

Zydus Lifesciences Limited

ESG Report | FY 2022 - 23



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About the Report

Zydus Lifesciences Ltd. is one of the leading innovation-driven life sciences companies in India with a presence across the pharmaceutical value chain of innovating (research & development), manufacturing, marketing, and selling of finished dosage human formulations (generics, branded generics, and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients (“APIs”). Innovation is the backbone of the company as it ensures business sustainability through the continuous availability of new products for various businesses.

In the report, “the company” is referred to as “Zydus Lifesciences Limited”. The report presents the environmental, social and economic performance of the company, for its operations (primarily standalone) as covered in the Business Responsibility and Sustainability Report (BRSR) of the Annual Report FY23 available in the public domain on the company website. The chairman’s message on ESG performance, challenges, and targets can be found on page 08-09 in the Annual Report FY2023 at the following link : <https://www.zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf>

The data in the report corresponds to the progress made from the period April 1, 2022, to March 31, 2023.

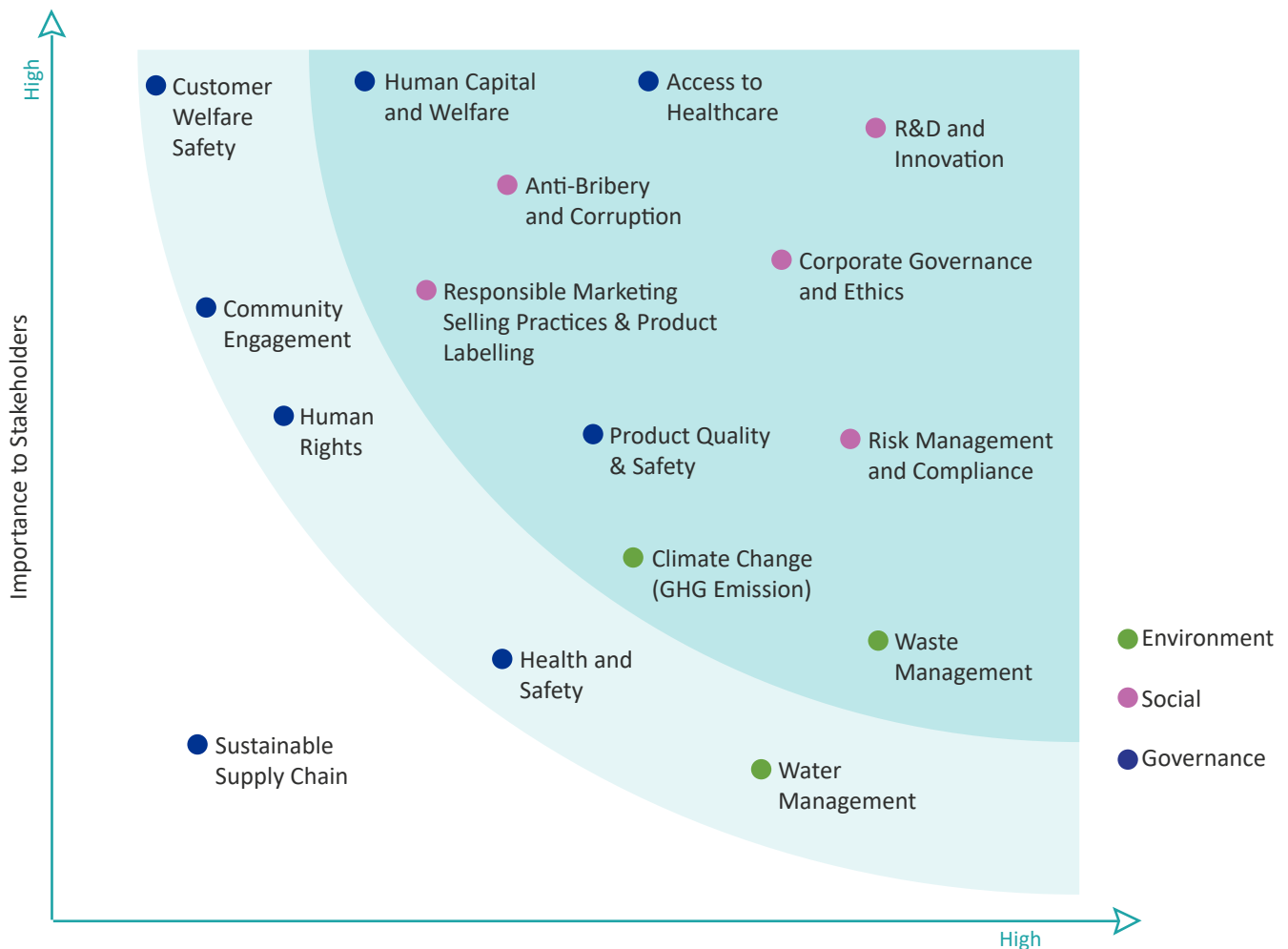
Overview: The global environmental change impacts most often and most severely on people who have less material wealth, for example, on people who are malnourished and without a reliable supply of safe water. Environmental insecurity – the double vulnerability arising from both poverty and environmental change – is most obvious in low-



income societies. Zydus Lifesciences Ltd. (Formerly Known as Cadila Healthcare Ltd.), believes that protecting people and the planet is our core value & mission to create healthy communities globally. The company is committed to combatting climate change by taking appropriate actions encouraging innovation and using a multi-faceted, collaborative approach. The company has taken significant steps towards resource conservation in the areas of energy, fuel, water, and waste, including co-processing activity for energy recovery. The company is committed towards environmental conservation and protection in its economic growth journey and doing so it has reported zero incident of environmental violations as per the legal requirements. The company interacts with internal and external stakeholders for continual improvement in waste management by implementing a “wealth from waste” strategy.

Materiality

The materiality assessment for the company is conducted as per relevant ESG Standards. For Zydus Lifesciences Limited, the material topics are of high concern to the business, stakeholders and can impact business and value chain drivers. The identification and prioritization of material topics are done based on their relevance to the company and concerned sector of business. The company has identified material topics based on interaction with internal and external stakeholders. The materiality assessment is prepared with due consultation and verification with third-party subject matter expert. The material topics are prioritized in the form of a materiality matrix as given below:










ESG Materiality Approach

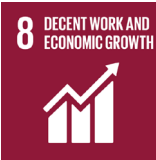



- ESG Standard
- Business Value Chain Analysis
- Peer Benchmarking
- Stakeholder discussions



The materiality assessment is reviewed and approved by the Board of Directors and Senior Management. The company intends to conduct /review the materiality analysis at least once every two years. We intend to increase our engagement with our stakeholders and foster a collaborative dialogue on day-to-day operations and business requirements.




Materiality Issues: Description and Impact:


| Sl. No. | Material Issue Identified | Risk or Opportunity (R/O) | Rationale for Identifying the Risk/ Opportunity | In Case of Risk, Approach to Adapt or Mitigate | KPI /Target | Financial Implications | SDG Impact |
|---------|--------------------------------|---------------------------|--|---|--|------------------------|--|
| 01 | Climate Change (GHG Emissions) | | <ul style="list-style-type: none"> Climate changes, especially the extreme weather events and rising global temperatures caused by Green House Gas (GHG) emissions and failure to adapt and mitigate such changes are among the major risks being faced by the world over, and they also pose a major risk to the sustainability of businesses across the globe. Climate adaptation and resilience are important in building a future-ready and sustainable organization. They can also help reduce operational costs and drive greater efficiencies for the business. | <ul style="list-style-type: none"> Generation of solar power at manufacturing locations Improving energy efficiency / operational efficiency of energy-consuming equipment to reduce energy consumption Increase in biofuel / hybrid fuel utilization to minimize the dependency on conventional fuel i.e., coal/diesel etc. Plans to procure and use solar-wind hybrid power in FY24 | <ol style="list-style-type: none"> Reduction in GHG intensity by 45% till FY2030 Increase RE quotient in total energy portfolio by using solar energy generation/ purchase, use of Biomass fuel. | Negative |   |
| 02 | Waste Management | Risk | <ul style="list-style-type: none"> Inefficient waste management is a risk to a business because of the hazard it could pose to the relevant stakeholders. Generation of increasing waste also impacts the environment, and its management becomes a challenge. Failure to comply with waste management and disposal regulation would result regulatory actions, which, in turn, would adversely impact the business and brand image. | <ul style="list-style-type: none"> Disposal of waste in a responsible manner Complying with applicable regulations for waste generation and disposal More emphasis on reduction of waste generation | <ol style="list-style-type: none"> 100% Adherence to legal compliances for waste disposal. Increase (%) in disposal of waste by eco-friendly options i.e., Coprocessing | Negative |   |

| Sl. No. | Material Issue Identified | Risk or Opportunity (R/O) | Rationale for Identifying the Risk/ Opportunity | In Case of Risk, Approach to Adapt or Mitigate | KPI /Target | Financial Implications | SDG Impact |
|---------|---------------------------------|---------------------------|---|--|--|------------------------|---|
| 03 | Water Management | Risk | <ul style="list-style-type: none"> Water is a shared resource, making it important for businesses to use it responsibly. Ensuring responsible consumption is key to socially sustainable business practices. Applicable regulations for the reuse and recycling of treated water are stringent. | <ul style="list-style-type: none"> Adopting a Zero Liquid Discharge (ZLD) approach to recycle, reuse water resources, and reduce fresh water intake. Use of water efficient technologies Sensitizing internal and external stakeholders to reduce water consumption. | <ol style="list-style-type: none"> Adherence to legal compliances for water consumption, treatment, and discharge. Adoption of zero liquid discharge practices. Increase in the reuse of water for non-critical applications. % reduction in water intensity | Negative |  |
| 04 | Corporate Governance and Ethics | Risk | <ul style="list-style-type: none"> Zydus is a global life sciences company that engages with many stakeholders. The Company strongly believes that a breach of ethics or integrity can deteriorate the company's goodwill resulting in loss of reputation. | <ul style="list-style-type: none"> Adopting a zero-tolerance policy for breach of ethics and integrity. Adopting Code of Business Ethics and Conduct which is applicable to the Directors and employees of the Company. The Code encourages honesty, trust, accountability, and transparency. All new joiners are oriented on the Code of Business Ethics and Conduct Code and encouraged to adhere to it in spirit and deed. Annual refresher training on the code of conduct for all employees. | <ol style="list-style-type: none"> Number of reported incidents on violation of governance and ethics practices/ code of conduct. % of employees trained in corporate governance and ethics | Negative |   |

| Sl. No. | Material Issue Identified | Risk or Opportunity (R/O) | Rationale for Identifying the Risk/ Opportunity | In Case of Risk, Approach to Adapt or Mitigate | KPI /Target | Financial Implications | SDG Impact |
|---------|-----------------------------|---------------------------|--|--|--|------------------------|--|
| 05 | Human Capital and Welfare | Opportunity | Employee retention is critical to any organization because skill-based and knowledgeable human capital is an asset and is required to achieve the long-term sustainability and growth of the organization. | | <ol style="list-style-type: none"> 1. % employee retention rate 2. % Turnover rate for permanent employees and workers 3. Increase in gender diversity by 12% by FY2026. | Positive |  |
| 06 | Community Engagement | Opportunity | Community engagement helps organizations make meaningful interventions to bring significant benefits to large sections of society, which aids the sustainable growth of the business. | | <ol style="list-style-type: none"> 1. Number of community engagement programmes 2. Increase in the number of beneficiaries from community programmes | Positive |   |
| 07 | Anti-Bribery and Corruption | Risk | Operations in multiple locations globally with diversified manpower may pose challenges with respect to resorting to corrupt practices, leading to financial loss. | <ol style="list-style-type: none"> a. Adopting a comprehensive Code of Business Ethics and Conduct policy which applies to the Directors and employees of the Company b. Creating an organization-wide awareness of anti-bribery and anti-corruption policy and the consequences of its violation. | <ol style="list-style-type: none"> 1. Number of reported incidents of violation of anti-bribery and corruption. 2. % of employees completed awareness sessions on anti-bribery and corruption. 3. Target is zero incident on anti-bribery and corruption. | Negative |  |

| Sl. No. | Material Issue Identified | Risk or Opportunity (R/O) | Rationale for Identifying the Risk/ Opportunity | In Case of Risk, Approach to Adapt or Mitigate | KPI /Target | Financial Implications | SDG Impact |
|---------|--|---------------------------|---|--|---|------------------------|--|
| 08 | R&D and Innovation | Risk | <ul style="list-style-type: none"> Access control and the archival and retrieval of R&D data are critical since any leakage of such data can lead to substantial loss of future opportunities. Tenure of scientific pool/knowledge transfer is critical, especially when working on complex dosage forms/ technologies. | <ul style="list-style-type: none"> Digital storage of project-specific information with clearly defined access control. A dedicated documentation cell manages and supervises the issuance of lab notebooks and their physical archival. Implementation of Good Laboratory Practices (GLP) documentation wherever required. Continued association with the leadership team - . Over 70% of the senior leadership team at technology centres have been associated with Zydus for over a decade. | <ol style="list-style-type: none"> % of employee retention in R&D functions Number of innovative products | Negative |  |
| 09 | Responsible Marketing, Selling Practices and Product Labelling | Risk | <ul style="list-style-type: none"> Regulatory authorities have a Zero-tolerance policy against unethical marketing/promotion activities and there are stringent regulations to be abided by the company. Any non-compliance with such regulations can pose penal actions by such authorities and loss of goodwill for the organization. | <p>Adopting a policy for ethical marketing, advertising, and sales practices. The policy covers/contains the following:</p> <ul style="list-style-type: none"> Providing accurate and balanced information about the company's products and services to its customers Provision to ensure ethical interactions with customers and healthcare professionals | <ol style="list-style-type: none"> Number of complaints reported on marketing and selling practices % adherence to regulatory requirements for display of product information | Negative |  |

| Sl. No. | Material Issue Identified | Risk or Opportunity (R/O) | Rationale for Identifying the Risk/ Opportunity | In Case of Risk, Approach to Adapt or Mitigate | KPI /Target | Financial Implications | SDG Impact |
|---------|----------------------------|---------------------------|--|--|--|------------------------|---|
| 10 | Sustainable Supply Chain | Risk | <ul style="list-style-type: none"> Supply chain partners, spread across various geographies of the globe, are responsible for ensuring on-time delivery of desired quality input materials, products, services, and capital goods that are critical to the operations and important for business continuity. Any threat to the sustainability of operations of supply chain partners could potentially disrupt the company's operations. | <ul style="list-style-type: none"> Thorough evaluation process before onboarding any critical vendor. Mandatory acceptance of the Supplier code of conduct by the vendor. Annual online vendor assessment based on ESG parameters Creating multiple supplier bases for critical products and services to maintain business continuity Implementing a robust system to check all statutory compliances by the vendor Ongoing efforts to create awareness among vendors regarding ESG parameters | <ol style="list-style-type: none"> Number of suppliers assessed on ESG framework Number of sessions conducted on ESG for supply chain partners | Negative |  |
| 11 | Product Quality and Safety | Risk | <ul style="list-style-type: none"> Failure to maintain quality standards and comply with regulations leads to regulatory actions which in turn, adversely impact the business. It results in the suspension of the supply of products and cessation of new product approvals from the concerned sites | <ul style="list-style-type: none"> Establishing a robust quality management system that ensures the drug product quality, safety, and sustainable supply. Implement Quality Risk Assessment Program to ensure regulatory and data integrity compliance. Implementation of industry learning (regulatory learning) to avoid the recurrence of quality issues. Review of processes/product performance, key quality indicators, risk assessment outcomes, and audit findings regularly to proactively address quality issues. Automation in quality operations to ensure sustainable compliance and all-time audit readiness. | <ol style="list-style-type: none"> Number of product recalls due to quality defects. Number of complaints on product quality 100% compliance with quality norms and standards | Negative |   |

