.23	8.01	7.24

[22] GRI 303-3
[23] GRI 306-5
[24] GRI 303-4

Climate Governance

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

Our Multi-layered Governance Structure



Roles and Responsibilities:

» **Board Oversight:**

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

» **Management roles and responsibilities:**

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

Climate Risk Management Approach

The climate risks present in our Enterprise Risk Management (ERM) Framework follow the risk management approach as given below:

Climate Risk Management

In alignment with the Task Force on Climate-related Financial Disclosures (TCFD) Framework, we have conducted a detailed physical and transition climate risk assessment, including scenario analyses in FY 2022-23. The risk assessment included physical climate and transition related risks to the business. Based on this assessment, our initiatives continue to follow international frameworks and guidelines including Task Force on Climate Related Financial Disclosure (TCFD) and the Carbon Disclosure Project (CDP). We used qualitative and quantitative climate related scenario analysis. Sun Pharma's TCFD methodology is based on thorough climate risk assessments, GHG inventorization, and evaluating current institutional setups.

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

Short Term (0-5 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.

Medium Term (5-10 years)
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.

Long Term (10-30 years)
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.

Physical Risks and Scenario Analysis

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

» **Acute Physical Risks-** We have identified potential acute physical risks that may negatively affect our operations and value chain. Subsequently, we will develop location specific mitigation plans to effectively control these risks. The primary objective of our physical climate risk assessment was to understand exposure to acute physical risks and minimise the impact of extreme weather events and other climate-related hazards on our operations and supply chain. By addressing these risks in a proactive manner, we focus on ensuring sustained continuity of our operations and mitigation of damages which could arise from the acute physical impacts.

The climate risk assessment study identified our manufacturing sites in Sikkim vulnerable to flash flooding. We estimate the financial implications of flooding of Sikkim sites to be INR 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 its strategic terrain. However, we will continue to consider Sikkim sites as critically important and invest in mitigation measures.

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

Climate-related Scenario Analysis

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

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

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

Transition Risks and Scenario Analysis

We have conducted a Transition Risks and Scenario Analysis until 2050 to assess the risks to the business posed by upcoming/anticipated changes in the policies, regulations, markets, and technologies due to climate change impacts. We have used Network for Greening the Financial System (NGFS) scenarios developed in partnership with an academic consortium from the Potsdam Institute for Climate Impact Research (PIK), International Institute for Applied Systems Analysis (IIASA), University of Maryland (UMD), Climate Analytics (CA) and Eidgenössische Technische Hochschule Zürich (ETH) for this assessment. The transition pathways for the NGFS Scenarios are differentiated by several key design choices relating to long-term temperature targets, net-zero targets, short-term policy, overall policy coordination and technology availability. The various scenarios used are:

- **Nationally determined contributions (NDCs) Scenario:** This scenario foresees India's NDC is fully executed fully and positions the business' emissions as per the NDC trajectory.
- **Below 2°C scenario:** This scenario gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
- **"Net Zero 2050" scenario:** This scenario limits global warming to 1.5°C through rigid climate policies and innovation, reaching global net zero by 2050.
- **Delayed Transition scenario:** This scenario assumes a disorderly transition where emissions until 2030 will follow business as usual (BAU) scenario and then it will suddenly start declining with an aim to restrict global warming below 2°C.
- **Divergent Net Zero scenario:** The world reaches net zero around 2050 but with higher costs due to divergent policies introduced across sectors that leads to a quicker phase out of oil use.

