

Sun Pharmaceutical Industries Limited

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August 28, 2021

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

BSE Limited,
Market Operations Dept.
P. J. Towers, Dalal Street,
Mumbai – 400 001.

Scrip Symbol: SUNPHARMA

Scrip Code: 524715

Dear Sir / Madam,

**Sub: Submission of Sustainability Report of Sun Pharmaceutical Industries Limited
("the Company") for the financial year 2020-21**

We are submitting herewith the Sustainability Report of the Company for the financial year 2020-21, which we shall be releasing after sending this letter to you.

The Sustainability Report of the Company shall also be made available on the website of our Company.

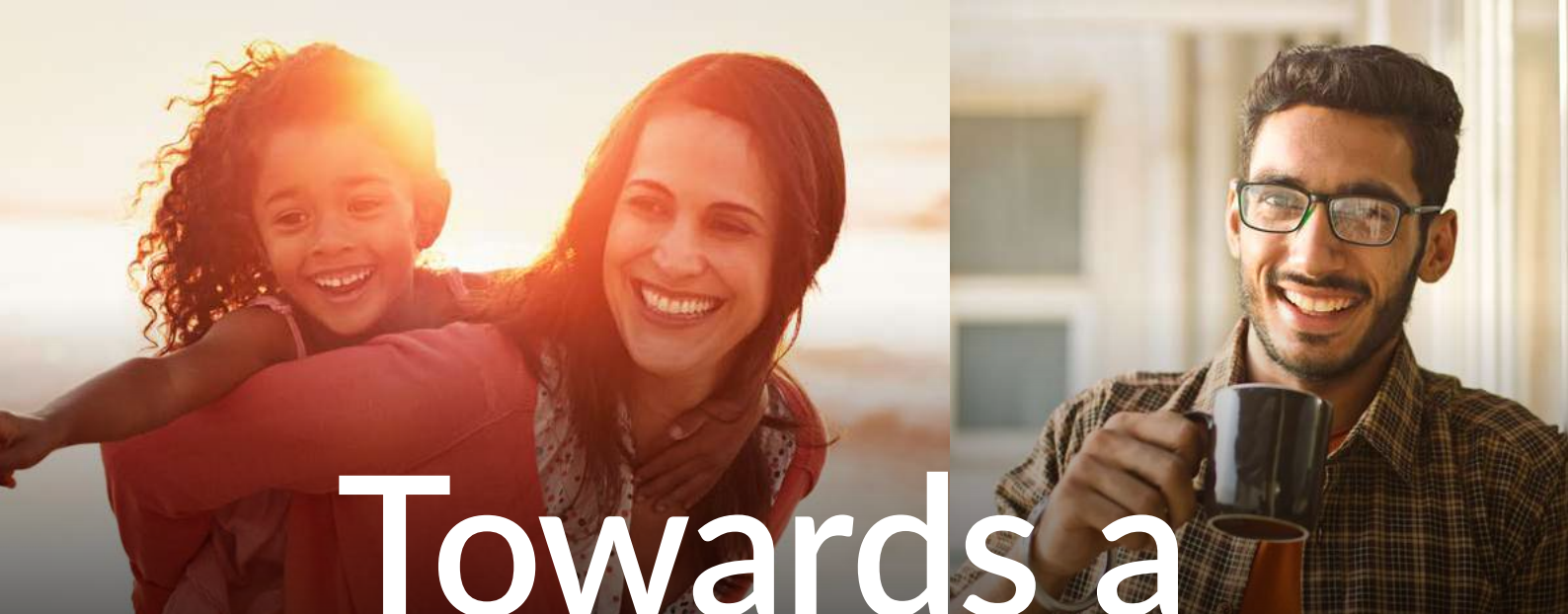
This is for your information and dissemination.

Thanking you,

Yours faithfully,
For **Sun Pharmaceutical Industries Limited**

Ashok Bhuta
Compliance Officer

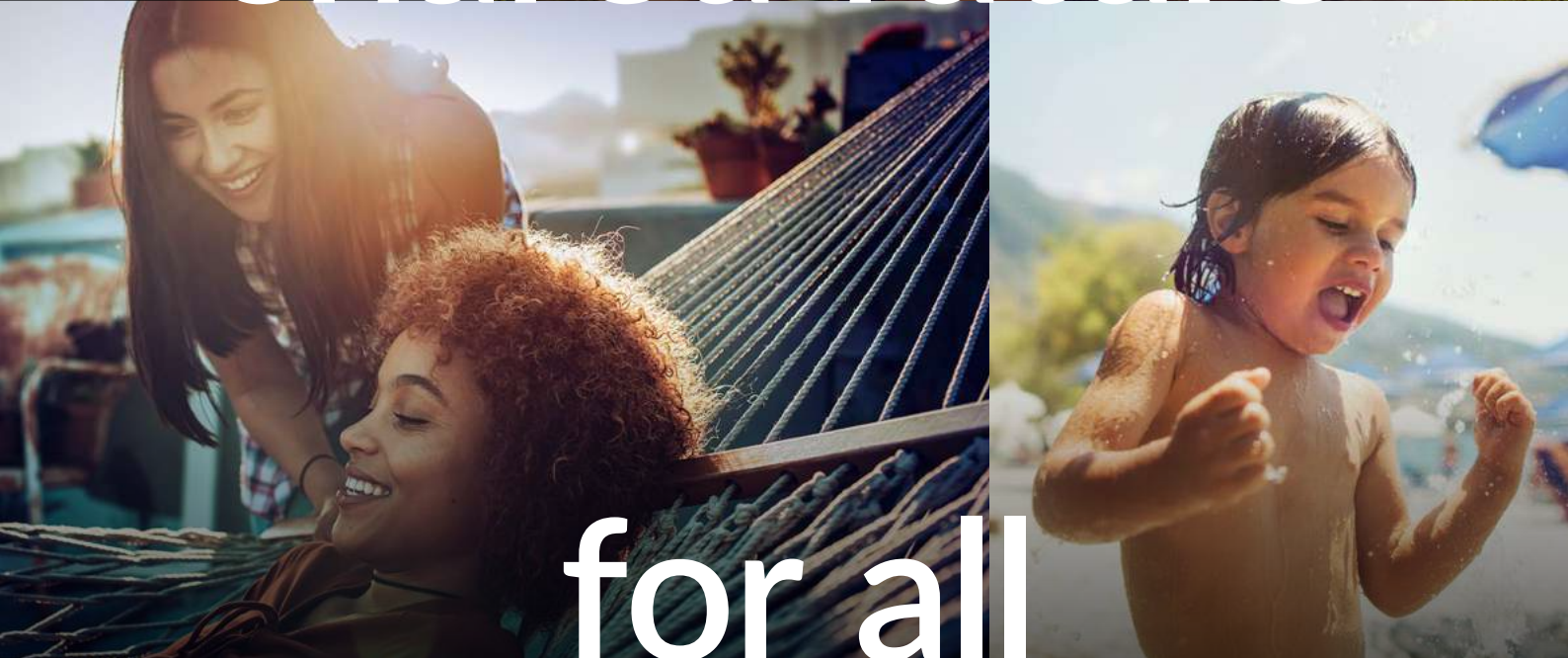
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Towards a



shared future



for all



Towards a shared future for all

The COVID-19 pandemic has not only brought with it large-scale disruptions to our 'normal' way of life, but has also provided key lessons for shaping a sustainable future – interconnected and shared. Our synchronised actions today will bring a meaningful difference to human life and play a crucial role in shaping tomorrow and beyond.

Climate action is a critical step in building sustainable communities, preparing humanity to deal with cataclysmic events. However, this cannot be achieved in isolation, with environmental resilience being closely linked to economic sustainability. At Sun Pharma, we are cognisant of this reality and are forging partnerships at various levels to help the world transition to a low-carbon economy where progress is as much a relentless pursuit as it is inclusive.

We have pledged to contribute to lasting change through our commitment to climate action and global Sustainable Development Goals. Building on our long legacy of caring for people, communities and the planet, we are embedding sustainability into our value chain. From drug development and manufacturing to their packaging and distribution, we are making our operations sustainable while setting industry benchmarks in employee safety and well-being, community development and responsible business conduct.

We draw inspiration from the indomitable spirit of our people at the forefront of realising our goal of delivering affordable and transformative healthcare for all. We believe securing a sustainable tomorrow is our shared responsibility and we are making consistent efforts towards that objective.

About this Report

Welcome to our first Sustainability Report, aligned to the Global Reporting Initiative (GRI) standards. As India's leading pharmaceutical company, we are dedicated to collaboratively driving progress on sustainable development in partnership with our stakeholders.

This year onwards, we aim to periodically share insights on our sustainability performance covering our vision, strategy and key initiatives across the environmental, social and governance (ESG) parameters. We believe this will help our stakeholders appreciate our efforts and elevate our sustainability value proposition. The data disclosed in this report is for the period April 1, 2020 to March 31, 2021 (FY21).

Boundaries for each material topic

→ Page 18

The environmental and safety data points are restricted to the reporting boundary detailed in the annexure

→ Page 70

Reporting frameworks

- * In accordance with the GRI Standards: Core option
- * United Nations Sustainable Development Goals (UN SDGs)
- * National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business

Independent external assurance

Det Norske Veritas (DNV)

Feedback

Please share your feedback at secretarial@sunpharma.com

GRI 102-1, 102-12, GRI 102-46, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54

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Sustainability performance highlights, FY21

Creating shared value

₹334,981 Million

Revenue generated

75 formulations

Filed for regulated and Indian markets

177 dossiers

Filed across emerging markets

Safeguarding our environment

~38%

Energy sourced from renewable sources

~93%

of our facilities are ISO 14001:2015 certified

~86%

Facilities are Zero Liquid Discharge (ZLD)

A purpose driven organisation

955,000+

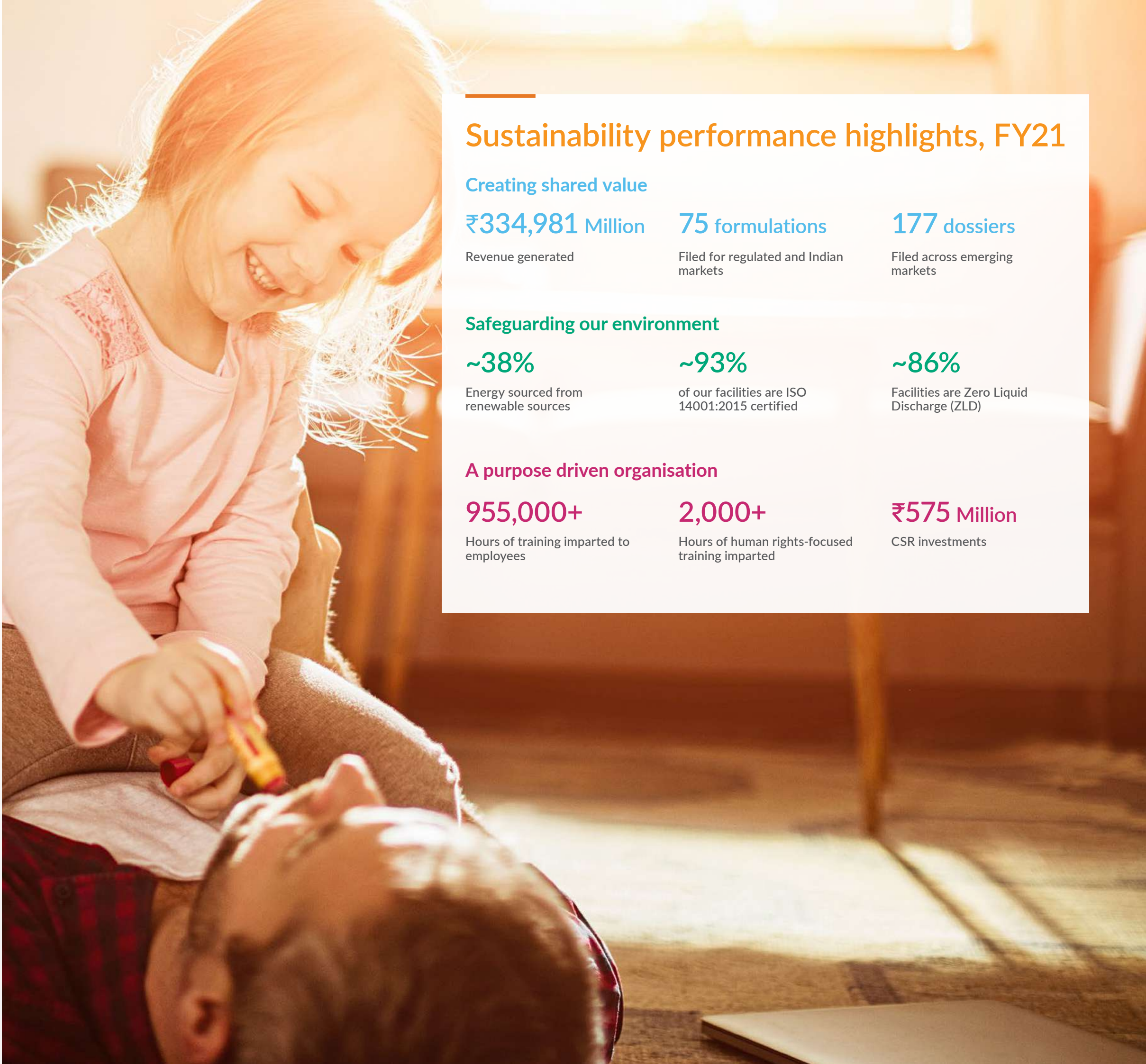
Hours of training imparted to employees

2,000+

Hours of human rights-focused training imparted

₹575 Million

CSR investments





At Sun Pharma, as part of our core strategy, we strive to emphasise on sustainability, operational resilience and workforce agility to revitalise our business activities for the next phase of growth. In these extraordinary times, Sun Pharma remains strong in its commitment to uplift communities and enhance access to affordable and transformative healthcare for all."

Dilip Shanghvi
Managing Director

Dear Stakeholders,

It gives me immense pleasure to welcome you to our maiden Sustainability Report FY21. This report presents an overview of our approach, key initiatives and performance across economic, social and environmental parameters. We publish this Report amid an unprecedented and evolving pandemic, which continues to impact our stakeholders globally. Businesses worldwide are at crossroads, now more than ever, to address the deep economic and social consequences of the pandemic. As they resume operations and recover from the far-reaching impact of the pandemic, the global community resonates with the idea of building back stronger. At Sun Pharma, as part of our core strategy, we strive to emphasise on sustainability, operational resilience and workforce agility to revitalise our business for the next phase of growth. In these extraordinary times, we remain strong in our commitment to uplift communities and enhance access to affordable and transformative healthcare for all.

GRI 102-14

A continuing legacy of care: Our sustainability driven approach

Our business is built on a legacy rooted in caring for people, communities and the planet. In our quest to augment the accessibility and affordability of healthcare, we aim to establish benchmarks for enhanced efficiency across our business activities with a renewed commitment to safeguarding the environment and our communities.



We revolutionised our approach to sustainability, and have identified our sustainability levers and aspirations detailed on [page 20](#)

Enabling value creation: Our economic performance

We are the 4th largest specialty generic pharmaceutical company in the world with global consolidated revenues of ₹334,981 Million in FY21. We have a strong presence across 100+ countries in branded and generic markets. Staying true to our 'Sunology', we enhance the development of differentiated generics and innovative specialty products through consistent R&D investments of over ~₹199 Billion till date. While we continue to build our product pipeline, we do so with a strong commitment to patient safety and product quality.

We are the first Indian pharmaceutical company to have implemented global pharmacovigilance systems and processes since 2005, with a dedicated and diverse global pharmacovigilance team. Our pharmacovigilance unit along with our established Quality Management System, enable us to keep patient safety at the heart of our business activities. We have established a Center of Excellence (CoE) that encourages the adoption of innovative technologies across varied functions. We also focus on responsible procurement practices, ensuring efficacious monitoring of supply chain risks and the implementation of robust mitigation measures. We swiftly adapted to the changing dynamics related to the global COVID-19 pandemic, and ensured continuity of our manufacturing and supply chain, in order to service the needs of patients and healthcare providers.

Stronger together: Our workforce

Our employees have been at the forefront of enabling our business growth and creating differentiated strategic levers for our company. I take pride in our diverse, passionate and dedicated workforce that consists of a rich blend of talents and cultures working together towards shared goals. Through our training and development programmes, we progressively instill values that enable a conducive, proactive and growth-oriented mindset in our workforce. In FY21, we imparted over 955,000 hours of training encompassing both, technical and soft skill development. We lay utmost importance on the all-round well-being and safety of our employees. Most of our facilities are ISO 45001:2018 certified with stringent measures in place to ensure the safety of employees. I would like to take this opportunity to thank our employees at Sun Pharma for their unwavering commitment and going above and beyond, during the pandemic to serve our stakeholders.

Enabling positive social outcomes: Our holistic community development programmes

A common thread in our vision is to achieve a resilient and secure society. We continue to strengthen our relationships with stakeholders to enhance our outreach and support

our corporate citizenship initiatives. Our activities focus on healthcare, education, water and sanitation as well as environment conservation, among others. Our Corporate Social Responsibility (CSR) vision and objectives embed sustainable interventions across our programmes to ensure holistic development of underserved communities with a CSR expenditure of ₹575 Million in FY21. Furthermore, our CSR vision is aligned with the United Nations Sustainable Development Goals (UN SDGs). We have prioritised seven SDGs and ensure that all our CSR activities deliver impact in line with the SDGs. We went beyond our focus areas and worked relentlessly to support communities to effectively respond to the COVID-19 pandemic. We also supported the healthcare needs of our government through the donation of medicines, hand sanitisers and PPE kits. We would like to extend our heartfelt gratitude to our NGO partners and stakeholders who overcame challenges to support communities in the battle against the pandemic and who continue to enhance their efforts to develop a holistic and sustainable community.

Preserving value for future generations: Our environmental performance

At Sun Pharma, we believe that enterprises globally share the responsibility of creating value for stakeholders in a manner that supports the ability of future generations to create value. To reinforce our commitment to global climate action, we have pledged to reduce our Greenhouse Gas (GHG) emissions in India's 2nd CEO Forum on Climate Change. We are among the 24 signatories who pledged to make contributions to develop industrial resilience and help India meet its targets for the Paris Agreement. In FY21, ~38% of our energy requirements were met through renewable sources. Waste and water management are also vital aspects of our environmental management plan. We have employed co-processing and recycling based initiatives towards minimising waste to landfill. Additionally, ~86% of our manufacturing facilities are Zero Liquid Discharge (ZLD).

We continuously monitor and measure our energy and water usage and efforts are ongoing to improve the consumption parameters.

Paving the way for shared growth

As we expand our sphere of positive social impact and serve more markets, we remain steadfast in embedding the principles of sustainability across our value chain. We will continue to ensure affordability and accessibility to transformative therapeutic solutions through safe and high quality products. Our people, patients and other stakeholders will remain at the crux of our corporate purpose as we look forward to creating a sustainable growth trajectory that enables a shared future for all.

Warm regards,

Dilip Shanghvi
Managing Director

Our company at a glance

Making our mark globally

We are a globally acclaimed specialty generics pharmaceutical company headquartered in Mumbai, India, with presence in over 100 countries across branded and generic markets. We have a track record of driving value and delivering products based on deep market insights. Our efforts have culminated in our emergence as the number one pharma company in India and the world's 4th largest^{**} specialty generic pharma company.