| Sl. No. | Material Issue Identified | Risk or Opportunity (R/O) | Rationale for Identifying the Risk/ Opportunity | In Case of Risk, Approach to Adapt or Mitigate | KPI /Target | Financial Implications | SDG Impact |
|---------|----------------------------|-----------------------------|---|---|---|------------------------|---|
| 12 | Employee health and safety | Risk as well as Opportunity | <ul style="list-style-type: none"> Employees' physical and mental health problems can have major socio-economic impact on the organization. Also, employees are the core assets of the company. Their safety and well-being enhance their productivity, which aids in the improvement of the financial health of the company. | <ul style="list-style-type: none"> Zydus Wellbeing covers a gamut of initiatives, from annual health checkups to subsidized treatment for employees and their families at Zydus Hospitals. 24X7 medical assistance with ambulance services and emergency first aid is available at all manufacturing sites. Offering medical insurance policy for on-roll employees and workers. Extending the medical insurance policy to parents of the employees. Employees can also avail added sum assured through top-up. Zydus Cares, a special initiative for pregnant women, helps them right through their pregnancy with a buddy being assigned to them for all assistance. Under Zydus Cares, an employee can also avail 05 days of paternity leave to experience the joy of fatherhood. Zydus Clubs provides opportunities for employees to come together and delve into their passions and hobbies like poetry, singing, photography, sports and fitness, dancing etc. This helps them strike the right work-life balance. Zydus "Khel Ka Mahasangram" is held throughout the year and helps employees participate in various sports, including cyclothons. All human rights, safety, health and hygiene protocols are strictly adhered to. | <ol style="list-style-type: none"> Number LTI for employees % of employees covered under wellbeing (Accidental Insurance, Health insurance etc.) programmes % of employees undergone annual health checkup Number of employees eligible for parental leaves | Positive and Negative |  |

ESG Governance

With the growing relevance of Environment, Social and Governance (ESG) to the business, the company has restructured its erstwhile CSR committee to CSR & ESG Committee. The committee has a board independence of 33%, including an ESG professional. The committee reviews the company's ESG performance on a biannual basis. The company has also framed terms of reference to enable the committee to provide strategic guidance and oversight to the company's initiatives and practices towards ESG. Also, the committee shall respond to challenges posed by ESG issues through sustainable business practices. It will help to create long-term value for all stakeholders.

The company shall adhere to the highest corporate governance standards and perform the following key responsibilities:

- Oversee and recommend to the Board of Directors ("the Board") on the company policies, strategies and programs related to matters of Environment, Social, and Governance (ESG).
- Guide the executive management to develop strategy of the company towards ESG.
- Review the company's performance with respect to ESG matters and monitor the company's progress in this regard.
- Review the company's stakeholder engagement plan around material ESG issues identified by management.
- Review of public disclosures on ESG i.e., Business Responsibility and Sustainability Report (BRSR), Annual Report etc.
- Review periodic updates from management on ESG trends and key initiatives.
- Periodically review and monitor company performance in external ESG ratings and provide guidance for improvement in ESG scores.

Besides the board committee on ESG, there is

a management-level committee called the ESG Apex Committee. The Apex Committee provides organizational vision and overall direction for the ESG program. The Apex committee revives and approves public disclosures on ESG, i.e., Annual Report, Business Responsibility and Sustainability Report (BRSR), etc., and allocates resources for implementing ESG programmes. During the reporting year, the company has adopted a cross-functional team approach to drive and implement ESG in various aspects of the business. The ESG function headed by the ESG lead coordinates and guides the ESG core group (plant team) at various country locations regarding company initiatives, targets, performance, and requirements of global ESG rating and reporting framework. The ESG Core group at the locational level implements the initiatives related to ESG issues, i.e., Energy conservation, water conservation, and reduction of plastic product packaging and reviews the performance regularly. The company has established management systems per international standards developed by ISO 14001 (Environment Management System). Each management system has designated Management Representatives (MRs) and cross-functional teams with defined roles and responsibilities. Management Review Meetings are held for these management systems to assess the performance against the targets and understand the new updates regarding regulations, process changes, and allocation of resources if required.

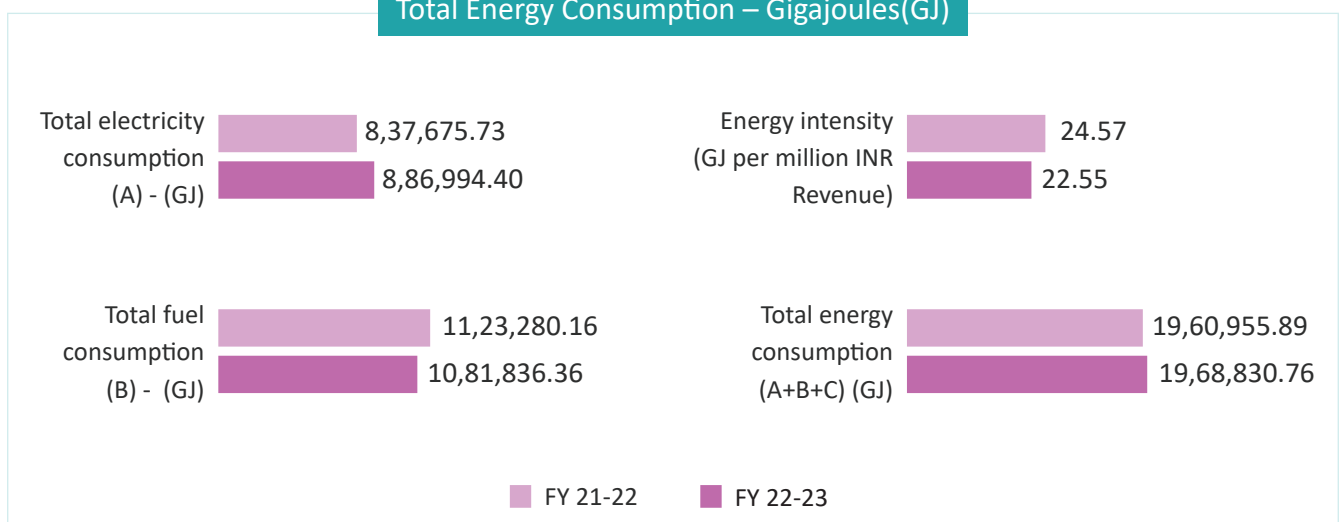
ESG culture at Zydus

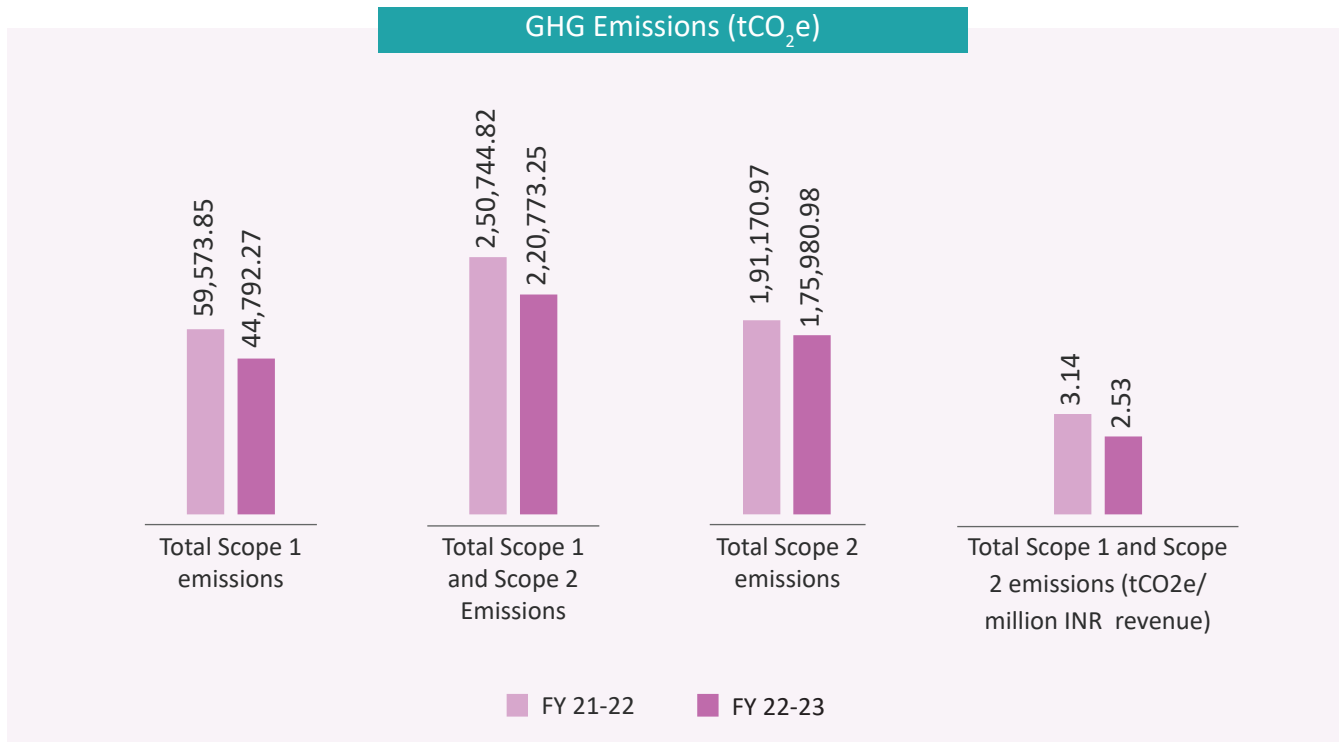
As the global community deals with the urgent need to address major ESG issues, i.e., climate change, corporates increasingly understand and recognize the importance of integrating management incentives for employees on ESG issues, i.e., Climate Change, Supply Chain, etc, into their business strategies.

The company has taken a target to reduce its GHG emission (Scope 01 & 02) intensity by 45% till FY2030 with a base year of FY21-22, i.e., Base year GHG intensity: 3.14 tCO₂/ Million Revenue INR and Target year GHG intensity would be 1.73 tCO₂/Million Revenue INR. The target taken by the company is aligned with India’s Nationally Determined Contribution (INDC) emission intensity reduction targets approved and updated by Govt. of India on 22nd Aug’2022. However, by virtue of various energy conservation measures and an increase in renewable energy as part of energy consumption, the company has achieved GHG intensity of 2.53 tCO₂/Million Revenue INR in FY2023, which is a 20% reduction w.r.t FY2022 and 68% achievement of the target.

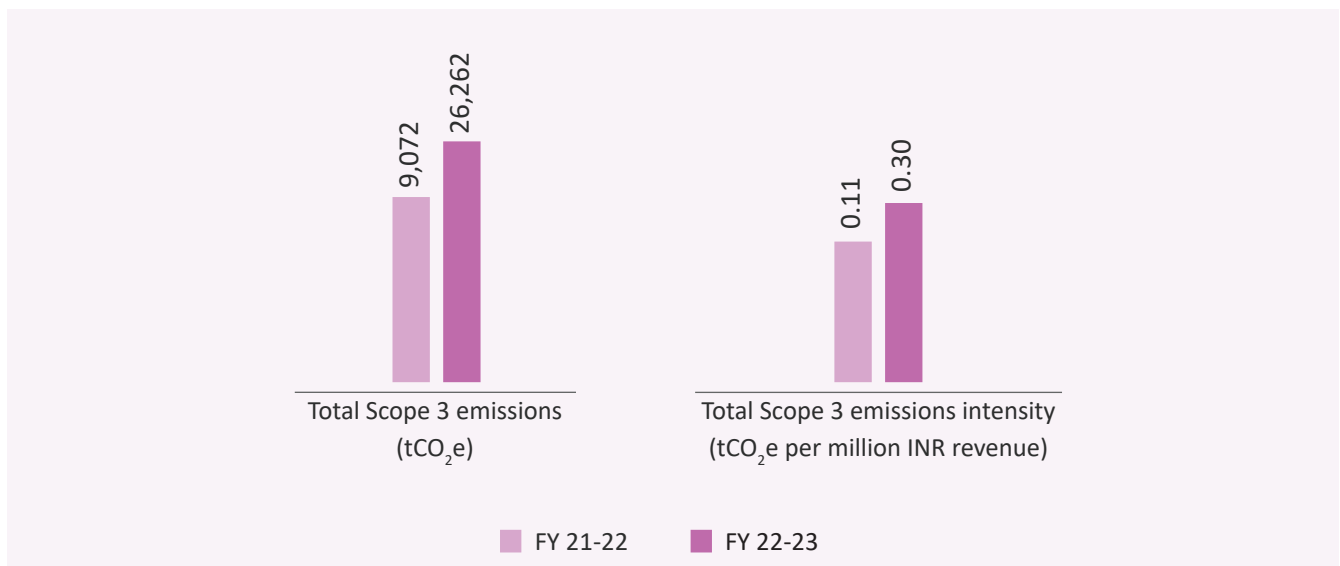
Climate Change Performance

Total Energy Consumption – Gigajoules(GJ)





Calculation tool used of United State Environmental Protection Agency and Central Electrical Authority, Govt. of India. The scope 02 emissions are calculated on location-based method.