Addressing Transition Risks

Risk	Impact	Risk Level
Political and Legal	Currently, there is no carbon price/tax implemented in India. Thus, for Sun Pharma, regulatory implications from a policy perspective are low. On the other hand, our units based outside India might have some regulatory implications on their operations due to different carbon prices/tax policies. We are proactively implementing initiatives for reducing direct and indirect GHG emissions for multiple sites worldwide, aligning with our target for reducing absolute carbon emissions (Scope 1 and Scope 2) by 35% by 2030. We estimate the financial implications of carbon tax framework implementation to be approximately INR 74.73 million. Subsequent to this study, we have planned significant investments in green technologies to mitigate this risk.	Low-Medium
Market	With an increase in cost for the essentials (power/electricity rates at local sites and cost of raw materials), Sun Pharma needs to transition to renewable energy sources. It is important to note that as the Indian Government currently has no plans to phase out coal, this scenario considers the price of power to not increase significantly. This is similar to the NDC scenario. However, the other three low-carbon transition scenarios mentioned above may steeply increase prices, especially post 2030. These three scenarios indicate the dissuasion of using coal as a source of energy. Sun Pharma's units worldwide would be affected as policies would impact the market price of power to an extent.	Low-Medium
Technology	Technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system can have a significant impact on organisations. The percentage share of projected renewable energy sources would grow in the next few years, posing a lower transition risk. Renewable energy constitutes 38% of our total energy usage in FY 2023-24. We are consistently working to increase the share of renewable energy in our overall energy mix. We have recently installed a Hybrid (Solar + Wind) power plant. We have also installed solar rooftops at various locations and are consistently working towards the upgradation of our boilers to use biomass.	Low
Reputational	Climate change has been identified as a potential source of reputational risk tied to changing customer or community perceptions related to climate risks. Our reputational risks are low because of our commitment to GHG reduction and focus on renewable energy. We have set targets for the reduction of absolute carbon emissions (Scope 1 and Scope 2), reduction of water consumption and co-processing of our hazardous waste. Furthermore, we are increasing the share of renewable energy in our overall energy consumption and are also focusing on various other energy efficiency initiatives. The Company has been implementing Zero Liquid Discharge (ZLD) systems at many manufacturing facilities to alleviate any negative environmental impact through wastewater generated. Currently, 16 manufacturing locations have ZLD status.	Low

Physical Climate Risk Adaptation

- **De-Carbonization:** We aim to reduce carbon emissions (Scope 1 and 2) by 35% by 2030, considering the baseline of 2020. To achieve these targets, we have introduced many energy-saving initiatives like the installation of an energy-efficient zero purge refrigerant type air dryer, the installation of an energy-efficient cooling tower, the use of smart and efficient heating ventilation and air conditioning (HVAC) equipment, replacement of chilled water (CHW) and hot water (HW) pumps with an energy-efficient pump equipped with IE3 motor, among others. These measures have helped us reduce fuel consumption, optimise water usage and minimise our carbon footprint for many sites worldwide.
- **Water Management:** Since droughts and water scarcity are expected to be exacerbated as a result of the physical impacts of climate change, we are exposed to water risks at some of our sites which have the potential to temporarily disrupt operations and affect our revenues. To comprehensively assess water risk, we have utilised both the WWF Water Risk Filter and Central Ground Water Board (CGWB) analysis for all our locations. For our sites in India, we relied on the CGWB analysis to identify water-stress areas. In contrast, for locations outside of India, we employed the WWF Water Risk Filter to identify water stress sites. We have taken a target to reduce our water consumption by 10% by the year 2025, compared to baseline year of 2020.

Metrics and Targets

We are committed to reducing our carbon footprint, and to accomplish this goal, we have implemented several carbon and energy-related initiatives to manage our GHG emissions. All these initiatives aim to realise our ambitious target of achieving a 35% reduction in absolute absolute carbon emissions for Scope 1 and Scope 2 by 2030 compared to the 2020 baseline. We have also set a target of becoming a Net Zero Company by 2050.

We have identified several climate change related opportunities which will lead to significant reduction in energy costs. We estimate to save around INR 1604.5 million annually once all the planned projects are commissioned. We expect to invest approximately INR 5721.5 million to implement the various energy efficiency and renewable energy projects. Some of projects planned are: Hybrid power (Solar+ Wind), Solar rooftop projects, Converting Boiler fuel from non-renewable fuel to Biomass, Heat pump at various location, Energy efficient chiller, Compressor, and Pump. In addition to above projects we are also exploring various projects for carbon offsets to neutralize our residual emissions.

Scope covered by the target	Target Timeframe	Baseline year emissions covered and as a % of total base year emissions	% reduction target from base year
Scope 1 + Scope 2	Base Year- 2020 Target Year- 2030	Base year emissions- 4,51,068 tCO2e Percentage of total base year emissions- 100%	35%

Climate-Related Management Incentives

Some members of our senior management team, environment team, Projects & Engineering and plant/ site heads are provided incentives for managing climate related issues. Their responsibility lies in executing various climate related initiatives and contributing to achieve GHG Emissions/Energy efficiency targets. Their overall compensation includes a component of performance linked incentives.

Our Climate Position

As a responsible corporate citizen, we believe that public policy engagement is an important activity that must be undertaken in strict compliance with all relevant laws and with the highest levels of transparency. Towards the same, we have formalized a robust Business Responsibility and Sustainability Policy that serves as a targeted and clear framework for responsible advocacy with public and regulatory bodies. We work closely with various trade and industry associations such as India CEO Forum on Climate Change.