^{**}Evaluate Pharma Data, December 2020

CORPORATE PHILOSOPHY



Our Vision

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

Our growth strategies

- * Create sustainable revenue streams by focusing on specialty business, technically complex products and compliance with global cGMP regulatory standards
- * Focus on cost leadership through operational cost optimisation and vertical integration
- * Business development focused on strategic acquisitions
- * Balance profitability and investments for future

Our capabilities

R&D and Manufacturing

- * R&D centres in India and international markets, with capabilities in developing non-infringing formulations and development of specialty/complex products
- * 44 manufacturing facilities spread across 6 continents
- * Capabilities across dosage forms like injectables, hormones, sprays, ointments, creams, liquids, tablets and capsules

Portfolio

- * Specialty products, branded generics, complex generics, pure generics and APIs

Workforce

- * 37,000+ employees globally
- * Employees from 50+ nationalities
- * Trained and scientifically oriented field force across multiple markets globally

CURRENT MARKET PRESENCE AND POSITION

INDIA

- * No.1 Company in the Indian pharmaceutical market[#]
- * Ranked No. 1 across 10 doctor categories^{**}
- * Market leader in chronic segment and strong positioning in the acute segment

[#] AIOCD AWACS data for 12 months ended March 2021
^{**} SMSRC data, February 2021

US

- * Ranked 10th in the US Generics Market^{**}
- * Presence in generics, branded and OTC segments
- * Wide basket of 595 ANDAs and 64 NDAs filed, and 501 ANDAs and 55 NDAs approved across multiple therapies

^{**} IQVIA Data February 2021

Emerging markets

- * Presence in about 80 countries
- * Among the largest Indian Pharma Company in emerging markets
- * Focus markets: Romania, Russia, South Africa, Brazil, Mexico and other complementary and affiliated markets

Global consumer healthcare business

- * Among the top 10 consumer healthcare companies in India^{**}
- * Presence in over 20 countries
- * Strong brand equity in 4 countries

^{**} IQVIA data

Rest of the world

- * Presence across Western Europe, Canada, Israel, Japan and A&NZ
- * Product portfolio includes differentiated offerings for hospitals, injectables and generics for retail market

API

- * Portfolio of ~300 APIs manufactured across 14 facilities
- * 365 DMF/CEP approvals to date
- * 479 DMF/CEP filings to date

GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-6, GRI 102-7, GRI 102-16

Governing with ethics and integrity

We have a comprehensive governance framework that builds transparency, accountability, compliance focus and risk management into all our business endeavours.

Our values of quality, reliability, consistency, innovation and trust are deeply embedded in our corporate culture and governance systems. Our Global Code of Conduct (CoC) encapsulates our corporate spirit and standards for business ethics. All our employees are required to affirm compliance to our CoC on an annual basis. Our Board of Directors and employees are expected to adhere to the standards set forth in the CoC in letter and spirit.

Our Global CoC is accessible at

 <https://sunpharma.com/wp-content/uploads/2020/12/Global-Code-of-Conduct.pdf>

Key facets of our Global Code of Conduct

Ethical conduct and fair dealing	Respect for personal privacy and dignity	Protection of confidential information	Non-discrimination
Zero tolerance to sexual harassment	Compliance with laws, rules and regulations	Fair competition	Conflict of interest
Anti bribery	Anti-money laundering	Health and safety	Environmental conservation
Public policy advocacy	Prohibition against company political contributions	Whistle blower	

Our governance framework

Our Global Code of Conduct forms the foundation of our governance framework. Curated policies laid down by the Board further guide our governance processes. Our governance framework ensures strict adherence to regulatory requirements across our business activities. In line with our commitment to a 'beyond-compliance' approach, we have constituted a Corporate Governance and Ethics Committee to strengthen oversight on compliance with corporate governance guidelines as well as applicable laws and regulations.

The committee is also responsible for making recommendations to the Audit Committee, and thereby to

the Board, on matters linked to corporate governance and compliance, including corrective actions to be undertaken. Our CSR Committee guides the management on decisions pertaining to environmental and social topics. For FY21, we received two shareholder complaints, which were resolved satisfactorily. Additionally, there were no complaints concerning the rights of indigenous people, child labour, forced labour, freedom of association, the right of collective bargaining and discrimination. We had no significant instances of non-compliance with laws and regulations pertaining to social and economic areas in FY21.

GLOBAL CODE OF CONDUCT



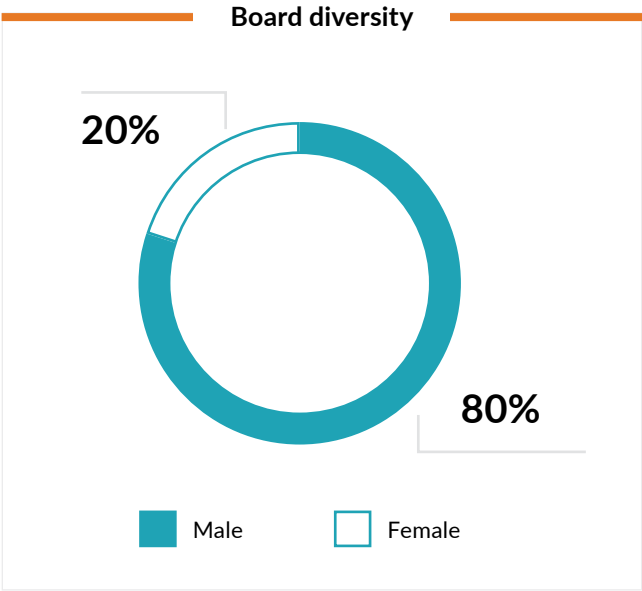
GRI 102-5, GRI 102-16, GRI 102-18, GRI 103-1, GRI 103-2, GRI 103-3, GRI 406-1, GRI 419-1

Our leadership

Driving strategic action and providing oversight

At Sun Pharma, our Directors are at the forefront of driving our commitment to business ethics and sustainable business practices

The Directors stay abreast of emerging concepts and recent developments through cross-functional discussions. The Board collectively spearheads compliance and drives action on our strategic objectives. The Directors formulate and periodically update strategies and policies, taking into account economic, environmental and social considerations. The Board undertakes self-assessments on an annual basis to track management effectiveness and identify areas of improvement to strengthen oversight. In May 2021, Dr. Pawan Goenka and Ms. Rama Bijapurkar were appointed as Independent Directors, further strengthening the Board of our Company. Ms. Rekha Sethi shall be retiring from the Board of Directors of the Company at the ensuing 29th Annual General Meeting on August 31, 2021, on completion of second term of her appointment as an Independent Director.



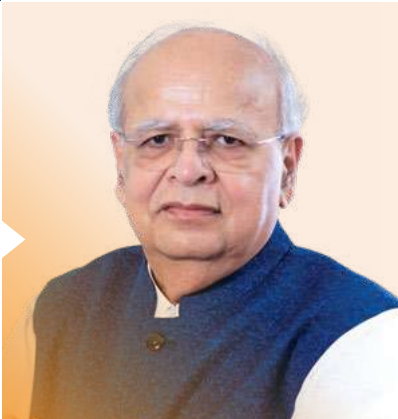
The Board of Directors



Israel Makov
Chairman, Non-executive and Non-independent Director



Dilip Shanghvi
Managing Director



Sailesh Desai
Whole-time Director



Kalyanasundaram Subramanian
Whole-time Director



Dr. Pawan Goenka
Additional Independent Director



Rama Bijapurkar
Additional Independent Director



Vivek Chaand Sehgal
Non-executive and Independent Director



Gautam Doshi
Non-executive and Independent Director



Rekha Sethi
Non-executive and Independent Director



Sudhir Valia
Non-executive and Non-independent Director



Sustainability governance

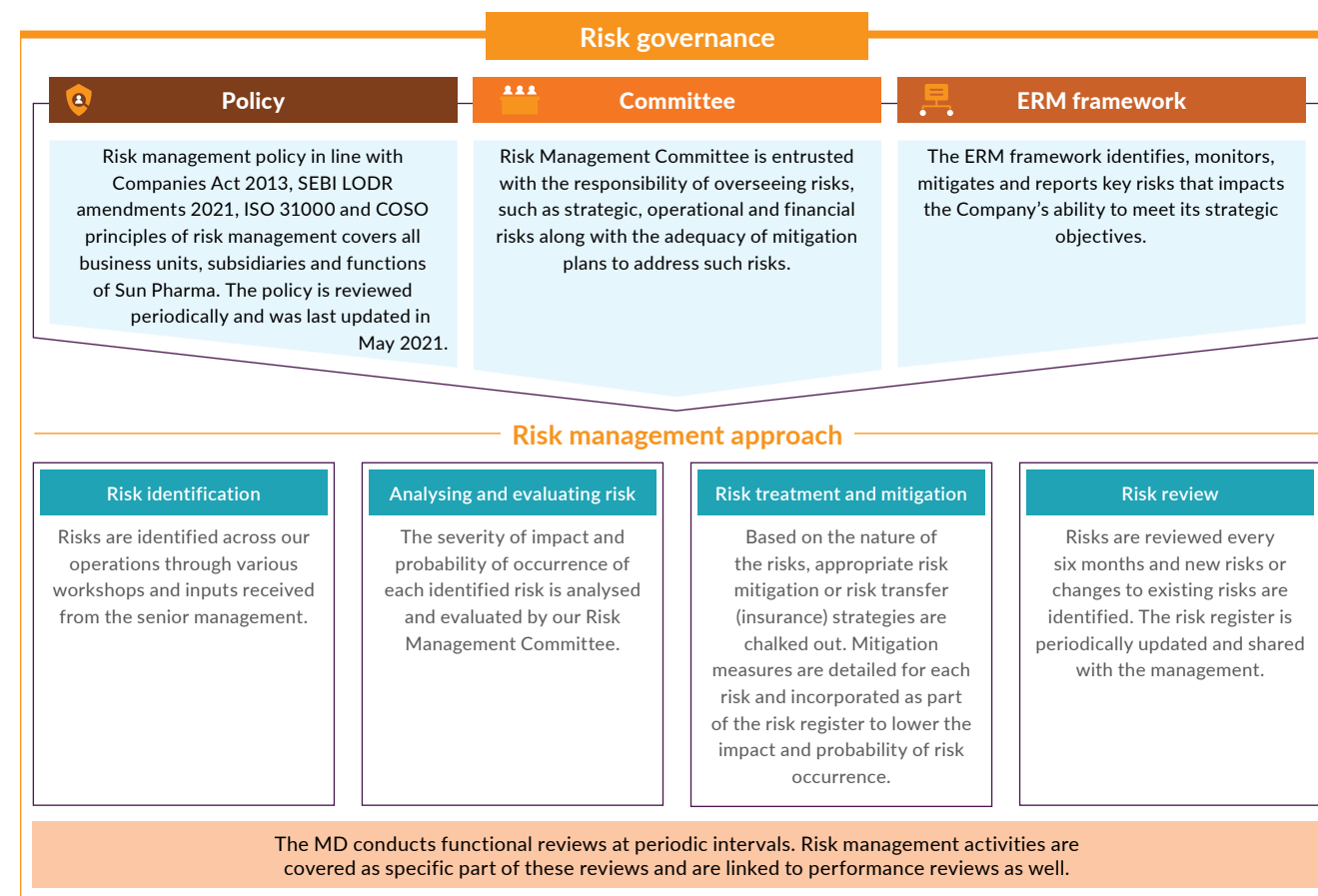
We have a well-defined Delegation of Authority (DoA) that embeds accountability, transparency and agility across our business activities. We have established a matrix that details the roles and responsibilities for key personnel to drive environmental, social and economic impact. This approach allows for a consultative and participatory approach to decision-making. The DoA matrix also supports periodic Board oversight across focus areas, such as financial performance, procurement, employee well-being, and community development, among others.

GRI 102-19

Future-proofing the business

Our business thrives in a dynamic environment characterised by emerging risks that have the potential to disrupt our business operations and hinder progress on our strategic objectives. A comprehensive Enterprise Risk Management (ERM) framework enables us to identify, assess and effectively mitigate risks.

The ERM framework not only helps us to deal with risks associated with our business, stakeholders and communities, but also create opportunities to advance towards a sustainable future.



Our key risks and mitigation strategies

Strategic, business and commercial risk | Addressing risks associated with managing product portfolio, pricing and margins

- | | |
|---|---|
| <ul style="list-style-type: none"> Establishing a strong and diversified product portfolio by enhancing cross-functional synergies, organisational capabilities, project management and governance focused on product identification, development, planning and launch Strengthening in-licensing and out-licensing of products | <ul style="list-style-type: none"> Focus on developing and commercialising specialty products and complex generics among others Vendor development, strengthening supply chain, working capital and inventory management Undertaking operational excellence programmes focused on yield and throughput improvement |
|---|---|

Material topic linkage

-  Responsible product pricing
  Product responsibility
  Product accessibility
  Investment in innovation and technology
-  Development of complex molecules

- ⌘ Mitigation strategy

GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-15

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Sectoral and regulatory compliance risk | Risks linked to non-adherence with standards and guidelines of all local and global regulatory agencies, focusing on pharmacovigilance, proprietary, confidentiality and other core governance standards (For instance, CGMP, CGLP, among others)

- | | |
|---|---|
| <ul style="list-style-type: none"> Employ robust and centralised pharmacovigilance processes encompassing detailed SOPs that ensure efficient surveillance and reporting of adverse events Make consistent investments in technological interventions, strengthening governance mechanisms, and employee capacity-building in the area of pharmacovigilance management Established global quality standards and procedures throughout the organisation Rolled out periodic training programmes for employees on global GMP training | <ul style="list-style-type: none"> Strengthening and harmonising quality related IT applications and systems Undertaking periodic quality review of third-party locations Strengthen quality of manufacturing records, test procedures at lab and continuous uptake of best practices Conduct brand protection activities and strengthen framework for trademark and IP protection activities with the support of a dedicated IP team focusing on patents |
|---|---|



Material topic linkage

- ESG compliance
 Product responsibility

Business continuity risk | Addressing risks linked to business interruption from changes in local and global geo-political, socio-economic, regulatory or other events

- | | |
|---|--|
| <p>🔗 Ensuring business continuity by maintaining inventory of products and raw materials, having adequate local manufacturing capacity, conducting disaster recovery and business continuity testing for critical applications and alternative vendor development</p> | <p>🔗 Focusing on stable and larger markets and strengthening regulatory capacity in key markets by actively engaging with regulatory agencies and hence mitigating risks from external sources</p> |
|---|--|




Material topic linkage

-  Risk management  ESG compliance

Technology risk | Maintain a secure and impenetrable network and system while supporting pace and scale of business transactions across geographies

- Strengthened perimeter security, IT and monitoring systems, anti-virus and patch management while conducting trainings on cyber security to reduce risks arising from cyber security and data breaches

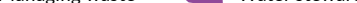



Material topic linkage

-  Data integrity and security  Technology and digitalisation  Investment in innovative technologies

Climate change and environmental risk | Addressing environment and climate change related risks and incorporating relevant norms and practices across the value chain

- Ensuring compliance through strong governance and review mechanisms, strengthening capabilities of EHS and legal compliance teams, conducting risk assessments and periodic reviews, implementing compliance management software for tracking and monitoring adherence to all applicable regulatory requirements
- Undertaking proactive initiatives towards mitigating the physical and transitional risks linked to climate change, for instance decarbonising operations, GHG emission reduction measures, and physical climate risk assessment for climate-proofing assets
- We also apply the precautionary principle (as described in Rio Declaration 1992) through the ERM framework to mitigate environmental risks

Material topic linkage

- 
-  Managing waste
  Water stewardship
  Energy management

Talent management linked risk | Addressing risks associated with talent acquisition, retention and development

- Attracting and retaining talent through multiple talent development programmes encompassing global talent management, stretch programmes and schemes along with compensation and other benefits to employees
- Formal succession planning programme for all leadership positions

Material topic linkage

- Attracting and retaining talent Workforce welfare

- ✦ Mitigation strategy

GRI 102-11

Building a shared future together

At Sun Pharma, we believe that a stakeholder-centric approach is at the heart of enabling a socially-relevant and future-oriented approach to business. We have built customised engagement channels tailored to the distinct needs of each stakeholder group.

We have consistently focused on building strong and meaningful relationships with a diverse range of stakeholders. Our stakeholder engagement mechanisms aim to foster inclusivity, accountability and responsibility. We engage with our investors, shareholders and regulators regularly through scheduled events and as per specific business requirements. We also engage with our other stakeholders on an ongoing basis as part of day-to-day business activities. While we periodically engage with our stakeholders on diverse issues, in FY21, our engagement followed a structured approach with the objective of incorporating their inputs into our materiality assessment.

OUR STAKEHOLDER ENGAGEMENT PROCESS

CATALOGUE




Prioritise key internal and external stakeholders
Consolidate documented areas of interest from previous engagement cycles

CONVERSE

Structured and need-based conversations based on stakeholder-specific areas of interest
Capture stakeholder feedback and expectations
Share current business strategy and approach to manage expectations of stakeholders

LEVERAGE

Embed stakeholder feedback into business strategy review
Develop dedicated programmes to deliver on the expectations of stakeholders
Periodically share insights on progress with stakeholders

Stakeholder group	How we engage	Key areas of interest of the stakeholder group	Our approach to managing expectations
 Investor/shareholder	<ul style="list-style-type: none"> * Annual/quarterly financial reports and earnings calls * Attending Investor Conferences * Issuing specific event-based press releases * Investor presentations 	<ul style="list-style-type: none"> * Corporate governance * ESG disclosures * Regulatory compliance * Responsible supply chain management * Product responsibility * Cost competitiveness 	<ul style="list-style-type: none"> * Governance mechanisms based on our core corporate values * Periodic transparent disclosures e.g. Annual Reports, Investor Presentations, Sustainability Report * A dedicated supply chain team oversees effective and responsible management of the supply chain * Dedicated teams, such as quality management team and the pharmacovigilance unit, collectively ensure product quality and safety aligned with stringent quality and safety management protocols * Cost competitiveness enabled through operational excellence
 Regulator	<ul style="list-style-type: none"> * In-person meetings * E-mail 	<ul style="list-style-type: none"> * Regulatory compliance * Community engagement * Rural market penetration * De-risk supply chain 	<ul style="list-style-type: none"> * Ensure compliance and roll out corrective measures in the event of non-compliance, if any * Tailored community development programmes * Responsible supply chain strategy * Continue maintaining and expanding the network of stockists/distributors/wholesalers to enable access to medicines in areas of need, particularly in rural areas
 Supplier/vendor/third-party manufacturer	<ul style="list-style-type: none"> * Vendor meets * Virtual modes, e-mail, telephonic interactions 	<ul style="list-style-type: none"> * Timely payments * Collaboration 	<ul style="list-style-type: none"> * Digital interventions and management systems to monitor and execute timely payments * Facilitate need-based engagement with vendors
 NGO	<ul style="list-style-type: none"> * In-person meetings * Virtual modes, e-mail, telephonic interactions 	<ul style="list-style-type: none"> * Employee volunteering * Agile management process 	<ul style="list-style-type: none"> * Programmes have been designed that facilitate and encourage employee volunteering * CSR management system is periodically streamlined to enable enhanced responsiveness to community needs
 Community	<ul style="list-style-type: none"> * In-person meetings * Engagement through our NGO partners 	<ul style="list-style-type: none"> * Community development programmes with a focus on health, education, sanitation and infrastructural development 	<ul style="list-style-type: none"> * Community development programmes are undertaken based on need assessment studies. A systematic approach is employed to ensure positive development outcomes for the communities being served across the focus areas
 Customer - B2B	<ul style="list-style-type: none"> * In-person meetings * E-mail * Customer feedback sessions 	<ul style="list-style-type: none"> * Product quality, access and pricing 	<ul style="list-style-type: none"> * Robust quality management system and pricing strategy to enable best outcomes for end-customers
 Employee	<ul style="list-style-type: none"> * Employee-focused web portal * E-mail * Employee engagement survey * Town halls 	<ul style="list-style-type: none"> * Training, professional growth and development * Well-being initiatives * Employee recognition * Fair remuneration * Work-life balance 	<ul style="list-style-type: none"> * Customised employee learning and development initiatives * Curated employee welfare and recognition programmes * Annual appraisal and open feedback culture * Active employee engagement
 Senior leadership	<ul style="list-style-type: none"> * In-person meetings * Virtual modes, e-mail, telephonic interactions 	<ul style="list-style-type: none"> * Sustainable and resilient business operations * R&D and innovation 	<ul style="list-style-type: none"> * Periodic business strategy review based on market dynamics and stakeholder inputs * Capitalising on emerging technologies and continuously strengthening R&D capabilities

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

Prioritising our ESG focus areas

To inculcate a sustainability-focused approach into our business strategy, we conducted a materiality assessment in line with the GRI standards. The material topics identified through this process are the building blocks guiding the development of our sustainability strategy and disclosures.

Our methodology for materiality assessment

The primary objective of this exercise was to identify our sustainability 'focus areas' also referred to as 'material topics'. We employed a blended methodology in identifying material topics for our business. A cross-functional team was created to steer the materiality assessment process. The key steps undertaken have been summarised below. The material topics were further categorised into six key focus areas as described.

