

Corporate Governance⁵

Going Beyond Compliance

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

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

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

⁵GRI 102-16





Key Tenets of Our Global Code of Conduct

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

Global Code of Conduct

Core Values



Quality



Consistency



Innovation



Trust



Reliability

Our Governance Framework⁶

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

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

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

Corporate Governance (continued)

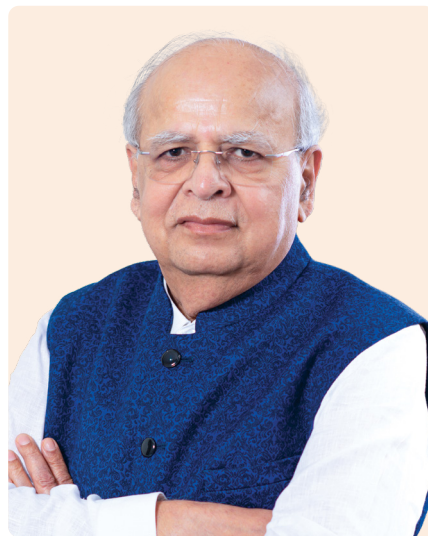
Board of Directors



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



Dilip S. Shanghvi
Managing Director



Sailesh T. Desai
Whole-time Director



**Kalyanasundaram
Subramanian**
Whole-time Director



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



Gautam Doshi
Non-executive and
Independent Director





Dr. Pawan Goenka
Non-executive and
Lead Independent Director



Rama Bijapurkar
Non-executive and
Independent Director



Audit Committee

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

Corporate Governance and Ethics Committee

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

Corporate Social Responsibility (CSR) Committee

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

Nomination and Remuneration Committee

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

Risk Management Committee

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

Stakeholders' Relationship Committee

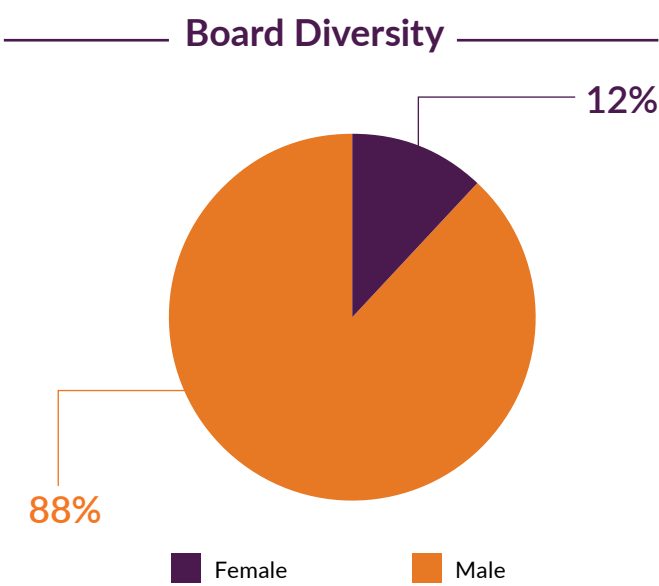
The Stakeholders' Relationship Committee is responsible for resolving the queries of security holders of the Company, reviewing the adherence of service standards and measures, as well as initiatives taken for reducing the quantum of unclaimed dividends.

Corporate Governance (continued)