Through its Nationally Determined Contributions (NDCs), India is a signatory and has committed to the Paris Agreement under the United Nations Framework Convention on Climate Change. At Sun Pharma we believe that we can play a pivotal role in creating low-carbon sustainable economies by implementing a number of voluntary actions on climate change that can contribute towards achieving India's NDC goals.

On a need basis, we may review our policy engagements to check for alignment with the Paris Agreement and also with trade associations. We may take necessary corrective actions if there is a need for realignment on climate change policy positions with respect to trade associations. Through our public disclosures, we report on various trade association membership and climate policy positions with trade associations.

Biodiversity

We strongly acknowledge the fact that biodiversity management and corporate sustainability are closely intertwined, and we need to integrate the same in our business strategies. This brings to light the value of using resources responsibly and preserving our ecosystem while acknowledging that human activities and the natural environment are connected. Preserving our biodiversity has positive impacts on the continuity of our business and can help in sustained growth.

Our commitment to the protection of Biodiversity is enshrined in our Biodiversity Policy.

Biodiversity Risk Assessment

Scope and Methodology

We have conducted a biodiversity risk assessment through a third-party agency at 5 of our manufacturing locations based on their contribution to overall business and related areas to our operations. The risk assessment documented various components of biodiversity, ecosystems, and ecosystem services within and around the locations. The biodiversity risk identification was conducted using the Taskforce on Nature-related Financial Disclosures Framework (TNFD) V0.4.

Site surveys were used to conduct assessments and record the various forms of biodiversity within and around the sampled sites.

This assessment was conducted through site surveys to document the various forms of biodiversity in and around the five sampled sites. Key findings from these surveys aid in identifying site specific risks and prompt development of mitigation plans. The stages of the assessment included:

1. Documentation of Floral (Trees, Shrubs, Herbs and Medicinal Plants), Faunal diversity (Mammals, Birds – Aquatic and Terrestrial, Herpetofauna, Butterflies)
2. Qualitative and Quantitative analysis for Floral and Faunal diversity
3. 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 Act, 1972
4. Assessment of the carbon sequestration potential of the existing green belt within the study area
5. Development of an action plan for conservation and enrichment of biodiversity
6. Identifying non-native or invasive species

Biodiversity Risks and Opportunities

Some of the biodiversity risks and opportunities identified from the assessment are as below:

- Risk due to sourcing of surface water/ground water for process requirements
- Risk arising due to growth of invasive species in greenbelt areas
- Risk from Species with High Conservation Importance reported within site and nearby area
- Carbon sequestration from greenbelt to address the residual emissions as an opportunity through biodiversity conservation

Workforce Resilience and Wellbeing

Embodying our vision of 'Reaching People and Touching Lives Globally as a Leading Provider of Valued Medicines,' we prioritize harnessing the potential of our diverse and dynamic workforce. Furthermore, Sun Pharma has earned the Great Place to Work® certification which is a testament to our unwavering dedication to cultivate an exceptional workplace.[25]

The table below provides details on our workforce by gender, age and region for FY 2023-24.[26]

Category	<30years	30–50 years	>50 years	Male	Female
India					
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	4,585	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 Labor	0	0	0	0	0
Contractual Labor	7,557	0	0	6,093	1,464
Total Workers	**9,061**	**3,638**	**935**	**11,928**	**1,706**
Global (Excluding India)					
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 Labor	1	123	2	74	51
Contractual Labor	112	208	73	258	135
Total Workers	**163**	**896**	**444**	**786**	**717**

[25]GRI 3-3
[26]GRI 2-7 and 2-8

Central to our achievements is a work culture that embraces diversity and inclusivity. In the reporting period, female employees constitutes 18.10% of our workforce. We have also set a diversity target to achieve 30% women representation across our global workforce by 2040. Furthermore, we are committed to actively promoting adequate representation of women in management positions and other technical roles and revenue-generating functions.[27]

	Women in STEM-related positions	Women in management positions in revenuegenerating functions	Women in top Management Positions	Women in junior management positions	Women in All Management Positions
FY 2023-24 Peformance	23.57%	31.83%	9.19%	22.90%	22.89%
Targets for 2040	30%	40%	15%	30%	30%

Talent Acquisition and Retention

In FY 2023-24, total hires were 8,282[28] globally with an internal hiring rate of 6.41%. The table below provides details on our new hires by region, age, and gender:

Region	>30 years	30-50 years	>50 years	Male	Female
India	5,306	1,135	29	5,210	1,260
Global (excluding India)	582	1,010	220	879	933

In FY 2023-24, our average hiring cost per FTE was INR 76,586, as compared to INR 68,318 in FY 2022-23.