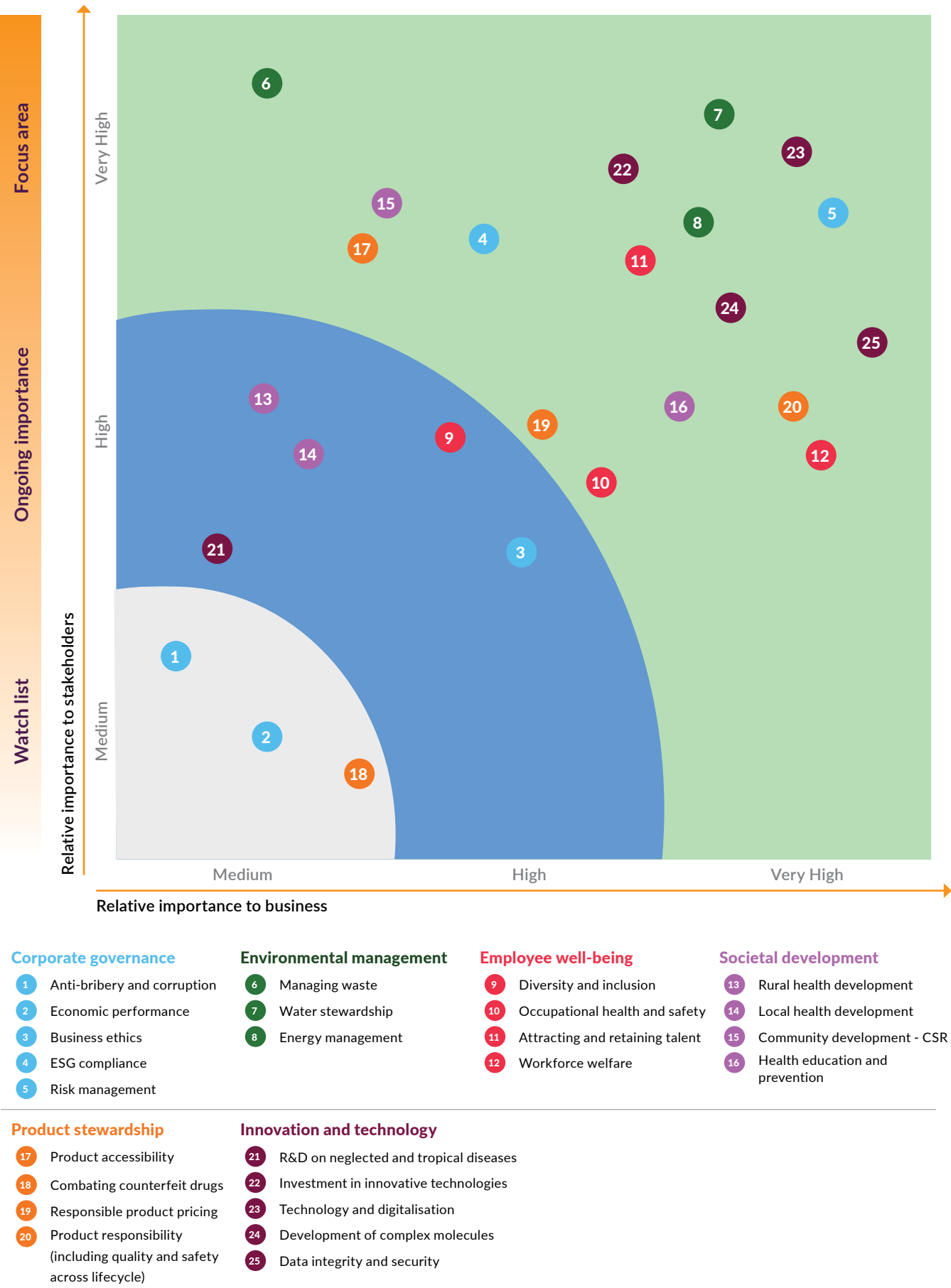
Explore
Desk research focused on key industry trends, macro-economic factors, risk and opportunity landscape was undertaken to determine the material topic bucket list.

Identify
Identification and prioritisation of key internal and external stakeholders was undertaken based on the nature of relationship and influence.



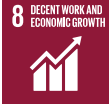



Engage
Stakeholder engagement sessions were guided by customised questionnaire designed to enable stakeholders to effectively articulate their aspirations and expectations from our business. We enabled them to score priority sustainability focus areas to help us shape our sustainability focus.

Evaluate
We overlayed the internal and external stakeholder perceptions to arrive at the materiality matrix. A scientifically informed approach was employed to translate stakeholder perceptions into tangible measure. The outcomes of the assessment were appraised from a business strategy perspective.

Materiality matrix



Overview of our sustainability focus areas

Sustainability focus areas	Reporting boundary	Key performance indicators	SDGs at play
Corporate governance <ul style="list-style-type: none"> * Risk management * ESG compliance 	* India and overseas operations	<ul style="list-style-type: none"> * Key impacts, risks and opportunities * Significant fines and non-monetary sanctions for non-compliance with environmental, social and economic regulations. 	
Innovation and technology <ul style="list-style-type: none"> * Investments in innovative specialty products and technologies * Development of complex molecules * Data integrity and security * Technology and digitalisation 	* India and overseas operations	<ul style="list-style-type: none"> * Investment in R&D * Number of dossiers filed * Number of patents granted 	  
Product stewardship <ul style="list-style-type: none"> * Product accessibility * Responsible product pricing * Product responsibility (including quality and safety across lifecycle) 	* India and overseas operations	<ul style="list-style-type: none"> * Distribution network and outreach initiatives * Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impact of products * Requirements for product and service information and labeling * Incidents of non-compliance concerning product and service information and labeling 	 

Overview of our sustainability focus areas

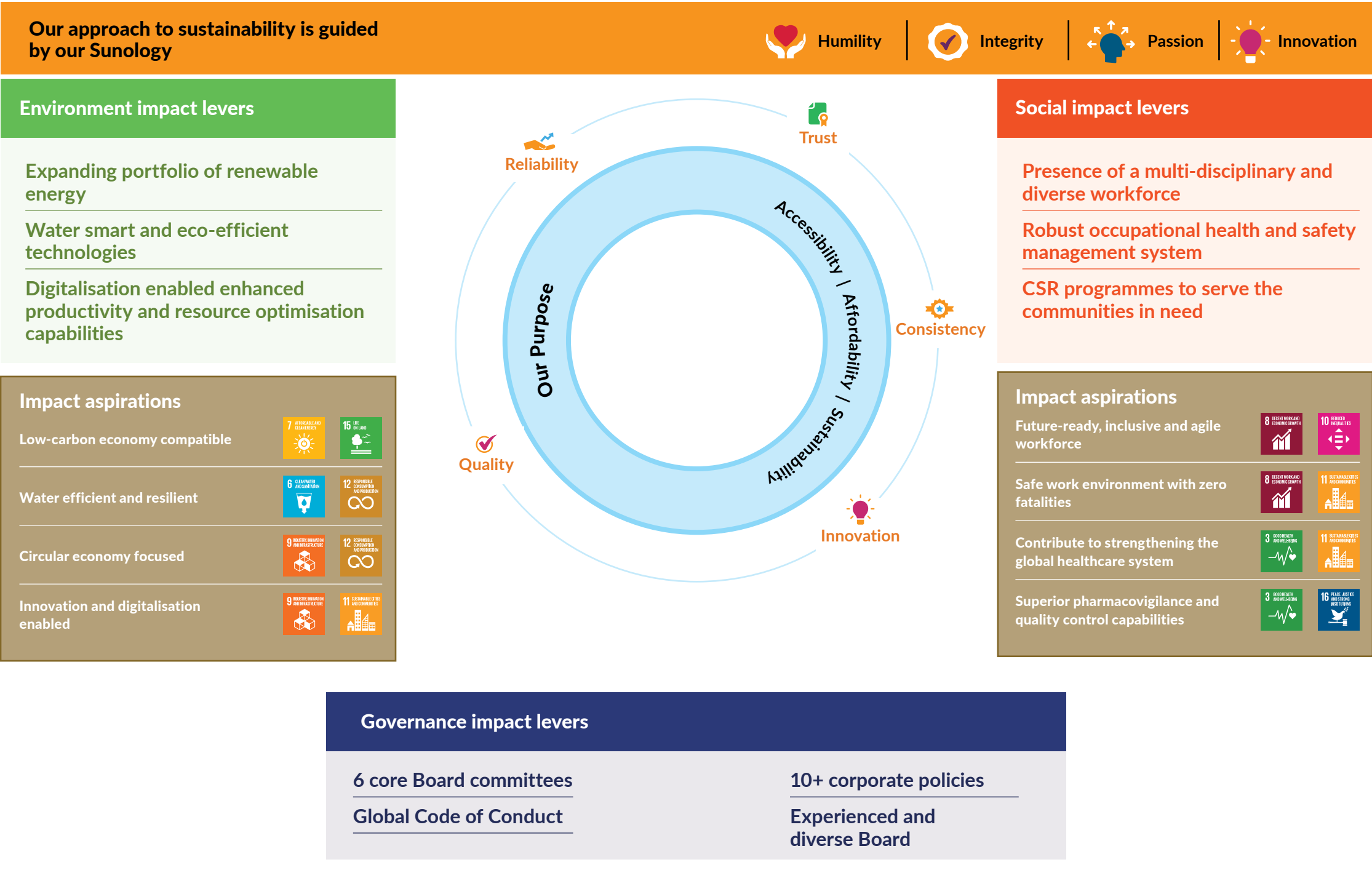
Sustainability focus areas	Reporting boundary	Key performance Indicators	SDGs at play
Environmental management <ul style="list-style-type: none"> * Managing waste * Water stewardship * Energy management 	* India operations	<ul style="list-style-type: none"> * Total weight of hazardous and non-hazardous waste disposed * Total water withdrawal, discharge and consumption * Amount of reduction in energy consumption achieved as a direct result of conservation and efficiency initiatives * Total energy consumption within the organisation from renewable and non-renewable sources 	   
Employee well-being <ul style="list-style-type: none"> * Attracting and retaining talent * Workforce welfare * Occupational health and safety 	* India operations	<ul style="list-style-type: none"> * Programmes implemented and assistance provided to upgrade employee skills * New employee hires and employee turnover * Return to work and retention rates of employees who took parental leave * Total number of incidents of discrimination and status of corrective actions taken * The number and rate of fatalities and recordable work-related injuries 	 
Societal development <ul style="list-style-type: none"> * Community development – CSR * Health education and prevention 	* India operations	<ul style="list-style-type: none"> * Percentage of operations implemented, local community engagement, impact assessments, and/or development programmes * Initiatives undertaken to promote good health and educate community on prevention of disease 	    

Revolutionising sustainability at Sun Pharma

Guided by Sun Pharma’s unique Sunology, our approach to sustainability is deeply rooted in our purpose and values

Since inception, improving the affordability and accessibility of medicines has been at the core of our purpose and values. Our focus has been on creating a shared value proposition by safeguarding the environment, promoting workforce welfare, supporting community development while delivering economic value. During our journey over the years to become India’s largest pharmaceutical company, we have recognised

our potential to create significant economic, environmental and social impact. Our sustainability strategy enables us to tap into this potential and substantially contribute to the global sustainable development agenda. Over the years, we have built environmental, social and governance levers to drive progress on our sustainability aspirations. Our impact aspirations are tailored to contribute to the UN SDGs.



Our M.A.S.K against the pandemic

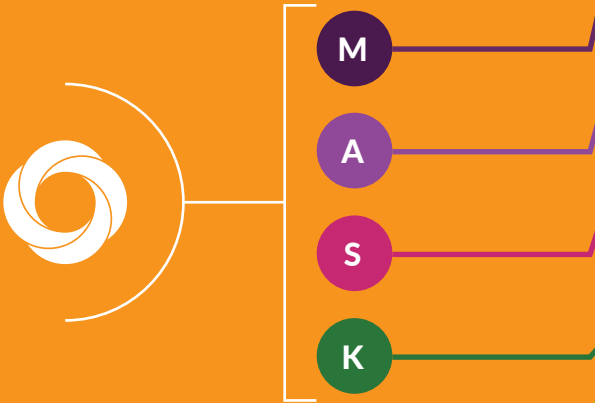


We established a ‘M.A.S.K’ strategy to support our employees, communities, the nation and the world in the fight against COVID-19.

The COVID-19 pandemic adversely affected families, communities, corporates, and economies alike. The pharmaceutical sector was at the forefront of the battle against the pandemic. Recognising the onerous responsibility placed on our company, we responded by swiftly adapting to the changing market dynamics to continue serving our patients and society. We promptly developed a COVID-19 risk management plan and formed multiple COVID-19 risk response teams to tackle the emerging challenges created by the pandemic. With the efforts of our resilient workforce, we continued to work towards our vision of reaching people and creating healthier communities. Our M.A.S.K strategy included our efforts to produce COVID-19 specific medicines.

Further details at <https://sunpharma.com/covid-19/>

M.A.S.K Strategy



Medical aid

Ramped up our production
globally to manufacture multiple COVID-19 specific medicines

Manufactured Remdesivir and Itolizumab
in India to service the needs of COVID-19 patients

Launched FluGuard
(Favipiravir) at an economical price for the treatment of mild to moderate cases in India

Access to healthcare

Partnerships
with other companies to accelerate access to new potential treatments for COVID-19 like Molnupiravir, Baricitinib, among others

Strengthened our integrated supply chain
to ensure continuity of product supplies in order to service the needs of patients/healthcare workers

Donated
hydroxychloroquine sulfate tablets in the US and India for potential COVID-19 treatment

Safeguarding employees

The pandemic created myriad challenges and we have been committed to extending appropriate facilities to address the emerging needs of our employees. Some of our key initiatives:

Special COVID-19 leaves, quarantine leaves
(where someone in the family has tested positive), home quarantine expenses, medical support in terms of medicines, hospitalisation, among others

Keeping the workplace safe
Establishing appropriate safety protocols at all our manufacturing units, offices and R&D centres

Enhanced medical insurance coverage and assistance to bereaved families
Increased medical insurance coverage for enrolled dependents and provision of group term insurance. Bereaved families provided with two year's salary and education funding for children

Experience sharing session
with COVID-19 survivors aimed at helping eliminate all myths and unwarranted fears of our employees

Programmes
on mental and emotional well-being; sessions on yoga and meditation; sessions by leading psychologists to help employees cope with pandemic-induced stress

Vaccination programme
for employees and their family members

Keeping communities secure

Donated
COVID-related medicines, other COVID-protective gears and hand sanitisers

Donated food grain and grocery kits
to communities, marginalised people in rural areas, daily wagers, migrant construction workers, unorganised contract labourers and street vendors

Contributed to relief work
undertaken by several state governments and supported them in COVID-19 prevention measures

Helped emergency forces and rural administration
to sanitise roads, markets, and villages in risk zones

Created awareness
on COVID-19 protocols among rural people

Creating shared value

At Sun Pharma, we continue to augment the creation and distribution of economic value through our strategic investments across business activities. We also encourage responsible product stewardship and continue to strengthen partnerships with our suppliers. We aim to harmoniously collaborate and embrace sustainability to enhance the value we create and help build a resilient world.

Our corporate values



Quality



Reliability



Trust



Consistency



Innovation

SDGs in focus



Performance highlights

Total revenue for FY21 stood at ₹ 334,981 Million

Developed and filed 75 formulations for the Indian and regulated markets in FY21

R&D investments for FY21 at 6.5% of revenues. Cumulative R&D investments till date at ₹199 Billion

Filed 177 dossiers across emerging markets in FY21

Presence in more than 100 markets across the world supported by a global supply chain

Unwavering focus on product quality and safety

Material topics

Product accessibility

Responsible product pricing

Product responsibility

Investments in innovative technologies

Development of complex molecules

Data integrity and security

Technology and digitalisation

Governance enablers

Global Code of Conduct, Audit Committee, Stakeholders Relationship Committee, Corporate Governance and Ethics Committee

Driving sustainable growth

While we continue to build our global specialty business, we remain focused on improving efficiencies, cash flows and cost structure to realise sustainable outcomes for all our stakeholders.

To create sustained value for all our stakeholders, we consistently strengthen our core capabilities so that we are able to deliver value-added products across countries and communities in which we operate. In building a strong portfolio of innovative and affordable pharmaceutical products, we prioritise the health of our patients and aim to strengthen the global healthcare system.

We also aim to enable sustainable and profitable growth, improve Return on Capital Employed (ROCE) and increase the share of the specialty business. Brief insights into our economic performance for FY21 are provided on the next page.

SUN PHARMA'S GROWTH STRATEGY



Create sustainable revenue streams

- * Enhance share of specialty business globally
- * Achieve differentiation by focusing on technically complex products
- * Focus on key markets – achieve critical mass
- * Focus on speed to market
- * Ensure sustained compliance with global cGMP regulatory standards



Ideology

- * Optimise operational costs
- * Focus on vertically integrated operations
- * Optimise global manufacturing footprint



Business development

- * Use acquisitions to bridge critical capability gaps
- * Focus on access to products, technology and market presence
- * Ensure acquisitions yield high Return on Investment (ROI)
- * Focus on payback timelines



Balance profitability and investments for the future

- * Increasing contribution of specialty and complex products
- * Future investments directed towards differentiated products as well as enhancing presence in key markets

Revenue (₹ in Million)

FY21	334,981
FY20	328,375
FY19	290,659

Operating costs (₹ in Million)

FY21	181,445
FY20	194,854
FY19	167,912

Employee wages and benefits (₹ in Million)

FY21	68,622
FY20	63,624
FY19	59,671

Payments to providers of capital (₹ in Million)

FY21	17,276
FY20	17,021
FY19	18,810

Profit for the year (₹ in Million)

FY21	29,038
FY20	37,649
FY19	26,654

Net debt to equity ratio (x)

FY21	(0.24)
FY20	(0.16)
FY19	(0.10)

Total assets (₹ in Million)

FY21	676,667
FY20	682,525
FY19	646,938

Total investments (₹ in Million)

FY21	33,200
FY20	35,156
FY19	51,975

Dividend yield (%)

FY21	1.25
FY20	1.14
FY19	0.57

Economic value distributed (₹ in Million)

FY21	277,492
FY20	288,913
FY19	254,674

Economic value retained (₹ in Million)

FY21	57,490
FY20	39,461
FY19	35,985

Community investments (₹ in Million)

FY21	575
FY20	214
FY19	242

Market capitalisation (as of March 31, in ₹ Million)

FY21	1,434,322
FY20	845,286
FY19	1,148,922

Payments to governments (Current income tax) (₹ in Million)

FY21	9,573
FY20	13,201
FY19	8,040

Conducting business responsibly and with care

At Sun Pharma, we prioritise the health and safety of our patients across the globe. In this regard, we ensure strict adherence to quality and regulatory compliance. We regularly monitor product safety and ensure continuous assessment of the risk-benefit profile of our products throughout their life cycle.

Pharmacovigilance

We established our global pharmacovigilance unit in 2005, pioneering the concept in the Indian pharmaceutical landscape. Our pharmacovigilance system adopts a 'beyond-compliance' approach to monitor the safety of all our products and swiftly implement risk mitigation measures. We have established a global pharmacovigilance policy, which is supported by a Product Safety Committee.

Our pharmacovigilance policy showcases our commitment and efforts towards patient safety, backed by support from the top management. Our pharmacovigilance team is led by the

VP-Medico-regulatory Affairs, Clinical Data Reporting (MACR) & Global Pharmacovigilance (GPV). The team supports us with robust business continuity measures, safeguards from litigation and helps implement requisite measures to ensure patient safety. The team provides periodic safety update reports, risk evaluation and mitigation strategies, health hazard evaluations and training and quality control among others. We also follow a strategic process to ensure efficient handling of Individual Case Study Reports (ICSR).

