



Inspiring Human Belief
in a Healthier World

PASSION for SCIENCE
HEALTH
LIFE
feels GREAT!

SUSTAINABILITY

Sustainability Report 2022-23

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About the Report

We are pleased to bring you the 7th edition of our sustainability report covering the period from April 1, 2022, to March 31, 2023, which aligns with our financial reporting year. Our previous sustainability report was for the period of April 1, 2021, to March 31, 2022. This sustainability report presents a comprehensive outlook of our ongoing environmental, social, and governance initiatives and performances. It offers a detailed view of our vision, mission, and strategy for the diverse sustainability parameters we pursue.

Reporting Frameworks

This Report is developed with reference to the Global Reporting Initiative (GRI) Standards 2021, with linkages to the United Nations Global Compact (UNGC) principles and United Nations Sustainable Development Goals (UN SDGs). Our sustainability reports are based on the key reporting principles of GRI Accuracy Balance, ensuring clarity, comparability, completeness, and verifiability to the best of our efforts. All our sustainability reports are available on our website.

Since FY 2021, we have been signatories to UNGC which counts amongst the largest global corporate sustainability initiatives. It is a demonstration of our undying commitment to aligning our strategy with universal ESG principles and undertaking steps to advance our purpose and mission.

Reporting Boundary

The reporting boundary of this report covers Hetero Labs Ltd., Hetero Drugs Ltd., Hetero Biopharma Ltd., Annora Pharma Private Ltd., Aspiro Pharma Ltd., and our corporate office in Hyderabad. This report documents the performance data of 14 manufacturing units in India and our corporate office in Hyderabad. Our sales and marketing offices have a global presence, and our products are distributed worldwide. This report's boundary is limited to our India operations. India is the most important geographic location for us as it forms a significant part of our operations and nearly 90% of our workforce is based in India.

All material topics covered in this report have the same boundary as mentioned above unless otherwise specified. The Hetero Group of companies is promoted by Dr Bandi Parthasaradhi Reddy, Founder and Chairman of Hetero Group, and is privately held.

Inclusion and Exclusion of Entities

In case of a merger or acquisition, the data of the concerned entities is included or excluded as expected by the reporting requirements. For data of a new entity to be included in the reporting boundary, the entity and its operating units must have completed all approvals from regulatory bodies and be operational for a year.

For FY23, Annora Pharma Private Ltd. and Aspiro Pharma Ltd., subsidiaries of Hetero Group were included in the reporting boundary. These are existing subsidiaries which have been included into the boundary of this sustainability report. The operations products and services manufactured by these two subsidiaries are similar to our other manufacturing units.



Assurance

We carry out third-party assurance of our sustainability reports. TUV India has provided external assurance of the report in accordance with the ISAE 3000(revised) assurance standards. The assurance statement is a part of this report.

Corrections and Restatements

There are no corrections or restatements from the previous year's sustainability report. However, due to the reconducting of materiality assessment community material topic has been removed and new material topics Drug safety, Human rights, Product quality and safety, labour relations, indirect economic impact and access to medicine at affordable prices are added. More details about this are in the materiality assessment section of the report.

Feedback

We invite feedback on our sustainability performance disclosures from all our stakeholders. We also encourage our stakeholders to connect with us at sustainability@hetero.com to have their queries addressed, make suggestions, or provide feedback on this sustainability report.

Leadership Message



Securing a Sustainable Future

Dear Stakeholders,

As we celebrate Hetero's landmark 30th anniversary, we are overwhelmed with pride and achievement. Over the last three decades, we have experienced an incredible journey of sustainable growth. The three Ps of people, planet, and profit, deeply embedded in our organizational ethos, have unlocked new growth opportunities, created a positive societal impact, and contributed to an increasingly sustainable future.

As a forward-looking organization, we are delighted to share that we did not confine ourselves to only ensuring equitable access to affordable life-saving medicines and meeting compliance standards. Going beyond the mandate, every day we strived to achieve excellence in environmental stewardship, social responsibility, and economic viability. Over the years, we implemented a host of innovative initiatives that continue to make a perceptible difference to our people, communities, and environment.

Yet, these achievements do not mean that our sustainability journey has concluded. As we enter a new phase, we excitedly look forward to a future defined by our values of integrity, knowledge, trust, and agility. While remaining committed to advancing affordable healthcare and sustainable business practices, we pledge to continue pushing our boundaries, fostering innovation for good health, and contributing to a world where health is recognized as a fundamental right and is not a privilege.

Sincerely,

Dr Bandi Parthasaradhi Reddy
Founder and Chairman of Hetero Group



Taking Giant Strides in Sustainability

Dear Stakeholders,

As we mark another year of advancement at Hetero, I am excited to present this year's Sustainability Report, showcasing our steadfast dedication to creating a better, more enduring future. This year was defined by noteworthy achievements and bold objectives, all driven by our fundamental principles and profound regard for both the environment and the communities we serve.

Being relentless in our pursuit of ethical practices and environmental responsibility, we made remarkable strides toward meeting international compliance standards. Our unwavering focus on sustainability led us to set an ambitious goal of achieving net-zero emissions by 2045. This reflects our commitment to building a positive legacy for generations to come.

We are incredibly proud of our advancement from Ecovadis Silver to Gold for one entity, a recognition that validates our commitment to sustainable supply chain practices. Additionally, bringing two of our subsidiaries, Aspiro and

Annora, within the ambit of sustainability reporting, demonstrates our commitment to the cause.

We have broadened the horizons of our expertise with Hetero Plasma Science Limited by acquiring Johnson & Johnson manufacturing plant in Penjerla. Besides expanding our reach, this acquisition will allow us to develop innovative medical solutions for improved patient outcomes.

Appreciating the evolving landscape of sustainability, we have identified key material topics and streamlined them to deepen our impact. These include procurement practices, energy and emissions, water and effluents, and customer health and safety. Focused attention to these areas will fortify our existing sustainability measures and ensure we remain responsive, responsible and relevant to our approach.

For us, sustainability is not just a buzzword but a binding commitment that encompasses everything we do and reflects in every one of our actions. And, we have strongly resolved to make continuous improvements, push our boundaries, and collaborate for a healthier planet and healthier lives.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vamsi".

Dr. Vamsi Krishna Bandi

Managing Director, Hetero Group of Companies

Committed to Shaping a Healthier World

Mr. A.V. Narsa Reddy
Executive Director



Dr. C. Mohana Reddy
Director



Dr. K. Ratnakara Reddy
Director



Mr. B. Murali Krishna Reddy
Director – Marketing



Mr. J. Sambhi Reddy
Director

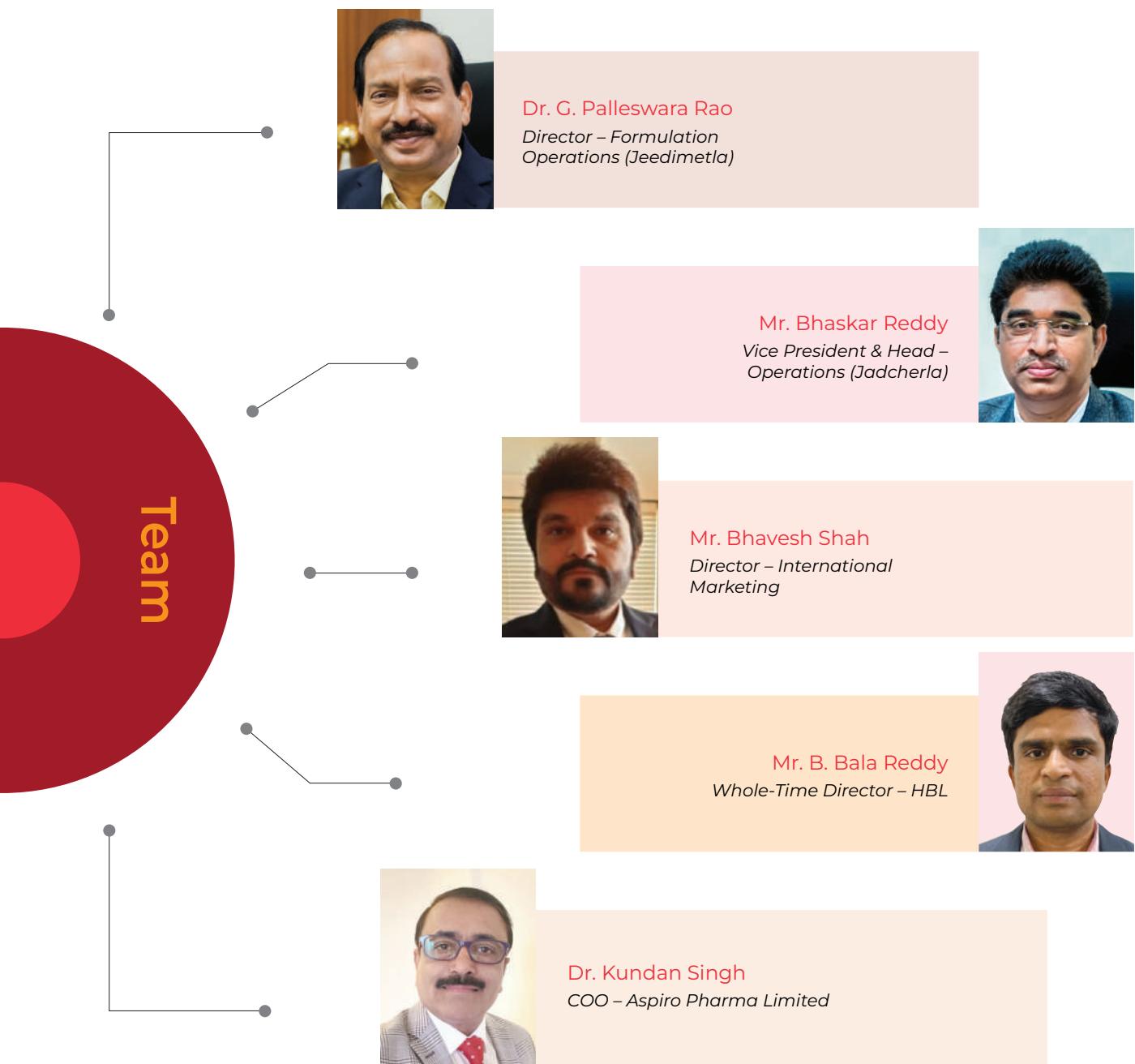


Leadership

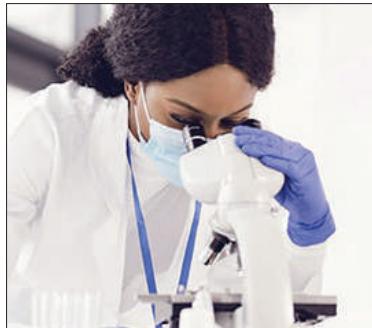
Throughout the past year, our leadership teams worked diligently to integrate sustainable practices into every facet of our operations, ensuring that our mission to improve global health aligns with our pursuit of preserving our planet.

Given that we increased our focus on sustainability manifold, the year witnessed a slew of new measures being implemented. Through a comprehensive materiality assessment, we identified key focus areas and attempted to address the associated concerns to meet our sustainability goals.

The achievements of the previous year have not only validated our steadfast commitment but have also inspired us to set new, ambitious goals and targets for the upcoming year. As we embark on this journey, we remain resolute in our dedication to sustainability and commit ourselves to expanding our capabilities to make a lasting positive impact.



ESG Value Creation



Environment*

- 10.6% reduction in total Scope 1 & Scope 2 GHG Emissions (Absolute)
- 8% increase in recycled water
- Doubled renewable fuel usage

Social

- Around 10% of female employees
- 100% acknowledgement of supplier Code of Conduct
- Zero Safety Incidents
- 25% increase in average training hours
- 23% increase in new hires



Governance

- Zero discrimination cases
- 11% females in the Board
- 100% compliance with laws and regulations

Strategic Alignments

- Revisited materiality as per GRI Standards
- Revisited ESG Goals and targets set
- Six new ESG topics identified

*All numbers are in relation to previous year

Nurturing a **Ground Breaking Future**

Every action at Hetero seeks to inspire human belief in the accessibility and affordability of life-saving medicines for people across the world.

Our robust pharmaceutical research, diverse product portfolio, state-of-the-art manufacturing units, focused marketing efforts, and a global network of experts have enabled us to serve people across geographies for three decades. As we broaden our scope and deepen our skills, adapting to the constantly changing global health landscape remains our steadfast commitment. Today, Hetero is amongst the globally leading producers of key Active Pharmaceutical Ingredients (APIs) and generic formulations with a presence in over 140 countries which is backed by 3 decades of experience in the pharma sector.

Our Purpose

Inspiring Human Belief in a Healthier World

At Hetero, our every action seeks to inspire human belief in the accessibility and affordability of life-saving medicines across the world.

Our Values

Over three decades of consistently working in the pharmaceutical industry, our values set us. They are the cornerstone of our internal conduct and guide our relationships with customers, partners, and stakeholders.



Knowledge



Integrity



Trust



Agility

Towards a **Healthier World**

In pursuit of the purpose of inspiring human belief in a healthier world, Hetero has successfully partnered with global pharma giants and efficiently delivered ground breaking products and services. We integrate innovation with science and technology and undertake research in treatments and therapies to enhance well-being. Hetero's proficiency in active pharmaceuticals (APIs), global generics, biosimilars, custom pharmaceuticals services (CPS), and growing presence in oncology is underpinned by a robust foundation in research and development.





APIs

APIs

We leverage our experience of 30 years towards developing APIs across diverse therapeutic areas and are a leading supplier to generics manufacturers. We are amongst the first Indian companies to develop and manufacture affordable APIs for ARVs. Our portfolio includes over 300 APIs across multiple therapeutic segments.



GLOBAL GENERICS

Global Generics

Amongst the world leaders in the manufacturing of branded and non-branded generics, Hetero is the largest global supplier of anti-retroviral drugs and a leader in the development and manufacture of finished formulations across diverse therapeutic areas in different dosage forms.

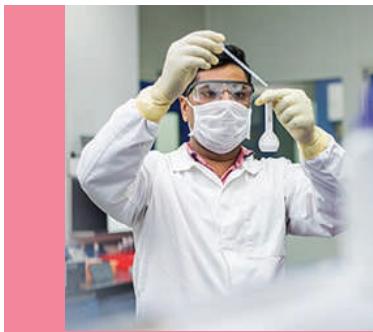
- 21 dedicated facilities approved and audited by global regulatory authorities.
- Among the first few Indian companies to deliver affordable drugs for life threatening diseases like HIV / AIDS, Hepatitis C, Bird Flu and Swine Flu with the recent being drugs launched for treating COVID-19.
- With 35+ world class oncology products in portfolio and 3 dedicated facilities for producing cancer treatment drugs, we are playing a significant role in facilitating affordable cancer care.



BIO SIMILARS

Biosimilars

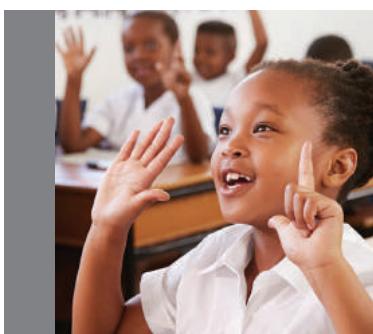
Ever since 2009, when we forayed into this space, we have developed cost-effective Biosimilars by harnessing our strong research base and applying cutting-edge technology. Our single-use and advanced manufacturing sites have given us the foundation to launch niche and complex products in the shortest possible time, thus benefitting the end-user.



CPS

Custom Pharmaceutical Services (CPS)

Our Custom Pharmaceuticals Services (CPS) division helps customers accelerate their go-to-market strategies. Our tailored manufacturing services for APIs, Finished Dosages, Cytotoxic APIs, Injectables, and Biosimilars, amongst others, make us a differentiated player. We extend contract R&D services for clinical supply and commercial scale-up requirements and undertake technology transfer projects spanning products, processes, and new developments.



GLOBAL ACCESS

Global Access

Hetero 'Global Access' is dedicated to supplying quality medicines to renowned global procurement bodies. Treating HIV/AIDS since 1997, today globally we count amongst serious manufacturers and suppliers of affordable ARV APIs and Formulations. Our basket of over 30 ARV combinations is used for treating ~40%* of identified HIV/AIDS patients worldwide.



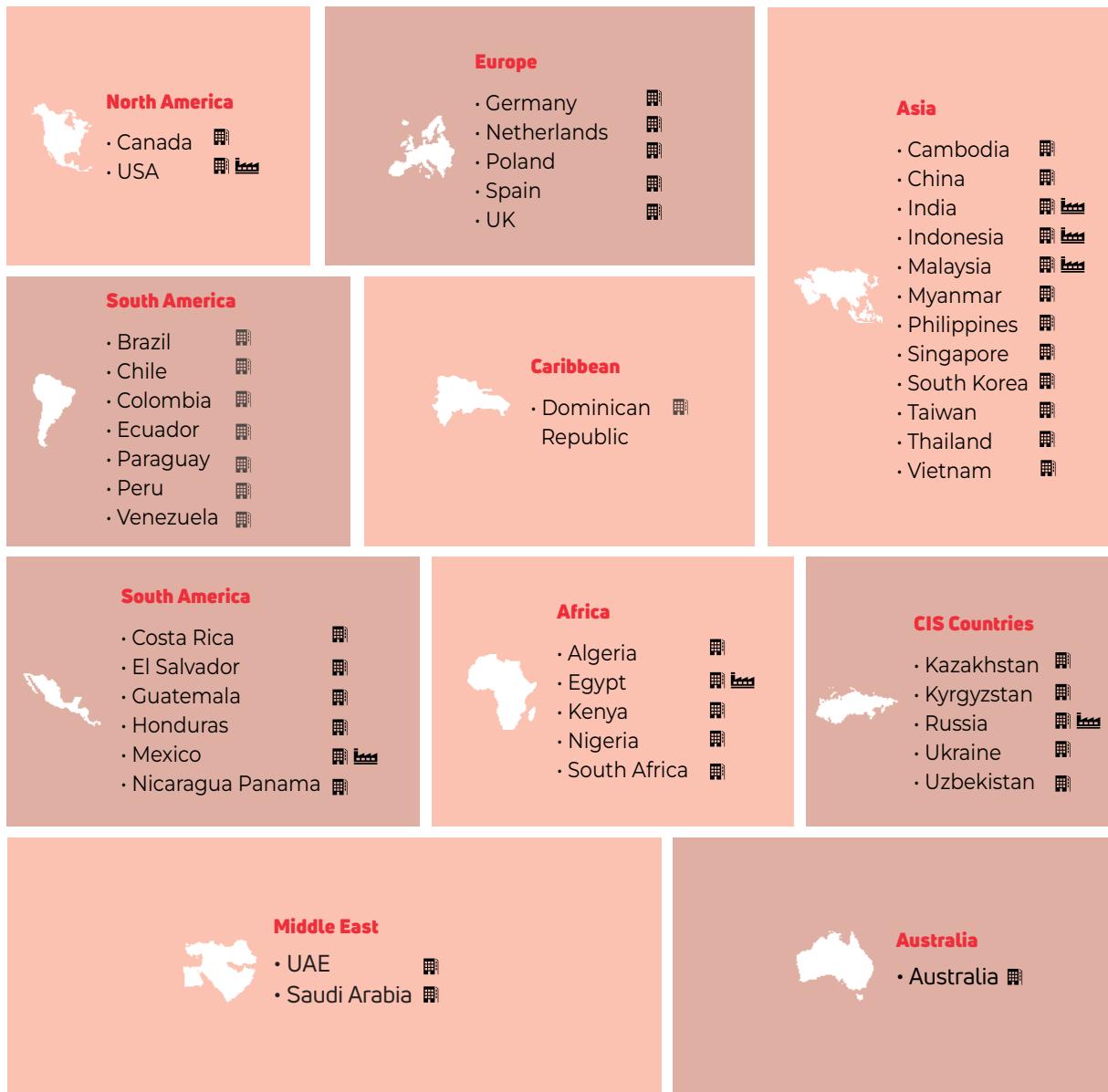
KEY THERAPY AREAS

Key Therapy Areas

With a portfolio comprising more than 200 products across diverse therapeutic categories, we are amongst the largest suppliers of therapeutic drugs to markets in Asia, the US, Europe, Africa, CIS Countries, the Middle East, and Latin American Regions.

