

Sun Pharmaceutical Industries Limited

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December 23, 2022

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 2021-22**

We are submitting herewith the Sustainability Report of the Company for the financial year 2021-22, 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.

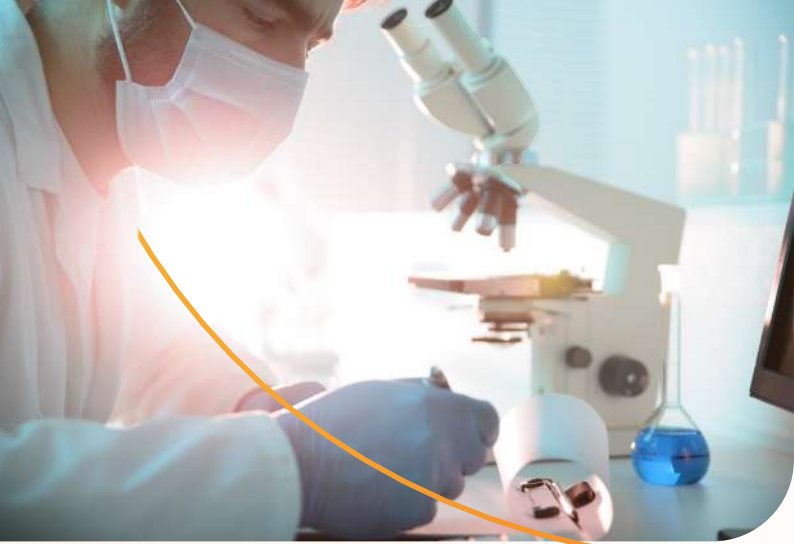
This is for your information and dissemination.

Thanking you,

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

Anoop Deshpande
Company Secretary & Compliance Officer

Encl: As above



Reaching People.
Touching Lives.



Translating Sustainability Commitments into Action



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Translating Sustainability Commitments into Action

At Sun Pharma, our commitment to build a sustainable and inclusive future through concrete actions is at the core of our business operations. We strive to make a meaningful difference towards global climate action while putting together concerted efforts to enhance our sustainability performance. We have been undertaking a host of initiatives to embed sustainability practices in our businesses. We have also set clear and actionable targets with a well-defined roadmap to achieve our sustainability goals.

We have integrated the ESG considerations with business strategies that not only focus on creating economic value, but also build on our illustrious legacy of caring for people, communities, and the planet. We have also put in place a holistic risk and governance framework, with an emphasis on transparency. Since previous year, we have been disclosing our sustainability performance to our stakeholders through our Sustainability Report.

We remain committed to going far beyond basic compliance requirements to deliver lasting change and build a sustainable and inclusive future for all.

About the Report ¹

Sun Pharmaceutical Industries Limited (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715, “Sun Pharma” and includes its subsidiaries and/or associate companies) would like to extend a warm welcome to all our stakeholders to our Sustainability Report for FY22. This Report provides details of our ESG performance from April 1, 2021 to March 31, 2022. The purpose of the Report is to offer our stakeholders a comprehensive assessment of Sun Pharma’s vision, strategy, and performance on various sustainability parameters. We are continuously monitoring and accelerating our progress on sustainable development with our stakeholders, which is in accordance with our values.

Reporting Frameworks

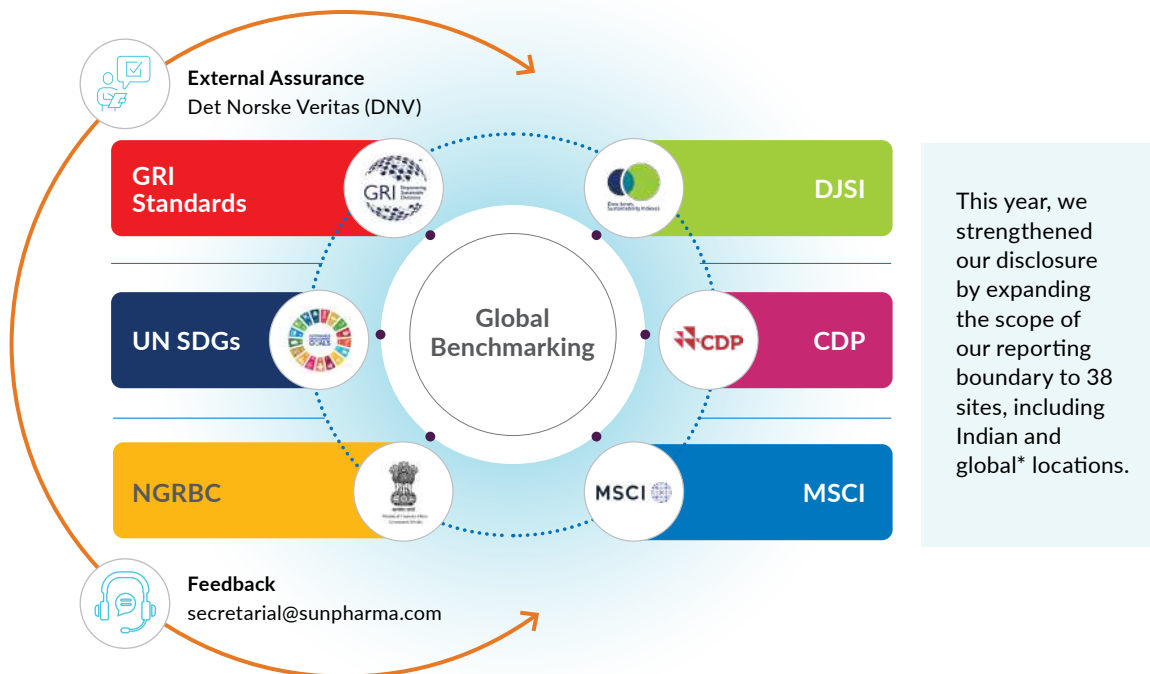
This Report has been developed in accordance with the Global Reporting Initiative (GRI) standards: Core Option, with linkages to the United Nations Sustainable Development Goals (UN SDGs) and the National Guidelines on Responsible Business Conduct (NGRBC) on the economic, social, and environmental

responsibilities of businesses. There has been one restatement of information. Specific assumptions and methodologies have been mentioned in support of any estimates made in this Report. This Report, as well as our past sustainability reports, can be accessed on our website.

Scope and Reporting Boundary

The reporting boundary covers 78% of the national and international operating locations of Sun Pharma at consolidated level, including a total of 38 manufacturing locations and R&D centres. In FY22, we have also voluntarily published the Business Responsibility and Sustainability Report (BRSR) as part of our Annual Report, based on SEBI guidelines. The reporting boundary for BRSR is inclusive of all manufacturing and R&D locations within the boundary of the standalone entity, Sun Pharmaceutical Industries Limited. Due to variation in the reporting boundary in the BRSR and Sustainability Report, the quantitative data pertaining to environment, financial, and social sections is not comparable across these two reports.

Reporting Standards and Benchmarking of the Report



This year, we strengthened our disclosure by expanding the scope of our reporting boundary to 38 sites, including Indian and global* locations.

* The global locations include Taro Canada, Taro Israel, Ohm USA, Chattem USA, Pharmeducence USA, Romania, South Africa, Malaysia, Australia.

¹GRI 102-1, GRI 102-12, GRI 102-46, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54



ESG Performance Highlights

At Sun Pharma, we understand that human, environmental, and business health are all intertwined, with each factor having a profound influence on the others. We consistently strive to enhance our ESG strategy and strengthen partnerships with our stakeholders to build a better tomorrow. Insights into our ESG performance have been provided below.



Environment



31%

Energy sourced from renewable sources

21 facilities

ISO 14001:2015 certified across the globe

18

Sites are Zero Liquid Discharge (ZLD)

[page 46](#) →



Social



458

CSR spend (₹ in Million)

846 hours

Of human rights-focused training

87.14

Average hours of training per employee

[page 60](#) →



Governance



100%

Our Lead Independent Director is part of every Board Committee of the Company

100%

Average Board meeting attendance

5

New policies rolled out*

[page 8](#) →

* Board Diversity Policy, Global Tax Policy, Suppliers Code of Conduct, Human Rights Policy and Business Responsibility & Sustainability Policy

Managing Director's Message²

Translating Intentions into Actions



We continue to remain focused on integrating our ESG priorities into our long-term business strategy.

Dilip Shanghvi
Managing Director

Dear Stakeholders,

FY22 was marked with a steady recovery from the impact of the global COVID-19 pandemic. As the global economy began bouncing back to normalcy, supply chain disruptions were controlled, and the global landscape transformed significantly. This tested the agility and future-readiness of most organisations, while also leading to dynamic shifts in customer needs and consumer behaviour. Nonetheless, sustainability remains at the core of most organisations and stakeholders' agendas, owing to increased awareness and the evident, undeniable impact of climate change.

Climate action failure has been categorised by The World Economic Forum's - Global Risk Report 2022 as a severe global risk that could impact the world critically over the next 10-20 years. Climate change has also increased the environmental, economic, social, and governance challenges across the globe, which calls for a methodical and strengthened action plan to revitalise business operations and make a positive difference.

At Sun Pharma, we strongly believe that the longevity of our planet is interlinked with the health of the human race and the power of the global economy. As the world tackles

the challenges of climate change, increased collaboration, innovation, and strengthened capabilities must fuel collective global action to build resilience against disruptions. As we all jointly address various business challenges, drive strategic initiatives, and optimise opportunities, ESG priorities become all the more imperative for designing business strategies and fostering a conscious culture of sustainability at Sun Pharma.

Our Focus on Improving Access to Healthcare

Supported by the global strength of over 38,000 employees, 43 global manufacturing sites across six continents, and a market reach of 100+ countries, we are the largest Indian pharmaceutical company. Driven by our vision of 'Reaching People and Touching Lives Globally as a Leading Provider of Valued Medicines', we remain strongly rooted in our values to provide high-quality and affordable medicines across our diversified product portfolio. Since 1983, we have consistently driven new ideas and improved technologies to expand our reach for better care of our communities. In this regard, we continue to invest in research, buoyed by a strong team of 2,700+, with an investment of ₹22.2 Billion into R&D in FY22, which stands at 5.8% of our sales.

²GRI 102-14



Product Safety and Quality Remains a Key Focus

Given the nature of our business, product safety and quality are of paramount importance and are deeply embedded across our product portfolio, business, and manufacturing locations as well as our value chain. A number of our manufacturing sites are ISO 9001:2015 certified, while we continue to adapt the best practices to prepare all our sites to ensure equal standards. We have a diverse global pharmacovigilance team, supported by a strong Quality Management System (QMS) that enables us to push the boundaries of product safety and quality and to deliver safe, effective, easy-to-use products for all our stakeholders. While Sun Pharma builds the foundation for operational resilience and agility, we continue to cascade responsible business practices across the supply chain through various best practices, governance, and control adaptations through our Global Code of Conduct, Supplier Code of Conduct, and quality audits. We review 100% of critical vendors every three years. We are actively working with our supply chain partners towards further improvement. In FY22, we revised our Critical Quality Attributes (CQA) audit checklist to include ESG parameters, in line with the recommendations of the Pharmaceutical Supply Chain Initiative (PSCI), to strengthen our sustainability commitment. We continue to encourage local sourcing to strengthen our supply chain through alternate vendor development, reduce our environmental footprint, and ensure cost optimisation. During the reporting period, we sourced nearly 95% of indirect procurement, 61% of direct procurement, and 67% of services from local suppliers.

Employees: Prioritising Our Human Capital

The drive, passion, and commitment of our employees continue to be the building blocks of Sun Pharma's inclusive and holistic growth approach. As a global organisation, our diverse and skilled workforce enables us to drive greater innovation, synergy, and build a competitive edge across our business operations. We work towards continuously investing in upskilling our workforce with upto 100 hours of training annually per employee, furthermore, recognising and rewarding performance. We regularly organise internal and external thought leadership programmes to improve functional and leadership skills, while giving our employees an opportunity to enhance and leverage their skills. We believe such interventions have the potential to drive transformations and become a source of new ideas and opportunities.

In the post-pandemic era, we continue to focus on employee well-being and strengthen our operational measures to ensure the safety of each employee. In FY22, our employees continued to receive safety and skill upgradation trainings. Further, our Environment, Health, and Safety (EHS) Policy enables us to ensure a robust safety culture across our business operations, which we continue to review and refresh at regular intervals. We have also established an ISO 45001:2018 (OHSMS)-compliant occupational health and safety (OHS) management system across our manufacturing facilities, demonstrating our commitment to providing the best-in-class safety practices for our workforce.

Working towards Welfare at Large

At Sun Pharma, we strongly believe in strengthening partnerships with our stakeholders to augment value creation across communities. Built on our vision of 'Reaching People, Touching Lives', we have robust CSR programmes across our focus areas, guided by a comprehensive CSR Policy and

CSR Committee to ensure effective implementation. Further, our CSR vision and mission support innovative and inclusive CSR interventions across underserved and marginalised communities. Our identified focus areas range from health, education, water and sanitation, to environment conservation, rural development, and disaster relief.

As an organisation that is driven by care and compassion, we continue to push the boundaries and extend efforts to deliver a positive impact on the wider community. In this regard, our CSR vision is aligned to the UNSDGs, with an emphasis on seven of them, under which we conduct all our CSR initiatives. In FY22, our CSR expenditure stood at ₹457.92 Million, with our programmes touching a total of 6.5 Million lives.

A Renewed Focus Towards Climate Action

As a proud signatory to the India CEO Forum on Climate Change, driven by the Government of India's Ministry of Environment, Forest and Climate Change, we continue to accelerate our efforts towards addressing the impact of climate change through new initiatives and mitigation projects. As a responsible business, we have progressively worked towards reduction in our scope 1 and scope 2 emissions, and in FY22, we have taken the initiative to set targets linked to the key material issues of energy and carbon emissions, water, and waste. We propose to achieve a 35% CO₂ reduction in our scope 1 and scope 2 emissions by 2030, considering the baseline year of 2020. Over the last two years, we have been able to reduce our combined scope 1 and scope 2 emissions by about 6.3%. Further, we aim to achieve a 10% reduction in our water consumption by 2025, considering the baseline year of 2020, and aim to co-process 30% of hazardous waste by 2025. Our water management 'programme' has helped us to minimise our water footprint, reducing water withdrawal intensity by 21%. In line with our vision of reducing carbon emissions, we increased our dependency on steam purchased (generated through biomass) and power purchased from renewable sources. We have increased the share of renewable energy in our operations from 22% to 31% over the last two years, which has helped us in reducing our carbon emission intensity over the last two years.

We continue to place great emphasis on the principles of 4R (reduce, reuse, recycle, and recharge) to aid our ambition of water conservation. In our effort to alleviate any negative environmental impact through wastewater generated, we have been implementing ZLD systems at many of our manufacturing facilities. Currently, 18 of our manufacturing locations have ZLD status.

Enhancing Sustainability Performance

Our future will demand increased commitments towards climate resilience and responsible business operations. We will continue to remain focused on integrating our ESG priorities into our long-term business strategy. I have great confidence in Sun Pharma's ability to drive positive value creation for our business, communities, and the environment. Together, we will leverage our global presence to drive a wider sustainability impact.

Warm regards,

Dilip Shanghvi
Managing Director

Overview of the Company³

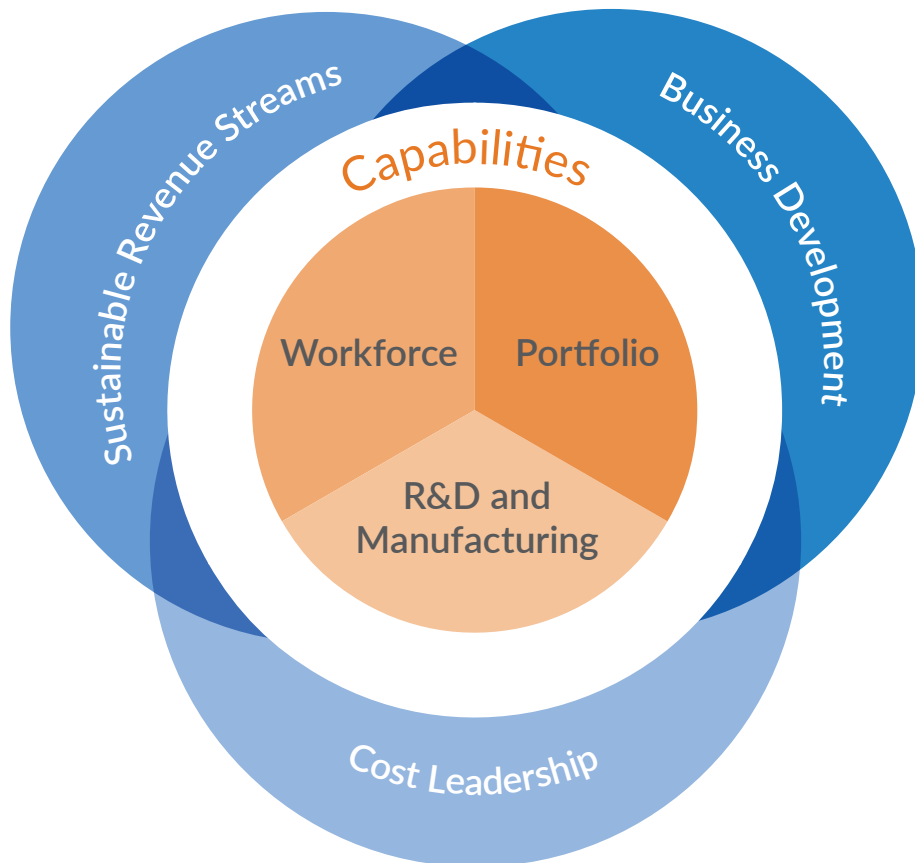
With global revenues of over US\$5 Billion, we are the world's fourth largest specialty generic pharmaceutical company. We supply high-quality, affordable medications trusted by healthcare professionals and patients across 100+ countries, backed by 43 manufacturing facilities and strong R&D capabilities. We produce and distribute a diverse range of pharmaceutical formulations for both chronic and acute therapies comprising generics, branded generics, specialty, complex, or technology-intensive drugs, over-the-counter (OTC) medications, antiretrovirals (ARVs), Active Pharmaceutical Ingredients (APIs), and intermediates.

An Innovation-centric Pharmaceutical Company Building a Sustainable Culture

Sunology Components



Growth Strategy



Vision


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

³GRI 102-5, GRI 102-16

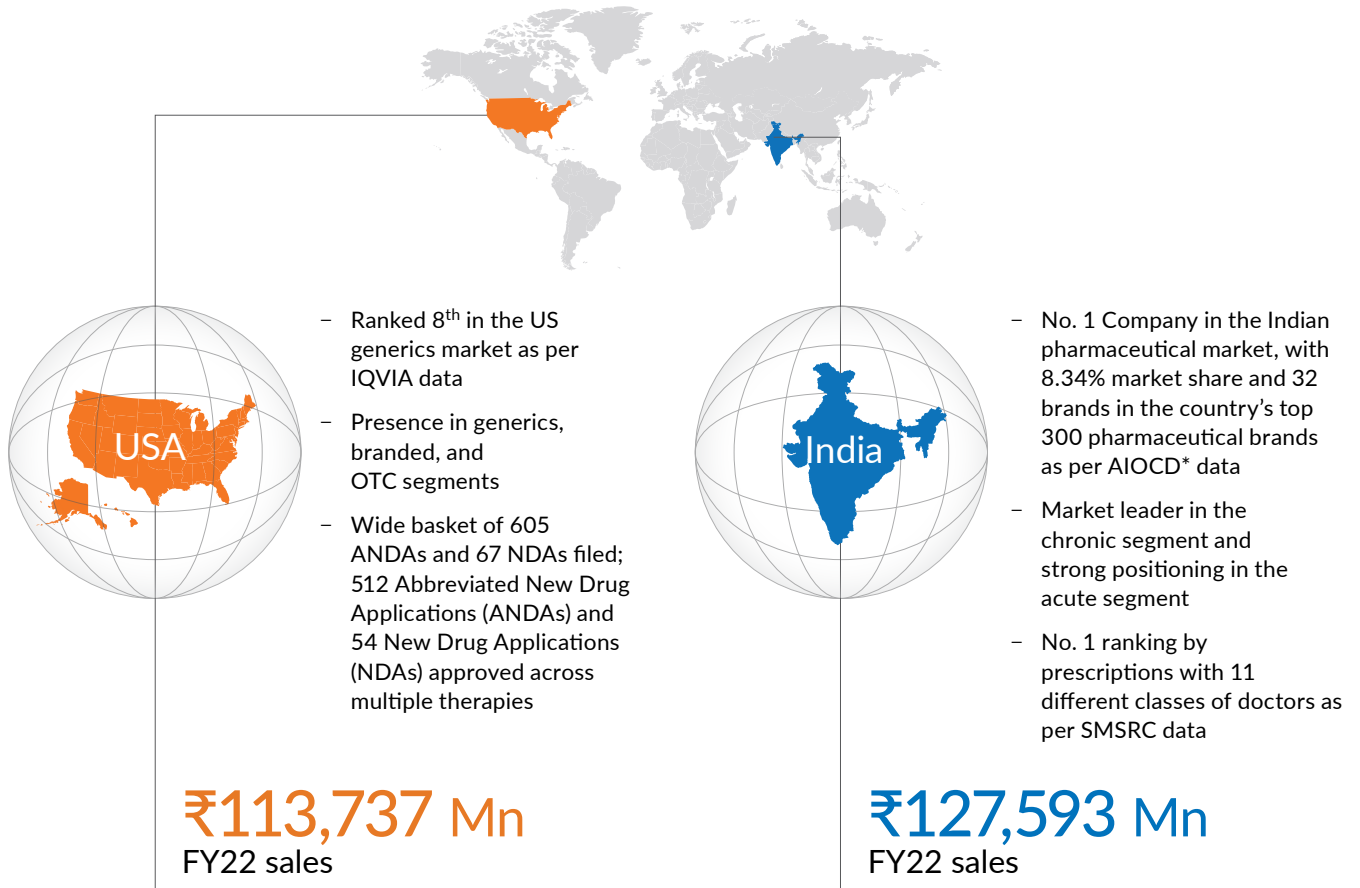


Geographical Presence and Position⁴

 **38,000+**
employees globally

 **43**
manufacturing facilities
across six continents

 **Mumbai**
Headquarters



Note: Map not to scale and for representation purposes only.



Emerging markets

- Presence in approximately 80 countries
- Among the largest Indian pharma companies in Emerging Markets
- Focus markets: Romania, Russia, South Africa, Brazil, Mexico, and other complementary and affiliated markets

₹67,432 Mn
FY22 sales



Global consumer healthcare business**

- Among the top 10 consumer healthcare companies in India
- Presence in over 20 countries
- Strong brand equity in four countries



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 markets

₹54,544 Mn
FY22 sales



API

- Portfolio of ~370 APIs manufactured across 14 facilities
- 377 DMF/CEP approvals to date
- 490 DMF/CEP filings to date

₹18,354 Mn
FY22 sales

** As per Nielsen MAT Dec 2021, CEGEDIM, and Euromonitor data

* All Indian Origin Chemists & Distributors Ltd

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

Corporate Governance⁵

Going Beyond Compliance

Anchored on our values of quality, reliability, consistency, trust, and innovation, our corporate governance framework consistently enhances stakeholder relationships and encourages ethical business practices.

Supported by our Global Code of Conduct and values, we strive to integrate ethical business practices across the value chain, ensuring exemplary business conduct in terms of the Company's reputation and branding.

Our Global Code of Conduct, as adopted by the Board of Directors, is applicable to all employees. We expect all our business partners, including suppliers, service providers, dealers, and distributors, to adhere to the principles outlined by our Global Code of Conduct. These encompass a wide set of parameters, highlighting our resoluteness towards conducting business in an ethical manner.



⁵GRI 102-16



Key Tenets of Our Global Code of Conduct

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

Global Code of Conduct

Core Values



Quality



Consistency



Innovation



Trust



Reliability

Our Governance Framework⁶

At Sun Pharma, we are guided by our Board of Directors, who possess robust industry and functional domain knowledge. The Board, through its committees, provides oversight on the standards and principles covered in our Global Code of Conduct and on the policies that extend to our value chain. This represents an integral factor for driving the best governance practices across our global business, enabling sustainable outcomes for all our stakeholders. As a responsible Company, we consistently ensure adherence to all relevant compliance needs as per requisite laws and regulations.

Furthermore, Mr. Kalyanasundaram Subramanian, Whole-time Director, oversees the effective implementation of sustainability practices as the Business Responsibility Head, in line with business responsibility and sustainability policies and principles. We also have a Delegation of Authority (DoA) that establishes a well-defined matrix, outlining the responsibilities of key personnel. The DoA is responsible for integrating the environmental, social, and economic principles across our value chain by enabling periodic Board oversight on our key functional areas of finance, environment, safety, procurement, human resources, and community development, among others.

⁶ GRI 102-11, GRI 102-16, GRI 102-18, GRI 102-19, GRI 103-1, GRI 103-2, GRI 103-3

Corporate Governance (continued)

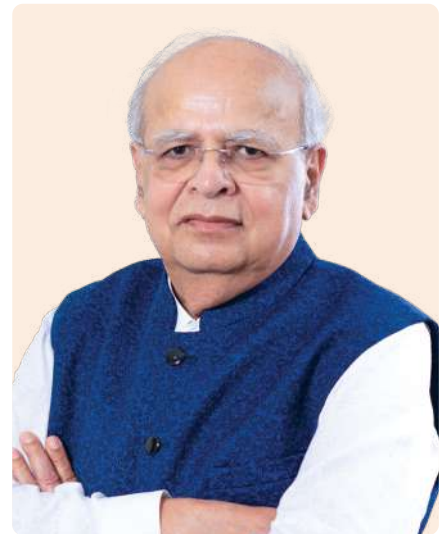
Board of Directors



Israel Makov
Chairman, Non-executive and
Non-independent Director
(retired w.e.f August 29, 2022)



Dilip S. Shanghvi
Managing Director



Suresh T. Desai
Whole-time Director



**Kalyanasundaram
Subramanian**
Whole-time Director



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



Gautam Doshi
Non-executive and
Independent Director





Dr. Pawan Goenka
Non-executive and
Lead Independent Director



Rama Bijapurkar
Non-executive and
Independent Director



Audit Committee

The Audit Committee oversees the Company's financial reporting process, reviews the internal financial controls, risk management system, Whistle Blower/Vigil Mechanism, and effectiveness of the audit process in addition to creating an interlinkage between the internal and external auditors and the Board of Directors approval of transactions with related parties, evaluation of internal financial controls and risk management systems, etc.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee reviews and approves the Remuneration Policy in addition to formulating the criteria for evaluation of the Independent Directors and the Board recommends and approves remuneration to Whole-time Directors and all remuneration, in whatever form, payable to senior management, identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board the appointment or removal of such persons, etc.