Glimpse of our product stewardship management approach

The imperative	Cornerstones of our approach	Strategic enablers	Aspirations
<p>A robust product stewardship approach ensures:</p> <p>Enhanced product health and safety profile</p> <p>Increased transparency and trust with stakeholders</p> <p>Enhanced culture of innovation across the organisation</p>	<p>Established Quality Vision</p> <p>Quality, Compliance and PV Management System</p> <p>Seamless and strategic Quality Assurance Process</p>	<p>Established global pharmacovigilance policy</p> <p>Robust presence of global pharmacovigilance and quality team and Product Safety Committee</p>	<p>We remain committed to the superior quality and responsible use of our products. We further aim to enhance awareness regarding the safe use and disposal of our products to accelerate our efforts towards a sustainable tomorrow</p>

GRI 103-1, GRI 103-2, GRI 103-3, GRI 416-1

Approach towards Individual Case Study Reports (ICSR)

- * ICSRs are received from a myriad of platforms, such as published literature, patient support programmes, market research programmes, clinical studies and business partners. They are communicated to the respective country's pharmacovigilance office.
- * The ICSRs received further undergo a triage sequence to be appropriately classified as assessment and undergo assessment to review the seriousness of the causality.
- * If no further clarification is required, the case undergoes a thorough quality review check.
- * A final case report is then prepared for submission to the Drug Regulatory Authority.

Pharmacovigilance at Sun Pharma

Periodic inspections from regulatory authorities, such as US FDA, UK MHRA, Health Canada, URPL Poland and OGYI Hungary, among others.

The Independent Pharmacovigilance QA reports to the Global Quality Head

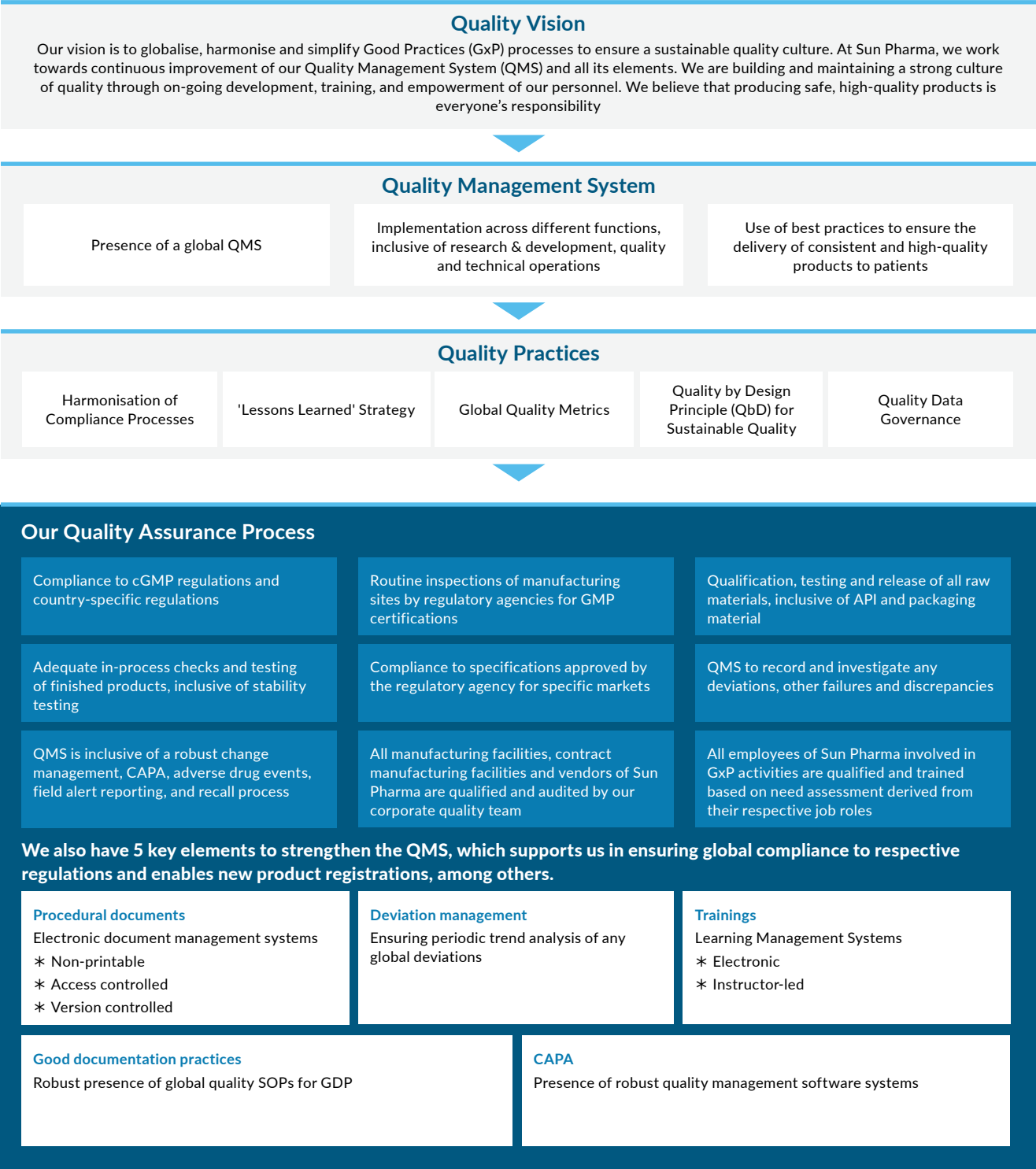
Global pharmacovigilance quality audits are driven by a 5-year strategic audit plan and an annual audit plan

~98 qualified team members of physicians, PhDs, graduates and postgraduates in science/pharmacology as part of our pharmacovigilance team at Gurugram and Mumbai, India.



Product quality

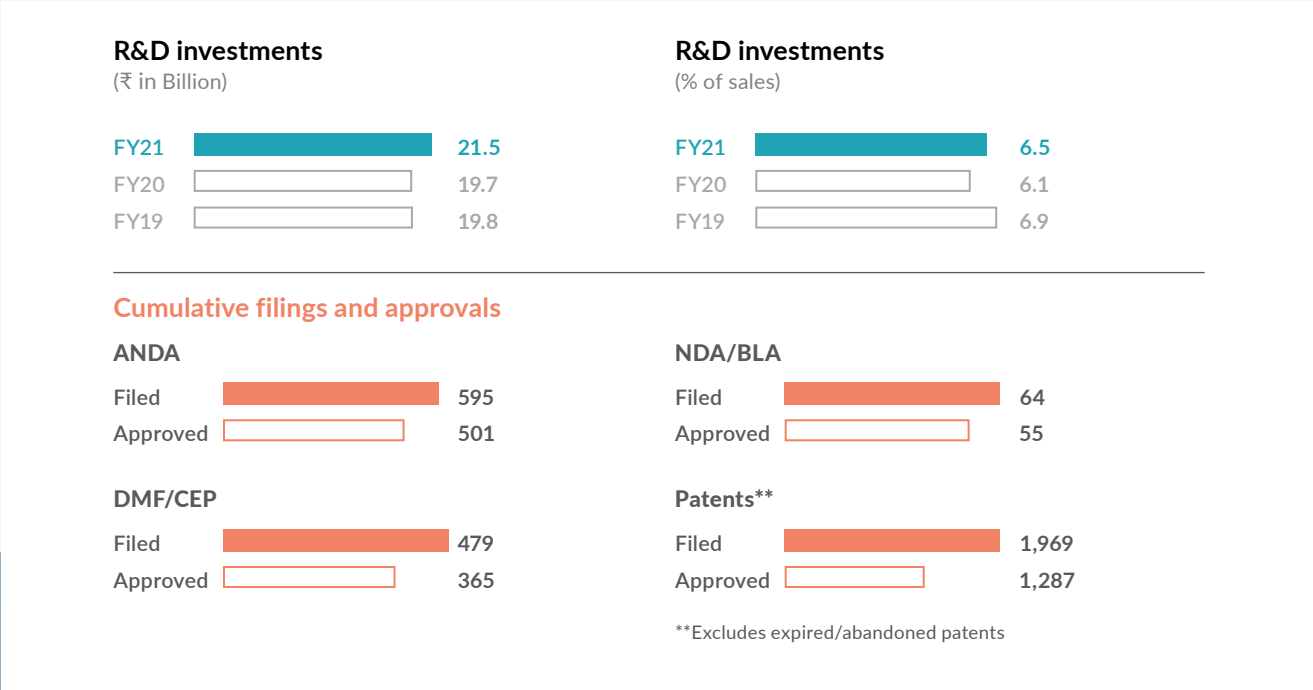
At Sun Pharma, quality is core to our manufacturing operations and business activities. Given our strong Quality Vision and a robust Quality Management System (QMS), we have established dedicated practices that guide a sustainable quality culture at Sun Pharma. Additionally, some of our API and drug product manufacturing sites are ISO 9001:2015 certified, and we aspire to have all our sites certified. There have been no incidence of non-compliance concerning health and safety impact of products as well as product information and labelling.



Leveraging our intellectual capital

Responsible R&D is pivotal to accelerate our patient-centric approach to innovation. Our R&D growth engine is supported by our robust scientific and technical expertise and propelled by strategic partnerships to deliver next-generation innovative therapies.

We believe that R&D is critical to deliver innovative and affordable therapies for all our patients. Our own R&D efforts and investments coupled with strategic in-licensing initiatives helps us to strengthen our long-term pipeline of complex generics and specialty products. We have R&D expertise across dosage forms, such as injectables, orals, liquids, ointments, gels, sprays and hormones. We have a dedicated team of experts led by our senior R&D officers steering our innovation-focused endeavours. The senior R&D officers share updates with our Managing Director, enabling consistent progress on defined R&D priorities. Our cumulative R&D expenditure till date stands at ~₹199 Billion.



OVERVIEW OF OUR R&D APPROACH AND PERFORMANCE

Levers accelerating innovation and technology adoption

- * Dedicated investments towards the development of complex products, specialty products, generic products, and API technologies
- * Scientifically skilled workforce and best-in-class R&D infrastructure
- * Augmented development of novel technologies, such as the use of green reagents for chemical transformations in API synthesis and use of PAT tools in process development, among others
- * Undertook product life cycle management and backward integration for our key products
- * Implemented process optimisation based on the Quality by Design (QbD) concept and robustness by employing Six Sigma calculation across our products
- * Developed novel compact dosage forms with improved stability and reduced pharmacokinetic variability for the Indian market

Value proposition unlocked by our R&D capabilities

- * Enhanced and comprehensive basket of products across therapeutic segments
- * Enhanced ability to manufacture high-end products at competitive prices
- * Established an integrated manufacturing capability to produce anti-cancer, hormones, peptide, immuno-suppressant and steroidal drugs
- * Reduced cost due to import substitution and increased revenue with higher exports
- * Ability to conduct clinical studies for complex generics at in-house clinical pharmacology unit leading to cost competitiveness

Key milestones achieved in FY21

- * Developed and filed 75 formulations for the Indian and regulated markets
- * Filed 177 dossiers across emerging markets
- * Filed 100+ drug master files across various markets
- * Commenced Phase 3 trials for Ilumya (Tildrakizumab) for psoriatic arthritis indication
- * Commenced Phase 2 trials for SCD-044 – a S1P1 agonist for plaque psoriasis and atopic dermatitis, and Phase 2 trials for MMII – for treatment of knee pain in patients with symptomatic knee osteoarthritis
- * Commenced Phase 1 trials for GL0034, a GLP-1R (Glucagon-like Peptide-1 Receptor) agonist for treating diabetes

Our aspirations for the future

- * Augment investments to further build and strengthen the specialty R&D pipeline
- * Encourage the development of complex generics for developed markets
- * Focus on developing products for emerging markets and India
- * Continue to enhance the development of APIs of strategic importance

GRI 103-1, GRI 103-2, GRI 103-3

Accelerating process innovation

Our investments in innovative technologies enable us to increase the availability and affordability of medicines across the globe, ensure stringent adherence to global safety standards, and enhance the overall quality of our pharmaceutical products, besides augmenting organisational productivity.

We have implemented multiple initiatives that yield a host of benefits, such as cost optimisation, safety improvement, operational efficiency and technological upgradation, among others.

We have a dedicated Center of Excellence (CoE) that facilitates the adoption of innovative technologies to support sustainable business growth. The CoE supports various functions across R&D, Quality, Finance, Manufacturing, HR and Supply Chain. Our IT CoEs work closely with the business functions to curate strategies that support innovation. A collective decision on technology uptake is made based on proof of concept and business case approvals.

We have outlined IT policies for effective implementation of our initiatives, which are supported by global compliance and IT standards, such as Information Security Management System (ISMS), and Information Technology Infrastructure Library (ITIL). Additionally, our Corporate Technology Team has established a strategic IT innovation and technology roadmap. This roadmap also drives the implementation of requisite IT policies across our business activities.

We prepare an annual budget at the department level that takes into account ongoing projects, new projects and cost components to support implementation of information security. We have also established an effective monitoring mechanism to strengthen our data integrity and security measures.

Glimpse of our technology and innovation management approach

The imperative	Cornerstones of our approach	Strategic enablers	Aspirations
Enhanced technology and innovation enable sustainable manufacturing practices	Unlocking lean manufacturing and process optimisation opportunities	New digital technologies, such as Robotics Process Automation (RPA) and Augmented Reality (AR), among others	Increase investments in R&D and innovation to deliver transformative therapies and strengthen the global healthcare system
Development of a differentiated generic and specialty pipeline	Development of differentiated products across myriad markets	Dedicated R&D team led by the Chief R&D Officer	
Cost effectiveness across business activities		Periodic updates for continuous improvement with the Board of Directors (BOD) and Managing Director (MD)	
		Centre of Excellence (CoE) to encourage the adoption of innovative technologies	

GRI 103-1, GRI 103-2, GRI 103-3



Our approach to information security

- * Implementation of global SOP on data across locations
- * Alignment with ISO27001:2013 for information security risk management
- * Presence of risk-based approach to mitigate security risk across people, processes and technologies
- * Implementation of Information Security Awareness Programme, Information Security Management System, GSOPs and defence in depth
- * Presence of 24x7 monitoring systems for threat identification and defined incident management processes
- * **Adherence to global data integrity and security standards:**
 - * US FDA – data integrity and compliance with Drug cGMP
 - * PDA technical report 80 – data integrity management system for pharmaceutical laboratories
 - * ISO27001 – Information Security Management system
 - * GDPR – personal data protection in the EU

Our focus on data integrity and security

- * Data integrity and security initiatives are implemented across the organisation through policies, procedures and mandatory information security awareness trainings for all users across the organisation
- * **Data integrity and security challenges are categorised across three broad parameters:**
 - * Breaches due to cyber attacks
 - * Insider threats
 - * Data integrity at the manufacturing level
- * Presence of defence in depth, 24x7 security operations centre and threat intelligent governance services as well as security partners to address the risk of cyber attacks
- * Alignment of Incident Management Policy with ISO 27001:2013
- * Established a data leakage prevention tool for insider threats. Data leaks are further investigated with the business and HR functions
- * Established global SOPs to carry out root cause analysis and risk assessments for manufacturing operations

Driving improvement across the value chain

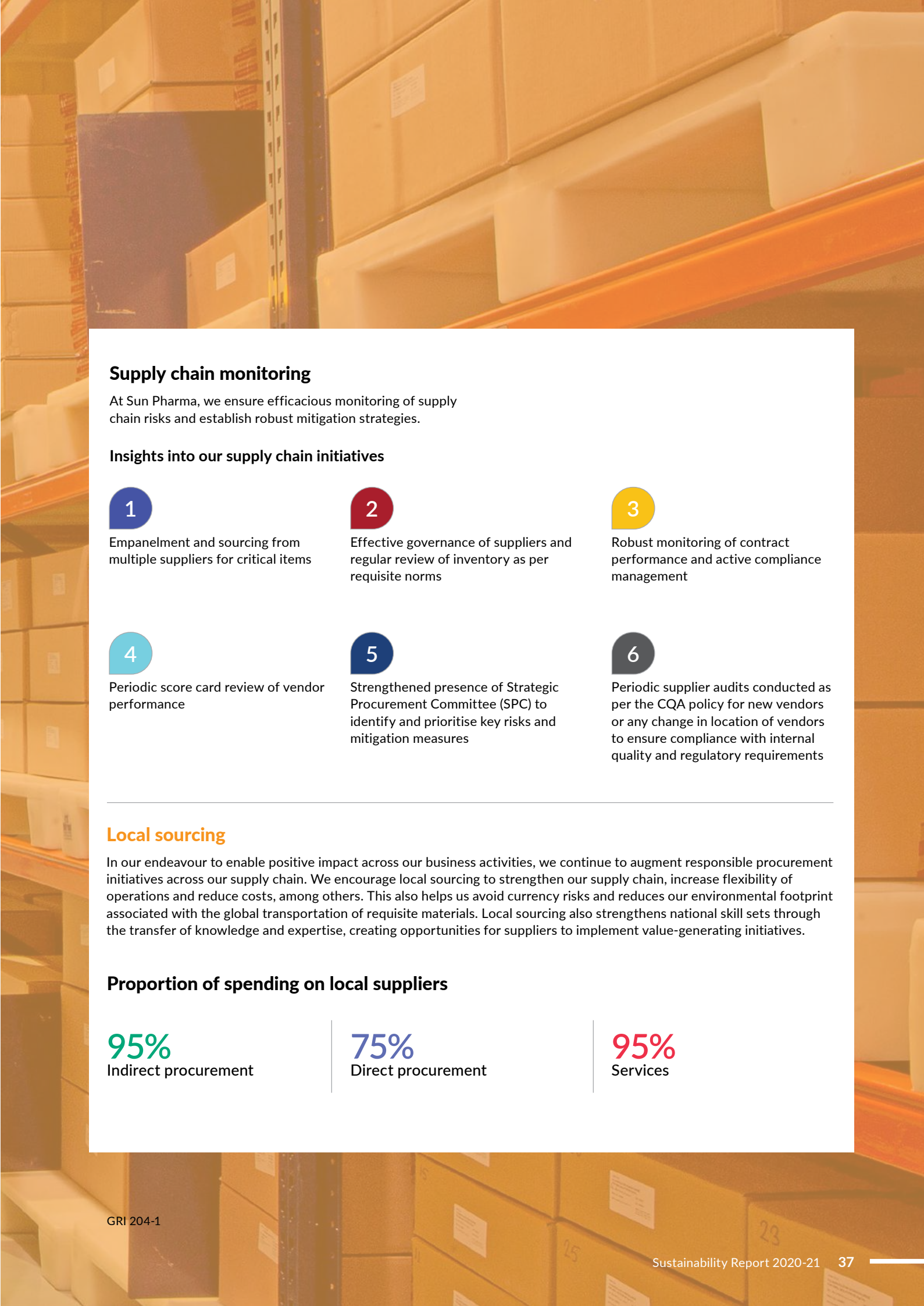
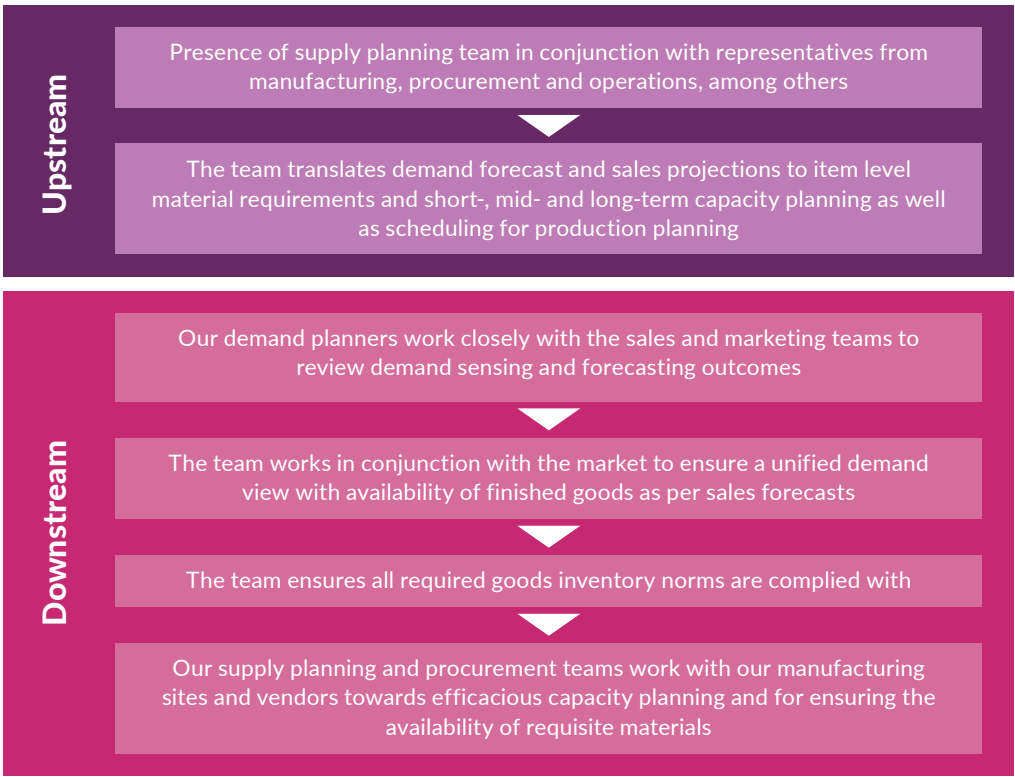
At Sun Pharma, we believe responsible supply chain management is key to business continuity, resource usage optimisation and cost competitiveness.