Total employee turnover (including retiring, resigning, terminated and deceased employees during the year)[29]

Region	>30 years	30-50 years	>50 years	Male	Female
India	3,410	1,482	162	4,405	649
Global (excluding India)	314	1,076	420	1,052	758

19.12% Total Employee turnover rate | 11.89% Voluntary Employee turnover rate

Workforce breakdown basis Nationality

Nationality	Share in total workforce (%)	Share in all management positions, including junior, middle and senior, top management (%)
Indian	75.20%	73.10%
American	4.40%	9.70%
Russian	4.00%	0.90%
Israeli	2.10%	5.00%
Other Nationalities	14.30%	11.30%

[27]GRI 405-1
[28&29]GRI 401-1

Developing our Talent

Nurturing a culture of continuous learning and development helps our employees embrace the skills they will need in their roles and the future.

Assessments for performance management: Performance management assessments are conducted throughout the year, on an ongoing basis, encompassing goal setting, skill assessments, mid-year evaluations, and year-end reviews, ensuring a robust performance management framework. Additionally, we facilitate agile and informal dialogues between employees and managers, and team-based performance evaluations, to promote transparency and provide comprehensive feedback. In FY 2023-24, all eligible employees underwent annual performance appraisals, following a structured management by objectives approach.[30]

Holistic Training and Development Programs: We continue to offer comprehensive learning opportunities which align with the objectives of our organization and the aspirations of our employees.[31]

People Manager Development Program

This program places a strong focus on developing the leadership skills and capacities of our new managers across all business functions. We implement several initiatives within this program including:

1. Focused training for First Time Managers and Supervisory Development training to our manufacturing teams.
2. Operational and functional level trainings to equip managers with the right skills to address organizational challenges. Interventions include programs like Manager as a Coach, Seven Habits of Highly Effective People, Emerging Managers, LEAD, IGNITE, SURGE, etc.
3. Strategic level programs 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.

This program has been designed to support our people's leadership ambitions and develop them in a manner that contributes positively to our overall business model. Managers are seen as bridge between employees and the organization. Providing them with the right skills is necessary for effective communication and operation.

This program equips our workforce with the right skills to address workplace and business challenges and adapt to an evolving landscape. Training provided focuses on creating a future ready workforce with the right leadership. It enables evidence-based decision making, and further enhances our global competitiveness.

Training through this program has greatly increased business productivity and employee efficiency. This has enabled a 9.4% increase in our production capabilities in FY 2023-24 as compared to FY 2022-23. It has also resulted in an increase in average people manager score from 78 for 567 managers to 79 for 2,160 managers. Our Great Place to Work score has also increased from 80 to 82.

Participation: 51%

Sales Force Effectiveness Program

This program is dedicated to the development of our field force, comprising an estimated 33% of our entire workforce. It is designed to provide a smooth seven-day induction period followed by intermittent focused training sessions. Instruction modules include sales force basis, roles and responsibility, product knowledge and marketing strategies.

This program provides our field force with the right capabilities for improved market readiness. Through employment of innovative selling techniques, they are able to optimize their time, effectively communicate with customers, and dedicatedly carry out their responsibilities.

Our field force forms the front line of our organization. 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 program's emphasis on trust development further strengthens their ability to influence positive outcomes.

This has enabled a 8.72% increase in our revenue generated in the reporting year, as compared to FY 2022-23. Our Great Place to Work score has also increased from 80 to 82, with a field force engagement score of 87.

Participation: 80%

[30]GRI 404-3
[31]GRI 404-2

ESG Overview FY 2023-24

For FY 2023-24, each employee underwent an average of 42 hours of training, as compared to 63 in FY 2022-23.[32] The following table provides details on average training hours for FY 2023-24 by gender and employee category.[33]

Employee Category	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

In the reporting year, we have spent an average of INR 3,153 on training and development per employee.

Talent Engagement

Fair Compensation: Through meticulous benchmarking against industry standards and insights from our independent compensation consultant and adopting a global perspective on rewards, we strive to maintain competitive remuneration levels across our workforce. Moreover, we adhere to all relevant laws and regulations regarding minimum wages during the hiring process across all our operations.