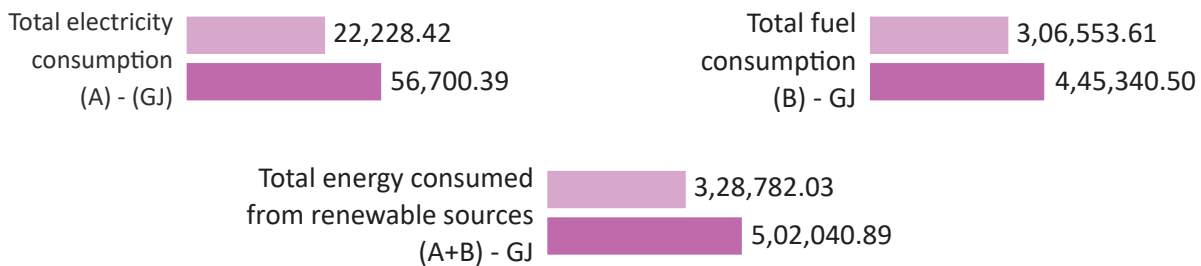
- Scope: 03 emissions accounted for the following categories as GHG protocol:
 - (a) Emissions from employee commute
 - (b) Emissions from business travel by the employees
- The emissions are calculated as per the spend-based method from the GHG protocol.
Air Emissions(Other than GHG Emissions) – Metric Ton(MT):

Air Emissions (Other than GHG Emissions) – Metric Ton(MT):

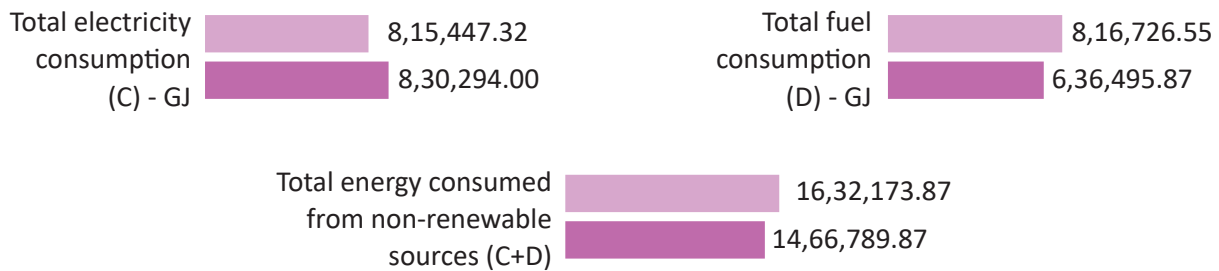
| Parameter | U.O.M : Metric Tone (MT) | FY 2022-23 | FY 2021-22 |
|---|--------------------------|------------|------------|
| NOx | MT | 16.11 | 20.67 |
| SOx | MT | 22.85 | 30.52 |
| Particulate matter (PM) | MT | 23.85 | 31.64 |
| Persistent organic pollutants (POP) | NA | - | - |
| Volatile organic compounds (VOC) | NA | - | - |
| Hazardous air pollutants (HAP) HCL Ammonia) | - | - | - |
| Others – please specify | - | - | - |

Energy Consumption (Renewable and Non-Renewable) - Gigajoules(GJ):

From renewable sources



From non-renewable sources



■ FY 21-22 ■ FY 22-23

Water Consumption – Kilolitres(Kl):

| Parameter | FY 2022-23 | FY 2021-22 |
|--|--------------|--------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | 3,27,059.99 | 3,38,318.35 |
| (ii) Groundwater | 6,08,899.00 | 5,62,754.00 |
| (iii) Third party water | 5,96,411.00 | 6,43,378.00 |
| (iv) Seawater / desalinated water | - | - |
| (v) Others (Rainwater storage) | - | - |
| Total volume of water withdrawal (KL) (i + ii + iii + iv + v) | 15,32,369.99 | 15,44,450.35 |
| Total volume of water consumption (KL) | 15,32,369.99 | 15,44,450.35 |
| Water intensity per rupee of turnover (Water consumed / turnover) (kl per million INR revenue) | 17.55 | 19.35 |

Water consumption in water stressed areas – Kilolitres(Kl)

| Parameter | FY 2022-23 | FY 2021-22 |
|--|-------------|-------------|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | - | - |
| (ii) Groundwater | 2,12,528.00 | 2,01,122.00 |
| (iii) Third party water | - | - |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| Total volume of water withdrawal (KL) | 2,12,528.00 | 2,01,122.00 |
| Total volume of water consumption (KL) | - | - |
| Water intensity per rupee of turnover (Water consumed / million INR revenue) | 2.43 | 2.52 |

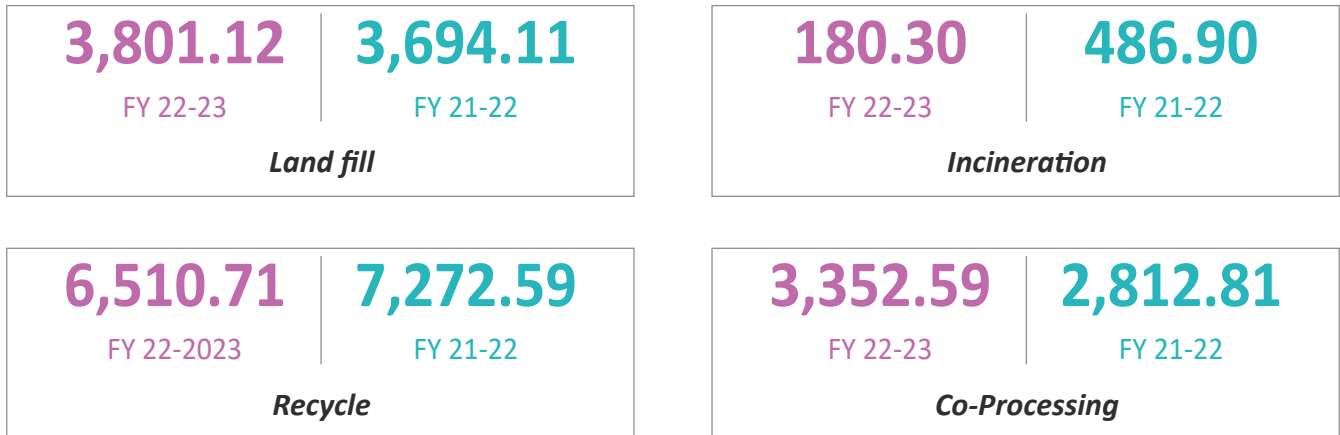
Vadodara API Operations at Vadodara (Padra) and Corporate Office at Ahmedabad are water stressed locations identified as per guidelines of Central Ground Water Authority(CGWA), Govt. of India.

Treated Water/Effluent (Kl)

| Environmental Indicator | Description | Quantity (kl) |
|--|---|---------------|
| Total Treated Effluent Discharged (kl) | Effluent to others with tertiary treatment (Reuse in gardening, cooling tower, and other non-critical applications) | 6,12,726.00 |
| | Effluent sent to third party | 3,17,578.00 |
| | Effluent to municipal sewer | NIL |
| | Effluent to surface water | NIL |
| | Total Effluent Discharged | 9,30,304.00 |

Waste Management

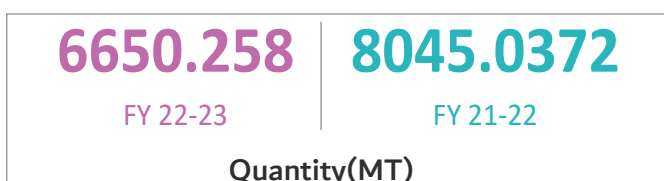
Waste Disposal : Metric Ton(MT)



In FY23 Recycle of waste is 47%, Co-Processing at cement kiln is 24%, Incineration is 1.3% and, Landfill is 27.43%.

| Environmental Indicator | Description | Quantity (MT) |
|-------------------------------|--|---------------|
| Total Waste (Thousand tonnes) | | 20,878.00 |
| Hazardous Waste (MT) | Total Generated | 13,857.48 |
| | Disposal in Landfills | 3,801.12 |
| | Incinerated | 180.30 |
| | Recycle | 6,510.71 |
| | Co Processing | 3,352.59 |
| E Waste (MT) | Generated | 43.02 |
| | Recycle | 41.42 |
| Battery Waste (MT) | Generated | 45.81 |
| | Recycle | 41.66 |
| Bio Medical Waste (MT) | Generated | 281.44 |
| | Incinerated | 281.43 |
| Non-Hazardous waste (MT) | Total waste (tonnes) generated and recycled /reuse | 6650.26 |

Non-Hazardous Waste Management- Metric Ton (MT) :



100% of non-hazardous waste is disposed to authorised vendor.

Highlights in Climate Change Performance

- Increase in waste disposal by co processing by 24% in FY2023 w.r.t FY2022.
- Reduction in GHG intensity by 20% in FY2023 w.r.t FY2022
- Reduction in water intensity by 9% in FY2023 w.r.t FY2022
- Reduction in energy intensity by 8% in FY2023 w.r.t FY2022
- 150% increase in utilisation of renewable energy in FY2023 w.r.t FY2022.
- Reuse of over 40% of water consumed in FY23

Climate-related Management Incentive:

Incentivizing employees to encourage and adopt sustainable practices and contribute to reducing greenhouse gas emissions will benefit the environment and prove to be a strong step for the long-term success and reputational enhancement of an organization.

The company recognizes that implementing emission reduction, energy conservation measures, sustainable procurement, and other ESG practices is only possible with highly motivated and passionate human resources. In alignment with this, the company has established various mechanisms to incentivize people to contribute to ESG / climate-related initiatives/ targets in the following ways:

a. Performance-linked Green Incentive: The climate-related issues are part of employees' and Business Unit Heads(BU)s Key Responsibility Areas (KRA)/goals wherein they prepare strategy and action plan to reduce energy consumption and reduction in emissions. Although the KRA's are reviewed biannually as per the company HR structure, but internally departmental reviews on climate-related targets are conducted with BU Heads on monthly basis. The employees and concerned BU Heads are incentivised based on achieving climate-related targets through monetary benefits, i.e., increments/promotions, etc. The employees and BU Heads related to supply chain function are linked with targets for adopting sustainable purchase practices, i.e., purchase of Renewable Energy.

b. Energy Efficiency Rewards: The company conducts an annual energy excellence award wherein the formulation units are categorized into two groups, i.e., large volume units (power budget >10 GWh) and small units (power budget < 10 GWh). The formulation business's respective plants (sites) are evaluated on transparent criteria, and 02 awards, i.e., Winner and Runners, are given to the plants in both categories. The team receiving recognition from senior management becomes highly motivated to continue their good work on climate-related initiatives and targets.



Goa Site – Winner (Large Volume Category)



Baddi Site – Runner-up (Large Volume)

- c. Sustainability Certifications:** Encouraging employees to obtain sustainability-related certifications, i.e. Confederation of Indian Industry CII - certified Sustainability assessor, certified Global Reporting Initiative (GRI) professional, CII certified professional on resource efficiency and environment sustainability, Lead auditor / Internal auditor on ISO 14001 (Environment Management System) can not only enhance their skills but also contribute to the company’s sustainability goals.
- d. Environment Month Celebration:** The company extends celebration of world environment day to “Environment Month” to raise awareness about environmental issues (Climate Change, Waste Management) and promote the purchase of eco-friendly practices. The company organises various competitions like Slogan competitions, Quiz competitions and puzzle competitions on environment themes. The competition’s individual winners are incentivized by recognition in the form of prizes.
- e. Idea Generation:** Generating ideas for energy-related projects, innovations, and solutions can lead to numerous benefits. These ideas can address energy challenges, fostering sustainability, and driving economic growth. The company has a **“Strategic Lean Integrated Manufacturing (SLIM)”** Idea portal where all improvement ideas are logged and subsequently approved by the concerned personnel. The company encourages all employees to generate energy conservation ideas and log them in the SLIM portal. Employees get rewarded for approval and successful implementation of energy conservation (Encon) and water conservation ideas. For the successful implementation of ideas, more than 1100 employees are facilitated for their continuous efforts.



Transdermal Site - Winner (Small Volume Category)



Sikkim 01 Site – Runner up (Small Volume Category)

Climate Change Mitigation Efforts

The company uses renewable and non-renewable energy sources to meet the regular demand. Due to its continuous efforts on increasing renewable energy, the company has increased its renewable energy contribution to 25% in FY23 from 17% in FY2022 in the total energy portfolio. The company has introduced energy-efficiency and water conservation initiatives to mitigate issues related to climate change. There are various initiatives that were incorporated in the organisation that included technological and behavioural change and are as follows:

Energy Audits:

- Energy audits are conducted through external agencies and internal energy excellence teams to analyze energy usage and suggest improvements on energy conservation.
- Identified improvement ideas are horizontally deployed at all applicable sites.

Educational Campaigns:

- The company drives campaigns to highlight the importance of energy & water conservation, its impact on the environment, and the potential cost savings.
- Poster campaigns are rolled out to provide useful information in the local language (Gujarati, Hindi, Konkani, etc.)

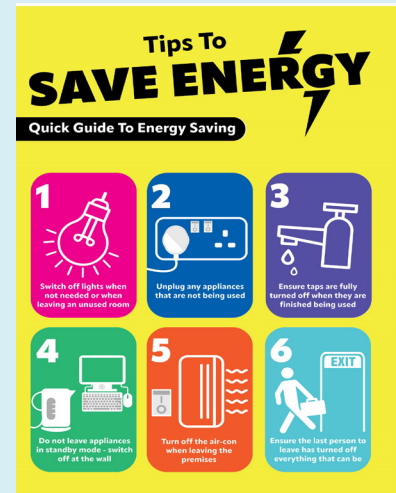
Competition on Water Conservation:

- Water conservation competitions are organized regularly within the company.



Energy consumption / GHG reduction initiatives implemented are as follows:

1. Installation of rooftop solar panel in formulation business units.
2. The company has entered into an agreement with a vendor to source solar energy instead of nonrenewable energy.
3. Improvement in boiler efficiency by atomization with supervisory control and data acquisition (SCADA) system at one of the major formulation units.
4. Installation of energy-efficient electronically commutated (EC) fans in air handling units (AHU) across all sites.
5. Installation of energy-efficient intelligent flow controller for compressed air system at various business units.
6. Installation of high-efficiency pump for chilled and condenser water applications.
7. Installation of variable frequency drive (vfd) for different applications like – Boiler (Induced draft & forced draft fans), chiller plant, hot water system, reverse osmosis(RO) high-pressure pump, AHUs, ventilation unit, etc.



Water conservation initiatives implemented are as follows:

1. Utilization of Effluent Treatment Plant (ETP) treated water in cooling tower and boiler.
2. Utilization of reverse osmosis (RO) plant rejects water in cooling tower & toilet flush.
3. Utilization of reject water from Ultra-Filtration (UF) & Multi Grade Filter (MGF) in cooling tower, toilet flush, and raw water tank.
4. Utilization of steam condensate water at the boiler.
5. Air Handling Unit (AHU) cold condensate water utilization in the cooling tower.



Climate Change Risk Management

The company believes that systematic risk management ensures effective navigation to achieve business objectives and sustainable growth in a volatile and complex environment. The company's risk management framework has been designed to identify, monitor, and minimize the adverse impact of strategic, operational, financial, and compliance risks faced by it. The company's risk management framework ensures a consistent, collaborative, and comprehensive approach to identifying, prioritizing, responding and monitoring various kinds of risks and reporting the same to the Audit Committee, Risk Management Committee, and the Board of Directors ("the Board") for review and discussion and enable them to take informed decisions and suggest actions to mitigate those risks. The risk management framework guided by the Chief Risk Officer is implemented across the company, which also enables all employees and business associates to raise any risk they identify to the next level. As part of the risk management policy, the company has identified and integrated ESG factors (climate change risks, including physical and transition risks) as broad areas, and accordingly, the categorization of risk (Physical, Transitional, etc.) or identification of risk can be done with its probability of occurrence during a defined time frame. The risk management policy can be referred from following the link: <https://www.zyduslife.com/public/pdf/companypolicy/Risk-Management-Policy.pdf>.