Corporate Governance and Ethics Committee

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

Risk Management Committee

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

Corporate Social Responsibility (CSR) Committee

The CSR Committee formulates and recommends to the Board an Annual Action Plan and the amount of expenditure to be incurred for CSR, monitors and reviews the utilisation of the funds on the CSR activities/projects, etc., in pursuance of the Corporate Social Responsibility Policy of the Company.

Stakeholders' Relationship Committee

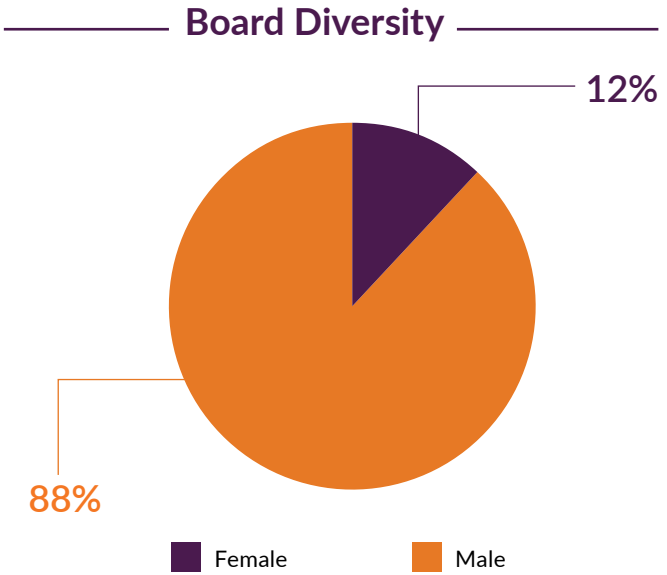
The Stakeholders' Relationship Committee is responsible for resolving the queries of security holders of the Company, reviewing the adherence of service standards and measures, as well as initiatives taken for reducing the quantum of unclaimed dividends.

Corporate Governance (continued)

Board Diversity⁷

Our Company's Board representation reflects diversification in the field of knowledge and individual domain expertise for each Board member. We have established a Board Diversity Policy that supports our endeavour to drive innovation and integrate sustainability across our value chain.

In FY22, Dr. Pawan Goenka and Ms. Rama Bijapurkar were appointed as Lead Independent Director and Independent Director, respectively. Ms. Rekha Sethi, post the completion of her two consecutive terms in accordance with Section 149 of the Companies Act 2013, retired and consequently ceased to be an Independent Director from August 31, 2021. Mr. Vivek Chaand Sehgal, post his resignation, ceased to be an Independent Director with effect from September 1, 2021. Sun Pharma is evaluating steps to further augment its board independence and diversity.



⁷GRI 405-1



Our Policies

We have adopted a set of comprehensive policies with the aim of strengthening our environmental, social, and economic agenda across the value chain. This year, we established a Business Responsibility and Sustainability Policy in alignment with the requirements of the NGRBC. The Business Responsibility and Sustainability Policy further reinforces our commitment towards integrating sustainability principles across the value chain. These include guidelines across parameters of business ethics, stakeholder engagement, employee well-being, human rights, and responsible environmental practices, among others. Further, during the year, we implemented Sun Pharma's Board Diversity Policy in FY22,⁸ which focuses on

improving diversity, while enhancing Board performance, enabling creativity and collaboration-driven innovation. We introduced a synopsis for our Risk Management Policy, which guides our Enterprise Risk Management (ERM) Framework. We also adopted a Tax Policy for Sun Pharma in the current year, which serves as a guide to the Company's practices as well as disclosures for investors, regulators, and other external stakeholders on the Company's tax risk profile. Additionally, we have established a Supplier Code of Conduct and our Human Rights Policy to extend our responsible business practices and principles across the value chain.

Our Policies, Driving the Best Governance Practices Across the Value Chain

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

Grievance Redressal Mechanism⁹

At Sun Pharma, we employ a secure grievance redressal mechanism for our stakeholders, enabling us to uphold our values and highest standards of professionalism, transparency, integrity, moral conduct, and ethical business conduct. Our Global Whistle Blower Policy provides a safe, secure mechanism for reporting any misconduct or violation of the Global Code of Conduct Principles or other key Company policies and practices. We encourage any of our stakeholders who may have knowledge of a possible or actual breach of our code, policies, or the applicable laws to voice their concerns. This includes our employees, customers, suppliers, and other stakeholders.

Additionally, we support the reporting of any instance of wrongdoing that violates our principles. We have a separate channel for receiving queries and complaints from shareholders. The queries are resolved by the Share Transfer Registrars/Agents as per the framework specified by SEBI. In FY22, there were three shareholder complaints received, which have been duly resolved before the closure of the reporting period. We received two complaints pertaining to sexual harassment in FY22. Both the complaints were resolved in line with the Provisions of Policy on the Prevention, Prohibition, and Redressal of Sexual Harassment, as outlined in our Global Code of Conduct.

⁸Amended Board Diversity Policy and Tax Policy is effective May 30, 2022

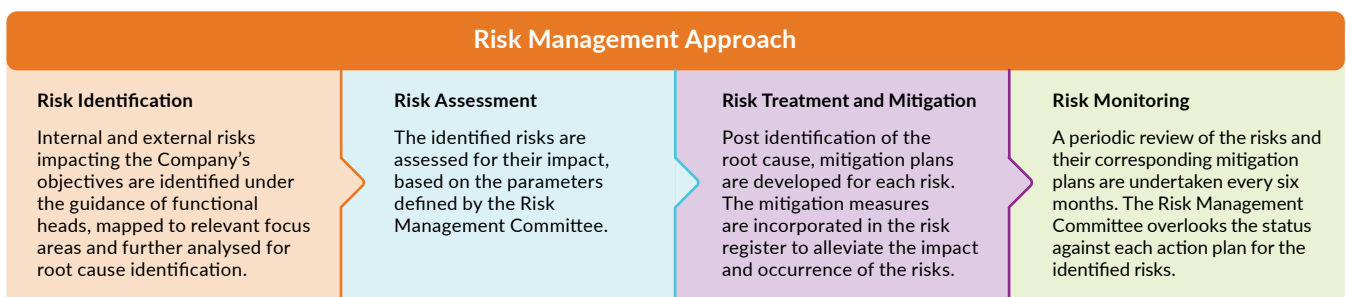
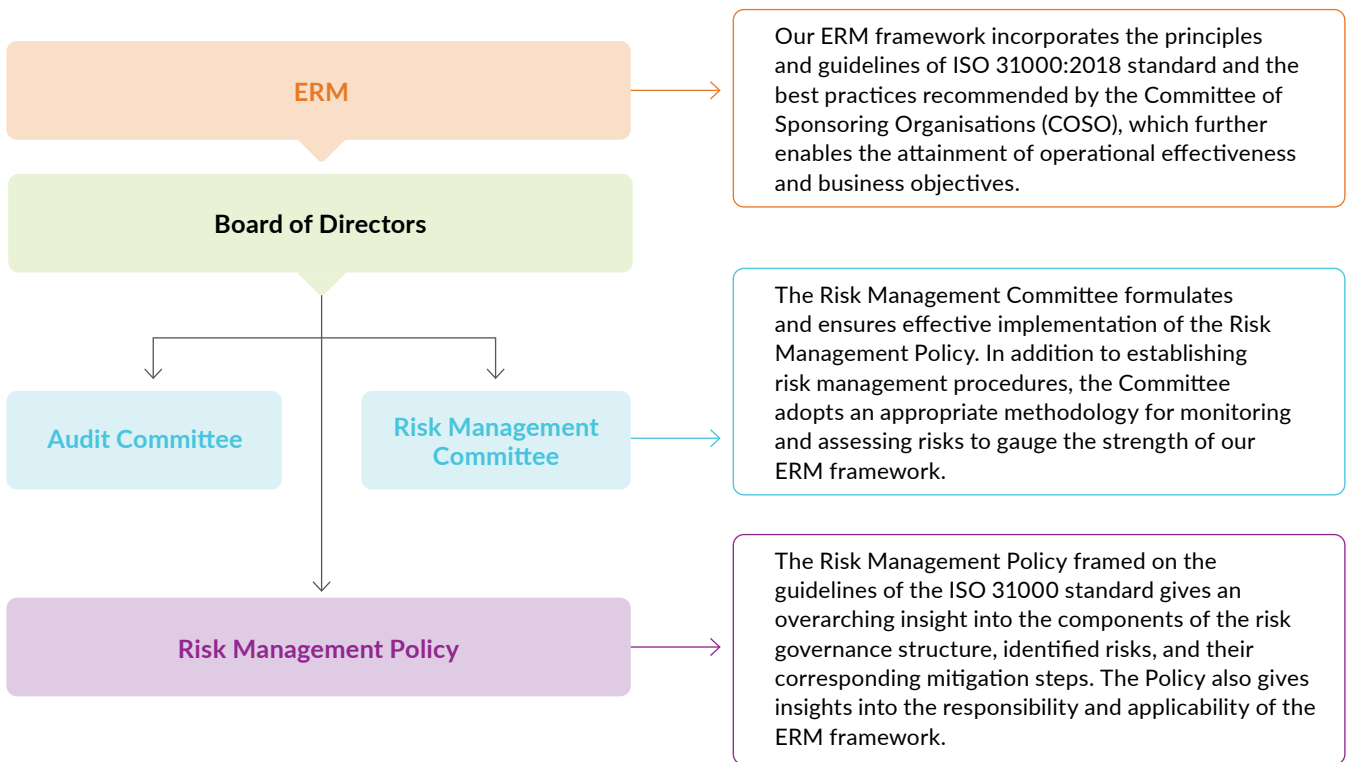
⁹GRI 406-1, GRI 419-1

Strategic Risk Management¹⁰

Risk Mitigation at the Core

At Sun Pharma, risk management is embedded within our corporate strategy with a focus on risk mitigation and enhancing risk management capabilities for a sustainable future.

We nurture a diversified risk management approach in line with changing market dynamics to mitigate emerging risks and achieve our business objectives. Anchored by our comprehensive risk governance mechanism, comprising the Risk Management Policy, Risk Management Committee, and an ERM framework, we undertake proactive identification, mitigation, monitoring, and reporting of risks. The following risk governance structure provides further insights into our approach, responsibilities, and implementation process.



Risk management activities are an integral part of periodic functional reviews undertaken by the Managing Director.

¹⁰ GRI 102-11, GRI 102-15, GRI 103-1, GRI 103-2, GRI 103-3,



Risks and Mitigation Strategies

Strategic, Business, and Commercial Risks

Addressing risks associated with managing product portfolio, pricing, and margins

Material Topics Linkage

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

Mitigation Strategy

- Nurturing a robust product portfolio based on strong cross-functional synergies, organisational capabilities, project management, and product portfolio governance, inclusive of all stages of product life cycle from identification to launch
- Augmenting the frequency of in-licensing and out-licensing of products
- Emphasising the innovation, development, and commercialisation of specialty products and complex generics, among others
- Strengthening working capital and inventory management, reinforcing the supply chain through vendor assessment and development programmes
- Undertaking operational excellence programmes, focused on yield and throughput improvement

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 and cGLP).

Material Topics Linkage

- ESG compliance
- Regulatory compliance
- Product responsibility

Mitigation Strategy

- Ensuring effective monitoring and reporting of adverse events, pertaining to product quality and safety through a robust centralised pharmacovigilance system, comprising comprehensive standard operating procedures (SOPs)
- Augmenting performance in pharmacovigilance management, supported by consistent investment in technological interventions, employee training on pharmacovigilance and an enhanced governance mechanism
- Ensure adherence to global quality standards and operating procedures across the organisation
- Implementing periodic Good Manufacturing Practices (GMP) training programmes for employees
- Enhancing and synchronising IT applications and systems pertaining to quality
- Ensuring effective product quality management through assessments undertaken at third-party locations
- Strengthening manufacturing records and, laboratory testing procedures through continual implementation of best practices
- Fortifying IP protection activities with the support of a dedicated IP team

Strategic Risk Management (continued)

Business Continuity Risk

Addressing risks linked to business interruption from changes in local and global geo-political, socioeconomic, regulatory, or other events

Material Topics Linkage

- Risk management
- ESG compliance
- Regulatory compliance
- Responsible supply chain management
- Emergency preparedness and response

Mitigation Strategy

- Creating a robust inventory management system for products and raw materials, encouraging local manufacturing capacity, and undertaking periodic disaster recovery testing procedures for critical applications to ensure business continuity
- Mitigating risks from external sources by focusing on stable market areas, and actively engaging with regulatory agencies to augment the regulatory capacity in key market areas
- Establishing a robust assessment mechanism to assess the implications of unprecedented disruptions on the supply chain, and developing a comprehensive contingency plan to avoid major impact on the business
- Undertaking supplier assessment to align with the standard practices and requirements as per the guidance outlined by sector-specific responsible supply chain initiatives
- We have business continuity and an on-site emergency plan for all our locations. The plan enables us to adapt to situations arising from any natural calamity or an unprecedented event that may disrupt the business operations. Our business continuity plan helped us in ensuring sustained supply of medicines across markets, during the global COVID-19 pandemic

Technology Risk

Maintaining a secure and robust network and system while supporting the pace and scale of business transactions across geographies.

Material Topics Linkage

- Data integrity and security
- Technology and digitalisation

Mitigation Strategy

- Enabling the implementation of a strengthened IT security system aided with the perimeter security, IT, and monitoring systems, anti-virus, and patch management
- Conducting periodic capacity-building workshops and trainings for employees on cyber security and data breaches to mitigate risks arising from data integrity and security issues
- Constantly evaluating digitisation requirements across business functions and guiding the implementation of efficiency and effectiveness tools and technology solutions to maintain competitive advantage

Climate Change and Environmental Risk

Addressing environment and climate change-related risks, and incorporating relevant norms and practices across the value chain.

Material Topics Linkage

- Waste management
- Water stewardship
- Climate change
- Energy efficiency and carbon emissions
- Energy management

Mitigation Strategy

- Adhering to relevant compliance requirements through strong governance and review mechanisms
- Augmenting the compliance tracking system through the implementation of compliance software management
- Undertaking risk assessment and periodic reviews for further strengthening of EHS and compliance capabilities
- Mitigating physical and transitional risks linked to climate change through the implementation of interventional measures, pertaining to energy and GHG emission reduction
- Undertaking physical risk assessments for climate-proofing assets
- Applying the precautionary principle as per the Rio Declaration 1992 through the ERM framework to mitigate environmental risks



Talent Management-Linked Risk

Addressing risks associated with talent acquisition, retention and development, human rights, OHS.

Material Topics Linkage

- Talent attraction and retention
- Workforce welfare
- OHS
- Human rights

Mitigation Strategy

- Implementing multiple talent development programmes, including global talent management, stretch programmes, and schemes in addition to provision of competitive compensation and benefits to employees for talent attraction and retention
- Executing a formal succession planning programme for leadership positions
- Implementing a robust EHS management system with periodic internal and external audits of safety practices
- Adopting comprehensive corrective action plans, post the identification and assessment of safety incidents to prevent any such future instances
- Integrating a strong governance structure for human rights as per the Human Rights Policy, grievance redressal mechanism, and due diligence across business operations, and extending the same to supply chain partners and vendors

Emerging Risks

Identifying and addressing any new or unprecedented risks that have the potential to impact our business activities and stakeholders.

Material Topics Linkage

- Climate action
- Geo-political and other related risks

Mitigation Strategy

Climate action

- Undertaking water reduction initiatives to reduce reliance on underground water, specifically from water stress sites
- Enabling the swift adaptation and implementation of policies that compliment nationally determined contributions and the Paris Agreement, with a focus on the markets in which we operate. This is further aligned to our identified climate-related risks and opportunities.
- Engaging ESG external subject matter experts who annually assess material ESG topics that impact Sun Pharma, provide insights into identifying risks and opportunities, and support us in our annual sustainability assessment and reporting practices

Geo-political and other related risks

- Evaluating options to ensure the continuity of our operations and access to products
- Conducting comprehensive discussions with our local and national teams to assess the business continuity plan that minimises any potential disruptions in business operations
- Exploring adaptation measures across our policies and SOPs to ease operations and encourage greater communication with stakeholders to solve any risk identified in a timely manner
- Prioritising all financial aspects as part of our periodic review process

Stakeholder Engagement and Materiality Assessment¹¹

Integrating Stakeholder Expectations into Strategic Objectives

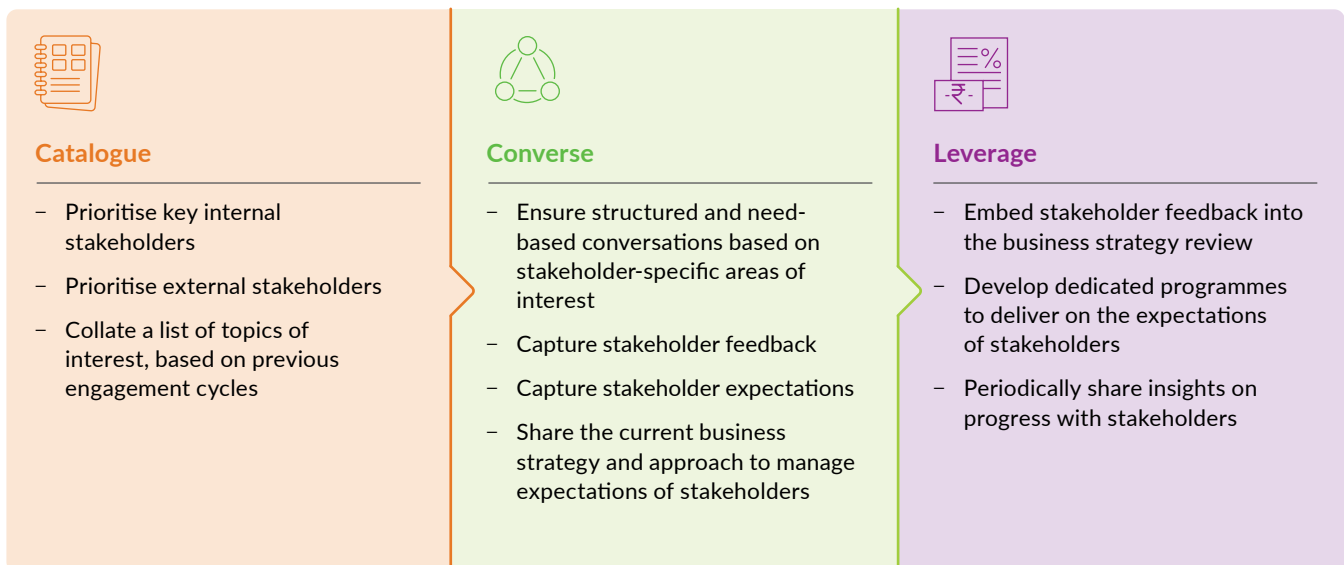


For us, a stakeholder-centric strategy is indispensable for a sustainable and future-oriented business.

Our Stakeholder Engagement Process

We have created customised communication channels that are suited to the specific requirements of each stakeholder group. We identified and prioritised groups of internal and external key stakeholders, based on our principles of inclusivity, accountability, and responsibility. The stakeholders were identified and prioritised according to their influence on the organisation and the extent to which they are impacted by our business decisions. The key internal and external stakeholder groups identified by the Sun Pharma as part of the engagement mechanism are: investors/shareholders, regulators, suppliers/vendors/third-party manufacturers, non-governmental organisations (NGOs), community, customers/patients, employees, and senior leadership.

Our materiality assessment provides insight into material topics that are important to our stakeholders and our business operations, as well as how we generate value in the ESG landscape. In FY22, we conducted a materiality evaluation for the reporting period in light of the changing ESG landscape. As a result of this, seven new material topics were added to the list of those reported in FY21. Additionally, we used our management and stakeholder views to validate and assess significant material topics that may have an influence on the Company's strategy, business operations, and ability to build and preserve value over time. Our stakeholder engagement methodology is further highlighted below.



¹¹GRI 102-42, GRI 102-43



Insights into Our Stakeholder Engagement¹²

Stakeholder Group	Engagement Process	Focus Area of the Stakeholder Group	Our Approach for Meeting Expectations
Investors/ shareholders 	<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"> - Our essential business principles serve as the foundation for our governance procedures - Periodically, in the form of an annual report and an investor presentation, transparent disclosures are presented. As a step to disclose our responsible business practices, we have been releasing our BRR annually on a regular basis since 2013. We also published our BRSR on a voluntary basis in FY22. This is our second Sustainability Report in FY22, and we will continue to capture key sustainability initiatives and performance indicators on an annual basis - The supply chain is managed effectively and responsibly by a specialised supply chain team - Dedicated teams, such as the quality management team and the pharmacovigilance unit, work together to guarantee that product quality and safety are met in accordance with strict quality and safety standards - Operational excellence initiatives focusing on production, personnel, and supply chain efficiency allow cost competitiveness
Regulators 	<ul style="list-style-type: none"> - In-person meetings - Emails 	<ul style="list-style-type: none"> - Regulatory compliance - Community engagement - Rural market penetration - De-risk supply chain 	<ul style="list-style-type: none"> - Raise timely clarifications for regulatory adherence; build process design and remedial action to avoid non-compliance - Devise community development initiatives that are tailored to the needs of society - Devise a strategy for a responsible supply chain
Suppliers/vendors/ third-party manufacturers 	<ul style="list-style-type: none"> - Vendor meets - Virtual modes such as email or telephone 	<ul style="list-style-type: none"> - Timely payments - Collaboration 	<ul style="list-style-type: none"> - Monitor and execute timely payments, digital interventions, and management systems - Facilitate need-based vendor engagement
NGOs 	<ul style="list-style-type: none"> - In-person meetings - Virtual modes such as email or telephone 	<ul style="list-style-type: none"> - Employee volunteering - Agile management process 	<ul style="list-style-type: none"> - Employee volunteerism is facilitated and encouraged through programmes - The CSR management system is optimised on a regular basis to improve response to community needs - CSR projects are conducted in line with the UN SDGs
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 activities have been implemented based on comprehensive need assessments. To achieve good development outcomes for the communities served across the target regions, a comprehensive strategy is used - Community grievance redressal is implemented through formal and informal channels of communication during community development programmes held in localities in the vicinity of our manufacturing units
Customers/ patients 	<ul style="list-style-type: none"> - In-person meetings - Emails - Customer feedback sessions 	<ul style="list-style-type: none"> - Product quality, access, and pricing 	<ul style="list-style-type: none"> - Ensure a robust QMS and pricing strategy based on enabling the best outcomes for end-customers
Employees 	<ul style="list-style-type: none"> - Employee-focused web portals, such as Ask HR - Emails - Employee engagement surveys - Town halls 	<ul style="list-style-type: none"> - Training, professional growth and development - Well-being initiatives - Employee recognition - Fair remuneration - Good 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 such as email or telephone 	<ul style="list-style-type: none"> - Sustainable and resilient business operations - R&D and innovation 	<ul style="list-style-type: none"> - Carry out a periodic business strategy review based on market dynamics and stakeholder inputs - Capitalise on emerging technologies and continuously strengthen R&D capabilities

¹²GRI 102-40, GRI 102-44

Stakeholder Engagement and Materiality Assessment (continued)