We have also undertaken an equal pay assessment across our operations:[34]

Employee Level	Average Women Salary in INR	Average Men 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

Employee Benefits

To ensure alignment with evolving needs, we consistently compare our employee benefits and opportunities with current market trends. This proactive approach extends to our diverse global teams and their families. Additionally, our employees are also supported with retirement benefits, including contributions to pension funds and adherence to mandatory retirement provisions outlined by applicable laws and regulations. Our comprehensive leave policies aim to enhance work-life balance and flexibility, with employees worldwide benefiting from the freedom to select their working hours within specified timeframes through our company portal. Furthermore, we support new parents with paid maternity (26 weeks) and paternity (1 week) leave[35] policies, supplemented by resources such as on-site breastfeeding facilities and creche facility, and partnerships with nearby creches.[36]

In the US, 150 employees below the senior management level are provided with Deferred Cash Compensation Plans for a three -year period. These plans are offered based on individual performance and business performance.

Employee Engagement Survey

In FY 2023-24, we underwent the Great Place to Work Survey and achieved an employee engagement score of 82%. Our employee engagement target for FY 2023-24 was 75%. Metrics covered by the survey included:

1. Job satisfaction
2. Purpose
3. Stress levels
4. Happiness

[32]We have streamlined our data collection process and are hence issuing a restatement for our average training hours per employee for FY 2022-23
[33]GRI 404-1
[34]GRI 405-2
[35]GRI 401-3
[36]GRI 401-2

Our Commitment to Human Rights and Non-discrimination

To demonstrate our commitment to human rights and anti-discrimination practices, we enforce our Human Rights Policy across our global operations. We expect our partners throughout the value chain to align with these values and provide effective grievance mechanisms for timely resolution. In FY 2023-24, we received 13 discrimination complaints, of which two were pending resolution at the end of the year.[37] Additionally, we have management-recognized employee unions in applicable areas across our global manufacturing facilities, representing 9.71% of our workforce as of March 31, 2024. Furthermore, all our locations have implemented mitigation plans to address human rights-related risks.[38]

Human Rights Protection and Due Diligence Efforts:
We strive to identify the adverse human rights impact of our business on all the relevant stakeholders, and correspondingly account for addressing these impacts through corrective actions. Our comprehensive approach spans across multiple domains, including labor standards, occupational health and safety, environmental practices, corporate ethics, and specific issues such as freedom of association, equitable working conditions, fair remuneration, child labor, and discrimination. Furthermore, We conducted detailed human rights assessment across our operations aimed at identifying potential human rights issues and for reviewing their risk mapping. As part our supply chain ESG integration we also evaluated our suppliers on human rights risks. Our assessment encompasses vulnerable groups, including our employees, third-party personnel, children, as well as our suppliers, business associates and other value chain partners.

Employee Awareness on Human Rights Policies and Procedures:
To promote comprehension and endorse our dedication to human rights, we offer specialized training sessions to our workforce accessible via our Learning Management System. These training initiatives are designed to enhance awareness and knowledge, fostering a culture that values respect, fairness, and equality.

Ensuring Employee Well-being, Health, and Safety

By implementing a variety of targeted programs and initiatives, we have established an encouraging workplace atmosphere that goes beyond traditional benefits and addresses the holistic health and well-being of the workforce.

Addressing Workplace Stress and Mental Wellness:
Regular well-being sessions are conducted to equip employees with valuable coping mechanisms for stress and other challenges. Furthermore, we offer 'Manntalks,' a confidential counseling helpline, as part of our commitment to employee well-being. International Yoga Day is celebrated across our global sites, underlining our dedication to employee welfare. Additionally, at Sun Pharma we have integrated sports and health programs into our welfare initiatives, recognizing the profound connection between physical fitness and overall wellness. Sports activities are organized at every location, encouraging active employee participation. Moreover, during our highly anticipated Family Day event, we extend these opportunities to include sports competitions for employees' family members.

Employee health:
We have a comprehensive health management system that includes well-defined processes, standard operating procedures (SOPs), and other administrative controls to mitigate the risks associated with our manufacturing processes. Moreover, we actively promote employee engagement in awareness initiatives and webinars covering a spectrum of topics including nutrition, mental wellness, mindfulness, and lifestyle-related illnesses.