Risk Assessment and Scenario Analysis:

The company has adopted a climate scenario-based analysis technique to identify and assess the climate change-related risks inherent in its operations. The company has used scientific tools for Representative Concentration Pathway (RCP) 4.5 (medium emission) and RCP 6.0 (high emission) pathways (equivalent to 1.7-3.2 Deg C) for assessing its operating site risks and impacts w.r.t climate change. The climate change issues, including projected changes in monthly maximum temperature, monthly rainfall, severe flood likelihood, and land projected to be below annual sea level, were studied in this scenario analysis. The climate projections were carried out for the medium-term, i.e., for a period covering 2020-2040. The company has made efforts to identify the physical and transition risks of climate change and assess them based on the available information and knowledge. Based on the assessment, the adaptation and mitigation measures were identified, and strategic action plan has been prepared to address the availability of raw materials, increase use of renewable energy, and the implementation of energy efficiency measures.

| | |
|--|---|
| Physical Risk- Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns | Acute Risk - Extreme climatic events like intense rainfalls, cyclones leading to flooding which may result in operational shutdowns and/or service disruptions, unstable raw material procurement. |
| | Chronic Risk - Projected increase in temperatures due to climate change could significantly impact transmission and distribution efficiency and reliability due to energy losses. |
| | <p>Mitigation Strategy and Opportunities:</p> <ol style="list-style-type: none"> Building resilient infrastructure The company chose a climate scenario-based analysis technique to understand the implication of climate change on its operating sites. The IPCC's RCP 4.5 (medium emission) and RCP 6.0 (high emission) pathways (equal to 1.7-3.2°C) were used for the forecast. Increase in Renewable Energy (RE) by investing in RE projects and onsite generation. New infrastructure to be built by taking into consideration the various standards, the long and medium-term effects of climate change into account. The company has a business continuity and disaster recovery plan for all its locations to safeguard its resources in the event of any emergency or exigency. This business continuity plan enables the company to sustain and adapt in situations which arise from any natural calamity or manmade disaster or an unprecedented event which may disrupt the business operations. The company continuously reviews and modifies this plan by incorporating learnings and observations from disruptions faced in the unprecedented situations such as cyclone, flood, landslides, pandemic etc. The company's risk management plan aims at minimizing the impact of such disasters on the business operations by periodic assessment of probability and likely impact of such disasters and formulating appropriate mitigation plans for the same. The company has also taken a business interruption insurance policy to cover loss of profit which might arise because of business disruption caused by natural calamities. |
| Transition Risk - Transition risks are risks related to the transition to a lower-carbon economy which may require extensive, legal, policy, technology and market change to address mitigation and adaptation requirements related to climate change. | Policy and Legal - Increasingly stricter environmental laws and regulations such as the Perform, Achieve, and Trade (PAT) mechanism, Carbon tax (increased pricing of GHG emissions), Increased emissions reporting requirements, Increased regulation of existing products or services, Increased permitting restrictions. |
| | Technology- Cost to transition to lower emissions technology, Product substitution for lower emissions products (and therefore reduced demand for existing products), Incorporate low-carbon technologies and the technological development that makes electricity use grid-independent |
| | Market- Changing consumer choice and climate change both increase market risks. The expectations of the stakeholders have increased due to India's commitment to NDCs. The transition to a low-carbon economy is supported by significant governmental changes and initiatives. |
| | Reputation - Changes in consumer perception and/or preferences, Stigmatization of sector (e.g. extractive sector), Increased stakeholder concern, Negative external feedback |
| | <p>Mitigation Strategy and Opportunities:</p> <ol style="list-style-type: none"> Onsite generation of solar power at manufacturing locations Improving energy efficiency /operational efficiency of energy consuming equipment to reduce energy consumption Increase in biofuel/hybrid fuel utilization to minimize the dependencies on conventional fuel i.e. Coal/Diesel etc. Plans to procure and consume solar-wind hybrid power in FY24 Responsible Disposal of Waste Complying with applicable regulations for waste generation and disposal More emphasis on reduction of waste generation Adopting a Zero Liquid Discharge (ZLD) approach to maximize recycle, re use of water and reduce fresh intake of water. Use of water-efficient technology Sensitizing the mindset of internal and external stakeholders to reduce the consumption of water Governance policy for our commitments to ethical marketing, advertising, and sales practices. Established a robust quality management system that ensures the quality, safety and sustainable supply of drug products. Adoption of a comprehensive code of business, ethics, and conduct Adoption of Anti-bribery and corruption policy |

Biodiversity Conservation

The company deliberately tries to conserve biodiversity and work for impactful biodiversity enhancement. No species listed in the International Union for Conservation of Nature (IUCN) Red List and National Conservation List were found to exist in or near the manufacturing units. All operational units are located outside biodiversity-sensitive or notified protected areas; hence, there is no such case of habitats affected by water discharges and runoff from the unit. While setting up new factories/units or during retrofitting/expansion, the company considers the Biological Diversity Act and Rules. The company maintains the dense and opulent green belts across all the manufacturing units per legal requirements and understands flora as a natural purifier for their ability to take CO₂ from the atmosphere. Planting and maintaining trees are recognized as strategies adopted for decarbonizing and guarding biodiversity.

The company is committed to minimizing the adverse impact of its operations and services on the ecosystem in which it operates.

The company strives to:

- a. Encourage more tree plantation within and around the facilities, ensuring the preservation of flora, fauna, and bird habitat in and around the facilities.
- b. Comply with all applicable legal/regulatory and other biodiversity requirements.
- c. Use of environmentally sustainable technologies/ practices and adoption of innovative practices for pollution abatement and continual improvement in environmental performance.
- d. Select, purchase, and use appropriate fuel energy, energy efficient equipment - services and eco-friendly technologies to minimize traditional fossil fuel use.
- e. Reduce toxicity in the products and improve the percentage of co-processing / pre-processing of

wastes.

- f. **Build awareness among its vendors, contractors, and service providers to minimize utilization of natural resources in raw material, logistics, and recycling material.**

Biodiversity Risk Assessment:

The company has conducted Bio diversity risk assessment of its operations by using world wildlife for nature (wwf) scientific tool to evaluate and understand the potential threats and risks to biodiversity, including ecosystems, species, etc. The assessment is based on a company sitewise geographic location and industry sector. Both together inform the respective site scape risks categorized in to physical and reputational risks. Among these escape risks pollution, water condition, and water scarcity are the common risks across all sites and fall under the band of “High to very High impact” risks based on dependency/impact of the site as per industry sector. The company has taken measures to mitigate the risks by establishing mechanisms to ensure that the air emissions, water quality are within prescribed limits of regulatory authorities. The waste generated by the company is disposed of in an eco-friendly and regulatory manner, i.e., reuse, recycling, and coprocessing. Also, all units have established procedures and practices of zero liquid discharge to reduce freshwater intake and mitigate the water condition scenario. Also, the treated water from the sewage treatment plan (STP) is reused within the premises for non-critical applications, i.e., gardening, etc. In its continuous effort to make a positive impact on biodiversity, the company has over 4000 grown trees and more than 04 lakhs square meters of green belt across its India operations. In view of its continuous environmental and biodiversity conservation efforts, the company has not paid any environmental fines/ penalties in

No Deforestation Commitment

- a. At Zydus Lifesciences Limited, we ensure that business activities are performed sustainably without disturbing the ecosystem.
- b. The company shall make efforts to operate its units in an environment-friendly manner and are committed to no deforestation.
- c. The company shall consciously try to reduce paper consumption in applications like product packaging and explore innovative solutions to strengthen the commitment of no deforestation.
- d. The company shall comply with all the applicable regulatory requirements related to environment and forest conservation, etc.
- e. The company shall educate and encourage its vendors, contractors and service providers to minimize the utilization of natural resources in logistics and maximize the reuse of recycled material with the desired quality for packaging applications.



Human Capital

Human capital is a crucial driver of economic growth. Highly skilled and educated individuals are more productive, which leads to increased output and economic prosperity. A well-educated and skilled workforce is more likely to generate new ideas, innovations, and technological advancements. This can lead to increased competitiveness and the development of new industries and technologies. The company is committed to the constant growth of its people, professionally and personally. The company has established mechanisms to impart training around employee grooming, overall well-being and health and safety, to name a few. 100% of its employees receive regular performance and career development reviews. The company has a dedicated Human Rights policy that enforces Human Rights at all the sites and also for the suppliers, contract workers, customers, and communities. This policy helps the organisation to uphold the human rights of the stakeholders and ensure that they do not affect the business and value chain. All employees and staff of the company are trained on the Human Rights Policy at the time of induction.

Zydus Lifesciences Limited is an equal opportunities

employer. The company treats all job applicants fairly and does not support any form of unlawful discrimination. Also, the company respects all related laws in our employment decisions and does not discriminate against individuals based on race, colour, gender, age, national origin, religion, sexual orientation, gender identity or expression, marital status, or disability.

The company ensures compliance and adherence to the applicable labour laws at work. The company has established procedures to ensure no child and adolescent labour are employed in its operations as part of corporate policies. During the time of employment, age proofs are checked thoroughly before onboarding. No violations of children's rights have been reported in the current reporting period. The company provides fair wages and compensation to all its employees as per the legal and industry standards covering the basic needs of workers and their families to maintain a reasonable standard of living. The company practices the industry standard working hours for all its employees and contract workers as per regulations.

Workforce Breakdown: Gender

| Sl. No. | Diversity Factor | Percentage (0 - 100 %) |
|---------|--|------------------------|
| 1. | Share of women in total workforce (as % of total workforce) | 7% |
| 2. | Share of women in all management positions, including junior, middle, and top management (as % of total management positions) | 5% |
| 3. | Share of women in junior management positions, i.e. first level of management (as % of total junior management positions) | 10% |
| 4. | Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions) | 6% |
| 5. | Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.) | 8% |
| 6. | Share of women in STEM-related positions (as % of total STEM positions) | 9% |

The company has taken a target to increase gender diversity to 12% by FY2026.

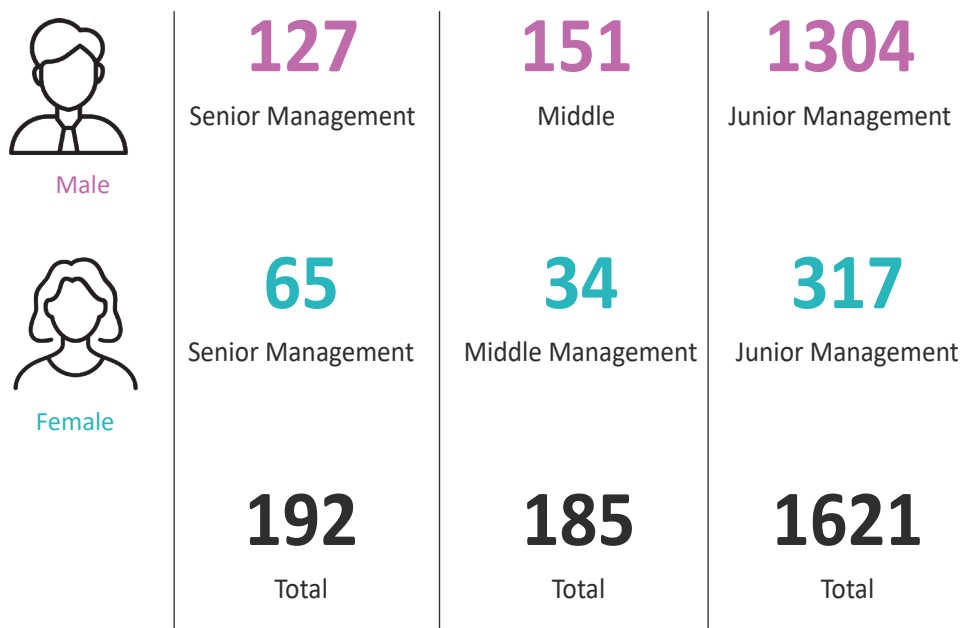
Gender Pay Indicator

| Sl. No. | Employee Level | Average Women Salary (INR) | Average Men Salary (INR) |
|---------|--|----------------------------|--------------------------|
| 1. | Executive level (base salary only) | 18,71,409 | 19,46,770 |
| 2. | Executive level (base salary + other cash incentives) | 18,71,409 | 19,46,770 |
| 3. | Management level (base salary only) | 53,63,849 | 64,34,335 |
| 4. | Management level (base salary + other cash incentives) | 53,63,849 | 64,34,335 |
| 5. | Non-management level (base salary only) | 6,33,953 | 6,56,605 |

Pay parity defines to the principle of ensuring equal compensation for individuals performing similar roles or jobs, regardless of factors such as gender, race, or other forms of demographic differentiation. It aims to eliminate wage disparities and create an equitable work environment where employees are paid fairly based on their qualifications, responsibilities, and performance rather than their characteristics or backgrounds. Pay parity promotes diversity, inclusion, and fairness in the workplace. Zydus Lifesciences Limited supports equal gender pay and ensures that employees are paid equally based on their experience, qualifications, etc.

Training and Development

Training and development programs for employees are important for enhancing their skills, knowledge, and capabilities, which ultimately benefits both the employees and the organization. The company conducts various leadership and management development programmes for employees of different cadres as per following:



Average hours per FTE of training and development is 15 Hours.

Average amount spent per FTE on training and development is 1166 INR.

Employee Development Programs:

An employee development program is a strategic initiative within an organization designed to enhance its workforce's skills, knowledge, and professional growth. Through training, mentoring, and educational opportunities, these programs empower employees to reach their full potential, contribute effectively to the company's goals, and adapt to the evolving demands of their roles. Employee development programs foster individual career progression and benefit the organization by improving productivity, retaining talent, and cultivating a culture of continuous learning and innovation. By investing in the growth and development of their workforce, companies can stay competitive in a dynamic and ever-changing business landscape. The employee development programmes implemented by the company are as follows:

1. Name of the programme: LEAP - Learn Explore Aspire Perform

Description of programme objective/business

benefits: LEAP is an assessment, and the leadership development centre intends to build potential Zydus leaders for their current and future roles in the organization. This process is followed for the progression and promotion of an employee's career. The program is specially crafted for all Deputy General Manager (DGM) and above employees in the organization. While the process of complete assessment and development of 09 months is followed for all internal candidates, similar assessments are also rolled out during recruiting senior-level candidates. By the NEEV competency framework, all candidates in level 3 and above are eligible to participate in the LEAP journey. The process is done under standardized conditions and puts candidates through a combination of group and individual exercises that simulate a given job's conditions. The assessors judge the candidate's behaviour, which can serve as the basis for valuable predictions of a candidate's potential.

The uniqueness of the programme:

a. Rooted in behavioural mentoring and personal

development.