Our Global Presence

Our presence in more than 126 nations forms the foundation of our purpose of ensuring accessibility to affordable high-quality medicines globally. Our robust network of business partners and marketing offices located strategically across the world facilitate our endeavour to accelerate access to better health.



MANUFACTURING FACILITY



BRANCH OFFICE / SUBSIDIARY

Our Homes in India





* **Sanath Nagar, Telangana**
Hetero Drugs Limited
(Head Office)

◆ **Jeedimetla, Telangana**
 • Hetero Labs Limited, Unit-3,
(Formulation Facility)
 • Hetero Labs Limited, Unit-7,
(Formulation Facility)

◆ **Jadcherla, Telangana**
 • Hetero BioParma Limited,
(Biosimilar Facility)
 • Hetero Labs Limited, Unit-5
(Formulation Facility)
 • Hetero Labs Limited, Unit-6,
(Oncology Facility)

● **Baddi**
 • Hetero Labs Limited,
Unit-2
(Formulation Facility)

■ **Kazipally, Telangana**
 • Hetero Labs Limited,
Unit-1
(API Facility)

▲ **Bonthapally, Telangana**
 • Hetero Drugs Limited,
Unit-1 (API Facility)
 • Hetero Drugs Limited,
Unit-4 (API Facility)

◆ **Nakkapally, Andhra Pradesh**
 • Hetero Drugs Limited,
Unit-9,
(API Facility)
 • Hetero Labs Limited,
Unit-3 (API Facility)
 • Hetero Labs Limited,
Unit-9 (API Facility)

◆ **Annaram, Telangana**
 • Annora Pharma
Private Limited
(Formulation Facility)

● **Karakapatla, Telangana**
 • Aspiro Pharma Limited
(Formulation Facility)

Three Decades of Pioneering Life Saving Breakthroughs





From niche generics to ground breaking Biosimilars, **Hetero's journey of 3 decades** is a testimony to our relentless innovation and inclusive pharmaceutical excellence. Since 1993, more than 1,000 scientists who are working with us have pioneered life-saving medicines and therapies, **shaping the global impact** one breakthrough at a time. Fuelled by strategic collaborations and visionary leadership, we have established three **world-class R&D centers** and have commercialized over 300 products.

Our passion for quality drives continuous improvement. We adapt to evolving technologies, adhere to the highest global standards, and strive to make **high-quality drugs** accessible and affordable to all. This unwavering commitment resonates across our wide-ranging offerings, from niche generics to complex APIs and novel drug delivery systems.

Today, we stand on a legacy of trust, built brick by brick with every delivery. We express our deepest gratitude to our stakeholders, the backbone of our dynamic thirty-year journey. Together, we write the next chapter, forging a future where **healthcare excellence** empowers lives, every single day.

Awards & Recognition

Our efforts in adhering to sustainable practices, our innovative approaches, and our relentless pursuit of making a positive impact in ESG have won us several awards and recognitions. We proudly, showcase the accolades that are a validation of our vision and pursuit of a healthier world.



Hetero Labs Limited, Unit-III,
Jeedimetla, Telangana – Gold Award –
in National Awards for Manufacturing
Competitiveness 2022-23 category –
IRIM (International Research Institute
for Manufacturing)

Annora Pharma Pvt. Limited,
Sangareddy, Telangana – Certificate
of Appreciation for Manufacturing
Sector National Safety Council India
Safety Awards-2022 – National Safety
Council of India



Hetero Biopharma Limited, Jadcherla,
Telangana – Prashansa Patra for
Manufacturing Sector National Safety
Council India Safety Awards-2022 –
National Safety Council of India

**SILVER AWARD**

Hetero Labs Limited,
Unit-III, Jeedimetla,
Telangana

SILVER AWARD

Aspiro Pharma
Limited, Karakaptla,
Telangana

BRONZE AWARD

Hetero Labs Limited,
Unit-V, Jadcherla,
Telangana

BRONZE AWARD

Hetero Labs Limited,
Unit-VI, Jadcherla,
Telangana

CII-SR EHS Excellence Awards 2022

**GOLD AWARD**

Hetero Labs Limited,
Unit-VII, Jeedimetla,
Telangana

BRONZE AWARD

Hetero Formulation
R&D, Gandhinagar,
Telangana

PLATINUM AWARD

Hetero Biopharma
Limited, Jadcherla,
Telangana

Sustainable
Development
Foundation



13th Exceed Occupational Health Safety Award & Conference 2022



Memberships





External Recognitions

We are proud to have achieved the Gold Rating from the world's most trusted Business Sustainability Rating provider – EcoVadis. A globally recognized assessment platform, EcoVadis rates business sustainability on four key parameters: environment, labour and human rights, ethics, and sustainable procurement.

We have initiated the implementation of all prescribed practices by EcoVadis as well as other sustainability strategies within Hetero Drugs Limited to enhance the score.



Hetero Labs Ltd

2022 – Score – 74
(98th Percentile)



Hetero Drugs Ltd

2022 – Score – 55
(65th Percentile)

Participation in Climate Ambition Accelerator



Our sustainability team members, including the General Manager - Corporate EHSS-Formulation and Corporate Sustainability Manager, have completed the UNGC's Climate Ambition Accelerator program. This intensive six-month initiative, tailored for companies engaged with the United Nations Global Compact, is centered on propelling advancements towards setting science-based emissions targets and facilitating the transition to net-zero emissions.

The insights gained from this program have guided the Hetero team to adopt a step-by-step approach towards sustainability, ensuring that our actions are aligned with global best practices and the imperative to address climate change.

Sripathi Siddavatam
General Manager
Head EHS - Formulations & Sustainability
Hetero Group

Murali Krishna Panda
Sustainability Manager
Hetero Group

Prioritizing the Stakeholder

Gaining insights into stakeholder perspective is essential for the step-by-step growth of the sustainability journey of an organization. We judiciously create value for the organization, the society, and our stakeholders through continuous and proactive engagement on issues related to sustainability. These engagements help us identify what is important to them and how we can optimize the resources to deliver on their expectations.

We prioritize our stakeholders as an integral part of our core business practices. As a first step, we identify our stakeholders using a well-defined approach. Dedicated teams engage in one on one meetings, organize stakeholder audits of our facilities, and hold informal conversations and online interactions to help build lasting stakeholder relationships. We proactively leverage platforms such as social media and email communication to seek critical stakeholder feedback.

To ensure that stakeholder voices get integrated into our ESG strategies, the feedback is incorporated by various departments into their operations. Specific concerns or requests are shared with the EHS Sustainability Committee or the Sustainability Head.

We maintain our commitment to open and ongoing dialogue with our stakeholders, ensuring their voices are heard and their perspectives inform our sustainability efforts. We prioritize, manage, and leverage stakeholder insights to continuously evolve a holistic sustainability strategy.



Stakeholders Engagement and Collaboration



Our Approach to Value Creation

We prioritize acting responsibly through a robust sustainability approach, informed by regular materiality assessments and ongoing stakeholder engagement. Our comprehensive materiality assessment for FY23, while being in line with the GRI guidelines, also integrates stakeholder expectations and insights garnered throughout the year.

We endeavour to strengthen our sustainability efforts and move a notch up every year. This year we took new strides towards advancing our sustainability journey. We augmented and deepened our stakeholder engagement and included their perspective in the materiality assessment. We also evaluated various reporting indicators such as Global Reporting Initiatives (GRI), Morgan Stanley Capital International (MSCI), and Sustainable Accounting Standards Board (SASB) with an intent to guide and incorporate them in our sustainability journey.

Materiality Assessment Approach

Building a sustainable future requires a clear understanding of what matters most to our stakeholders. This is where our six-step approach to materiality assessment acts as a bridge between the organization and our diverse audience. Our comprehensive approach to materiality revolves around prioritizing our stakeholders' expectations from Hetero.



Steps in Materiality Assessment Approach

STEP
01

Mapping Critical Stakeholders

Identifying key stakeholders whose perspectives add value to our company's growth is the first critical step. Understanding their priorities and concerns lays the foundation of a truly meaningful evaluation.

STEP
02

Topic Identification and Benchmarking

Analysing sustainability practices of peer companies within the pharmaceutical industry reveals emerging trends and potential material topics. This analysis ensures our material topics remain relevant and aligned with the larger context.

STEP
03

Preparing List of Material Topics

The identified topics are compiled into a material topic listing, which serves as a starting point for further evaluation.

STEP
04

Conducting Materiality Survey

The materiality assessment is conducted as per GRI standards, by identifying, negative and positive impacts on the economy, environment, and people, including the impact on human rights.

STEP
05

Preparing Materiality Matrix

Survey results are analysed into a materiality matrix. This matrix visually depicts the significance of each topic, considering both its risk and the extent of its impact on the organization. The topics are identified as having strategic importance for Hetero.

STEP
06

Undertaking Review and Evaluation

A thorough evaluation by the senior management is conducted of the stakeholder feedback to formulate materiality topics.

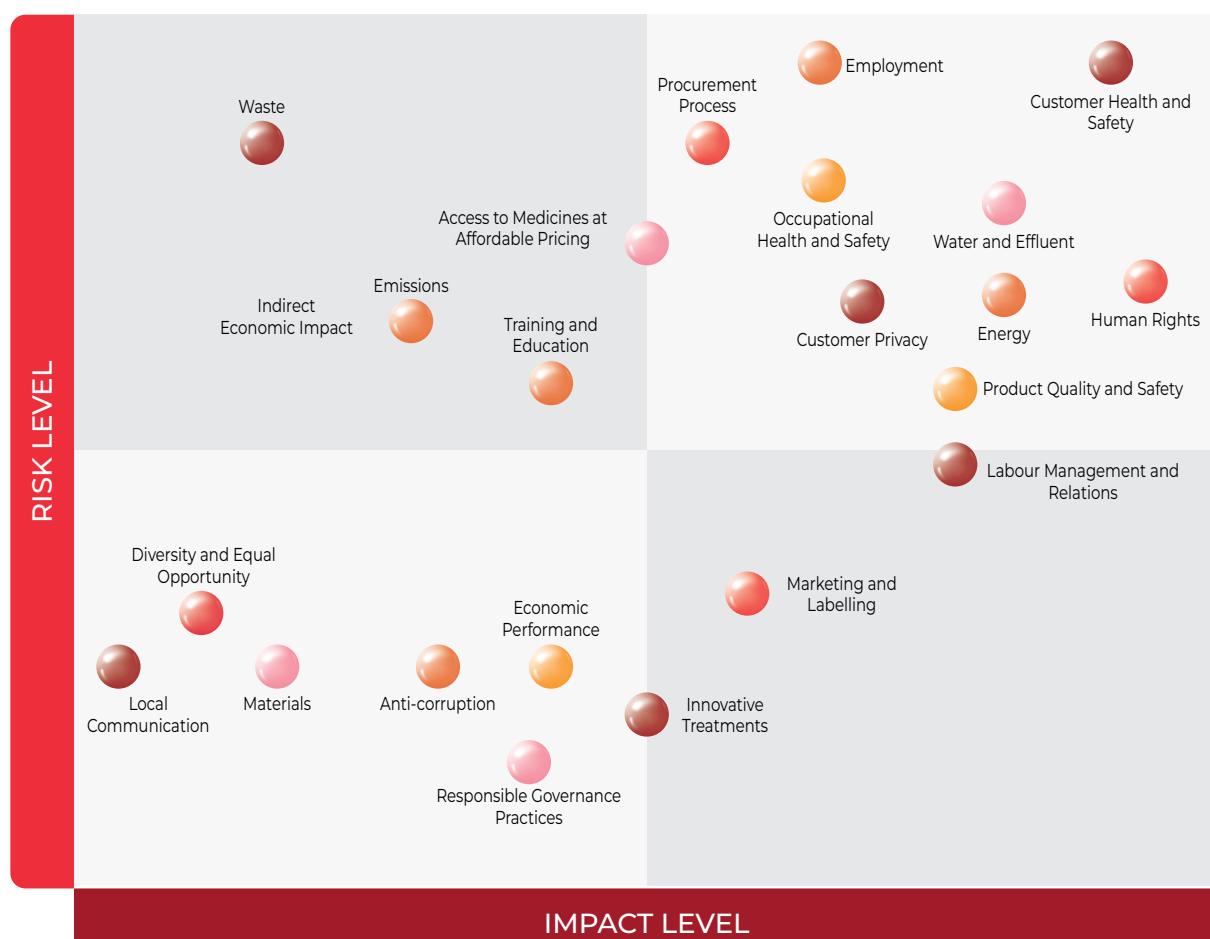
Focusing on Key Areas

In FY23, we focused on building a strong foundation for responsible growth, addressing a slew of materiality issues. With a view to playing our role in building a sustainable world, last year we optimized our efforts towards driving supply chain transparency, efficient energy usage, and emission reduction, responsible waste management, ethical marketing and labelling, secure data practices, employee well-being and skills development, and ensuring customer health and safety. Adopting materiality as a collective organizational responsibility we endeavoured to integrate inclusivity and diversity within the workforce, uphold rigorous anti-corruption standards, and maximize economic value creation while adhering to the environmental regulations.

Pursuing our vision of intensifying the belief in a healthier world, we identified six new material topics in FY23: Drug Safety, Human Rights, Product Quality and Safety, Labour Relations, Indirect Economic Impact, and Access to Medicine at Affordable Prices.

After the management review, we included three more material topics to add value and transparency to our assessment and reporting – Diversity & Equal Opportunity, Anti-corruption Practices, and Economic Value Creation.

These materiality assessment topics together reiterate our belief in our values of Knowledge, Integrity, Trust, and Agility.



List of Material Topics

Strategically Important Topics	Material Topics Added in 2023
Procurement Practices	Drug Safety
Energy and Emissions	Human Rights
Wastes	Product Quality and Safety
Water and Effluent	Labour Relations
Marketing & Labelling	Indirect Economic Impact
Customer Privacy	Access to Medicine at Affordable Price
Employment	
Training and Education	
Occupational Health and Safety	
Well-being – Customer Health & Safety	
Diversity & Equal Opportunity	
Anti-Corruption	
Economic Value creation	

Our ESG Strategy – The 5 Pillars

We brought together the materiality components to form the foundational pillars of our ESG strategy. While acknowledging the significance of Environment, Governance, and Social (ESG) parameters in classifying material topics, we embarked on an evolutionary journey toward a healthier planet. We recognized that sustainability, people, integrity, and quality deserve nuanced focus, each demanding a dedicated pillar within our materiality framework. We also recognized that each component defines the special structure of our ESG philosophy. This shift signifies a move beyond mere categorization to a deeper understanding of the intricacy of each pillar which will weave a truly impactful future.

The five strategic pillars of our strategy are defined as follows:

Conscious Value Creation – Emphasizes the economic growth and supply chain activities of the company as well as the direct and indirect value creation.

Towards a Sustainable Future – Encompasses environmental stewardship, responsible resource management, and climate action.

Valuing and Developing Talent – Prioritizes employee well-being, diversity and inclusion, and community engagement.

Building on Integrity and Transparency – Champions ethical conduct, robust governance practices, and stakeholder trust.

Commitment to Quality – Elevates the pursuit of excellence in everything we do, from product development to customer service.

Five Strategic Pillars of Materiality and Material Topics

Understanding the Pillars of Materiality

- Economic value creation
- Indirect economic contributions
- Nurturing a responsible supply chain

Conscious Value Creation

Building on Integrity and Transparency

- Going beyond corporate governance compliance
- Upholding human rights
- Ensuring customer data privacy
- Zero tolerance to corruption

- Leading climate action through responsible energy consumption
- Towards responsible water usage
- Focusing on sustainable waste management

Towards a Sustainable Future

Valuing and Developing Talent

- Employee performance & well-being balancing the dual imperative
- Nurturing diverse, equitable & inclusive workplace
- Placing employee health & safety at forefront
- Talent management & continuous learning
- Labour relations

- Prioritizing drug safety
- Helping stakeholders make informed choices
- Relentlessly pursuing customer health and safety
- Ensuring access to affordable medicine

A Global Approach to Product Quality

Looking Ahead to New Milestones

This year's materiality assessment gave us newer insights into what would matter most to our diverse stakeholders and organisation and for us to achieve our purpose of inspiring human belief in a healthier world. We revamped our objectives and milestones based on trend analysis and in line with our ESG strategy. We have also ensured that these goals and targets are aligned with our latest strategic material topics that emerged from our materiality assessment.

OUR RENEWED GOALS

Aspiring for Net Zero by 2045



- Reduce carbon emissions (Scope 1 & 2) – 25% by 2030 (base year 2022)
- Establish Scope 3 inventory by 2030
- Increase renewable energy sources by 30% by 2030

Adopt Responsible Water Management



- Undertake water stress and risk assessment by FY 2030
- Increase wastewater recycling by 5% annually

Reduce Waste Generation



- Become Zero Waste to Landfill Company by 2030

Build a Diversified Team



- Improve the percentage of women employees to 10% by 2026
- Maintain and continue to balance representation of women in contract workers

Ensure Compliance with Ethics



- Ensure regulatory compliance through stringent implementation
- Set up ISO31000 Risk Management Processes by 2028

Implement Sustainable Supply Chain Practices



- Assess 80% critical suppliers for ESG compliance by 2028

Ensure High Occupational Health & Safety Standards



- Continue to achieve zero fatality in manufacturing operations

Pursue Product Quality and Safety



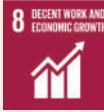
- Maintain 100% compliance with all regulatory and audit observations within defined timelines

**All goals and commitments listed above are contingent upon legal, regulatory, compliance, and clientele requirements.*

Conscious Value Creation

We believe that economic prosperity should be a shared journey, not a solitary destination. We weave a tapestry of economic impact that extends far beyond our bottom line. Through our operations, we generate significant economic value, creating jobs, fostering local businesses, and contributing to infrastructure development. But our impact is not limited to our immediate circle of influence.

We actively invest in communities surrounding our facilities by supporting education, healthcare, and sustainable practices. We ensure that responsible procurement practices, fair wages, and ethical sourcing throughout our supply chain are integrated into our value-creation ethos. While we safeguard the workers' rights and build trust with our partners, we strengthen our entire value chain. By embracing a holistic approach we strive to be more than just a successful company; we aim to be a catalyst for inclusive and sustainable economic growth, leaving a positive footprint on every step of our journey, consciously creating value and a healthier world.