Our Proactive Approach to Occupational Health & Safety:
This is articulated in the Employee Health & Safety (EHS) Policy. Our EHS management system is driven by our commitment to achieving 'zero harm' and aims to stay ahead of regulations and legislation. By benchmarking our EHS standards against international best practices such as ISO 45001:2018, we ensure a proactive approach to safety.

Our manufacturing sites undergo regular audits and employ robust governance mechanisms to monitor and evaluate the implementation of Environmental, Health, and Safety (EHS) protocols. Oversight of safety standards is carried out by our EHS leadership, ranging from Area Managers to the Operations Head, across all units. These safety standards are firmly established in our EHS guidelines and protocols, ensuring adherence to best practices in accordance with standards such as ISO 45001:2018 and local regulations. Through continuous training and awareness programs, we endeavor to create a culture of safety and shared commitment to promote it in our workplaces.

[37]GRI 406-1
[38]GRI 2-30

Global EHS Focus Areas

Our multi-pronged approach to EHS is shaped by the four core areas of our Global EHS management system:

AUDIT

- 18 sites globally are ISO 45001:2018 certified
- Self-audit level- 2
- Corporate audit level- 1
- Third-party audit level- 5

GOVERNANCE

The EHS Policy, EHS management system, and Global EHS standards contribute to our strong EHS governance. We also focus on key EHS Performance Indicators, EHS Corrective Action trackers and EHS culture meter.

EHS STANDARD IMPLEMENTATION

ISO 45001:2018 and ISO 14001:2015 framework serves as the foundation for our global EHS standards. The key focus areas are EHS management system, process safety, occupational safety, environment and occupational health & hygiene.

CULTURE BUILDING

We drive our EHS culture development by a top-to-bottom EHS engagement mechanism that works through numerous channels.

- Visible felt leadership
- Engagement of employees
- Line accountability in EHS
- Competence and capability

Hazard Identification, Risk Assessment and Incident Investigation[39]:
The foundation of our risk assessment methodology and safety practices is rooted in the principles delineated in our Process Safety Management framework, which comprises 14 elements. Through a specialized IT Global EHS portal, our employees can report and investigate incidents, while also facilitating the knowledge sharing of insights regarding preventive measures to avoid future recurrences.

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	
Contractors	Mechanical integrity	Process hazard analysis
Compliance audits	Pre-startup safety review	
Employee involvement	Training management	Operating procedures and safety practices
Trade secrets		

[39]GRI 403-2 and 403-7

Key Focus Areas of Process Safety Management

RISK ANALYSIS

Purpose: This process helps to examine the root causes and develop 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: This is conducted to assess the EHS information related to the materials used in manufacturing operations. This evaluation aims to prevent any potential hazards resulting from the unintended mixing of different materials.

CHANGE MANAGEMENT SYSTEM

Purpose: This is used to examine and address the change in process and facility

WORK-RELATED HAZARD IDENTIFICATION

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

ON-SITE EMERGENCY PREPAREDNESS

Purpose: To implement a robust fire safety and emergency management system.

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: To identify emergencies and establish a chain of procedures.

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

The 5 pillars of our Safety Management System:[40]

- Forums & 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

[40]GRI 403-7

Instilling a safety mindset

At Sun Pharma, our focus is on utilizing multi-pronged approach to deeply inculcate safety culture across our operations and practices. Through practical safety training, we provide our workforce with the knowledge and skills necessary to enhance their understanding of safety practices. Using both formal and informal communication channels, we advocate for safety practices, engaging our workforce through quizzes, interactive EHS competitions, safety drills, and observance of national safety week and fire service week. Additionally, our rewards program recognizes individuals who demonstrate a commitment to safety. Scheduled EHS rounds, conducted by the Site Leadership Team (SLT), Shift in-charge, and Block In-charges, reinforce the significance of safety, fostering a sense of responsibility and accountability among all employees. Introducing the 'EHS Culture Meter' evaluation tool has empowered us to gauge the effectiveness of our safety training programs and EHS initiatives. This analysis facilitates the identification of strength and areas that may need further attention by the EHS governance team.

For FY 2023-24 our combined Lost Time Injury Frequency Rate target for employees and workers combined was 0.179 against which the reported Lost Time Injury Frequency Rate for employees and workers was 0.147.

We also target Zero fatality at all our operational sites.