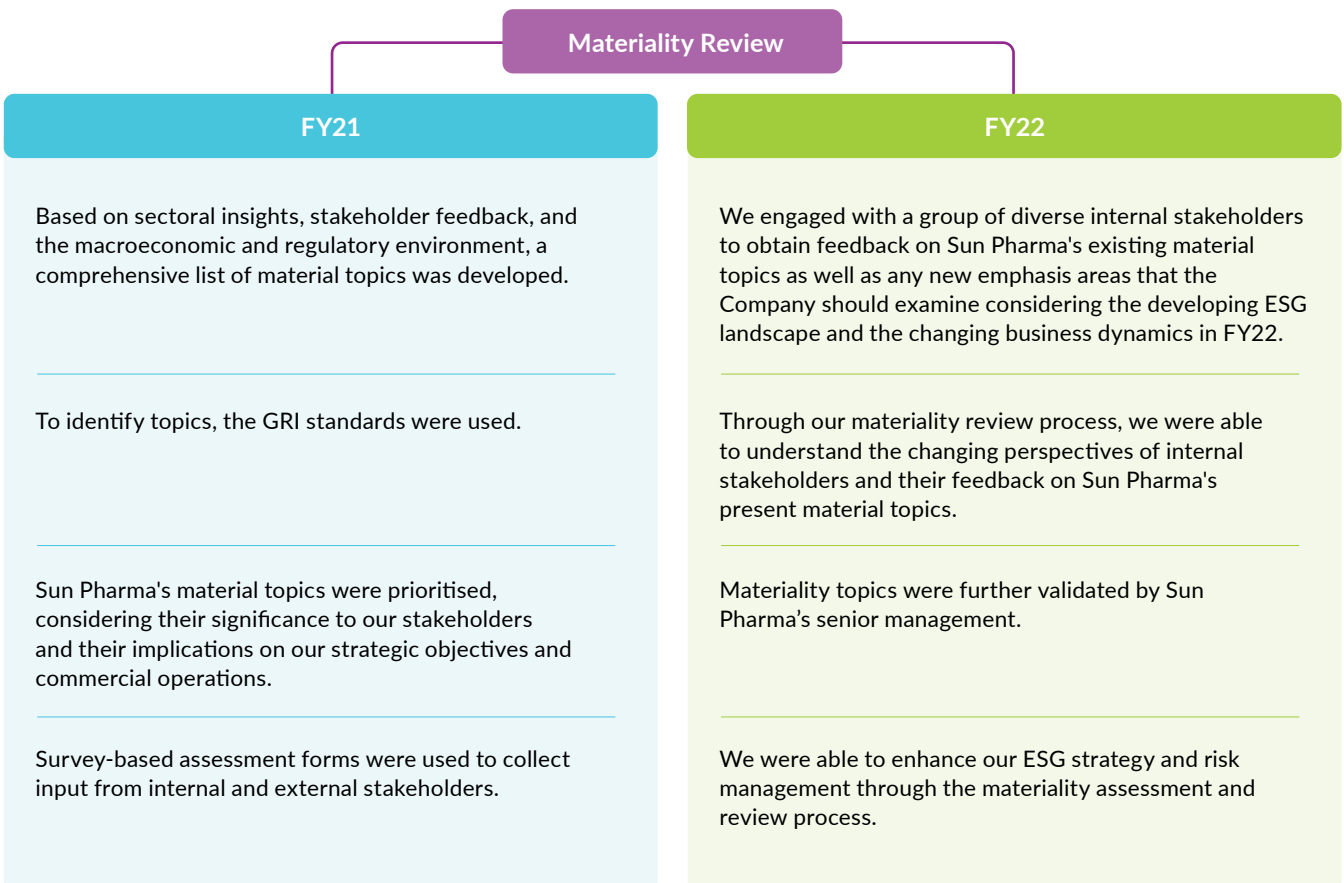
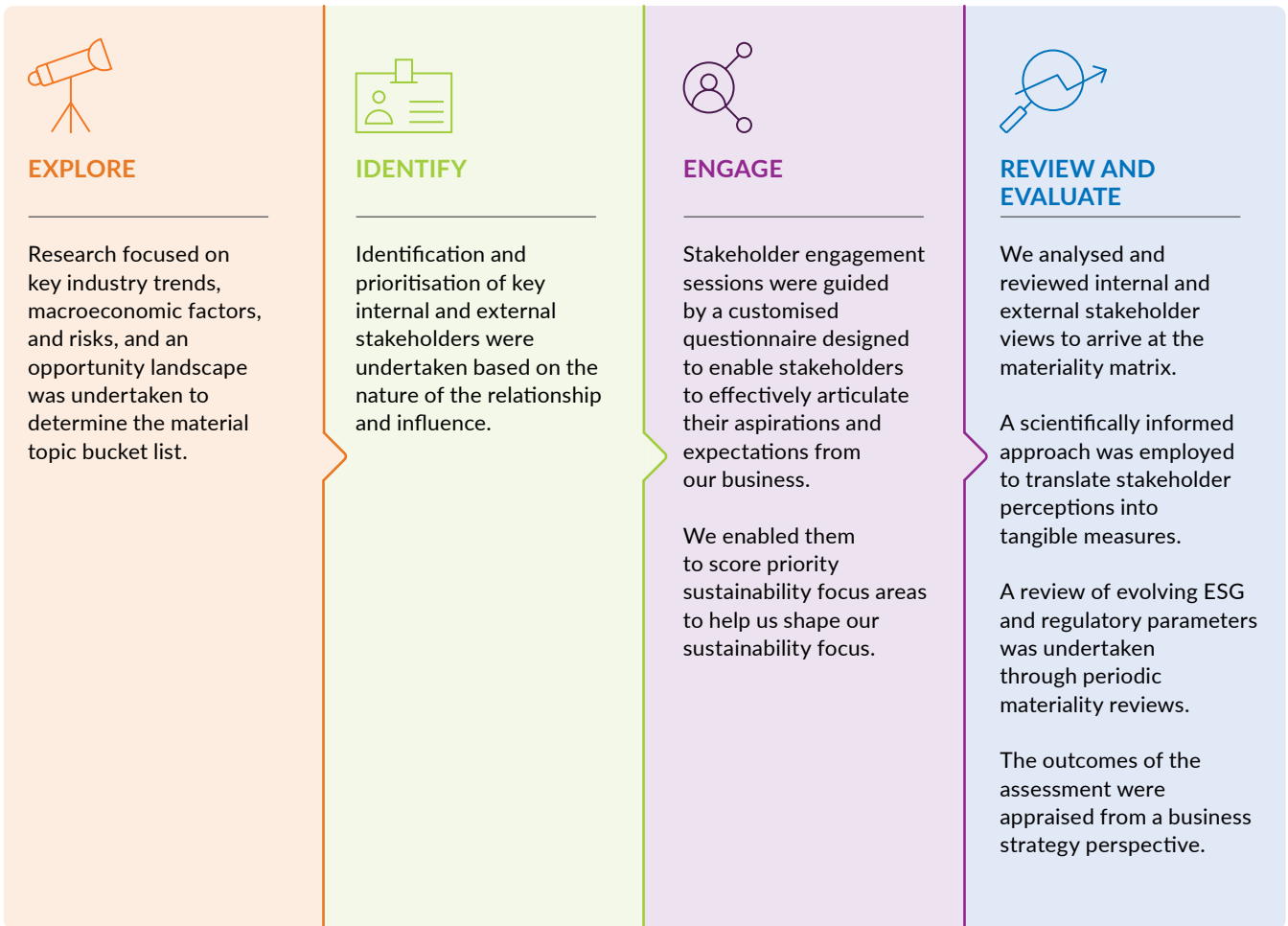
Our Approach towards Materiality Assessment¹³

We undertook a materiality assessment in accordance with the GRI standards to include a sustainability-focused approach into our corporate strategy. We aim to periodically conduct materiality assessments in order to understand key topics that could significantly impact our business operations as well as our stakeholders. Further, our prioritised material topics represent the contours of our Sustainability Reports.

Our Methodology for Materiality Assessments

In FY21, we conducted our stakeholder engagement and materiality assessment for our maiden Sustainability Report in order to accrue insights across material topics that impact our Company's growth, through the lens of our internal and external stakeholders. This year, we further undertook a materiality review exercise with internal stakeholders, enabling a robust and comprehensive approach to strengthen our key ESG focus areas, in line with the evolving ESG and regulatory landscape. In this section, we present a summary of the main measures undertaken and the six focal areas into which the material topics were divided.

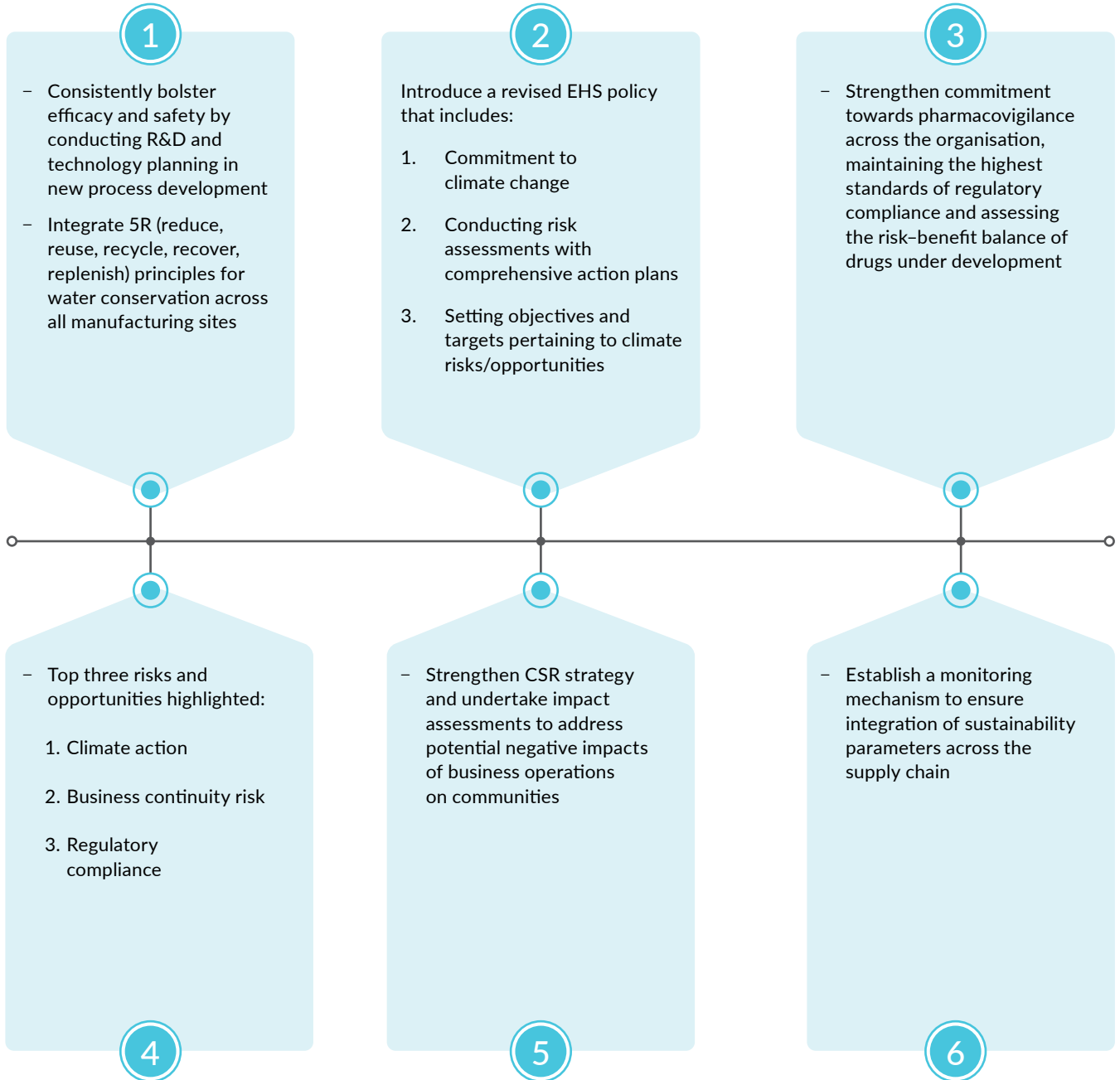




Stakeholder Engagement and Materiality Assessment (continued)

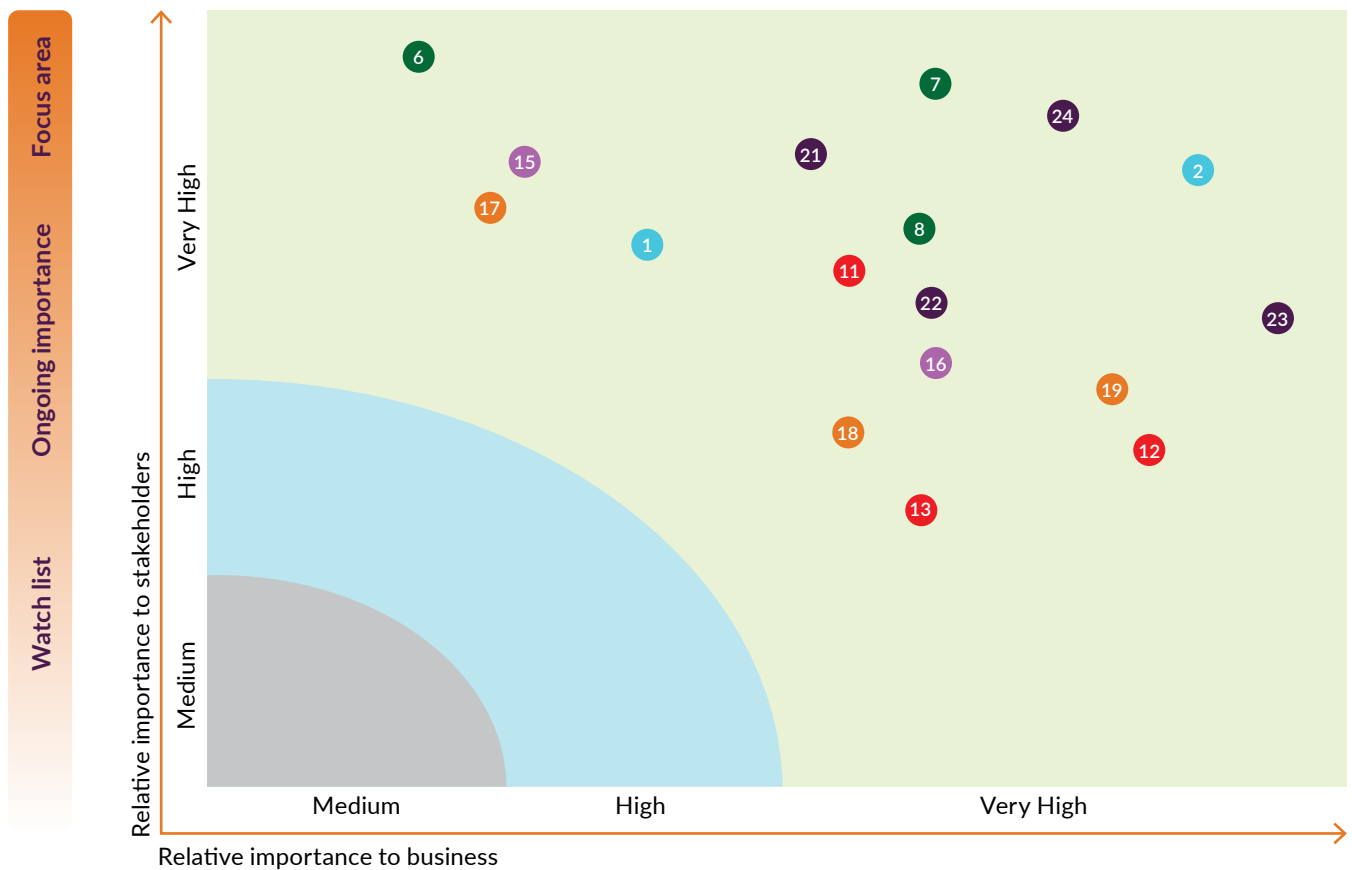
Key Insights from Our Materiality Review

We consistently focus on finding solutions to promote the health of people, the planet, and our Company through honest and transparent discussions with our stakeholders. Insights from our stakeholder engagement and materiality review in FY22 have been provided below.



Materiality Matrix

The following matrix represents the relative importance of material topics for our stakeholders and business activities. The material topics in this matrix are an outcome of our stakeholder engagement and materiality assessment conducted in FY21.



Materiality Assessment FY22

In FY22 as part of our materiality review exercise, we have further assessed the importance of the previously identified material topics based on their relevance to the current sustainability context and future trend.

In line with the changing regulatory landscape, emergence of pandemic-induced risks, and the growing prominence of ESG, we recognise the importance of integrating ESG monitoring, emergency preparedness, and regulatory compliance as new material issues within our corporate governance domain. The criticality of the supply chain associated with sustained business growth has led us to further strengthen the integration of our values and responsible business practices across the value chain. We have identified responsible supply

chain management as an additional material topic to further augment responsible practices with our business partners. With the inclusion of responsible practices across our supply chain, we realise the importance of integrating human rights within our ESG strategy to further enhance inclusivity and establish a discrimination-free work culture. By integrating human rights in our material issues, we aspire to augment our practices, principles, and policies pertaining to human capital across the value chain. The growing importance of climate change across the globe has propelled us to integrate climate change, energy efficiency, and carbon emissions into our environmental management material issues for FY22. Below is the list of material topics which are finalised post discussion and analysis with the senior leadership team at Sun Pharma.

Material Topics Post Review in FY22

Corporate governance

- 1 ESG compliance
- 2 Risk management
- 3 Regulatory compliance
- 4 Emergency preparedness and response
- 5 ESG governance

Societal development

- 15 Community development- CSR
- 16 Health education and prevention

Environmental management

- 6 Waste management
- 7 Water stewardship
- 8 Energy management
- 9 Climate change
- 10 Energy efficiency and carbon emissions

Product stewardship

- 17 Product accessibility
- 18 Responsible product pricing
- 19 Product responsibility (including quality and safety across life cycle)
- 20 Responsible supply chain management

Employee well-being

- 11 Talent attraction and retention
- 12 Workforce welfare
- 13 Occupational health and safety
- 14 Human rights







Innovation and technology

- 21 Investments in innovative products and technologies
- 22 Development of complex molecules
- 23 Data integrity and security
- 24 Technology and digitalisation

¹³GRI 102-47, GRI 102-49

Stakeholder Engagement and Materiality Assessment (continued)

Overview of Our Material Issues

Sustainability Focus Areas	Reporting Boundary	
<p>Corporate governance</p> <ul style="list-style-type: none"> - Risk management - ESG compliance - Regulatory compliance - Emergency preparedness and response - ESG governance 	<p>India and overseas operations</p>	
<p>Innovation and technology</p> <ul style="list-style-type: none"> - Investments in innovative technologies - Development of complex molecules - Data integrity and security - Technology and digitalisation 	<p>India and overseas operations</p>	
<p>Product stewardship</p> <ul style="list-style-type: none"> - Product accessibility - Responsible product pricing - Product responsibility (including quality and safety across life cycle) - Responsible supply chain management 	<p>India and overseas operations</p>	
<p>Environmental management</p> <ul style="list-style-type: none"> - Waste management - Water stewardship - Energy management - Climate change - Energy efficiency and carbon emissions 	<p>India and overseas operations</p>	
<p>Employee well-being</p> <ul style="list-style-type: none"> - Talent attraction and retention - Workforce welfare - OHS - Human rights 	<p>India and overseas operations</p>	
<p>Societal development</p> <ul style="list-style-type: none"> - Community development-CSR - Health education and disease prevention 	<p>India and overseas operations</p>	



Key Performance Indicators

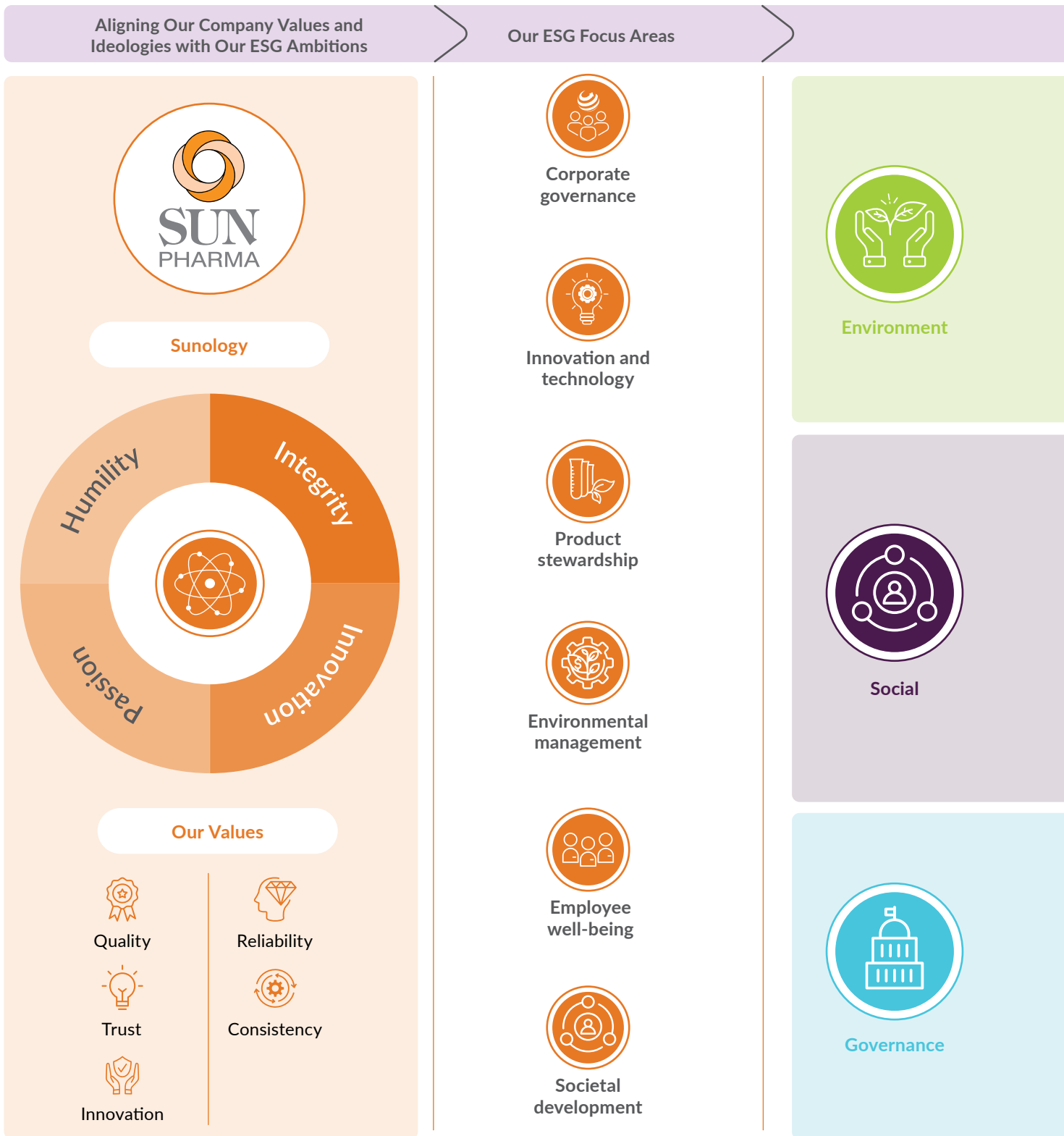
- Key implications, threats, and opportunities
 - Non-compliance with environmental laws/regulations in the social and economic spheres can result in significant penalties and non-monetary sanctions
 - Number of reviews undertaken periodically on compliance and risks
 - Strengthened Business Continuity Plan (BCP)
 - Initiatives to drive an ESG culture across the organisation
-
- The number of patents that have been applied for and secured
 - Total number of substantiated complaints about consumer privacy violations received
 - Number of automated or digitalised systems, processes, or procedures
 - Using digital tools across business activities and the supply chain
-
- The percentage of major product categories whose health and safety consequences are being evaluated for improvement
 - Minimisation of the number of product recalls
 - Total number of cases of non-compliance with rules and/or voluntary codes relating to product health and safety
 - Digital initiatives to predict possible risks affecting the supply chain
-
- The amount of energy usage that has been minimised as a direct result of conservation and efficiency measures
 - Total fuel consumption from renewable and non-renewable sources inside the Company
 - Total weight of hazardous and non-hazardous waste
 - Total water withdrawal
 - Conducting a risk assessment and implementation of mitigation action plans
 - Targets pertaining to energy and emissions in line with relevant standards
-
- Employee skills were strengthened through the implementation of programmes
 - Employees who took maternity leave returned to work and were retained at a higher rate
 - The total number of discriminatory incidents recorded and corrective actions undertaken
 - The number, rate of fatalities, and work-related injuries documented
 - Initiatives to promote good health and educate the community on disease prevention
 - Zero human rights violations
 - Gender diversity
 - Number of third-party audits for human rights in line with SMETA
-
- Percentage of operations with implemented local community engagement, impact assessments, and/or development programmes

Contribution to UN SDGs



Our ESG Strategy

Embedding Sustainability into Operations





At Sun Pharma, our commitment to our vision of 'Reaching people, touching lives globally as a leading provider of medicines' encompasses our shared value proposition towards ESG parameters. Anchored by the unique principles of our Sunology and our values, we focus on creating long-term value creation by aligning our ESG ambitions with our core strategy. We leverage our values and ESG focus areas to augment

performance across our ESG enablers. In our journey of becoming an environmentally conscious and socially responsible company, we endeavour to drive our ESG aspirations, in sync with the requirements of national and international frameworks on sustainability, UNSDGs, science-based target initiatives and the NGRBC.

Our ESG Enablers

- Increasing the use of renewable energy in our overall energy consumption
- Reducing our dependency on groundwater
- Implementing the reduce, reuse, recycle and recharge (4R) principle for water conservation
- Adopting digitalisation and eco-efficient processes
- Diverting hazardous waste to co-processing

Our ESG Ambitions

- Reduce carbon emissions (scope 1 and scope 2) by 35% by 2030 (considering baseline year of 2020)
- Reduce water consumption by 10% by 2025 (considering baseline year of 2020)
- Co-process 30% of hazardous waste by 2025
- Focus on augmenting responsible resource consumption practices across our business activities

Contribution to UN SDGs



- Customised learning and development programmes for employees, enabling skill development
- Robust health and safety management system
- Human Rights Policy, Supplier Code of Conduct
- Robust QMS
- CSR programmes focusing on community upliftment

- Introduce focused online learning session on various code of conduct attributes for all global employees
- Create an agile workforce with a diversified skill set
- Continue to leverage industry best practices to ensure the highest standards of health and safety across our business practices
- Ensure strict adherence to Human Rights policies with zero tolerance for non-compliance
- Focus on improving access to healthcare by delivering safe and effective products with responsible pricing



- Six core committees of the Board
- Global Code of Conduct applicable across the value chain
- Board Diversity Policy
- Periodic assessment of Board performance
- Business Responsibility and Sustainability Policy

- Ensure strict regulatory and ESG compliance
- Integrate ESG parameters across the value chain



Co-creating a Responsible Future

Envisioning a Better Tomorrow

At Sun Pharma, we strive to create a conscious future by investing in R&D to develop innovative products, in addition to implementing data security practices and collaborating with responsible suppliers.



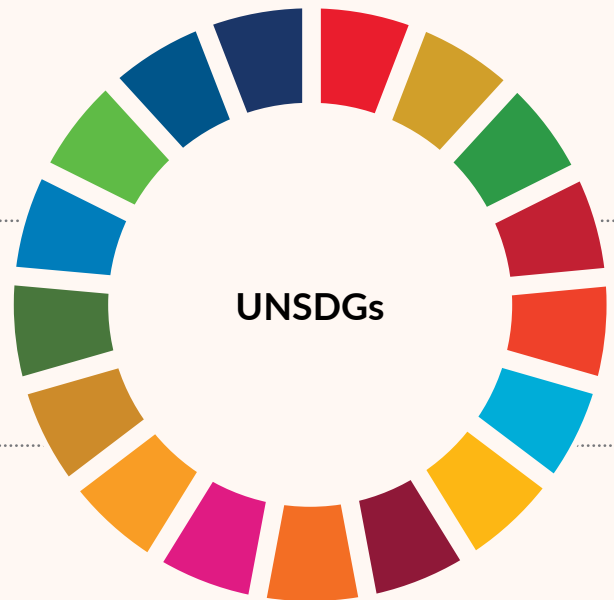
Material Topics

- Product accessibility
- Responsible product pricing
- Investment in innovative technologies
- Development of complex molecules
- Data integrity and security
- Technology and digitalisation
- Product responsibility
- Responsible supply chain



Our Corporate Values

- Quality
- Reliability
- Trust
- Consistency
- Innovation



Target 12.7
~95% of indirect procurement in FY22 was from local sourcing



Target 3.b
Invested ₹22.2 Bn in R&D for FY22



Target 9.5
R&D investments at 5.8% of sales for FY22



Governance Enablers

- Global Code of Conduct
- Audit Committee
- Stakeholder Relationship Committee
- Corporate Governance and Ethics Committee



Key Highlights and Targets

- Supplier Code of Conduct rolled out
- Developed and filed ~200 formulation dossiers globally in FY22
- 2,154 patents filed and 1,420 patents granted
- Presence in more than 100 countries

Co-creating a Responsible Future (continued)



Financial Performance¹⁴

While we continue to expand our global business, we are committed to optimising efficiency, cash flows, and cost structure in order to provide long-term value to all our stakeholders. To provide protracted benefit to all our stakeholders, we are constantly improving our core capabilities so that we can supply value-added products to communities around us and the geographies that we operate in. We prioritise the health of our patients and aspire to boost the global healthcare system by establishing a robust portfolio of innovative and affordable pharmaceutical products.

