



**Sun Pharmaceutical Industries Limited**  
**ESG Overview**  
**FY2021-22**

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## About the document

Sun Pharmaceutical Industries Limited and its Subsidiaries/Associates (together “Sun Pharma”) would like to extend a warm welcome to all our stakeholders to our ESG Overview for FY2021-22 (FY22). This document encompasses our Environment, Social and Governance (ESG) performance from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022. Further details on strategy, key initiatives, and long-term outlook will be presented in our Sustainability Report FY22, which is aligned to multiple national and international frameworks and guidelines.

### Boundary

In FY22, we have expanded the scope of data coverage for environment and social parameters. The environment, OHS and social data covers 38 locations encompassing our India and International<sup>1</sup> manufacturing operations, R&D centres. These 38 locations covered account for 78% of our operating locations by number.

We have published our Business Responsibility Sustainability Report (BRSR) as part of our Annual Report FY22 covering information for standalone Sun Pharmaceutical Industries Limited. Due to variation in the reporting boundary in BRSR and ESG overview, the quantitative data pertaining to environment, financial and social section may vary.

### Independent assurance

An Independent third-party assurance was provided on Sun Pharma’s Sustainability Report for FY22 by DNV GL Business Assurance India Private limited for FY22 sustainability initiatives of Sun Pharma. Certain extracts from the sustainability reports have been produced in this document. Our assurance provided for the Sustainability Report FY22 extends to this document to the extent that sustainability report information have been produced here.

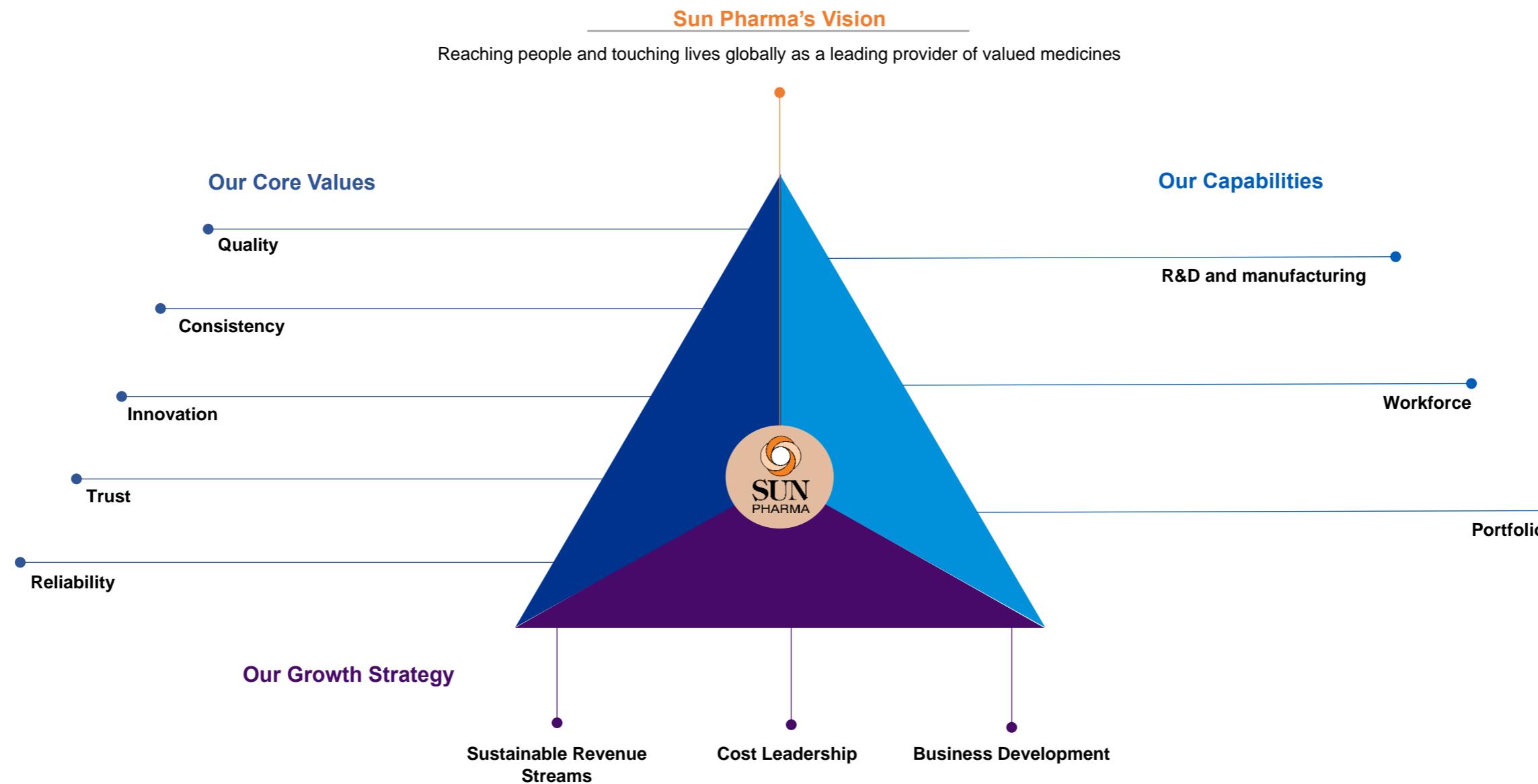
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<sup>1</sup> International locations include our manufacturing sites at Taro Israel, Taro Canada, Ohm (U.S), Chattem (U.S), Pharmalucence (U.S), Romania, South Africa, Australia, Malaysia

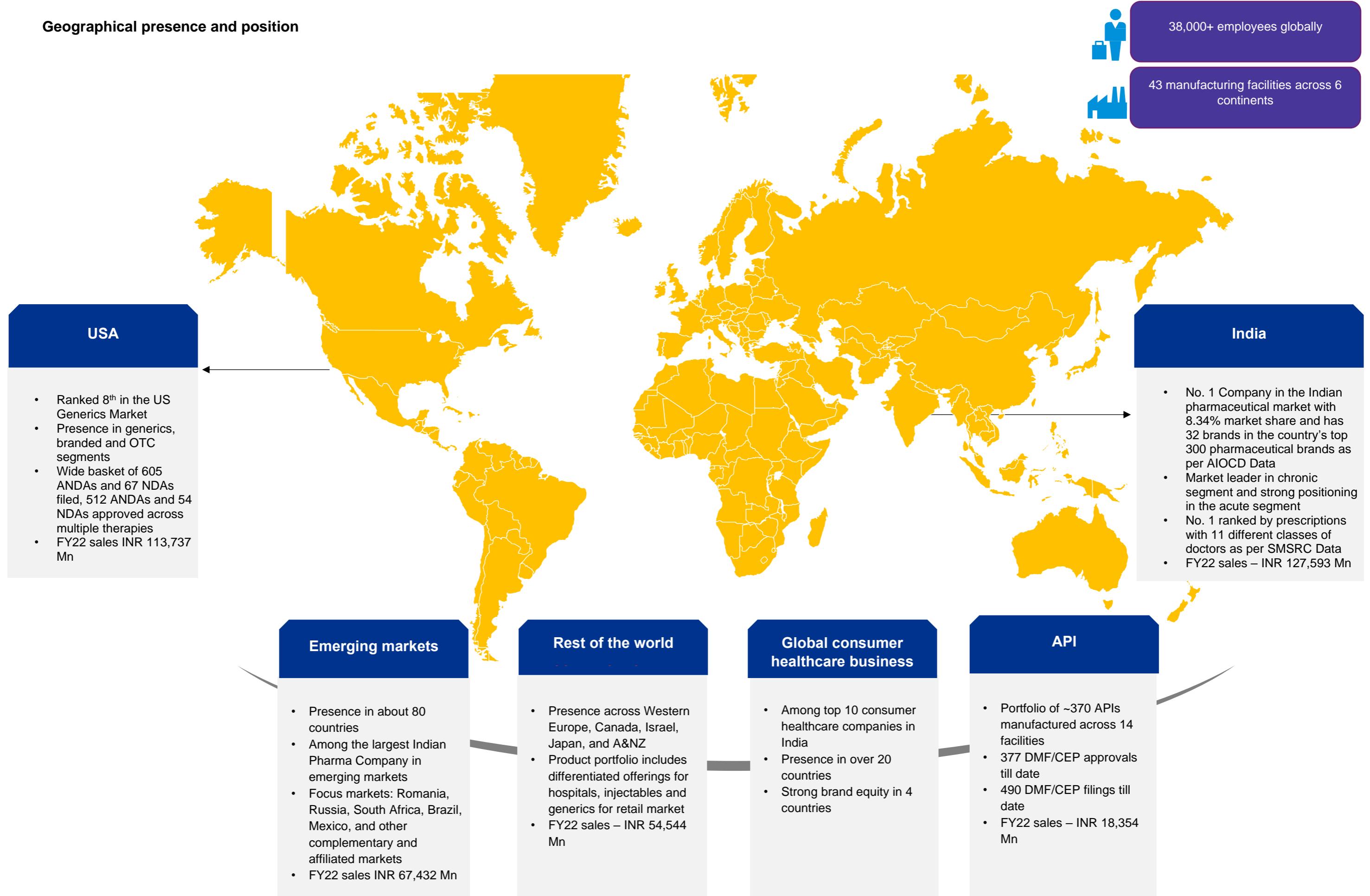
## Overview of the company

With global revenues of nearly US\$ 5.2 billion, we are the world's fourth largest specialty generic pharmaceutical company as per Evaluate Pharma Annual Data for Dec-2021. We supply high-quality, affordable medications to 100+ countries throughout the world, backed by 43 production facilities and are trusted by healthcare professionals and patients globally. We produce and distribute a diverse range of pharmaceutical formulations for both chronic and acute therapies. The business comprises of generics, branded generics, specialty, complex and technology-intensive drugs, over the counter (OTC) products, antiretrovirals (ARVs), APIs, and intermediates.

An innovation centric pharmaceutical company building a sustainable future

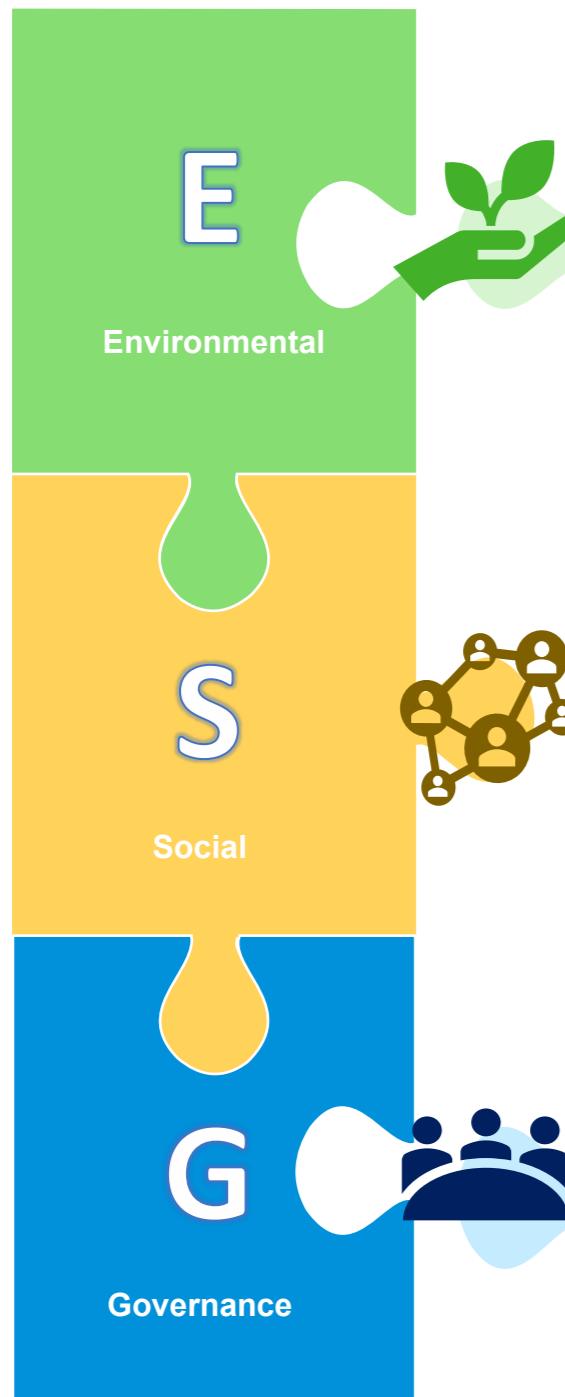


## Geographical presence and position



## Our ESG performance highlights

### ESG highlights



#### Energy

- ❖ 31% of energy derived from renewable sources
- ❖ 121,139 GJ of energy supplied by solar