Goal	Target	SDG Alignment
Implement Sustainable Supply Chain Practices	80% critical suppliers to be assessed for ESG compliance by 2028	 



Economic Value Creation (INR billions)



1. Our CSR expenditure is not only to satisfy the CSR spend defined by the Government but based on the requirements identified for the year. In the previous year, we had identified significant requirements therefore significant portion of the expense for next years was covered during the year. Leading to leaner CSR expense in this year.

At Hetero we strive to create sustainable economic value for all stakeholders. Our high-quality APIs offered at competitive prices, contribute to designing cost-effective healthcare solutions. By generating significant employment opportunities we make a positive impact on the economic development of communities. Our investment in research and development is driven by our mission to develop innovative and affordable medicines, driving market growth and improving patient outcomes. We remain steadfast in our commitment to responsible corporate governance and transparency, ensuring long-term value creation not only for our investors and shareholders but for all our stakeholders alike.

Indirect Economic Contributions

- Bridging the gap between good jobs and economic wellbeing, Hetero empowers communities and thrives with them.

We understand that the impact of our activities is not limited to the physical boundaries of our facilities or the boundaries of our industry. We are deeply aware of and actively strive to create a ripple effect of economic prosperity across the value chain. Our values of integrity, knowledge, trust, and agility guide our actions toward fostering a robust and inclusive pharmaceutical ecosystem while upholding the highest standards of responsible conduct. Our scientists are committed to breaking new ground across diverse specializations, including APIs, formulations, custom synthesis, contract research, analytical, packaging, IP, technology transfer, and quality assurance.

We go beyond the four walls of our facilities to invest in local infrastructure, skill development, and sustainable practices that empower people and spark inclusive growth. We prioritize responsible waste management and environmental stewardship, minimizing our footprint and creating opportunities for green enterprises. By extending fair trade practices to our suppliers and distributors, we ensure equitable distribution of economic benefits and empower marginalized communities. Ultimately, our goal is to be a catalyst for sustainable economic growth, not just for ourselves, but for the entire pharmaceutical ecosystem and the communities we serve. By creating a virtuous cycle of shared prosperity, we believe we can build a healthier, more equitable future for everyone.

Nurturing a Responsible Supply Chain

Product availability is critical for any business to maintain timely deliverables. It is integral to economic growth and value creation for all stakeholders. With a global presence, we also procure raw materials and services from a range of suppliers from around the world. We work with a global supply chain comprising over 5,000 suppliers. For us maintaining a disruption-free supply chain while ensuring quality and affordability are a key aspect of responsible business operations. We ensure that our suppliers adhere to the environmental, social, and ethical compliances and standards enshrined in our ESG values and code of conduct.

Our critical upstream supply chain partners provide Key Starting Material (KSM), solvents, and specialty chemicals required by our manufacturing processes. We also buy fuel, packaging material, and other supplies. Our downstream suppliers comprise logistics and



freight operators who transport material to our customers within and outside India. Our consultancy and IT services partners provide technical support.

Local Sourcing

In line with our commitment to sustainability, we foster and promote local sourcing, spending about 79% of our procurement budget on local suppliers. Our active supplier base has continuously expanded over the last four years, with a 5.49% increase in the year under review. To promote local engagement we ensure that the local suppliers' share remains above 90%.

Supply Chain	FY21	FY22	FY23
Local Suppliers	5430	5448	5747
Global Suppliers	552	533	563
Total Suppliers	5982	5981	6310
Local Vendors (%)	91	91	91
Global Vendors (%)	9	9	9
Monetary Value Spent on Local Suppliers (%)	75	76	79
Monetary Value Spent on Global Suppliers (%)	25	24	21

Commitment to Responsible Sourcing

For us, responsible sourcing is a key component of our accountability to stakeholders and commitment to sustainability. Our guidelines ensure that every member of our supply chain follows the environmental, social, ethical, legal, and safety parameters outlined in our procurement policy.

In pursuit of this responsibility, we evaluate suppliers for adherence to our EHS policies, human rights principles, environmental laws, ethics, and governance. We are encouraged by the fact that every one of our suppliers has signed up for our robust supplier code of conduct and support our endeavour to implement sustainable procurement policies. We also have an elaborate supplier assessment conducted, in which we are progressing to digital assessment for transparency and accuracy. The assessment covers EHS aspects and is performed both onsite and offsite. New ideas are encouraged and gathered through engagement sessions with suppliers and logistics service providers. We ensure a zero-tolerance policy towards child labor, discrimination, and unethical business practices throughout our value chain.

Building on Integrity and Transparency

At Hetero, transparency and integrity are not just policies, they are the very basis of our existence. With each passing day, we set the transparency and integrity bar higher for ourselves. As we embrace ESG practices we endeavour to strengthen this foundation by building a culture of transparency, integrity, and accountability across the organization as well as our value chain.

We believe in open communication, sharing details of operations, ingredients, and manufacturing while safeguarding our competitive position. We disclose potential conflicts of interest and comply with regulations, ensuring top-notch quality and safety.

Our commitment goes beyond legal requirements. We source responsibly, ensure fair treatment and safe working conditions, and patient safety reigns supreme in our research endeavours.

Ultimately, we understand that true responsibility lies in building trust. We earn that trust through our resolve to be transparent and our unwavering commitment to ethical principles in everything we do.

Goal	Targets	SDG Alignment
Ensuring Compliance with Ethics	<ul style="list-style-type: none"> Ensuring regulatory compliance through stringent implementation Setting up Risk Management Processes in line with ISO31000 by 2028 	

Going Beyond Corporate Governance Compliance

When it comes to governance, Hetero does not take it as a mere compliance responsibility. We go beyond complying with regulatory requirements and strive to integrate globally established best practices.

The Board of Directors is the highest governing body at Hetero. The Board ensures that the highest standards of ethical business conduct are followed at all times. The Board serves as a guiding force by driving investments in innovation, drug development, and healthcare, and strategizes for growth and sustainability of the company. Board Members take collective responsibility for driving the vision, executing and attaining sustainable practices, and delivering successful results to all stakeholders. Their experience and leadership guide the company's actions towards creating shared value for all stakeholders.

Composition of the Board

Our diverse Board of Directors comprises highly accomplished individuals who hold the post of Executive Chairman, Managing Director, Whole-Time Directors, and Independent Directors. With a view to leveraging experience and talent available across age groups, our Board comprises 33% of members in the 30 to 50 years age bracket.

Of the 9 directors that sit on the Board of HLL, 2 are independent directors. With 1 woman on the Board, we have ensured 11% female representation on our Board. We are proud that our of the 5 directors on the Board of HBL, 20% (i.e., 1 member) are women directors. The HDL Board is comprised of 8 directors. The 5 member Board of the newly added entity, Aspiro, includes 1 independent director.

Hetero's Chairman plays an important role in policy and decision-making. As a member of the Board of Directors, he makes strategic decisions on company targets and monitors and evaluates progress. Every 5 years the tenure of Board Members is revisited with either new members being appointed or existing ones being reappointed. In the year under review, the Board of Directors held five meetings.



Board of Directors

	HLL	HBL	HDL	Aspiro	Annora
Dr. B. Partha Saradhi Reddy	✓ Chairman	✓ Director	✓ Chairman		
Dr. B. Vamsi Krishna	✓ Managing Director	✓ Director	✓ Director	✓ Director	
Smt. B. Kalavathi	✓ Director		✓ Director		
Mr. A.V. Narasa Reddy	✓ Whole-time Director		✓ Director		
Dr. C. Mohana Reddy	✓ Whole-time Director				
Mr. M. Srinivas Reddy	✓ Director				
Dr. K. Rathnakar Reddy	✓ Director		✓ Director		
Mr. Rajasekhara Reddy	✓ Director (Independent)				
Justice A. Gopal Reddy (Retd.)	✓ Director (Independent)				
Mr. T. Chandra Sekhar		✓ Director		✓ Director	✓ Director
Dr. B. Balareddy		✓ Whole-time Director			
Mr. J. Sambi Reddy			✓ Whole-time Director		
Mr. J. A. S. Giri			✓ Director		
Mrs. G. Bhavani		✓ Director			✓ Director
Mr. A. Sudhakar Reddy				✓ Director	
Dr. H. R. K. Mahesh				✓ Director	✓ Director
Mr. P.R. Siva Prasad				✓ Director (Independent)	
Mr. P. R. Bhaskar Reddy					✓ Director
Mr. G. P. Palleshwara Rao					✓ Director
Mr. Narsimha Reddy			✓ Director		

HLL – Hetero Labs Limited

HDL – Hetero Drugs Limited

HBL – Hetero Biopharma Limited

Aspiro – Aspiro Pharma Limited

Annora – Annora Pharma Private Limited



Ensuring Compliance to Highest Standards

The Board of Directors has established 4 Statutory Committees to design and implement audit, nomination and remuneration, CSR, and sustainability strategies. With clearly defined roles and responsibilities these committees ensure effective resolution of related matters and compliance to the highest standards of ethics and transparency. Except for the Sustainability Committee, all the other committees are governed by the terms of reference of the Companies Act, 2013, and meet at least once a year. The Board communicates and engages with stakeholders through these committees.

The Board and its committees oversee formulation of and compliance with the code of conduct and company policies and procedures as well as compliance with local and international regulations. The company secretary overseas risks and opportunities in consultation with the Chairman of the Board / Committees.



Sustainability Policies

Along with a robust governance process, our comprehensive policies provide a strong framework of ethical and responsible business practices across our operations. The policies establish clear standards for our stakeholders and serve as guiding principles for business operations and practices. Hetero's policies are available on the website: <https://www.hetero.com/sustainability-reporting>



Appointment of Directors and Remuneration

The assessment and appointment of Board Members is based on a combination of criteria. As a first step, the Nomination and Remuneration Committee identifies persons who meet the requirements of the Companies Act, 2013. In addition, Hetero engages Directors who come with a strong record of ethics, personal and professional stature, and domain expertise. The Board encourages each Member to add value to the organization with their expertise, experience, and leadership qualities.

Based on the recommendations of the Statutory Committee, the Board has framed a Policy on Remuneration of Directors, Key Managerial Personnel, and Other Employees. In a highly competitive global market, this Policy aims to draw, incentivize, and retain skilled individuals both within Hetero's roles and through contractual arrangements. The Policy ensures that employees are paid a fair living wage, guarantees that the wages align with industry standards or collective bargaining agreements, and are subject to Board approval.

A majority of the members of the Audit Committee are independent directors. The Nomination and Remuneration Committee and the CSR Committee assist in drawing up implementation strategies and work under the chairmanship of independent directors..

Commitment to Grievance Redressal

Our approach to grievance redressal is rooted in our commitment to following the highest governance standards. It is important for us that every grievance of every stakeholder is given a fair chance at redressal.

The Hetero Grievance Redressal Committee monitors any negative impact that the organization might have and especially addresses any concerns raised by employees. The six-member committee comprises an equal number of management members and employees to maintain fairness in the grievance redressal process. The Chairman's post is a rotating post held for a year alternatively by a representative of the management and the employees.

A systematic process has been developed for the submission of complaints and their resolution. The grievance redressal process is a live process that is continuously evaluated and monitored for compliance and improvement. All employees, both regular and contractual, undergo awareness sessions on grievance handling during induction training and also at other forums.

Our Grievance Redressal Policy is designed to ensure that every grievance is addressed to the satisfaction of all stakeholders involved. While addressing the grievances, we ensure the confidentiality of the stakeholders.

Whistle Blower Policy

Transparency reigns supreme at Hetero, with open communication channels and whistleblower protection mechanisms ensuring any potential concerns are promptly addressed. We strive to promote awareness about our Whistle Blower Policy amongst the stakeholders. With a commitment to encouraging ethical conduct within our ecosystem, we have adopted the highest standards of professionalism, honesty, integrity, and ethical behaviour. Our Code of Ethics & Business Conduct/certified standing orders lays down the principles and standards that govern the actions of the organization as well as our employees. We encourage all our stakeholders to report any actual or potential violation of our code of ethics and business conduct, however insignificant it might seem.

We have in place a robust system that offers employees the choice to make a protected disclosure under the Whistle Blower Policy, providing for reporting to the chairperson of the audit committee or the board of directors. Every concern raised under the ambit of policy is audited and if a possible violation is identified we make sure that it is immediately addressed. We give confidence to the whistle blower that they are protected and treat any instance of intimidation also as a breach of our code.

- Building trust and integrity at Hetero through good jobs, economic growth, and support for peace, justice, and strong institutions: a unified path to sustainable prosperity.

Managing Conflict of Interest

We take all potential conflicts of interest seriously. We encourage our stakeholders to avoid situations where their professional judgment might conflict with their interests. The well-defined procedures to disclose every potential conflict of interest and document the disclosures help resolve any such issues. These are typically resolved directly between an employee and their supervisor and are routed through human resources, legal, compliance, or other relevant departments.

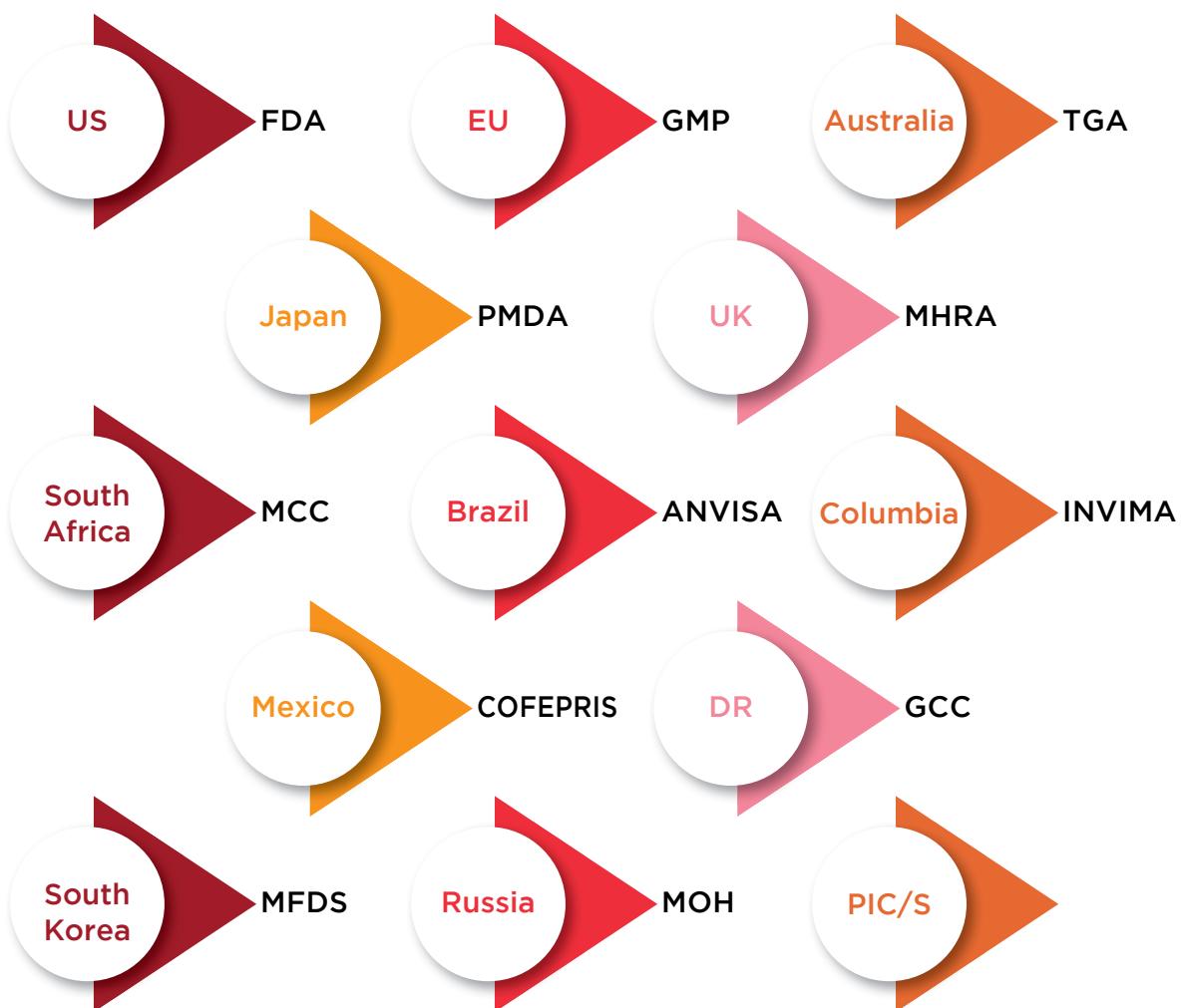
Encouraging Compliance & Transparency

Given our business landscape, our interaction with environmental and social elements is very high making it critical for us to be vigilant and operate in a regulated environment. We work with a robust framework of procedures to ensure compliance with local and global regulatory requirements, applicable laws, and ethical standards.

Going beyond compliance to be a step ahead is a matter of pride for us. We proactively adopt ethical business practices and foster transparency through efficient communication with all stakeholders. Our practices warrant approval from global regulators on various aspects. This approach strengthens our meticulous efforts at building and protecting our organization's reputation and ensures that we do not face legal action. In the reporting year, we did not receive any significant fines or penalties from regulatory authorities.

Continuous improvement is a part of the routine which is reflected in our constantly evolving policies and procedures. We conduct training and awareness sessions, devise platforms and tools, and monitor and report data internally as well as externally to stay compliant. Our commitment to the principle of transparency is reflected in the disclosure of our efforts in the public interest.

List of Global Regulatory Compliances



Robust Risk Oversight and Management Framework

The Enterprise Risk Management (ERM) function at Hetero centres its efforts on consistently identifying and mitigating significant business, operational, and strategic risks. As an integral part of our business strategy, the cross-functional risk assessment approach encompasses sales, operations, manufacturing, and supply chain. Our robust ERM framework guides us in finding resilience and defines our response to unforeseen challenges. In the reporting year FY23, all our manufacturing units underwent a rigorous risk assessment process. The assessment reports do not reflect any significant risks that could be considered a cause for concern.

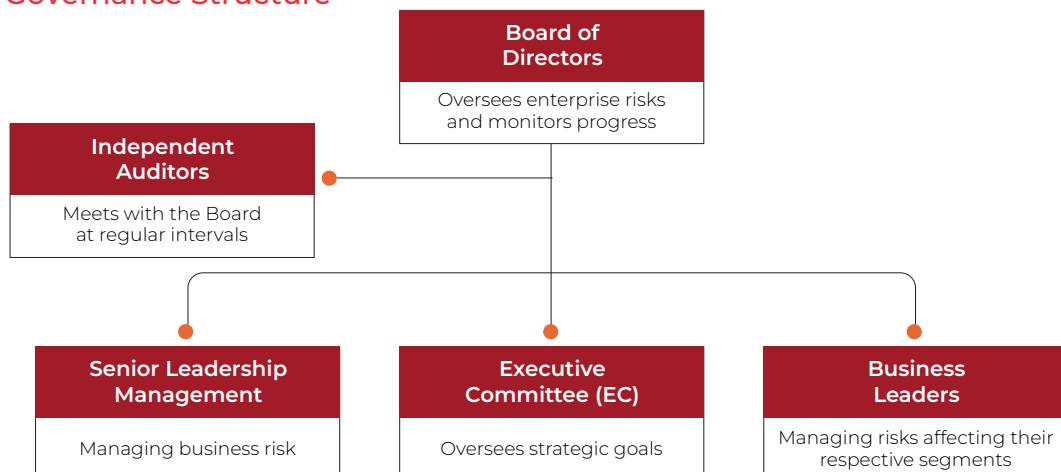
Hetero's well-designed 4-step risk management framework takes into account risks that might impact the interests of both internal as well as external stakeholders. Ensuring that we are prepared for navigating any unexpected risks, helps us remain in a state of readiness to address potential challenges.