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 regulatory standards
- Remain committed to governance, community upliftment, access to affordable healthcare & environment conservation



Balance Profitability and Investments for the Future

- Increasing contribution of specialty and complex products
- Direct future investments towards specialty and differentiated products



Cost Leadership

- Optimise operational efficiency and cost effectiveness
- Focus on vertically integrated operations



Business Development

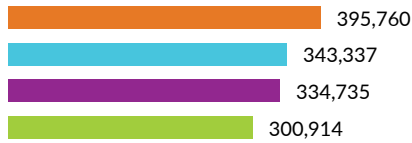
- Use acquisitions to bridge critical capability gaps
- Focus on access to products, technology, and market presence
- Ensure acquisitions yield a targeted return on investment
- Focus on payback timelines

¹⁴GRI 201-1, GRI 102-7



Revenue (₹ in Mn)

395,760



Operating costs (₹ in Mn)

209,559



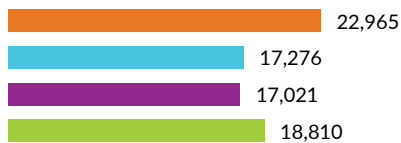
Employee wages and benefits (₹ in Mn)

73,008



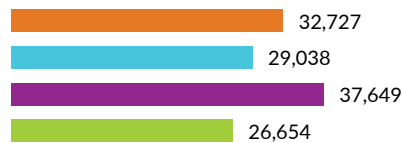
Payments to providers of capital (₹ in Mn)

22,965



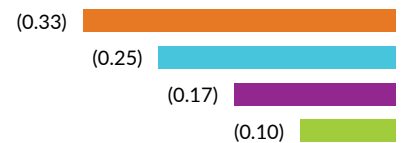
Profit for the year (₹ in Mn)

32,727



Net debt to equity ratio

(0.33)



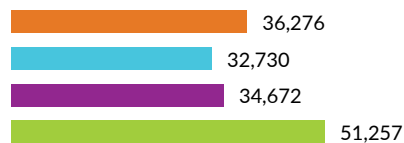
Total assets (₹ in Mn)

697,999



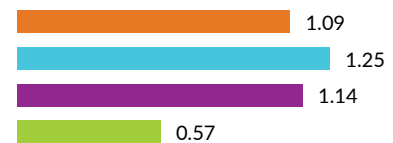
Total investments (₹ in Mn)

36,276



Dividend yield (%)

1.09



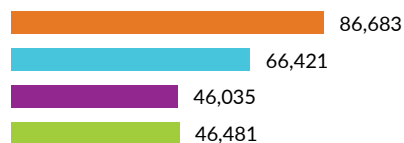
Economic value distributed (₹ in Mn)

309,077



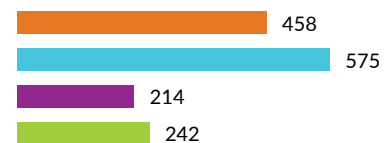
Economic value retained (₹ in Mn)

86,683



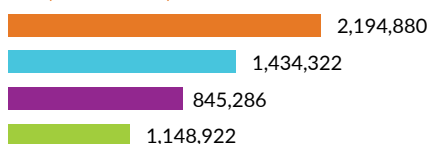
Community investments (₹ in Mn)

458



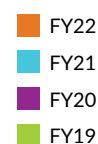
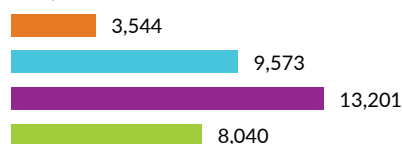
Market capitalisation* (₹ in Mn)

2,194,880



Payments to governments (current income tax) (₹ in Mn)

3,544



*As of March 31, 2022

Co-creating a Responsible Future (continued)

Patient Safety Is Imperative¹⁵

Sun Pharma places a strong emphasis on the health and safety of our patients all around the world. We adhere to stringent quality and regulatory compliance in this respect. We monitor product safety and ensure that the risk-benefit profile of our products is continuously assessed throughout their life cycle.

Pharmacovigilance

Our pharmacovigilance department has been operational for the last 17 years, making it the first of its kind in the Indian pharmaceutical industry. To monitor the safety of all our products and quickly execute risk mitigation measures, our pharmacovigilance system takes a 'beyond-compliance' approach. A Company-wide pharmacovigilance policy was adopted, which is backed up by a Product Safety Committee.

Our pharmacovigilance policy reflects our commitment to patient safety and is subject to periodic senior management review. The VP of Medico-Regulatory Affairs, Clinical Data Reporting (MACR), and Global Pharmacovigilance leads our pharmacovigilance team (GPV). The team supports us with strong contingency planning, which enables effective risk evaluation and mitigation. This also helps enhance training and quality control and assists us in establishing necessary safeguards to ensure patient safety. Periodic safety update reports, risk evaluation and mitigation strategies, health hazard evaluations, training, and quality control are some of the responsibilities undertaken to replace services provided by the team.



Product Stewardship Management Approach

The Imperative

- Enhanced product quality and safety profile
- Increased transparency and trust with stakeholders
- Enhanced culture of innovation across the organisation

Cornerstones of Our Approach

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

Strategic Enablers

- A well-established global pharmacovigilance policy
- A highly capable global pharmacovigilance and quality team and Product Safety Committee

Aspirations

We are focused on:

- Continue to ensure ethical use of products
- Raising awareness about proper use and disposal of our products
- Promptly evaluating and addressing product queries/complaints

¹⁵GRI 103-1, GRI 103-2, GRI 103-3, GRI 416-1



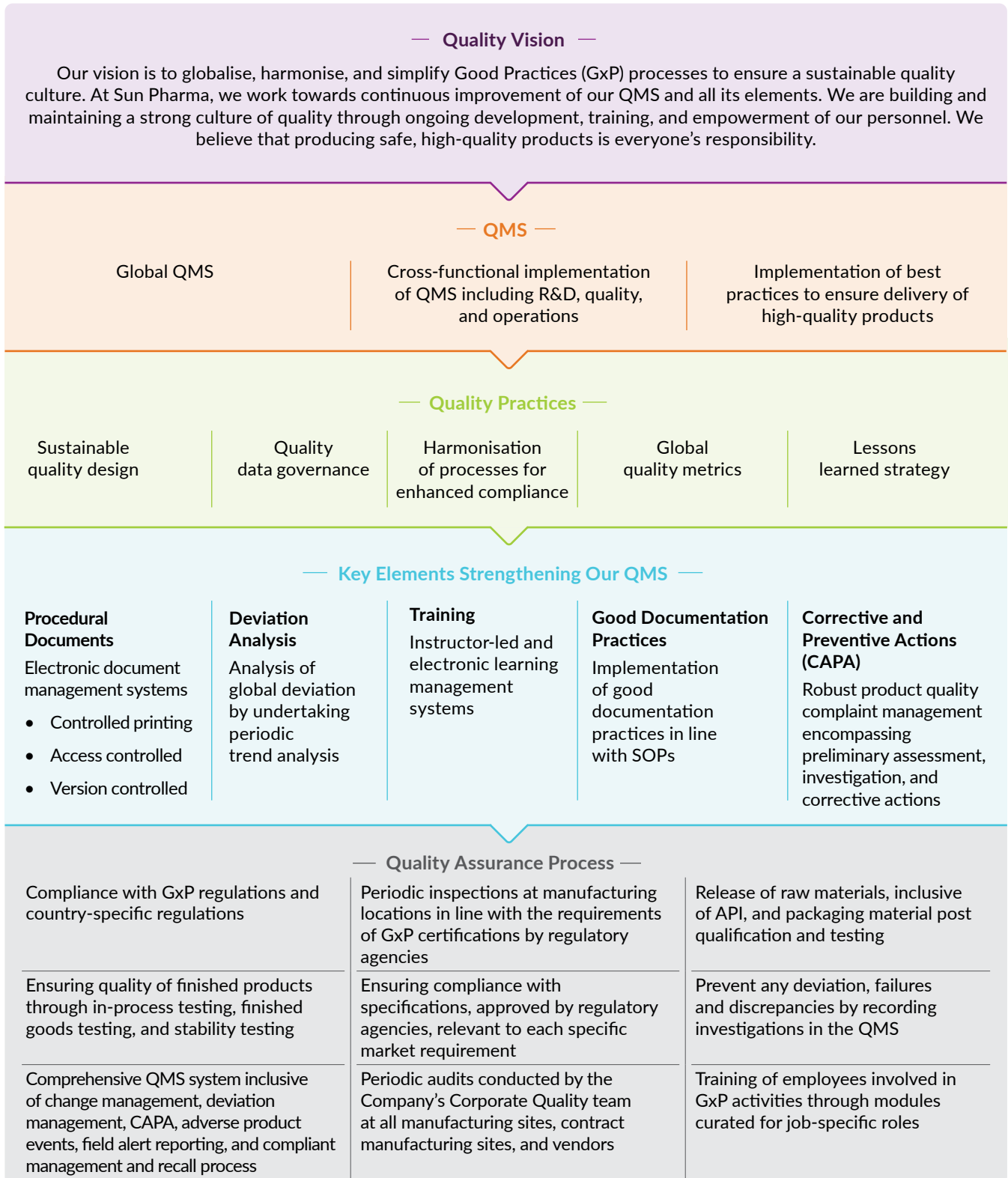
Pharmacovigilance at Sun Pharma

- The pharmacovigilance function undergoes periodic inspections from regulatory authorities, including the 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 'five-year' strategic audit plan and an annual audit plan.
- Nearly 100 team members of the pharmacovigilance team are qualified physicians, PhD holders, postgraduates, and graduates in science/pharmacology.
- The pharmacovigilance function is adequately supported by a strong technology backbone using the best-in-class industry software for data processing.

Co-creating a Responsible Future (continued)

Product Quality

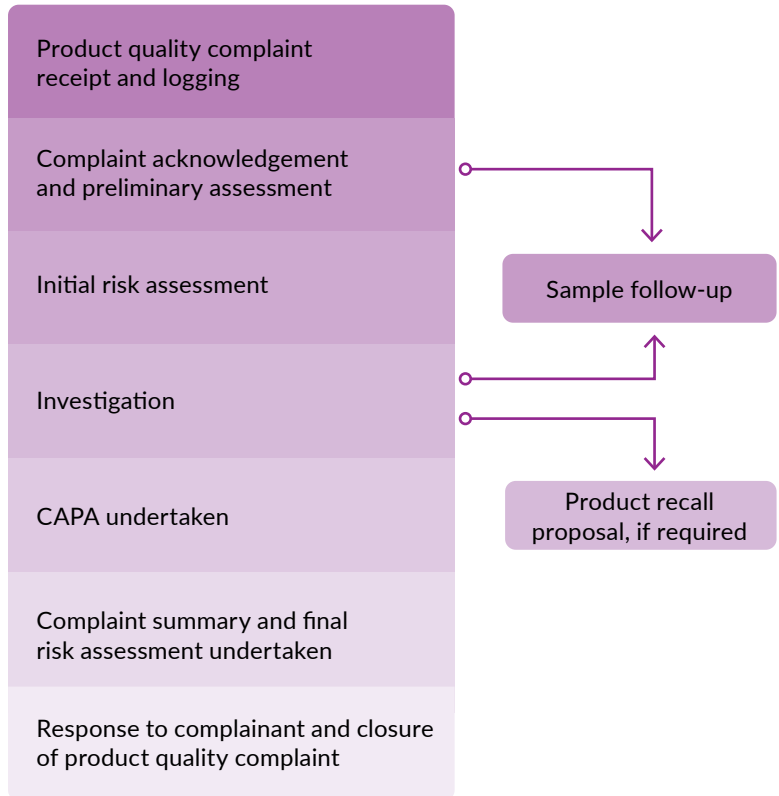
In line with our Quality Vision, we have adopted an integrated and comprehensive quality management approach, encompassing our global QMS and best-in-class quality practices and quality assurance procedures. Additionally, we follow a robust quality complaint management procedure to ensure investigation of complaints received and integration of corrective actions. A number of our API and formulations manufacturing sites are ISO 9001: 2015 certified; we aim to increase the coverage of certified sites in future.





Our Product Quality Complaint Management Process

At Sun Pharma, we implement an all-inclusive approach towards product quality complaints. The complaints received are logged into the system, which is followed by a preliminary assessment. An initial risk assessment is conducted as part of the investigation procedure. A sample follow-up is carried out during the course of the investigation. Based on the outcome, CAPA are undertaken. A complaint summary is noted and assessment is conducted. A response to the complainant is submitted, leading to the closure of the complaint.



Number of Product Recalls

<p>2 Class I</p>	<p>19 Class II</p>
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Co-creating a Responsible Future (continued)

Responsible Product Stewardship¹⁶

At Sun Pharma, we focus on implementing responsible practices across the product life cycle, including accessibility, labelling, and disposal.



Product Accessibility

At Sun Pharma, in line with our vision of 'Reaching People, Touching Lives', we endeavour to augment product availability and accessibility across multiple global markets, cities, towns, and rural areas. Our robust distribution network of carrying and forwarding agents (CNFs), stockists, distributors, and wholesalers facilitates us to reach and deliver our products to patients across the world.



Product Information and Labelling

As part of our responsible product stewardship, we ensure the relevant product information in terms of pharmacokinetics, safe use of product, sourcing of ingredients, composition, clinical pharmacology, drug interactions and side effects, and storage conditions, among others, is made available to customers through product labelling. In FY22, there were no cases of non-compliance concerning the health and safety impact of products or product information and labelling.



Responsible Product Disposal

In line with the local regulations regarding safety and environmental protection for the disposal of pharmaceutical products, we follow a well-established disposal procedure for the safe disposal of returned or recalled products. We strictly adhere to relevant regulations and ensure compliance with established guidelines for country-specific requirements. Additionally, we document the method of identification of product, quantity, and date of destruction.



¹⁶GRI 103-1, GRI 103-2, GRI 103-3, GRI 416-2, GRI 417-1, GRI 417-2, GRI 417-3



Anti-counterfeit Awareness

With the support of a robust anti-counterfeit governance management system, we strive to raise awareness about risks associated with counterfeit medicines, in markets where we face the problem of counterfeit products. We have a dedicated taskforce responsible for mitigating the risks associated with counterfeit medicines. The taskforce works in congruence with our trace-and-track technology and complaint management system, enabling seamless monitoring of counterfeit medicines.

Anti-counterfeit Governance at Sun Pharma

The trademark team and the learning and organisation development team train the entire field force for identifying and reporting counterfeit medicines.

A dedicated taskforce, inclusive of senior field members across clusters, is trained for identifying counterfeit products. The identification is interlined with relevant KPIs.



Co-creating a Responsible Future (continued)

R&D¹⁷

At Sun Pharma, we continually strive towards the development of complex and innovative products, aimed at addressing the needs of patients. With the support of ~2,700 employees across multiple research centres globally, we develop specialty and generic products, as well as novel cost-effective processes and technologies.

Intellectual Property

We have a robust intellectual property team specialising in chemistry, analytical techniques, dosage forms, and global patent practice. We leverage our strong research and implementation capabilities to exemplify our patents' portfolio. We file numerous patents for protecting our intellectual property. As of FY22, we had a portfolio of 1,420 granted patents. Additionally, our R&D centres are audited by various international regulatory authorities.

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

Sun Pharma strives to provide patients with innovative and affordable treatments to alleviate their healthcare problems. The Company continuously invests in developing a robust pipeline of generics, branded generics, and specialty products for the global market.

Sun Pharma has wide-ranging R&D capabilities for the development of products across dosage forms, such as injectables, orals, liquids, ointments, gels, sprays, hormones, and oral products. A strong intellectual property capability supports the R&D team.

R&D Investments (₹ in Bn)



■ FY22 ■ FY21 ■ FY20 ■ FY19

R&D Investments (% of sales)



■ FY22 ■ FY21 ■ FY20 ■ FY19



¹⁷GRI 103-1, GRI 103-2, GRI 103-3




Sun Pharma–Specialty R&D Pipeline

Molecule/Asset	Indication	Route of Administration	Mechanism of Action	Pre-clinical	Phase-1	Phase-2	Phase-3	Registration	Approved
Ilumya (tildrakizumab)	Psoriatic Arthritis	Injection	IL-23 Antagonist	██					
SCD-004	Psoriasis, Atopic Dermatitis	Oral	Selective SIPR1 Agonist	████████████████████████████████████					
MM-II	Treatment of pain in osteoarthritis	Injection	Liposomal intra-articular lubrication	████████████████████████████████████					
GL0034	Type 2 Diabetes	Injection	GLP-1R Agonist	████████████████████████████████					

Our R&D Approach and Capabilities

Guided by our key enablers and capabilities in research and innovation, we strive to achieve our ambition of catering to the unmet medical needs of patients globally.

 <p>Our Enablers</p>	 <p>Our Capabilities</p>	 <p>Our Ambitions</p>	 <p>Key Highlights for FY22</p>
<ul style="list-style-type: none"> – Significant investments in R&D to develop complex products, specialty products, generic products, and API technologies – 2,700+ scientifically skilled workforce dedicated towards R&D with best-in-class infrastructure – Adherence to global regulatory requirements to ensure high standards of quality – Emphasis on development of novel technologies such as the use of green reagents for chemical transformations in API synthesis, use of PAT tools in process development, and advanced processing techniques – Product life cycle management has been undertaken for key products; backward integration is a key strategic objective and many of our products enjoy the benefit of this backward integration – Process optimisation based on Quality by Design (QbD) concept and robustness by six sigma calculation have been implemented for a wide range of products to target efficiencies and increase in-process capability – Novel compact dosage forms having differentiation with regards to improved stability and/or reduced pharmacokinetic variability have been developed 	<ul style="list-style-type: none"> – Capabilities in finished dosage development, biological support, chemistry, and new drug development – Ability to develop products across dosage forms like orals, liquids, ointments, gels, sprays, injectable means – Capabilities to develop non-infringing formulations and development of specialty/complex products – Offers a comprehensive basket of products across therapies to cater to needs of patients – Ability to conduct clinical studies for complex generics at in-house clinical pharmacology units 	<ul style="list-style-type: none"> – Invest to further build the specialty pipeline – Develop complex generics for developed markets – Enhance focus on developing R&D pipeline for Emerging Markets and India – Augment the development of APIs which are strategically important 	<ul style="list-style-type: none"> – Overall R&D investments for FY22 was ₹22 Billion – Developed and filed ~200 formulation dossiers globally in FY22 – As of March 31, 2022, the cumulative portfolio consisted of: <ul style="list-style-type: none"> • 605 ANDAs and 67 NDAs/BLA filed with USFDA • 512 ANDAs and 54 NDAs/BLA approved by USFDA • 2,154 number of patents filed and 1,420 patents granted (excluding expired/abandoned patents) • 490 DMF/CEP filed and 377 approved DMF/CEP

Co-creating a Responsible Future (continued)

Innovation and Technology¹⁸

Our investments in cutting-edge technologies enable us to enhance the affordability of medicines across the world, ensuring strict adherence to global safety standards, while improving the overall quality of our product portfolio.

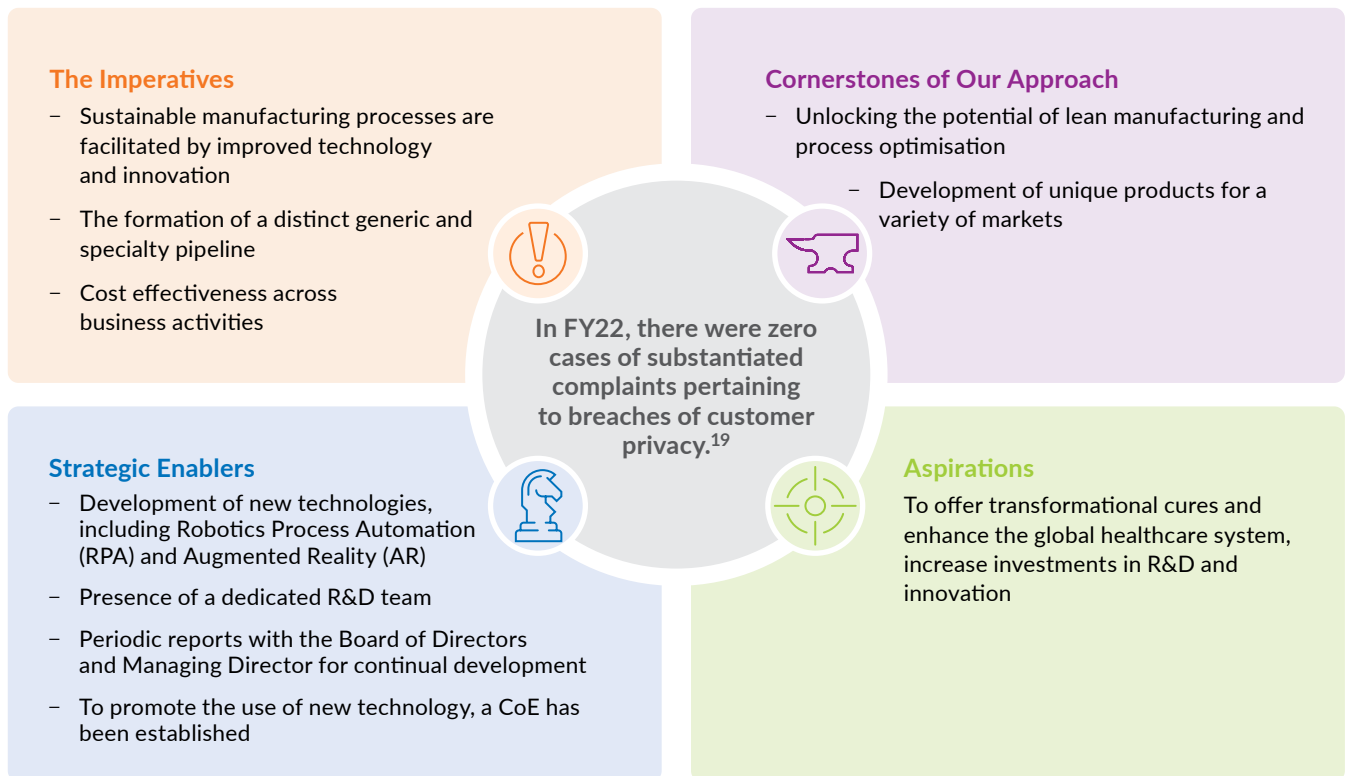
We have undertaken a series of projects that have yielded a variety of benefits, including increased safety, improved operational efficiency, technical advancements, and cost efficiency. We have a specialised Center of Excellence (CoE) that aids in the adoption of pioneering technology in order to promote long-term business growth. R&D, quality, finance, manufacturing, HR, and supply chain are all supported by the CoE. Further, our IT CoEs collaborate closely with business functions to develop strategies that enable innovation. Proof of concept and business case approvals are used to make a collaborative decision on technology adoption.

We have detailed technology rules to ensure that our projects are implemented effectively and are supported by worldwide compliance and technology standards such as the Information Security Management System (ISMS) and the Information Technology Infrastructure Library (ITIL). A comprehensive IT innovation and technology plan has also been formed by our Corporate Technology Team, and it directs the adoption of necessary IT policies across the entire organisation.

To support the implementation of information security, we have earmarked an annual budget at the departmental level that takes into consideration the current internal hardware and application landscape, ongoing initiatives, new projects, and external factors that influence information security. We have also put in place an effective monitoring system to improve the integrity and security of our data.



¹⁸GRI 103-1, GRI 103-2, GRI 103-3



Our Approach to Information Security	Our Focus on Data Integrity and Security
<ul style="list-style-type: none"> – Implementation of global SOP on data across locations – Alignment with ISO27001:2013 for information security risk management – Presence of a risk-based approach to mitigate security risk across people, processes, and technologies – Implementation of the Information Security Awareness Programme, ISMS, Global Standard Operating Procedures (GSOPs), and defense in depth – Presence of 24x7 monitoring systems for threat identification and defined incident management processes <p>Adherence to global data integrity and security standards:</p> <ul style="list-style-type: none"> – US FDA – data integrity and compliance with Drug cGMP – PDA technical report 80 – data integrity management system for pharmaceutical laboratories – ISO27001 – ISMS – GDPR – personal data protection in the EU 	<ul style="list-style-type: none"> – Policies, processes, and obligatory information security awareness trainings for all users within the organisation are used to implement data integrity and security initiatives. <p>Data integrity and security challenges are categorised across three broad parameters:</p> <ul style="list-style-type: none"> – Breaches due to cyber attacks – Insider threats – Data integrity at the manufacturing level <ul style="list-style-type: none"> • Presence of defense 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

¹⁹GRI 418-1

Co-creating a Responsible Future (continued)

Responsible Sourcing and Supply Chain²⁰

As a leading pharma company with the vision of reaching people with valued medicines, product accessibility forms an integral factor for our sustainable value creation model. We work towards creating a strong cross-functional supply chain management system, encompassing logistics, procurement, planning, and inventory management to ensure the feasibility of production in line with market demand. The efficacy of our supply chain management system is reviewed periodically by the senior management. Further, the system is embedded with KPIs for enabling continuous improvement as outlined below.

We have defined KPIs embedded within each function of our supply chain management system for effective monitoring of our supply chain activities and initiatives.



Procurement

Our procurement team ensures a seamless supply of raw materials, and primary and secondary packing materials for both the development and manufacturing of APIs, and formulations and also the availability of finished formulations at the designated market.



Planning and inventory management

Our integrated management system undertakes Distribution Requirement Planning (DRP), Market Requirement Planning (MRP), and other planning insights to gauge the inventory requirements and enable efficient monitoring of the supply chain activities.



Distribution and logistics

Our distribution and logistics team enables timely delivery of finished goods and services in line with customer requirements. Further, the logistics team works in coordination with the supply chain team to overcome any disruption in the supply chain, ensuring uninterrupted delivery of consignments.



