



ESG REPORT

2023-24

Zydus Lifesciences Limited

Table of Contents

Introduction

About the Report	03
Sustainability at Zydus Lifesciences	04
Approach to Sustainability	05
Sustainability Integrated Business Strategy	05

ESG Highlights 06

Corporate Governance

Board Structure	08
Ethical Business Conduct	09
Contributions and other Spending	10
Tax Strategy	10

Materiality Assessment

Materiality Process	14
Material Issues for Internal Value Creation	15
Material Issues for External Stakeholders	16
Material Issues: Description and Impact	17

Risk Management

Risk Governance	24
Approach to Risk Management	24
Emerging Risks	25

Information & Technology 29

Product Quality and Innovation

Compliance to Regulatory Standards	31
Product Recalls	31
Product Innovations	32
Healthcare Clinical Pipeline	32

Sustainable Supply Chain

Supplier Code of Conduct	34
Supplier ESG Programs	34
Supplier Screening and Assessment	34

Environmental Stewardship

Environmental Governance	37
Energy and Emissions Management	37
GHG Emissions	40
Waste Management	41
Water Stewardship	42
Biodiversity Conservation & Commitment	46
No- Deforestation Commitment	47

Product Stewardship

Product Design Criteria	49
Life Cycle Assessment	50
Exposure to Hazardous Substances	50

Climate Strategy

Climate Governance	53
ESG Governance Structure	53
Climate related Incentives	54
Climate Risk Management	55
Climate Risk Assessment	55
Physical climate risk assessment and adaptation	56
Transition risk assessment and adaptation	57
Financial Risks and Opportunities of Climate Change	57
Environment Targets	58
TCFD Alignment	58

Employee Relations

Workplace Diversity	60
Gender Pay Indicators	61
Freedom of Association	61

Rights of Our People

Human Rights Due Diligence Process	63
Human Rights Assessment	63
Human Rights Mitigation and Remediation	63

Human Capital Management

Training and Development	66
Employee Development Program	66
Hiring	68
Performance Appraisal	69
Long term Incentives for Employees	70
Employee Support Programs	70
Health and Wellness Programs	70
Work-Life Balance Initiatives	70
Employee Recognition and Engagement	70
Family and Financial Support	71
Employee Turnover Rate	71
Employee Engagement and Well-being	72

Health and Safety Management

OHS Policy	74
OHS Programme	74
Health Outcome	75

Access to Healthcare

Access to Healthcare Programs	77
Local Capacity Building	79
Measuring Contribution to Health Outcome	81
Contribution to Increasing Healthcare Efficiency	82
Corporate Social Responsibility	83

Accolades 85

ESG Performance Outcomes 85

Alignment with Global ESG Frameworks 87

Glossary of Abbreviations 89

About the Report

Zydus Lifesciences Ltd. is a prominent innovation-driven life sciences company in India, actively involved in the entire pharmaceutical value chain. This includes research and development, manufacturing, marketing, and selling finished dosage forms of human medications—such as generics, branded generics, specialty formulations, biosimilars, and vaccines—as well as active pharmaceutical ingredients (APIs). Innovation is central to the company's approach, driving business sustainability by ensuring a continuous supply of new products across various sectors, delivering long-term value creation for all stakeholders.

Our ESG Report FY 2023-24 provides critical insights on our non-financial performance for the reporting year FY 2023-24, i.e., 01st April 2023 to 31st March 2024. Our environmental, social, and governance related performance demonstrated herein is on a standalone basis, i.e., India operations only, constituting 60% of our consolidated revenue.

We are glad to share that critical Key Performance Indicators stated in this report have received an external assurance by M/s Intertek India Private Limited, an independent third-party assurance provider, through our dedicated section of Business Responsibility and Sustainability Reporting in our Annual Report. The applied level of assurance was "Reasonable Assurance", higher than limited assurance. The Assurance Statement is available on page 190 of our Annual Report FY 2023-24.

The non-financial performance represented here in covers our manufacturing operations in Ahmedabad, Ankleshwar and Dabhasa, Vaccine Technology Centre (VTC), Zydus Research Centre (ZRC), Moraiya, Jarod, Baddi, Goa, Eklabara, Zydus Corporate Park (ZCP), API Park, facilities in Ambernath and Vatva and Ointment and Biologics, Onco Tablet, Onco Injectables and Transdermal services.