The Board of Directors oversees the senior leadership's management of diverse risks encountered by the Company. The Board regularly discusses the possible risks related to the company with the Executive Committee (EC), senior business managers, and leaders of the risk management function. While the Company's independent auditors regularly share risk reports with the Board, the Executive Committee sets strategic objectives and supervises both the business sector as well as the risk functions.

The leadership is responsible for handling risks that have the potential to impact overall business operations. We ensure that those responsible for identifying and mitigating the risks have the knowledge and skills to deliver on this crucial responsibility.

Our step-by-step ERM framework centers around identifying, assessing, mitigating, and subsequently monitoring risks. It outlines criteria for risk rating and evaluates the likelihood of a risk occurring. The internal and external risks identified by functional heads are evaluated for their impact on business operations and prioritized accordingly. The mitigation plan includes relevant targets and goals mapped within a set timeline. Regular and continuous monitoring helps in not only mitigating the risks but also implementing strategic procedures.

Risk Governance Structure



The Board and Sustainability Oversight

We embarked on a comprehensive sustainability disclosure journey. The practice of public disclosure has significantly influenced Hetero's sustainability culture. Substantial awareness and clarity amongst our internal and external stakeholders regarding the essence of sustainability and its importance to Hetero have helped foster an open and safe culture. Our Board of Directors continues to play a significant role in delivering on our sustainability commitments and in building this culture.

Our Sustainability Committee works under the Board's oversight to strengthen Hetero's policies and initiatives and engages with the stakeholders. Being accountable for supervising sustainability-related matters, the Committee provides direction on the structure and execution of our non-financial reporting and supports the management in the sustainability journey.

Hetero's highest governance body i.e., the Board of Directors, reviews and monitors sustainability-related policies and strategies. The outcomes of stakeholder engagement are discussed in the annual meeting and implemented after the governance body's approval. The highest governance body meets once a year, or as required to review the effectiveness of the organization's processes. The Sustainability Committee meets at least once a year or as required.

As head of the Committee, the Managing Director guides the efforts to identify and mitigate sustainability-related risks at the group as well as at the plant level. An Environment, Health, Safety, and Sustainability Head appointed by the Committee monitors and evaluates overall company progress. Each Plant Head, supported by a management team, monitors

and reports to the Board the progress on sustainability indicators. Department heads are accountable for implementing the commitments, overseeing processes, and reporting progress to the Governing Body. Our employees are trained on our policies that are hosted on the Learning Management System (LMS).

Striving for Sustainability Governance

Our sustainability governance structure is designed to ensure the effective implementation of policies and initiatives at the plant as well as the corporate levels. A team of managers representing the key departments manage, supervise, and report progress on the sustainability commitments. The 7 departments that are mandatorily a part of the plant-level team include HR and administration, engineering, warehouse, manufacturing, learning & development (L&D), quality assurance and quality control (QA/QC), and environment health and safety (EHS).

Upholding Human Rights

Our commitment to fostering an environment that safeguards the dignity of individuals is articulated by our holistic policy of upholding human rights. At Hetero, we recognize the paramount importance of human rights. Our constant endeavour to monitor, evaluate and analyse the potential impact of our business on human rights stands testimony to our pursuit of safeguarding these rights. As an organization that respects fundamental human rights, we are aligned with laws such as The Protection of Human Rights Act, 1993 and its revisions, the United Nations Universal Declaration of Human Rights (UNUDHR), and the International Labour Organization's (ILO) core labour standards. As a signatory to the United Nations Global Compact (UNGCG), we communicate advancements on the ten principles, fostering credibility. The Global Reporting Initiative (GRI) Standards serve as a vital framework, empowering organizations to transparently report their most substantial influences on the economy, environment, and people, with a specific focus on human rights. A dedicated section to Human Rights in this Report is a reflection of our acknowledgment that these rights intersect with all material topics and significantly contribute to organizational sustainability and growth.

Our endeavour to foster a diverse and inclusive environment is rooted in our enduring belief that talent knows no boundaries and every individual deserves an opportunity to thrive without discrimination. From recruitment to promotions, we prioritize merit and celebrate the unique perspectives and experiences that each person brings to the table. Our workforce is sensitized to unconscious biases building an inclusive culture where each individual feels valued, respected, and empowered to reach their full potential. With a belief that upholding human rights is a collective effort, our Supplier Code of Conduct also ensures that our supply chain partners adhere to the principles of fairness and equality, ensuring equal pay for equal work and zero-tolerance towards harassment or discrimination. For us child labour is not an option, it is an abomination not to be tolerated in any form. Our zero-tolerance policy and commitment to sourcing responsibly ensure that our partners follow these ethical practices without fail. Our age verification process at hiring and evaluation of each employee, when they enter the plant, has helped us stay on course with our child labour policy. Strictly enforcing our policies and procedures on child labour with our third-party contracts is integrated into our business strategy.

- During the year under review, no cases of discrimination and child labour were reported.

Ensuring Customer Data Privacy

For Hetero safeguarding customer privacy is not just a legal obligation, it is a fundamental pillar of trust. We take our responsibility of protecting the personal information of our stakeholders very seriously. We strive to create a culture of data security and respect across the organization, implementing robust measures to protect the personal information entrusted to us.

While adhering to the strictest global data privacy regulations such as ISO 27001, we ensure transparency in our data collection and usage practices. We empower customers with clear options to access, correct, or delete information, placing control of their personal information firmly in their hands. Our open communication channels welcome questions, and address concerns regarding data protection.

Hetero's cyber security technologies and systems are geared toward preventing unauthorized access or data breaches. Our employees undergo rigorous training emphasizing the importance we place on data privacy and confidentiality. Our consistent efforts to manage data security, establish robust privacy systems, and raise stakeholder awareness have strengthened our customers' trust in our digital transactions.

- Our approach to data privacy and protection has helped us maintain a clean history concerning data privacy breaches i.e., no instances of data privacy breach.

At Hetero, we believe customer privacy is non-negotiable. We are committed to protecting information that resides with us with utmost responsibility and integrity, earning and maintaining trust that enables us to deliver effective medicines and nurture a healthier world.

- In FY22, we implemented and achieved certification for ISO27001.

Zero Tolerance to Corruption

Building trust and fostering a culture of integrity are cornerstones of Hetero's journey as a responsible API leader. Ethical behaviour and anti-corruption practices are the foundation of our very being we see no space for these in the healthier world that we are striving to build every day. These policies are enshrined in our day to day working and are distinctly covered across policies. The commitment to ethical conduct permeates every aspect of our operations, starting with a zero-tolerance to corruption in any form.

Behaviour guidelines are equally accessible to our employees as well as the public. New hires are sensitized to our anti-corruption polices during induction to bring them on board with the company's expectations.

Every employee undergoes annual training sessions to strengthen awareness and reiterate our commitment to following ethical behaviour and our zero tolerance for corruption. Our policies including the Code of Conduct, non-discrimination policy, fair business practices policy, anti-bribery, and anti-corruption policy are communicated to every employee, including members of the Board.

We actively implement robust compliance frameworks and follow a dual approach to overseeing and assessing ethical behaviour and anti-corruption practices. We follow a highly vigilant and strict internal monitoring process. Being signatories to the UNGC Initiative we ensure that every employee is aware of and imbibes the 10 Principles encompassing human rights, labour, environment, anti-corruption amongst others.

We are committed to partner only with the best and most ethical businesses to deliver medicines that we are proud of. We champion ethical sourcing practices throughout our supply chain, collaborating with like-minded partners who share our unwavering commitment to integrity. We ensure that all our key suppliers are aligned to our supplier's code of conduct which covers anti-corruption practices. This steadfast dedication to anti-corruption creates a ripple effect of trust and transparency, empowering communities and fostering sustainable growth within the pharmaceutical ecosystem.



Towards a Sustainable Future

Impacts induced by human actions across elements of the environment have led to traumatic and far-reaching disasters and resulted in social inequalities across the globe. These phenomena have spurred innovation by leveraging science and technology and urged governments to adopt newer policies to prevent or minimize future disasters.

The escalating impact of global warming arising from an alarming increase in greenhouse gas emissions has produced a disturbing acceleration in the number, speed, and scale of climate change records. These were accompanied by devastating extreme climatic events causing extensive implications for human livelihoods and ecosystems.

We at Hetero nurture a deep-seated aspiration of making a positive impact on the environment and natural resources. Over the years, we have demonstrated our responsibility by adopting various international commitments and reporting our performance through globally recognized frameworks. All our units environmental management systems are ISO-14001 certified demonstrating continuous improvements in our actions.

- Hetero: Weaving a sustainable tapestry of climate-conscious care, clean water, thriving ecosystems, and mindful consumption for a healthier planet, one responsible action at a time.

Goals	Targets	SDG Alignment
Achieve Net Zero by 2045	<ul style="list-style-type: none"> • Reduce carbon emissions by 25% (Scope 1 & 2) by 2030 taking the base year as 2022 • Establish Scope 3 inventory by 2030 • Increase renewable energy sources by 30% in 2030 	 
Responsible Water Management System	<ul style="list-style-type: none"> • Water stress and risk assessment by FY 2030 • Increase in wastewater recycling by 5% every year 	
Reduction in Waste Generation	<ul style="list-style-type: none"> • Zero waste to landfill by 2030 	 

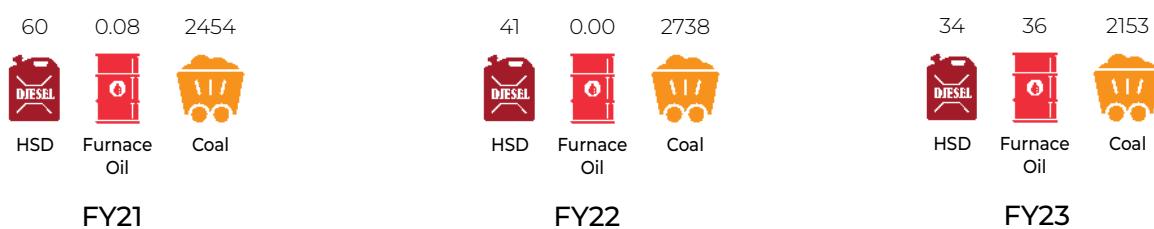
Leading Climate Action through Responsible Energy Consumption

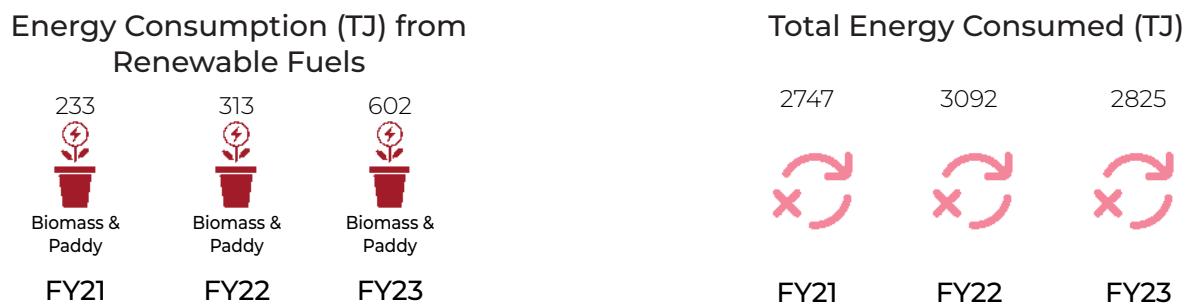
We at Hetero are aware of the fact that the consumption of energy generated from non-renewable sources is a key source of emission. We acknowledge that our energy use poses a risk to the climate and environment. Our expanded scope of this report has led to two additional entities being included in our reporting boundary, resulting in an enhanced energy consumption profile. As a responsible corporate we are committed to taking every step to enhance energy efficiency and reduce our greenhouse gas emissions (GHG). We strive to make our water and waste management processes more efficient with a view to optimizing resource utilization and reducing our impact on the environment. We are also aligned to contributing to the Government of India's climate change-related international commitments. Understanding the priority to address sustainability concerns, we are committed to reducing our reliance on furnace oil and other non-renewable fuels throughout our operations. This commitment is underscored by a strategic implementation of diverse energy reduction measures aimed at optimizing efficiency. We recognize that our energy consumption profile is our opportunity to innovate and deliver on our mission to build a healthier world. It is also our opportunity to set benchmarks for the pharma industry by creating innovative solutions.

Being a frontrunner in climate action, we continuously integrate initiatives and practices in our operations to reduce our environmental footprint. We study our energy usage and constantly modify our approach to achieve this objective. In alignment with our corporate responsibility initiatives, we are actively steering the adoption of alternative fuels in our operations. We do not consume any energy outside of our organization. Our climate mitigation initiatives, which encompass reducing energy consumption and minimizing our environmental footprint, propel us towards our climate goals each passing day. Our progress is defined by comprehensive strategies that prioritize the utilization of renewable resources, demonstrating our commitment to environmental stewardship and responsible energy management.

In FY23, in addition to High-Speed Diesel (HSD), coal, and furnace oil, we enhanced the usage of biomass (including paddy and rice husk) in our steam and power generation processes. Our project to replace non-renewable sources of fuel with renewable sources i.e. biomass of various types has generated very encouraging results. Therefore, the consumption of renewable fuels went from 313TJ in the year 2022 to 602 TJ in 2023. Coupled with renewable fuels, various energy conservation measures have helped reduce our HSD consumption from 60 TJ in 2021 to 34 TJ in 2023 which is a reduction of 42%. However, one of the two new entities that were included in the reporting boundary has furnace oil usage, due to which despite having committed last year, to discontinuing furnace oil use, this year we are reporting the furnace oil use of 36 TJ. We are working towards phasing out the usage of furnace oil from these operations as well. Overall a 28% decrease in the consumption of non-renewable fuels could be achieved during the year.

Energy Consumption (TJ) from Non-Renewable Fuels





With the expansion of our reporting boundary, we clocked in a marginal increase in our demand on the grid electricity from 880 TJ in 2021 to 885 TJ in 2023. The percentage of wind power in our energy mix has seen an 11.3% increase over the previous reporting year.

Our energy intensity also improved from 0.03 TJ/million INR of revenue to 0.026 TJ/million INR.

Renewable and Non-Renewable Energy Consumption

Non-Renewable Fuel Consumed (TJ)	FY21	FY22	FY23
Renewable Fuel	233	313	602
Non-Renewable Fuel	2514	2779	2223
Electricity from Grid	880	858	885
Wind Energy	259	260	293
Co-Generation	-	-	3
Total Energy Consumed	3886	4210	4006
Energy Intensity (TJ/million INR revenue)	0.03	0.034	0.026

Our sites are ISO 50001 Certified, ensuring our commitment to sustainability and energy management. This certification underscores our dedication to responsible practices and reinforces our contribution to a sustainable future.

Consciously Driving Energy Efficiency

In the current reporting year, we incorporated several energy-saving initiatives such as adopting energy-efficient technologies and improved industrial processes. We also initiated behavioural change exercises to spark an energy conservation drive across the organization. By reducing energy consumption these initiatives indirectly contribute to lowering GHG emissions associated with energy usage. The adoption of energy-efficient technologies has yielded significant outcomes in our operations.

Intending to make a far-reaching and longer-lasting impact, we explored several opportunities before investing in energy-saving projects. Cooling towers being a significant part of our processes, we focused on making these increasingly energy efficient. The single cooling tower fan we installed is saving us 8,100 units per annum of energy consumption. Additionally, the upgrade of the 500 TR cooling tower with IE3 motors yielded energy savings of 68,428 kWh over six months.

While these two improvements to our cooling towers helped us save substantial energy, when we explored other opportunities, we found that we could adopt Electronically Commutated (EC) Impeller Technology to power the impellers that create airflow. We have been able to achieve annual energy savings of 27,371 kWh, equivalent to INR 177,911 at INR 6.5/kWh by adopting this advanced technology. Installation of an Air Handling Unit (AHU) also led to a reduction in power consumption by 29% vis-à-vis the conventional system being used earlier.

Apart from making our processes more energy efficient, we have taken several other initiatives to reduce our energy consumption as a part of our commitment to being a sustainable organization. Replacing conventional lighting with CFL/PL lights was a logical step in this direction. This one initiative alone gave us an estimated annual energy saving of 76,320 kWh. In addition, power saving achieved by controlling corridor lighting through timers helped reduce our energy consumption by 82,008 kWh per annum. The annual financial saving of these two initiatives alone is an encouraging INR 9 lakhs underscoring both the energy efficiency and the cost efficiency of these initiatives.

We have adopted several initiatives to reduce our electricity and steam consumption, as well as for heating and fuel conservation. With these initiatives, we conserved 1254 MWh of energy when compared to the last reporting year, which not only led to GHG emission reduction but also helped in saving energy costs.

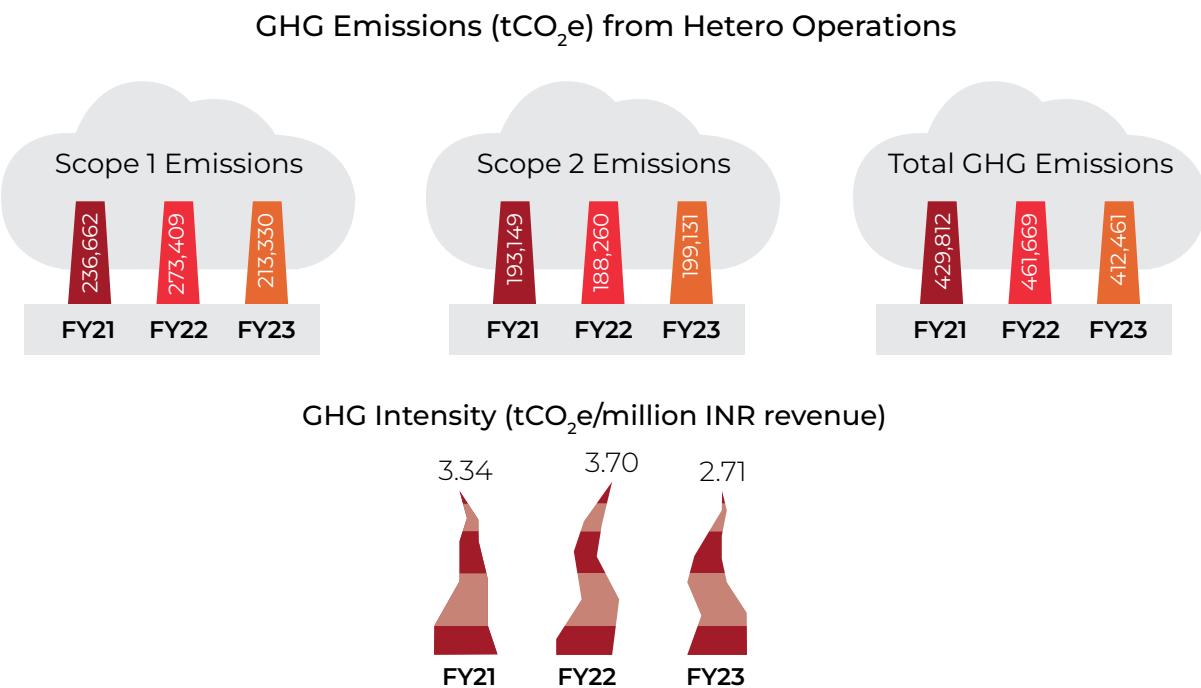
Commitment to Reducing GHG Emissions

A major source of Hetero's direct GHG emissions is the energy consumed in our operations. We are making concerted efforts to reduce our GHG emissions as per the GHG protocol. A major initiative in this direction is the shift to biomass in our boilers. We used 233 TJ of biomass generated energy in 2021 which increased to 602 TJ in 2023.