Finished goods delivery

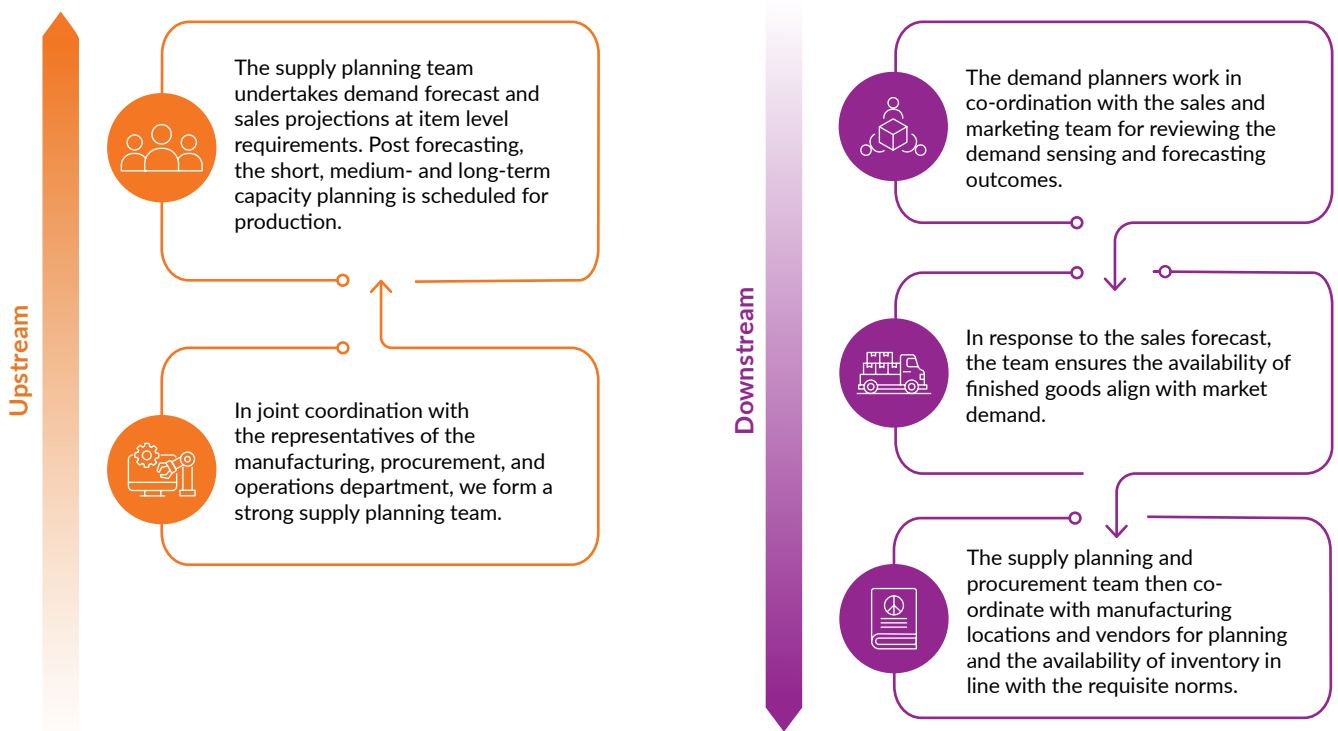
The distribution team ensures delivery of finished goods as per the timelines and customer requirements; further, the team co-ordinates with the supply chain team to determine the mode of shipment for speedy transportation of consignments.

We implement a dedicated integrated management system to monitor the efficiency of the supply chain and enable the development of advance planning insights. The planning insights are reviewed by each cross-functional team against specific business requirements. Further, as part of the monthly review process, necessary corrective actions are either proposed or undertaken in joint consideration with senior management.

²⁰GRI 102-9, GRI 103-1, GRI 103-2, GRI 103-3



An Overview of Our Supply Chain Operations²¹



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

²¹GRI 102-10

Co-creating a Responsible Future (continued)

Effective Supply Chain Monitoring

We implement a robust supply chain monitoring mechanism encompassing principles and checklists for the identification, assessment of supply chain risks, and implementation of mitigation strategies. We undertake periodic assessment of our vendors every three years, enabling 100% coverage of vendors through the CQA audits. In FY22, we revised our CQA audit checklist by including ESG parameters in line with the recommendations of the PSCI and other relevant frameworks. Further, we have developed a Supplier Code of Conduct that

enables us to integrate ESG parameters across the supply chain. We expect all third-party vendors, suppliers, and business partners to adhere to the principles of the Supplier Code of Conduct. In FY22, we have conducted scheduled assessments for some of our vendors, in line with requirements of the revised CQA checklist.

Supply Chain Monitoring



Local Sourcing²²

As part of our responsible supply chain practices, we endeavour to spend a major portion of our sourcing from local sources. In FY22, we sourced ~95% of indirect procurement, 61% of direct procurement, and 67% of services from local suppliers. The local sourcing facilitates in averting currency

risks in addition to strengthening our supply chain due to augmented dependency on flexible local operations. Further, it facilitates our contribution to the development of national skill sets and lowers the environmental footprint.

²²GRI 204-1



Proportion of Spending on Local Suppliers

~95%

sourcing of indirect procurement is from local suppliers

61%

sourcing of direct procurement is from local suppliers

67%

sourcing of services is from local suppliers

Committing to Environment Conservation

Achieving Environmental Stewardship

To align with our commitment towards climate action, environment conservation forms an integral component of our sustainable value creation strategy.



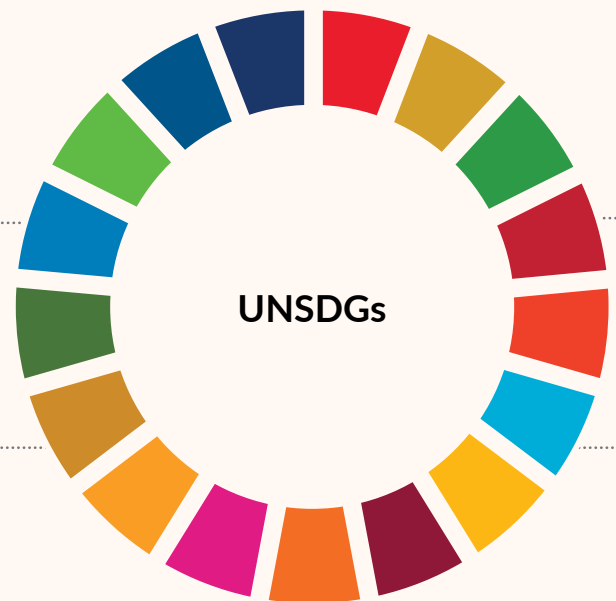
Material Topics

- Waste management
- Water stewardship
- Energy efficiency and carbon emissions
- Climate change
- Energy management



Our Corporate Values

- Quality
- Reliability
- Trust
- Consistency
- Innovation



Target 13.2

Integrate climate change measures into national policies, strategies, and planning by being a proud signatory to the India CEO forum on Climate Change.



Target 6.3

Improve water quality by minimising the release of untreated wastewater and reuse, recycle water; 18 sites are ZLD.



Target 12.5

2% of waste generated reduced through prevention, reduction, recycling, and reuse.



Target 7.2

31% of renewable energy in the energy mix.



Target 6.4

190,425 KL of water conserved post implementation of water conservation initiatives.



Governance Enablers

- EHS policy
- EHS management system
- Energy management systems



Key Highlights and Targets

- 18 sites are ZLD
- 31% energy sourced from renewable sources
- Reduce emissions (scope 1 and 2) by 35% by 2030 (baseline year of 2020)
- Reduce water consumption by 10% by 2025 (baseline year of 2020)
- Co-process 30% of hazardous waste by 2025

Committing to Environment Conservation (continued)

Environment Management and Governance Mechanism²³

At Sun Pharma, our commitment to amplify contribution towards climate action and environment preservation is driven by our corporate values and governance enablers. As a leading pharmaceutical company with highly evolved practices, we leverage our environment management system to bring together various functions and skill sets to achieve our climate goals. The EHS management system built on the strong foundation of our EHS standards, EHS policy and robust value system, and it is the driving factor for our multi-pronged approach towards environment conservation. Our comprehensive EHS governance structure ensures effective implementation of EHS initiatives and targets across our value chain. The EHS management system and policy is built on the guiding principles of ISO 14001:2015 and ISO 45001:2018, which enables us to achieve performance excellence across environmental parameters. As part of our comprehensive approach towards risk management, we continuously strive to ensure compliance with environmental

regulatory norms. In FY22, we had no significant instances of non-compliance with regard to environmental laws and regulations. Further, in the past four years, we have not paid any significant fines (> US\$10,000) related to environmental or ecological issues.

Our robust EHS governance system ensures periodic review and oversight on our performance against targets. We drive environment consciousness among the workforce through various engagement forums, enabling effective implementation of our EHS values.

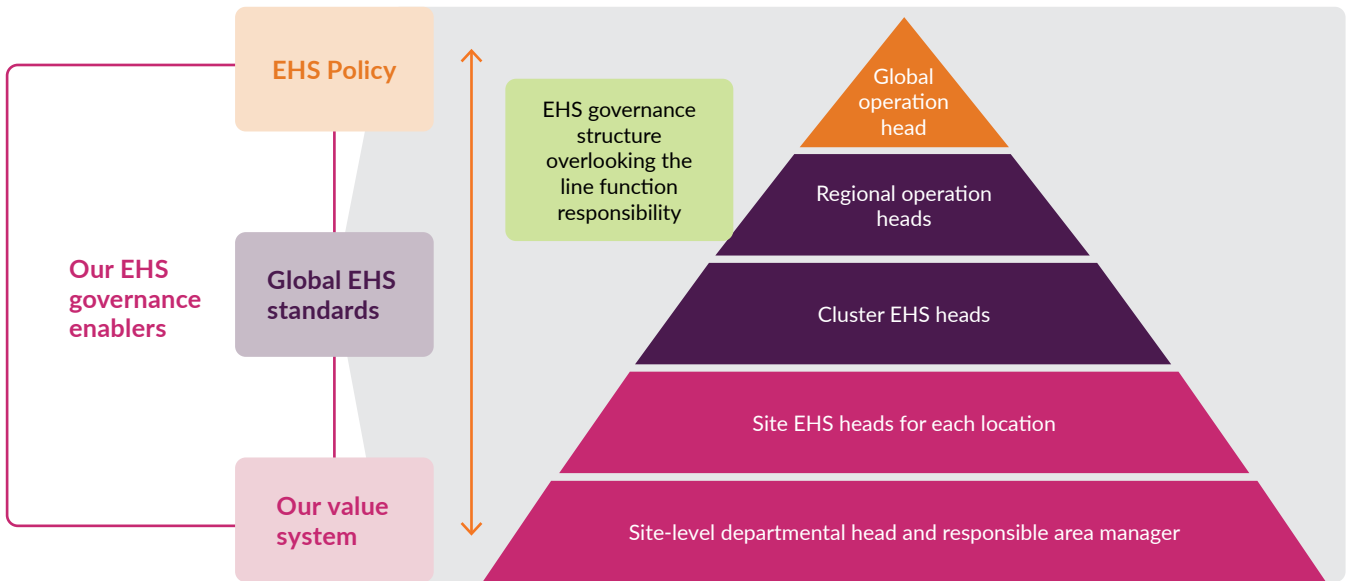
<p>21 sites are ISO 14001:2015 certified</p>	<p>18 sites are ISO 45001:2018 certified</p>
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Employee Engagement in EHS

 <p>Meeting Forums</p> <p>Employee engagement through knowledge sharing on a global EHS portal, competitions, quiz and slogan events, brainstorming sessions</p>	 <p>Training</p> <p>Employee training on EHS through modules developed on the principles of EHS standards, EHS policy</p>	 <p>Audits and Inspections</p> <p>Periodic internal and external audits and inspections carried out to align with the ISO 45001:2018, OSHA, and other relevant standards</p>
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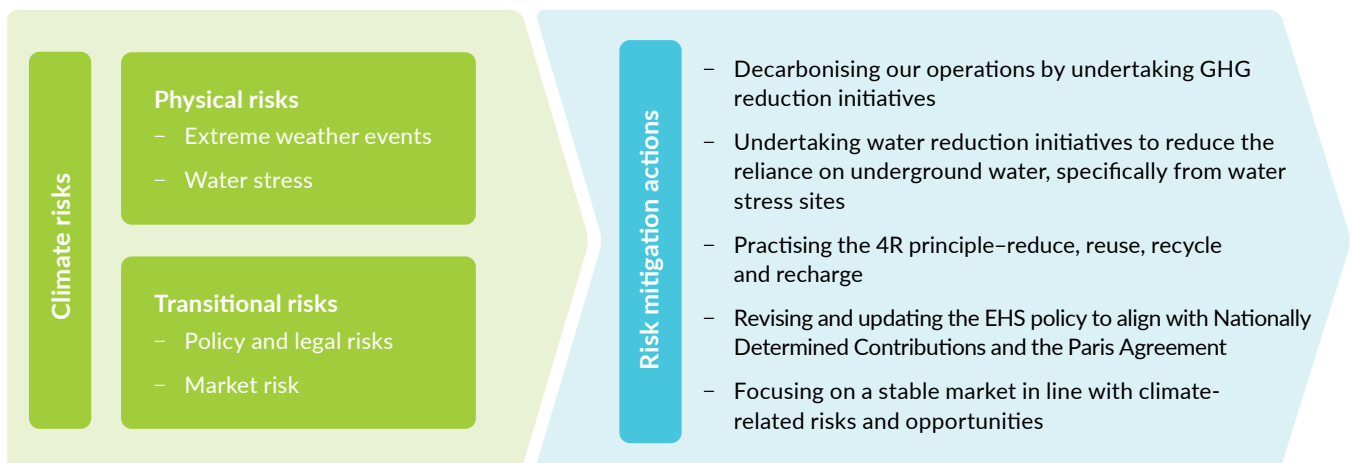


²³GRI 103-1, GRI 103-2, GRI 103-3, GRI 307-1



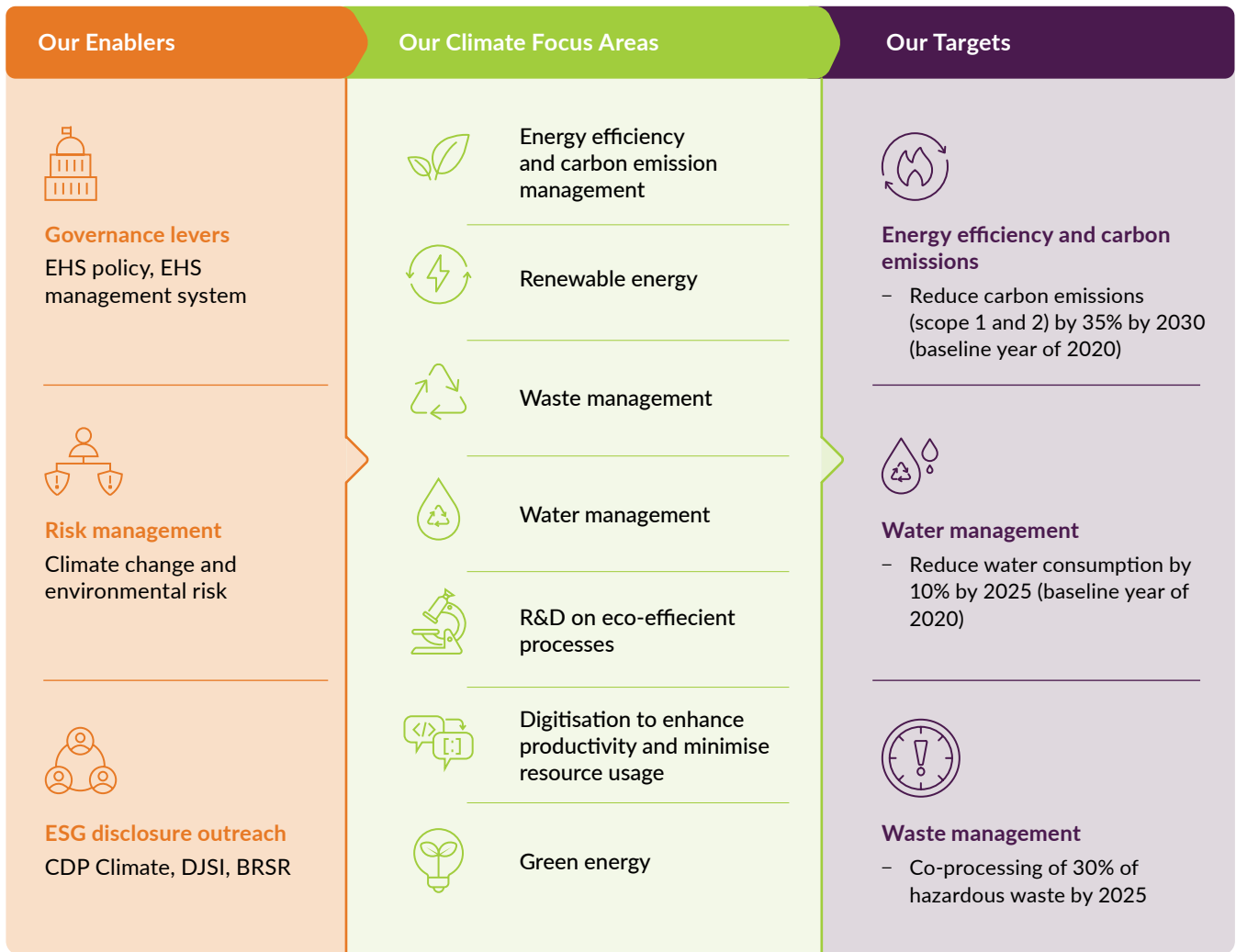
Committing to a Climate-Smart Future²⁴

As a proud signatory to the India CEO Forum on Climate Change driven by the Government of India’s Ministry of Environment, Forest and Climate Change, we endeavour to accelerate our pace of climate change adaptation and mitigation. Our climate change strategy is built on the key focus areas of energy efficiency and carbon emission management, waste management, water management, R&D on eco-efficient processes, and digitisation to enhance resource productivity. To further catalyse our action plan towards our climate ambitions, we set targets linked to the key material issues of energy and carbon emissions, water, and waste. We aim to achieve a 35% reduction in our scope 1 and scope 2 emissions by 2030, considering the baseline year of 2020. As part of our strategy towards integrating climate resiliency across our business operations, we recognise physical and transitional risks in line with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. While we continue to strengthen our commitment to the TCFD recommendations, we aim to integrate climate risk mitigation actions into our Risk Management System in the future.



²⁴GRI 103-1, GRI 103-2, GRI 103-3

Committing to Environment Conservation (continued)





Our Environment Targets towards a Climate-Smart Future

As we establish environmental targets to capitalise on our climate action plan, we have conducted a comprehensive analysis across the focus areas of energy, water, and waste. Through data forecasting and further analysis, we recognise preliminary action points and subsequently implement interventional measures, enabling us to spearhead our efforts towards realising our climate goals.

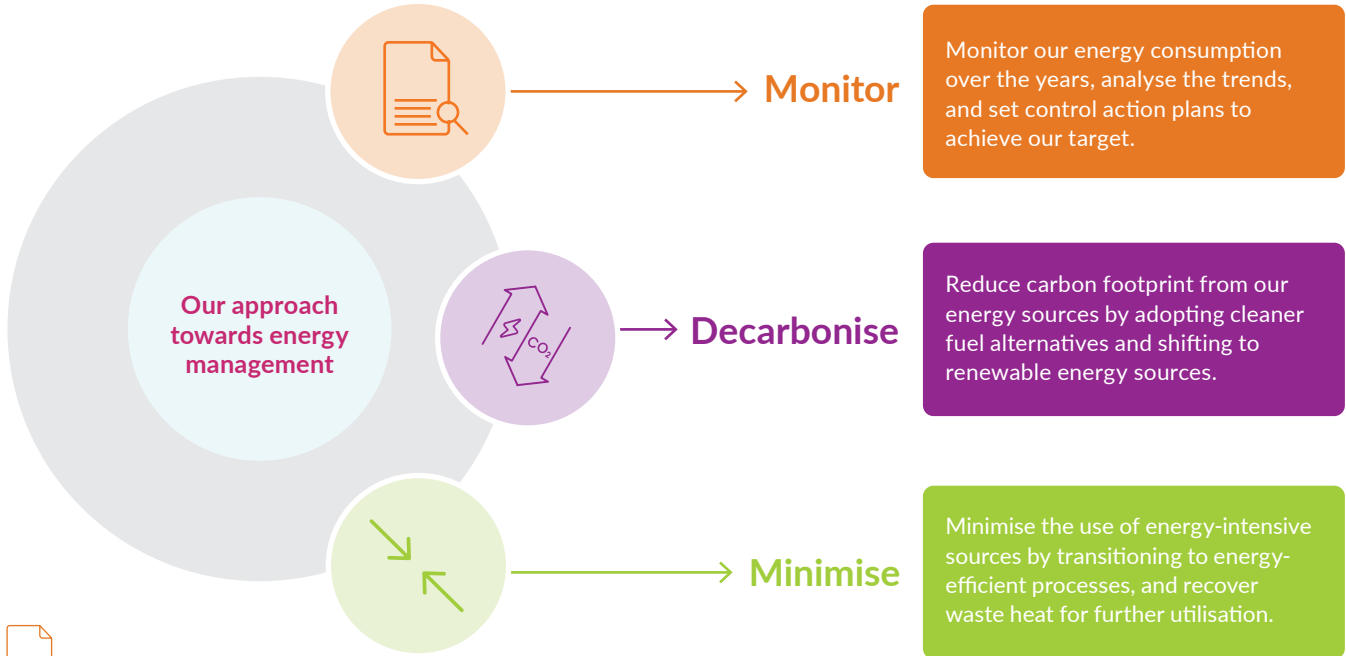
Our ESG Focus Areas	Enablers and Key Initiatives Undertaken	FY22 Highlights	Targets*
 <p>Energy efficiency and carbon emissions</p>	<ul style="list-style-type: none"> – Implementation of energy reduction initiatives to save 91,133 GJ of energy – Replacement of non-renewable fuel with biomass (green energy); 450,368 GJ of energy sourced from biomass – 121,139 GJ of the electrical energy is sourced from solar. – 30,995 GJ of electrical sourced from purchased renewable sources 	<p>31% direct and indirect energy are currently from renewable sources in the energy mix</p>	<p>Reduce carbon emissions (scope 1 and 2) by 35% by 2030 (baseline year of 2020)</p>
 <p>Water Management</p>	<ul style="list-style-type: none"> – Implementation of 4Rs (reduce, reuse, recycle, and recharge) for water conservation – 9,472 KL of rainwater harvested in FY22 <p>Reducing dependency on groundwater by replacing it with other sources of water withdrawal</p>	<p>1,90,425 KL water saved through 4R mechanism</p>	<p>Reduce water consumption by 10% by 2025 (baseline year of 2020)</p>
 <p>Managing waste</p>	<ul style="list-style-type: none"> – ~52% of hazardous waste diverted from disposal through recycling and other recovery options – ~97% of non-hazardous waste diverted from disposal – Implementation of online document repository system resulting in reduction of paper consumption, in turn reducing the generation of paper waste – Migration from a solvent to an aqueous-based process, resulting in reduction of solvent utilised in manufacturing 	<p>2,567 MT of hazardous waste disposed through co-processing</p>	<p>Co-processing of 30% hazardous waste by 2025</p>

* Targets are linked to current scale of operations and revenue.

Committing to Environment Conservation (continued)

Energy Efficiency and Carbon Management²⁵

In our effort to further our contribution towards the Company’s climate action strategy and achieve a 35% reduction in carbon emissions by 2030, we adopt a comprehensive approach of ‘monitor, decarbonise, and minimise’.



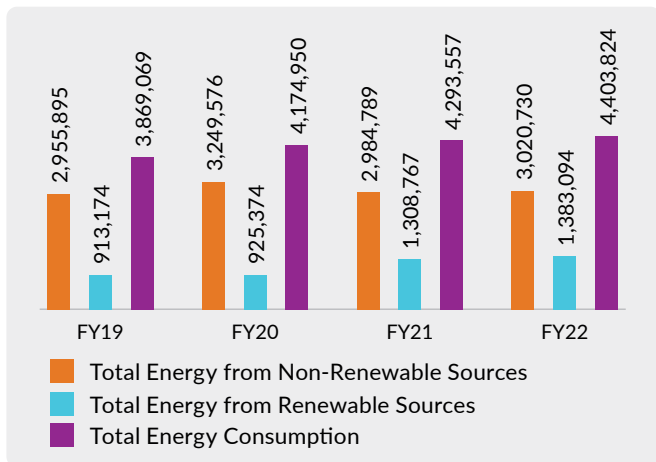
Monitor*

As part of our energy management plan, we monitor our year-on-year energy consumption, categorise the sources into a renewable and non-renewable mix, implement sustainable energy optimisation initiatives, and subsequently, develop emission reduction target plans. ~31% of our energy consumption portfolio in FY22 is from renewable sources of biomass, solar, and windmills.

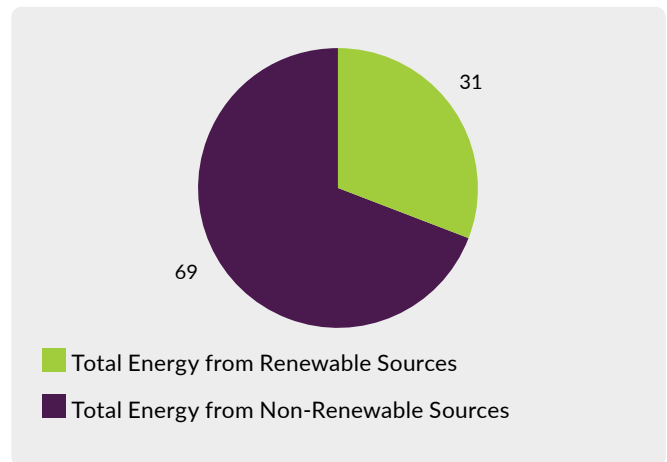
Energy Consumption (in GJ)	FY19	FY20	FY21	FY22
Total energy from non-renewable sources	2,955,895	3,249,576	2,984,789	3,020,730
Total Energy from Renewable Sources	913,174	925,374	1,308,767	1,383,094
Total energy consumption	3,869,069	4,174,950	4,293,557	4,403,824
Energy intensity* (GJ/revenue in ₹ Million)	22.06	19.32	19.10	17.21

*Revenue of sites mentioned in the scope of the boundary is considered for this calculation.