We have dedicated teams overseeing functions, such as logistics, procurement, planning and inventory management, among others. To embed continuous improvement in our management system we have defined Key Performance Indicators (KPIs) across each of these functions. We also have an integrated management system for efficient monitoring of our supply chain activities and initiatives. This system enables us to undertake Distribution Requirement Planning (DRP), Material Requirement Planning (MRP) and generate advance planning insights, among others. Furthermore, these outcomes are validated by each of the functional teams and are reviewed against specific business requirements. Across the review process, any necessary corrective action is undertaken or proposed in the monthly operational review with our senior management.

Our distribution and logistics team works closely with the supply chain team to ensure finished goods are delivered across destination markets in a timely manner and as per customer requirements. In the case of market urgency, the supply chain team, along with the logistics team, decides on the mode of shipment to ensure speedy delivery and availability of finished goods with market and consignment agents.

We also have a dedicated procurement team across our API and formulation manufacturing facilities to ensure uninterrupted and responsible supply of excipients, raw materials, primary and secondary packing material for formulation of drugs and outsourced API procurement. In FY21, there were no significant changes to the organisation and the supply chain.

OVERVIEW OF OUR SUPPLY CHAIN OPERATIONS



Supply chain monitoring

At Sun Pharma, we ensure efficacious monitoring of supply chain risks and establish robust mitigation strategies.

Insights into our supply chain initiatives

- 1 Empanelment and sourcing from multiple suppliers for critical items
- 2 Effective governance of suppliers and regular review of inventory as per requisite norms
- 3 Robust monitoring of contract performance and active compliance management
- 4 Periodic score card review of vendor performance
- 5 Strengthened presence of Strategic Procurement Committee (SPC) to identify and prioritise key risks and mitigation measures
- 6 Periodic supplier audits conducted as per the CQA policy for new vendors or any change in location of vendors to ensure compliance with internal quality and regulatory requirements

Local sourcing

In our endeavour to enable positive impact across our business activities, we continue to augment responsible procurement initiatives across our supply chain. We encourage local sourcing to strengthen our supply chain, increase flexibility of operations and reduce costs, among others. This also helps us avoid currency risks and reduces our environmental footprint associated with the global transportation of requisite materials. Local sourcing also strengthens national skill sets through the transfer of knowledge and expertise, creating opportunities for suppliers to implement value-generating initiatives.

Proportion of spending on local suppliers

- | | | |
|-----------------------------|---------------------------|-----------------|
| 95%
Indirect procurement | 75%
Direct procurement | 95%
Services |
|-----------------------------|---------------------------|-----------------|

Safeguarding our environment

At the core of our shared value proposition is our aspiration to preserve value for future generations by conserving shared resources. We are dedicated to building capabilities and leveraging our innovation-oriented approach to protect and rejuvenate our natural ecosystem.

Our corporate values



Quality



Reliability



Trust



Consistency



Innovation

SDGs in focus



7 AFFORDABLE AND CLEAN ENERGY



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

Performance highlights

~86%

of manufacturing facilities in reporting boundary are Zero Liquid Discharge (ZLD)

~38%

energy sourced from renewable sources

~93%

of facilities in India are ISO 14001:2015 (EMS) certified

628,090 KL

Water recycled

122,674 GJ

of energy sourced through solar (rooftop and captive plants)

Material topics

Energy management

Water stewardship

Managing waste

Governance enablers

EHS policy, Environment management system

Embedding environmental management in our business approach

Over the years, the ethos of natural resource conservation has been progressively built into every facet of our business operation. Beyond devising eco-efficient operational innovation, we proactively cultivate an eco-conscious mindset among our employees.

At Sun Pharma, our corporate values of innovation, consistency, reliability and trust are at the core of our environmentally-conscious approach. Being India's leading pharmaceutical company, we actively work towards minimising our environmental footprint and contributing to global climate action efforts. Mounting environmental and climate change related concerns have further prompted us to step-up our efforts in this regard.

We consider environmental compliance as a vital enabler of business continuity and retention of stakeholder trust. We ensure strict adherence to all applicable environmental laws

and regulations in our geographies of operation through robust management systems.

It is also our constant endeavour to embrace a 'beyond compliance' and proactive approach to environmental management. In FY21, we had no significant instances of non-compliance with regard to environmental laws and regulations across our facilities. We have developed a multi-pronged strategy towards making our business responsive and resilient to current and emerging environmental challenges. This strategy focuses on the management of energy, water, waste, emission and green chemistry.

Glimpse of our environmental stewardship

The imperative	Cornerstones of our approach	Strategic enablers	Aspirations
Mitigate environmental pollution and degradation	Responsive and robust EMS and governance	Adoption of eco-efficient technologies and innovation	Continually minimise environmental footprint and offset environmental impacts through proactive measures
Facilitate rejuvenation of natural resources	Beyond compliance	Lean and optimised manufacturing processes	
Contribute to global decarbonisation and environmental conservation efforts	Continuous improvement and uptake of global best practices	Digital transformation	
		Workforce with environmentally-conscious mindset	

GRI 307-1, GRI 103-1, GRI 103-2

Environment management system

Our environmental management system (EMS) is based on the concept of continuous improvement that anchors our environmental stewardship. EMS enables an innovation-centric, participatory and locally customisable approach to achieving environmental performance excellence. Approximately 93% of our Indian facilities are ISO 14001:2015 (EMS) certified.

We also have a multi-level governance system that enables effective implementation and monitoring of our environment focused initiatives. Progress on initiatives is reviewed at the facility, regional and corporate levels. Site level resource conservation targets are tracked on a monthly basis. The Senior Management oversees progress of environmental targets on a quarterly basis. Recognising the importance of employee involvement in our environmental commitment, we work towards inculcating our values of environmental conservation in our workforce through numerous initiatives.



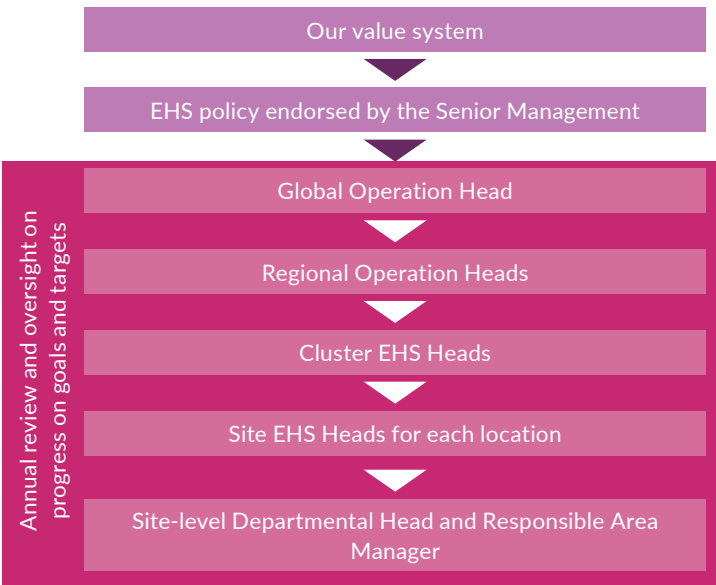
Environmentally conscious culture building and enabling a participatory approach to drive environmental excellence

- Training and awareness building** on environmental themes facilitated by internal and external experts
- Engagement** through meetings, celebrations, competitions (quiz, slogan, poster), brainstorming sessions
- Knowledge sharing** through global EHS portal and other digital interventions
- Site-wise environmental goals and targets** with defined responsibility for action. This enables systematic and active employee engagement in resource conservation

Audits and inspections conducted by in-house and external experts

GRI 103-1, GRI 103-2, GRI 103-3

OUR EHS GOVERNANCE SYSTEM



We have a dedicated EHS team comprising 200 personnel involved in executing our environmental stewardship programme

Growing as a climate-smart enterprise

Our climate action plan is based on our understanding of climate risks and opportunities. We are also a signatory to the India CEO Forum on Climate Change, and have pledged to undertake necessary action.

We are among the 24 signatories to the India CEO Forum on Climate Change, which is driven by the Government of India's Ministry of Environment, Forest and Climate Change. The forum encourages corporates to make commitments to reduce GHG emissions and share best practices to develop resilience and help India meet its obligations towards the Paris Agreement. As part of this initiative, we have pledged to undertake measures spanning six thematic areas.

We recognise the physical and transitional risks presented by climate change and are building capabilities to make our business climate-resilient. We recognise extreme weather events and water stress as key physical climate risks. We are also working towards decarbonising our energy mix to insulate our operations against transitional risks. While we devise risk mitigating actions, we endeavour to capitalise on the opportunities presented by the transition to a low-carbon economy and emerge as a climate-smart enterprise. We are in the process of integrating the TCFD (Task Force on Climate-related Financial Disclosures) recommendations into our risk management approach by FY23.



ENERGY MANAGEMENT

Transitioning towards greener sources

Our approach to energy management revolves around three thrust areas:

Monitor

Enabling stringent control of energy consumption

- * Internally developed energy management software
- * Periodic energy audits conducted by independent third parties

Decarbonise

Enhancing share of greener fuel alternatives

- * Replacing furnace oil to biomass-based boilers
- * Adoption of other renewable sources of energy

Minimise

Employing energy-efficient equipment

- * Enhancing operational efficiency of utilities
- * Energy-efficient illumination

GRI 103-1, GRI 103-2



Monitor

Enabling stringent control over energy consumption

We track our energy consumption to identify opportunities for energy conservation and process optimisation. In FY21, our total energy consumption stood at 3,158,195 GJ. Currently, 40% of our total (direct and indirect) energy requirements are met through grid electricity, which also contributes to 62% of indirect energy.

Energy source

	Energy Consumption (in GJ)		
	FY19	FY20	FY21
Energy from non-renewable sources	703,850	859,601	688,486
Energy from renewable sources	386,376	354,611	438,049
Grid electricity	1,246,514	1,278,025	1,254,541
Power purchased from renewable sources	10,163	14,728	32,108
Steam purchased (biomass briquette fuel-based)	475,746	490,634	745,010
Total energy consumed	2,822,648	2,997,600	3,158,195
Energy Intensity (GJ/Revenue in ₹ Million)**	23.96	21.96	20.56

**Revenues of sites mentioned in the reporting boundary have been considered for this calculation



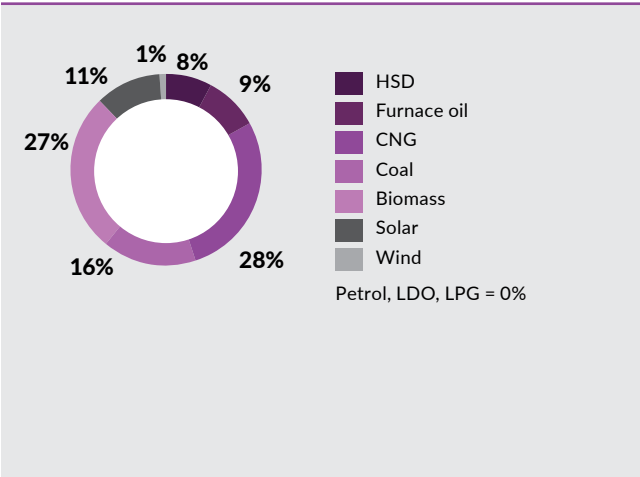
Decarbonise

Enhancing share of cleaner fuel alternatives

We have been gradually shifting to cleaner fuel options and making consistent investments in renewable energy. Our renewable sources of energy encompass wind, solar and biomass. At majority of our manufacturing facilities, we have adopted agro-waste based solid fuel and natural gas boilers. Further, we have outsourced steam production to third-party vendors who utilise biomass briquettes to generate steam using our own boilers. We purchase this steam for our process requirements. Currently, over 38% of our energy needs are met through renewables sources, underpinning our ambition to transition to a low-carbon economy.

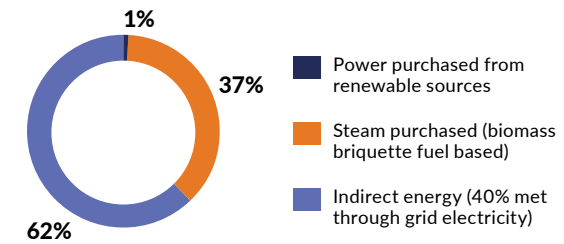


Direct energy mix

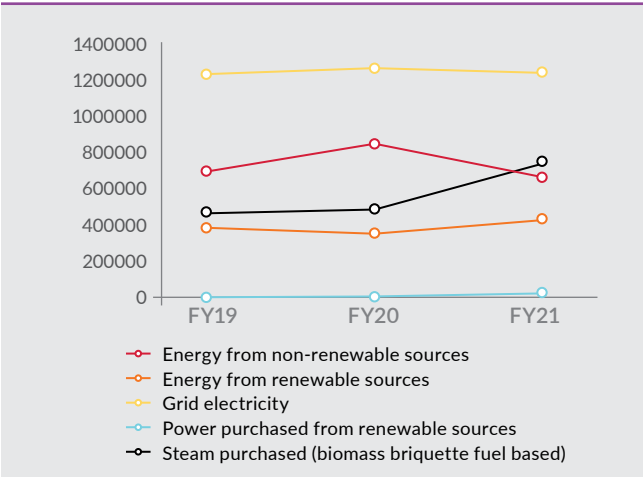


GRI 302-1, GRI 302-3

Indirect energy mix



Energy consumption trends (GJ)





Minimise

Employing energy-efficient equipment

We have been undertaking numerous energy conservation projects across our manufacturing facilities. Our key focus areas are:

Enhancing operational efficiency of utilities

- * Energy-efficient refrigeration and air-compression systems
- * Online cleaning systems in chillers
- * Simultaneous generation of heating and cooling through heat pumps

Energy-efficient illumination

- * Only energy-efficient LED/CFL lighting used across facilities
- * Motion sensor lights and solar streetlights installed at some of our facilities to minimise energy wastage

Through our efficiency measures and initiatives, we were able to reduce consumption of electricity, steam and fuels such as coal, natural gas, furnace oil, diesel and biomass in our operations, leading to overall energy savings of 355,836 GJ*.



*The measures undertaken in FY21 are considered for determining the energy saving. Accordingly, baseline of FY20 is considered for energy reduction calculations



EMISSION MANAGEMENT

We are committed to contribute to global climate mitigation efforts by reducing our carbon footprint. We periodically monitor our Scope 1 (direct) and Scope 2 (energy indirect) GHG emissions through a robust GHG inventorying process. We also monitor other air emissions, such as Ozone Depleting Substances (ODS) and oxides of Nitrogen and Sulphur (NOx and SOx). With respect to ODS, we are gradually transitioning to gases with lower Ozone Depleting Potential (ODP) and Global Warming Potential (GWP), such as R 134-A and R 404 instead of R22.

In FY21, our efforts to enhance energy efficiency and increasing share of renewables helped us reduce our Scope 1 and Scope 2 emissions. We initiated the process of developing a comprehensive inventory of our Scope 3 (other indirect) emissions**. For FY21, our Scope 3 emission was found to be 3007 tCO₂.

Measures to manage indoor air quality through Maximum Achievable Control Technology (MACT):

- * Nitrogen blanketing in equipment
- * Installation of breather valves
- * Efficient gas scrubbing systems
- * Use of vent condensers
- * Use of dry vacuum pumps
- * Vapour detection systems on solvent recovery vents, enabling system shutdown in the event of vapour release
- * Use of high efficiency particulate air (HEPA) filters to control indoor air quality in the pharmaceutical powder handling areas

Emissions (in tCO₂)

Scope 1 emissions***

FY21	49,529
FY20	62,469
FY19	48,235

Scope 2 emissions****

FY21	275,302
FY20	294,656
FY19	283,928

** Categories considered in Scope 3 (as per GHG protocol) are:
Business travel, employee commute, purchase of goods (paper only)
*** Based on IPCC emission factors for stationary combustion
**** Based on CEA emission factors for grid electricity



WASTE MANAGEMENT

Waste minimisation, segregation and safe disposal are the cornerstones of our approach to waste management. We have been leveraging digitalisation to minimise waste generation and optimise usage of resources. The disposal mechanism is based on claims made by the authorised vendor at the time of waste collection. We have replaced paper-based medication guides with e-guides to minimise waste generation from a product life-cycle perspective. To minimise solid waste generation, we have been undertaking process validation to minimise the rejection of capsules. Packaging optimisation to minimise packaging waste is also an important waste management thrust area. End-use plastic (from sold products) is collected from the market and recycled through third-party for further use, fulfilling our EPR obligations.



Hazardous waste

Waste disposal mechanism (MT)	FY19	FY20	FY21
Recycling	2,400	2,084	2,994
Recovery	3,647	3,368	4,098
Incineration	1,431	997	1,832
Landfill	3,403	3,268	3,467
Co-processing	1,184	1,115	1,694

Non-hazardous waste

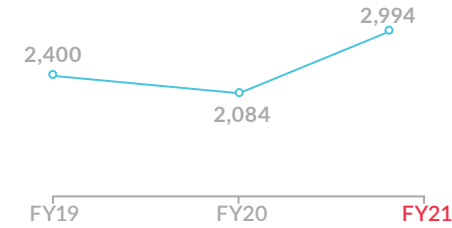
Waste disposal mechanism (MT)	FY19	FY20	FY21
Reuse	67,742	51,344	50,099
Recycling	16,588,866	20,220,699	9,566,539
Landfill*	180,080	1,813,540	4,092,969

*Data for FY20 and FY19 is not available for some of the sites in the reporting boundary

Co-processing (hazardous waste) (in MT)

FY21	1,694
FY20	1,115
FY19	1,184

Recycling (hazardous waste) (in MT)

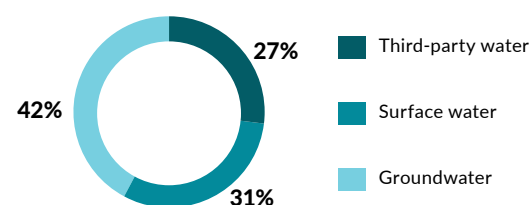




WATER MANAGEMENT

We recognise water stress as an imminent environmental risk with catastrophic implications. We employ the 4R principle of reduce, reuse, recycle and recharge in our water conservation endeavours.

Water withdrawal FY21



Overview of water withdrawal

Source of water withdrawal (KI)	FY19	FY20	FY21
Third-party water	462,580	490,182	620,115
Surface water	661,424	660,804	708,714
Groundwater	1,497,941	1,257,781	947,837
Total	2,621,945	2,408,768	2,276,665

Water withdrawal from water-stressed sites

Source of water withdrawal (KI)	FY19	FY20	FY21
Third-party water	58,129	57,407	57,005
Surface water	0	0	70
Groundwater	322,861	320,212	329,036
Total	380,990	377,619	386,110

Overview of water discharge

Water discharge (KI)	FY19	FY20	FY21
Third party water**	23,420	19,259	18,161
Water discharged in water-stressed areas	0	0	0

* Water stress areas have been ascertained using the WWF water risk filter and areas with risk rating of 3.8 and above are considered as water-stress areas.

** As per the state government directive, two sites currently discharge domestic sewage to a common sewage treatment plant for further reuse by municipal corporation.

GRI 103-1, GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4

We stringently monitor the water footprint of our manufacturing processes in order to minimise our reliance on fresh water sources. We have established tertiary treatment at majority of our locations, along with monitoring devices to ensure compliance with statutory norms. Our key manufacturing sites have achieved 'Zero Liquid Discharge' status through such water management measures. For sites with discharge, we follow the standards laid down by the Ministry of Environment, Forest and Climate Change (MoEF) and adhere to the requirements of the Consent to Operate issued by the respective State Pollution Control Boards. In FY21, we consumed 2,258,504 KL of water across our manufacturing facilities. Although groundwater is currently our major source of water (41.6%), we have progressively reduced our reliance on it. Around 17% of our water withdrawal is in water-stressed areas*. We have established stringent water consumption reduction KPIs across all our manufacturing facilities.