Using biomass for operations in the boiler instead of coal, and adopting other energy-saving initiatives collectively contributed to a significant 21% decrease in our Scope 1 GHG emissions.

Making a deliberate attempt to reduce our climate footprint and reduce our GHG emissions we have made significant investments in adopting renewable sources of energy. In addition to biomass, our investment in solar energy has also contributed to reducing our consumption of coal significantly from 2454 TJ in 2021 to 2153 TJ in 2023.

We report our Scope 1 and Scope 2 emissions as required under the GHG protocol. We registered a decline in our GHG emissions from 236,662 tCO₂e in 2021 to 213,330 tCO₂e in 2023. Our Scope 2 Emissions reduced from 193,149 tCO₂e in 2021 to 199,131 tCO₂e in 2023. Our sincere efforts and initiatives at reducing our GHG emissions have helped improve our GHG intensity from 3.4 tCO₂e/million INR revenue in 2021 to 2.71 tCO₂e/million INR revenue in 2023.



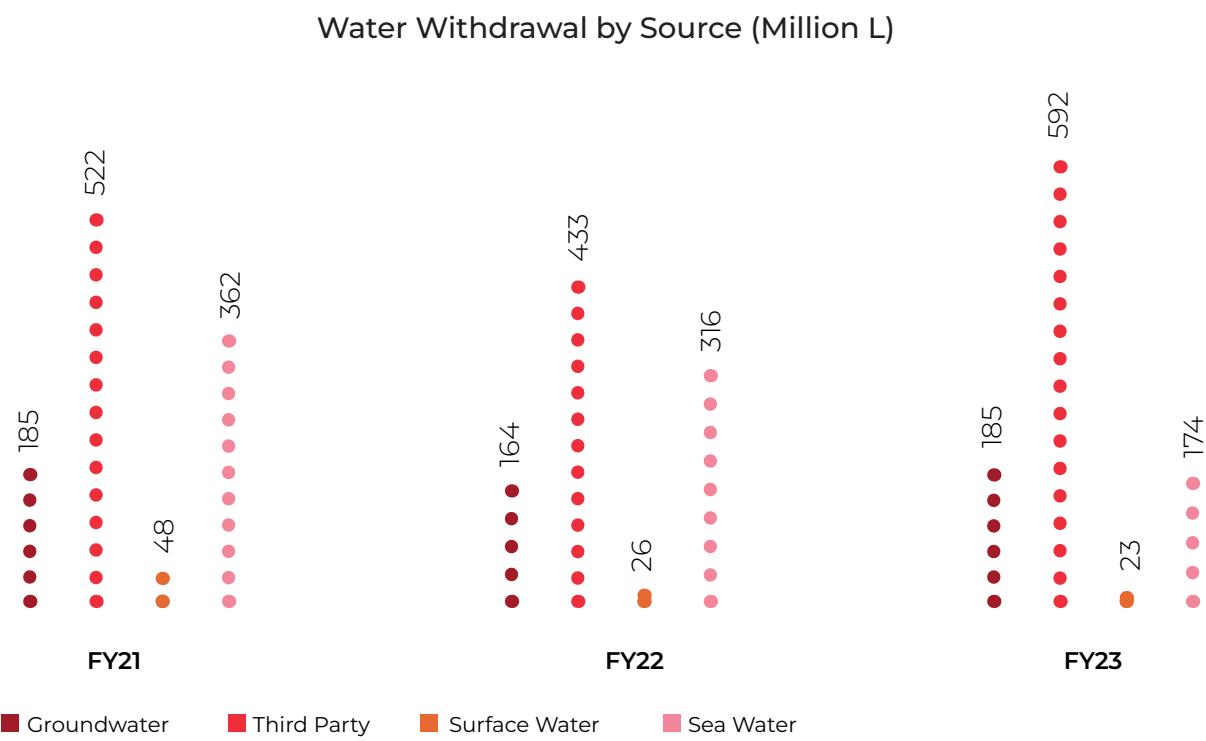
Towards Responsible Water Usage

Water is a critical resource used across drug manufacturing processes and production. Water depletion presents a significant risk both to our business operations as well as to the environment. To nurture a sustainable business, it is imperative that we design, practice, and implement innovative strategies to reduce water consumption.

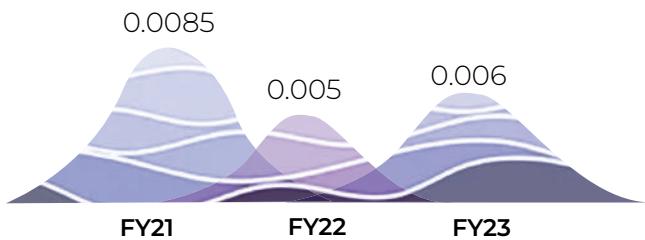
Considering our heavy dependencies on water, we have integrated the 3Rs of Reduce, Recycle, and Recharge into our water management approach. Hetero is committed to conserving natural resources by minimizing freshwater usage, reducing our supply chain's water-related impact, and effectively managing the effluents generated.

We have prioritized our efforts to enhance water-efficient initiatives and implement effluent reduction strategies within our operations. An Aqueduct Water Risk Atlas assessment by the World Resources Institute revealed that all our plants are located in water stress areas. This urged us to accelerate our efforts to improve and intensify our water management strategies and regulations. We are also focused on addressing the water scarcity-related issues in our areas.

With our concerted efforts, we were able to reduce our total water withdrawal from 1118 ML in 2021 to 974 million litres in 2023. However, some categories of water like groundwater have witnessed an increase in consumption this year, due to an addition of new entities. We are cognizant of this increase and are putting in place robust systems to ensure prudent water usage. We, however, reduced our consumption of surface water from 48 million litres in 2021 to 23 ML in 2023 and that of seawater from 362ML to 174 ML.



Specific Fresh Water Consumption (ML/million rupees revenue)

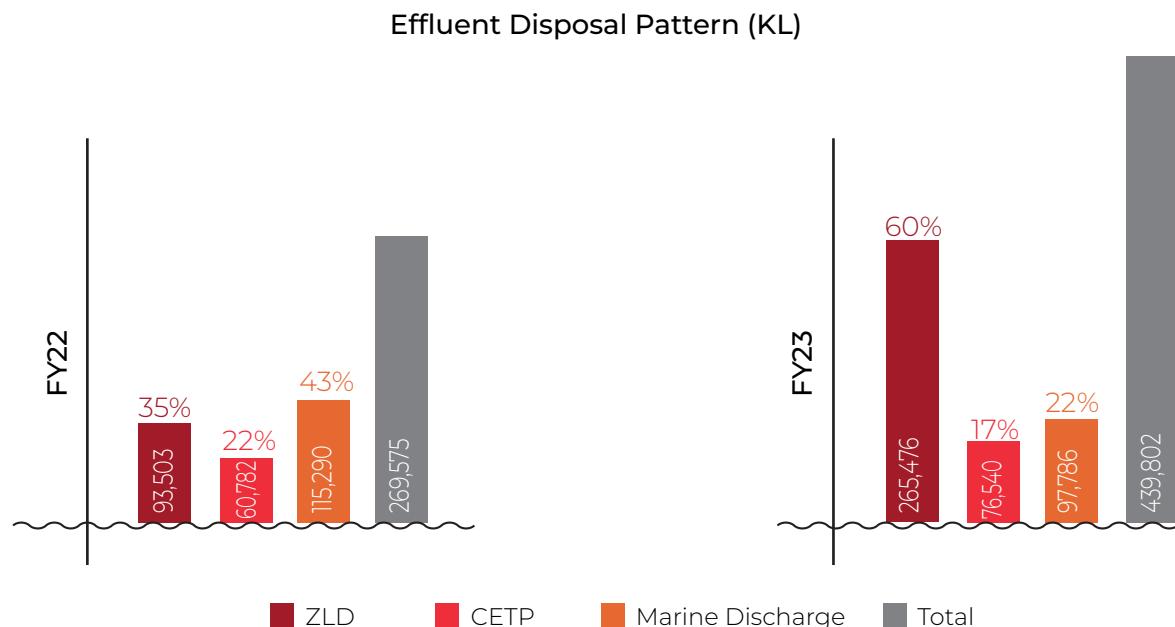


Going Beyond Usage

Hetero's commitment to water stewardship goes beyond consumption and the impacts beyond the boundaries of manufacturing facilities; it extends to a deep understanding of the complex relationship between our operations and water resources at large. While we undertake a comprehensive assessment of our interaction with water, we have long-term plans to also cast a critical eye on our entire supply chain.

All the effluents generated from our operations are treated before being reused or disposed of in the environment. In the current reporting year, 60% of the total effluent generated is treated internally in our Zero Liquid Discharge (ZLD) plants, 17% of the effluent is sent to the Common Effluent Treatment Plant(CETP) for further processing, and 22% of Effluent is treated and discharged to the sea, following all the regulatory requirements. Due to our continuous efforts to improve our internal infrastructure, the total water recycled through our ZLD facility for non-process use has increased from 35% in the previous reporting year to 60%, reducing our marine discharge from 43% to 22%. This shift is an important achievement for us, as we are not only able to better utilize the water but also minimize the impact on the marine environment. This marks a pivotal moment in our journey as we fortify our dedication to responsible water management, ensuring that every drop aligns with our unwavering commitment to environmental preservation and to building a healthier world.

Water Discharged



Focusing on Sustainable Waste Management

Waste poses a wide range of risks to the environment and businesses at large. Failure to handle and dispose of waste judiciously can pose a potential threat to the ecosystem as well as to the reputation of a company resulting in legal action, financial loss, and reduced stakeholder trust.

At Hetero we are aware of these risks and our responsibility to manage waste. Our waste management strategy revolves around screening waste, improving resource utilization, and minimizing waste generation. It rests on the 3Rs of reduction, reuse, and recycling of waste. We also practice and implement a slew of policies and procedures in our operations to fructify our strategy and intent.

We have constantly been working towards improving our waste quantification and categorization, to ensure a more transparent and accurate disclosure of our waste. As a result of this measure, this year, we were able to add a new category of waste in our disclosures i.e. electronic waste.

Our operations generate hazardous wastes such as rejects/residues, distillation residue, spent carbon, evaporation salts, and ETP sludge. The hazardous waste generated between 13,606 MT in 2021 to 17,612MT in 2023. The waste quantity is highly dependent on the products being manufactured and the quantity of products. This combined with the expansion in boundary has increased. The bio-medical waste generated by our operations also registered an increase from 37 to 53 MT over the same period.

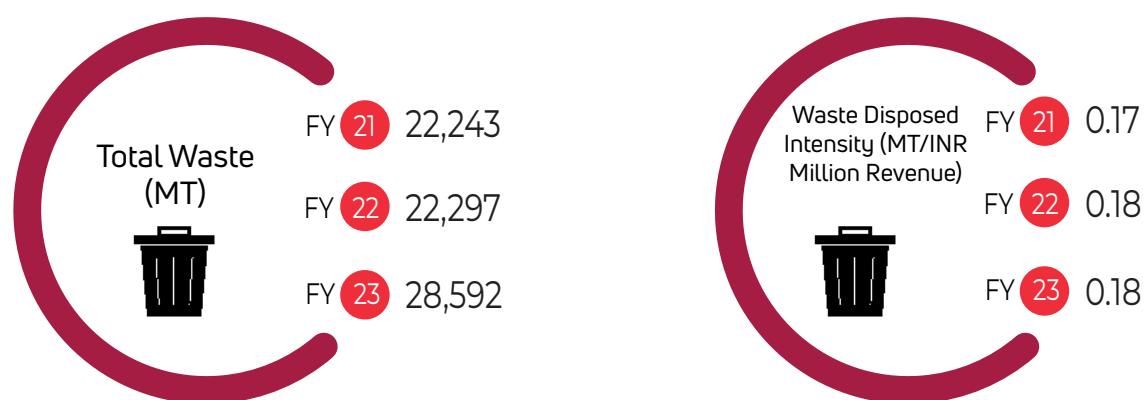
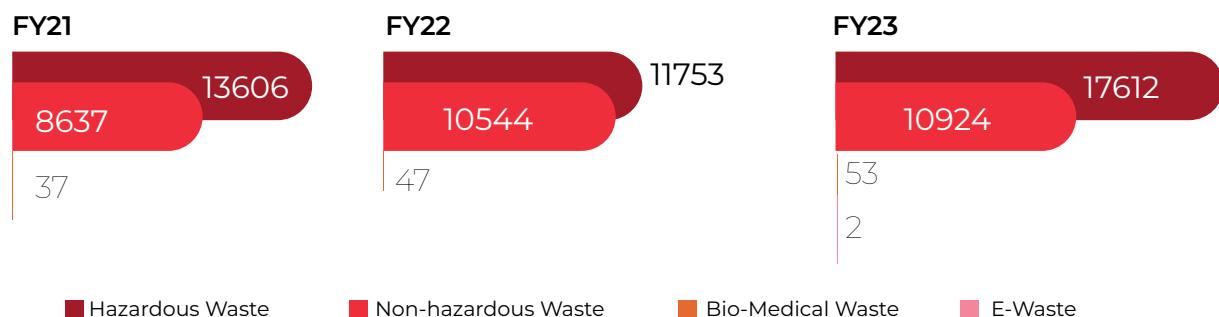
Our non-hazardous waste categories primarily include HDPE drums/carboys, MS drums, packaging material, metal scrap, plastic, paper, rubber, and glass. The total generation of this waste increased from 8637 MT in 2021 to 10924 MT in 2023. The specific waste disposed of by our operations increased from 0.173 MT/INR Million Revenue to 0.18 MT/INR million revenue over two years. We recycled 10,926 MT of non-hazardous waste and 18 MT of hazardous waste during the year.

We are committed to reducing the waste reaching landfills. We are steadfast in this commitment. This is reflected in the fact that there is a significant decrease in waste sent

to landfill during the year. We reduced the waste to landfill from 41% in the previous year to 21% in the current reporting year. To achieve this we continue to explore and adopt co-processing. Last year 58% of hazardous waste reached co-processing, however during this year 64% of hazardous waste was co-processed. We are proud to have increased our co-processing percentage by 6%.

We continue to recycle 100% of our non-hazardous waste.

Waste Generated



Waste Directed to Disposal (MT) in FY23



Waste Diverted from Disposal (MT) in FY23



Valuing and Developing Talent

We recognize that the dedication of each one of our 15,000 employees significantly contributes to Hetero's success. We also believe that every individual holds within them the potential to be a catalyst for innovation and growth.

Empowering our talent to unlock their highest potential both professionally and in personal life and valuing them as the essential pillars of our success is the cornerstone of Hetero's people philosophy. We cultivate a culture of continuous learning and development, invest in developing our talents' skills and knowledge, mentor them, and offer opportunities to nurture leadership capabilities. This is a reflection of our commitment to valuing our people.

Valuing inherent people potential, we encourage open communication, celebrate diverse perspectives, and provide opportunities for employees to take ownership and contribute meaningfully to shaping Hetero's future.

We promote well-being by advocating work-life balance, fostering a supportive community, and offering competitive benefits that address the holistic needs of every individual. Our commitment to a balanced work-life dynamic is reflected in our knowledge-driven work environment, where ideas and skills are highly valued. We facilitate the realization of our employees' full potential through specialized training programs.

- Pursuing the firm belief that every employee plays an integral role in the organization's growth, Hetero respects, acknowledges, and rewards their contributions.

Goals	Targets	SDG Alignment
Building a diversified team	<ul style="list-style-type: none"> • Improving the percentage of women employees to 10% by 2026 • Maintaining and continuing to balance women's representation in contract workers 	 
High Occupational Health & Safety Standards	<ul style="list-style-type: none"> • Continue to achieve zero fatality in our manufacturing operations. 	 

Employee Performance and Well Being – Balancing the Dual Imperative

Our values embody our team's identity and what we strive to achieve every day. To attract and retain top-tier talent, we have implemented a principles-based robust human resource management system. We consistently refine our recruitment process and prioritize transparency. In FY23, our total workforce expanded by 11% compared to the previous year. We recruited 6,769 new employees during the year, which is a significant 23% increase. Concurrently, we also experienced a 44% increase in attrition over the previous year. Our efforts to improve employee retention revolve around stronger policy implementation, an improved corporate culture, and an annual retention bonus. In line with our transparent and open communication policy with all stakeholders, we strengthened our regular employee feedback process. The feedback is followed up with concrete action to address the needs and well-being of the employees.

New Hires and Employee Turnover

	FY21		FY22		FY23	
	New Hires	Employee Turnover	New Hires	Employee Turnover	New Hires	Employee Turnover
Total	5217	4591	5512	4484	6769	6990
Male	91%	89%	91%	91%	89%	90%
Female	9%	11%	16%	8%	11%	10%
Age Group <30	84%	65%	85%	70%	79%	74%
Age Group 30-50	14%	34%	15%	29%	20%	25%
Age Group >50	2%	1%	0.25%	1%	0.25%	0.67%
Upto Senior Executive	92%	86%	98%	92%	94%	95%
Above Senior Executive	7%	14%	2%	8%	5%	5%

Taking our responsibility to nurture our workforce seriously, we provide them with a range of services and facilities. Benefits like health insurance, disability and invalidity coverage, and retirement benefits are provided to all Hetero employees.

Our Expectant Mother Policy is just one example of the importance we place on ensuring the safety and health of new and expectant mothers. Both male and female employees are entitled to parental leave benefits. Of the 5,571 male employees entitled to parental leave 17 availed the benefit and returned to work after the leave ended. We have also seen 15 male employees continue to work with Hetero after 12 months of parental leave ends. 100% of the females who's maternity leave concluded during the year have returned back to work. We have been able to retain 67 female employees 12 months after their leave ended.

Nurturing a Diverse, Equitable and Inclusive Workplace

Working with a diverse workforce is not a simple buzzword but a priority for us. We believe that a diverse workforce is essential to driving an organization's success. Diversity fosters innovation, creativity, and adaptability. It also empowers and strengthens our global presence.

At Hetero we strive to nurture a diverse workforce across genders, age groups, ethnicity, race, and cultural backgrounds. Every Hetero employee is treated with utmost dignity, respect, and fairness. While inherently ensuring diversity and equality, our policies regard all forms of discrimination as unfair. Our diverse and inclusive work culture is one of the key contributors to our success.

We strive to ensure sufficient representation of women in managerial positions, technical roles, and revenue-generating roles. A senior female employee chairs the committee responsible for facilitating communication. Females account for 11% of the highest governance body. For the reporting year, women accounted for around 10% of the total workforce and 47% of our workforce was within the 30-50 years age group. Over the last three years, females accounted for about 10% of new hires. We were able to retain a higher percentage of female talent vis-à-vis male talent.