Energy Consumption Trends (in GJ)



Energy Mix (%)



²⁵GRI 103-1, GRI 103-2, GRI 103-3, GRI 302-1, GRI 302-3

*Data pertaining to the site boundary has been changed for this reporting year. We have considered 38 operational (manufacturing and R&D) sites for FY22 whereas in FY21, 14 sites were considered.



Energy Consumption (in GJ)

	FY19	FY20	FY21	FY22
Electricity consumption	1,780,317	1,892,836	2,002,450	2,026,117
Steam consumption (biomass briquette fuel based)	475,746	490,634	745,010	771,969
Fuel consumed	1,613,006	1,791,480	1,546,096	1,605,738
Total energy consumption	3,869,069	4,174,950	4,293,556	4,403,824

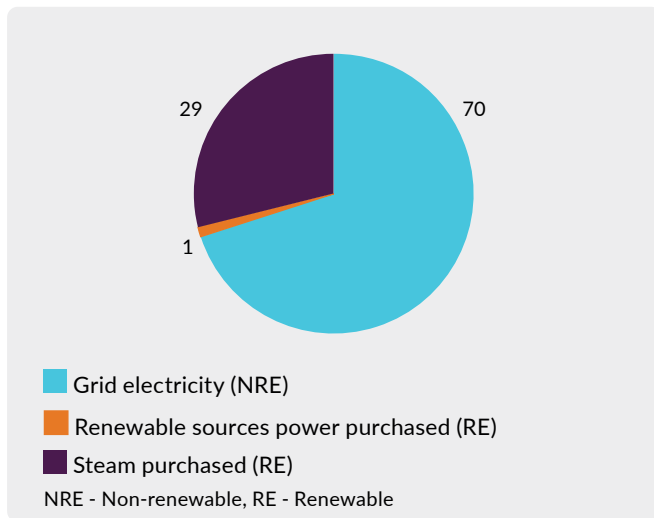


Decarbonise

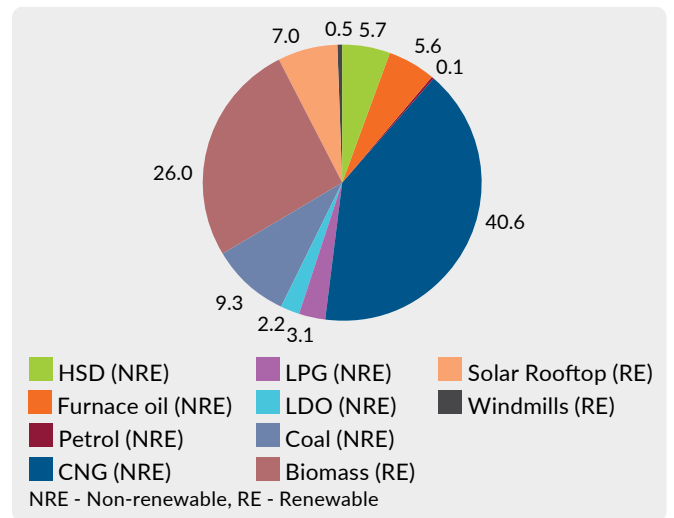
In our endeavour to transition towards a cleaner future, we have been gradually adopting renewable sources of energy and catalysing our action plan towards the reduction of carbon emissions. We minimised the use of High Speed Diesel (HSD), furnace oil, and coal by transitioning to greener biomass fuel. We have further enhanced our renewable energy share across the Company’s net energy mix by outsourcing steam generated from biomass briquettes. The steam is generated using biomass briquettes in boilers across our manufacturing locations, which is then directed as a fuel to manufacturing processes.

In FY22, the amount of steam purchased from biomass increased by 62% compared to FY19.

Indirect Energy Mix (%)



Direct Energy Mix (%)



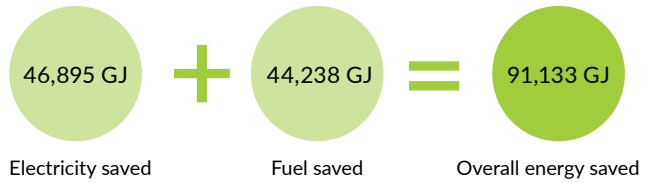
Committing to Environment Conservation (continued)



Minimise²⁶

At Sun Pharma, we extensively implement energy reduction initiatives to further crystallise our ambition of reducing our Scope 1 and 2 emissions. Energy reduction²⁷ initiatives undertaken in FY22 mentioned below.

- Reduced power consumption in a compressed air system with the introduction of an intelligent flow controller
- Improved pumping efficiency at various pumping system
- Replacement of old, inefficient brine compressor with an energy-efficient compressor and improved chiller performance (ikw/TR)
- Use of the dry vacuum pump in place of steam ejectors
- Steam consumption at Multi Effect Evaporator (MEE) reduced by utilising waste heat for preheating MEE feed
- Minimisation of steam distribution losses through steam trap optimisation
- Reduced pumping power in chilled water system by installation of a closed-loop pumping system
- Synchronisation of Diesel Generator (DG) to reduce diesel consumption
- Utilisation of flash steam for hot water generation
- Utilisation of Variable Frequency Drive (VFD) in compressed air system
- Energy-efficient Axial pump installed in MEE to reduce power consumption



- Reduced power consumption in refrigeration system with the use of automatic tube cleaning system
- Improved efficiency in plant lighting



Before

- Previously, we had installed a manual, inefficient briquette boiler at our Poanta site, supported by a furnace oil boiler to meet the site's steam requirement.
- 84% of steam generated from the manual briquette boiler and 16% from the furnace oil boiler.

After

- A new and automated energy-efficient boiler was installed to reduce biomass and eliminate furnace oil consumption.
- High steam pressure was achieved with improved steam quality, eliminating the impact on production cycle.

²⁶GRI 302-4

²⁷The measures undertaken in FY22 are considered for determining the energy saving. Accordingly, the baseline of FY21 is considered for energy reduction calculations.



Managing Our Emissions²⁸

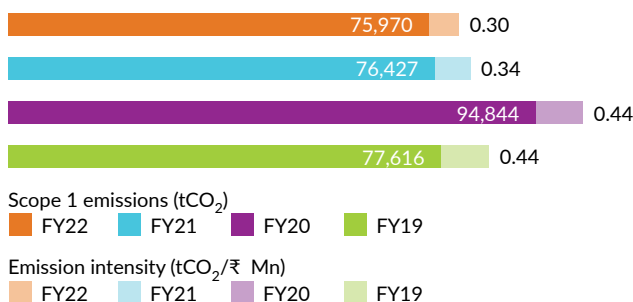
Periodic monitoring of direct (Scope 1) and indirect (Scope 2) emissions is an integral aspect of our approach towards achieving a 35% reduction in carbon emissions by 2030. In FY22, we have further enhanced the inventory of our Scope 3 emissions by including six categories—purchased goods and services, downstream transportation and distribution, upstream transportation, business travel, employee commute, and waste generated due to operations. Further, we have reported on emissions pertaining to ozone-depleting substances (ODS), nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM).²⁹

Scope 1 Emissions

We report on the emissions pertaining to direct fuel consumed (HSD, furnace oil, petrol, CNG, LPG, LDO, coal). Our consistent efforts towards integrating energy conservation initiatives to reduce carbon emissions are reflected by a year-on-year decline in our Scope 1 emissions.

	FY19	FY20	FY21	FY22
Scope 1 emissions (tCO ₂)	77,616	94,844	76,427	75,970
Emission intensity (tCO ₂ /₹ Mn)	0.44	0.44	0.34	0.30

Scope 1 Emissions (tCO₂) and Emission Intensity (tCO₂/₹ Mn)

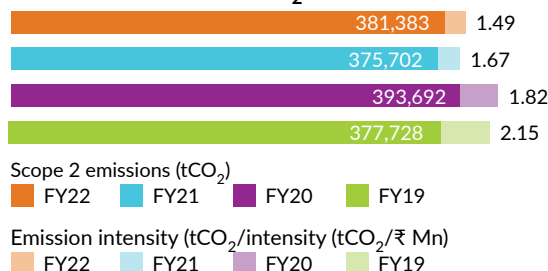


Scope 2 Emissions

We report on emissions pertaining to the indirect energy category of grid electricity.

	FY19	FY20	FY21	FY22
Scope 2 emissions (tCO ₂ e)	377,728	393,692	375,702	381,383
Emission intensity (tCO ₂ /intensity (tCO ₂ /₹ Mn)	2.15	1.82	1.67	1.49

Scope 2 Emissions (tCO₂) and Emission Intensity (tCO₂/₹ Mn)



²⁸ GRI 103-1, GRI 103-2, GRI 103-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

Scope 3 Emissions

As part of our endeavour to expand our responsible business practices across the value chain, we expanded the disclosure for Scope 3 (other indirect emission) emissions by including six categories in FY22. In addition to the three categories of purchased goods and services, business travel, and employee commute, we have added three new categories for FY22 reporting upstream transportation and distribution, downstream transportation and distribution, and waste generated in operations. For further details on the scope of the boundary, calculation methodology, and source of emission factors, please refer to the GHG annexure on page 82.

Source	tCO ₂
Purchased goods and services	179,134
Employee commute	20,025
Business travel	513
Upstream transportation and distribution	7,490
Downstream transportation and distribution	34,775
Waste generated in operations	3,926
Total	245,863

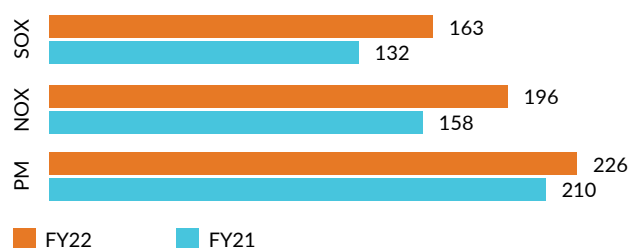
Emission of ODS

At Sun Pharma, we recognise the need to phase out equipment that produces ODS. In line with the Montreal Protocol, we have been gradually transitioning to equipment producing gases with lower ozone-depleting potential, that is R134-A, R404-A instead of R22.

NOx, SOx, and PM Emissions

In addition to GHG emissions, we are conscious of the need to comply with relevant environment regulatory requirements pertaining to SOx, NOx, and particulate matter emissions. We continue to undertake measures to manage our contribution towards such emissions by exploring initiatives such as the replacement of conventional boilers with boilers utilising cleaner fuel alternatives, thereby looking to bring down the intensity of emissions.

SOx, NOx, and PM emissions (MT)



²⁹ GRI 305-6, GRI 305-7

Note: For details on the methodology adopted in the calculation of Scope 1, Scope 2, and Scope 3 emissions, please refer to the GHG Annexure (Page 82).

Committing to Environment Conservation (continued)

Waste Management³⁰

In line with our commitment towards co-processing of 30% hazardous waste by 2025, we adopt a comprehensive waste management approach that encompasses minimisation, segregation, and a safe disposal mechanism. We monitor the waste at its source of generation, ensure optimal utilisation of resources, and culminate the generation of unnecessary waste. Our disposal mechanism focuses on maximising the diversion of waste from disposal through recycling and other recovery options. We also implement landfilling and other disposal operations, such as co-processing, to minimise the impact of emissions released by incineration of hazardous and

non-hazardous waste. We collect end-use plastic (for sold products and packaging) via a third party, as per our plan submitted to the Pollution Control Board and in line with extended producer responsibility regulations. Further, we have extensively integrated digitalisation to replace paper in the form of guides for medication among other activities. In FY22, we initiated a paper-saving software mechanism, the Equipment Qualification and Validation Life Cycle Management System (EQVLMS), with the objective of replacing the manual paper-based document archiving method with online document repository. The initiative has the potential to reduce paper consumption by 50%, compared to the period prior to implementation of the EQVLMS.



Quantifying Waste Management³¹

	Type of waste	Generated (MT)	Diverted from disposal (MT)	Directed to disposal (MT)
FY22	Hazardous	29,787	15,449	13,751
	E-waste	9	11	0
	Non-hazardous ³²	19,658	20,715	1,074
FY21	Hazardous	30,581	13,546	14,736
	E-waste	6	7	0
	Non-hazardous	15,488	14,331	1,190

³⁰GRI 103-1, GRI 103-2, GRI 103-3, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

³¹GRI 102-48, in FY21, the unit reported for waste disposed was incorrectly reported in MT; the correct unit was in kg (kilogram)

³²Includes battery waste, plastic waste, and biomedical waste among other non-hazardous waste categories



Hazardous waste

FY22
29,787 MT

FY21
30,581 MT



E-waste

FY22
9 MT

FY21
6 MT



Non-hazardous waste

FY22
19,658 MT

FY21
15,488 MT

Waste Diverted from Disposal

Waste Categories	Total (MT)	Total (MT)
Hazardous waste	FY22	FY21
Reuse	132	159
Recycling	13,638	11,773
Other recovery options	1,679	1,614
Total	15,449	13,546
E-waste		
Recycling	11	7
Non-hazardous waste		
Reuse	2	2
Recycling	19,728	13,495
Other recovery options	985	834
Total	20,715	14,331
Waste directed to disposal	Total (MT)	Total (MT)
Hazardous waste		
Incineration	4,109	4,474
Landfilling	7,075	7,215
Co-processing	2,567	3,047
Other disposal operations	0	0
Total	13,751	14,736
Incineration	49	43
Landfilling	1,025	1,147
Other disposal operations	0	0
Total	1,074	1,190

Committing to Environment Conservation (continued)

Water Stewardship³³

In line with our target of achieving a 10% reduction in water consumption by 2025, we continue to enhance efforts towards our water conservation initiatives, based on the principles of the 4Rs (reduce, reuse, recycle, and recharge).



Our Water Conservation Approach

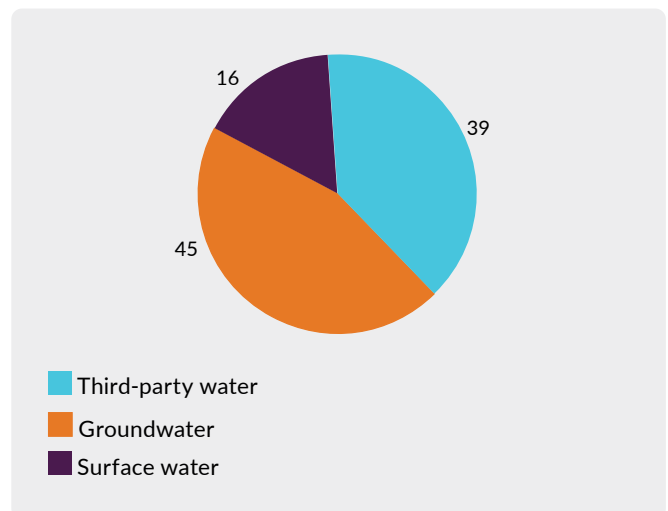
Recharge	Reduce	Recycle	Reuse
<ul style="list-style-type: none"> - Rainwater harvesting 	<ul style="list-style-type: none"> - Replacement of conventional system with water-saving equipment - Prevention of leakages - Use of indirect hot water system - Use of aerator in water taps - Arrest of leakages for reducing water consumption 	<ul style="list-style-type: none"> - Recycled effluent water in washrooms, gardens, cooling towers - Recycling of storm water - Recycling of cooling water of vacuum pump 	<ul style="list-style-type: none"> - Reutilisation of water recovered from condensate recovery - Reuse of reject water in washrooms - RO reject and AHU condensate water used for cooling tower makeup - Improvement in condensate recovery

We are conscious of the risk associated with groundwater withdrawal and strive to reduce the dependency on groundwater sources, specifically from water-stressed areas. Groundwater accounted for 15% of our total water consumption in FY22, indicating a clear reduction from 19% in FY21. This was achieved through better planning, monitoring, and timely remediation. Of the 31 sites considered in the reporting boundary, 18 have ZLD and 13 have suitable effluent treatment systems that meet all local environmental regulations. We monitor the effluent discharged by the non-ZLD sites in line with the relevant environment regulatory requirements. In FY22, around 6% of our water withdrawn was from water-stressed areas, reflecting a year-on-year improvement from 10% in FY21.

Water Withdrawal from Sources³⁴

Source	FY19	FY20	FY21	FY22
Third party (KL)	1,279,406	1,406,394	1,598,604	1,556,383
Surface water (KL)	661,424	660,804	708,714	649,986
Groundwater (KL)	2,265,982	2,151,053	1,796,012	1,762,243
Total (KL)	4,206,812	4,218,251	4,103,330	3,968,613

Water Withdrawal from Sources



³³GRI 103-1, GRI 103-2, GRI 103-3, GRI 303-1, GRI 303-2

³⁴GRI 303-3



Water Withdrawal from Water-Stressed Areas³⁵

Source	FY19	FY20	FY21	FY22
Third party (KL)	158,549	282,134	376,207	312,049
Surface water (KL)	439,977	366,276	421,359	339,774
Groundwater (KL)	368,134	216,771	83,748	86,541
Total (KL)	966,660	865,181	881,313	738,364

Water Discharge³⁶

Source	FY19	FY20	FY21	FY22
Third party (KL)	1,112,333	1,309,271	1,272,336	1,283,548
Water discharged in water-stressed areas (KL)	8,961	15,861	12,761	4,424

Water Consumption³⁷

The net water consumption across our manufacturing and R&D facilities in FY22 was 2,680,641 KL. In line with our consistent efforts to reduce water consumption, we reduced water consumed by ~5% from FY21. The net water consumption across our water-stressed areas for FY22 was 733,940 KL.



³⁵We have undertaken a water stress assessment for all our manufacturing and R&D centres within the reporting boundary as per the assessment conducted by the Central Groundwater Board for Indian locations and WWF Water Risk Filter for international locations. None of the international locations have been identified to be located at water-stressed areas. The areas classified as over-exploited and critical by the Central Groundwater Board have been determined as the water stress areas. (Reference: <http://cgwb.gov.in/gwresource.html>).

³⁶GRI 303-4

³⁷GRI 303-5

Catalysing Value Creation for Our Stakeholders

Striding Ahead Synergistically

Our organisational agility and achievement have been built on our employees' collaborative efforts and dedication.



Material Topics

- OHS
- Workforce welfare
- Human rights
- Community development-CSR
- Health education and prevention
- Attraction and retention of talent



Our Corporate Values

- Quality
- Reliability
- Trust
- Consistency
- Innovation



Target 8.5

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



Target 5.1

End all forms of discrimination against all women everywhere.



Target 5.5

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



Governance Enablers

- EHS policy
- Global whistleblower policy
- Stakeholder Relationship Committee
- Human rights policy
- Global Code of Conduct



Key Highlights and Targets

- 6,400+ new hires
- Majority of new hires are <30 years
- 846 hours of human rights training



Catalysing Value Creation for Our Stakeholders (continued)

Building a Resilient Workforce³⁸

Our employees remain at the forefront of driving change, realising our company's potential, and optimising growth opportunities. We believe that employee health and well-being are key ingredients for the holistic growth and performance of the Company and its employees. Our human resource policies and practices aim to provide each employee with a rewarding work experience. We make regular investments in the overall well-being and professional growth of every employee. Our strategy to workforce management is based on our principles of humility, passion, ethics, and creativity. Our employee programme is designed to make our employee's journey with the Company enjoyable, rewarding, and valuable. Our policies are revisited at the right intervals to complement the dynamics of our business environment. We also maintain a robust employee feedback mechanism to augment our HR policies and practices and engage subject matter experts to explore new and innovative HR practices.



³⁸ GRI103-1, GRI 103-2, GRI 103-3



Talent Attraction³⁹

We are an equal opportunity employer that recruits candidates based on their skills. Our main focus is on the skill sets that individuals bring to the table, as well as on selecting people that are motivated to develop, participate, and thrive. We also check the compatibility of the employee's personal values with our business principles and purpose during the hiring process. We believe this value system congruence promotes workplace cohesiveness and productivity. Every employee receives introductory training to help them grasp our corporate value system, operations, and organisational goals.



6,400+ employees hired in FY22

The majority of our new hires were in the <30 years age bracket

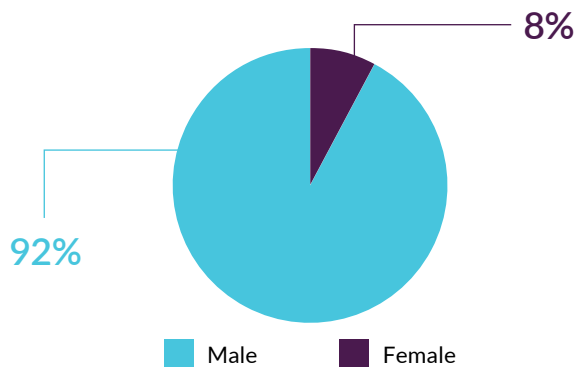
New Hires in FY22

Employee category	Number of employees	<30 years	30-50 years	>50 years	Male	Female
Top management	9	0	3	6	9	0
Senior management	46	2	33	11	36	10
Middle management	202	21	171	10	161	41
Junior management	1,484	954	525	5	1228	256
Non-management	961	523	358	80	802	159
Sub total	2,702	1,500	1,090	112	2,236	466
Field employees	3,734	1,867	1,738	129	1,871	1,863
Total	6,436	3,367	2,828	241	4,107	2,329

Employee Demographics⁴⁰

In order to produce cutting-edge solutions for patients, we have a multi-disciplinary and diversified workforce. Our continual goal is to encourage diversity by cultivating a welcoming and collaborative workplace. We promote diversity in employment, monitor the results, and assess the outcomes for improvement.

Gender Diversity



³⁹GRI 103-1, GRI 103-2, GRI 103-3, GRI 401-1

⁴⁰GRI 102-8, GRI 405-1

Catalysing Value Creation for Our Stakeholders (continued)

Total Number of Employees⁴¹

Employee category	Number of employees	<30 years	30-50 years	>50 years	Male	Female
Management executives						
Top management	153	0	46	107	137	16
Senior management	650	2	388	260	560	90
Middle management	2,207	33	1,767	407	1,853	354
Junior management	8,775	2,146	6,120	509	7,540	1,235
Executives on contract	1,481	877	444	160	1,133	348
Trainees	5,630	1,417	3,287	926	5,481	149
Field employees	11,250	5,859	5,127	264	11,149	101
Total	30,146	10,334	17,179	2,633	27,853	2,293

Employee Turnover⁴² (including retiring, resigning, terminated, and deceased employees during the year)

Employee category	Number of employees	<30 years	30-50 years	>50 years	Male	Female
Top management	18	0	11	7	18	0
Senior management	81	0	53	28	75	6
Middle management	253	6	216	31	205	48
Junior management	1,251	505	712	34	1,058	193
Non-management	906	342	397	167	745	161
Field employees	1,128	742	354	32	1,121	7
Total	3,637	1,595	1,743	299	3,222	415

12.06%
Employee turnover rate

9.28%*
Voluntary employee turnover rate

*For Indian operations representing >75% of our workforce

Employee Engagement and Communication

To cultivate a diverse talent pool, we focus on recruiting the industry's top talent and nurturing long-term relationships with them. Our engagement approach is built on active and honest interactions with our personnel.

Employee Engagement Survey

We want to build a healthy, mutually trusting connection with our personnel and incorporate periodic feedback within our systems and processes. We have been conducting an Organisation Health Index (OHI) survey, which is based on the McKinsey model. It includes global and functional standards and attempts to capture our employees' opinions and emotions. The first survey was conducted shortly after our 2014 merger with Ranbaxy. Following that, in 2016 and 2018, we conducted surveys that provided insights into employee trust in our feedback process, with at least 85% participation in each survey cycle. The poll included technicians, labourers, and field staff from all across the world. The information collated from this

survey supports us in improving the overall work culture at Sun Pharma. Building on this philosophy, this year we have partnered with the Great Place to Work® Institute to conduct an employee survey. The survey's results will be thoroughly examined, utilising deep analytics to identify action areas, after which we will diligently pursue growth in these areas from 2023 onwards. In the previous three survey remediation cycles, our efforts have resulted in continuous gains in employee engagement scores. We updated our survey in FY22 to address the challenges brought by the pandemic by launching locally tailored, employee need-based well-being surveys.

Aligning and Harmonising Employee Ambitions with Organisational Objectives

We invest in each employee's professional development and strive to foster a culture of shared growth and excellence. We focus on developing their innate potential, while also providing them with the necessary skills for their profession. The following are two critical factors of facilitating employee professional development:

- Annual assessments for performance management⁴³: Goal setting, mid-year reviews, and year-end reviews are all part of the process, which are complemented by an open two-way discussion between the employee and the management. Transparency and fairness in performance management are ensured through regular check-ins and regular feedback. The yearly assessment cycle covered 100% of our staff in FY22.

⁴¹GRI 102-7

⁴²GRI 401-1

⁴³GRI 404-3



- b) Our comprehensive training and development programmes are designed to fulfil a variety of learning requirements, determined through an examination of individual growth goals and business unit interactions. Internal and external specialists conduct training programmes, and the methodology has been modified to the online/virtual form to allow employees flexibility to take trainings as per their ease and on time. Employees also had access to a diverse range of courses via Massive Open Online Courses (MOOCs) and TED talks.

Average Training Hours⁴⁴

Employee category	Male	Female
Top management	46	62
Senior management	76	54
Middle management	173	108
Junior management	75	63
Associate/non-management	160	54



⁴⁴GRI 404-1

Catalysing Value Creation for Our Stakeholders (continued)

Overview of Our Training Programmes⁴⁵

The pharmaceutical business is a knowledge-intensive business. We believe in building and creating a strong human resource pipeline. As a result, training and development are continual practices inside the Company. Some of the training programmes are given below:

	<p>Soft Skills and Behaviour Development</p> <ul style="list-style-type: none"> - Time management - Presentation skills - Communication skills - Ability to execute - Positive thinking and motivational training - Behavioural development
	<p>Culture Building</p> <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
	<p>Leadership Development</p> <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 - Leadership 360 feedback for 250 leaders - IIM Leadership Programme - Leadership 360 feedback for 250 leaders
	<p>Data and Documentation Management</p> <ul style="list-style-type: none"> - Data reliability for shop floor employees - Good documentation practices - Annual training on data protection for computer software systems - Electronic data management
	<p>Digitisation</p> <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
	<p>Technical Skill Development</p> <ul style="list-style-type: none"> - Gyandeeep initiative (a technical training series) - Statistical process quality control - Pharmacovigilance - Quality and compliance - Product quality management - GMP - Operation, functionality, and maintenance of equipment, such as reactors and 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 - SOPs - Production planning and management

⁴⁵GRI 404-2



Behavioural Competency Framework

At Sun Pharma, our behavioural competency framework drives seven behavioural competencies amongst our leadership. The framework enables the development of a leadership trajectory for each employee, preparing them to emerge as future leaders. Additionally, in FY22, we trained our employees globally on Sun Pharma's behavioural competency framework. Further, to align the competency framework within the entire organisation, we have integrated it with Sun Pharma's recruiting process in FY22. This framework is a vital point of our leadership training programmes, enabling the development of future leaders.