Safety Performance in FY 2023-24:

Description	Employees	Workers
Fatalities	0	0
Lost-time injury frequency rate*	0.188	0.069

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

Responsible Supply Chain

Sustainable Supply Chain

At Sun Pharma, product accessibility is integral for sustainable value creation across all stakeholders. Our integrated supply chain management system, covering logistics, procurement, planning, and inventory management, focuses on aligning our manufacturing and supply with market demands.[41]

Regular reviews led by our senior management are integral to maintaining the efficiency and effectiveness of our supply chain management. These periodic assessments continuously evaluate and improve our processes, ensuring they adhere to industry standards and align with our strategic goals. By focusing on a robust and cross-functional approach to supply chain management, we enhance resource utilization, reduce waste, and streamline operations. By embracing this approach, we ensure timely and sustainable delivery of products and services to our customers, reinforcing our commitment to long-term success and value creation. Additionally, our progress is measurable through relevant KPIs that facilitate continuous performance improvement.

1. **Procurement:** Our procurement team is committed to ensure seamless supply of raw materials, primary and secondary packaging materials, and finished formulations. This support is essential for the development, manufacturing, and availability of APIs and formulations in designated markets.
2. **Planning and inventory management:** Through our comprehensive management system, we integrate Distribution Requirement Planning (DRP), Market Requirement Planning (MRP), and other strategic planning tools. These insights enable us to assess inventory requirements effectively and monitor supply chain operations efficiently.
3. **Distribution and logistics:** By effective coordination with our supply chain team, our distribution and logistics team, we ensure timely delivery of finished goods and services and meet customer requirements. In case of any disruptions in the supply chain, the logistics team collaborates with the supply chain team to overcome challenges and fulfill delivery of consignments.
4. **Finished goods delivery:** Our dedicated distribution team ensures the delivery of finished goods according to agreed timelines and customer specifications, while also selecting the optimal mode of transport for swift delivery of consignments

Effective Supply Chain Monitoring

Within our supply chain operations, we've established a robust monitoring system to identify, assess, and mitigate risks effectively. Our strategy employs principles and checklists to systematically evaluate potential risks and devise appropriate mitigation plans. As part of our monitoring efforts, we regularly assess our vendors, ensuring comprehensive coverage of all crucial suppliers through Critical Quality Attributes (CQA) audits conducted every three years. In the reporting year we conducted scheduled screening for our key vendors, evaluating their compliance with key indicators including legal compliance, product quality, safety, human rights, labour practices, working conditions, environmental sustainability, biodiversity, environmental management systems, transparency, country, sector and commodity specific risks etc. We also undertook training and engagement with vendors wherever required to adhere to the above parameters. This proactive approach allows us to continuously monitor and improve our supply chain practices and ensure compliance, foster innovation and drive continuous improvement. As a development initiative we conducted knowledge sharing session with the help of third party on our supplier ESG programs with the objective of building a strong ESG performance across our value chain. A member of our senior executive management along with his team is helping the company to integrate ESG parameters and practices in our value chain.

In order to strengthen our dedication to ESG (Environmental, Social, and Governance) 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.

[41] GRI 2-6

Suppliers Screened in FY 2023-24	
Tier-1 suppliers	1242
Significant suppliers in Tier-1	188
% of total spend on significant suppliers in Tier-1	61%
Significant suppliers in non Tier-1	233
Significant suppliers (Tier-1 and non Tier-1)	421

Key Supply Chain Initiatives

- Throughout the reporting period, we conducted Periodic review of suppliers and inventory, adhering to established guidelines. We assessed 104 suppliers to ensure compliance with ESG Parameters through desk based audit.
- Vendor performance evaluation through a scorecard mechanism and evaluating adherence to the Company's Supplier Code of Conduct
- Empanelment and sourcing of critical items from multiple suppliers.
- Monitoring of effective compliance management and contract performance
- Assessment of new vendors through periodic supplier audits aligned with the CQA policy, Supplier Code of Conduct, internal quality parameters, ESG parameters, and relevant regulatory requirements.
- Identification and prioritization of key risks, followed by the implementation of mitigation measures by the Strategic Procurement Committee.
- Training and capacity building sessions for internal stakeholders on ESG and supply chain management.
- Conducted on-site CQA audits (Including ESG parameters) for suppliers.