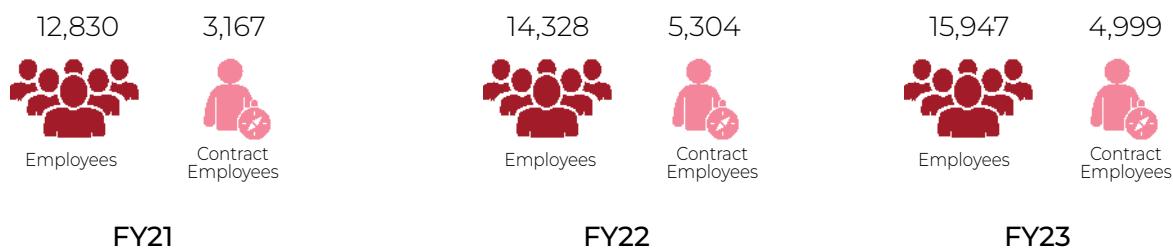
Through celebrating diverse ethnic festivals and acknowledging international days of significance, such as Women's Day, our goal is to cultivate an environment where employees appreciate and feel a strong sense of belonging.

Diversity in age provides a blend of new perspectives and age-old experiences in the work culture. Our commitment to developing India's young workforce is reflected in the fact that 79% of our new hires in 2023 were less than 30 years of age. To ensure transparency and accountability in our recruitment process we encourage both fresh graduates and experienced professionals to reach out to us. A dedicated mail ID is present on our website for fair recruitment

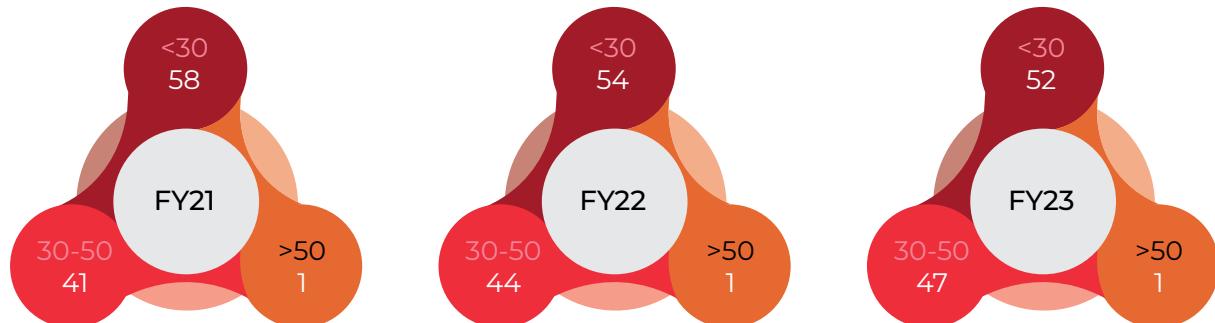
We strive to eliminate unconscious biases through training and awareness campaigns on diversity, equity, and inclusion biases. We initiate positive behavioral shifts to foster an environment of safety and comfort for all genders. The POSH Committee at every manufacturing facility addresses incidents, concerns, or complaints and ensures effective implementation of the POSH policy.

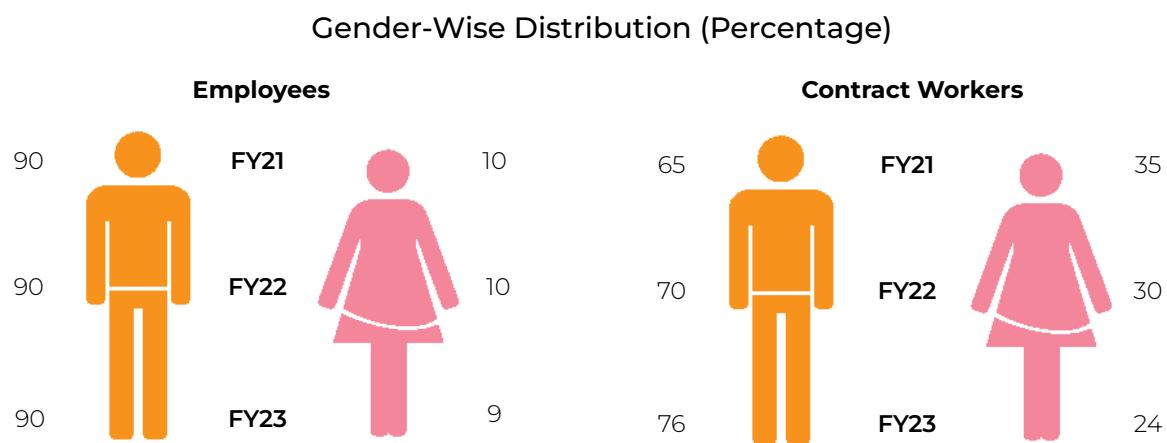
At Hetero, diversity is not just a tick in the box, it is the vibrant tapestry that fuels innovation and propels us and our stakeholders toward a brighter future.

Employee Breakup



Age Group Wise Distribution (Percentage)





Placing Employee Health and Safety at the Forefront

Our motto ‘Empowering Safety, Fostering Health: Hetero’s Commitment to a Safe and Healthy Workplace’ articulates our commitment to keeping employee health and safety at the forefront.

Our unwavering commitment to cultivating a safe workspace is reflected in the senior management’s involvement in driving improvements in the safety management system and addressing both acute and chronic workplace safety challenges. All our manufacturing facilities strictly adhere to laws, regulations, and requirements for a healthy and safe working environment.

100% of our operations are ISO 45001 certified.

Our commitment to high standards of safety is embedded in the Hetero culture through thorough internal and external audits. Every audit recommendation is treated with utmost seriousness and meticulously tracked through the Universal Corrective and Preventive Actions (CAPA) tracker integrated into our Health, Safety, and Environment (HSE) management system.

Our robust 360° risk assessment process enables us to thoroughly evaluate the health and safety risks, ensuring continuous and structured assessment of areas with potential health and safety concerns. We conduct several risk assessments to assess a range of risks. Some of these assessments include Process Safety Risk Assessment (PHC), Industrial Hygiene Risk Assessment (IH), Hazard Identification and Risk Assessment (HIRA), and Machinery Safety Risk Evaluation.

Health and Safety Governance

Hetero works with a structured framework to encourage collaboration, decision-making, and continuous improvement in workplace health and safety. Several committees including manufacturing location committees, facilitate effective communication across teams who together agree on improvement actions. These committees bring tailored focus and responsiveness to evolving organizational needs and challenges.

The safety progress and concerns are part of Board the Board’s agenda, where the Board oversees the performance and provides support and guidance at a strategic level.

Driving a Strong EHS Culture

Our EHS initiatives are meticulously crafted to empower individuals in their respective roles. This inclusive approach involves gathering feedback from employees, incorporating suggestions for improvement, and promptly implementing corrective measures. We build capacity to drive the organization towards our overarching objective of achieving ‘Zero Incidents’ and building a healthier world.

In FY23, we reaffirmed our strong commitment to the safety and well-being of our workforce by establishing a robust Emergency Preparedness System. This system demonstrates our enduring dedication to maintaining the highest standards of safety for our valued employees.

A network of dedicated teams, with clear responsibilities, guidelines, and training, is always in a state of preparedness to respond to any emergency. Accounting for different categories of emergencies, the framework comprises at least three different networks of emergency response teams. We have created differentiated responsibilities through the creation of various teams that consist of people spread across the manufacturing location. The teams have been created given scenarios that can be created during an emergency and the roles and responsibilities each team must undertake in such scenarios. Some of the key teams created are the evacuation team, incident control team, first aid team, process safety, and control team.

Process-related matters in emergencies are addressed by a team proficient in managing and controlling leaks or spills, which if unaddressed in a systematic, timely, and scientific manner can aggravate the situation. These teams are supported through regular training, communication, and drills to ensure preparedness in times of emergency. The structured framework, bolstered by an aware workforce, underscores our belief that a well-prepared and responsive team is not just a necessity for immediate safety but is integral to the long-term sustainability of our organization.

We continuously improve our emergency plan for regular reviews and updates, showcasing our steadfast commitment to the safety and well-being of the Hetero family.

Driving Process Safety

Process safety is the cornerstone of our safety initiatives forming the foundation of our pursuit of a zero incidents culture. We bolstered our internal hazard screening and engineering capabilities. We undertook a meticulous assessment of processes to grasp reaction kinetics and scrutinize potential hazards to formulate secure procedures. We strengthened our commitment to safety by incorporating cutting-edge process safety testing equipment and adopting Process Safety Management practices for both Active Pharmaceutical Ingredients (APIs) and finished dosages. Process safety is ingrained in our system through comprehensive management programs aimed at cultivating workforce awareness.

Pursuing the concept of safety by design we decided to adopt process safety labs to identify inherent safety risks in our processes. Our labs are equipped to identify fire and explosion risks as well as possible hazardous gas formation or release at the design stage. This process ensures that we install the necessary safety equipment and integrate processes to ensure safety by design.

Our Nakapally manufacturing plant, Asia's largest API manufacturing facility, boasts an in-house Satellite Process Safety Laboratory. This lab accurately screens preliminary chemical reactive hazards helping us to proactively provide timely and targeted support where it matters.

The state-of-the-art central process safety laboratory at our Kazipally manufacturing plant further reiterates our commitment to safety. This centralized facility provides comprehensive support to all our manufacturing plants in and around Hyderabad, the focal point of our manufacturing endeavours. These advancements reinforce our dedication to ensuring the highest standards of safety and operational excellence across our facilities.

Hetero's Outstanding Safety Performance

Our pledge to foster a safe and healthy workplace resulted in outstanding safety achievements. We recorded a zero-incident year with no fatalities or serious work-related injuries. While there was a slight increase in first aid cases, it is noteworthy that the frequency of lost time incidents decreased significantly – from 0.11 per million man-hours to zero per million man-hours worked. Equally noteworthy is the substantial reduction in the severity rate, plummeting from 0.26 man-days lost due to incidents per million man-hours worked to an extraordinary 0 man-days lost throughout the year.

Hetero has always been proactive in integrating and following safety measures, with a heightened focus on prevention rather than control. We go beyond following legal requirements and conditions to proactively identify inherent risks through our process safety labs which are addressed when constructing new facilities. Our safety department also makes recommendations that are incorporated during the construction of any new facility. Continuous upgradation of equipment, fire protection, and detection systems are undertaken with an aim towards a positive change in the environment.

There have been no reported cases of work-related ill health, emphasizing our commitment to a healthy and safe work environment.

Safety Performance

Safety Performance	FY21	FY22	FY23
Man hours worked (in million hours)*	38	45	52
First Aid Cases	260	276	443
Number of lost time incidents	11	5	0
Number of man-days lost	18024	12	0
Rate of Fatalities as a result of work-related injury	0.08	0	0
Rate of high-consequence work-related injuries (Excluding Fatalities)	0.02	0	0
Rate of recordable Work-related injuries	0.30	0.11	0
Frequency rate (Lost time incidents per Million man hours worked)	0.29	0.11	0
Severity rate of lost-time incidents (Man-days lost due to incidents per million man-hours worked)	469	0.26	0

Talent Management and Continuous Learning

We constantly endeavour to build an organization that inherently values people and their potential. To further strengthen our workforce we added another guiding principle to our existing workforce values: 'Developing Others'. This guiding principle encourages

continuous enhancement of skills, knowledge, and abilities of each employee through ongoing learning and development opportunities. This principle integrates performance excellence into the organization culture. Our ethos of 'Developing Others' encourages talent development not just for Hetero but also for the pharmaceutical industry as a whole.

Nurturing Fresh Talent for the Industry

India's pharmaceutical sector is amongst the global leaders. However, to move up the value chain the Indian pharmaceutical sector requires skilled talent. Realising this pressing need, Hetero's Darpan Skill Development Centre (DSDC) trains fresh talent and provides them with comprehensive insights into the multifaceted aspects of the pharmaceutical sector. This initiative not only fortifies the connection between students and industry but also molds individuals into industry-ready assets capable of making a significant impact right from the onset of their professional endeavours. The Centre exemplifies our commitment to sustainable practices by fostering skills in fresh talent and creating a pipeline of competent professionals not just for our organization but for the pharmaceutical industry. This Centre serves as a pivotal business unit within Hetero.

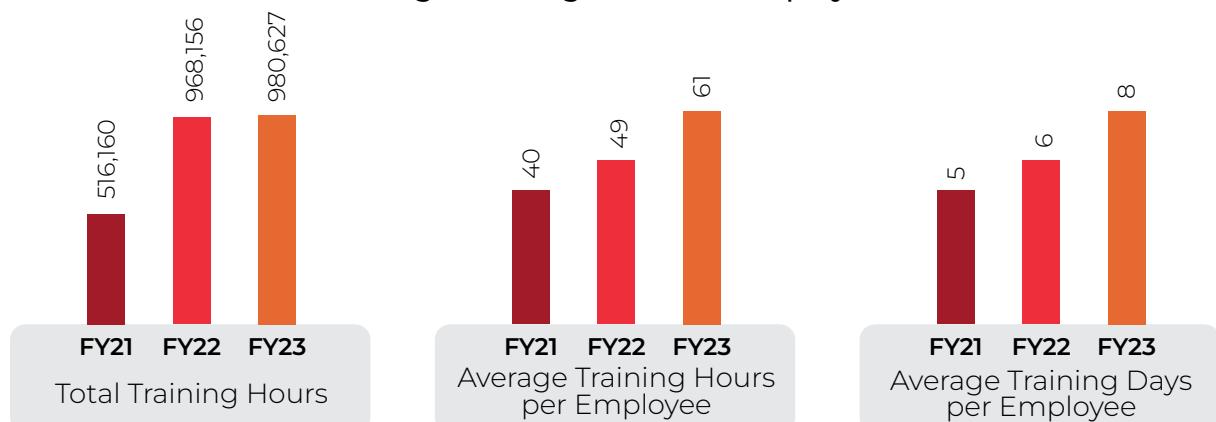
Valuing Internal Talent

Recognizing our people as the most valuable asset we remain committed to providing every employee with continuous training and upskilling opportunities to ensure their professional advancement. Our comprehensive array of programs are testimony of our pursuit of people development. Ranging from behavioral training to leadership development, language proficiency, quality enhancement orientation, quality awareness, safety, and audit preparedness these programs are aimed at the holistic development of our talent.

We have tailored a comprehensive and robust plan for employees keen to pursue doctoral programs. It is offered to employees who have been a part of the Hetero family for at least two years. This skill enhancement plan is seamlessly woven into the company's efforts to collaborate with academia, fostering a mutually beneficial relationship between academic advancement and career progression.

We invest in the skill enhancement of our people not just across levels but also of the contract workers. The average training hour per employee increased from 49 in 2022 to 61 in 2023, an increase of 25%. The number of average training days also increased from 6 to 8. Our contract workers also underwent average training for 21 hours during the year. We nurture talent with a firm belief that we are building a future-ready workforce that will be an equal party to the achievement of our goal of a healthier world.

Average Training Hours for Employees



Average Training Hours for Contract Workers (FY23)

Total Training Hours	Average Training Hours per Contract Worker	Average Training Days per Contract Worker
103,269	21	3

Fostering Leadership Excellence

We recognize the pivotal role of specific leadership qualities in driving organizational success. We encourage our employees to embody these qualities and competencies which are seamlessly integrated into daily work practices. Our senior leadership participates in tailored webinars and online learning programs tailored to help them imbibe these competencies. During the pandemic, we introduced a self-paced program to equip our leaders with knowledge on topics such as sustainability,. In the reporting year, 100% of employees underwent a comprehensive 180-degree performance review.

Labour Relations

Hetero fosters a positive and collaborative relationship with our employees. We prioritize open communication, respect, and fair treatment for all. We offer competitive compensation and benefits packages, provide ample opportunities for training and development, and uphold the right to freedom of association and collective bargaining. We maintain a safe and healthy working environment and actively promote employee well-being. We believe that engaged and empowered employees are essential for our success.

At Hetero, our change management process is tailored to accommodate the diverse needs of various operations. Whether it involves modifying existing processes or introducing new ones, we initiate changes post the completion of R&D and obtaining regulatory approvals. The initiation of change is based upon the criticality of the development, ensuring a comprehensive and adaptable approach in our sustainability report.

Valuing Freedom of Association

Following the tenet of freedom of association Hetero does not restrict employees from forming associations or unions. Our policy of collective bargaining strongly upholds these rights in action for every employee. As of now, Hetero's employees have not established any formally recognized trade unions.

A Global Approach to Product Quality

A robust quality assurance system is the cornerstone of any pharmaceutical company's existence. Access to safe quality medicines lies at the foundation of this industry. Our resolute commitment to build a legacy of trust in delivery is backed by our global approach. Our focus on quality helps drive change throughout the business by incorporating innovation, continuous improvement, knowledge, and best practices.

Hetero commits to rigorously crafting safe pharmaceutical products, and upholding stringent safety measures at every stage. Our dedication to global standards, adoption of Good Manufacturing Practices (GMP), and implementing stringent inspection processes ensure that we offer responsible, reliable, and secure products. At the heart of our product quality processes lies our unrelenting commitment to building a healthier world that has access to safe and affordable medicines. Our quality control laboratories equipped with high-precision equipment ensure excellence throughout the production process.

Goal	Targets	SDG Alignment
Product Quality and Safety	Maintain 100% compliance with all regulatory and audit observations within the defined timelines.	 3 GOOD HEALTH AND WELL-BEING

- Guiding every step, from molecule to medicine, Hetero's relentless pursuit of quality safeguards lives and unlocks access to health.

Prioritizing Drug Safety

For Hetero, patient safety is paramount. We adhere to the highest international standards of quality and safety throughout the product lifecycle, from research and development to manufacturing and distribution. Our manufacturing facilities adhere to rigorous quality frameworks and assurance procedures in line with regulatory standards. The robust risk management systems, rigorous clinical trials, and stringent quality control measures ensure the efficacy and safety of our active pharmaceutical ingredients (APIs).

Transparency and open communication with regulatory bodies and healthcare professionals is a priority, we proactively report adverse events and take prompt corrective actions. We have regulatory approvals from the USFDA, EUGMP, and other authorities in Australia, Japan, the UK, South Africa, Russia, Brazil, Columbia, Mexico and South Korea. Our constant thrust on quality upgradation and product integrity stems from our inherent belief in prioritizing patient safety. At our website, we have a section to report on the adverse events reporting to ensure drug safety. The portal is accessible to all stakeholders global and local on this link: <https://www.hetero.com/contact-us>

Helping Stakeholders Make Informed Choices

We believe that informed choices empower our stakeholders i.e. consumers, healthcare professionals, and pharmaceutical partners. This conviction guides our commitment to fair and responsible marketing communication, alongside transparent access to product information.

Product labeling plays a critical role in this endeavour. We ensure complete alignment between our marketing practices and product labeling. All our products, regardless of business model, are accompanied by detailed and accurate information. The product leaflets empower patients and healthcare professionals with comprehensive details of product composition, safe use, potential side effects, and proper disposal.

We are uncompromising when it comes to the safety and health of our consumers. Backed by a robust system that facilitates prompt communication, we do not hesitate to recall and retrieve a product in case any unforeseen safety concerns emerge. Our Material Safety Data Sheets (MSDS) healthcare professionals with vital information on the handling, storage, and disposal of the product for a safe and sustainable environment.

Most of our products are sold to leading global pharmaceutical companies for further processing and finalizing into finished dosages. Clear communication of product information is ensured to both stakeholders i.e., the companies we partner with and their end consumers.