#### Water

- ❖ 9,472 kL of rainwater harvested
- ❖ Reduced dependency on groundwater in FY22 by 33,768 kL compared to FY21

#### Employee wellbeing

- ❖ 3000+ new hires in India and 500+ in global operations
- ❖ ~8% Gender diversity globally

#### Product Stewardship

- ❖ 0 incidents of non-compliance concerning health and safety of products and services
- ❖ 0 incidents of non-compliance concerning product and service information and labeling
- ❖ Aligned assessment of vendors with Supplier Code of Conduct developed on the foundation of ESG parameters

#### Corporate Governance

- ❖ Average Board meeting attendance is 100%
- ❖ 5 non-executive/ independent Directors
- ❖ 62.5% of Board Members specializing in pharma industry experience

#### Waste

- ❖ 19% of hazardous waste disposed through co-processing

#### Societal Development

- ❖ Spent INR 458 million on Corporate Social Responsibility projects in FY22

#### Innovation and technology

- ❖ 5.8% of sales in FY22 spent on R&D investments
- ❖ 2154 number of patents filed and 1420 patents granted
- ❖ 605 ANDAs and 67 NDA/BLA filed till date with USFDA
- ❖ 512 ANDAs and 54 NDA/BLA approved till date by USFDA
- ❖ Developed and filed ~200 formulation dossiers globally in FY22

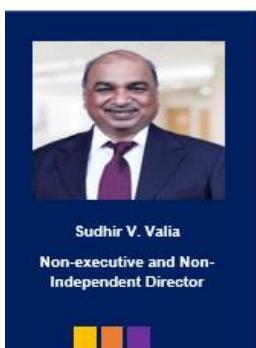
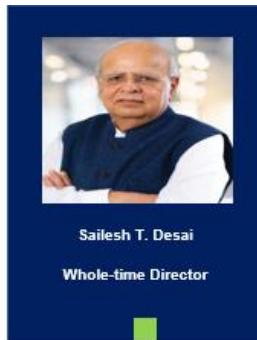
#### Contribution to the UN SDGs



## Driving responsible governance

Anchored on our values of quality, reliability, consistency, trust and innovation, our Corporate Governance consistently enhances stakeholder relationships and augments ethical business practices. At Sun Pharma, we are guided by our Board of Directors, specializing in industry knowledge and expertise in the area of their individual domains. The Board of Directors provides oversight on the standards and guidelines referred to in the form of Global Code of Conduct, Company Policies and Committees. Further details regarding our responsible governance practices are provided in the subsequent sections below.

### Our Board of Directors



Audit Committee

Corporate Governance and ethics Committee

Corporate Social Responsibility Committee

Nomination and Remuneration Committee

Risk Management Committee

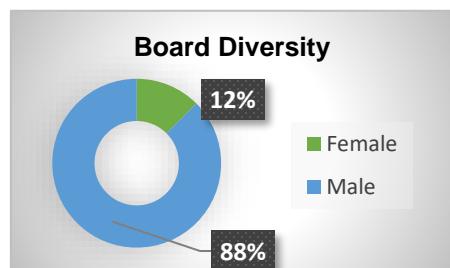
Stakeholder Relationship Committee

At Sun Pharma, the role of CEO and chairperson is split, and chairperson is non-executive but not independent.

## Board diversity and experience

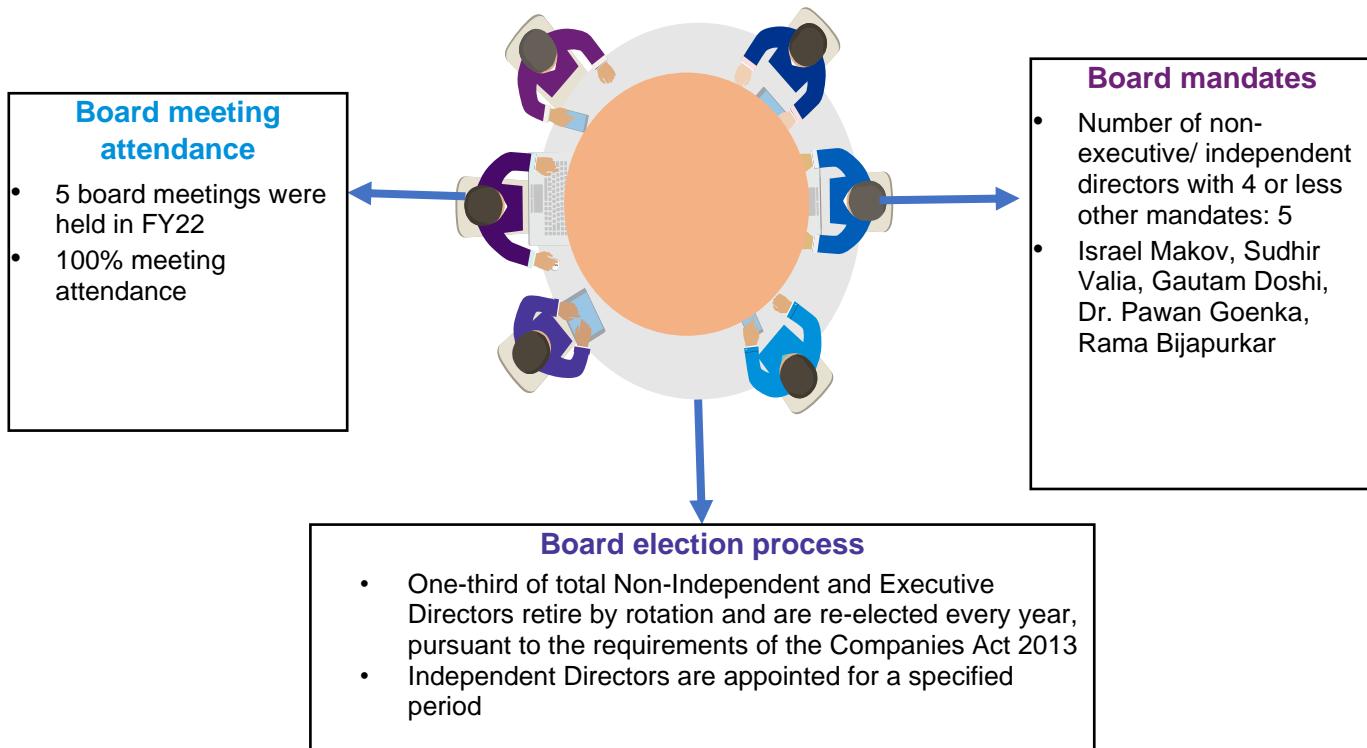
Our Company's Board representation reflects variance in the field of knowledge and individual domain of expertise among each Board member. In compliance with the Companies Act 2013 and the Securities and Exchange Board of India (SEBI) (listing obligations and disclosure requirements) Regulations, 2015, the Board declares independence of the Directors. In FY22, Dr. Pawan Goenka, was appointed as Lead independent Director and Ms. Rama Bijapurkar was appointed as Independent Director. 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 31st, 2021. Mr. Vivek Chaand Sehgal, post his resignation, ceased to be an Independent Director with effect from September 1st, 2021.

**3 Independent Directors**  
**1 woman Director**



## Board effectiveness

Details on our board performance review can be found in our Annual Report FY 22 on Page 35.



## Board average tenure

The average tenure for Board Members in FY22 is 12.24 years.

Board Member	Date of Appointment in the Company
Israel Makov	29 <sup>th</sup> May 2012
Dilip S. Shanghvi	1 <sup>st</sup> March 1993
Sailesh T. Desai	25 <sup>th</sup> March 1999
Kalyanasundaram Subramanian	14 <sup>th</sup> February 2017
Sudhir V. Valia	31 <sup>st</sup> January 1994
Gautam Doshi	25 <sup>th</sup> May 2018
Dr. Pawan Goenka	21 <sup>st</sup> May, 2021
Rama Bijapurkar	21 <sup>st</sup> May, 2021

## Remuneration of directors

The remuneration of the Managing Director and Whole-time Director(s) is approved by the Board, as per recommendation of the Nomination and Remuneration Committee within the overall limit fixed by the shareholders at their meetings. The Non-Executive Directors of the Company are entitled to sitting fees of 100,000/- for attending each meeting of the Board and/or of Committee thereof except the Corporate Governance and Ethics Committee for which they are entitled to 50,000/- for each meeting of the Committee.

The details of Remuneration paid/payable to the Directors of the Company for the year ended March 31, 2022, are given below:

Directors	Salary <sup>1</sup>	Bonus	Perquisites/ Benefits	Sitting fees	Commission to Independent Directors	Total INR
Israel Makov	-	-	-	1,200,000	-	1,200,000
Dilip S. Shanghvi	37,799,496	7,559,899	5,151,800	-	-	50,511,195
Sailesh T. Desai	13,271,100	2,654,220	2,377,802	-	-	18,303,122
Kalyanasundaram Subramanian <sup>1</sup>	61915691	4,328,150	2,756,494	-	-	69,000,335
Sudhir V. Valia	-	-	-	1,500,000	-	1,500,000
Gautam Doshi <sup>3</sup>	-	-	-	3,000,000	4,000,000 <sup>3</sup>	7,000,000
Dr. Pawan Goenka <sup>3</sup>	-	-	-	1,950,000	4,000,000 <sup>3</sup>	5,950,000
Rama Bijapurkar <sup>3</sup>	-	-	-	800,000	4,000,000 <sup>3</sup>	4,800,000

Note:

1. Salary includes Special Allowance. Salary of Mr. Kalyanasundaram Subramanian also includes variable pay of Rs. 7773453/-.
2. Perquisites include House Rent Allowance, if any, Leave Travel Assistance, Medical Reimbursement, contribution to Provident Fund and such other perquisites, payable to Directors, as per Company Policy.
3. The Board of Directors at their meeting held on May 30, 2022, have approved Commission of Rs. 4,000,000 (Rupees Forty Lakhs) to be paid to each Independent Director of the Company, for the FY 2021-22, subject to the approval of the members at the ensuing 30<sup>th</sup> Annual General Meeting and the payment shall be made after obtaining approval of the members.

Besides this, all the Whole-time Directors to whom remuneration is paid are also entitled to encashment of leave as per Company policy, and gratuity at the end of tenure, as per the rules of the company.