OUR APPROACH TO WATER CONSERVATION

Reduce

- * Consideration for water usage minimisation is embedded during design and R&D phase
- * Active monitoring of water consumption at each facility through monitoring devices to identify action areas for water conservation
- * Installation of sensor-based water taps

Reuse

- * Water reuse in feasible operational processes is actively explored and undertaken
- * We undertake steam condensate recovery from thermal evaporators

Recharge

- * Rainwater harvesting with the objective of enabling groundwater recharge

Recycle

- * Efficient effluent handling and recycling enabled by tertiary treatment
- * Tertiary treatment using filters, softeners, ultra-filtration, nano-filtration and reverse osmosis systems
- * Treated water is used in cooling tower make-up water and horticulture

Water consumption (KL)

FY21	2,258,504
FY20	2,389,509
FY19	2,598,525

12 of 14 facilities (~86%) in reporting boundary

are Zero Liquid Discharge

628,090 KL

Water was recycled

GRI 303-5, GRI 103-2



A purpose driven organisation

Our focus is on serving people by enabling their good health and well-being, and by promoting diversity and inclusion. Our community development projects and workforce management strategy together help us focus on shared growth and prosperity.

Our corporate values



Quality



Reliability



Trust



Consistency



Innovation

SDGs in focus



Performance highlights

28,000+

employees across India operations

955,000+

hours of training imparted

37,000+

employees globally

36,000+

hours of safety training

50+

nationalities

Zero

fatalities

3,000+

employees hired in FY21

Material topics

Attracting and retaining talent

Workforce welfare

Occupational health and safety

Health education and prevention

Community development - CSR

Governance enablers

Remuneration policy, Whistle blower policy, Global Code of Conduct, CSR Committee, Nomination and Remuneration Committee, POSH

Sun signs

Strategic orientation, Execution focus, Accountability, Collaboration, Process excellence, People developer, Customer-centricity

Nurturing a talented and growth-oriented workforce

At Sun Pharma, we focus on humanising our HR management system, with 'care' for our employees being the primary consideration for decision-making.

Our employees have been at the forefront of creating new possibilities and growth avenues for our business. The culmination of their collective efforts and passion has been at the heart of our organisational agility and success. We understand that employee satisfaction and well-being are key enablers of workforce productivity. Our Human Resource (HR) management strategy thus aims to create a fulfilling work experience for each employee. We make consistent investments to ensure their all-round well-being and professional development.

Our values of humility, passion, integrity and innovation are ingrained in our approach to workforce management. Our HR policies are progressive and employee-friendly, and our employee programmes are tailored to make their time with us comfortable, inspiring and growth-oriented. The policies are periodically updated to keep pace with the dynamic shifts in our business landscape and employee expectations. We incorporate inputs from employee engagement channels and external experts while updating our HR policies and processes.

Glimpse of our workforce management approach

The imperative	Cornerstones of our approach	Strategic enablers	Aspirations
<p>Efficient workforce management supports:</p> <p>Organisational productivity, continuity and agility</p> <p>Retention of skilled and experienced employees helps secure a strong workforce pipeline for the future</p> <p>Employee engagement unlocks innovation, operational efficiency and industry best practices in business processes</p>	<p>Progressive, responsive and employee-centric HR policies</p> <p>Continuous improvement based on employee feedback and industry best practices</p>	<p>Biennial employee engagement survey called the 'Organisational Health Index Survey'</p> <p>Robust employee grievance redressal</p> <p>Curated training and development programmes</p> <p>~86% facilities are ISO 45001:2018 certified</p>	<p>To build and sustain a future-ready, diverse and growth-oriented workforce</p>

GRI 103-1, GRI 103-2, GRI 103-3



Connecting and engaging with our employees

To create a rich talent pool, we focus on attracting the brightest minds in the industry and building a long-lasting relationship with them. Active and transparent communication with our employees forms the foundation of our engagement strategy throughout their tenure with us.

Talent attraction

We are an equal opportunity employer and have a competency-focused approach to attracting talent. Our primary focus is on the skillsets an employee brings to the table, and on identifying employees with the drive to innovate, collaborate and excel. During the hiring stage, we also ensure alignment of the employee’s personal values with our corporate values and purpose.

We believe this alignment in the value system fosters workforce cohesion and enhances productivity. Each employee undergoes induction training that helps them gain a better understanding of our corporate value system, operations and organisational aspirations.

New hires in the period April 2020- March 2021						
Employee category	Number of employees	April 2020-March 2021				
		<30 years	30-50 years	>50 years	Male	Female
Top Management	7	0	4	3	7	0
Senior Management	55	1	51	3	52	3
Middle Management	163	13	147	3	143	20
Junior Management	1,381	934	447	0	1,205	176
Non-management	764	556	208	0	762	2
Field Employees	1,155	966	189	0	1,149	6
Total	3,525	2,470	1,046	9	3,318	207

3,000+

employees hired in FY21*

Majority (~70%) of our new hires were in the <30 years age bracket

*The significantly high rate of new hires as compared to attrition is due to the new positions sanctioned across different sites in FY21. Further, new positions from FY20 also spilled over to FY21, which resulted in the subsequent increase in new hires.

Region-wise new hires in the period April 2020-March 2021**	Total number of employees
API Cluster I (Ahmednagar, Dahej and MKM)	143
API Cluster II (Ankleshwar, Karkhadi and Panoli)	173
API Cluster III (Toansa and Dewas API)	103
Malanpur (API)	23
Corporate office	186
R&D Baroda	153
R&D Gurgaon	103
SGO Region I (Halol, Dadra, Baska, Mohali, Paonta Sahib, Jammu)	989
SGO Region II (Goa, Dewas, Sikkim, Baddi, Guwahati, Zenotech)	497
Total	2,370

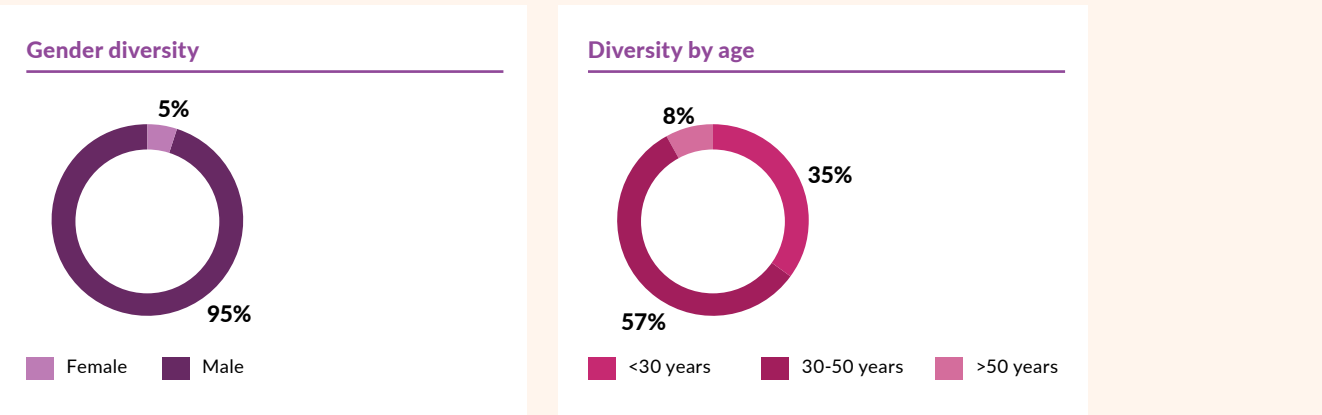
**Field employees are excluded from this region-wise distribution data

GRI 103-1, GRI 103-2, GRI 401-1

Our workforce composition

We have a multi-disciplinary and diverse workforce involved in developing cutting-edge solutions for patients. Our constant endeavour is to promote diversity by creating an inclusive and collaborative work environment. We encourage diversity in hiring and track associated metrics.

Employee category	Number of employees	April 2020-March 2021				
		<30 years	30-50 years	>50 years	Male	Female
Top Management	119	0	36	83	110	9
Senior Management	532	1	345	186	497	35
Middle Management	1,814	32	1,524	258	1,602	212
Junior Management	8,271	2,318	5,535	418	7,336	935
Non-management	5,634	1,690	3,013	931	5,478	156
Field Employees	10,932	5,624	5,006	302	10,824	108
Total	27,302	9,665	15,459	2,178	25,847	1,455
Apprentices	705				647	58
Grand Total	28,007				26,494	1,513



GRI 102-8, GRI 405-1

Employee engagement survey

We work towards building a strong relationship with our employees based on mutual trust. To gauge the effectiveness of our employee engagement strategy, we conduct an Organisational Health Index (OHI) survey once every two years. The survey, based on the McKinsey model that incorporates global and functional benchmarks, aims to capture the feedback and sentiments of our employees. The first survey was undertaken soon after our merger with Ranbaxy in 2014. Subsequently, we conducted surveys in 2016 and 2018. With at least 85% participation in each survey cycle, the surveys were clear evidence of employee confidence in this feedback mechanism. The survey covered all our employees globally, including technicians, workers and field employees.

The outcomes of the survey are carefully analysed using deep analytics to identify action areas, following which we rigorously drive progress on these areas. Our efforts have culminated in consistent improvement in the employee engagement score each year in the last three cycles. In FY21, given the pandemic, we adapted our survey to address challenges imposed by the pandemic by rolling out localised, need-based, employee well-being surveys. We plan to conduct a comprehensive employee engagement survey in the upcoming year.

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

Employee category	Number of employees	April 2020-March 2021				
		<30 years	30-50 years	>50 years	Male	Female
Top Management	14	0	6	8	14	0
Senior Management	62	0	46	16	59	3
Middle Management	147	3	122	22	135	12
Junior Management	1,109	555	531	23	965	144
Non-management	594	357	182	55	587	7
Field Employees	619	440	154	25	604	15
Total	2,545	1,355	1,041	149	2,364	181

Region-wise employee turnover in the period April 2020-March 2021*

Total number of employees

API Cluster I (Ahmednagar, Dahej and MKM)	122
API Cluster II (Ankleshwar, Karkhadi and Panoli)	171
API Cluster III (Toansa and Dewas API)	48
Malanpur (API)	5
Corporate office	144
R&D Baroda	81
R&D Gurgaon	92
SGO Region I (Halol, Dadra, Baska, Mohali, Paonta Sahib, Jammu)	810
SGO Region II (Goa, Dewas, Sikkim, Baddi, Guwahati, Zenotech)	453
Grand Total	1,926

*Field employees are excluded from this region-wise distribution data

Aligning and balancing employee aspirations and organisational goals

We invest in the professional development of each employee, and work towards cultivating a culture of shared growth and excellence. While honing their inherent talent, we also focus on equipping them with skills required for their role. Two vital aspects of enabling employee professional growth are:

- * **Performance management through annual appraisals:** The process is facilitated by an open two-way dialogue between the employee and the manager, and includes goal setting, mid-year review and year-end review. Periodic check-ins and regular feedback ensure transparency and fairness in performance management. In FY21, 100% of our employees were covered by the annual appraisal cycle.
- * **Comprehensive training and development programmes:** Our training and development programmes are designed to address diverse learning needs identified through analysis of individual development plans and business unit interactions. Training programmes are facilitated by internal and external experts and the pedagogy has been adapted to the online/virtual mode, given the present challenges. We have also provided employees access to a wide repertoire of courses through Massive Open Online Courses (MOOCs) and TED talks.

GRI 401-1, GRI 404-3, GRI 404-2

Average training hours imparted in FY21

Employee category	Male	Female
Top Management	21	10
Senior Management	28	17
Middle Management	33	15
Junior Management	42	25
Associate/Non-management	77	12
Total	53	22

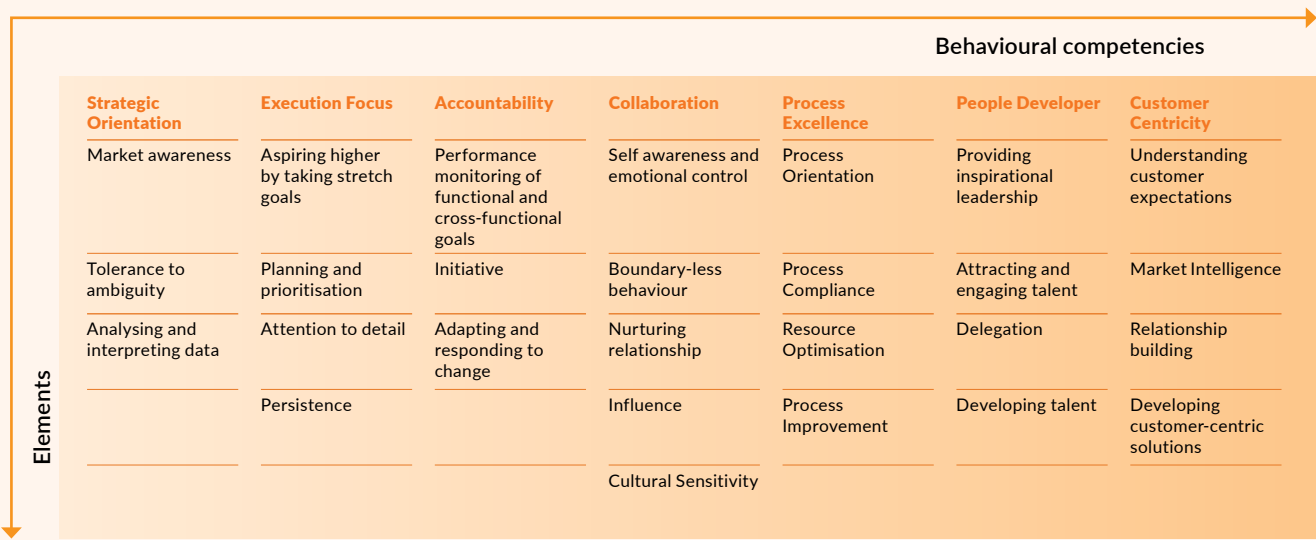
Overview of our training programmes

Culture building Our training programmes sensitise employees and help engender an inclusive and ethical workplace. They focus on our corporate values, women safety and inclusion. Some of the key programmes are:	<ul style="list-style-type: none">* Classroom and e-learning sessions on Prevention of Sexual Harassment (POSH), including periodic communication and training* Induction programme* E-learning modules on success attributes
Leadership development We run training programmes focused on enhancing managerial capabilities and leadership acumen. In FY21, we conducted a customised course for 50 high-performing leaders in our India operations. Additionally, monthly webinars were organised for leaders globally under the VITAMIN series. Some other key programmes were:	<ul style="list-style-type: none">* McKinsey management programme* First Time Manager programme that covers key topics, such as communication, presentation and time management skills* VITAMIN series focused on digital and analytics adoption in the pharma sector* E-learning modules on managerial effectiveness
Data and documentation management To help strengthen our data management processes, we rolled out a series of programmes to help employees effectively catalogue, analyse and store data. Some of the key programmes were:	<ul style="list-style-type: none">* Data reliability for shop floor employees* Good documentation practices* Annual training on data protection for computer software system* Electronic data management
Digitalisation To adapt to the new normal of virtual interactions and support digitalisation of specific business processes, we conduct sessions focused on application of digital tools. Some of our key sessions include:	<ul style="list-style-type: none">* Training to effectively use collaborative tools, such as Go To Meetings* VITAMIN series focused on digital and analytics adoption in the pharma sector* Digital marketing sessions
Technical skill development We have numerous programmes designed to upgrade the analytical, technical and job function-specific skills of our employees. Some of the key thematic areas covered through these trainings are: <ul style="list-style-type: none">* Gyandeeep initiative (a technical training series)* Statistical Process Quality Control (SPQC)* Pharmacovigilance* Quality and compliance* Product quality management* Good Manufacturing Practices (GMP)	<ul style="list-style-type: none">* Operation, functionality and maintenance of equipment, such as reactors, boilers among others* Equipment calibration and preventive maintenance* Field force focused training, such as brand protection training, selling skills, therapy and product knowledge for India and emerging markets* Standard operating procedures* Production planning and management
Soft-skill and behavioural development We emphasise on cultivating the right behavioural attributes that can enhance the efficiency of our employees. In FY21, we rolled out 23 new customised e-learning modules on success attributes. Our soft-skill focused programmes cover topics such as:	<ul style="list-style-type: none">* Time management* Presentation skills* Communication skills* Ability to execute* Enguru (to improve proficiency in English language)* Positive thinking and motivational training* Behavioural development

GRI 404-1

Driving excellence through our behavioural competency framework

Our behavioural competency framework is designed to unlock excellence by cultivating the right blend of behavioral competencies for leaders in our firm. The framework helps us devise learning and development trajectories for each employee to emerge as inspirational and resourceful leaders. Honing seven identified behavioural competencies play a vital role in cultivating a well-rounded, inclusive and enterprising leadership team. This framework is a crucial aspect of our leadership succession planning, and securing a pipeline of future-ready leaders.



Respecting and rewarding employee contributions

Over the years, we have built an inclusive and collaborative work culture that values each employee’s contribution and inspires excellence. We take pride in the diversity of our workforce and are committed to respecting diverse employee needs. We celebrate diverse cultural festivals and observe international days, such as Women’s Day to promote diversity and reduce unconscious bias.

To ensure that our employees feel secure, we extend various facilities like medical insurance, group term life insurance and accident insurance. We help our employees take a break and de-stress through our comprehensive leave programme. We also provide maternity, adoption and paternity leave aligned to regulatory requirements and support those returning to work after availing parental leave with crèche facilities either on the premise or through tie-ups with nearby crèches.

Empowering our female workforce

We encourage our women employees to pursue a fulfilling career with us. We conduct sensitivity training for managers on diversity and have also imbued diversity considerations into our policies. A dedicated women’s forum termed ‘SUNNARI’ helps our female employees come together to address issues or common concerns. Multiple initiatives are undertaken in this forum, such as Women’s Day celebrations, trainings, discussion on wellness topics, women safety and so on. We currently have several female employees in leadership positions across the organisation



GRI 401-2

Employee category	Ratio of basic salary of women to men (FY21)	Ratio of total remuneration of women to men (FY21)
Top Management	85.96:100	90.28:100
Senior Management	111.94:100	111.47:100
Middle Management	96.47:100	96.46:100
Junior Management	94.74:100	89.19:100
Associates/Non-management (Operator)	97.53:100	89.92:100

Parental leave FY21

Number of employees entitled to parental leave in FY21		Number of employees who took parental leave in FY21		Number of employees who returned to work in the reporting period after parental leave ended (FY21)		Number of employees who returned to work after parental leave ended (in FY20) and who were still employed 12 months after their return to work	
Male	Female	Male	Female	Male	Female	Male	Female
10,852	702	842	30	842	14	924	51

We believe that to create a motivated and empowered workforce, it is important to value, recognise and reward employee contributions. We ensure our remuneration across the workforce is industry competitive and benchmarked with an identified set of industry peers through independent compensation consultants. We also have employee recognition programmes that celebrate their achievements and contributions.

Our human rights commitment

We are dedicated to respect and protect the human rights of all our employees. We have zero tolerance to child labour, forced labour or discrimination based on gender, caste, creed, religion, marital status, sexual orientation, among other factors. We respect the right to freedom of association and have a management-recognised employee association, which covers ~4% of our employee membership as on March 31, 2021. We have robust procedures to mitigate violation of fundamental human rights.

In order to ensure the protection of human rights, we also conduct independent third-party audits at our facilities based on Sedex Members Ethical Trade Audit (SMETA) guidelines. These include evaluation on labour standards, health and safety, environment and business ethics as well as covers topics, such as freedom of association, safe and hygienic conditions, living wages, child labour, discrimination, among others. Training is provided to employees to create awareness on our commitment to the protection of human rights.