Sustainability at Zydus Lifesciences

In a world increasingly affected by climate change and social fragmentation, which threatens livelihoods and ecosystems alike, we recognize the urgent need to address these challenges. By doing so, we not only uphold our commitment to responsibility and innovation but also pave the way for a resilient future for all. At Zydus Lifesciences, sustainability has been integrated within the strategic approach to our operations, supply chain and stakeholder relationships.

Closely integrated with our vision "To be a global life sciences company transforming lives through path-breaking discoveries", our approach to sustainability is based on three critical pillars – Efforts towards combating Global Climate Change, Employee and Community Wellbeing and Good Governance practices. Further, we are committed to contribute to the achievement of the Sustainable Development Goals through targeted sustainability commitments and initiatives.

We have devised strategic targets that enhance our efforts to generate positive impact for all our stakeholders. These targets strongly support our efforts for a sustainable and better future and ensure accountability across our operations. We are committed to make focused and consistent efforts for achievement of these targets for our India operations (Standalone) by 2035.



Environment

- Carbon neutrality by 2035 for scope 1 and 2 emissions in India operations
- Net Water Neutrality by 2028 for India operations
- Diverting 40% of incinerable / landfill waste from Indian operations to co-processing by 2026



Social

- Employee satisfaction survey for 100% of employees
- Gender diversity of 12% by 2026
- Ensure 100% completion of mandatory training to applicable employees
- 100% strategic suppliers to be compliant with ESG framework by 2027



Governance

- 100% compliance to applicable legal requirements.
- Enhance disclosure on our ESG progress aligned with global ESG framework and Standard
- 100% India operations to be certified with ISO 14001 (Environment Management System) and ISO 45001 (Safety Management System) by 2026

KPIs

Approach to Sustainability

Adopting a top-down approach to sustainable operations and fostering positive impact, our Corporate Social Responsibility (CSR) and Environment, Social and Governance (ESG) Committee, has been identified as the nodal authority to drive sustainable value creation. Guided by detailed terms of reference, this Committee monitors and oversees all our sustainability efforts and regularly provides updates to the Board of Directors. This committee also reviews our ESG performance on a bi-annual basis, enabling continuous improvement and strategic decision making.

Our approach to environmental stewardship is comprehensive. We undertake targeted initiatives for energy and emissions management that supports efficient and responsible operations. Effective water stewardship is also a key focus, alongside rigorous waste management practices that minimize our environmental footprint. Furthermore, we actively promote biodiversity initiatives and product stewardship, creating a holistic strategy that not only mitigates negative impacts but also drives sustainable growth to the local communities.

We are deeply committed to social responsibility, prioritizing human rights and ethical labor practices across all operations. We uphold rigorous health and safety standards, ensuring a safe workplace for every employee. Our commitment extends to providing comprehensive access to healthcare programs, promoting physical and mental well-being for all staff. Additionally, we invest in employee development through continuous training and support initiatives, fostering a culture of growth and well-being that empowers our team members to thrive both personally and professionally.

At Zydus Lifesciences, our dedication to sustainability is a fundamental aspect of our corporate identity. By integrating environmental stewardship, social responsibility, and robust governance within every operational aspect, we aim to create lasting value for our stakeholders and contribute positively to a sustainable future for all.

Sustainability Integrated Business Strategy

We are committed to integrating and prioritizing sustainability considerations across our operations and business strategies. We have also identified key sustainability material issues and analyzed their potential impact on our business. Key components of our approach includes:

Board-level Oversight: Our Board of Directors provides active oversight on all our sustainability commitments and initiatives and its integration with our corporate strategy. They are supported by highly qualified committees with defined roles and responsibilities for implementation of all sustainability initiatives and ensuring that our operations and strategies are aligned with principles of sustainability.

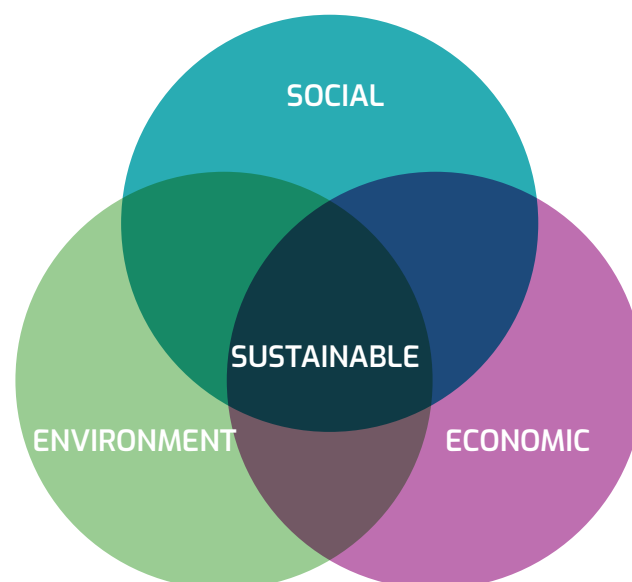
Risk Management: Insights generated through the materiality assessment and stakeholder engagement processes have been closely intertwined with our enterprise risk management processes and framework. This supports in the identification and mitigation of potential sustainability risks and