## Tax Paid for FY22

Sr No.	Particulars	Amount (INR)
1.	Cash Taxes Paid	9,815,300,000
2.	Tax Refund Received	19,507,500,000
3.	Net Tax Paid as per Cash flow Statement	-9,692,200,000

## Subsidiary financial summary

Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint venture. Below values are represented in **INR Mn**

Sl. No	Name of the Subsidiary Company	Primary Business	Revenue	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Tax Paid	Head Count (Nos.)
1	Green Eco Development Centre Limited	Support Service Co	-	2.9	0.7	2.2	2.5	-
2	Sun Pharmaceutical (Bangladesh) Limited	Pharmaceuticals	2,241.8	518.5	190.4	328.1	186.1	561
3	Sun Farmaceutica do Brasil Ltda.	Pharmaceuticals	2,857.2	787.6	142.5	645.1	142.5	138
4	Sun Pharma De Mexico S.A. DE C.V.	Pharmaceuticals	1,313.5	275.1	65.6	209.5	69.2	132
5	Sun Pharmaceutical Peru S.A.C.	Pharmaceuticals	-	(14.5)	-	(14.5)	-	-
6	OOO "Sun Pharmaceutical Industries" Limited	Pharmaceuticals	-	115.2	23.6	91.6	11.8	-
7	Sun Pharma De Venezuela, C.A.	Pharmaceuticals	-	0.0	-	0.0	-	-
8	Alkaloida Chemical Company Zrt.	Pharmaceuticals	3,311.9	444.7	24.1	420.6	46.8	479
9	Sun Pharmaceutical Industries (Australia) Pty Limited	Pharmaceuticals	2,639.8	(1,162.6)	-	(1,162.6)	-	152
10	Aditya Acquisition Company Ltd.	Holding Company	-	(6.3)	-	(6.3)	-	-
11	Sun Pharmaceutical Industries (Europe) B.V.	Pharmaceuticals	3,188.0	95.3	21.2	74.1	37.0	58
12	Sun Pharmaceuticals Germany GmbH	Pharmaceuticals	2,773.8	71.9	22.2	49.7	2.4	4
13	Sun Pharmaceuticals SA (Pty) Ltd	Pharmaceuticals	13.3	(0.2)	-	(0.2)	0.4	-
14	Sun Laboratories FZE	Pharmaceuticals	17,660.2	(1,118.3)	-	(1,118.3)	-	2
15	Sun Pharma Japan Ltd.	Pharmaceuticals	9,058.6	335.9	6.3	329.6	-	212
16	Sun Pharma Japan Technical	Pharmaceuticals	990.6	2.3	0.5	1.8	-	46

Sl. No	Name of the Subsidiary Company	Primary Business	Revenue	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Tax Paid	Head Count (Nos.)
	Operations Limited							
17	Sun Pharma Philippines, Inc.	Pharmaceuticals	635.4	3.3	23.1	(19.8)	12.5	59
18	Caraco Pharmaceuticals Private Limited	Support Service Co	-	(0.1)	-	(0.1)	-	-
19	Sun Pharma Laboratories Limited	Pharmaceuticals	87,532.5	34,676.4	6,098.1	28,578.3	7,208.2	9,802
20	Faststone Mercantile Company Private Limited	Support Service Co	-	0.1	0.0	0.1	0.0	-
21	Neetnav Real Estate Private Limited	Support Service Co	1.6	1.0	0.3	0.7	1.2	-
22	Realstone Multitrade Private Limited	Support Service Co	-	0.0	0.0	0.0	0.0	-
23	Skisen Labs Private Limited	Support Service Co	-	(0.1)	-	(0.1)	-	-
24	Softdeal Pharmaceutical Private Limited (Formerly known as Softdeal Trading Company Private Limited)	Pharmaceuticals	2,589.3	610.7	154.3	456.4	152.9	80
25	Universal Enterprises Private Limited	Pharmaceuticals	-	(0.1)	-	(0.1)	0.0	-
26	Sun Pharma Switzerland Ltd.	Pharmaceuticals	51.5	(2.7)	0.0	(2.7)	-	1
27	Sun Pharma Holdings	Holding Company	-	(14.7)	-	(14.7)	-	-
28	Sun Pharma East Africa Limited	Pharmaceuticals	636.1	16.4	5.8	10.6	0.0	64
29	Basics GmbH	Pharmaceuticals	4,050.5	49.9	16.3	33.6	17.4	40
30	"Ranbaxy Pharmaceuticals Ukraine" LLC	Pharmaceuticals	1,048.3	146.5	26.7	119.8	25.5	124
31	Sun Pharmaceuticals Morocco LLC	Pharmaceuticals	2,385.6	71.3	33.1	38.2	-	137
32	Sun Pharmaceutical Industries S.A.C.	Pharmaceuticals	819.6	(37.5)	-	(37.5)	-	71
33	Sun Pharma Holdings UK Limited (Formerly known	Pharmaceuticals	-	(0.7)	-	(0.7)	-	-

Sl. No	Name of the Subsidiary Company	Primary Business	Revenue	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Tax Paid	Head Count (Nos.)
	as Ranbaxy Holdings (U.K.) Limited)							
34	Sun Pharma France (Formerly known as Ranbaxy Pharmacie Generiques)	Pharmaceuticals	2,767.9	(319.6)	-	(319.6)	-	48
35	Sun Pharma Italia SRL (Formerly known as Ranbaxy Italia S.P.A.)	Pharmaceuticals	3,359.1	(128.3)	(24.4)	(103.9)	8.9	41
36	Ranbaxy Pharmaceuticals (Pty) Ltd	Pharmaceuticals	7,315.4	282.1	-	282.1	-	327
37	Ranbaxy South Africa (Pty) Ltd (consolidated)	Pharmaceuticals	3,237.8	139.0	27.9	111.1	14.3	110
38	Sun Pharma Egypt Limited LLC (Formerly known as Ranbaxy Egypt Ltd)	Pharmaceuticals	490.4	(55.4)	-	(55.4)	6.6	125
39	Rexcel Egypt LLC	Pharmaceuticals	0.3	(1.0)	-	(1.0)	0.1	1
40	Sun Pharma UK Limited (Formerly known as Ranbaxy (U.K.) Limited)	Pharmaceuticals	4,075.9	119.9	22.8	97.1	0.3	22
41	Ranbaxy (Poland) SP. Z O.O.	Pharmaceuticals	607.6	35.6	10.8	24.8	8.9	92
42	Ranbaxy Nigeria Limited	Pharmaceuticals	1,287.0	(439.2)	3.2	(442.4)	0.0	200
43	Ranbaxy (Thailand) Co., Ltd.	Pharmaceuticals	1,485.9	29.4	13.0	16.4	-	94
44	AO Ranbaxy	Pharmaceuticals	5,794.4	469.3	102.0	367.3	36.0	465
45	Sun Pharma Laboratorios, S.L.U (formerly Laboratorios Ranbaxy, S.L.U.)	Pharmaceuticals	1,434.2	34.9	8.7	26.2	11.8	17
46	Ranbaxy (Malaysia) SDN. BHD.	Pharmaceuticals	2,746.3	432.0	95.9	336.1	124.2	244
47	Ranbaxy Farmaceutica Ltda.	Pharmaceuticals	3,490.9	271.2	164.4	106.8	154.6	18

Sl. No	Name of the Subsidiary Company	Primary Business	Revenue	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Tax Paid	Head Count (Nos.)
48	Sun Pharma ANZ Pty Ltd	Pharmaceuticals	3,492.0	185.8	56.8	129.0	-	30
49	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	Pharmaceuticals	2,189.4	26.3	-	26.3	-	37
50	Terapia SA	Pharmaceuticals	14,723.7	3,593.6	430.5	3,163.1	526.3	859
51	Sun Pharma (Netherlands) B.V. (Formerly known as Ranbaxy (Netherlands) B.V.)	Pharmaceuticals	1,375.8	1,069.6	44.0	1,025.6	22.4	2
52	JSC Biosintez	Pharmaceuticals	3,110.8	413.9	88.6	325.3	0.1	1,162
53	Foundation for Disease Elimination and Control of India	CSR Foundation	4.2	(0.7)	-	(0.7)	-	-
54	Zenotech Laboratories Limited	Pharmaceuticals	365.7	99.0	(122.7)	221.7	10.0	137
55	Sun Pharmaceutical Medicare Limited	Pharmaceuticals	2,616.5	(187.5)	1.2	(188.7)	38.3	693
56	Sun Pharma Distributors Limited	Pharmaceuticals	127,962.5	2,195.4	564.0	1,631.4	579.3	18
57	Realstone Infra Limited	Support Service Co	-	(83.8)	-	(83.8)	-	-
58	Sun Pharmaceuticals (EZ) Limited	Pharmaceuticals	-	(30.0)	-	(30.0)	-	1
59	Sun Pharma (Shanghai) Co.,Ltd	Pharmaceuticals	45.1	(5.7)	-	(5.7)	-	8
60	Sun Pharma Holdings USA Inc (Consolidated)	Pharmaceuticals	86,788.4	(24,871.7)	(5,875.9)	(18,995.8)	2,213.3	1,401
61	Taro Pharmaceutical Industries Ltd. (Consolidated)	Pharmaceuticals	42,548.7	5,901.5	1,485.0	4,416.5	587.4	1,497

## **Contributions and other spending**

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

Currency	FY19	FY20	FY21	FY22
Total contributions and other spending	INR Mn	263.95	236.83	215.85

## **Largest contribution and expenditures**

We do not make any contribution or incur any expenditure towards political campaigns.

## Risk and mitigation strategies

Risk	Material topics linkage	Mitigation strategy
<p><b>Strategic, business, and commercial risk</b></p> <p><i>Addressing risks associated with managing product portfolio, pricing, and margins</i></p>	<ul style="list-style-type: none"> <li>✓ Responsible product pricing</li> <li>✓ Product Responsibility</li> <li>✓ Product accessibility</li> <li>✓ Investment in innovation and technology</li> <li>✓ Development of complex molecules</li> </ul>	<ul style="list-style-type: none"> <li>• Nurturing a robust product portfolio based on strong cross-functional synergies, organizational capabilities, project management and product portfolio governance inclusive of all stages of product lifecycle from identification to launch</li> <li>• Augmenting the frequency of in-licensing and out-licensing of products</li> <li>• Emphasizing on the innovation, development and commercialization of specialty products, complex generics among others</li> <li>• Strengthening working capital and inventory management, reinforcing the supply chain through vendor assessment and development programmes</li> <li>• Undertaking operational excellence programmes focused on yield and throughput improvement</li> </ul>
<p><b>Sectoral and regulatory compliance risk</b></p> <p><i>Risks linked to non-adherence with standards and guidelines of all local and global regulatory agencies, focusing on pharmacovigilance, proprietary, confidentiality and other core governance standards (For instance, CGMP, CGLP, among others)</i></p>	<ul style="list-style-type: none"> <li>✓ ESG Compliance</li> <li>✓ Regulatory Compliance</li> <li>✓ Product responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring effective monitoring and reporting of adverse events pertaining to product quality and safety by implementing robust centralized pharmacovigilance system comprising of comprehensive standard operating procedures</li> <li>• Augmenting the performance in pharmacovigilance management, supported by the consistent investment in technological interventions, employee training on pharmacovigilance and enhanced governance mechanism</li> <li>• Establishment of global quality standards and operating procedures across the organization</li> <li>• Implementing periodic Good Manufacturing Practices (GMP) training programmes for employees</li> <li>• Enhancing and synchronizing the IT applications and systems pertaining to quality</li> <li>• Ensuring effective product quality management through assessments undertaken at third-party locations</li> <li>• Strengthening the manufacturing records, laboratory testing procedures through continual implementation of best practices</li> <li>• Fortifying the IP protection activities with the support of a team dedicated towards the strengthening of brand image and patents</li> </ul>
<p><b>Business continuity risk</b></p> <p><i>Addressing risks linked to business interruption from changes in local and global geo-political, socioeconomic, regulatory, or other events</i></p>	<ul style="list-style-type: none"> <li>✓ Risk Management</li> <li>✓ ESG Compliance</li> <li>✓ Regulatory Compliance</li> <li>✓ Responsible Supply chain management</li> <li>✓ Emergency preparedness and response</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• Establishing a robust assessment mechanism to assess the implication of unprecedented disruption on the supply chain and develop a comprehensive contingency plan to avoid major impact on the business</li> <li>• Undertaking a supplier assessment in alignment with the standard practices and requirements as per the guidance</li> </ul>