Local Sourcing

We focus on local procurement which offers several advantages to our operations. It helps mitigate currency risks by reducing our reliance on imports. and enhances the resilience of our supply chain through closer collaboration and flexibility with local partners. By engaging with local suppliers, we actively participate in the enhancement of local capabilities and the creation of employment opportunities. Local sourcing offers another crucial benefit by effectively reducing our environmental footprint. By minimizing transportation distances, we significantly lower carbon emissions linked to long-distance logistics, thereby lessening our overall environmental impact. Our commitment to local sourcing aims to integrate resilience into our operations, support indigenous economic development, and promote sustainability across our value chain and the local communities where we operate.

Product Stewardship

Raw Materials that have a Lower Environmental Footprint

We make a constant effort to incorporate environmental criteria while developing new products and integrating it into our processes for existing products. This includes initiatives such as using green chemistry to decrease water, energy and material utilization. To develop more sustainable pharmaceutical products, we focus on using efficient processes, renewable resources, and safer solvents. We try to combine processes like dry mixing in the blending process to reduce the use of additional equipments such as RMG/Compactor/dryer without adding any solvents, resulting in a decrease in the processing time, reduced consumption of energy, lesser waste and safer processing.

Sustainable Packaging

Reducing carbon footprint, decreasing plastic usage, recycling, impurity control and improving the shelf life are the focus of our various initiatives for sustainable packaging. The various initiatives undertaken are – using QR code to reduce paper consumption, PVC free packaging, use of environment friendly aqueous varnish, adopting new printing technology to save on paper labels, use of integrated Sustainable CR Caps leading to lower bottle size/weight, replacing non-recyclable carton to recyclable plastic free carton packs and use of advanced polymer packaging technology to enhance product protection for longer shelf-life. To minimise the disposal of single use plastics, we have collaborated with an authorised third-party waste handler to collect and manage end-use plastic, ensuring compliance with Pollution Control Board guidelines and extended producer responsibility (EPR) regulations. We also recover and recycle glass vials and bottles from reclaimed products as part of our end-of-life management protocol.

Distribution, Storage and Transportation – Environmental Footprint

We have introduced the use of an eco-friendly multi-layered cold storage packaging for one of our key products, that can be reused following the refurbishment/ re-qualification after each cycle of use, resulting in decreased CO2 emissions and overall improvement in efficiency.

Environmental Impacts in Life Cycle Management of Products

We conduct life cycle management of relevant products with the dual aim of decreasing overall costs and making the product eco-friendly. This involves the following- conducting an internal assessment of the steps in manufacturing the products, reviewing if the steps can be re-modeled to reduce its environmental impact, alternating to environment friendly inputs and taking measures to decrease the consumption of energy in the process. To develop long-term in-house capability, we have also purchased LCA software to perform LCA studies and trainings have been imparted to relevant employees.

Product Risk Assessment

100% percent of our products undergo a risk assessment for their potential impact on human health and the environment. The effect of any eventualities is accessed on the Hazard Identification and Risk Assessment (HIRA) document to identify, the cause, consequence and safeguard to ensure that it does not result into fire, exposure or any environmental damage. If any risk is identified as risk as per our risk matrix, a recommendation following the Hierarchy of Controls is followed. We also conduct Industrial Hygiene qualitative exposure assessment for all the hazardous chemicals determining the H-Phrases & Occupational Exposure Limit (OEL) data. If in the qualitative assessment, the risk appears as Medium, High, or Very High – a quantitative exposure assessment is conducted to understand the exposure level and defined controls are implemented as per the Hierarchy of Controls and also apply the principles of green chemistry in our business. We recognise the potential of green chemistry and its focus on designing products and processes that minimise the use and generation of hazardous substances. We have synthesized many organic molecules with the help of green chemistry methods and the focus areas as follows:

- Boric acid in amide coupling
- Greener solvents
- Asymmetric synthesis
- Reaction in aq medium
- Bio-catalyst
- Flow chemistry

However, in line with clause 2.2.3.2 of the REACH Registration Guidelines, we are not required to register our products. None of our products contain any substances on the Candidate List of Substances of Very High Concern ('SVHC'). All our products undergo robust quality checks and testing prior to market release.

Sun Pharma is aligned to the Globally Harmonised System (GHS) of classification and labelling of chemicals. GHS is a worldwide system for classifying, labelling and communicating the hazardous properties of industrial and consumer chemicals.

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.

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.

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.

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

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

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.

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

SUN HOUSE
Plot No. 201 B/1, Western Express Highway,
Goregaon (E), Mumbai 400063, Maharashtra, India.
Tel: (+91 22) 4324 4324, Fax: (+91 22) 4324 4343
CIN: L24230GJ1993PLC019050
www.sunpharma.com