We firmly believe that ethical practices and customer-friendly disclosure of information are integral to our business. By empowering informed choices from lab to customer, we aim to not only safeguard health but also build trust and strengthen relationships across the pharmaceutical landscape.

Hetero or any other organizations associated with our business did not attract any fines or penalties or pay regulators or voluntary organizations for information shared by us with our customers or for labelling of our products.

Relentlessly Pursuing Customer Health and Safety

Keeping customer health and safety at the centre of operations is paramount for any pharmaceutical manufacturing company. Developing robust manufacturing and quality systems is fundamental to ensuring product efficacy and pharmaceutical excellence.

In this relentless pursuit, Hetero elevates its own quality benchmarks year on year. An unyielding hunger for improvement fuels our journey, taking product safety beyond a checkbox to an ethos deeply ingrained in our culture. Cutting-edge technologies and rigorous research guide our path, while stringent quality control measures leave no room for compromise. Every process, from raw material sourcing to final delivery, is meticulously controlled, ensuring unparalleled purity and efficacy. Yet, the quest for perfection doesn't stop at the lab.

Collaboration with leading academic institutions and constant investment in employee training keeps us at the forefront of innovation, anticipating and exceeding evolving patient needs. Ultimately, we understand that safeguarding health demands unwavering dedication to quality and safety, not just for fleeting market success, but for a healthier future for generations to come.

Prioritizing Product Quality and Safety

Given the nature of our business, ensuring safe and high-quality products is a very basic responsibility. Hetero is thus committed to pioneering advancements in product safety within the pharmaceutical industry. Our steadfast dedication lies in ensuring the utmost safety, efficacy, and quality of every product we offer.

We go beyond our manufacturing facilities to ensure that every stakeholder across our value chain upholds strict product quality and safety standards. A collaborative approach with healthcare professionals, regulatory bodies, and stakeholders helps us uphold the highest standards of safety. We relentlessly strive to set new benchmarks in pharmaceutical safety practices.

We follow stringent measures and strictly adhere to global regulatory standards at every stage of product development, from research and formulation to manufacturing and distribution. We have adopted the globally recognized Good Lab Practices (GLPs) and Good Manufacturing Practices (GMPs) to ensure our products are safe.

Investment in cutting-edge technologies and rigorous testing protocols help us identify, mitigate, and eliminate potential risks associated with our products. We foster a culture of transparency, accountability, and continuous improvement, with the safety of patients and the community being our top priority.

Ensuring Access to Affordable Medicines

Hetero relentlessly pursues the mission of ensuring access to affordable medicines for all. Our dedication to making healthcare more affordable is ingrained in our ethos, ensuring that no one is denied access to the medications they need. We recognize the importance of medication in improving and sustaining quality of life, and we strive to make them accessible without compromising on quality or efficacy.

Through our unyielding quest for innovation, operational excellence, and strategic collaborations, we optimize our production processes to drive efficiency and reduce costs without compromising on product integrity. Our research and development efforts aim to provide generic alternatives and affordable versions of essential medications, expanding access to treatments across various therapeutic areas.

Our collaboration with governments, non-profit organizations, and healthcare providers helps us offer sustainable pricing models and initiatives making our medicines affordable and accessible to underserved communities worldwide.

We achieved a significant milestone with the World Health Organization Prequalification of Medicines Program (WHO PQ) approval for our innovative COVID-19 oral antiviral treatment, Nirmatrelvir, marketed under the name NIRMACOM. This generic version of Pfizer's renowned COVID-19 oral antiviral drug 'PAXLOVID' is co-packaged with Ritonavir tablets.

Community Engagement Building Together for Inclusive Growth

We are deeply committed to uplifting underprivileged areas and individuals, focusing on universal principles such as health and prosperity. Our CSR initiatives are organized into six key areas aligned with community needs and UN Sustainable Development Goals. Using the theory of change model, we measure outcomes systematically. Our core mission is to promote good health for everyone, and our CSR efforts extend beyond business success, reflecting genuine dedication to societal well-being.

CSR Vision: Hetero's CSR vision is rooted in excellence, fostering sustainability, and enhancing society's quality of life.

CSR Mission: We see the community as a crucial stakeholder, and our commitment is unwavering. Our CSR initiatives drive six strategic areas or themes to contribute to our mission of cultivating healthier communities.

These 6 themes are crafted by assessing community needs, aligning with our sustainability goals, considering the Government of India's development priorities and contribution to the UN Sustainable Development Goals



Hetero's Themes



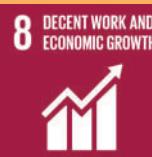
Health and Wellbeing (Aarogya): Aligned with SDG 3 and in pursuit of our motto 'Inspiring human belief in a healthier world' our community health programs strive to build a healthier global community.



Educational Empowerment (Abhyasa): With commitment and experience, we create impactful programs aligned with SDG 4 for quality education and empowerment.



Water, Sanitation, and Hygiene (Swachhata): We endeavour to ensure that marginalized communities get access to safe water which is in line with the Swachh Bharath Mission and SDG 6, reducing disease.



Livelihood Development (Ajeevika): We foster employment and entrepreneurial opportunities in line with SDG 8, promoting decent work and economic growth.



Climate Change Resilience (Spandana): Our initiatives to provide urgent support to communities facing challenges align with SDG 13, contributing to climate action and water positivity.



Community Infrastructure Initiatives (Susthira): Our targeted support for community-driven infrastructure aligns with SDGs 1 and 11, addressing gaps and promoting sustainable communities.



Hetero's Social Impact Outreach

Last 5 Years

- Annual Empowerment of 220 Government Schools and Anganwadis
- Annual Support for 10,500 Students with Books, Stationery, Uniforms, and Bags
- Annual Engagement of 66 Vidya Volunteers in Educational Initiatives
- A Total of 57,259 Doctor Consultations through Mobile Medical Van
- Across various locations, our healthcare initiatives have provided eye care

	Outpatient Services	Cataract Surgeries
Vision Centre	39221	1920
LVPEI Siddipet	33297	3148
LVPEI Sircilla	40597	2608

- Facilitation of the Recovery of 306 COVID Patients within a 2-Month Span at Cantonment General Hospital

2022-23

- Continued Empowerment of 220 Government Schools and Anganwadis
- Educational Support to 10,500 Students with Books, Stationery, Uniforms, and Bags
- Engagement of 66 Vidya Volunteers in Educational Initiatives
- Conducted 10,203 Doctor Consultations through Mobile Medical Van
- Provided 6,582 Outpatient Services at Vision Centre
- Performed 357 Cataract Surgeries at Vision Centre
- Distributed 1,768 Pairs of Spectacles
- Enabled Mobility by Distributing 10 Tri-Motorcycles to Differently Abled Individuals

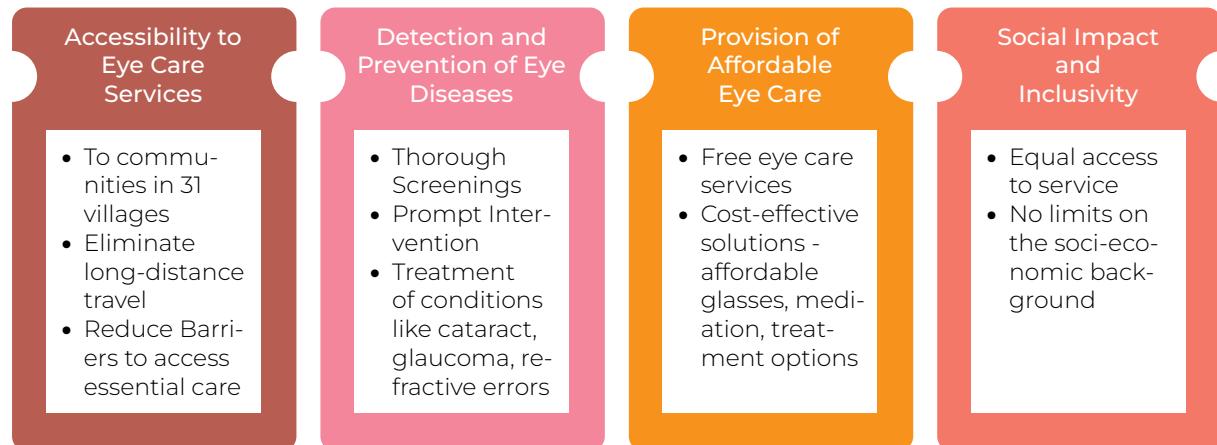
Empowering Health Service – Aarogya (SDG3)

Our CSR initiatives strategically align with Sustainable Development Goal 3 (SDG 3) – Good Health and Well-being. Our comprehensive approach aims to make a positive impact on society, especially in rural areas, by expanding healthcare access. The establishment of a vision centre and a mobile medical van in Nakkapally (AP) exemplify our commitment to SDG 3.

In our quest to enhance government healthcare infrastructure we support the Nakkapally Primary Health Centre (PHC) and have equipped the 50-bed government hospital. Our support to 476 TB patients in the Anakapally area hospital has made a tangible impact.

Our multifaceted approach aligns with SDG 3, fostering sustainable improvements in healthcare infrastructure. Our initiatives underscore our commitment to achieving global health targets and our broader mission to positively shape the communities we serve.

Vision Care - Navigating Clear Sight for All Addressing the challenge of limited access to eye specialists, the Hetero Foundation launched the 'VISION CENTER' in Nakkapally, Andhra Pradesh. The goal is to bridge accessibility gaps, detect eye diseases, provide affordable care, and promote inclusivity in healthcare access.

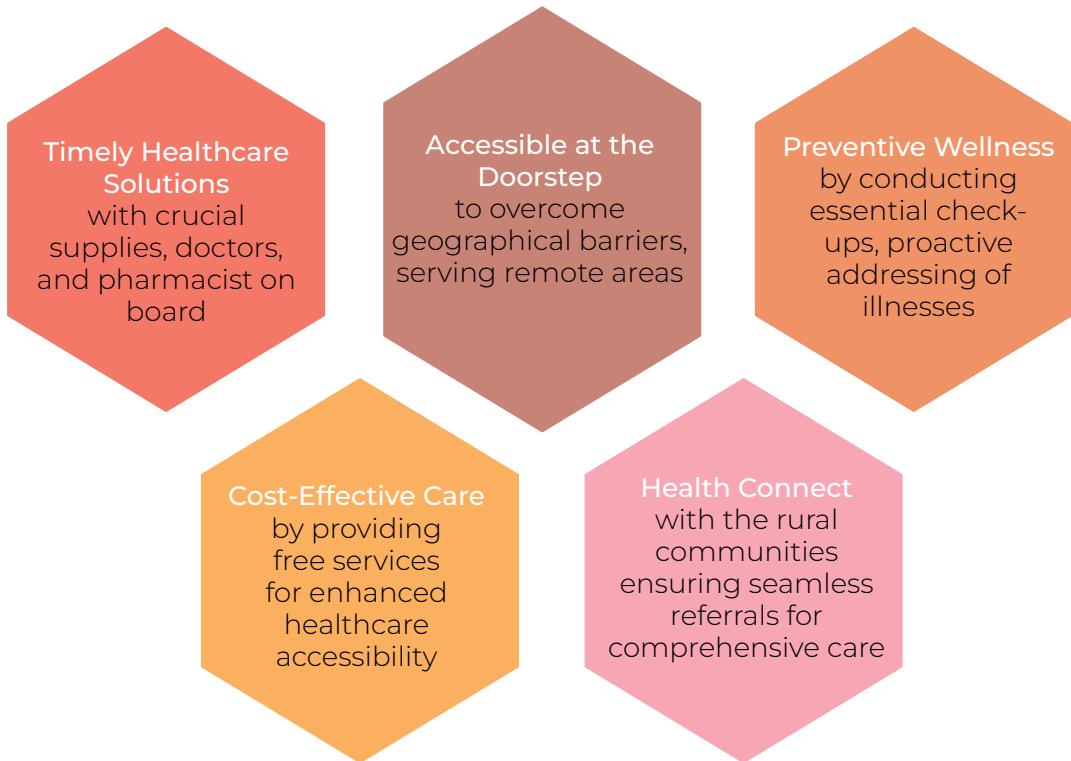


Hetero's cost-effective Vision Centre, supported by Sri Kiran Institution, brings eye care closer to communities in 31 villages. This community-managed institution, tailored to the diverse local demographics, provides vital eye care services to combat vision issues, especially amongst elders, women, and children. The centre offers testing, prescriptions, and collaboration with Sri Kiran Eye Institute for free cataract surgeries led by Dr Chandrasekhar Sankuratri.

Healthcare on Wheels – Delivering Beyond Boundaries

The mobile medical van, a cornerstone of Hetero's Corporate Social Responsibility (CSR) initiatives, stands as a vital force in fulfilling the core health needs of rural communities in Nakkapally Mandal.





Our mobile medical unit covers 31 villages in Nakkapally Mandal, Andhra Pradesh. Between 2018 and 2023, the mobile medical van organized 1,252 camps in and around Nakkapally, providing free consultation and medication to 57,259 patients. In FY23 alone, we organized 279 camps which served 10,203 patients.

Health Boost Initiative: Empowering Nakkapally PHC with Cutting-Edge Equipment

In line with our commitment to enhancing healthcare infrastructure and strengthening the Government Hospital initiative, we installed a state-of-the-art ECG machine in the Nakapally Primary Health Center (PHC). This machine will facilitate the monitoring of heart functioning tests for patients residing in and around the Nakapally Mandal Villages. This initiative enabled at least 100 to take the benefit of improved healthcare services.

Looking ahead, we have ambitious plans to adopt the hospital in the upcoming year. We will equip the hospital with the necessary resources and assistance to address the healthcare needs of the residents of the area. We conducted a baseline assessment of the hospital's infrastructure, operations, and service to identify gaps and align our efforts to the unique needs of the hospital.

Nourish and Thrive – Nutrition Kits for TB Patients

In a heartening gesture, Dr Bandi Parthasaradhi Reddy, Member of Parliament, Rajya Sabha, and Chairman of Hetero Group, led an initiative to provide nutrition kits to TB patients. This effort is aligned with the vision of the "Pradhan Mantri TB Mukt Bharat Abhiyaan" which aims to eradicate TB by 2025 through collaborative community support. Dr Reddy volunteered to support TB patients in Anakapally, Andhra Pradesh, and Khammam, Bhadravati, and Kothagudem districts of Telangana.

The Nutrition Kit Distribution program began in February 2023 in Satthupally, with Dr Reddy leading six months of sustained support for patients in Khammam, Bhadravati, Kothagudem districts. Taking his efforts a step forward, Dr Reddy adopted three children affected by TB, committing to their entire education.

Demonstrating a hands-on commitment to community well-being, the District Collector also distributed nutrition kits to TB patients. His involvement not only symbolizes the collaborative effort in addressing the healthcare needs of the community but also highlights the local administrative support integral to the success of our initiative.

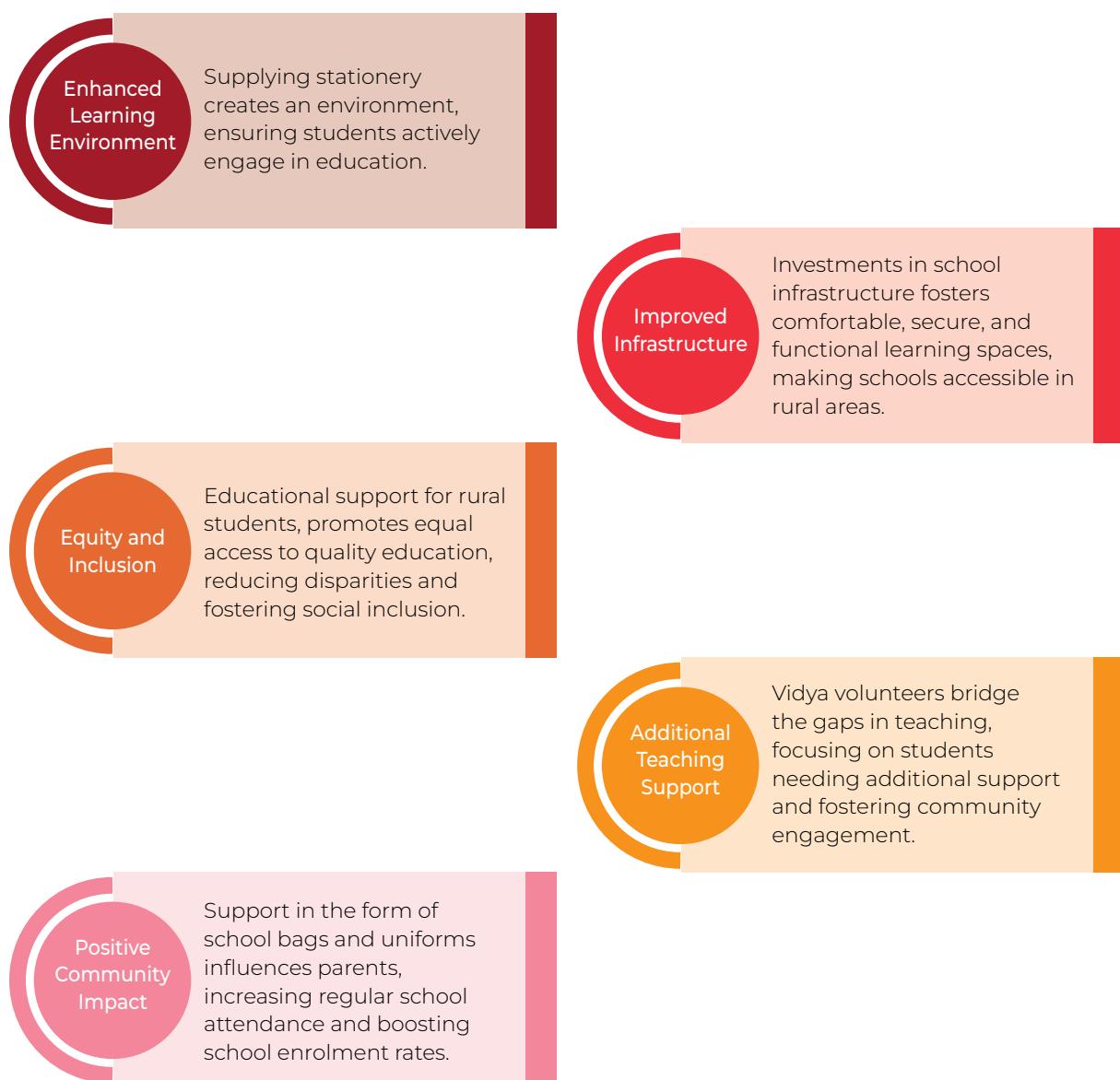
Empowering Education for Lasting Impact – Abhyasa

In pursuit of achieving Sustainable Development Goal 4 – Quality Education, we are deeply committed to empowering students for positive, lasting change. Our initiatives go beyond academics, creating supportive school environments that meet students' basic needs.

In close collaboration with schools, teachers, local communities, and education authorities, Hetero tailors support to specific needs, ensuring sustainable impact. Our comprehensive intervention covers school infrastructure, scholarships, education materials, and Vidya volunteers, all aimed at improving learning outcomes.

Focused on enhancing government school infrastructure, reducing absenteeism, and strengthening learning, we work closely with teachers and communities. The Vidya Volunteer System, along with providing school uniforms and stationery, encourages regular attendance.