In FY22, we integrated measurement of live virtual training programmes through the evaluation of behavioural aspects pre and post training sessions. Prior to the development and implementation of the training programme, the manager evaluates behavioural aspects of employees and then compares them with the learnings accrued post completion of the programme. This enables us to underscore the impact of L&D programmes.

Behavioural Competencies						
Strategic Orientation	Execution Focus	Accountability	Collaboration	Process Excellence	People Developer	Customer Centricity
Market awareness	Aspiring higher by taking stretch goals	Performance monitoring of functional and cross-functional goals	Self-awareness and emotional control	Process orientation	Providing inspirational leadership	Understanding customer expectations
Tolerance to ambiguity	Planning and prioritisation	Initiative	Boundary-less behavior	Process compliance	Attracting and engaging talent	Market intelligence
Analysing and interpreting data	Attention to detail	Adapting and responding to change	Nurturing relationship	Resource optimisation	Delegation	Relationship building
	Persistence		Influence	Process improvement	Developing talent	Developing customer-centric solutions
			Cultural sensitivity			

Fostering an Ethics-Driven Culture⁴⁶

Towards the end of 2021, we launched 'People First' to enable leaders at Sun Pharma to enhance their leadership skills by developing 16 key people leadership behaviours, based on our competency framework. We observed an overwhelming participation in our 'People First' initiative, wherein we received feedback from 4,300+ employees for 260 leaders in our organisation. The feedback received from colleagues has been consolidated, and the observations have been shared with individual leaders. Leaders review the takeaways for themselves to build holistic development actions to enhance their leadership skills, with the support of their respective managers, human resources, and the wider organisation.

As we endeavour to have an ethical workplace, we ensure strict adherence to our ethics, values, and integrity principles. Our employees receive training on the Code of Conduct, and we are currently in the process of implementing stand-alone anti-corruption and anti-bribery compliance trainings. These trainings are expected to be rolled out in FY23 to further

emphasise the strict adherence of ethics and integrity principles across our organisation. While every employee signs off their adherence to the Global Code on Conduct, to further strengthen our efforts of integrating Sun Pharma's Global Code of Conduct (GCoC) principles within workplace behaviour, we are in the process of implementing GCoC trainings, mapped with training at the end of an assessment.

We conduct periodic communication and training on POSH principles and policies through e-learning/classroom sessions.

In FY22, as part of our celebration of International Women's Day, we organised a panel discussion for our employees with eminent industrial experts, Mr. Vineet Nayar (former CEO of HCL Technologies), Ms. Rama Bijapurkar (Professor of Management Practice, IIM Ahmedabad, Independent Director on several boards including Sun Pharma), and Dr. Falguni Vasavada Ozais (Professor and Chair, Strategic Marketing, Mudra Institute of Communication).

⁴⁶GRI 103-1, GRI 103-2, GRI 103-3

Catalysing Value Creation for Our Stakeholders (continued)

Respecting and Rewarding Employee Contributions⁴⁷

We have developed an inclusive and collaborative work culture that recognises each employee's effort and fosters excellence in the long term. We are proud of our diverse workforce and are committed to meeting the requirements of all employees. To encourage diversity and eliminate unconscious prejudice, we celebrate a variety of ethnic festivals and honour international days of recognition, such as Women's Day.

We provide substantial advantages, such as medical insurance, group term life insurance, and accident insurance to guarantee

that our employees are protected. Through our leave programme, we assist our employees in taking a break and de-stressing. Our employees can avail flexible shift hours through the Company's portal. We also provide regulatory-compliant maternity, adoption, and paternity leave, as well as assistance for people returning to work after taking parental leave through lactation facilities, crèche facilities on-site, or through partnerships with adjacent crèches.

India

Employee category	Ratio of basic salary of women to men (FY22)	Ratio of total remuneration of women to men (FY22)
Top management	86:100	90:100
Senior management	112:100	111:100
Middle management	96:100	96:100
Junior management	95:100	89:100
Associates/Non-management	98:100	90:100

Global

Employee category	Ratio of basic salary of women to men (FY22)	Ratio of total remuneration of women to men (FY22)
Top management	112:100	87:100
Senior management	85:100	84:100
Middle management	79:100	79:100
Junior management	100:100	101:100
Associates/Non-management	81:100	80:100

We understand that valuing, recognising, and rewarding employee contributions is critical to developing a motivated and empowered team. Through independent compensation advisors, we guarantee that our remuneration throughout the workforce is industry competitive and benchmarked against a defined set of industry peers. Employee appreciation programmes also exist to acknowledge and celebrate employees' accomplishments and efforts.

Parental Leave⁴⁸

India



Number of employees who took parental leave in FY22



Number of employees who returned to work in the reporting period after parental leave ended (FY22)



Return to work rate (%)



Number of employees who returned to work after parental leave ended (in FY21) who were still employed 12 months after their return to work



Retention rate (%)

⁴⁷GRI 405-2 ⁴⁸GRI 401-2, GRI 401-3



Global



26



76

Number of employees who took parental leave in FY22



25



42

Number of employees who returned to work in the reporting period after parental leave ended (FY22)



96



55

Return to work rate (%)



24



47

Number of employees who returned to work after parental leave ended (in FY21) who were still employed 12 months after their return to work

Our Human Rights Commitment⁴⁹

At Sun Pharma, we have a robust mechanism for the prevention of human rights violations. We have a dedicated Human Rights Policy highlighting our approach towards the prohibition of child and forced labour, employee inclusiveness in terms of equal opportunities, non-discrimination on the basis of gender, sexual orientation, race, religion, caste, ethnicity, age, nationality, disability, HIV status, or family status, among others. The policy further outlines our commitment towards the protection and promotion of the health, safety and well-being of employees through the provision of a robust EHS management system, work-life balance benefits, and workplace security.

We have zero tolerance for child labour, forced labour, or discrimination based on gender, caste, creed, religion, marital status, or sexual orientation. We value employees' freedom of association and have a management-recognised employee organisation (wherever applicable across our global manufacturing operations) that represents 11% of our workforce as of March 31, 2022. We have processes in place to address violations of fundamental human rights.

We also perform independent third-party audits at our facilities based on Sedex Members Ethical Trade Audit (SMETA) criteria to guarantee the preservation of human rights. These include assessments of labour standards, health and safety, environment, corporate ethics, as well as themes, such as freedom of association, safe and sanitary working conditions, living wages, child labour, and discrimination. Employees undergo training to help them understand our commitment to human rights protection.

Employee Training on Human Rights Policies and Procedures⁵⁰

Employee category	FY22	
	Male (training hours)	Female (training hours)
Top management	32	8
Senior management	180	14
Middle management	300	174
Junior management	72	66
Non-management	0	0
Total	584	262

⁴⁹GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-41, GRI 407-1, GRI 408-1, GRI 409-1, GRI 412-1, GRI 412-2

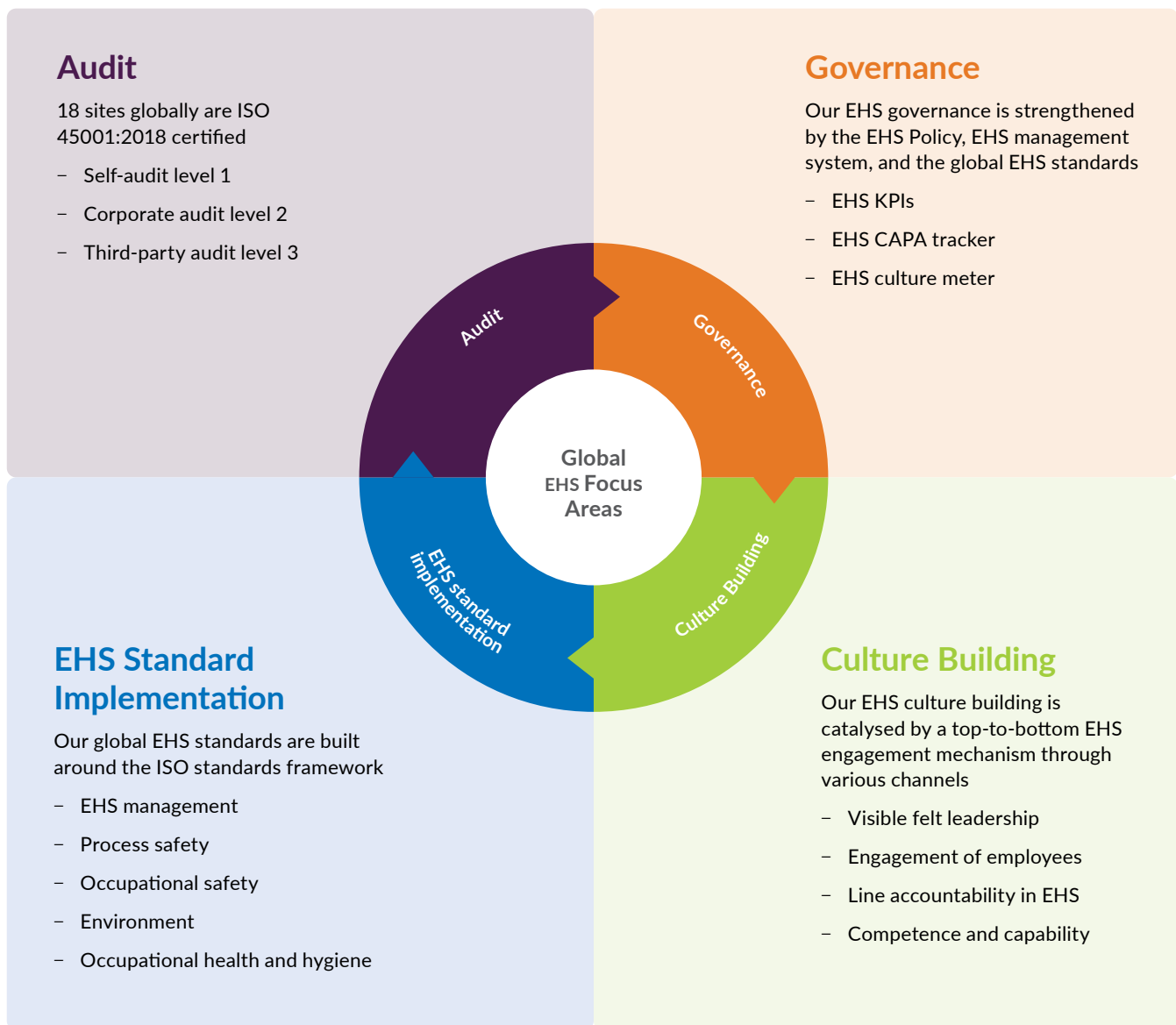
⁵⁰The data in FY21 was restricted to our employees who attended our annual refresher module on Sun Pharma's Global Code of Conduct. In FY22, we introduced classroom sessions on our Global Code of Conduct. The data reported in FY22 is inclusive of employees who undertook our classroom sessions as well. In FY23, we will introduce LMS-focused human rights training modules for all our employees.

Employee Health and Safety⁵¹

Driven by the target of achieving ‘zero harm’, our Employee Health and Safety management system is built on the strong pillars of the Sun Pharma EHS Policy, global EHS standards, and the EHS guidelines. Our EHS guidelines and standards lay down the fundamentals of safety principles, ensuring the implementation of best safety practices in line with the relevant international standards, such as ISO 45001:2018, and the local regulatory requirements. Our robust EHS governance mechanism ensures diligent implementation of the EHS principles across the line of manufacturing through periodic

monitoring and review by the EHS leadership personnel, varying from Area Manager to the Global Operations Head. To further create a strong interlinkage among the cross-functional implementation of the safety procedures, we adopt a combined approach towards environmental stewardship and process safety, as highlighted by our EHS management system. For further details on our EHS management system, please refer to the environment section ‘committing to environment conservation’ of this Sustainability Report.

Our multi-pronged approach towards EHS is built around the key focus areas of our Global EHS management system.



⁵¹GRI 103-1, GRI 103-2, GRI 103-3, GRI 403-1



Hazard Identification, Risk Assessment, and Incident Investigation⁵²

An integral aspect of a health and safety management system is the assessment of risks and hazards pertaining to the line of our manufacturing operations. In our effort to become a zero-harm enterprise, we undertake periodic risk assessment exercises for evaluating present safety practices, and subsequently, implement mitigation action plans. Our risk assessment methodology and safety practices are based on guiding principles of our Process Safety Management. Built on the foundation of 14 elements, the Process Safety Management system adds cohesiveness to our health and safety approach from the aspects of risk assessment and working conditions.



Risk Analysis

- We implement various tools of risk analysis such as:
- EHS checklists
- Hazard and Operability Analysis (HAZOP)
- Hazard Identification and Risk Assessment (HIRA)
- Qualitative Risk Analysis (QRA)
- Job Safety Analysis (JSA)
- The risk assessment procedure enables the identification of root causes and subsequent implementation of mitigation action plans.

Risk Evaluation for Materials Used across Manufacturing Operations

As part of the hazard analysis process, we evaluate EHS information for all the materials used in manufacturing operations. This prevents the hazardous impact created by the inadvertent mixing of different materials. Further, the analysis enables the implementation of corrective measures for the identified hazards, ensuring a safe workplace environment.

Change Management System

We evaluate and address the change in process and facility through our Change Management System.

Key Focus Areas of Process Safety Management

Work-Related Hazard Identification

Our site-specific EHS governing team identifies the unsafe conditions at work and monitors work-related hazards.

On-site Emergency Preparedness⁵³

As part of our on-site emergency preparedness plan, we have developed stringent procedures for fire safety and emergency management. We implement a robust fire management system for the detection and prevention of fire-related incidents. Further, we ensure the proper functioning of our fire-controlling equipment, such as the fire hydrant system, fire extinguishers, foam flooding system, sprinklers, and smoke detectors. In addition to training on fire safety through drills, we ensure the availability of fire protection equipment across our manufacturing locations.

Disaster Management

With the criticality associated with the availability and management of pharma products, we implement a comprehensive disaster management plan in line with the possibilities of any unforeseen exigency at our manufacturing locations. Our formal on-site emergency plan (OSEP) identifies the emergencies and establishes the chain of procedures, including evacuation routes. Further, in line with our business continuity plan, we review and evaluate the possibilities of risks associated with unforeseen disasters affecting our entire supply chain.

⁵²GRI 403-2, GRI 403-3, GRI 403-7

⁵³GRI 103-1, GRI 103-2, GRI 103-3

Employee Health and Safety (continued)

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

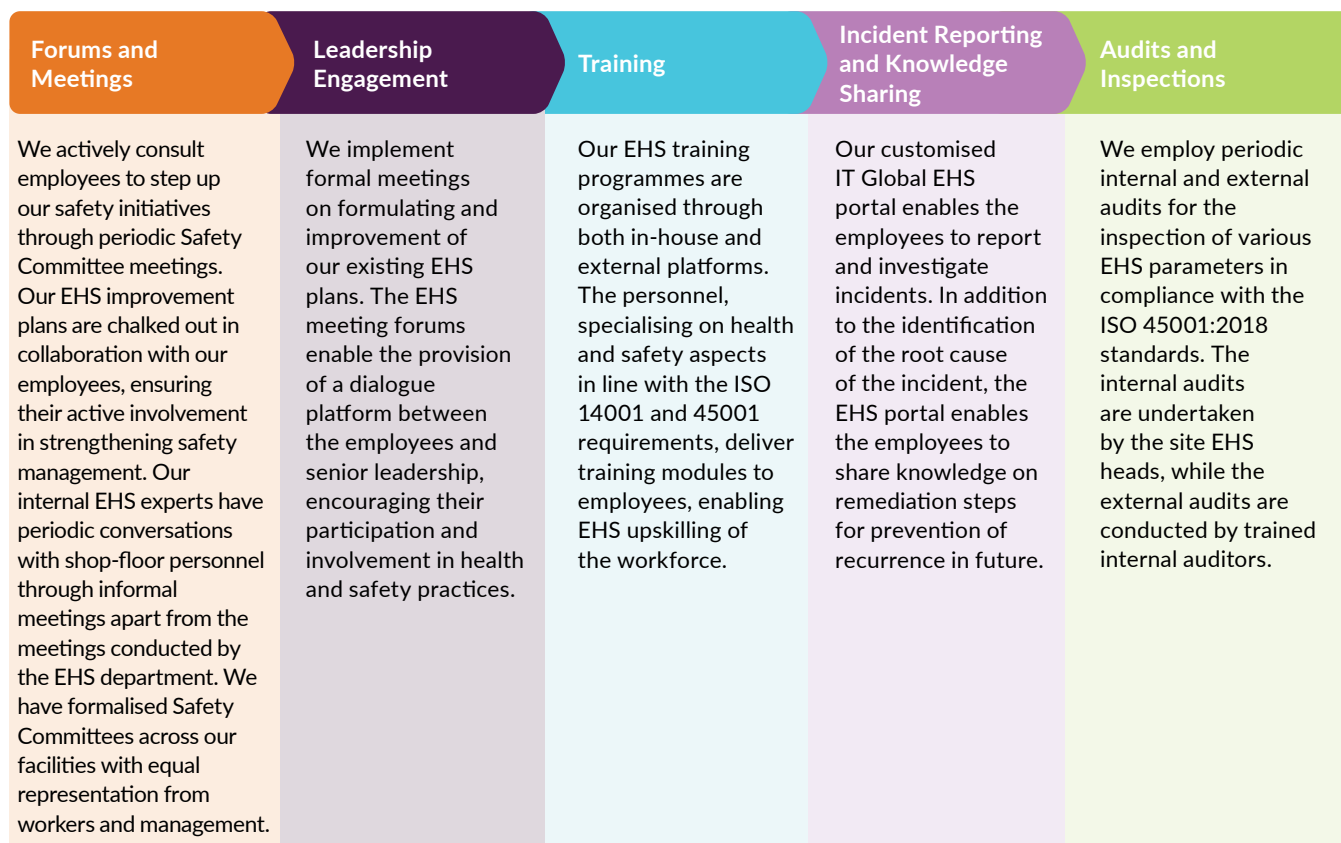
Employee Health⁵⁴

In line with the volatility associated with the use of chemicals in our manufacturing operations, we establish a well-defined SOP, preventing the risk of exposure to our workforce. In addition to the availability of occupational health centres for primary healthcare services at all our manufacturing sites, we provide health advisory services to the workforce through our health programmes curated specifically to align with the nature of job. We ensure the provision of periodic health check-ups for the employees for the identification of any underlying health problems and educate them on improving their lifestyle through

our non-promotional health services, such as webinars, external check-ups, mental health awareness sessions, and mediation programmes, among others.

Key Tenets of Our Safety Management System⁵⁵

We employ a robust safety management system, developed in line with ISO 45001:2018 standards. Our all-inclusive approach towards employee safety includes key integral factors, such as employee engagement, periodic review through internal and external audits, employee training, and leadership oversight.



⁵⁴GRI 403-6

⁵⁵GRI 403-5

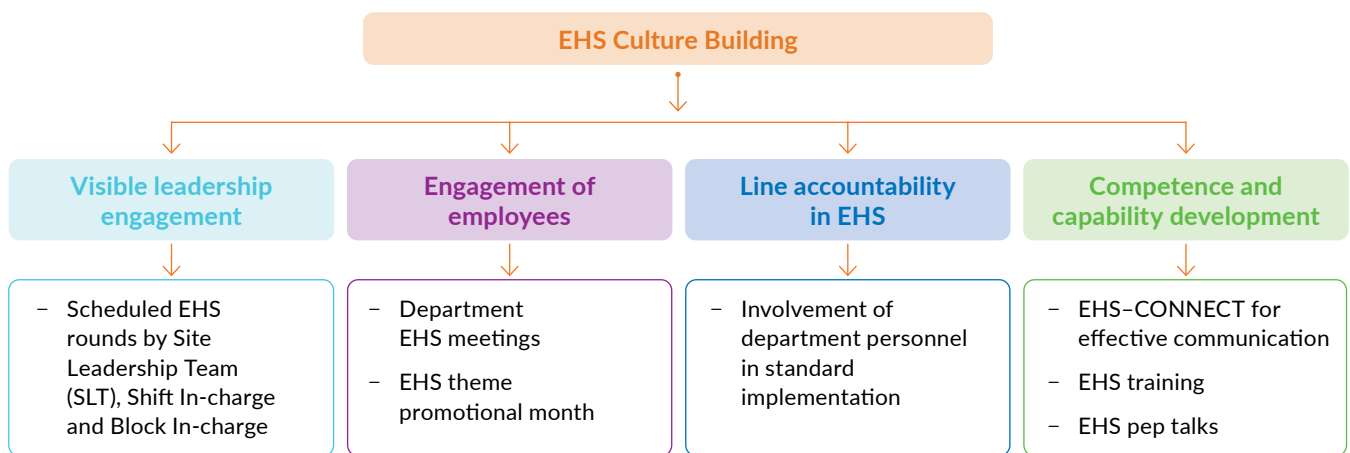


Driving Safety Culture within the Workforce⁵⁶

At Sun Pharma, our target of attaining 'zero harm' by providing a safe working environment is driven by the integration of EHS culture among the workforce. We adopt a multi-pronged approach towards sensitising safety practices among the workforce through formal and informal channels of communication. The interactive EHS competitions, safety drills, quiz contests, and the celebration of national safety week and the rewards programme further catalyse the EHS culture among the workforce.

EHS Culture Meter

In our endeavour to integrate EHS culture among the workforce, we have introduced an evaluation tool 'EHS Culture Meter' to gauge the level of understanding of the EHS parameters covered by our employee training modules. The EHS culture meter encompasses the aspects of EHS training imparted to employees across all grades and functions in terms of their ability to engage, comply with, and integrate the factors within the existing safety management system. The evaluation process enables the EHS governance system to underscore the lagging areas and prioritise the safety trainings for strengthened implementation of the principles in addition to motivating the employees for augmenting their EHS performance.



Employees Covered by an OHS Management System⁵⁷

Number of employees whose work/workplace is controlled by the organisation	Number of employees covered by the OHS system	Number of employees covered by the OHS system and internally audited	Number of employees covered by the OHS system, audited or certified by an external party	Number of workers excluded
22,651	6,400	6,400	6,400	0

Safety Metrics for Work-Related Injuries in FY22⁵⁸

In FY22, there was a fatality incident reported due to a fire incident in one of the solvent storage tanks at our Ahmednagar manufacturing facility. We undertook a comprehensive root cause assessment for identifying the reasons for the incident. Post the assessment, corrective actions were implemented in line with the standard recommendations. Further, the CAPA undertaken for the incident involved barricading of the entry point to the storage tanks and earthing of the entire storage tank farm area for prevention of any recurrences in the future.

Description	Permanent employees	Temporary employees
Fatalities (as a result of work-related injury)	1	0
High-consequence work-related injuries (excluding fatalities)	0	0
Recordable work-related injuries	34	18
Manhours worked	40,454,922	25,235,028
Rate of fatalities*	0.005	0
Rate of high-consequence work-related injuries (excluding fatalities)*	0	0
Rate of recordable work-related injuries*	0.168	0.143

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

Safety Metrics for Work-Related Ill Health in FY22⁵⁹

Description	Permanent employees	Temporary employees
Fatalities	0	0
Recordable cases	1	0

⁵⁶GRI 403-4, GRI 403-7

⁵⁷GRI 403-8

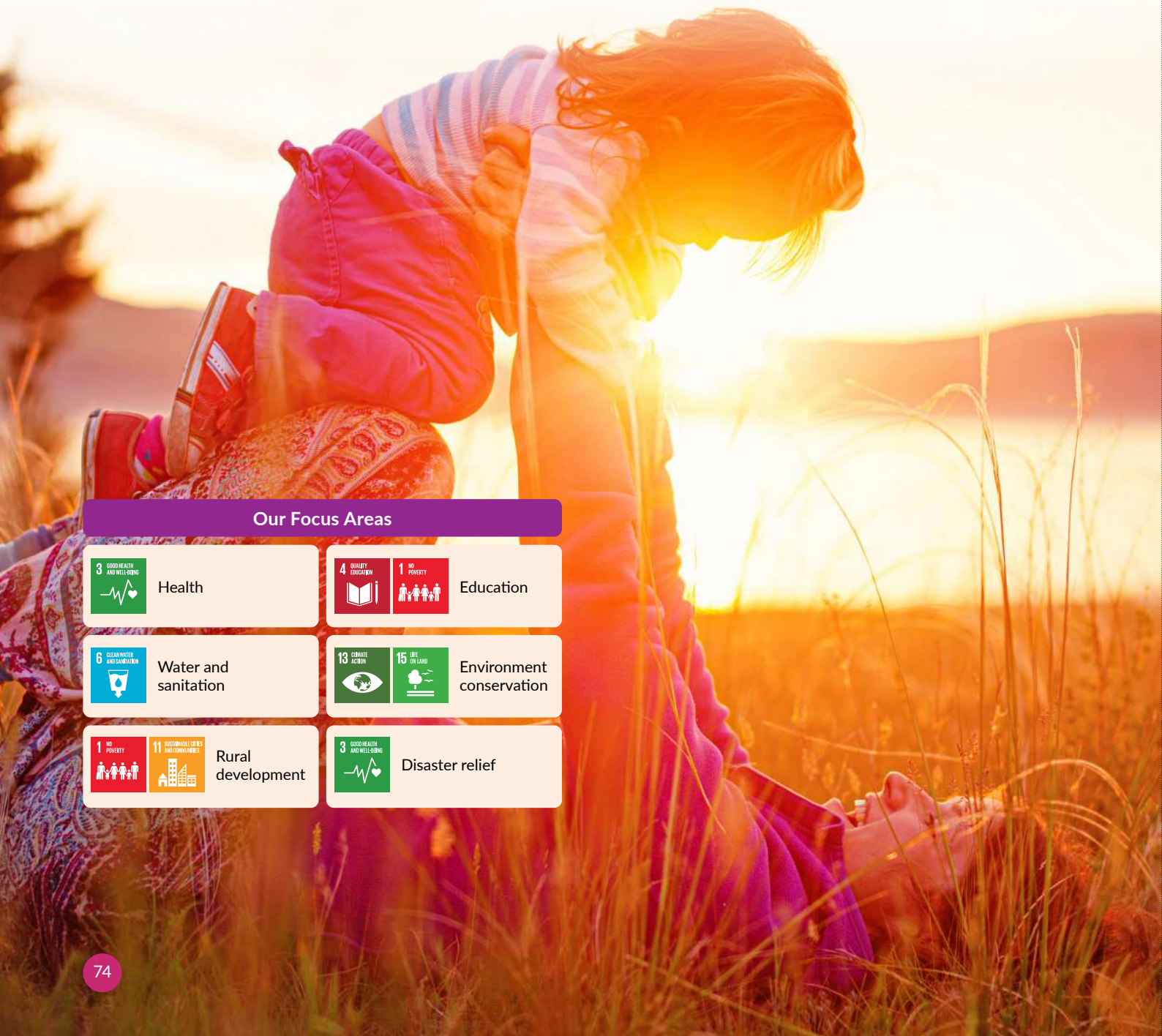
⁵⁸GRI 403-9

⁵⁹GRI 403-10

Striving towards Community Upliftment⁶⁰

Building an Equitable Tomorrow

As a leading pharmaceutical company, we continually strive to integrate our vision of 'Reaching People, Touching Lives' in the community through a robust governance structure supported by our CSR Policy and CSR Committee.