		<p>outlined by sector-specific responsible supply chain initiatives.</p> <ul style="list-style-type: none"> <li>We have business continuity and 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 which may disrupt the business operations</li> </ul>
<b>Technology risk</b>  <i>Maintain a secure and impenetrable network and system while supporting pace and scale of business transactions across geographies</i>	<ul style="list-style-type: none"> <li>✓ Data integrity and security</li> <li>✓ Technology and digitalization</li> </ul>	<ul style="list-style-type: none"> <li>Enabling the implementation of a strengthened IT security system aided with the perimeter security, IT, and monitoring systems, anti-virus, and patch management</li> <li>Conducting periodic capacity building workshops and trainings for employees on cyber security and data breaches to reduce risks arising from data integrity and security</li> </ul>
<b>Climate change and environmental risk</b>  <i>Addressing environment and climate change related risks and incorporating relevant norms and practices across the value chain</i>	<ul style="list-style-type: none"> <li>✓ Managing waste</li> <li>✓ Water stewardship</li> <li>✓ Climate change</li> <li>✓ Energy efficiency and carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>Adhering to relevant compliance requirements through strong governance and review mechanisms. Augmenting the compliance tracking system through implementation of compliance software management</li> <li>Undertaking risk assessment and periodic reviews for further strengthening of EHS and compliance capabilities.</li> <li>Mitigating physical and transitional risks linked to climate change through implementation of interventional measures pertaining to energy and GHG emission reduction.</li> <li>Undertaking physical risk assessment for climate-proofing assets</li> <li>Applying precautionary principle as per the Rio Declaration 1992 through ERM framework to mitigate the environmental risks</li> </ul>
<b>Talent management linked risk</b>  <i>Addressing risks associated with talent acquisition, retention and development, Human Rights and Occupational health and safety</i>	<ul style="list-style-type: none"> <li>✓ Attracting and retaining talent</li> <li>✓ Workforce welfare</li> <li>✓ Occupational health and safety</li> <li>✓ Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>Executing formal succession planning programme for leadership positions</li> <li>Implementing a robust EHS management system with periodic internal and external audits of the safety practices</li> <li>Adopting comprehensive corrective action plans post the identification and assessment of safety incidents to prevent any such future instances</li> <li>Integrating a strong governance structure for Human Rights from the aspect of Human Rights Policy, grievance redressal mechanism and due diligence across the business operations extending to supply chain partners and vendors.</li> </ul>
<b>Emerging risks</b>  <i>Identifying and addressing any new or unprecedented risk that has the potential to impact our business activities and stakeholders</i>	<ul style="list-style-type: none"> <li>✓ Climate action</li> <li>✓ Geo-political and other related risk</li> </ul>	<ul style="list-style-type: none"> <li>Undertaking water reduction initiatives to reduce reliance on underground water, specifically from water stress sites</li> <li>Enabling 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.</li> </ul>

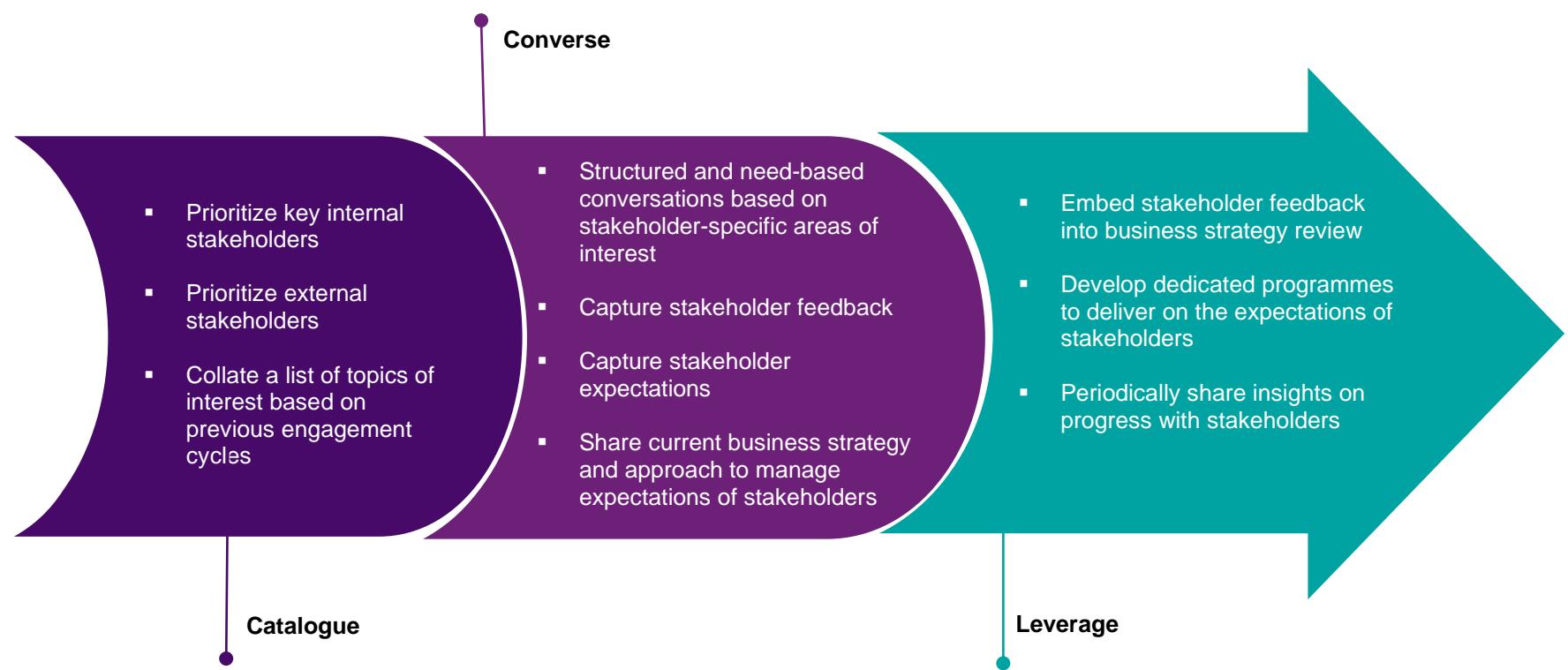
- Engaging ESG consultants who annually assess material ESG topics that impact Sun Pharma, provide insights into identifying risks and opportunities and support us in our annual sustainability assessment and reporting practices
- Evaluating options to ensure the continuity of our operations and access to medicine
- Conducting comprehensive discussions with our local and country teams to assess the country business continuity plan that minimizes disruption 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
- Prioritizing all financial aspects related to impact of cost, currency and such other details as part of our periodic review process

## Stakeholder engagement and materiality assessment

### Our stakeholder engagement process

Sun Pharma believes that establishing a sustainable and future-oriented approach to business requires a stakeholder-centric strategy. In this regard, we have created customized communication channels that are suited to the specific requirements of each stakeholder group. We identified prioritized group of internal and external key stakeholders on the mechanism our principles of inclusivity, accountability, and responsibility. The stakeholders were identified and prioritized on the basis of groups which play an integral role in influencing as well as the ones which are impacted by our business decisions. The key internal and external stakeholder groups identified by the Company as part of the engagement mechanism are - Investors/shareholder, regulators, suppliers/vendors/third-party manufacturers, Non-Governmental Organizations (NGO), Community, Customer B2B, Employees, 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 Environment, Social, and Governance (ESG) landscape. We conducted a materiality evaluation for the reporting period in light of the significant challenges and changing ESG landscape in FY22. As a result of this procedure, 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.



## Insights into our stakeholder engagement

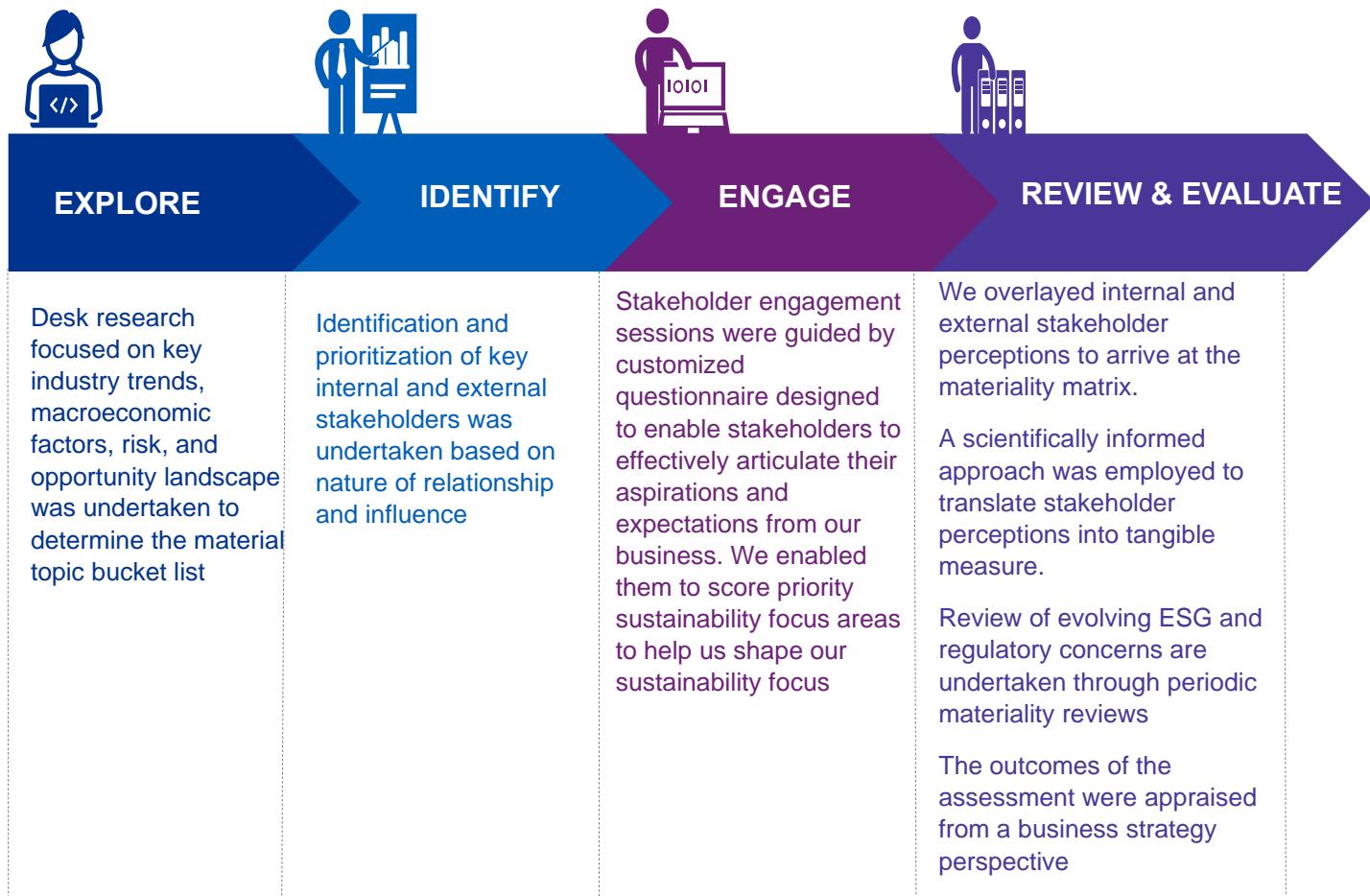
Insights from our stakeholder engagement and key outcomes are provided below.