Employee training on human rights policies and procedures

Employee category	FY21	
	Male (Training manhours)	Female (Training woman hours)
Top Management	7	0
Senior Management	52	3
Middle Management	143	20
Junior Management	1,205	176
Non-management	762	2
Total	2,169	201

2,000+ hours

of human rights focused training imparted

GRI 405-2, GRI 401-3, GRI 102-41, GRI 407-1, GRI 408-1, GRI 409-1, GRI 412-1, GRI 412-2

Fostering a healthy and safe working environment

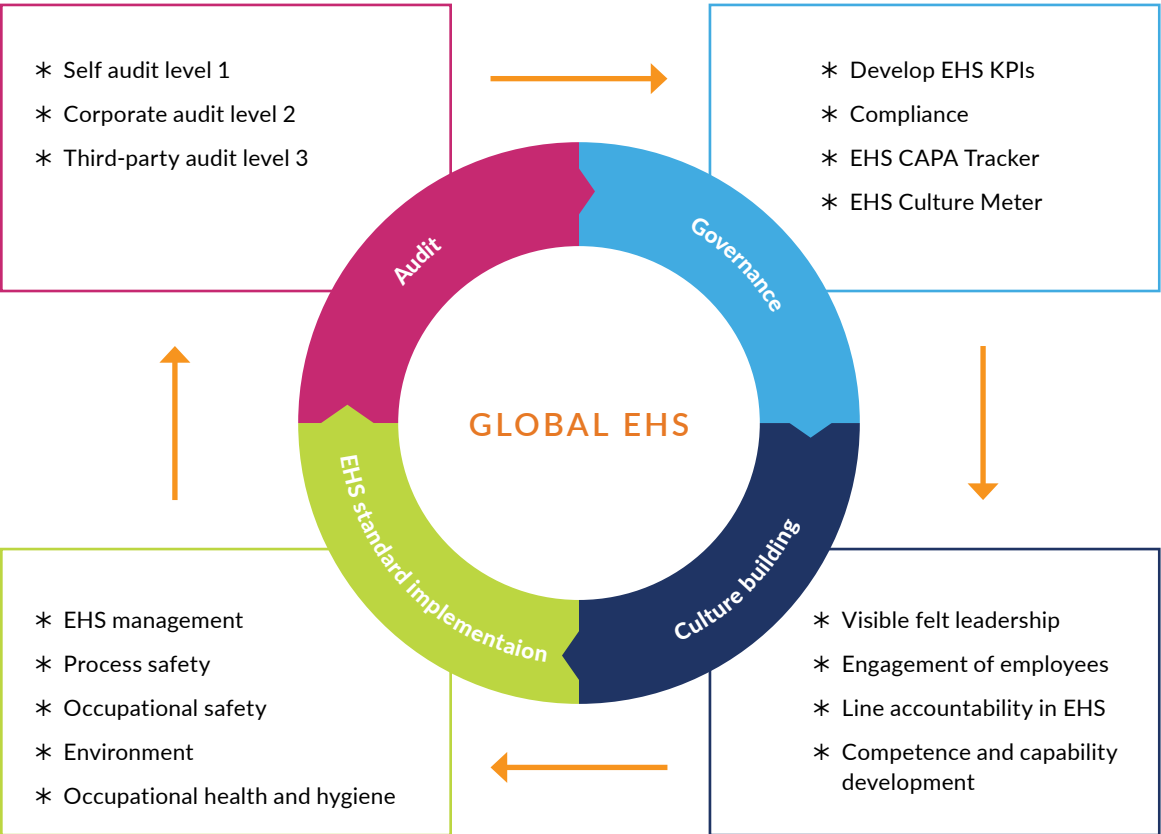
We employ a 360-degree approach to employee health and well-being management. Our programmes are designed to enable mental, physical and emotional well-being of our employees.

Employee health and safety

At Sun Pharma, employee safety comes first. We make consistent investments in safety-focused programmes and controls to strengthen our safety management system. All our manufacturing facilities have implemented safety management systems compliant with local regulations and based on recognised safety management standards. Around 86% of our manufacturing facilities (in the reporting boundary) are ISO 45001:2018 certified. To ensure consistent application of the EHS policy across our manufacturing facilities, we have developed global EHS standards and EHS guidelines.

The EHS guidelines lay down responsibilities and good practice guidance on specific EHS topics. EHS procedures also take into account the need for site-specific customisation on the basis of the nature of the process and local regulations. Our safety governance system empowers each employee to actively participate and take responsibility in fostering a safe working environment.

Please refer to the 'Safeguarding our environment' section for details on our multi-layered EHS governance mechanism on page 41.



GRI 403-1, GRI 103-1

Hazard identification and management

We have implemented process safety management based on 14 elements at our sites to establish safety at the workplace and in operations. Since the design stage of the project, process safety is ensured through the entire lifecycle, supported by periodic assessments and monitoring. Safe operations are ensured with the help of various tools of risk analysis, such as Environment Health and Safety (EHS) by design checklists, Hazard and Operability Analysis (HAZOPs), Hazard Identification and Risk Assessment (HIRA), Qualitative Risk Analysis (QRA), Job Safety Analysis (JSA), as well as any consequence modelling or siting studies. All health, safety and environmental hazard information for materials used in facilities, including the hazardous effects of inadvertent mixing of different materials, is evaluated, and corrective measures are implemented at all development and manufacturing stages. Any change in process and facility is addressed through the Change Management System in order to ensure a safe workplace.

Additionally, our site leadership team is also involved in proactively identifying unsafe acts and conditions. Some of the work-related hazards that entail ill-health or injury risk to our workforce include chemical handling, working at height or in high-noise area, solid charging reactor and dryer in pre-charged flammable solvent, handling of hazardous material and wastes, non-routine activities (e.g. hot work), among others. To protect our employees from such hazards, stringent administrative control, engineering control, work permit system, trained workforce as well as personal protective equipment are provided across our facilities. We have also developed stringent procedures for change management, work permit-based protocols, fire safety, pre-startup safety review, on-site emergency preparedness, disaster management planning among others.

14 Elements of Process Safety Management

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



GRI 403-2, GRI 403-7

Employee health management

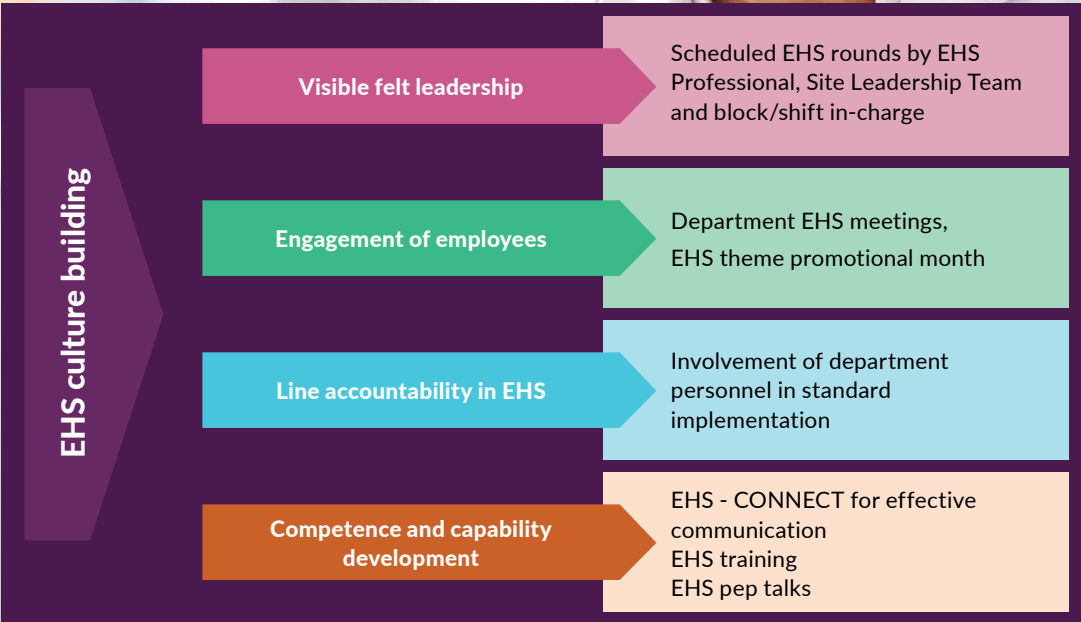
In recognition of the risks associated with our manufacturing processes, we have institutionalised a robust health management system for our employees. As part of this system, we have various administrative controls comprising well-defined processes and SOPs. Our health assessment and health promotion programmes include preventive, curative and advisory services for employee protection from occupational hazards. Pre-employment health check-ups are undertaken to ensure employees are physically fit for the role. We regularly conduct periodic health checkups for our employees at the occupational health centre present across our facilities. We maintain health records of employees while ensuring confidentiality in line with the commitments made in our Global Code of Conduct.

Each operational site has a qualified doctor and nurses available round the clock to monitor the health of our employees. High-risk health hazards are also identified through medical check-ups and any identified hazards are immediately addressed through our on-site emergency plan. We provide comprehensive health insurance schemes to every employee in line with our policy.

Our health education and promotion programmes encourage employees to follow a healthy lifestyle. As part of these initiatives, we also conduct awareness programmes concerning nutrition, the pandemic, cancer and important lifestyle-related diseases. Our contractual workforce is also encouraged to actively participate in our health-focused programmes.

Employee participation in building a safety culture

Building a safety-oriented mindset in our workforce is at the core of our safety management system. Our interventions focus on enabling employee consultation, participation and involvement in building a strong safety culture. We have adopted a blended approach encompassing informal interventions, such as toolbox talks, and formalised procedures. Employees are sensitised about embedding a proactive approach to safety in their day-to-day activities.



GRI 403-3, 403-6

Key facets of our safety management system

EHS-focused forums and meetings

We actively consult employees to step-up our safety initiatives through periodic Safety Committee meetings. Our EHS improvement plans are chalked out in collaboration with our employees ensuring their active involvement in strengthening safety management. Our internal EHS experts have periodic conversations with shop-floor personnel through informal meetings apart from the meetings conducted by the EHS department. We have formalised Safety Committees across our facilities with equal representation from workers and management.

Visible felt leadership

Site walkthroughs are undertaken by supervisors to ensure safe working conditions and safety conscious employee behaviour. The site leadership team also closely engages with our employees to share experiences to build a safety-focused culture.

EHS training

EHS trainings, conducted by internal experts as well as national and international experts, cover the entire workforce, including contractual employees. Trainings follow a blended approach, encompassing both classroom and practical training. Our in-house EHS experts also attend industry forums and events to share their insights on organisational safety.

Some key safety topics include:

- * International standards (ISO 14001:2015 and ISO 45001:2018)
- * EHS policies, rules, and site-specific procedures
- * Preventive maintenance of plant and machineries
- * Firefighting/Fire safety/Fire prevention

- * Emergency preparedness and response
- * Personal Protective Equipment (PPE)
- * Behaviour Based Safety (BBS)
- * Occupational health and hygiene
- * Safe handling of hazardous chemicals
- * Machine safety
- * Hazardous waste storage, handling and disposal

Incident reporting and knowledge sharing

We have IT-enabled global EHS platforms for incident reporting and knowledge sharing. The incident investigation and reporting process helps in identification of the root cause and devising corrective measures. Employees are encouraged to report work-related hazards and hazardous situations through the Safety Committee meeting, department Safety Committee meeting, drop-box, conversations with the supervisor in addition to the formalised Global EHS portal.

Audits

We undertake three categories of audits – self-audits, corporate audits, and third-party audits. The audits are conducted by internal and external experts ensuring multiple checks and measures towards identifying areas for improvement.

GRI 403-4, GRI 403-5

EHS Culture Meter

To evaluate the outcomes of safety training programmes and EHS interventions, we have introduced 'EHS Culture Meter'. This is a comprehensive evaluation tool to gauge the extent of EHS culture that is being imbibed within the organisation and covers aspects, such as leadership, engagement, training, system implementation, compliance, and lagging indicators. The evaluation is spread across sites, regions, departments, and at the corporate level to provide a holistic overview on the EHS culture, which additionally motivates our employees to prioritise EHS.

Overview of our safety performance

Workers covered by an occupational health and safety management system

Number of employees whose work/workplace is controlled by the organisation	Number of employees covered by OHS system	Number of employees covered by OHS system and internally audited	Number of employees covered by OHS system, audited or certified by an external party	Number of workers excluded
17,772	17,772	17,772	15,993	0

Work related injuries*

Year	Number of fatalities	Number of person-hours worked	Number of recordable work-related injury	Rate of fatalities	Rate of recordable work-related injury
Permanent employees					
FY20	0	26,284,540	14	0	0.11
FY21	0	25,633,849	16	0	0.12
Temporary employees					
FY20	0	18,624,280	10	0	0.11
FY21	0	14,398,047	8	0	0.11

Work-related ill health

Permanent employees			Temporary employees		
	Fatalities	Recordable cases		Fatalities	Recordable cases
FY20	0	3	FY20	0	1
FY21	0	1	FY21	0	0

GRI 403-8, GRI 403-9, GRI 403-10

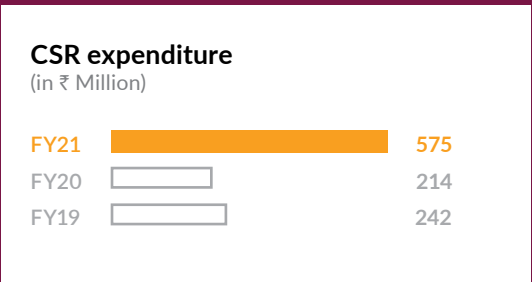
*High consequence work related injuries have not been monitored so far. We will begin monitoring FY22 onwards.

Building resilience in our society

Our philanthropic and volunteerism efforts reflect the essence of our ‘Sunology’, which believes in strengthening collaborations with our partners to drive positive impact across communities. As a socially responsible organisation, we aim to facilitate economic progress and enable sustainable growth across communities.

At Sun Pharma, we are cognisant of the value generated from our business activities and its subsequent impact on society. We leverage our scale and reach to promote inclusive development. Our Corporate Social Responsibility (CSR) policy guides our CSR programmes and activities, all of which are aligned to Schedule VII of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014. In FY21, our CSR expenditure increased to ₹575.59 Million from ₹214.19 Million in FY20.

We undertake periodic community need assessments to identify areas of impact and further strengthen the objectives of our CSR programmes. Independent third parties are also employed to assess the gaps in implementation and evaluate the progress of our CSR initiatives. Projects are also monitored by our CSR team through site visits, reports from implementation partners and village-level project committees. In FY21, there were no significant or actual negative impact on local communities.



GRI 103-1, GRI 103-2, GRI 103-3, GRI 413-1, GRI 413-2

Vision

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

Mission

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

Objectives

Serving the community

Giving back to the community and addressing its needs is a key priority for Sun Pharma. The imperatives of the host community are gleaned through the bottom-up planning approach

Focus on quality

Delivering high quality support to meet the needs of the community

Ensuring sustainability

Introducing interventions in the communities that address critical needs and can become sustainable over a period of time


Leveraging resources

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

Our seven CSR focus areas

-  Healthcare Programme
-  Education Programme
-  Rural Development Programme
-  Environment Conservation Programme
-  Sanitation Programme
-  Drinking Water Project
-  Disaster Relief Programme

We have provided brief insight into our key CSR focus areas and initiatives as part of our Annual Report 2020-21, Annexure D, Page No 54. Please refer to the link here

 <https://sunpharma.com/wp-content/uploads/2021/08/Sun-Pharma-Annual-Report-2020-21-and-Notice-of-29th-AGM.pdf>

Strengthening our social commitment



Healthcare Programme



Sustainable Development Goals (SDGs) addressed



Key objectives

- * Build non-profit, comprehensive cancer treatment facility (chemotherapy) and eye facility
- * Malaria elimination demonstration project
- * Establish a dedicated clinic space for dry eye amelioration
- * Provide financial support for health infrastructure development
- * Provide doorstep health services to target beneficiaries, inclusive of medicines and consultation with doctors
- * Support various health awareness drives

Key initiatives

- * Cancer Sanatorium Institute & Eye Hospital under implementation through the Shantilal Shanghvi Foundation. The hospital will provide facilities for chemotherapy and radiation treatment
- * Implemented the Malaria Elimination Demonstration Project in partnership with the Government of Madhya Pradesh, ICMR - NIRTH Jabalpur to eliminate malaria from 1,233 villages in the Mandla district of Madhya Pradesh
- * Introduced the Mobile Healthcare Unit (MHU) programme, implemented by Sun Pharma Community Healthcare Society. MHU vans cover more than 200 villages and provide services across maternal, neonatal and reproductive health, among others
- * Launched the Initiative for Dry Eye Amelioration (IDEA) in partnership with the Hyderabad Eye Institute to provide curative treatment for dry eyes



Education Programme



Sustainable Development Goals (SDGs) addressed



Key objectives

- * Ensure 100% literacy and quality education for marginalised sections of society
- * Set up digital classrooms in government schools
- * Provide remedial education for students of Class 12
- * Provide trainings for innovative teaching methodologies
- * Reduce school drop-out rates
- * Enhance dairy and agricultural research

Key initiatives

- * Established the Model School Development Programme to reduce school drop-out rates, increase enrolment rate, provide quality education and enhance school infrastructure
- * Implemented the Digital Classroom Project to enhance the quality of education across government schools
- * Established a Pharma Research Laboratory at the Agriculture Development Trust in Baramati to strengthen academic research across pharmaceutical, dairy and agriculture practices
- * Implemented the Single Teacher School Programme in the interior villages of Tamil Nadu to educate underprivileged rural children
- * Implemented the Model Anganwadi Development Programme to enhance infrastructural facilities in Government Anganbari Centres at Vadodara



Rural Development Programme



Sustainable Development Goals (SDGs) addressed



Key objectives

- * Upgrade existing rural infrastructure
- * Enhance quality of education
- * Provide clean drinking water for underprivileged communities
- * Provide vision surgery for children
- * Renovate community buildings in villages for public use
- * Install solar street lights
- * Provide opportunities to enhance livelihoods
- * Provide skill development training

Key initiatives

- * Swades Model Village Development Programmes has been implemented in partnership with Swades Foundation, Mumbai to enhance focus on drinking water, livelihood generation, quality education, dairy development, healthcare services and infrastructure development in rural parts of Raigad District, Maharashtra
- * Established a skill development centre at Malanpur, enabling economic empowerment of women among underprivileged sections of society
- * Installed solar street lights across rural areas in Gujarat, Maharashtra, and Dadra & Nagar Haveli
- * Launched an online campaign for the 'Donate a Plate' campaign to provide underserved sections of the society with food during festivals
- * Rural infrastructure development aided 1,070 households across villages



Environment Conservation Programme



Sustainable Development Goals (SDGs) addressed



Key objectives

- * Enhance tree plantation activities
- * Rainwater harvesting systems

Key initiatives

- * Implemented the Green Development Programme to enhance awareness on sustainability across schools and communities
- * Conducted awareness generation sessions through the 'Say No to Plastic' campaign at Mohali (Punjab) and Paonta Sahib (Himachal Pradesh)
- * Plantation of saplings at Vadodara (Gujarat), Ahmednagar (Maharashtra), Panoli (Gujarat) and Madurantakam (Tamil Nadu)

Strengthening our social commitment



Sanitation Programme



Sustainable Development Goals (SDGs) addressed



Key objectives

- * Construct toilet blocks for individual families, communities and also in government schools
- * Increase the number of Open Defecation Free (ODF) villages

Key initiatives

- * Implemented the School Toilet Construction Project to improve hygiene and sanitation facilities across schools, benefiting 1,421 students
- * Installed Individual Household Toilets (IHHTs) in Gujarat, Maharashtra, UT of Dadra and Nagar Haveli and Tamil Nadu to reduce open defecation practices



Drinking Water Project



Sustainable Development Goals (SDGs) addressed



Key objectives

- * Construct and maintain tube wells for safe and potable drinking water supply
- * Build bore-well based drinking water systems
- * Provide water storage tanks
- * Renovation and restoration of existing water supply systems
- * Establishment of water committees at the village level for efficient project implementation

Key initiatives

- * Developed rainwater harvesting systems across public buildings in two schools at Halol. The harvested water was used for school toilets and drinking water
- * Implemented initiatives to reduce water-borne diseases in rural areas of Ahmednagar (Maharashtra), Toansa (Punjab) and Paonta (Himachal Pradesh)
- * Construction of Mini Water Works to provide seamless access to water for rural women



Disaster Relief Programme



Sustainable Development Goals (SDGs) addressed



Key objectives

- * Provide medicines, masks, sanitisers and other such required equipment to combat the COVID-19 pandemic