optimization of opportunities. Effective management of sustainability risks is critical to achievement of our commitment to delivering long term value creation for all stakeholders and to protect our business.

ESG Metrics and Reporting: We strongly recognize the importance of maintaining transparency through accurate and timely disclosure on our sustainability initiatives and performance. Strong and robust tracking processes have been established to monitor our progress on set sustainability commitments and to track critical key performance indicators such as energy and emissions, waste and water, safety and human resources indicators, among others. In line with SEBI regulations, we report the Business Responsibility and Sustainability Reporting framework in line with our Annual Report. The same is available on page 151 of our Annual Report FY 2023-24, available at: https://www.zyduslife.com/investor/admin/uploads/14/2/2023-2024_1.pdf. We also participate in the annual Corporate Sustainability Assessment undertaken by S&P Global and release an annual ESG Report.

Innovation and Science: As a company, our vision and mission is to enhance access to healthcare by effectively leveraging and prioritizing science and innovation. Capitalizing on this commitment, we make focused efforts to improve the wellbeing of our local communities, protect our natural environment and uphold the highest standards of business conduct, built on our business strategies and principles of sustainability.

Stakeholder Engagement: We undertake regular and focused stakeholder engagement to assess and identify stakeholder expectations and priorities. These efforts support timely integration of stakeholder priorities within our business strategies and sustainability commitments and priorities.



ESG HIGHLIGHTS

Environment

- ◇ Reduction in GHG intensity (tCO₂/Revenue in Million Rupees) by 13% in FY2024 w.r.t FY2023
- ◇ Reduction in Energy intensity (GJ/Revenue in Million Rupees) by 11% in FY2024 w.r.t FY2023.
- ◇ Reduction in water intensity (KL/Revenue in Million Rupees) by 16% in FY2024 w.r.t FY2023.
- ◇ 29% of waste disposal via eco-friendly manner (Co-processing / Preprocessing) in FY2024.
- ◇ Increase in Renewable energy contribution from 25% (FY2023) to 29% (FY2024).

Social

- ◇ Zero Fatality in two consecutive years FY2022-24.
- ◇ Reduction in number of safety incidents LTIFR (Loss Time Injury Frequency Rate) in consecutive 03 years.
- ◇ Paternal Leaves to all employees.
- ◇ Established quality management system to ensure quality, safety and sustainable supply of drug products.
- ◇ Annual health checkups and subsidized treatment for employees and their families.
- ◇ Established grievance redressal mechanism system for employees.
- ◇ Focused efforts on imbining supply chain partners to the company sustainable journey.
- ◇ Capacity building of strategic supply chain partners on ESG journey.
- ◇ Increase in CSR initiative for improvement in community healthcare. (Annual Report Page 33-39) at the following link: https://www.zyduslife.com/investor/admin/uploads/14/2/2023-2024_1.pdf

Governance

- ◇ Established CSR & ESG committee of Board of Directors.
- ◇ Board diversity of 33% in CSR and ESG committee.
- ◇ Board gender diversity: 20%.
- ◇ Board Independence: 60%.
- ◇ Established ESG function at corporate level for driving ESG initiatives.
- ◇ Established role and responsibilities on ESG from Senior Management (CFO/CRO) to Plant level positions.
- ◇ Constituent member of the FTSE4Good Index.
- ◇ ESG policies in public domain at the following link :<https://www.zyduslife.com/companypolicy>
- ◇ Established management systems of ISO 14001 and ISO 45001.
- ◇ Zero violation/penalty/fines of Environment regulatory requirements in last 03 years.
- ◇ Continuous improvement in global ESG ratings i.e. CSA by S&P Global and Sustainalytics, FTSE, SES.