Stakeholder group	Engagement Process	Key areas of interest of the stakeholder group	Our approach for meeting expectations
Investor/ shareholder	<ul style="list-style-type: none"> <li>Annual/quarterly financial reports and earnings calls</li> <li>Attending Investor Conferences</li> <li>Issuing specific event-based</li> <li>press releases</li> <li>Investor presentations</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>EGS disclosures</li> <li>Regulatory compliance</li> <li>Responsible supply chain management</li> <li>Product responsibility</li> <li>Cost competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Our essential business principles serve as the foundation for our governance procedures.</li> <li>Periodically, in the form of an annual report and an investor presentation, transparent disclosures are presented. Annual sustainability reports have been released on a regular basis since last year.</li> <li>The supply chain is managed effectively and responsibly by a specialized supply chain team.</li> <li>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.</li> <li>Operational excellence initiatives focusing on production, personnel, and supply chain efficiency allow cost competitiveness.</li> </ul>
Regulator	<ul style="list-style-type: none"> <li>In-person meetings</li> <li>E-mail</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Community engagement</li> <li>Rural market penetration</li> <li>De-risk supply chain</li> </ul>	<ul style="list-style-type: none"> <li>In the case of non-compliance, implement remedial actions to ensure compliance.</li> <li>Community development initiatives that are tailored to the needs of the society.</li> <li>Strategy for a responsible supply chain.</li> </ul>
Supplier/ vendor / third party manufacturer	<ul style="list-style-type: none"> <li>Vendor meets</li> <li>Virtual modes such as e-mail, telephonically</li> </ul>	<ul style="list-style-type: none"> <li>Timely payments</li> <li>Collaboration</li> </ul>	<ul style="list-style-type: none"> <li>To monitor and execute timely payments, digital interventions, and management systems.</li> <li>Facilitate need-based vendor engagement.</li> </ul>
NGO	<ul style="list-style-type: none"> <li>In person meetings</li> <li>Virtual modes such as e-mail, telephonic interactions</li> </ul>	<ul style="list-style-type: none"> <li>Employee volunteering</li> <li>Agile management process</li> </ul>	<ul style="list-style-type: none"> <li>Employee volunteerism is facilitated and encouraged through programmes.</li> <li>The CSR management system is optimized on a regular basis to improve response to community needs.</li> </ul>
Community	<ul style="list-style-type: none"> <li>In person meetings</li> <li>Engagement through our NGO partners</li> </ul>	<ul style="list-style-type: none"> <li>Community development programmes with a focus on health, education, sanitation, and infrastructural development</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The Community grievance redressal is implemented through formal and informal channels of communication during community development programs held in</li> </ul>

			localities in the vicinity of our manufacturing locations
Customer - B2B	<ul style="list-style-type: none"> <li>• In-person meetings</li> <li>• E-mail</li> <li>• Customer feedback sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality, access, and pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Robust quality management system and pricing strategy based on enabling best outcomes for end-customers</li> </ul>
Employee	<ul style="list-style-type: none"> <li>• Employee focused web-portal such as Ask HR</li> <li>• E-mail</li> <li>• Employee engagement survey</li> <li>• Town-halls</li> </ul>	<ul style="list-style-type: none"> <li>• Training, professional growth and development</li> <li>• Well-being initiatives</li> <li>• Employee recognition</li> <li>• Fair remuneration</li> <li>• Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Customized employee learning and development initiatives</li> <li>• Curated employee welfare and recognition programs</li> <li>• Annual appraisal and open feedback culture</li> <li>• Active employee engagement</li> </ul>
Senior Leadership	<ul style="list-style-type: none"> <li>• In person meetings</li> <li>• Virtual modes such as e-mail, telephonic interactions</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable and resilient business operations</li> <li>• R&amp;D and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic business strategy review based on market dynamics and stakeholder inputs</li> <li>• Capitalizing on emerging technologies and continuously strengthening R&amp;D capabilities</li> </ul>

## Our material disclosures

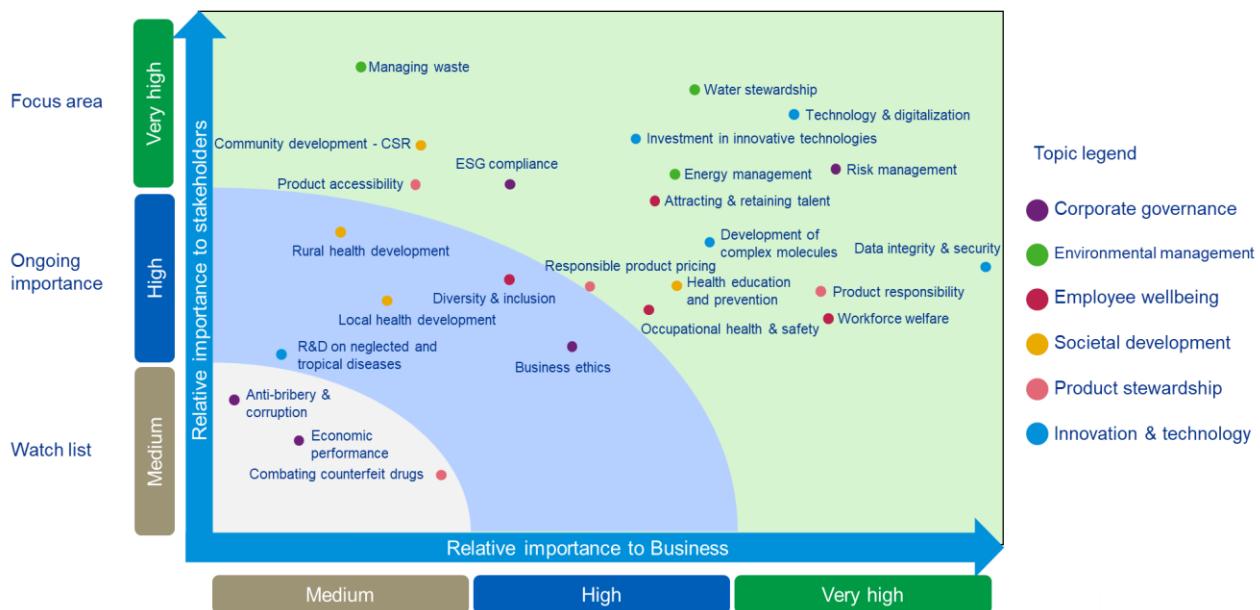
We periodically undertake a materiality assessment exercise in alignment with the GRI Standards to emphasize on the material issues impacting the organization from the perspective of internal and external stakeholders. The following process further outlines our approach towards materiality exercise conducted with our internal and external stakeholders. Additionally, in FY22 we undertook a materiality review with our internal stakeholder in line with the evolving ESG regulatory landscape. In this regard, we have identified seven new material topics for FY22.



## 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 detailed stakeholder engagement and materiality assessment conducted for our maiden sustainability report in FY21.

The weightage and importance of each prioritized material topic from FY21 holds strong. Further to this, we have identified seven new material topics as an outcome of our materiality review exercise conducted in FY22. The new material issues and the rationale for the same have been further elaborated below.



## Overview of our material issues

### Rationale for new material topics FY22

In line with the changing regulatory landscape, emergence of pandemic-induced risks and the growing ESG momentum, we recognize the importance of integrating ESG Governance, Emergency Preparedness and Regulatory Compliance as new material issues within our Corporate Governance domain. The criticality of 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 our disclosures on responsible practices with our business partners.

With the inclusion of responsible practices across our supply chain, we realize 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 integrated Climate Change, energy efficiency and carbon emissions into our environmental management material issues for FY22.

## Our material issues

### Corporate Governance

- ❖ Risk management
- ❖ ESG compliance
- ❖ Regulatory compliance\*
- ❖ Emergency preparedness & response (*inclusive of Pandemic*) \*
- ❖ ESG governance\*

### Innovation and Technology

- ❖ Investments in innovative specialty products and technologies
- ❖ Development of complex molecules
- ❖ Data integrity and security
- ❖ Technology and digitalization

### Product Stewardship

- ❖ Product accessibility
- ❖ Responsible product pricing
- ❖ Product responsibility (including quality and safety across lifecycle)
- ❖ Responsible supply chain management\*

### Environmental Management

- ❖ Managing waste
- ❖ Water stewardship
- ❖ Energy management
- ❖ Climate Change\*
- ❖ Energy efficiency & carbon emissions  
*(Energy management in FY21 is now clubbed under this material topic) \**

### Employee well-being

- ❖ Attracting and retaining talent
- ❖ Workforce welfare
- ❖ Occupational health and safety
- ❖ Human rights\*

### Societal Development

- ❖ Community development – CSR
- ❖ Health education and prevention

\* New Material Topic FY22

Sustainability focus areas	Reporting boundary	Key performance Indicators	SDG at play
Corporate governance <ul style="list-style-type: none"> <li>Risk management</li> <li>ESG compliance</li> <li>Regulatory Compliance</li> <li>Emergency Preparedness &amp; response</li> <li>ESG governance</li> </ul>	India and overseas operations	<ul style="list-style-type: none"> <li>Key implications, threats, and opportunities</li> <li>Non-compliance with environmental laws/regulations in the social and economic spheres can result in significant penalties and non-monetary sanctions</li> <li>Number of reviews undertaken periodically on compliance and risks</li> <li>Strengthened Business Continuity Plan (BCP)</li> <li>Initiatives to drive an ESG culture across the organization</li> </ul>	
Innovation & technology <ul style="list-style-type: none"> <li>Investments in innovative technologies</li> <li>Development of complex molecules</li> <li>Data integrity and security</li> <li>Technology &amp; Digitalization</li> </ul>	India and overseas operations	<ul style="list-style-type: none"> <li>The number of patents that have been applied for and secured</li> <li>Total number of substantiated complaints about consumer privacy violations received</li> <li>Number of automated or digitalized systems, processes, or procedures</li> <li>Using digital tools across business activities and the supply chain</li> </ul>	
Product stewardship <ul style="list-style-type: none"> <li>Product accessibility</li> <li>Responsible product pricing</li> <li>Product responsibility (including quality and safety across lifecycle)</li> <li>Responsible Supply Chain Management</li> </ul>	India and overseas operations	<ul style="list-style-type: none"> <li>The percentage of major product categories whose health and safety consequences are being evaluated for improvement.</li> <li>Minimize the number of product recalls</li> <li>Total number of cases of non-compliance with rules and/or voluntary codes relating to product health and safety</li> <li>Digital initiatives to predict the possible risks affecting the supply chain</li> </ul>	
Environmental management <ul style="list-style-type: none"> <li>Managing waste</li> <li>Water stewardship</li> <li>Energy management</li> <li>Climate Change</li> <li>Energy Efficiency &amp; carbon emissions</li> </ul>	India and overseas operations	<ul style="list-style-type: none"> <li>Total weight of hazardous and non-hazardous waste</li> <li>Total water withdrawal</li> <li>The amount of energy usage that has been minimized as a direct result of conservation and efficiency measures.</li> <li>Total fuel consumption from renewable and non-renewable sources inside the company.</li> <li>Conducting a risk assessment and implementation of mitigation action plans</li> <li>Targets pertaining to energy, emissions, water, and waste in line with relevant standards</li> </ul>	

<b>Employee wellbeing</b> <ul style="list-style-type: none"> <li>• Attracting and retaining talent</li> <li>• Workforce welfare</li> <li>• Occupational health and safety</li> <li>• Human Rights</li> </ul>	India and overseas operations	<ul style="list-style-type: none"> <li>• Employee skills were strengthened through the implementation of programmes.</li> <li>• Employees who took maternity leave returned to work and were retained at a higher rate.</li> <li>• The total number of discriminatory incidents and the status of corrective action undertaken.</li> <li>• The number, rate of fatalities and work-related injuries that can be documented.</li> <li>• Initiatives to promote good health and educate the community on disease prevention</li> <li>• Zero Human Rights Violation</li> <li>• Gender Diversity</li> <li>• Number of third-party audits for human rights in line with SMETA</li> </ul>	
<b>Societal development</b> <ul style="list-style-type: none"> <li>• Community development - CSR</li> <li>• Health education and prevention</li> </ul>	India operations	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	

## Enabling social value creation<sup>2</sup>

At Sun Pharma, we endeavor to be a socially responsible organization. Driven by the ethos of our values and Sunology principles, we integrate aspects of employee welfare and upliftment across the operating locations. Further, we go beyond the boundary of operations to extend our social responsiveness across the supply chain and local community members. The following key parameters outline our social performance in FY22.

### Workforce breakdown

Employee category	Number of employees	<30 years	30-50 years	>50 years	Male	Female
<b>Management executives</b>						
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	<b>30,146</b>	<b>10,334</b>	<b>17,179</b>	<b>2,633</b>	<b>27,853</b>	<b>2,293</b>

14.77% of women representation in STEM (Science, Technology, Engineering, Mathematics)

7.61% share of women in total workforce

10.46% of women in top management positions

### New joiners

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
Field Employees	3,734	1,867	1,738	129	1,871	1,863
Total	<b>6,436</b>	<b>3,367</b>	<b>2,828</b>	<b>241</b>	<b>4,107</b>	<b>2,329</b>

9.4%\* of overall hiring done through internal hiring

\*For Indian operations representing >75% of our workforce

<sup>2</sup> The social indicators cover 78% of our operations encompassing India and International locations.