This Intervention Aspires to Offer



Our holistic approach lays the foundation of a sustainable and empowered future by ensuring that every child has access to quality learning and development.

Equipping Students with Essentials

We provide students of Government Schools with bags, uniforms, books, and stationary, enhancing their educational experience. This initiative sparks interest in learning and eases out-of-pocket expenses for parents.

Vidya Volunteers for Boosting Education

We lead in recruiting Vidya Volunteers for Government Schools, improving enrolment ratios, and enhancing academic success. These dedicated volunteers greatly improve learning outcomes, particularly in primary, secondary, and upper primary classes, leading to increased pass percentages. Beyond academics, they play crucial roles in maintaining discipline, engaging with parents, and updating school records. During admissions, volunteers act as motivational ambassadors, encouraging parents to enrol their children.

Anganwadi Centres: Fostering Early Childhood Development

We support 10 Anganwadi centers in Kandukur- Sathupally with teaching-learning materials. These curated kits, designed for children aged 3-6, include toys such as blocks, puzzles, dolls, and more. The initiative aims to enhance language skills and cognitive development for around 350 children through play-based learning.



Equipping Students with Essentials



Vidya Volunteers



Anganwadi Centres

Revitalizing Sanitation for Sustainable Change – Swachhata

Our Swachhata strategy contributes to enhancing WASH facilities in schools, Anganwadi centers, healthcare facilities, and communities in alignment with SDG 6. We construct toilets, handwashing facilities, and drinking water infrastructure and rejuvenate sanitation

practices. The integration of Reverse Osmosis (RO) plants reflects our commitment to quality drinking water by providing secure and sustainable water resources. The goal is to nurture healthier communities that are more resilient in the face of evolving global health challenges.



Reverse Osmosis (RO) water plants

Enhancing Sanitation Facilities

Committed to fostering gender equality, Hetero contributes to building dedicated girls' toilets in schools. This initiative acknowledges the importance of well-equipped facilities in addressing hygiene needs, promoting menstrual health, and supporting education of the girl child by providing a safe and inclusive environment.

Providing Drinking Water Infrastructure

Hetero pioneered the installation of Reverse Osmosis (RO) plants in villages, ensuring a reliable source of safe drinking water to address water insecurity. Partnering with gram panchayats, we have installed RO water plants in selected villages across Andhra Pradesh and Telangana. The aim is to make clean drinking water easily accessible and affordable, promoting good health and reducing healthcare expenses related to water-borne diseases. This initiative also eases the burden on women and girls, traditionally responsible for fetching water, by providing a sustainable and health-conscious water solution.

Community Fortitude through Sustainable Infrastructure – Susthira

HETERO's commitment to infrastructure development, seen in the 'Susthira' program, goes beyond physical improvement. Through this program, we catalyse transformative change in alignment with our commitment to Sustainable Development Goals (SDG) 1 and 11. By constructing CC and gravel roads, panchayat buildings, drainage systems, installing CC cameras, and lighting infrastructure, we contribute to poverty alleviation and to creating sustainable, resilient communities.

Our initiatives, aimed at enhancing connectivity, reducing travel time, and fostering economic opportunities, drive SDG 1's objectives of addressing poverty (no poverty).

We support SDG 11, which focuses on Sustainable Cities and Communities, by promoting inclusive governance, healthier living environments, safety, and security. This fosters positive socio-economic impact beyond physical enhancements..

Adaptable Infrastructure Initiatives

Embracing the 'Susthira' initiative, we promote the development of vital infrastructure, including drainages, gram panchayat buildings, CC cameras, LED lights, CC roads, and other essential assets. This initiative reflects our unwavering commitment to enhancing overall community well-being, driving economic growth, and advancing sustainable practices in the regions we serve. Through our CSR initiatives, we spearhead habitat development to improve living conditions and fundamental infrastructure in the villages of Telangana and Andhra Pradesh.



Empowering Individuals with Disabilities: Offering Tri Motorcycles for Enhanced Mobility

Committed to fostering inclusivity, we acknowledge the inherent right of every individual to live with dignity and self-confidence, regardless of physical challenges. We responded to the mobility needs of ten individuals residing in the Jadcharla Special Economic Zone (SEZ) to enhance their quality of life and livelihoods. In collaboration with local villages and the Member of Legislative Assembly (MLA), we provided tri motorcycles to empower these ten individuals.



GRI Content Index

Statement of use		Hetero has reported the information cited in this GRI content index for the period 2022-2023 with reference to the GRI Standards.
GRI 1 used		GRI 1: Foundation 2021
GRI Standard	Disclosure	Location
GRI General Disclosures	2-1 Organisational Details	Page 11-14
	2-2 Entities included in the organization's sustainability reporting	Page 15-17
	2-3 Reporting period, frequency and contact point	Page 4-5
	2-4 Restatements of information	Page 4-5
	2-5 External assurance	Page 5
	2-6 Activities, value chain and other business relationships	Page 13-14
	2-7 Employees	Page 59
	2-8 Workers who are not employees	Page 59
	2-9 Governance structure and composition	Page 38-39
	2-10 Nomination and selection of the highest governance body	Page 42
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 37
	2-13 Delegation of responsibility for managing impacts	Page 40
	2-14 Role of the highest governance body in sustainability reporting	Page 45-46
	2-15 Conflicts of interest	Page 43
	2-16 Communication of critical concerns	Page 42-43
	2-19 Remuneration policies	Page 42
	2-20 Process to determine remuneration	Page 42
	2-22 Statement on sustainable development strategy	Page 6-7
	2-23 Policy commitments	Page 41
	2-24 Embedding policy commitments	Page 41, 46
	2-27 Compliance with laws and regulations	Page 43
	2-28 Membership associations	Page 22-23
	2-29 Approach to stakeholder engagement	Page 27, 28
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 29-31
	3-2 List of material topics	Page 29-31

GRI Standard	Disclosure	Location
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 34-35
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impacts	Page 35
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 35-36
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Page 47-48
GRI 302: Energy 2016	302-1 Energy consumption within the organization 302-3 Energy intensity 302-4 Reduction of energy consumption	Page 50-51 Page 50-51 Page 50-52
GRI 303: Water and Effluents 2018	303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	Page 54 Page 54-55 Page 53-54
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-4 GHG emissions intensity	Page 52-53 Page 52-53 Page 52-53
GRI 306: Waste 2020	306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	Page 55-56 Page 55-56 Page 55-56
GRI 401: Employment 2016	401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental Leave	Page 58-59 Page 58-59 Page 58
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 64
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation	Page 60-62 Page 60-62

GRI Standard	Disclosure	Location
GRI 403: Occupational Health and Safety 2016	403-3 Occupational health services	Page 60-62
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 60-62
	403-5 Worker training on occupational health and safety	Page 60-63
	403-6 Promotion of worker health	Page 61
	403-9 Work-related injuries	Page 62
	403-10 Work-related ill health	Page 62
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 63
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 63
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 63-64
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 59, 60
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 46-47
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 46-47
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 68-76
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 66
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Page 66
	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 66
	417-3 Incidents of non-compliance concerning marketing communications	Page 66
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 47

United Nations Global Compact (UNGC) Index

Area	Principle	Statement	Page No.
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	46
	Principle 2	Businesses should make sure that they are not complicit in Human Rights abuses	46-47
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	64
	Principle 4	The elimination of all forms of forced and compulsory labour	46-47
	Principle 5	The effective abolition of child labour	46-47
	Principle 6	The elimination of discrimination in respect of employment and occupation.	48, 58
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	44, 45, 49-56
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	27-29, 32, 49-56
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	49-56
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	47

Dr. Vamsi Krishna Bandi
 Managing Director
 Hetero Group of Companies

Annexure

Energy and GHG Emission Quantification GHG calculation and inventorization is based on The Greenhouse Gas Protocol developed by the World Resource Institute (WRI) and World Business Council and Standards Board (WBCSD). The GHG Protocol for Corporate Accounting and Reporting Standard has been applied at Hetero.

Global warming potential has been taken as provided by Inter-governmental Panel on Climate Change (IPCC). Only two types of emissions have been considered:

1. Due to consumption of fuel at site for stationary Combustion
2. Due to purchase of electricity from the grid

Due to Consumption of Fuel at Site for Stationary Combustion

Emission factors provided in the IPCC Guideline for National Greenhouse Gas Inventories of 2006 have been used to calculate GHG emissions from stationary combustion source. (Source: https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf). Quantity of various fuel consumed has been multiplied by density and calorific value. The calorific value of coal is based on the GCV provided by the supplier of coal, whereas the calorific value of other fuels is determined based on the data published by Bureau of energy efficiency (BEE) on its website or by the respective fuel provider on their website. Data from BEE is the preferred source. All energy figures are converted into TJ before multiplying with the emission factor.

Fugitive Emissions (Scope 1 Direct emission)

The emission factors provided for each gases in the DEFRA Conversion factor guidelines is used for calculating the emissions due to refrigerants used. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083855/ghgconversion-factors-2022-full-set.xls The quantity of refrigerants refilled (in kg) in each of our unit is multiplied by the emission factor associated with each of the gases used is used for calculating the emissions. In some of our locations the breakup for the quantity of refrigerant used is not available. To be on the conservative side, the refrigerant with the highest emission factor in the list of refrigerants used is taken into consideration for calculating emissions.

Emission due to Purchase of Electricity (Scope 2 or indirect emission)

The grid emission factor is multiplied with the electricity consumed to arrive at the emission due to purchased electricity. The grid emission factor is provided by Central Electricity Authority of India. For this years calculation, emission factors specified in the 'CO₂ Baseline Database for the Indian Power Sector User Guide, Version 16.0, MARCH 2021' has been applied (Source: https://cea.nic.in/wp-content/uploads/baseline/2021/06/User_Guide_ver_16_2021-1.pdf)

Global Warming Potential

The Global Warming Potential of gases are as per the Second assessment report of IPCC https://www.ghgprotocol.org/sites/default/files/ghgp/Global-Warming-PotentialValues%20%28Feb%202016%202016%29_1.pdf

Limitations

Other sources of direct i.e., Scope 1 emissions, are not considered in our emission inventory currently. LPG gas is other probable sources of minor emissions. However, an estimation of the emissions due to these sources has not been undertaken so far. Indirect emissions other than energy purchase i.e., Scope 3 emission, have as well not been considered in our GHG inventory and reporting.



Independent Assurance Statement

The Directors and Management,

Hetero Group
 Hetero Corporate, 7-2-A2, Industrial Estates,
 Sanath Nagar, Hyderabad-500018,
 Telangana, India

Introduction and Engagement

'Hetero Group' (hereafter Hetero which includes Hetero Labs Limited, Hetero Drugs Limited, Hetero Biopharma Limited) and subsidiaries (Annora Pharma Private Limited, Aspiro Pharma Private Limited.) commissioned TUV India Private Limited (TUVI) to conduct the independent external assurance of non-financial ESG performance indicators disclosed in Hetero's Sustainability Report (hereinafter the 'Report') for the period 1st April 2022 to 31st March 2023. This engagement was comprised a "limited assurance" of Hetero's sustainability information for the applied reporting period. The Verification was conducted using an on-site assessment from 04th January 2024 to 5th January 2024 at the Hetero's Unit V, Jadcherla, Telangana as listed under "Scope and Boundary" below. The Report is based on the principles of GRI Standards (hereafter 'GRI'). This assurance engagement was conducted in accordance with ISAE 3000 (revised).

Management's Responsibility

Hetero developed the Report's content by monitoring the performance data. Hetero's management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in the Report (web-based and print), including website maintenance and integrity, and for ensuring its quality and accuracy in reference with the applied criteria stated in the GRI Standards in such a way that it is free of intended or unintended material misstatements.

Scope, Boundary and Limitations of Assurance

The scope of work includes limited assurance of the following non-financial performance / KPI disclosures as disclosed in the Report. In particular, the assurance engagement included the following:

- i. Review of the disclosures submitted by Hetero;
- ii. Review of the quality of information;
- iii. Review of evidence (on a sample basis) for identified non-financial indicators

TUVI has verified the below-mentioned disclosures given in the Report:

Topic	Indicator	GRI Disclosure
Procurement Practices	Proportion of spending on local suppliers	204-1
Energy	Energy consumption within the organization	302-1
	Energy intensity	302-3
Water	Water withdrawal	303-3
	Water discharge	303-4
	Water consumption	303-5
Emissions	Direct (Scope 1) GHG emissions	305-1
	Energy indirect (Scope 2) GHG emissions	305-2
	GHG emission intensity ratio	305-4
	Reduction of GHG emissions	305-5
Effluent & waste	Waste generated	306-3
	Waste diverted from disposal	306-4
	Waste directed to disposal	306-5
Employment	New employee hires and employee turnover	401-1
	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2
	Parental leave	401-3
Labor/Management Relations	Minimum notice periods regarding operational changes	402-1
Occupational Health and Safety	Occupational health and safety management system	403-1
	Hazard identification, risk assessment, and incident investigation	403-2
	Occupational health services	403-3
	Worker participation, consultation and communication on occupational health and safety	403-4

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	Worker training on occupational health and safety	403-5
	Promotion of worker health	403-6
	Work-related injuries	403-9
	Work-related ill health	403-10
Training and Education	Average hours of training per year per employee	404-1
	Programs for upgrading employee skills and transition assistance programs	404-2
	Percentage of employees receiving regular performance and career development reviews	404-3
Diversity and equal opportunity	Diversity of governance bodies and employees	405-1
Non-discrimination	Incidents of discrimination and corrective actions taken	406-1
Child Labor	Operations and suppliers at significant risk for incidents of child labor	408-1
Marketing and Labeling	Requirements for product and service information and labeling	417-1
	Incidents of non-compliance concerning product and service information and labeling	417-2
	Incidents of non-compliance concerning marketing communications	417-3
Customer Privacy	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1

The reporting boundaries for the above topics includes

1. Hetero Drugs Limited (Head Office) Sanath Nagar, Telangana
2. Hetero Labs Limited, Unit-3 (Formulation Facility) Jeedimetla, Telangana
3. Hetero labs Limited, Unit-7 (Formulation Facility) Jeedimetla, Telangana
4. Hetero Biopharma Limited (Formulation Facility) Jadcherla, Telangana
5. Hetero Labs Limited, Unit-5 (Formulation Facility) Jadcherla, Telangana
6. Hetero Labs Limited, Unit-6 (Formulation Facility) Jadcherla, Telangana
7. Hetero Labs Limited, Unit-2 (Formulation Facility) Baddi, Himachal Pradesh
8. Hetero Labs Limited, Unit-1 (API Facility) Khazipally, Telangana
9. Hetero Drugs Limited, Unit-1 (API Facility) Bonthapally, Telangana
10. Hetero Drugs Limited, Unit-4 (API Facility) Bonthapally, Telangana
11. Hetero Drugs Limited, Unit-9 (API Facility) Nakkapalli, Andhra Pradesh
12. Hetero Labs Limited, Unit-9 (API Facility) Nakkapalli, Andhra Pradesh
13. Hetero Labs Limited, Unit-3 (API Facility) Nakkapalli, Andhra Pradesh
14. Annora Pharma Private Limited (Formulation Facility) Annaram, Telangana
15. Aspiro Pharma Limited (Formulation Facility) Karkapatla, Telangana

The assurance activities were carried out together with desk review as well site visit at Hetero Labs Limited, Unit-5 (Formulation Facility) – Jadcherla, Telangana.

Limitations

TUVI did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, TUVI draws no conclusion on the prospective information. During the assurance process, TUVI did not come across any limitation to the agreed scope of the assurance engagement. TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

Our Responsibility

TUVI's responsibility in relation to this engagement was to perform a limited level of assurance and to express a conclusion. On the basis on the work performed. This engagement did not include an assessment of the sufficiency of the principles of GRI Standards: Core option, and ISAE 3000 (revised), other than those mentioned in the scope of the ESG data assurance. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial Quantitative and qualitative information disclosed by Hetero. This assurance engagement assumes that the data and information provided to us by Hetero are reliable, complete and true.

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosures. TUVI has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

- i. TUVI examined and reviewed the documents, data, and other information made available by Hetero for non-financial disclosures;
- ii. TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of Hetero;



- iii. TUVI reviewed the level of adherence to principles of GRI standards
- iv. TUVI examined and reviewed the documents, data (on sample basis) and other information made available by Hetero for the reported disclosures including the Management Approach and performance disclosure;

Opportunities for Improvement

The following are the opportunities for improvement reported to Hetero. However, they are generally consistent with Hetero management's objectives and programs. Hetero already identified below topics and Assurance team endorse the same to achieve the Sustainable Goals of organization.

- i. Hetero shall conduct Internal audit for all the Environmental KPIs to identify the gaps and improve the data management
- ii. Hetero may develop a comprehensive online application to monitor the ESG KPI's across all the units.
- iii. Supplier assessment system can be calibrated with the contemporary best practices example ISO 20400.
- iv. Hetero can benchmark the Waste Management procedures with the help of third-party certifications like Zero Waste to Landfill
- v. Hetero shall conduct Life cycle assessment for its products to quantify the environmental impacts and design the mitigation measures to offset the corresponding environmental impacts
- vi. Hetero can promote usage of renewable energy to reduce carbon footprint

Conclusions

In our opinion, based on the scope of this assurance engagement, the disclosures on sustainability performance reported in the Report along with the referenced information provides a fair representation of the material topics, related strategies, and performance disclosures and meets the general content and quality requirements of the GRI Standards: Core option.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements in accordance with the "Core" option. Hetero refers to general disclosure to report contextual information about Hetero, while the Management Approach is discussed to report the management approach for each material topic.

Universal Standard: Hetero followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management's Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements.

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to report information on the organization's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that Hetero used to prepare its Report are appropriately identified and addressed.

Limited Assurance Conclusion: Based on the procedures we have performed, nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. TUVI found the sustainability information to be reliable in all material respects, with regards to the reporting criteria of the GRI Standards.

Independence: TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the Assurance Team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The Assessment Team was safeguarded from any type of intimidation.

Quality control: The Assurance Team complies with the Code of Ethics for Professional Accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control, TUVI 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.

In the context of Assurance, the following contemporary principles has been observed:

Evaluation of the adherence to other contemporary Principles

Inclusivity: Stakeholder identification and engagement is carried out by Hetero on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Materiality: The materiality assessment process has been carried out based on the requirements of the GRI Standards, considering topics that are internal and external to the Hetero range of businesses. The Report fairly brings out the

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aspects and topics and their respective boundaries of the diverse operations of Hetero. In our view, the Report meets the requirements.

Responsiveness: TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e., disclosures on Hetero policies and management systems, including governance. In our view, the Report meets the requirements.

Impact: Hetero communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Ethical and other policies. Hetero reports on sustainability performance to the Top Management, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues.

TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. The intended users of this assurance statement are the Management of Hetero. The Management of the Hetero is responsible for the information provided in the Report as well as the process of collecting, analyzing, and reporting the information presented in web-based and printed Reports, including website maintenance and its integrity. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information (Sustainability Performance) disclosed by Hetero in the Report. This assurance engagement is based on the assumption that the data and the information provided to TUVI by Hetero are complete and true.

TUVI's Competence and Independence

TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which adopts a threats and safeguards approach to independence. It is confirmed that the Assurance Team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The Assessment Team was safeguarded from any type of intimidation.

Our Assurance Team and Independence

TUVI is an independent, neutral third party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "No Conflict of Interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with Hetero on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head - Sustainability Assurance Service



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