- b. Focus more on measuring job-related behaviours and skills.
- c. The assessment often consists of different components, including intelligence tests, psychological tests, and presentations.
- d. The assessments are anchored around NEEV competencies, and the assessors evaluate the candidates through multiple tools as:
 - Psychometric Exercises
 - Role Plays
 - Case Studies and Discussions
 - In Basket Exercises
 - Behavioural Event Interview

Benefits: As of date, 470 employees got promoted internally to senior roles in the past seven years.

2. Name of the programme: WINGS: Women Leadership Programme

Description of programme objective /business

benefits: The WINGS program has been designed to help women at Zydus become more impactful and effective leaders. The program is carefully designed with the unique challenges faced by women on their path to leadership kept in mind. The program aims at up-skilling strategic visionary leaders in by leveraging the 03 levers of Goal Setting - Strategy, Vision & Positioning of the Goal. Through this programme we intend to build them for their current as well as future roles in the organization. In this programme the women employees got the opportunity to learn the following :

- Overcome the organisational hurdles that restrict their growth
- Foresee the challenges and manage them tactfully
- Identify their strengths and deploy them strategically
- Understand the dynamics of diversity at the workplace
- Enhance their executive presence with greater awareness
- Understand more about themselves, their leadership strengths and leveraging the same at your workplace

- Lead their team with greater purpose and impact
- Seek critical reflection and feedback from their peers and subordinates
- Target Audience: Women @ Zydus

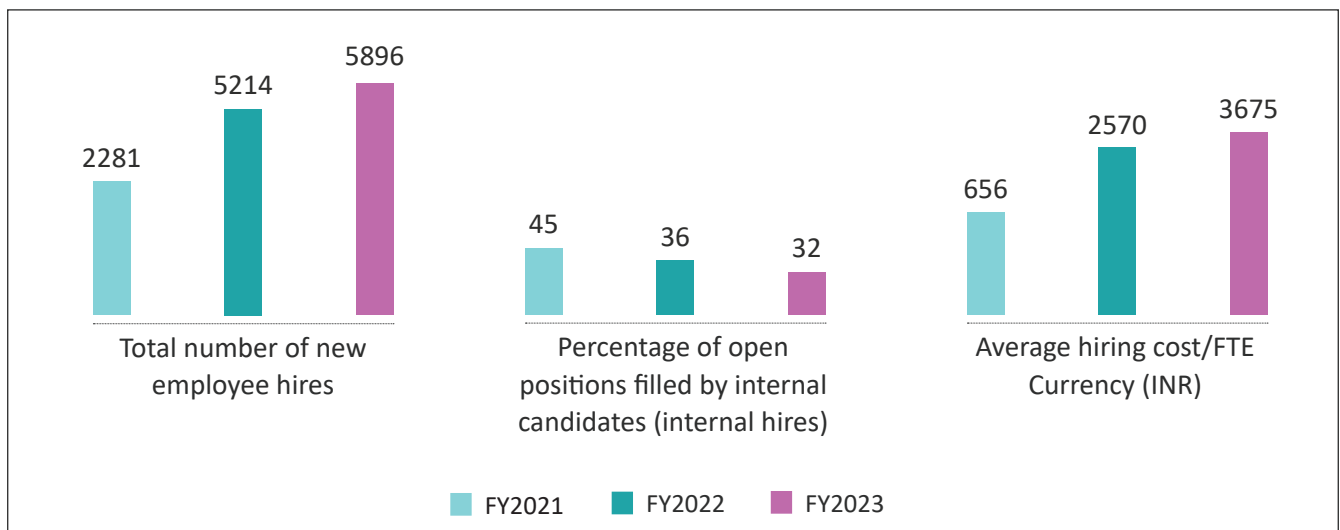
Uniqueness of the programme:

- Rooted in behavioural mentoring and personal development,
- An experiential approach to resolve an immediate and significant interpersonal challenge.
- Interaction with some renowned women Leaders.
- Reflective exercises with a group supported with group coaching.

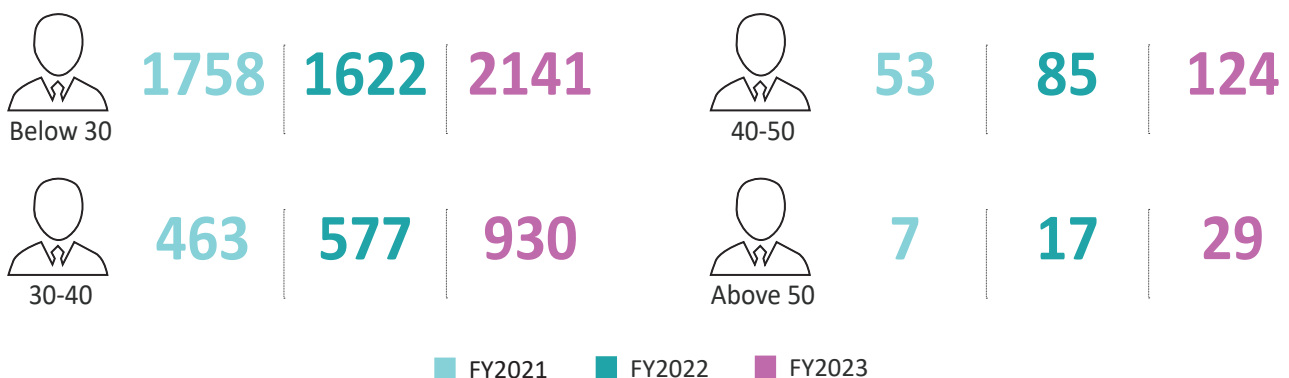
Benefits: 310 women employees across the organization from Assistant Manager & above, underwent leadership development.

Employee Hiring:

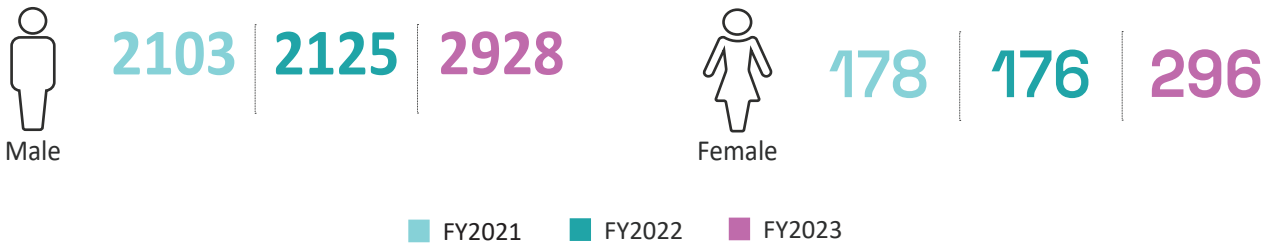
The company believes that the “Right person in the Right Role” are core to business operations’ success and growth of the business. The process of selecting and onboarding new employees is not just about filling a vacant position; it’s about shaping the future of the company. Correct employee hiring plays a pivotal role in achieving organizational goals and maintaining a healthy work environment.



(a) Employee Hiring: Age group



(b) Employee Hiring: Gender



(c) Employee Hiring: Management level

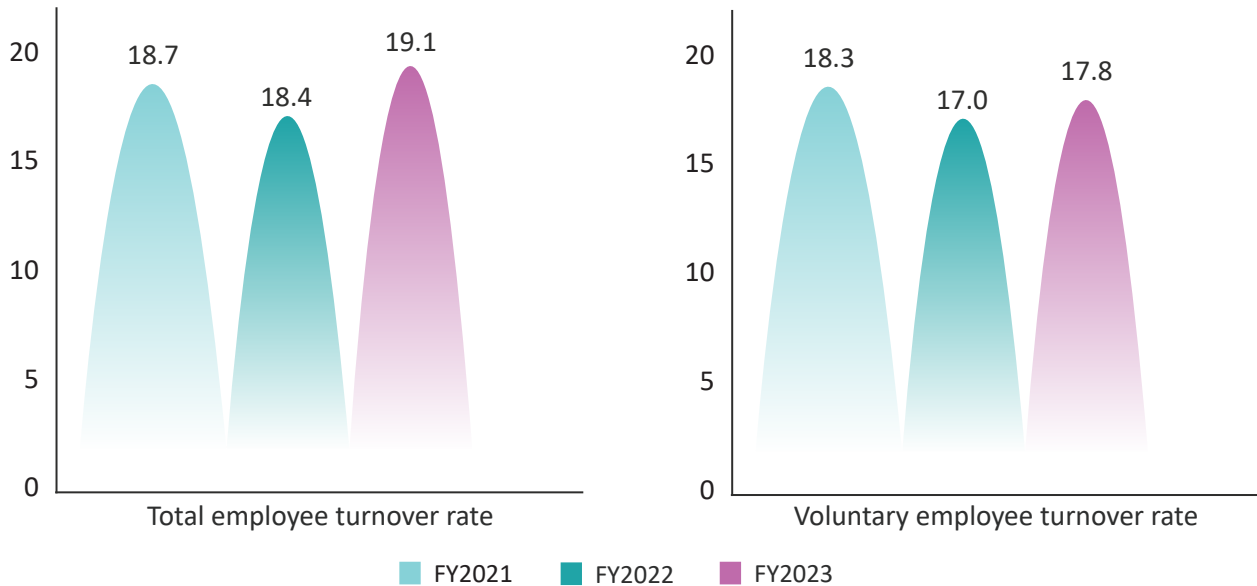
| Management Level | FY2021 | FY2022 | FY2023 |
|-------------------|--------|--------|--------|
| Senior Management | 12 | 15 | 42 |
| Middle Management | 964 | 1143 | 83 |
| Junior Management | 1305 | 1143 | 3099 |

Employee Performance Management System

The company has a Management by Objectives (MBO) performance appraisal system, which emphasizes goal setting, performance assessment, and continuous feedback. In this appraisal system, employees collaborate with their managers to establish specific, measurable, achievable, relevant, and time-bound (SMART) objectives and key results (OKRs) that are aligned with the organization’s overall goals. Employees work toward these objectives throughout the performance period, and at regular intervals, managers provide feedback and assess progress. The MBO system promotes clarity, transparency, and accountability in performance management, helping both employees and organizations achieve their strategic objectives and improve overall performance. As per the MBO structure, the performance against the targets is reviewed twice in one year.

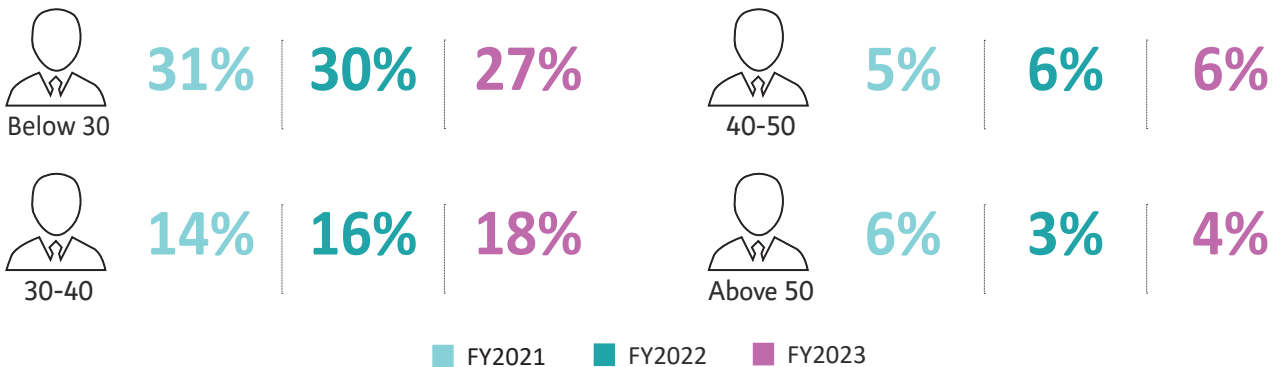
Employee Turnover Rate:

Employee turnover is a critical metric that can have far-reaching implications for an organization’s financial health, productivity, culture, and ability to attract and retain talent. The company aims to continue to deliver value to its people by attracting, training, and retaining multifaceted employee competencies and expertise to groom future leaders early on.