**Total employee turnover (including retiring, resigning, terminated employees and the deceased 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	1058	193
Non-management	906	342	397	167	745	161
Field Employees	1,128	742	354	32	1121	7
<b>Total</b>	<b>3,637</b>	<b>1,595</b>	<b>1,743</b>	<b>299</b>	<b>3,222</b>	<b>415</b>

9.28%\* of voluntary employee turnover rate

\*For Indian operations representing >75% of our workforce

**Ratio of salary remuneration**

**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

## **Human rights commitment**

At Sun Pharma, we have a robust mechanism for prevention of human rights violation. We have a dedicated Human Rights Policy highlighting our approach towards prohibition of child and forced labor, employee inclusiveness in terms of equal opportunities, non-discrimination on the basis of gender, sex, sexual orientation, race, religion, caste, ethnicity, age, nationality, disability, HIV status or family status amongst others. The Policy further outlines our commitment towards protecting and promotion of health, safety, and well-being of employees through provision of robust Environment, Health and Safety Management system, work-life balance benefits and workplace security. Additionally, we have a dedicated grievance redressal mechanism on human rights through our Global Whistle Blower Policy.

## **Human rights due diligence process**

We undertake independent third-party audits for human rights at our facilities based on Sedex Members Ethical Trade Audit (SMETA) guidelines. The assessment parameters include evaluation on labour standards, health and safety, environment and business ethics as well as covers topics, such as freedom of association, safe and hygienic conditions, living wages, child labour, discrimination, among others. Our human rights due diligence process ensures risk identification in our own operations, value chain and new business relations. We also conduct a systematic review of identified human rights risks periodically.

## **Freedom of association**

In line with our Human Rights Policy, we respect the right to freedom of association and have a management-recognized employee association across the global manufacturing operations wherever applicable, which covers 11% of our employee membership as on March 31, 2022.

## **Discrimination and harassment**

At Sun Pharma, we have adopted a policy on prevention prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. We have submitted the Annual Returns to the local authorities, as required under the above-mentioned Act. During the financial year ended March 31, 2022, there were two complaints pertaining to sexual harassment received by the Company. Both the complaints were resolved at the end of the financial year. We have zero tolerance to child labour, forced labour or discrimination based on gender, caste, creed, religion, marital status, sexual orientation, among other factors. In the reporting year, there were no human rights violation complaints, relating either to child, forced and involuntary labour or discriminatory employment against the Company, or any sexual harassment complaint.

There have been zero discrimination cases on the basis of gender, race, religion, caste, ethnicity, age, nationality, disability, HIV status or family status among others. There have been 2 cases of sexual harassment in FY22, of which all complaints have been resolved within the reporting period.

## **Human capital development**

### Average training hours imparted in FY22

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

Average  
Training hours  
per FTE is  
87.14 Hours

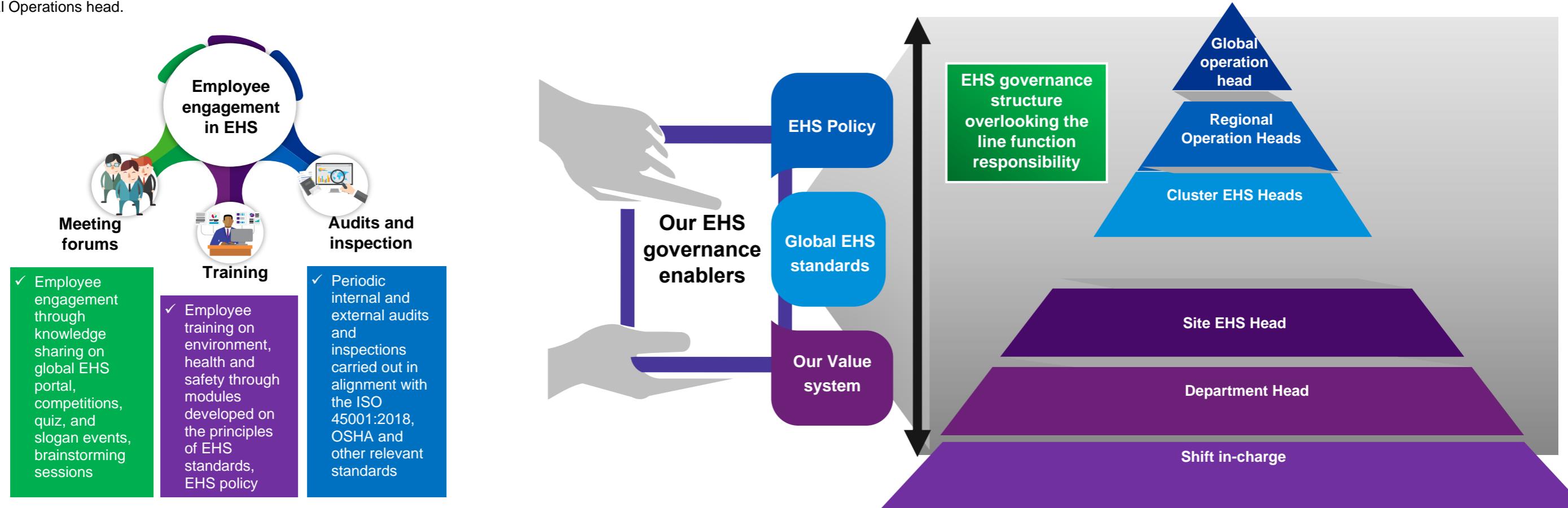
## **Employee support programmes**

As part of our employee support programmes, we offer flexible working hours to employees at corporate locations. The employees can avail flexible working hours option based on their convenience through the company portal. Additionally, during COVID-19 pandemic we offer work from home options to employees. We provide substantial advantages such as medical insurance, group term life insurance, and accident insurance to guarantee that our employees are protected. Through our extensive leave programme, we assist our employees for recreation and de-stressing. 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.

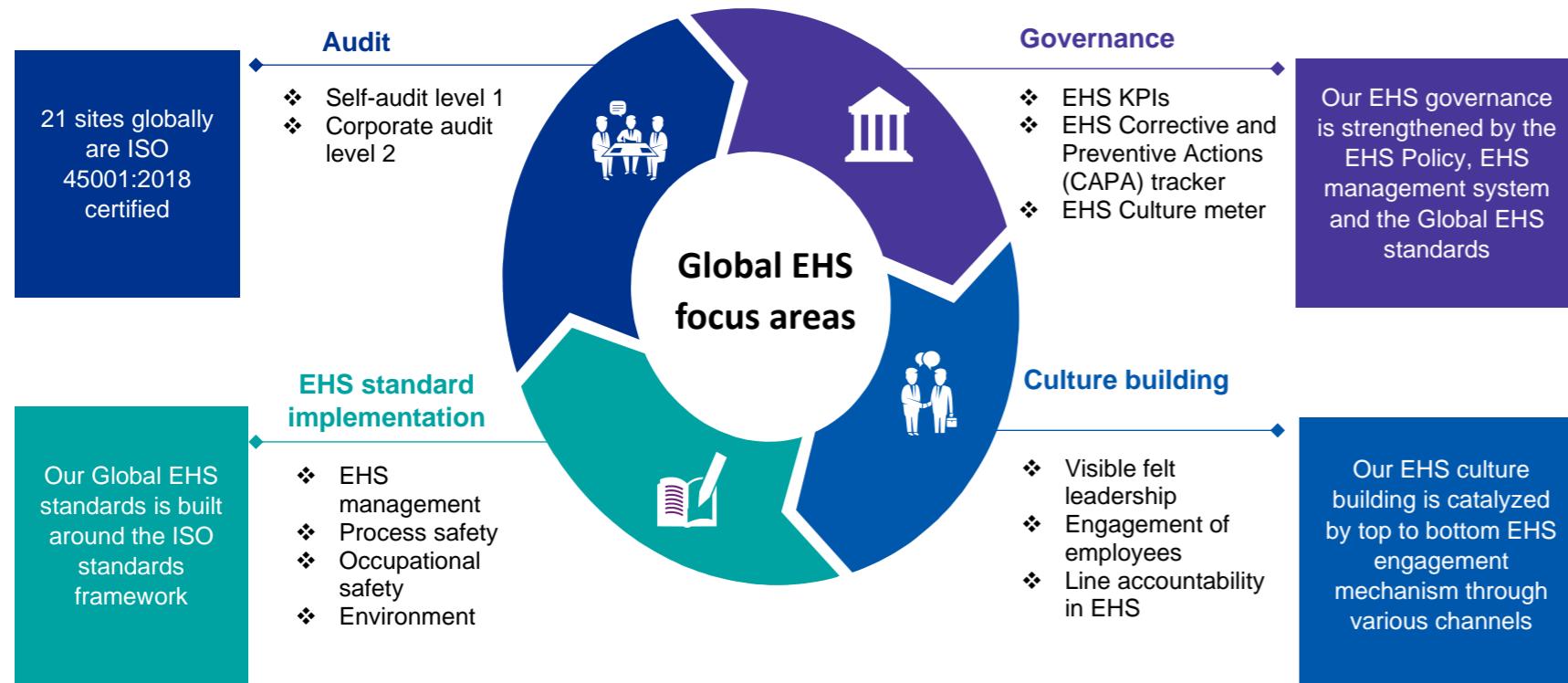
We have developed an inclusive and collaborative work culture that recognizes each employee's effort and fosters excellence over the years. We are proud of our diverse workforce and are committed to meeting the requirements of all employees. To encourage diversity and eliminate unconscious prejudice,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

## Occupational health and safety

Driven by the target of achieving 'Zero harm', our Employee Health and Safety (EHS) management system is built on the strong pillars of Sun Pharma EHS Policy, Global EHS standards and the EHS guidelines. Our EHS guidelines and standards laydown the fundamentals of safety principles, ensuring the implementation of best safety practices in line with the relevant international standards such as ISO 45001:2018 standards 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 ESH leadership personnel varying from manager of the area to the Global Operations head.