Key initiatives

- * Augmented COVID-19 awareness programmes
- * Provided relief material, medicines, sanitisers, masks and PPE kits to frontline workers
- * Set up a COVID-19 testing center at UT of Ladakh with requisite training and logistical support
- * Provided food kits for daily wage workers during the pandemic
- * Donated Favipiravir in India and also provided HCQS to US market
- * Developed COVID-19 care isolation and treatment centres

Annexure: Awards and accolades

Recognition for excellence



Received Mahatma Award##

for Social Good for Malaria Elimination Demonstration project, Mandla under the NGO category by Mahatma in 2020

Listed among

Forbes World's Best Employers

for the year 2020

One of our star OTC product, Volini, was named in Nielsen BASES

Top Breakthrough Innovation Winners India 2020 list

Ranked No. 1

in pharmaceutical sector in the BW Businessworld list of India's Most Respected Companies in February, 2020

Received the Golden Peacock Award 2020**

from the Institute of Directors for outstanding CSR practices

Our Paonta Sahib site was declared the

Winner of Best Innovation Practices in EHS (large)

at the EHS Practices Competition 2020 organised by Confederation of Indian Industry (CII) – Centre of Excellence for Competitiveness

The Company does not have any relationship with the awarding agency. Further details of the awarding agency and award evaluation process, among others may be accessed at <https://www.mahatmaaward.com/>

** The Company does not have any relationship with the awarding agency. Further details of the awarding agency and award evaluation process, among others may be accessed at <http://goldenpeacockaward.com/awards/award-for-corporate-social-responsibility.html>

Membership and associations

- * India CEO Forum on Climate Change
- * Indian Drug Manufacturing Association (IDMA)
- * Indian Pharmaceutical Alliance (IPA)
- * Confederation of Indian Industry (CII)
- * The Associated Chambers of Commerce of India (ASSOCHAM)
- * The Federation of Indian Chambers of Commerce and Industry (FICCI)
- * Federation of Gujarat Industries (FGI)
- * Gujarat Employers Organisation (GEO)
- * Association for Accessible Medicines (US)

Reporting boundary

Our reporting boundary for environmental, health and safety performance comprises the following facilities within India:

Sr. No	Type of manufacturing	Site location	State
1	API (Bulk Drug)	Ahmednagar	Maharashtra
2	API (Bulk Drug)	Panoli	Gujarat
3	API (Bulk Drug)	Tonasa	Punjab
4	API (Bulk Drug)	Dewas	Madhya Pradesh
5	API (Bulk Drug)	Madurantakam	Tamil Nadu
6	Formulation	Halol	Gujarat
7	Formulation	Paonta Sahib	Himachal Pradesh
8	Formulation	Mohali	Punjab
9	Formulation	Baska	Gujarat
10	Formulation	Guwahati	Assam
11	Formulation	Dadra	Dadra & Nagar Haveli
12	Formulation	Sikkim-1	Sikkim
13	Formulation	Sikkim-2	Sikkim
14	Formulation	Dewas	Madhya Pradesh

GRI 102-13, GRI 102-46

GRI content index

GRI Standard	Disclosure	Page No.	Reason for omission
GRI 102: GENERAL DISCLOSURES 2016			
Organisational Profile			
GRI 102: General Disclosures 2016	GRI 102-1: Name of the Organisation	B	
	GRI 102-2: Activities, brands, products & services	7	
	GRI 102-3: Location of Headquarters	7	
	GRI 102-4: Location of Operations	7	
	GRI 102-5: Ownership and legal form	9	.
	GRI 102-6: Markets served	7	
	GRI 102-7: Scale of the Organisation	7	
	GRI 102-8: Information on employees and other workers	53	
	GRI 102-9: Supply Chain	36	
	GRI 102-10: Significant changes to the organisation and its supply chain	36	
	GRI 102-11: Precautionary Principle or Approach	13	
	GRI 102-12: External initiatives	B	
	GRI 102-13: Membership of associations	70	
Strategy			
GRI 102: General Disclosures 2016	GRI 102-14: Statement from senior decision maker	4-5	
	GRI 102-15: Key impacts, risks, and opportunities	12	
Ethics & Integrity			
GRI 102: General Disclosures 2016	GRI 102-16: Values, principles, standards and norms of behavior	7, 9	
Governance			
GRI 102: General Disclosures 2016	GRI 102-18: Governance structure	9	
	GRI 102-19: Delegating authority	11	
Stakeholder engagement			
GRI 102: General Disclosures 2016	GRI 102-40: List of stakeholder groups	15	
	GRI 102-41: Collective bargaining agreement	57	
	GRI 102-42: Identifying and selecting stakeholders	15	
	GRI 102-43: Approach to stakeholder assessment	15	
	GRI 102-44: Key topics and concerns raised	15	
Reporting practices			
GRI 102: General Disclosures 2016	GRI 102-45: Entities included in consolidation of financial statements		Details of entities included in consolidation of financial statements can be found in our FY21 annual report.
	GRI 102-46: Defining report content and topic boundaries	B, 16, 70	
	GRI 102-47: List of material topics	16	
	GRI 102-48: Restatements of information		Not applicable as this is our first year of sustainability report.
GRI 102: General Disclosures 2016	GRI 102-49: Changes in reporting		Not applicable as this is our first year of sustainability report.
	GRI 102-50: Reporting period	B	
	GRI 102-51: Date of most recent report	B	
	GRI 102-52: Reporting cycle	B	

GRI 102-55

GRI Standard	Disclosure	Page No.	Reason for omission
	GRI 102-53: Contact point for questions regarding the report	B	
	GRI 102-54: Claims of reporting in accordance with GRI standards	B	
	GRI 102-55: GRI content Index	71	
	GRI 102-56: External assurance	76	
CORPORATE GOVERNANCE			
Risk Management			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	12	
	GRI 103-2: The management approach and its components	12	
	GRI 103-3: Evaluation of the management approach	12	
GRI 102: General Disclosures 2016	GRI 102-15: Key impacts, risks, and opportunities	12	
ESG compliance			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	9	
	GRI 103-2: The management approach and its components	9	
	GRI 103-3: Evaluation of the management approach	9	
GRI 307: Environmental Compliance 2016	GRI 307-1: Non-compliance with environmental laws and regulations	40	
GRI 416: Customer Health and Safety 2016	GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	30	
GRI 417: Marketing and Labeling 2016	GRI 417-2: Incidents of non-compliance concerning product and service information and labeling	30	
GRI 419: Socioeconomic Compliance 2016	GRI 419-1: Non-compliance with laws and regulations in the social and economic area	9	
INNOVATION AND TECHNOLOGY			
Non GRI: Investments in innovative technology			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	32	
	GRI 103-2: The management approach and its components	32	
	GRI 103-3: Evaluation of the management approach	32	
Non GRI: Development of complex molecules			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	32	
	GRI 103-2: The management approach and its components	32	
	GRI 103-3: Evaluation of the management approach	32	
Non GRI: Data integrity and security			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	34	
	GRI 103-2: The management approach and its components	34	
	GRI 103-3: Evaluation of the management approach	34	

GRI Standard	Disclosure	Page No.	Reason for omission
Non GRI: Technology and digitisation			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	34	
	GRI 103-2: The management approach and its components	34	
	GRI 103-3: Evaluation of the management approach	34	
PRODUCT STEWARDSHIP			
Non GRI: Product accessibility			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	30	
	GRI 103-2: The management approach and its components	30	
	GRI 103-3: Evaluation of the management approach	30	
Non GRI: Responsible product pricing			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	30	
	GRI 103-2: The management approach and its components	30	
	GRI 103-3: Evaluation of the management approach	30	
Product responsibility			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	28, 30	
	GRI 103-2: The management approach and its components	28, 30	
	GRI 103-3: Evaluation of the management approach	28, 30	
GRI 416: Customer Health and Safety 2016	GRI 416-1: Assessment of the health and safety impacts of product and service categories	28	
GRI 417: Marketing and Labeling 2016	GRI 417-1: Requirements for product and service information and labeling	31	
ENVIRONMENTAL MANAGEMENT			
Waste management			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	40, 41, 45	
	GRI 103-2: The management approach and its components	40, 41	
	GRI 103-3: Evaluation of the management approach	41	
GRI 306: Effluents and Waste 2016	GRI 306-2: Waste by type and disposal method	45	
Water stewardship			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	40, 41, 46	
	GRI 103-2: The management approach and its components	40, 41, 47	
	GRI 103-3: Evaluation of the management approach	41	
GRI 303: Water and Effluents 2018	GRI 303-1: Interactions with water as a shared resource	46	
	GRI 303-2: Management of water discharge-related impacts	46	
	GRI 303-3: Water withdrawal	46	
	GRI 303-4: Water discharge	46	
	GRI 303-5: Water consumption	47	

GRI Standard	Disclosure	Page No.	Reason for omission
Energy management			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	40, 41, 42	
	GRI 103-2: The management approach and its components	40, 41, 42	
	GRI 103-3: Evaluation of the management approach	40, 41	
GRI 302: Energy 2016	GRI 302-1: Energy consumption within the organisation	43	
	GRI 302-3: Energy intensity	43	
	GRI 302-4: Reduction of energy consumption	44	
EMPLOYEE WELL-BEING			
Attracting and retaining talent			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	50, 52	
	GRI 103-2: The management approach and its components	50, 52	
	GRI 103-3: Evaluation of the management approach	50	
GRI 401: Employment 2016	GRI 401-1: New employee hires and employee turnover	52, 54	
	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	56	
	GRI 401-3: Parental leave	57	
GRI 405: Diversity and equal opportunity 2016	GRI 405-1: Diversity of governance bodies and employees	10, 53	
	GRI 405-2: Ratio of basic salary and remuneration of women to men	57	
Workforce welfare			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	50	
	GRI 103-2: The management approach and its components	50	
	GRI 103-3: Evaluation of the management approach	50	
GRI 404: Training and Education 2016	GRI 404-1: Average hours of training per year per employee	55	
	GRI 404-2: Programmes for upgrading employee skills and transition assistance programmes	54	
	GRI 404-3: Percentage of employees receiving regular performance and career development reviews	54	
GRI 406: Non-discrimination 2016	GRI 406-1: Incidents of discrimination and corrective actions taken	9	
GRI 407: Freedom of association and collective bargaining 2016	GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	57	
GRI 408: Child labor 2016	GRI 408-1: Operations and suppliers at significant risk for incidents of child labor	57	
GRI 409: Forced or compulsory labor 2016	GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	57	
GRI 412: Human rights assessment 2016	GRI 412-1: Operations that have been subject to human rights reviews or impact assessments	57	
	GRI 412-2: Employee training on human rights policies or procedures	57	

GRI Standard	Disclosure	Page No.	Reason for omission
Occupational health and safety			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	58	
	GRI 103-2: The management approach and its components	41	
	GRI 103-3: Evaluation of the management approach	41	
GRI 403: Occupational Health and Safety 2018	GRI 403-1: Occupational health and safety management system	58	
	GRI 403-2: Hazard identification, risk assessment, and incident investigation	59	
	GRI 403-3: Occupational health services	60	
	GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	61	
	GRI 403-5: Worker training on occupational health and safety	61	
	GRI 403-6: Promotion of worker health	60	
	GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	59	
	GRI 403-8: Workers covered by an occupational health and safety management system	63	
	GRI 403-9: Work-related injuries	63	
	GRI 403-10: Work-related ill health	63	
SOCIETAL DEVELOPMENT			
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GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	64	
	GRI 103-2: The management approach and its components	64	
	GRI 103-3: Evaluation of the management approach	64	
GRI 413: Local Communities 2016	GRI 413-1: Operations with local community engagement, impact assessments, and development programmes	64	
	GRI 413-2: Operations with significant actual and potential negative impacts on local communities	64	
Health education and prevention			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	66	
	GRI 103-2: The management approach and its components	66	
	GRI 103-3: Evaluation of the management approach	64	
GRI 201: Economic Performance 2016			
GRI 201: Economic Performance 2016	GRI 201-1: Direct economic value generated and distributed	27	
GRI 204: Procurement practices 2016			
GRI 204: Procurement Practices 2016	GRI 204-1: Proportion of spending on local suppliers	37	
GRI 305: Emissions 2016			
GRI 305: Emissions 2016	GRI 305-1: Direct (Scope 1) GHG emissions	44	
	GRI 305-2: Energy indirect (Scope 2) GHG emissions	44	
	GRI 305-3: Other indirect (Scope 3) GHG emissions	44	

Independent assurance statement



Independent Assurance Statement

Scope and Approach

DNV GL Business Assurance India Private Limited has been commissioned by the Management of Sun Pharmaceutical Industries Limited (Corporate Identity Number L24230GJ1993PLC019050, hereafter referred as 'the Company') to carry out an independent assurance of the qualitative and quantitative disclosures related to sustainability performance in the digital formats of its Sustainability Report 2020-21 ('the Report') as well as referenced information in its Annual Report, the Company's website and other publicly available documents. This Report is prepared by the Company based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 and its revisions ('GRI Standards') and its Core option of reporting, for the financial year ending 31st March 2021

We performed a limited level of assurance based on our assurance methodology DNV's VeriSustain^{TM1}, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI Principles for Defining Report Content and Quality. In doing so, we evaluated the quantitative and qualitative sustainability performance disclosures presented in the Report for the activities undertaken by the Company during the reporting period 1st April 2020 to 31st March 2021. The scope and boundaries of disclosures are as described in the Report in the sections 'About the Report', 'Annexure of Reporting Boundary' and 'Materiality', and includes economic, environmental and social performance related to operations of 14 manufacturing locations in India.

The intended user of this Assurance Statement is the Management of the Company ('the Management'). Our assurance engagement was planned and carried out during July 2021 – August 2021.

Responsibilities of the Management of Company and the Assurance Provider

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

We have not provided any other services in 2020-21 to the Company which in our opinion, would have constituted a conflict of interest with this assurance work. Our assurance engagement is based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and free from material misstatements.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our opinion for a limited level of assurance based on DNV's VeriSustain. Due to the outbreak of COVID-19 pandemic and associated travel restrictions, we carried out remote assessments in line with DNV's remote audit methodology, as one-to-one discussions and onsite visits for verification were not feasible. We adopted a risk-based approach, that is, we concentrated our efforts on the issues of high material relevance to Sun Pharma. As part of the process, a multi-disciplinary team of sustainability and assurance specialists reviewed sustainability disclosures related to the Company's operations with the management teams and data owners at the Company's Corporate Office in Mumbai and sample facilities in India. We undertook the following activities:

¹ The VeriSustain protocol is available on www.dnv.com
* Assurance Engagements other than Audits or Reviews of Historical Financial Information.



- Review of the approach to materiality determination and stakeholder engagement, and the outcomes as stated in the Report. We did not have any direct engagement with external stakeholders;
- Reviews of the draft and final versions of the sustainability report;
- Verification of the information and claims made in the Report, and assessment of the robustness of the data management system, data accuracy, information flow and controls for the reported disclosures. We examined and reviewed supporting evidence such as documents, data and other information made available by the Company related to the disclosures made in the Report, along with the Company's protocols for how the data was measured, monitored, recorded and reported;
- Review of the management approach disclosures related to identified material topics through interviews with selected senior managers responsible for devising and implementing sustainability strategies. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;
- Remote verification at sample sites, that is, selected Formulations in Halol (Gujarat), Mohali (Punjab) and Dewas (Madhya Pradesh), and Active Pharmaceutical Ingredients (API) units in Dewas (Madhya Pradesh) and Ahmednagar (Maharashtra); including review of the processes and systems for preparing and consolidating site-level sustainability data in line with the principles of reliability, accuracy and completeness. We were free to choose sites for conducting assessments on the basis our risk-based approach; and,
- An independent assessment of the Report against the requirements of the GRI Standards: Core option of reporting.

We did not come across limitations to the scope and boundary of the agreed assurance engagement. The reported data on economic performance including expenditure towards Corporate Social Responsibility (CSR) and other financial data are based on audited financial statements issued by the Company's statutory auditors, and presented in its Annual Report 2020-21, which is subject to a separate independent audit process, and was not included in our scope of work.

Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly describe the Report's adherence to the GRI Standards: Core option of reporting including the GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016 and disclosures related to the following GRI Topic-specific Standards which have been identified by the Company to bring out its performance against its prioritised material topics

- GRI 201: Economic Performance 2016- 201-1;
- GRI 204: Procurement practices 2016- 204-1;
- GRI 302: Energy 2016 – 302-1, 302-4;
- 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;
- GRI 306: Effluents and Waste 2016- 306-2;
- GRI 307: Environmental Compliance 2016- 307-1;
- GRI 401: Employment 2016- 401-1, 401-2, 401-3
- GRI 403: Occupational Health and Safety 2018- 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10;
- GRI 404: Training and Education 2016 – 404-1, 404-2, 404-3;
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1, 405-2;
- GRI 406: Non discrimination 2016- 406-1;
- GRI 407: Freedom of Association and Collective Bargaining 2016- 407-1;
- GRI 408: Child Labor 2016- 408-1;
- GRI 409: Forced or Compulsory Labor 2016- 409-1 ;

- GRI 412: Human Rights Assessment 2016- 412-1, 412-2;
- GRI 413: Local Communities 2016- 413-1, 413-2;
- GRI 416: Customer Health and Safety 2016- 416-1, 416-2;
- GRI 417: Marketing and Labeling 2016- 417-1, 417-2;
- GRI 419: Socioeconomic Compliance 2016- 419-1.

Note: Scope 3 emissions reported as part of GRI 305-3 include emissions due to employee commute, business travel by air and paper consumption.

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

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.
The Report brings out the materiality determination exercise carried out by Sun Pharma to identify key topics which impact the Company and its stakeholders; the exercise included identification of topics based on industry trends, internal targets and risks. Further, Sun Pharma has prioritized material topics for disclosure in the Report based on inputs and requirements from cross-functional internal and external stakeholders while considering the Company's value drivers.

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

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out the processes for identification, as well as modes and frequencies of engagement with key internal and external stakeholders, that is, employees, suppliers, shareholders and investors, communities and non-governmental organisations (NGOs), senior leadership, regulators and B2B customers. The stakeholder engagement process includes identification of key concerns for significant stakeholder groups through formal and informal mechanisms.

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

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report brings out the responses to key concerns or topics of interest based on outcomes from stakeholder engagement and materiality of topics for sustainable development, through its strategies, management systems and governance mechanisms and key sustainability performance indicators. The Company has established a sustainability management system which includes processes for monitoring and reviewing key performance indicators and metrics to address identified material issues and its impact.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness, however, the Company may further define and disclose short, medium and long-term targets for all identified material topics.

Reliability

The system for maintaining the quality of underlying sustainability disclosures and performance management systems including the accuracy and comparability of information presented in the Report

The majority of data and information verified through our interactions with the management teams and data owners at the Corporate Office and sample manufacturing locations were found to be fairly accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected. The Company also has an internal audit mechanism for strengthening the reliability and accuracy of its sustainability performance data.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability; however, the Company may improve its processes of

periodic reviews and validation of reported data within its existing sustainability data management framework to further strengthen the Report's adherence to this Principle.

Completeness

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

The Report brings out the Company's sustainability performance related to its prioritized material topics and reporting boundaries for the reporting period through appropriate GRI Topic-specific Standards. The Company is in the process of strengthening its existing systems and processes towards completely bringing out disclosures where information was not available, and this has been explained within the Report as exclusions.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

Neutrality

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

The Report articulates disclosures related to the Company's sustainability performance for prioritized material topics including key risks, opportunities and challenges faced during the reporting period in a neutral tone in terms of the content and presentation, while applying consideration to not unduly influence stakeholders' assessments made based on the reported disclosures.

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

Statement of Competence and Independence

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

We have complied with the DNV Code of Conduct² during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

For DNV GL Business Assurance India Private Limited

Lankalapalli, Bhargav Digitally signed by Lankalapalli, Bhargav Date: 2021.08.16 18:24:00 +05'30' Bhargav Lankalapalli Lead Verifier DNV GL Business Assurance India Private Limited, India	Vadakepatth, Nandkumar Digitally signed by Vadakepatth, Nandkumar Date: 2021.08.16 18:27:51 +05'30' Vadakepatth Nandkumar Assurance Reviewer DNV GL Business Assurance India Private Limited, India.
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16th August 2021, Mumbai, India.

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

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

Notes

Disclaimer

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

Some of the images used in this Sustainability Report are for creative purposes only. Sun Pharma strictly follows all COVID-19 protocols and strongly recommends that everyone wears a mask during the pandemic.



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