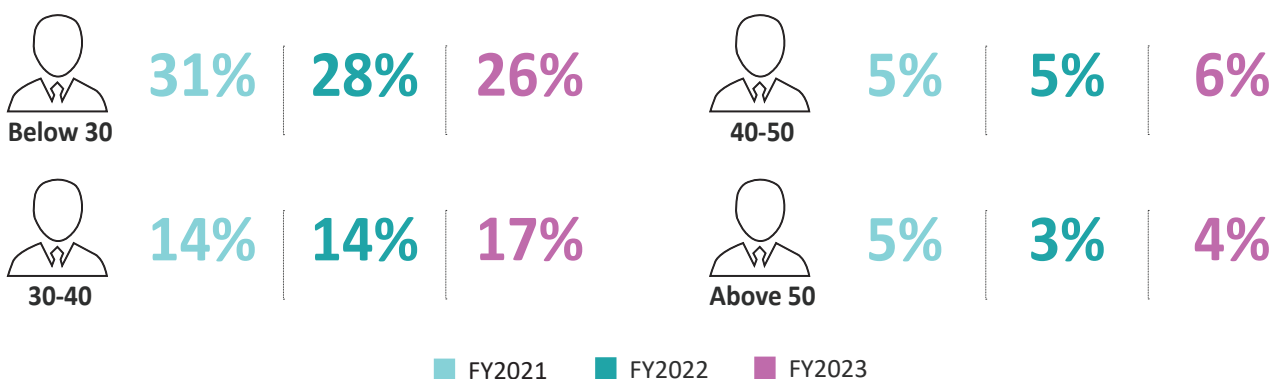


(a) Turnover rate: Age group level

Overall turnover

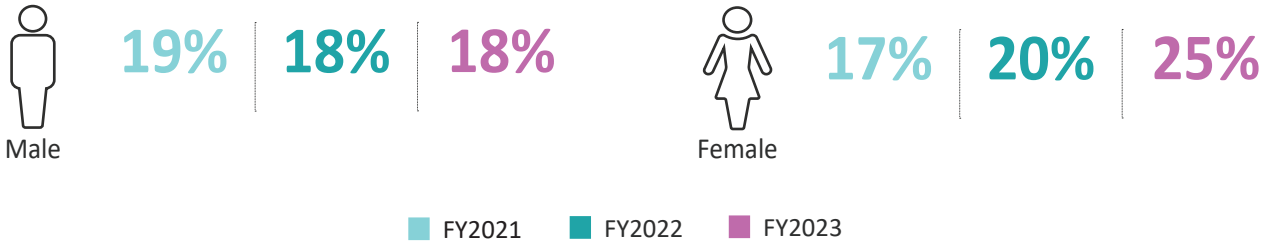


Voluntary / Planned turnover

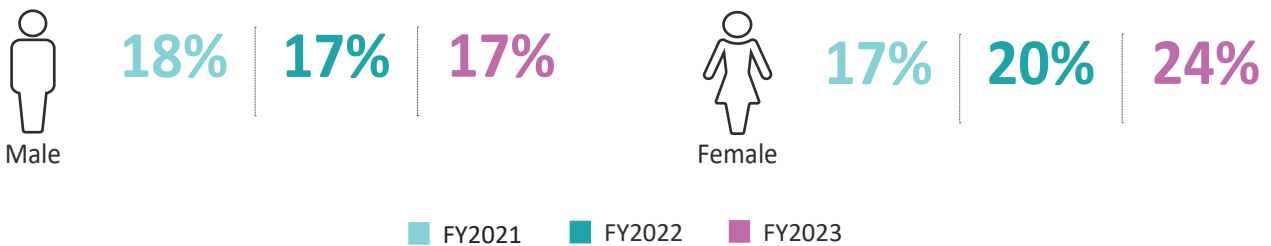


(b) Turnover rate: Gender level

Overall turnover

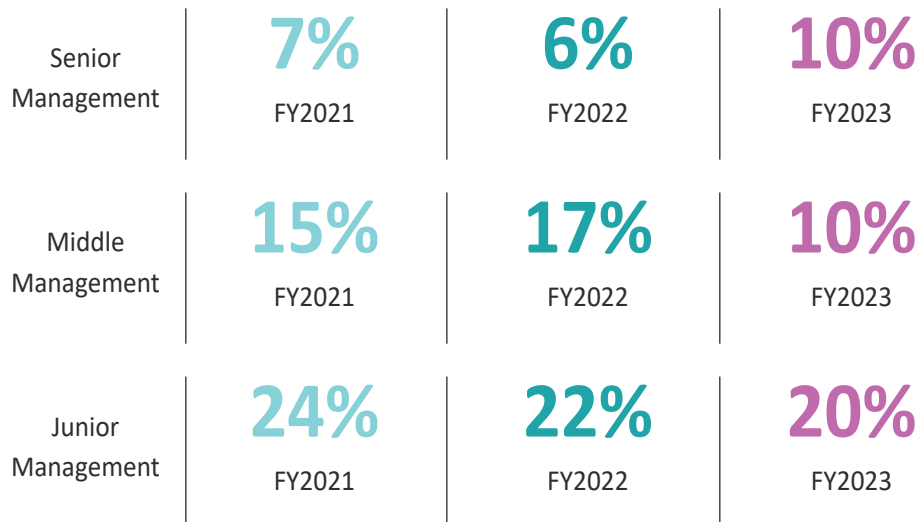


Voluntary / Planned turnover



(c.) Turnover rate: Management level (e.g. junior/low level, middle, senior/top level management)

Overall turnover



Voluntary / Planned turnover

| | | | |
|-------------------|---------------|---------------|---------------|
| Senior Management | 7% FY2021 | 5% FY2022 | 10% FY2023 |
| Middle Management | 15% FY2021 | 16% FY2022 | 10% FY2023 |
| Junior Management | 24% FY2021 | 20% FY2022 | 18% FY2023 |

Employee Support and Well-being:

Employee Support Programs (ESP) play a crucial role in ensuring the overall well-being of employees and the success of an organization. By providing a holistic range of services that address physical, mental, and emotional needs, ESPs help to create a nurturing work environment where employees can thrive. Investing in these programs is an investment in the people who drive the success of any business, resulting in a more satisfied and motivated workforce. Here are some employee support /wellbeing programmes implemented in the company:

- Zydus Well-being covers a gamut of initiatives, from annual health check-ups to subsidized treatment for employees and their families at Zydus Hospitals
- 24X7 medical assistance with ambulance services and emergency first aid is available at all manufacturing sites.
- Offering medical insurance policy for on-roll employees and workers.
- Extending the medical insurance policy to parents of the employees.
- Employees can also avail added sum assured through top-up.
- Zydus Cares, a special initiative for pregnant women, helps them right through their

pregnancy with a buddy being assigned to them for all assistance.

- Under Zydus Cares, an employee can also avail five days of paternity leave to experience the joy of fatherhood.
- Zydus Clubs provides opportunities for employees to come together and delve into their passions and hobbies like poetry, singing, photography, sports and fitness, dancing etc. This helps them strike the right work life balance.
- Zydus “Khel Ka Mahasangram” held throughout the year and helps employees participate in various sports, including cyclothons.
- All human rights, safety, health and hygiene protocols are strictly adhered to.
- Recognition of employees by event like “Champion of the month” and Zydus “STARS” for keeping the employees motivated and working progressively for future assignments.
- Childcare facilities or contributions – Daycare facilities
- Flexible working hours
- Breast-feeding/lactation facilities at the workplace
- In the event of the demise of the employee, salary to family & child education expense till graduation

- Marriage loans, housing loans, education loans, and medical emergency loans at lower interest rates
- Medical and Accident Insurance

In today's dynamic and competitive job market, organizations understand that attracting and retaining top talent is essential for success. The "Great Place to Work" has become the gold standard for companies seeking to excel in this area. Zydus Lifesciences Limited has always strived to improve its human resources practices by various means and as part of this continuous improvement journey the company has participated in "Great Place to Work" certification. The GPTW certification is an exhaustive process wherein the participating companies must share qualitative and quantitative data with human resources culture, i.e., number of employees, employee wellbeing programmes, policies, employee surveys, etc. During the reporting year, the GPTW survey was conducted by the company with a sample size of 5000 employees, which is 150% more than last year's survey. The survey reflects that 77% of sampled employees are highly satisfied and fall under the "High Trust High performance" band. The survey sample size bandwidth includes senior management, management, and junior management cadre of employees. The various aspects of the survey include burnout culture(stress), High Trust, High Performance(Job satisfaction), and culture of comfort (Happiness). The survey results and responses submitted were analysed and benchmarked with industry and sector-specific results. Based on the benchmarking results and response, "Zydus Lifesciences Limited" has been awarded the "Great Place to Work" certification for 03 consecutive years, i.e., FY2021 to FY2023.

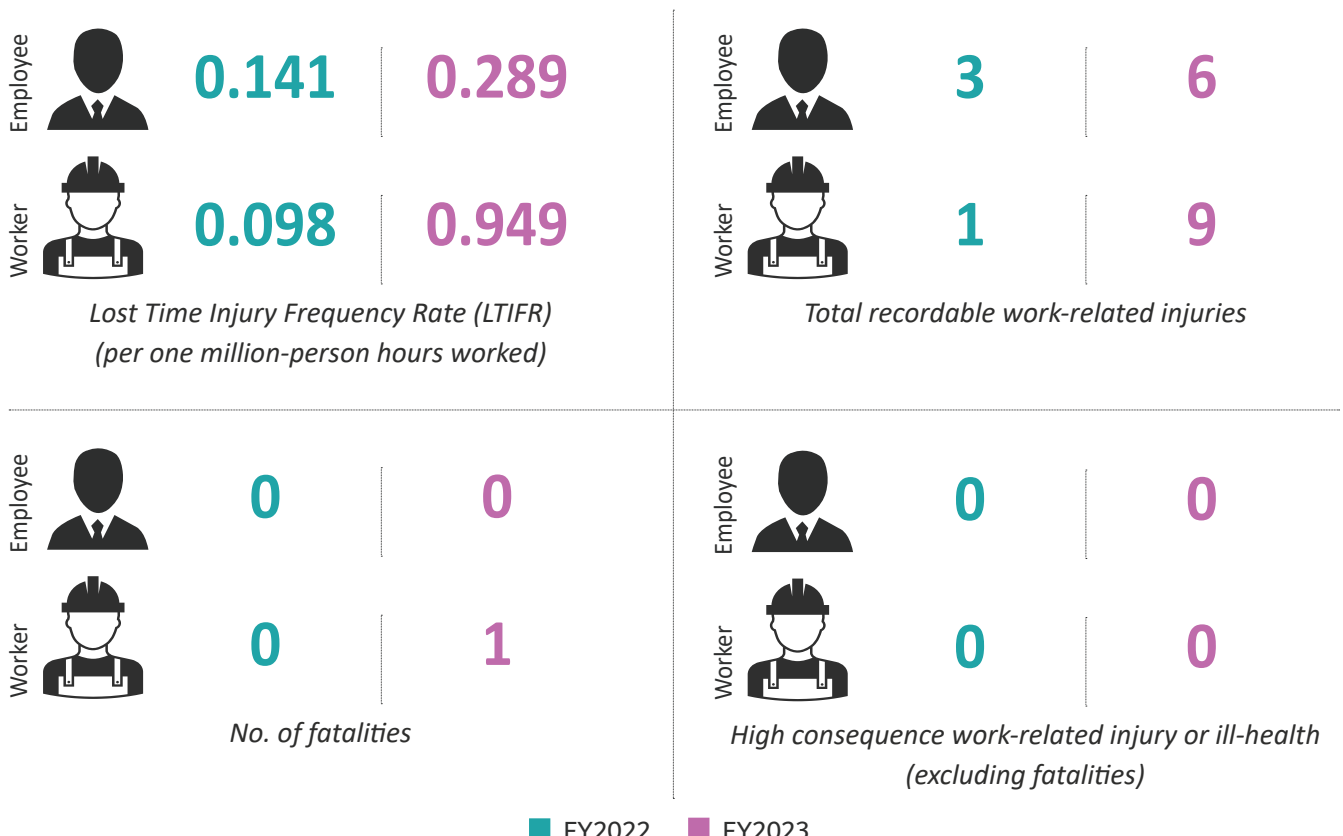
Health and Safety

Zydus Lifesciences Limited strongly emphasizes a secure and healthy work environment for all employees and contract workers. It involves the entire workforce in safety-related talks and activities throughout the year to develop a safety culture across its operations and a behavioural change among employees. The company has a dedicated Environment, Health, and Safety (EHS) Policy that strives to achieve a “ZERO HARM” target regarding incidents and injuries to people. The company believes that ensuring all employees’ good health and safety across the workplace is a primary commitment and goal across all locations. The company has made consistent efforts in safety-focused programmes and controls to strengthen the safety management system. The company is focussed on creating a safer workplace

through various safety awareness campaigns such as publishing safety booklet (Near Miss, Process Safety, Hazards of Nitrogen, Toolbox Talk, and Static Electricity), EHS Theme base working, EHS pictorial messages, EHS Days celebration. New and amended acts, rules, guidelines, and achievements related to EHS are regularly updated biannually on the Zydus EHS Portal. All company manufacturing facilities have implemented safety management systems through Zysafe software (<http://zysafe/login.aspx>) with access to all the employees. Zysafe software consists of nine modules for EHS Scheduling, Observations, Corrective Action Preventive Action (CAPA), Incident and Investigation, EHS Monthly Report, Global CAPA, Work Permit, Safety Passport, and EHS Quiz.

Safety Performance

Safety Incident/Number



■ FY2022 ■ FY2023

Key safety measures taken to ensure a safe and healthy workplace:

- The company has the EHS Policy displayed at important locations, and training has been conducted for all the stakeholders on the EHS policy.
- Safety Infrastructure like fire hydrant systems, fire extinguishers, fire alarm systems, and other fire suppression systems are in place.
- The company has deployed engineering controls and mitigation measures like sensor-based machine interlocks and guards for moving parts of machines based on hazard identification and risk assessment of activities at workplaces.
- Regular trainings are provided to employees and workers for safely performing various activities and applicable personal protective equipment (PPE) are made available to employees and workers.
- Workplace monitoring is conducted to ensure a safe working environment at the workplaces as per statutory requirements.
- Pre-employment and periodic medical examinations of employees and workers are conducted as per the statute.
- Training on good EHS practices and policy imparted to 100% of employees.
- During the reporting year, zero complaints reported by employees on working conditions, health, and safety.



Sustainable Supply Chain

The focus of the company's operations and activity revolve around the holistic philosophy of sustainability. The company ensures adequate measures are integrated with regard to environmental and social parameters across the organization and in the value chain by means of a business code of conduct.

All suppliers, contractors, and business partners involved in the company's supply chain are expected to share the same values and standards as the organisation concerning Governance, Social and Environmental performance.

The company is committed to extending these sustainability criteria throughout its extensive value chain while continuously working together with its supply chain partners to tackle risks and improve its responsible procurement practices.

Supplier Code of Conduct:

The company endeavours to engage with suppliers who conduct themselves lawfully and ethically, protecting human and labour rights, health and safety, information security, and the environment. To achieve this, the company has established a Supplier Code of Conduct that effectively communicates its expectations, corporate values, and culture with its suppliers and serves as a guideline in evaluating business partners.

The Supplier Code of Conduct covers all essential components as per global standards. The supplier code of conduct forms the basic requirements for the vendors/suppliers while conducting business with the company. This code embodies the company's commitment to environmental protection, Minimum Wages, Child Labour, Anti-Bribery, Anti-Corruption, Health and Safety, etc. The detailed document on Zydus Code of Conduct for Suppliers can be found on the following link:

<https://www.zyduslife.com/public/pdf/companypolicy/Zydus-Code-of-Conduct-for-Suppliers.pdf>

The supplier code of conduct is applied to 100% of the existing suppliers, and all potential suppliers are required to comply with its provisions.

Supplier ESG Programme:

The company has a dedicated supplier code of conduct (COC) approved by the board of directors and senior management, which serves as a framework for internal and external stakeholders to establish responsible supply chain management system. The company's senior management responsible for supply chain emphasis on implementation of practices that are aligned with the company's supplier code of conduct and also focus on benchmarking with peer companies to identify gaps in existing practice. This enables the company to prepare a future action plan for continual improvement in supply chain practices in alignment with the requirements of the national and global ESG ecosystem.

The company ensures that every vendor/supplier shall do business with the company as per "Zydus Code of Conduct for Suppliers" by receiving an undertaking or concurrence from the supplier before assigning any business activity to the vendor/supplier. This enables the company to reconfirm that purchasing practices towards suppliers are continuously reviewed and aligned alignment with the Supplier Code of Conduct and to avoid potential conflicts with ESG requirements.

The company conducts training and awareness sessions for supply chain partners on topics like anti-bribery, unfair trade practices, antidiscrimination, fair treatment, anti-competition, data privacy and protection, workers' health and safety protection,

resource conservation and climate protection, waste and emissions, etc. These are an integral part of the company's Supplier Code of Conduct and is disclosed public domain via Business Responsibility and Sustainability Report FY2023 (Page 149, Principle 01, Leadership indicator:01) and is available at the following link: <https://www.zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf>

Supplier Screening and Evaluation Criteria

As part of a sustainable supply chain initiative, the company has established a supplier screening and assessment framework to evaluate all suppliers. The framework is used to evaluate the mechanisms and performance of all suppliers under consideration against the ESG criteria. 100% of the critical suppliers are assessed before onboarding based on the Supplier Screening assessment framework.