**Our multi-pronged approach towards Environment Health and Safety is built around the key focus areas of our Global EHS management system**



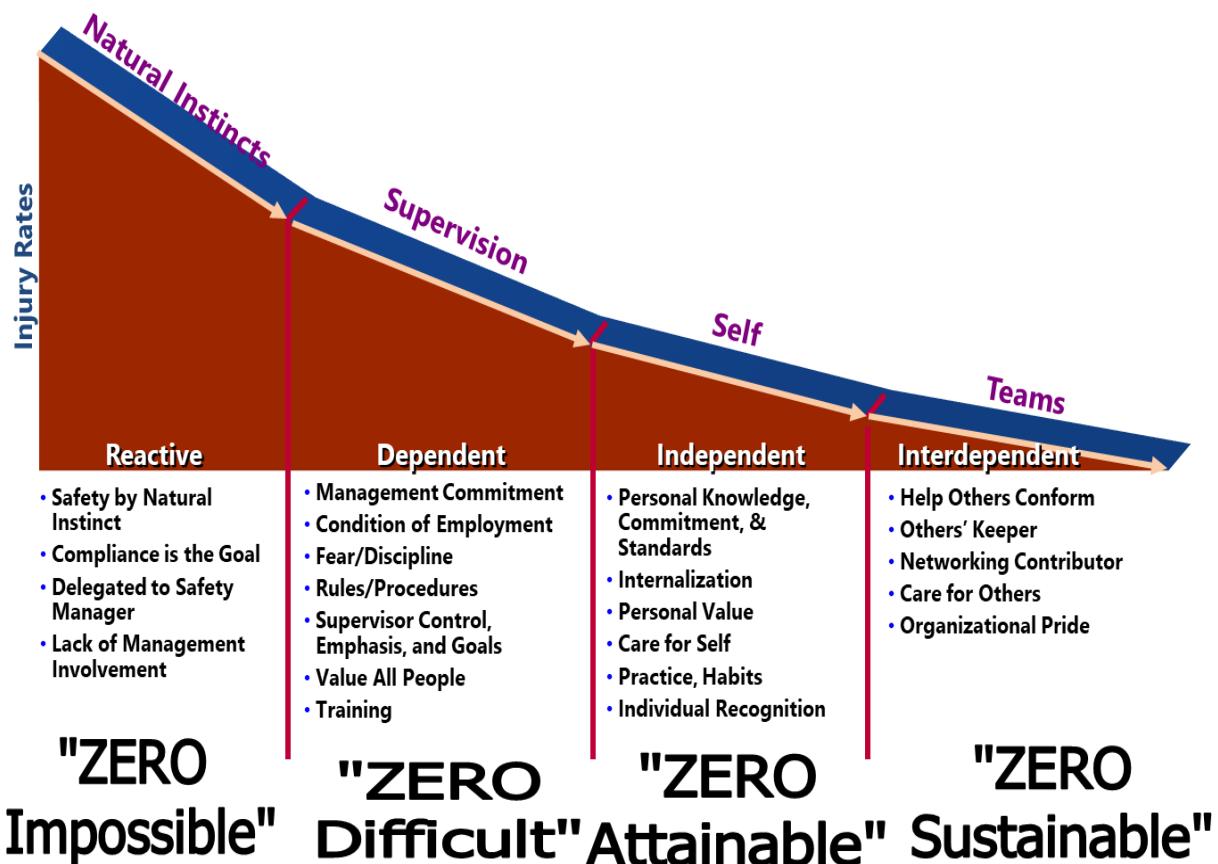
**Our safety performance in FY22**

**Fatalities**  
Employees- 1  
Contractors- 0

**Lost-time injury frequency rate\***  
Employees- 0.168  
Contractors- 0.143

\* Rate has been calculated as per 200,000 manhours worked

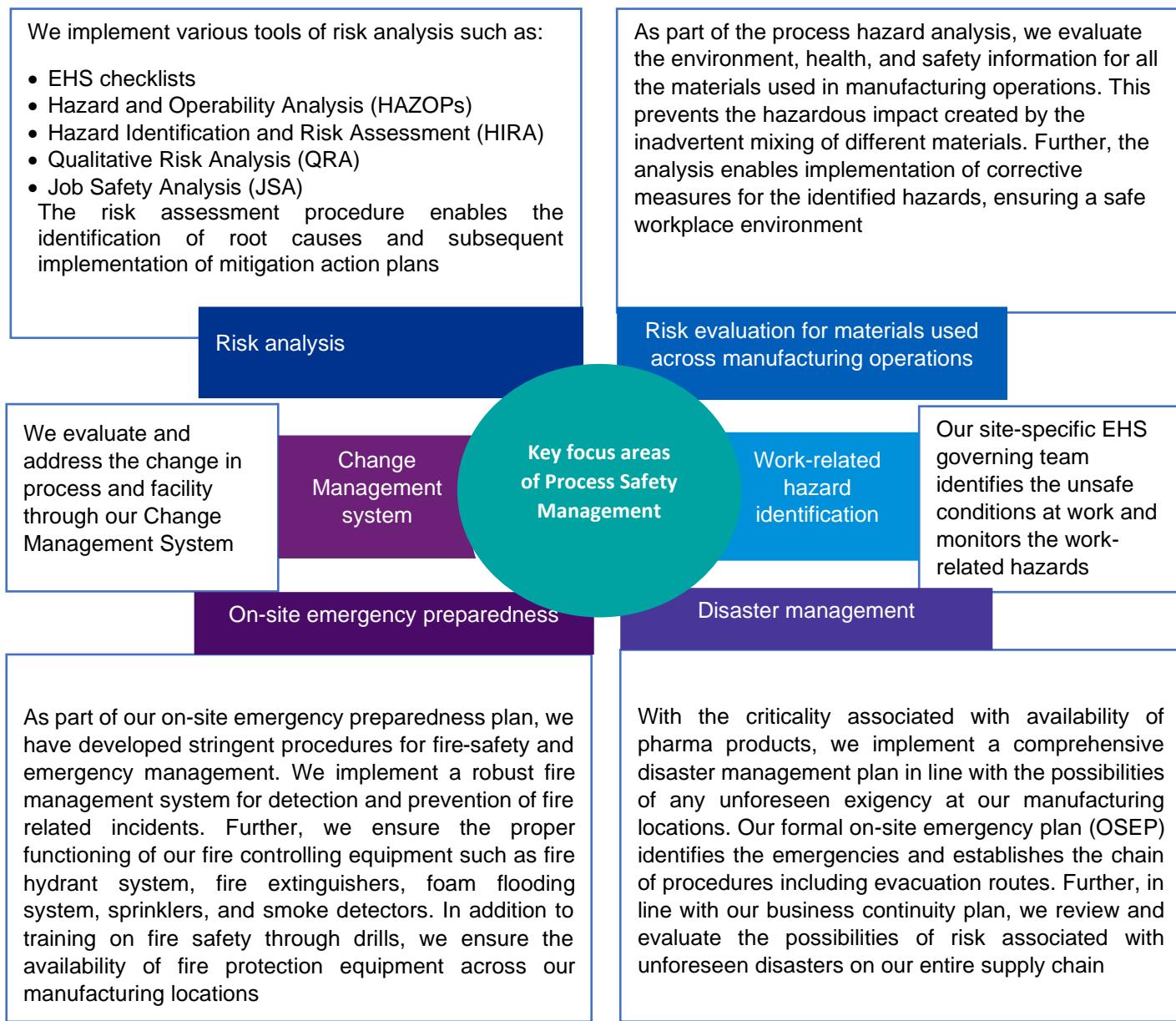
## Our roadmap for EHS culture transformation and continual improvement



### EHS culture meter

In our endeavor 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 cadres and functions in terms of their ability to engage, comply, and integrate the factors within the existing safety management system. The evaluation process enables the EHS governance system to underscore the lagging areas and prioritize the safety trainings for strengthened implementation of the principles, in addition to motivate the employees for augmenting their EHS performance.

## Hazard identification, risk assessment and incident investigation



## Social consciousness

As a socially responsible organization, we endeavor to extend our social consciousness beyond the boundary of our operations by integrating responsible practices and initiatives across the supply chain and the community.

## Effective monitoring of supply chain

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

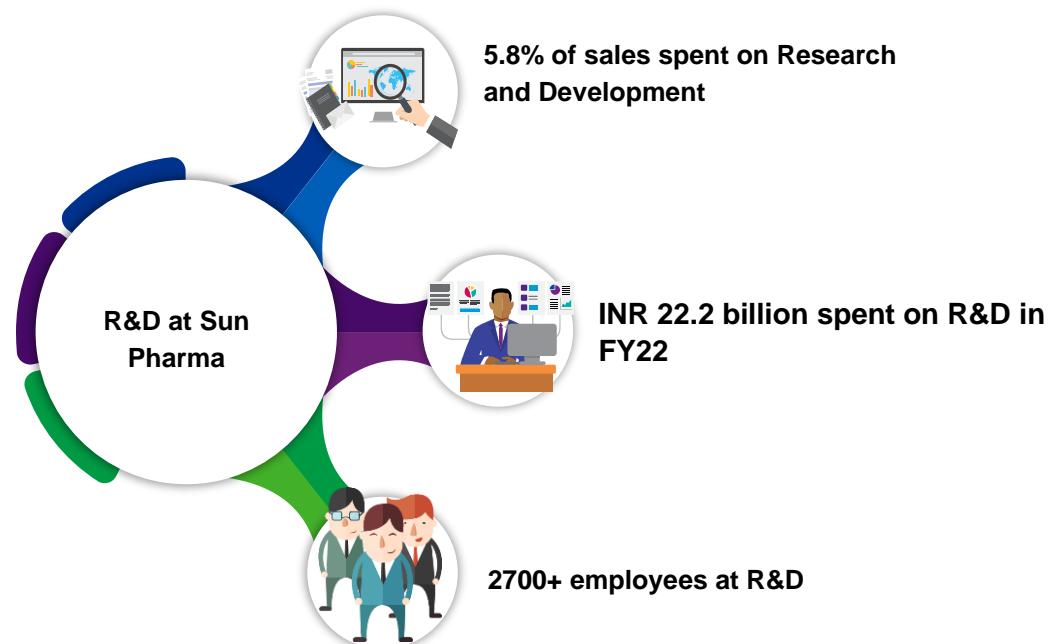
enables us to integrate responsible practices in the ESG domain, across the supply chain. We expect all third-party vendors, suppliers, and business partners to adhere to the principles of the Supplier Code of Conduct. In FY22, we have conducted scheduled assessments for some of our vendors, in line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



## Local sourcing



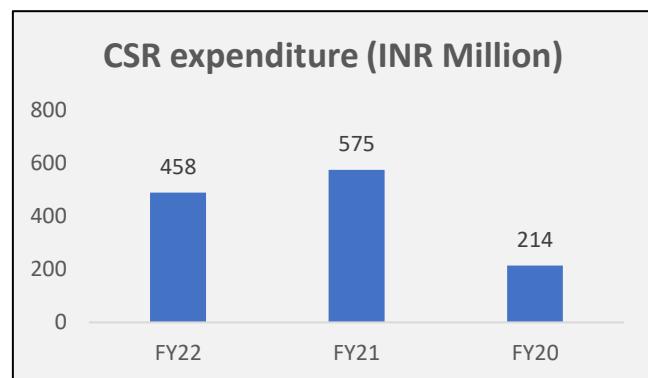
## Our contribution towards R&D for enhancing access to medicine



## Corporate citizenship

In FY22, we spent INR 457.92 million on CSR activities in line with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

Type of Contribution	Total amount (INR Mn)
Cash contributions	393.87
In-kind giving: product or services donations, projects /partnerships or similar	55.50
Management Overheads	8.55
<b>Total</b>	<b>457.92</b>



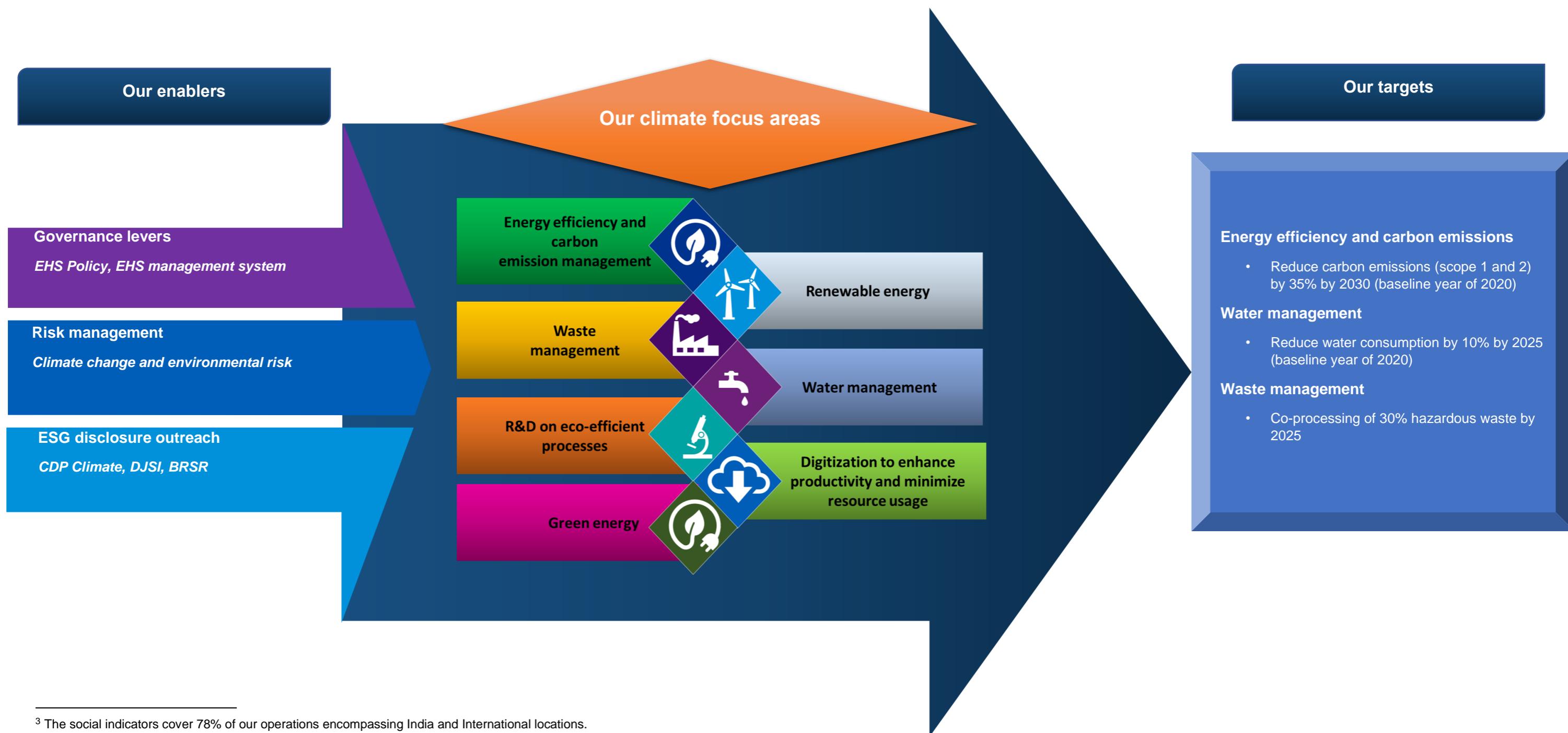
We provide monetary support towards community upliftment projects across the thematic areas of health, rural development, COVID-19/ disaster relief, education, sanitation, and environment.