Our Focus Areas

 3 GOOD HEALTH AND WELL-BEING Health	 4 QUALITY EDUCATION  1 NO POVERTY Education
 6 CLEAN WATER AND SANITATION Water and sanitation	 13 CLIMATE ACTION  15 LIFE ON LAND Environment conservation
 1 NO POVERTY  11 SUSTAINABLE CITIES AND COMMUNITIES Rural development	 3 GOOD HEALTH AND WELL-BEING Disaster relief



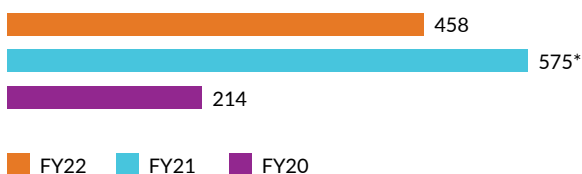
At Sun Pharma, we believe in upholding our CSR vision and mission to reflect our commitment towards community development. The community development projects manifested through the power of our CSR objectives and focus areas, facilitating sustainable growth of the community in addition to augmenting our performance as a socially responsible organisation.

Our CSR Policy, approved by the Board, guides the implementation of CSR programmes based on the identified key focus areas. The CSR programmes are aligned to Schedule VII of the Companies Act 2013 along with the Companies (CSR Policy) Rules, 2014. We strive to emphasise societal upliftment through interventional activities undertaken across the realm of the identified key focus areas—healthcare, education, water and sanitation, environment conservation, rural development, and new or developing societal challenges such as the COVID-19 response. To further amplify the objective and impact of our CSR programmes, we undertake periodic need assessment in the community areas. We ensure effective implementation of the CSR programmes through periodic evaluation by third-party assessments. We work diligently towards ensuring the comprehensive advancement of underprivileged areas in a sustainable and meaningful manner. Fighting through the healthcare challenges, giving back to the community, and addressing their needs have always been the key priorities for Sun Pharma. In FY22, there was no negative impact on the local communities from Sun Pharma's business and operations⁶¹.

As a socially responsible organisation, we continuously focus on ensuring sustainable value creation beyond our business through the medium of CSR programmes as outlined by Schedule VII of the Companies Act 2013. In FY22, we extended our generated business value towards the community through a net CSR expenditure of ₹457.92 Million. A total of 6.5 Million beneficiaries were reached out in >3,000 villages across 14 States/Union Territories.

For further details on our CSR initiatives, refer to our Annual CSR Report FY22.

CSR Expenditure (₹ Million)



*The FY21 contribution was buoyed by various non-financial and medical assistance provided to alleviate the effects of COVID-19 conditions.

⁶⁰GRI103-1, GRI 103-2, GRI 103-3, GRI 413-1

⁶¹GRI 413-1, GRI 413-2

CSR Vision

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

CSR Mission

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



Our CSR Objectives

Serving the community

Giving back to the community and addressing their 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

Sun Pharma delivers high-quality support to meet the needs of the community.

Ensuring sustainability

Sun Pharma introduces 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.

Striving towards Community Upliftment (continued)

Serving Our Communities



Healthcare



Key Objectives

- Promote health education and treatment to underprivileged sections of the society
- Provide free medical benefits to rural areas, support blood banks
- Provide access to non-profit cancer cure hospitals for patients from all kinds of socio-economic backgrounds
- Access to doorstep medical health services
- Reduce loss of life caused by malaria by implementing the Malaria Elimination Demonstration Programme
- Create awareness and treatment of eye dryness.

SDGs Impacted



Number of Beneficiaries

Mobile healthcare units	1,83,587 Curative care patients
17,823 Promotive+Preventive service recipients	1.2 Mn People impacted by Malaria Elimination Demonstration Project
1.5 Mn People tracked for malaria	

Key Initiatives

- Mobile healthcare units deployed in villages, providing access to medicines and basic clinical facility in the peripheral areas of manufacturing locations
- Support in setting up the Cancer Sanatorium Institute and Eye Hospital for providing patients access to chemotherapy and, radiation treatments
- Demonstrate malaria elimination in 1233 villages of Madhya Pradesh by implementing mass surveillance, treatment, and awareness sessions
- Organise specialised medical camps for the public; provide quality medical benefits to the public
- Implemented IDEA project for creating awareness on dry eye problems by setting up a dedicated clinic space



Education



Key Objectives

- Encourage enrollment of students by providing infrastructure support for education
- Enable 100% literacy rate by providing underprivileged students access to quality education
- Provide remedial education to children who wish to regain an opportunity to continue their elementary education
- Enhance education infrastructure quality and set up digital classrooms
- Undertake dairy and agricultural research

SDGs Impacted



Number of Beneficiaries

Digital classrooms	3,007
Anganwadi development	359
Single teacher school	237

Key Initiatives

- Established digital classrooms for providing access to quality education for students from underprivileged backgrounds
- Built quality infrastructural facilities for schools in the peripheral areas
- Implemented remedial education programmes, facilitating the continuation of elementary education for students aspiring to complete their schooling
- Implemented a single-teacher programme with the aim of providing quality education to underprivileged communities
- Established a laboratory for scientific research on dairy and agriculture



Environment Conservation



Key Objectives

- Energy conservation through adoption of renewable sources of energy – solar light
- Rainwater harvesting for conservation of water and recharge of groundwater
- Tree plantations
- Maintain ecological balance in peripheral areas of manufacturing locations.

SDGs Impacted



Number of Beneficiaries

Saplings planted	1,800
Collection and recycling of plastic	1 MT

Key Initiatives

- Established a rainwater harvesting project in school; the project facilitated the education of children on rainwater harvesting in addition to conservation of water for use
- Environment conservation programmes implemented with the aim of fostering greenery on the roadside areas through tree plantation initiatives
- Fostering ecological balance in the surrounding area of the Guwahati manufacturing location through environmental conservation projects
- Installation of street solar lights for utilising a renewable source of energy



Rural and Community Development



Key Objectives

- Anganwadi infrastructure development for improving the health of children and pregnant women
- Rural infrastructure development for alleviating the impact of poverty and enabling economic growth
- Renovation of community halls
- 'Swades' model village development
- Upskilling of youth through skill development programmes

SDGs Impacted



Key Initiatives

- Development of Swades Model Village with the aim of fostering rural empowerment and holistic development
- Improved the infrastructural capability of Anganwadis with the aim of providing education and nourishment to young children and pregnant women, thus ensuring their overall mental and physical growth
- Skill training programme for rural youth, focusing on the development of credible growth employability skills
- Provision of basic amenities for improving quality of life through rural infrastructure development projects

Striving towards Community Upliftment (continued)

Serving Our Communities



Water and Sanitation



Key Objectives

- Fostering equitable water connectivity in rural areas
- Provision of safe and portable drinking water
- Community toilet development

SDGs Impacted



Number of Beneficiaries

1,860 families benefited in the tribal population

Key Initiatives

- Enabled connectivity to safe and equitable water through mini waterworks in rural areas
- Constructed and maintained water connectivity pipelines and water storage areas for better access to safe and portable drinking water
- Development of community toilet for implementing public sanitation block plans as per the Government Scheme



Disaster Relief Programme COVID-19



Key Objectives

- Control the spread of the COVID-19 pandemic
- Provide access to face masks, sanitisers, and medicine packets to alleviate the impact of the spread of COVID-19
- Immunisation programmes for protection against COVID-19

SDGs Impacted



Key Initiatives

- Provided access to sanitisers, masks, and medicine packages
- Alleviated the impact of COVID-19 through distribution of food packets and relief packages among the affected community members
- Installed oxygen plants in hospitals
- Supported vaccination awareness in rural communities for protection against COVID-19



Our Global Outreach

With the objective of creating a social and environmental impact on communities, we implement a holistic approach towards community development at our global operations. The community development projects are supported by our employee volunteering and engagement mechanisms. Some of the key community upliftment initiatives undertaken in FY22, inclusive of the details on employee volunteering and funding are mentioned below.

TARO	Israel	<ul style="list-style-type: none"> – Donation of equipment in the community centres for comfortable stays in winter and summer – Recreational programme for elderly people – Donation of furniture for the elderly people – Renovation of apartments for elderly people – Food donation – Educational tours for students – Blood donation camps – Encouragement of discharged soldiers to complete their education – Environment conservation 	<p>Employees volunteered</p> <p>276</p> <p>Budget spending</p> <p>US\$150,000</p>
	USA	<ul style="list-style-type: none"> – Community walk arranged for creating awareness on breast cancer – Collection and delivery of food at a designated food bank – Preparation of care packages for families affected by congenital heart defects 	<p>Employees volunteered</p> <p>85</p> <p>Budget spending</p> <p>US\$27,400</p>
	Canada	<ul style="list-style-type: none"> – Community walks for creating awareness on breast cancer – Volunteering for collection and delivery of food at designated food banks – Assembling craft kits for unwell children in hospitals 	<p>Employees volunteered</p> <p>63</p> <p>Budget spending</p> <p>US\$16,700</p>

Annexure: Awards and Recognition

Honoured for Excellence

Presented the 'Mother Teresa Emblem' by the Indian Heritage and Healthcare Centre for our exemplary CSR efforts during COVID-19

Received the 'Dun & Bradstreet India Corporate Award 2021' under the sectoral performance-based category-Pharmaceuticals

'Golden Peacock Award for Energy Efficiency 2021' awarded to our Dewas plant, located in Madhya Pradesh

Ahmednagar, Paonta Sahib and Guwahati locations awarded 'Extensive Digitalisation in Quality Management' at the National Awards for Manufacturing

Silver Award for 'Excellence in Workplace Culture' given to our Malaysia plant at HR Excellence Awards 2021

Recognised as the 'Best Innovative Company of the Year 2021' at the Indo-American Corporate Excellence Awards

Received Indian Pharma Award 2021 in the category - Excellence in R&D for development of a new product and technology for Pantocid 80

Received Indian Pharma Award 2021 in the category - Excellence in Pharmaceutical Brand Management for the new product launched-Cepodem OD

Conferred with the 'CSR Times Award-2021' in the healthcare category for the malaria elimination demonstration project

Honoured with the 'ACEF Asian Leaders Award' in the category of CSR

Memberships and Associations⁶²

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

⁶²GRI 102-12, GRI 102-13



Reporting boundary

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

Sr. no.	Type of manufacturing	Site location ⁶³	State	Country
1.	API (Bulk Drug)	Ahmednagar	Maharashtra	India
2.	API (Bulk Drug)	Panoli	Gujarat	India
3.	API (Bulk Drug)	Toansa	Punjab	India
4.	API (Bulk Drug)	Dewas	Madhya Pradesh	India
5.	API (Bulk Drug)	Maduranthakam	Tamil Nadu	India
6.	API (Bulk Drug)	Ankleshwar	Gujarat	India
7.	API (Bulk Drug)	Dahej	Gujarat	India
8.	API (Bulk Drug)	Karkhadi	Gujarat	India
9.	API (Bulk Drug)	Malanpur	Madhya Pradesh	India
10.	API (Bulk Drug)	Taro Pharmaceutical Industries Ltd.,	Haifa Bay	Israel
11.	API (Bulk Drug)	Sun Pharmaceutical Industries (Australia)	Latrobe	Australia
12.	API (Bulk Drug)	Sun Pharmaceutical Industries (Australia)	Port Fairy	Australia
13.	Formulation	Karkhadi	Gujarat	India
14.	Formulation	Dadra	Dadra and Nagar Haveli	India
15.	Formulation	Dewas	Madhya Pradesh	India
16.	Formulation	Halol	Gujarat	India
17.	Formulation	Mohali	Punjab	India
18.	Formulation	Poanta Sahib	Himachal Pradesh	India
19.	Formulation	Baddi	Himachal Pradesh	India
20.	Formulation	Sun Pharmaceutical Medicare Ltd., Baska	Gujarat	India
21.	Formulation	Sun Pharma Laboratories Ltd., Guwahati	Assam	India
22.	Formulation	Sun Pharma Laboratories Ltd., Jammu	Jammu	India
23.	Formulation	Sikkim- I	Sikkim	India
24.	Formulation	Sikkim- II	Sikkim	India
25.	Formulation	Ranbaxy Malaysia Sdn. Bhd.	Kedah	Malaysia
26.	Formulation	Chattem Chemicals, Inc.,	Chattanooga	USA
27.	Formulation	Ohm Laboratories Inc., New Brunswick,	New Jersey	USA
28.	Formulation	Ohm Laboratories Inc., North Brunswick	New Jersey	USA
29.	Formulation	Pharmalucence Inc., Billerica,	Massachusetts	USA
30.	Formulation	Ranbaxy Pharmaceuticals., (Pty) Ltd., Roodepoort,	Johannesburg	South Africa
31.	Formulation	Taro Pharmaceuticals Inc., Brampton,	Ontario	Canada
32.	Formulation	Taro Pharmaceutical Industries Ltd.,	Haifa Bay	Israel
33.	Formulation	S.C Terapia S. A.,	Cluj	Romania
34.	R&D Centre	Sun Pharma Advanced Research Centre, Tandalja	Vadodara	India
35.	R&D Centre	Gurugram	Haryana	India
36.	R&D Centre	Chemistry and Discovery Research Israel,	Haifa Bay	Israel
37.	R&D Centre	Taro Pharmaceuticals Inc., 130 East Drive, Brampton,	Ontario	Canada
38.	R&D Centre	Ohm Laboratories Inc., Terminal Road, New Brunswick	New Jersey	USA

⁶³GRI 102-4

GHG Annexure

Scope 1

Category	Sub-category	Emission factor source	FY22 emissions (tCO ₂ e)
Stationary combustion	Fuel consumed in manufacturing operations	IPCC Guideline for Natural Greenhouse Gas Inventories of 2006	75,970

Scope 2

Category	Sub-category	Emission factor source	FY22 emissions (tCO ₂ e)
Emission generated from the purchased electricity	Purchased electricity-manufacturing	India- CO ₂ baseline database for the Indian Power Sector User Guide, issued by Central Electricity Authority, Government of India CEA (v. 16) guide (location-based) Australia-National Greenhouse Accounts Factors - August 2021 (industry.gov.au) Malaysia- INCEPTION REPORT: Grid Electricity Emission Factors for Malaysia (mgtc.gov.my) Israel, South Africa, Romania- IFI Default Grid Factors 2021 v3.1 UNFCCC US- GHG emission calculation tool	381,383

Scope 3

Category	Sub-category	Emission factor source	FY22 emissions (tCO ₂ e)
Purchased goods and services	Purchased goods and materials for raw materials, purchased materials	DEFRA – supply chain emission factors for spending on products	179,134
Employee commute	Employee commute	India Specific Road Transport Emission Factors, 2015 - WRI - India GHG Program World Resource Institute (2017)- GHG Protocol tool for mobile combustion Version 2.6 Calculated EFDB - 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy - Light Duty Vehicle (Passenger Cars) US Calculated EFDB - 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy - Cars - EU3 and Later Calculated EFDB - 2006 and Rev 1996 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy - Light Duty Diesel Vehicle (Passenger Cars) US	20,025
Business travel	Air travel	EPA GHG emission methodology	513
Upstream transportation and distribution	Domestic and international inbound	World Resource Institute (2017)- GHG Protocol tool for mobile combustion Version 2.6	7,490
Downstream transportation and distribution	Domestic and international outbound	World Resource Institute (2017)- GHG Protocol tool for mobile combustion Version 2.6	34,775
Waste generated in operations	Waste disposal	DEFRA 2021 guidelines	3,926



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	GRI 102-5: Ownership and legal form	6		
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	GRI 102: General Disclosures 2016	GRI 102-14: Statement from senior decision maker	4	
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GRI 102: General Disclosures 2016	GRI 102-16: Values, principles, standards and norms of behavior	6, 8, 9		
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GRI 102: General Disclosures 2016	GRI 102-18: Governance structure	9		
	GRI 102-19: Delegating authority	9		
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GRI 102: General Disclosures 2016	GRI 102-40: List of stakeholder groups	19		
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	GRI 102-42: Identifying and selecting stakeholders	18		
	GRI 102-43: Approach to stakeholder assessment	18		
	GRI 102-44: Key topics and concerns raised	19		
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 FY22 Annual Report .	
	GRI 102-46: Defining report content and topic boundaries	2		
	GRI 102-47: List of material topics	23		
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	GRI 102-50: Reporting period	2		
	GRI 102-51: Date of most recent report	2		
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	GRI 102: General Disclosures 2016	GRI 102-53: Contact point for questions regarding the report	2	
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GRI 102-55: GRI content Index		83		
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Risk Management			
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	GRI 103-2: The management approach and its components	14	
	GRI 103-3: Evaluation of the management approach	14	
GRI 102: General Disclosures 2016	GRI 102-15: Key impacts, risks, and opportunities	14	
ESG compliance			
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	GRI 103-3: Evaluation of the management approach	48	
GRI 307: Environmental Compliance 2016	GRI 307-1: Non-compliance with environmental laws and regulations	48	
GRI 416: Customer Health and Safety 2016	GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	36	
GRI 417: Marketing and Labelling 2016	GRI 417-2: Incidents of non-compliance concerning product and service information and labelling	36	
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GRI 418: Customer Privacy 2016	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	41	
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GRI Standard	Disclosure	Page No.	Reason for omission/limitations
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	GRI 305-4: GHG Emission Intensity	55	
	GRI 305-6: Emission in Ozone depleting substance	55	
	GRI 305-7: Nitrogen Oxide (NOx), Sulfur oxide (SOX) and other significant air emissions	55	



GRI Standard	Disclosure	Page No.	Reason for omission/limitations
EMPLOYEE WELL-BEING			
Attracting and retaining talent			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	63	
	GRI 103-2: The management approach and its components	63	
	GRI 103-3: Evaluation of the management approach	63	
GRI 401: Employment 2016	GRI 401-1: New employee hires and employee turnover	63	
	GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	63,64,68	
	GRI 401-3: Parental leave	68,69	
GRI 405: Diversity and equal opportunity 2016	GRI 405-1: Diversity of governance bodies and employees	12,63	
	GRI 405-2: Ratio of basic salary and remuneration of women to men	68	
Workforce welfare			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	62	
	GRI 103-2: The management approach and its components	62	
	GRI 103-3: Evaluation of the management approach	62	
GRI 404: Training and Education 2016	GRI 404-1: Average hours of training per year per employee	65	
	GRI 404-2: Programs for upgrading employee skills and transition assistance programs	66	
	GRI 404-3: Percentage of employees receiving regular performance and career development reviews	64	
Occupational health and safety			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	70	
	GRI 103-2: The management approach and its components	70	
	GRI 103-3: Evaluation of the management approach	70	
	GRI 403-1: Occupational health and safety management system	70	
GRI 403: Occupational Health and Safety 2018	GRI 403-2: Hazard identification, risk assessment, and incident investigation	71	
	GRI 403-3: Occupational health services	71	
	GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	73	
	GRI 403-5: Worker training on occupational health and safety	72	
	GRI 403-6: Promotion of worker health	72	
	GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73	
	GRI 403-8: Workers covered by an occupational health and safety management system	73	
	GRI 403-9: Work-related injuries	73	
	GRI 403-10: Work-related ill health	73	

GRI Standard	Disclosure	Page No.	Reason for omission/limitations
Human Rights			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	69	
	GRI 103-2: The management approach and its components	69	
	GRI 103-3: Evaluation of the management approach	69	
GRI 406: Non-discrimination 2016	GRI 406-1: Incidents of discrimination and corrective actions taken	13	
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	69	
GRI 408: Child labor 2016	GRI 408-1: Operations and suppliers at significant risk for incidents of child labor	69	
GRI 409: Forced or compulsory labor 2016	GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	69	
GRI 412: Human rights assessment 2016	GRI 412-1: Operations that have been subject to human rights reviews or impact assessments	69	
	GRI 412-2: Employee training on human rights policies or procedures	69	
SOCIETAL DEVELOPMENT			
Community development -CSR			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	75	
	GRI 103-2: The management approach and its components	75	
	GRI 103-3: Evaluation of the management approach	75	
GRI 413: Local Communities 2016	GRI 413-1: Operations with local community engagement, impact assessments, and development programs	75	
	GRI 413-2: Operations with significant actual and potential negative impacts on local communities	75	
Non GRI: Health education and prevention			
GRI 103: Management Approach 2016	GRI 103-1: Explanation of the material topic and its boundary	75	
	GRI 103-2: The management approach and its components	75	
	GRI 103-3: Evaluation of the management approach	75	



INDEPENDENT ASSURANCE STATEMENT

Scope and Approach

DNV Business Assurance India Private Limited has been commissioned by the Management of Sun Pharmaceutical Industries Limited (Corporate Identity Number L24230GJ1993PLC019050, hereafter referred as 'the Company') to carry out an independent assurance of the qualitative and quantitative disclosures related to sustainability performance in its Sustainability Report 2021-22 ('the Report') in its digital format as well as referenced information in its Annual Report, the Company's website and other publicly available documents. This Report has been 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 2022

We performed a limited level of assurance based on our assurance methodology DNV's VeriSustain^{TM1}. 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 2021 to 31st March 2022.

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 2021-22 to the Company which in our opinion, would have constituted a conflict of interest with this assurance work. Our assurance engagement is based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and free from material misstatements.

Scope, Boundary and Limitations

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

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

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

The intended user of this Assurance Statement is the Management of the Company ('the Management'). Our assurance engagement was planned and carried out during April 2022 – July 2022.

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

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our opinion for a limited level of assurance based on DNV's VeriSustain. We adopted a risk-based approach, that is, we concentrated our efforts on the issues of high material relevance to Sun Pharma. As part of the process, a multi-disciplinary team of sustainability and assurance specialists reviewed sustainability disclosures related to the Company's operations with the management teams and data owners at the Company's Corporate Office in Mumbai and sample facilities in India. We undertook the following activities:

- Review of the approach to materiality determination and stakeholder engagement, and the outcomes as stated in the Report. We did not have any direct engagement with external stakeholders;
- Reviews of the draft and final versions of the Sustainability Report;
- Verification of the information and claims made in the Report, and assessment of the robustness of the data management system, data accuracy, information flow and controls for the reported disclosures. We examined and reviewed supporting evidence such as documents, data and other information made available by the Company related to the disclosures made in the Report, along with the Company's protocols for how the data was measured, monitored, recorded and reported;
- Review of the management approach disclosures related to identified material topics through interviews with selected senior managers responsible for devising and implementing sustainability strategies. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;
- Onsite verification at sample Active Pharmaceutical Ingredients (API), Formulation: Sun Global Operation (SGOs), and Research and Development (R&D) Centres, that is, Baska in Gujarat, Toansa in Punjab, Ponta Sahib in Himachal Pradesh, Dewas in Madhya Pradesh, Guwahati in Assam, Panoli in Gujarat in India, and Romania; 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.

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



- GRI 416: Customer Health and Safety 2016 – 416-1, 416-2;
- GRI 417: Marketing and 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 purchased goods and services, employee commute, business travel, upstream transportation and distribution, downstream transportation and distribution, and waste generated in operations.

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 describes the materiality determination and review exercise carried out by Sun Pharma to identify topics which impact the Company and its stakeholders based on industry trends, internal targets, and risks and opportunities. The topics identified have been further prioritised into material topics based on inputs and requirements from cross-functional internal and external stakeholders while considering the Company's value drivers, and these topics are considered for disclosure within the Report.

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 of the key stakeholders of the Company, that is, employees, suppliers, shareholders and investors, communities and non-governmental organisations (NGOs), senior leadership, regulators and B2B customers. The Report further articulates the modes and frequencies of engagement with the key stakeholders through formal and informal channels as well as the significant concerns and issues which have come out through these channels.

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 its responses to key concerns from its stakeholder engagement exercise and overall approach towards identified material topics through descriptions of the Company's strategies, management systems and governance mechanisms, and key sustainability performance indicators. The Company has established a sustainability management system including processes for monitoring and reviewing key performance indicators and metrics to measure, monitor and evaluate impacts related to identified material issues. Going forward, Sun Pharma may identify and report on short-, medium- and long-term targets for all identified material topics.

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

Reliability

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

The Report brings out processes that Sun Pharma has established towards capturing and reporting its sustainability performance related to the identified material topics. The majority of data and information verified through our assessments with Sun Pharma's management teams and data owners at the sites sampled by us as part of our assurance engagement were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and these data inaccuracies have been communicated for correction and these errors have been corrected. The Company may however, strengthen its processes for periodic review and validation of reported data within its existing sustainability data management framework to enhance the overall reliability of reported data.

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

Completeness

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

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

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

Neutrality

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

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

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

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, Greenhouse Gas Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

For DNV Business Assurance India Private Limited

<p>Lankalapalli, Bhargav Digitally signed by Lankalapalli, Bhargav Date: 2022.07.27 13:55:40 +05'30'</p> <p>Bhargav Lankalapalli Lead Verifier DNV Business Assurance India Private Limited, India</p>	<p>Radhakrishnan, Kiran Digitally signed by Radhakrishnan, Kiran Date: 2022.07.27 13:28:36 +05'30'</p> <p>Kiran Radhakrishnan Technical Reviewer DNV Business Assurance India Private Limited, India</p>
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27th July 2022, Mumbai, India.

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

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



Notes

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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.



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