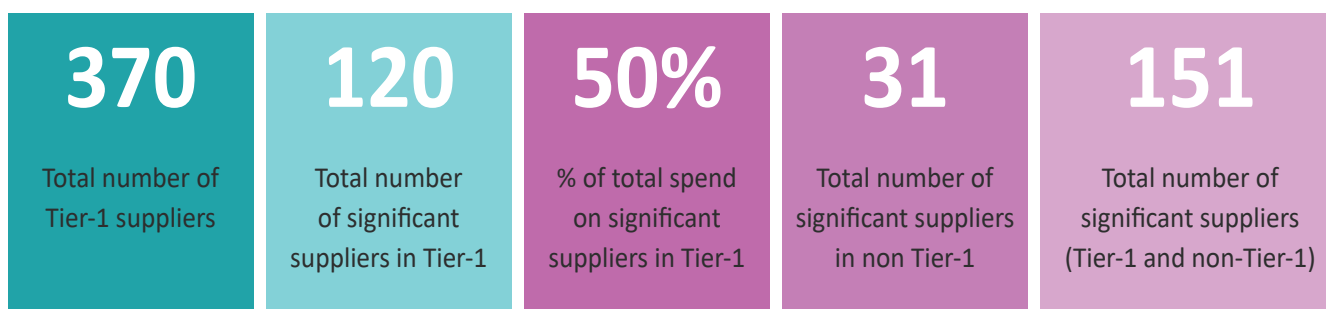
Identification of Critical Suppliers and Risk Assessment

The company has done the internal assessment and has referred to external resources to identify the screening criteria of significant(critical) suppliers. Based on the internal evaluation following criteria is established to identify significant suppliers:

- a. Suppliers who represent a higher risk based on spend volume (based on spend analysis)
- b. Non-substitutable supplier

We believe that a sustainable supply chain is a continuous improvement journey, and therefore, going forward, the company intends to review the supplier screening and evaluation framework regularly and make the necessary changes to strengthen the sustainable supply chain initiative in its operations.

KPI of Supplier Screening:



The vendor/suppliers are supply chain partners that provide APIs, intermediates, excipients, packaging materials and indirect materials to the company.

Supplier Assessment and Development:

The company has made a procedure as a supplier assessment framework for the annual evaluation of its suppliers. During the reporting year, the evaluation/assessment process involves desk evaluations by internal team, however, the company intend to extend the supplier evaluation process to on-site assessment along with desk assessment by a cross-functional team approach. The company framework requires suppliers to disclose their performance data related to various ESG parameters. The evaluation process based on the framework helps the company to understand the supplier’s maturity level on compliance to various regulations and measuring a supplier’s performance in terms of Environmental, Social, and Governance (ESG) criteria. The internal team critically evaluates the results of supplier assessment, and appropriate corrective actions are taken if required. During the reporting year no, significant risks were observed as part of the supplier assessment.

The suppliers are also imparted training and awareness sessions to enhance their maturity levels to work together on the company’s ESG journey. The company has also developed a supplier code of conduct which includes ESG parameters and statutory requirements. Supplier’s commitment is mandatory for following social criteria i.e., Human Rights Policy, POSH, Child Labour Policy, Medical care, Minimum wages, and social security to initiate business activities with the company.

Through these initiatives, the company aims to adopt a culture of continuous improvement and collaboration with our suppliers, ensuring they meet industry’s best standards of ESG practices.

In FY2022-23, desk assessment of 859 nos of suppliers have been done on ESG parameters by the company. Out of the 859 numbers of suppliers, 20 were the identified significant suppliers and no significant risk/concern were identified during the ESG supply chain assessment.

KPI for Supplier Assessment and Development:



- Zero number of suppliers assessed with substantial actual/potential negative impacts.
- Zero % of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan.
- Zero number of suppliers with substantial actual/potential negative impacts that were terminated.

| Corrective action plan support | FY 2023 |
|---|---------|
| Total number of suppliers supported in corrective action plan implementation | NA* |
| % of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation | NA |

*NA because no significant risk identified during supplier assessment

The vendor/suppliers are supply chain partners for providing APIs, intermediates, excipients, packaging materials and indirect materials to the company.

| Capacity building programs | FY 2023 |
|--|---------|
| Total number of suppliers in capacity building programs | 859 |
| % of significant suppliers in capacity building programs | 8% |

The target of FY2023 for capacity building programs for suppliers was 12%.

The company conducts training and awareness session for supply chain partners on topics like anti-bribery, unfair trade practices, antidiscrimination, fair treatment, anti-competition, data privacy and protection, workers health and safety protection, resource conservation and climate protection, waste and emissions, etc. These are an integral part of the Zydus Supplier Code of Conduct and is disclosed public domain via Business Responsibility and Sustainability Report FY2023 (Page 149, Principle 01, Leadership indicator:01) and is available at the following link: <https://www.zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf>

Also the company has established process of engaging vendors, development and consultations by following multiple avenues:

- a. Safety training,
- b. ISO 14001 training,
- c. Training on Good Manufacturing Practices (GMP),
- d. Contractor Safety Management (CSM),
- e. Environment Day celebration
- f. Safety week celebration
- g. Digital platform for the Procure-to-Pay(P2P) cycle – ARIBA,
- h. Technology partnership systems & process automation,
- i. ESG awareness sessions,
- j. Social uplifting by paying on time and more than minimum wages.

Product Stewardship

Adopting Sustainability practices during product design and development:

The company has adopted principles of “Green Chemistry” wherein various efforts are made to reduce environmental impact of the product during design stage itself as per following:

a. Choice of raw materials or components: The company has established mechanisms for sustainable sourcing of raw materials from vendors/ suppliers who have established ESG /sustainability practices i.e. ISO 14001 Environment Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Health and Safety, ESG policies etc. During the reporting year, 15% of inputs were sourced sustainably from vendors and suppliers supplying APIs, intermediates, excipients, packaging materials and indirect materials with established ESG practices. The company strives to include more vendors/suppliers to its sustainability journey by increasing awareness and educational campaigns across the value chain system.

b. Sustainable production / manufacturing: The company emphasizes to minimize its impact on the environment and society during manufacturing/production of its products by maximizing the operating efficiency and adopting ecofriendly solutions. Following actions are taken by company for reduction of emissions/energy/ water use/waste generation:

- Replacement of furnace oil (fo)-based boilers with agro-waste based solid fuel boiler.
- Boiler operation with electrostatic precipitator (ESP) and water scrubber to minimize particulate matter/sox emission.
- Water recovery with reject water treatment

and reuse as raw water and cooling tower make up.

- Process optimization and increase in number of batches with approximately same energy resources.
- Condensate recovery and reuse as feed water in solid fuel boilers.
- Replacement of electrical heaters with hot water coils in Air handling units.
- Installation and usage of variable frequency drives in air handling units and equipment drives.
- Procurement of Energy efficient blowers for air handling unit of new projects.
- Centrifugal chiller operation with efficient coefficient of performance (COP) i.e.0.45 to 0.55 KW/TR (Kilowatt/Tonnage of refrigeration).
- Installation of chiller and refrigerant equipment with zero ozone depletion potential.

c. Eco friendly packaging and distribution: The company has taken conscious efforts to reduce the amount of paper, plastic, and other raw material using in product packing and replace it with sustainable environmental solutions as per following:

- Reduction of substrate weight in paper, plastic and coolant chemical from Injectable product: 195 tons of reduction in material consumed in packaging of injectable product in two FYs (FY21-23). Also, the project got awarded with most innovative project at CII -National Environmental Best Practices Award, July2023.

<https://www.linkedin.com/feed/update/urn:li:activity:7086725345608908800?updateEntityUrn=urn%3Ali%3Afs.feedUpdate%3A%28V2%2Curn%3Ali%3Aactivity%3A7086725345608908800%29>

- Transformation of physical MG (Medication Guide) supply to online/digital in the US market pharmaceutical products: The benefits realised are:
 - » Total virgin paper consumption reduction (304895 Kg paper saved in FY 2021-2022 & 170102 Kg paper saved in FY 2022-2023).
 - » Saving of paper procurement cost.
 - » Reduction of Carbon emission, electrical and water consumption savings for total 474 tons paper in two financial years.
 - » Savings on printing inks (23 Tons of inks), plates, positives and energy for printing medication guides of 474 tones paper.
 - » Savings on transportation fuel, battery energy consumption and emission of CO for transporting 474 tones or paper
 - » Logistic cost saving due to reduction in final volume/size & weight of shipping unit.
 - » Operation cost saving due to removal of paper MG from tertiary packing process (cycle time reduction).
 - » Reduction in material storage & handling cost

- d. **Use phase** - operation and servicing/ maintenance (e.g. provides energy/water/material savings, increased product durability): Regular preventive maintenance of processes and engineering equipment as per defined schedule leads to increase productivity, reduce operating losses and cost, increase energy optimization, lesser consumption of energy per manufactured product.

- e. **End of life management (e.g. recovery, disposal, biodegradation):**
 - Plastic waste is taken back from the market under extended producer responsibility (EPR) liability by authorized vendor for recycling and energy recovery.
 - Final disposal of product, raw material and water as per pollution control board guidelines and rules.
 - Hazardous waste is sent for safe disposal to authorized vendor for landfill, incineration and co-processing at cement kiln.
 - E-waste and Battery waste is sent to approved recycler for safe disposal.
 - Bio- Medical waste is sent for incineration to authorized vendor for safe disposal.
 - Non-Hazardous waste is sent to approved vendor for safe disposal

Life Cycle Management :

- The company has a pool of modern, cost efficient and regulatory compliant manufacturing facilities which produces high quality, affordable products to serve its customers across the globe. The company has the capabilities to manufacture diverse products such as small molecules, APIs, vaccines, biosimilars, complex products etc.
- The company's API manufacturing is adequately supported by a robust R&D team as some of the key APIs of the company are developed in-house. The company has vertically integrated operations for major markets and important molecules that ensure high quality, low cost, seamless production schedule and timely availability of raw materials and finished products.
- The company has strong processes to manage costs effectively and believes that effective cost management is a key to succeed in a competitive industry like pharmaceuticals. The company has undertaken specific initiatives to control the operating costs across plants.
- Through various efficient energy management initiatives, the company endeavours to reduce the energy consumption despite the expansion of its facilities and increase in output levels.
- Measures undertaken to reduce the energy consumption include deployment of more efficient motors and boilers, multi fuel boilers to switch across fuels depending upon the need, controlling the steam leakages etc.
- The measures taken to reduce the usage of energy ,water consumption, air emissions (Nox/Sox), reduction of plastic ,paper during packaging applications and ensuring sustainable sourcing of input materials enables reduction of environmental footprint of all products/processes during its life cycle management.
- As part of risk assessment, all products at the time of technology transfer from R&D to manufacturing undergo risk assessment process as appropriate for their potential impact on human health and the environment.

Ethical Marketing Commitment:

Zydus Lifesciences Limited is committed to:

- Manufacture and market any of its product only after taking necessary approvals from the concerned regulatory authorities.
- Provide accurate and balanced information about the company's products and services to its customers & promote the products in approved indications only.
- Ensure ethical interactions with customers and healthcare professionals.
- Practice fair competition and conduct activities in order to ensure ethical and legal competition, with strict compliance with applicable standards.

Access to Healthcare



Access to healthcare is a fundamental human right that is essential for the well-being and prosperity of individuals and communities. It encompasses the ability to seek and receive necessary medical services, medications, and preventive care without financial, geographic, or social barriers.



Product Innovation to facilitate access:

Zydus Lifesciences Ltd. is one of the leading innovation driven life sciences companies in India with presence across the pharmaceutical value chain of innovating (research & development), manufacturing, marketing and selling of finished dosage human formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), active pharmaceutical ingredients (“APIs”). Innovation is the backbone of the company as it ensures business sustainability through continuous availability of new products for various businesses. The company has a global presence and markets its products in the United States, India, Europe and emerging markets including countries in Latin America, Asia Pacific region and Africa. The company has a manufacturing footprint of 35 facilities that adhere to stringent regulatory compliance standards and have capabilities to manufacture diverse dosage forms at scale, offering cost-effective and high-quality

pharmaceutical products to customers worldwide.

Innovation enhances patient health outcomes by ensuring they can access high-quality, effective medicines that meet their unmet healthcare needs. Zydus’ success in various markets worldwide has been driven by its constant pursuit of innovation. The Company will continue prudently investing in its innovation engine to improve patient health outcomes and evolve as a progressive life sciences company. Apart from developing a strong generic portfolio to serve many markets, the Company has made significant strides in other areas of innovation, including innovative drug research, biosimilars, vaccines, and specialty medicines. Notably, some of the Company’s commercially successful innovative products, such as Lipaglyn® and Bilypsa® (Saroglitazar), Ujvira™ (Trastuzumab emtansine biosimilar), Exemptia™ (Adalimumab biosimilar),

Vivitra™ (Trastuzumab biosimilar) and Bryxta™ (Bevacizumab biosimilar) have significantly improved access and availability to patients in need of therapy, achieving a dominant position in their respective therapy areas. The Company's innovation program is spearheaded by distinguished leaders with deep and specialised experience in their separate domains and supported by over 1400 scientists (around 200 of them having doctorate qualifications) across its seven state-of-the-art R&D centres.