For further details on CSR projects implemented in FY22, refer our [CSR Annual Report for FY 2021-22](#)

## Accelerating environmental stewardship<sup>3</sup>

### Our climate-change strategy

As a leading pharmaceutical company, we leverage our robust environment management system to augment our environment performance. We have undertaken targets towards 35% reduction in Scope 1 and Scope 2 emissions by 2030, considering the baseline year of 2020. Further, by 2025 we aim to reduce our water consumption by 10% and co-process 30% hazardous waste by 2025. In our endeavor to achieve our environment ambitions, we have accelerated the integration of environment conservation initiatives and interventional measures within our business model. To further catalyze our action plan towards our climate ambitions, we set targets linked to the key material issues of energy and carbon emissions, water, and waste. In line with the recommendations of CEO Forum on Climate Change, 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 recognize physical and transitional risks in line with (Task Force on Climate-related Disclosures) recommendations. We have devised climate risk mitigation actions in line with physical and transitional risks. 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 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, there were zero cases of non-compliance with environmental laws and regulations. Further, in the past four years, we have not paid any significant fines (> USD \$10,000) related to environmental or ecological issues in the past four fiscal years.

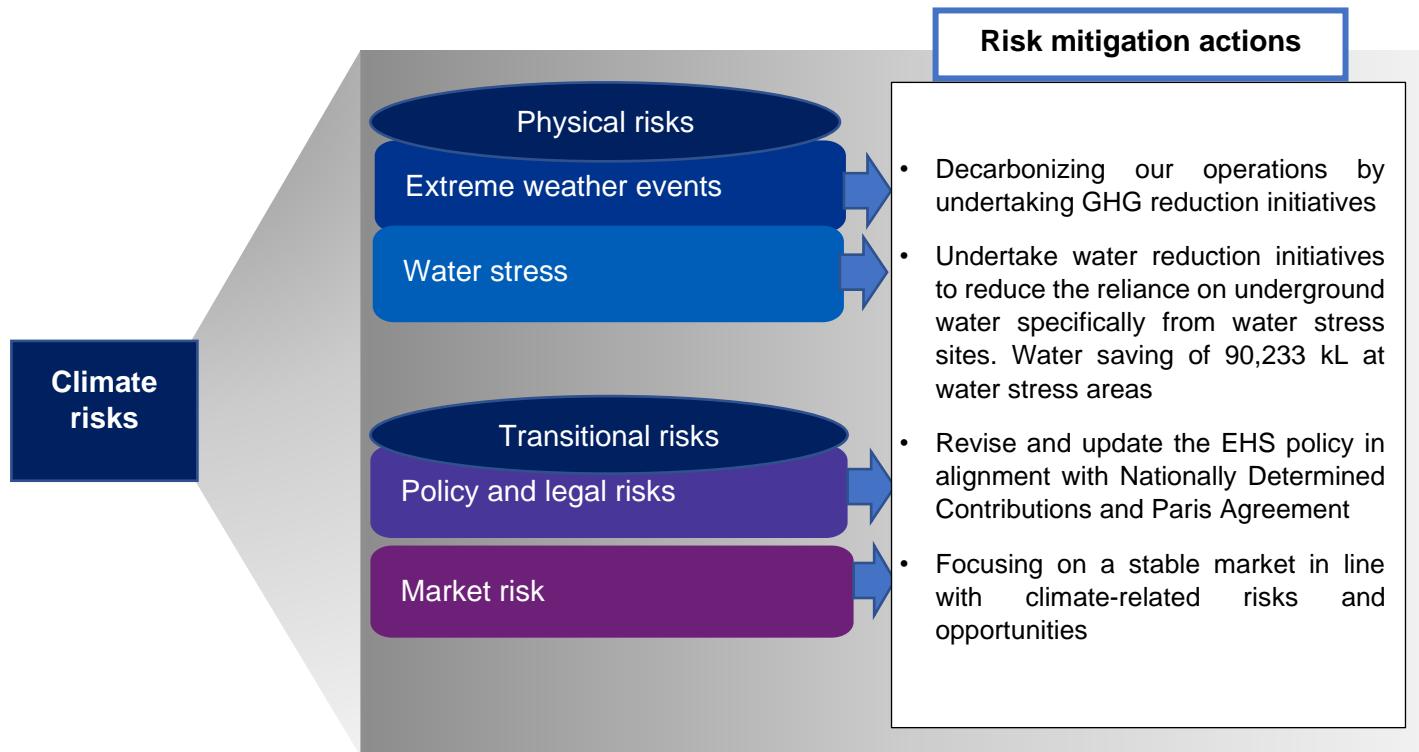


<sup>3</sup> The social indicators cover 78% of our operations encompassing India and International locations.

As proud signatory of the India CEO Forum on Climate Change driven by the Government of India's Ministry of Environment, Forest, and Climate Change, we pledge to tackle Climate Change in alignment with Paris Agreement, Nationally Determined Contributions and Kyoto Protocol. Our EHS Policy duly signed by the Managing Director further affirms our commitment towards climate change action plans.

As part of our climate risk identification and mitigation strategy development, we have undertaken target of 35% reduction in scope 1 and 2 emissions by 2030 considering base line year of 2020. In comparison to FY20, we have reduced our combined scope 1 and 2 emissions by 6.3% in FY22.

As part of our strategic risk management outlined by the Enterprise Risk Management Framework, we recognize climate action as a risk and incorporate relevant norms and practices across the value chain. Our Enterprise Risk Management Framework (ERM), under the guidance of Board of Directors integrates the identified risks including climate and environmental risk, their corresponding mitigation strategy into the risk management strategy.



## Physical climate risk adaptation

In response to water risks-assessment as per Central Ground Water Board, we have identified water-stress areas at our current manufacturing locations. In our endeavor to emerge as a climate-smart enterprise, we recognize the physical risk of water-stress and correspondingly adapt mitigation measures to alleviate the risk associated with business continuity at the water-stressed areas. As part of our mitigation plan, we have been proactively implementing 4R (Reduce, Reuse, Recycle and Recharge) principles to conserve water across our facilities. Further, in line with our target of reducing water consumption by 10% by 2025, we have implemented process optimization to reduce water

In FY22, we have conserved 190,425 kL water, out of which 90,233 kL was conserved at water stressed areas

consumption, invested in technology for water conservation at the source. Some of the major water conservation projects implemented in FY22 are:

1. Recycling of cooling water from vacuum pumps to cooling towers
2. Soil Biotechnology for treatment of sewage water
3. Reuse of reject water from RO plant by diverting it to cooling towers
4. Reutilization of reject water from AHU condensate by collecting water in a common tank
5. Implementation of scale-ban technology for recycling of treated water in cooling tower

## Biodiversity commitment

At Sun Pharma, we endeavor to conserve biodiversity in alignment with our strategy towards environment conservation and regulatory requirements. As part of our environment consciousness, we strive to further accentuate our contribution towards decarbonization by setting yearly internal target of tree plantation at each of our operating locations. In line with our climate-change strategy and our target of reducing carbon emissions, we planted 4,899 trees and saplings within the premises of our manufacturing locations in India.

4,899 trees  
planted in FY22

**Our year-on-year performance in the key environment parameters is highlighted below:**

### Energy consumption (GJ)

Performance indicator	FY22	FY21	FY20	FY19
Total non-renewable energy	3,020,730	2,984,789	3,249,576	2,955,895
Total renewable	1,383,094	1,308,767	925,374	913,174

### Direct greenhouse gas emissions (Scope 1) TCO2e

Direct GHG	FY22	FY21	FY20	FY19
Total direct GHG emissions	75,970	76,427	94,844	77,616

### Indirect greenhouse gas emissions (Scope 2) TCO2e

Indirect GHG	FY22	FY21	FY20	FY19
Total indirect GHG emissions	381,383	375,702	393,692	377,728

## Scope 3 GHG emissions

Source	tCO <sub>2</sub>
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	<b>2,36,142</b>

## Water withdrawal (KL)

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

## Water discharge (KL)

Water discharge	FY22	FY21	FY20	FY19
Third-party water	1,287,972	1,285,097	1,325,132	1,121,294

## Water consumption (KL)

Water consumed	FY22	FY21	FY20	FY19
Water consumption	2,680,641	2,818,233	2,893,119	3,085,517

### **Non-hazardous waste recycled/reused (MT)**

Total waste recycled/reused	FY22	FY21	FY20	FY19
Waste recycled/ reused	20,715	14,331	10,535	6,857

### **Hazardous waste recycled/reused (MT)**

Total waste recycled/reused	FY22	FY21	FY20	FY19
Waste recycled/ reused	15,449	13546	10189	9,789

### **Hazardous waste disposal (MT)**

Waste disposal method	FY22	FY21	FY20	FY19
Landfill	7,075	7215	5,600	4,762
Incinerated without energy recovery	4,109	4,474	5,354	4,877
Co-processing	2,567	3,047	1,923	1,184
Other method of disposal	0	0	0	0

### **Non-hazardous waste disposed (MT)**

Waste disposal method	FY22	FY21	FY20	FY19
Landfill	1,025	1,147	905	934
Incinerated without energy recovery	49	43	43	57
Unknown method of disposal	0	0	0	0

# Assurance statement



## 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 31<sup>st</sup> March 2022

We performed a limited level of assurance based on our assurance methodology DNV's VeriSustain<sup>TM</sup><sup>1</sup>. 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 1<sup>st</sup> April 2021 to 31<sup>st</sup> 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 ±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.

<sup>1</sup>The 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](http://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 Conduct<sup>2</sup> 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

Lankalapalli, Bhargav

Bhargav Lankalapalli  
Lead Verifier  
DNV Business Assurance India Private Limited, India

Digitally signed by  
Lankalapalli, Bhargav  
Date: 2022.07.27  
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Radhakrishnan, Kiran

Kiran Radhakrishnan  
Technical Reviewer  
DNV Business Assurance India Private Limited, India

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Date: 2022.07.27  
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27<sup>th</sup> 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](http://www.dnv.com)

<sup>2</sup> The DNV Code of Conduct is available on request from [www.dnv.com](http://www.dnv.com)