Board Diversity⁷

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

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



⁷GRI 405-1



Our Policies

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

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

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

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

Grievance Redressal Mechanism⁹

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

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

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

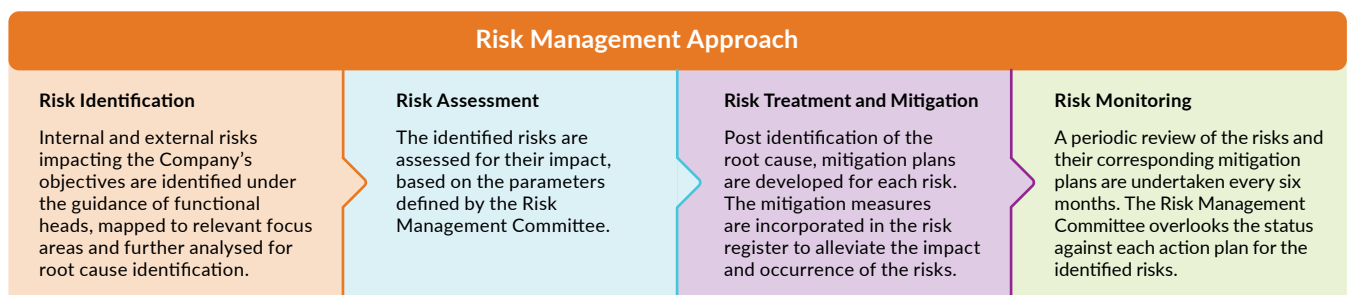
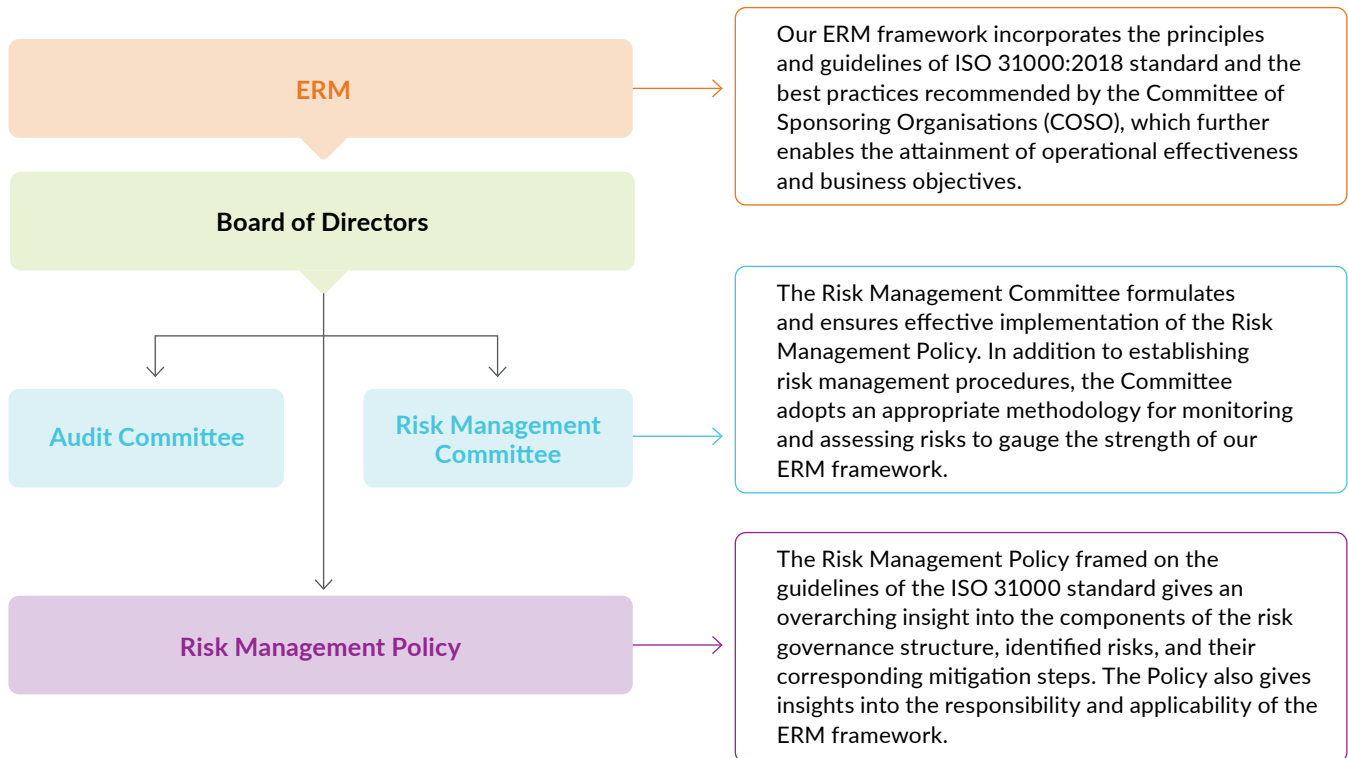
⁹GRI 406-1, GRI 419-1

Strategic Risk Management¹⁰

Risk Mitigation at the Core

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

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



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

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



Risks and Mitigation Strategies

Strategic, Business, and Commercial Risks

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

Material Topics Linkage

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

Mitigation Strategy

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

Sectoral and Regulatory Compliance Risk

Risks linked to non-adherence with standards and guidelines of all local and global regulatory agencies, focusing on pharmacovigilance, proprietary, confidentiality, and other core governance standards (for instance, cGMP and cGLP).

Material Topics Linkage

- ESG compliance
- Regulatory compliance
- Product responsibility

Mitigation Strategy

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

Strategic Risk Management (continued)

Business Continuity Risk

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

Material Topics Linkage

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

Mitigation Strategy

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

Technology Risk

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

Material Topics Linkage

- Data integrity and security
- Technology and digitalisation

Mitigation Strategy

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

Climate Change and Environmental Risk

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

Material Topics Linkage

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

Mitigation Strategy

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



Talent Management-Linked Risk

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

Material Topics Linkage

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

Mitigation Strategy

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

Emerging Risks

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

Material Topics Linkage

- Climate action
- Geo-political and other related risks

Mitigation Strategy

Climate action

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

Geo-political and other related risks

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