To see the Company's detailed efforts in innovation, please refer to page no. 44-53 in the Zydus Lifesciences Limited Annual Report FY2022-23 at the following link: <https://www.zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf>

Initiative to improve access to healthcare and medicines for vulnerable population:

- a. The company engages with vulnerable and marginalised groups as a part of its CSR programme. The company continues to create healthier, happier communities globally. Zydus Shrishti, the company's CSR programme, focusses on the areas of health, education and research. Making a difference to serve the needs of the patients and bring world-class medical education to the rural interiors of Gujarat, Zydus Foundation has set up Zydus Medical College and Hospital (ZMCH) at Dahod. (Dahod erstwhile Dohad has been identified as an aspirational district by government of India https://my.msme.gov.in/MyMsme/List_of_AspirationalDistricts.aspx)
- b. Several awareness sessions for general public and patient groups were organised about different disease conditions including Hypertension, Liver Care, Diabetes, Gastrointestinal Diseases, Cancers, Inflammatory diseases, Nephrology Cardiology etc.
- c. The company also organised several camps to screen various diseases including Breast Cancer, Non-Alcoholic Fatty Liver Disease (NAFLD), Non-Alcoholic Steatohepatitis (NASH), Osteoporosis, Hepatitis and several other diseases where the company is working towards shaping better patient outcomes.
- d. To understand the effectiveness of the company efforts on the vulnerable community as Dahod, the company has conducted third party social impact assessment by M/s Soule Ace.
- e. As per the SIA conducted by M/s SoulAce, some highlights are :
 - Free medical services, including OPD, Surgeries, anaesthesia, oral medicines, injectables and food for all the beneficiaries without any discrimination.
 - Advanced medical infrastructure with 1034 beds of which 118 beds are for ICU and casualty.
 - Equipped with oxygen plants, state-of-the-art paediatric care unit and 18 modular operation theatres.
 - The hospital offers round-the-clock ultrasound sonography and also offers 3D imaging for diagnostics, M.R.I, Mammography, Dialysis etc.
 - 24X7 emergency services available
 - ~45% increase in OPD cases in FY23 compared to FY21 indicates the access to medical services in a highly remote and economically backward region of Dahod and neighbouring areas of Banswara (Rajasthan), Jabua (Madhya Pradesh) and Alirajpur (Madhya Pradesh).
- f. The CSR activity of ZMCH is well aligned with Sustainable Development Goal (SDG): 03 (Good Health and Well Being).
- g. The SIA was conducted by an independent agency, M/s SoulAce Consulting Pvt Ltd and the details of the assessment can be found from the following link : <https://www.zyduslife.com/investor/admin/uploads/18/95/CSR-Impact-Assessment-Report.pdf>
- h. The company's detailed efforts towards access to healthcare for vulnerable and margined

can be referred from page no:30-33 in the Annual Report FY2022-23 at the following link: <https://www.zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf>

- i. The alignment of company's efforts for towards access to healthcare for vulnerable and margined with Sustainable Development Goal (SDG:03 Good Health and Well Being) can be seen on following link: https://www.zyduslife.com/public/pdf/csr/Linkages-of-Zydus-Medical-College-and-Hospital-with-SDGs_web.pdf

Providing patient assistance to access and reimbursement support:

During the preceding financial year FY2022, the Company launched Ujvira™ brand for the treatment of breast cancer. Ujvira™ is the world's first biosimilar of an antibody drug conjugate Kadcyła®. The brand was launched with the aim to make the treatment affordable to a larger pool of patients who were unable to afford the cost of the innovator drug. The patient centric approach helped in rapid volume expansion for Ujvira™ since its launch on account of the affordability of the product compared to the innovator brand. Around 6000 patients have benefited from Ujvira™ since its launch. The drug

which was accessible to less than 5% of the patients have now benefitted over 25% of eligible patients, thanks to patient friendly pricing (one fifth of innovator drug's pricing) and improved availability of

Conducting Research to develop new medicines for neglected diseases:

The company is actively working towards supporting patients with rare, orphan, and neglected diseases by building its portfolio of specialty products in an effort to address the unmet needs of the patients and provide additional offerings to the customers. The specialty portfolio is being built through in-house development efforts as well as by pursuing inorganic opportunities. On the in-house development front, the Company has developed a portfolio of 10 products, including 01 in orphan diseases space. The focused therapy areas are Pain Management, Neurology, Metabolic Disorders and Liver Diseases. In FY2023, the Company filed two New Drug Applications (NDAs), one each in metabolic disorder and pain management space.

Orphan and ultra-rare diseases is the niche focus area of Company's US Specialty business. As a part of the strategy, the Company's wholly owned subsidiary Sentyln Therapeutics Inc. USA (Sentyln) has made

The table is given below which contains the status of two acquired assets :

| Sl. No. | Molecular Name | Indication | Current Status |
|---------|--|--|--|
| 1. | NULIBRY™ (Fosdenopterin) for Injection | Molybdenum Cofactor Deficiency (MoCD) Type A | <ul style="list-style-type: none"> a. Orphan Drug Designation by USFDA b. First commercial shipment in FY2023 c. Received Industry Innovation Award for 2022 from d. National Organization for Rare Disorders (NORD), US e. Received marketing authorization in EU. Only treatment available in EU to treat MoCD Type A |
| 2. | CUTX 101 (Copper Histidinate Product) | Menkes disease | <ul style="list-style-type: none"> a. Orphan Drug and Fast-Track Designation by USFDA b. NDA submission under process (in collaboration with licensing partner) |

Post the acquisition of Nulibry™, the first commercial rare disease product in FY2022; the Company built the commercial capabilities for rare disease products in the US market. This platform is aimed at providing all the patient support around Nulibry™ and can be leveraged across multiple products. During the year, the Company continued to expand disease awareness efforts on both Menkes and MoCD-A through various means of communication. The Company also worked towards addition of both these diseases to key genetic lab panels in the US.

Health Outcome Contribution:

Healthcare costs are growing exponentially due to aging populations and the rise of chronic diseases. Therefore, companies are under increasing pressure from governments seeking to reform healthcare systems to lower costs and increase healthcare efficiency. Companies that are able to quantify the value they are providing to the healthcare systems, displaying evidence that their products significantly improve health outcomes, will have a long-term competitive advantage.

| Prevention | Key Programs | KPI used to measure impact (e.g. # of patients reached) | Impact FY 2022 | Forecast Impact FY 2023 |
|------------|---|---|---|---|
| BioNext | Awareness Programs on Fatty Liver, Viral Hepatitis, Healthy Liver | No of patients reached both physically & through social media HCPs engaged Programs conducted | >1 million patients reached >450 HCPs engaged >400 programs conducted | >1 million patients reached >500 HCPs engaged >500 programs conducted |
| Oncology | Screening for Breast Cancer | 60-70 High risk patients | Covered 300 such high risk individual for early diagnosis | |
| Oncology | Awareness through print media | Publish article on cancer awareness for masses through newspapers/ magazines | 15 such activities to cover > 1000 people for awareness | |
| Nephrology | World Kidney Day and other patient awareness meetings (Chronic Kidney Disease Awareness Programs) | Number of programs conducted across India Number of patients impacted | 60 meetings across the country >1500 patients | 120 >3000 patients |

| Prevention | Key Programs | KPI used to measure impact (e.g. # of patients reached) | Impact FY 2022 | Forecast Impact FY 2023 |
|------------|--|--|---|---|
| Vaxxicare | Vaxxicare: Improving Immunization rate (IIR) Initiative Vaccine awareness through In-clinic art competition to Improve the Subject-Dr Dialogue in-clinic with objective to improve awareness & adoption of vaccines. | <p>KPI: No of Subject Engaged: ~500000</p> <p>KPI- Planned Implementation :1500 clinic with 100000+Subject</p> <p>Actual Implementation: 800+ clinics with 70000+ Subjects (Kids below 5 years)</p> <p>Parents to improve Subject-Dr Dialogue on bridging the Gap of Vaccination & Improve immunization rate</p> | Activity helped Zydus Vaxxicare to create value with the pediatricians as Immunization Partner who help improves vaccination rate in India with ~ 800+ Pead across India. | <p>Replication of activities will help Zydus Vaxxicare to partner with 2000+ Pead + Hospitals across 70 Cities in 2023 touching more than 1 Lakhs Subject & their parents on Pead, Catch-up & adult vaccination high risk groups</p> <p>This IIR & Life course activities help improve the education, awareness of vaccines & help improves the adoption of vaccines.</p> <p>This initiative supports & strengthen the Govt vaccine awareness on ground to achieve SDG of reducing the children & adult mortality & morbidity in vaccine preventable disease through awareness & adoption of vaccines</p> |

| Diagnosis | Key Programs | KPI used to measure impact | Impact FY 2022 | Forecast Impact FY |
|-----------|---|--|--|---|
| BioNext | Viral Hepatitis Screening camps Fibro Liver scan camps | <p>No of Camps conducted</p> <p>No of patients screened</p> <p>No of HCPs engaged</p> <p>No of Patients Positive / At risk</p> <p>No of patients converting to therapy</p> | <p>Hepatitis 120 camps conducted >3000 pts screened</p> <p>Fibro (Jan – Dec 22) 3943 camps done, 230 doctors engaged, 34122 patients screened</p> | <p>Hepatitis 110 camps conducted (Till August) 2900 + patients screened</p> <p>Fibro (Jan – Aug 23) 3451 camps done, 266 doctors engaged, 36475 patients screened</p> |
| Biovation | 154 BMD camps | No. of patients screened | 6100 patients | 10000 patients |

Corporate Social Responsibility

At Zydus Lifesciences Limited, the company is not just exploring novel healthcare solutions but also endeavouring to make a meaningful impact on the local communities we serve. The company made efforts to empower and uplift community through the well-thought-out CSR programmes, focused on the areas of health, education, and research. These endeavours will strengthen the objective of creating healthier and happier communities across the world.

- The company engages with vulnerable and marginalised groups as a part of its CSR programme. The company continues to create healthier, happier communities globally.
- Zydus Shrishti, the company's CSR programme focuses on the areas of health, education, and research. To make a difference in serving the needs of the patients and bringing world-class medical education to the rural interiors of Gujarat, the Zydus Foundation has set up Zydus Medical College and Hospital at Dahod.
- Several awareness sessions for the general public and patient groups were organised about different disease conditions, including Hypertension, Liver Care, Diabetes, Gastrointestinal Diseases, Cancers, Inflammatory diseases, Nephrology, Cardiology, etc.
- The company also organised several camps to screen various diseases, including Breast Cancer, Non-Alcoholic Fatty Liver Disease (NAFLD), Non-Alcoholic Steatohepatitis (NASH), Osteoporosis, Hepatitis, and several other diseases where the company is working towards shaping better patient outcomes.

The company has done SIA of its CSR project, Zydus Medical College and Hospital (ZMCH) run through

Zydus Foundation at Dahod, Gujarat. As per the SIA conducted by M/s SoulAce, some highlights are :

- a. Free medical services, including OPD, Surgeries, anaesthesia, oral medicines, injectables, and food for all the beneficiaries without any discrimination.
- b. Advanced medical infrastructure has 1034 beds, of which 118 are for ICU and casualty. Equipped with oxygen plants, a state-of-the-art paediatric care unit, and 18 modular operation theatres. • The hospital offers round-the-clock ultrasound sonography and also offers 3D imaging for diagnostics, M.R.I, Mammography, Dialysis etc.
- c. 24X7 emergency services available
- d. ~45% increase in OPD cases in FY23 compared to FY21 indicates the access to medical services in a highly remote and economically backward region of Dahod and neighbouring areas of Banswara (Rajasthan), Jabua (Madhya Pradesh) and Alirajpur (Madhya Pradesh).
- e. The CSR activity of ZMCH is well aligned with Sustainable Development Goal (SDG): 03 (Good Health and Well Being). An independent agency conducted the SIA, M/s SoulAce Consulting Pvt Ltd and the details of the assessment can be found from the following link: <https://www.zyduslife.com/investor/admin/uploads/18/95/CSR-Impact-Assessment-Report.pdf>.

The further details of the company's CSR Programme can be found on Page 30-33 of the company's Annual Report FY2023: <https://www.zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf>

Various other community well-being programmes conducted by the company are:

| Sl. No. | Details |
|---------|---|
| 1. | Awareness camps on cancer |
| 2. | Fibroscan camps for detecting NAFLD and NASH |
| 3. | Screening camps for Viral Hepatitis |
| 4. | Coalition for Global Hepatitis Elimination |
| 5. | Global Liver Institute as part of our contribution towards International NASH Day aimed at raising awareness on NAFLD |
| 6. | Awareness camps for Bone Mineral Density (BMD) |
| 7. | Supporting Breast Cancer detection through camp |



Governance

| Category | Governance Indicator | Zydus Lifesciences (FY22-23) |
|---------------------------------------|--|--|
| Board Matters | Board size (As on March 2023) | 10 |
| | % Independent Directors (As on March 2023) | 60% |
| | Gender Diversity - % Women Directors | 20% |
| | Tenure > 10 years for Independent Directors | Fixed term of 5 years (up to 2 terms) |
| | Average Independent Directors Tenure | 5.44 years |
| | Average Board Tenure | 11.76 years |
| | Independent Directors: Independence criteria. | Disclosed in Annual Report https://www.zyduslife.com/investor/admin/uploads/14/2/2022-2023.pdf |
| | Average Age | 60.30 years |
| | Age diversity: 30-39 years | 10.00% |
| | Age Diversity: 40-49 Years | 20.00% |
| | Age Diversity: 50-59 Years | 10.00% |
| | Age Diversity: 60-69 Years | 40.00% |
| | Age Diversity: 70-79 Years | 20.00% |
| | Number of Board meetings | 5 |
| | Average Attendance | 100.00% |
| Minutes of the meeting | Within 15 days | |
| Number of Committee Meetings | 51 | |
| Average Attendance Committee Meetings | 100.00% | |
| Board Skill | Independent Directors - Pharma Industry Experience | Yes |
| | Independent Directors - Financial Expertise | Yes |
| Board Evaluation | Board evaluation – annual (formally) | Yes |
| | Committee evaluation – annual (formally) | Yes |
| | Individual Director evaluation – annual (formally) | Yes |
| | Evaluation criteria – Defined and disclosed | Yes |
| | Questionnaire based evaluation | Yes |
| Audit Committee | Size of Audit Committee | 4 |
| | Independent Director as Chairperson | Yes |
| | Independent Directors (%) (As on March 2023) | 100.00% |
| | Audit Committee Charter | Yes |
| | Number of Audit Committee meetings | 4 |

| Category | Governance Indicator | Zydus Lifesciences (FY22-23) |
|---|--|------------------------------|
| Nomination & Remuneration Committee | Size of Nomination & Remuneration Committee | 5 |
| | Independent Directors (%) (As on March 2023) | 100.00% |
| | Independent Director as Chairperson | Yes |
| | NRC Charter | Yes |
| | Number of NRC meetings | 3 |
| Corporate Social Responsibility and Environment Social and Governance Committee | Size of the CSR | 4 |
| | Independent Directors (%) | 50.00% |
| | Number of CSR meetings | 2 |
| | CSR Charter | Yes |
| Stakeholder Relationship Committee (SRC) | Number of SRC meetings (FY23) | 3 |

| Category | Governance Indicator | Zydus Lifesciences (FY22-23) |
|---------------------------|---|------------------------------|
| Risk Management Committee | Number of RMC meetings (FY23) | 3 |
| | Size of the RMC | 5 |
| | Independent Directors (%) | 40.00% |
| | Independent Director as Chairperson | No |
| | RMC Charter | Yes |
| Executive Remuneration | CEO-to-median remuneration of employee (FY23) | 479.52 |
| | Frequency: Annual declaration | Yes |
| Whistle Blower Policy | Number of whistle blower complaints received | Zero |
| Taxation | Whistle blower coverage - Employees | 100% |
| | Whistle blower reporting mechanism - Email | Yes |
| | Whistle blower reporting mechanism - Letter | Yes |
| | (a) Effective Tax Rate (%) (b) Cash Tax rate (%) | (a) 24.75 (b) 22.59 |
| SASB | Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries | Zero |
| | Total amount of monetary losses as a result of legal proceedings associated with false marketing claims | Zero |
| | a. Number of Class I recalls (or equivalent) b. Number of Class II recalls (or equivalent) | (a) Zero (b) 16 |
| | a. Total number of inspections related to product quality by regulators b. Number of Form 483 Observations (or equivalent) c. Number of FDA warning letters | (a) 05 (b) 12 (c) Zero |

| Category | Governance Indicator | Zydus Lifesciences (FY22-23) |
|-------------------------|---|-----------------------------------|
| SASB | <p>“Percentage change in:</p> <p>a. average list price and</p> <p>b. average net price across the U.S. product portfolio compared to previous year”</p> | <p>(a) -6.9%</p> <p>(b) -5.3%</p> |
| | Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery | Zero |
| Political Contributions | Contributions made to political campaigns, political organizations, lobbyists or lobbying organizations, trade associations and other tax-exempt groups | Zero |