CORPORATE GOVERNANCE



Board Structure

We emphasize a top-down approach to ensure effective governance practices and maximize operational excellence. The Board of Directors consists of 11 Directors, which includes 2 Executive Directors, and 9 Non-Executive Directors, of which 7 are Independent Directors (64%). There are 3 female directors on the Board. Pursuant to the provisions of Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, all Independent Directors are required to submit an annual declaration of independence, confirming compliance with the criteria set out in the regulations. Currently, 64% of the Directors on the Board are Independent. To ensure adequate independence of the Board, we have taken a target share of at least 50% of Independent Directors comprising the Board, in line with SEBI requirements.

The Board of Directors is chaired by Mr. Pankaj R. Patel, a non-executive director. The average tenure of the Board as of May 2024 is 11.59 years. Within our board composition, 1 of our independent/nonexecutive directors bring specialized expertise in the pharmaceutical industry. Five Board meetings were held during the reporting period and the Board attendance recorded was 88%. To ensure active participation of Board members in proceedings, we have instituted a minimum annual board meeting attendance requirement of 75% for each director.

During the reporting period, the Nominations and Remuneration Committee (NRC) carried out an evaluation of the Board, in line with the SEBI Guidance Note on Board Evaluation. Evaluation sheets are circulated to all the directors, which once filled are submitted to the Chairman of the Board. The assessment is conducted on multiple levels - for the Board as a whole, Committees of the Board, Individual Directors and the Chairman of the Board.

A distinct evaluation of the Board's independent directors is also conducted, evaluating their preparedness for Board meetings, relationship with other Board members, their knowledge of market and regulatory developments.

Eight of our Independent/Non-executive directors hold 4 or less mandates in other publicly listed entities and are limited to holding a maximum of 7 mandates as per SEBI regulations. In line with the Companies' Act 2013, one-third of all non-independent directors retire by rotation and are re-elected every year. All directors of the Board are elected individually, as opposed to 'by slate'.

The total remuneration of the Managing Director for the reporting period was INR 300,000,000 and the median employee salary for the same period was INR 575,000, with a resulting ratio of 521.74:1.



Ethical Business Conduct

In the ever-evolving pharmaceutical industry landscape, we believe that business ethics stand as a pillar of trust and integrity. By upholding stringent ethical standards, we aim to ensure the safety and well-being of patients while promoting a culture of transparency and accountability.

Our Business Conduct Policy is a cornerstone document, representing our commitment to operate at the highest ethical level. The Policy is applicable to all employees and covers core aspects including corruption and bribery, discrimination, data protection and privacy, conflict of interest, whistleblowing, intellectual property, human rights and responsible corporate citizenship. All employees are mandated to undergo annual training on the policy annually.

We are committed to providing for robust systems and procedures to support effective implementation of our Code of Conduct Policy. This is further supported with targeted and adequate checks to prevent any circumventions or violations. These mechanisms are described below:

1. **Defined roles and responsibilities:** Ensures that all employees are aware of their duty to uphold the highest ethical standards. This approach eliminates ambiguity, facilitates prompt decision-making and creates a transparent framework for addressing and escalating concerns.
2. **Linking Code of Conduct Policy compliance with employee remuneration, performance appraisal:** Doing so reinforces the importance of adhering to the Code of Conduct Policy by linking ethical behavior to tangible rewards and evaluations. Employees are thus encouraged to prioritize compliance and align their personal goals with our values. Failure to complete company's annual training get escalated to the reporting Manager and BU HR Head for appropriate actions.
3. **Disciplinary action and Reporting Channels:** By instituting disciplinary actions for violations of our Code of Conduct Policy, it is ensured that employees understand the consequences of misconduct, which helps maintain a fair and accountable work environment while upholding the integrity of the organization's values. To seek further information on the policy, or report any violation or grievances, we provide contact details of focal points that are responsible for the Code of Conduct Policy in different geographies.

Position on Bribery and Corruption

At Zydus, we maintain a zero-tolerance approach to bribery and corruption, underscoring our commitment to ethical business practices. Our comprehensive Code of Conduct codifies this stance, which serves as a guiding framework for all employees and stakeholders. By strictly prohibiting any form of unethical behavior, including bribery and corruption, we ensure that our operations uphold the highest standards of integrity and transparency. Our commitment to these principles safeguards our reputation while also building trust among our partners, customers, and the communities we serve. By definition, corruption includes:

Bribes (including kickbacks): It is prohibited to directly or through a Third Party, promise, offer, make, authorize, solicit, or accept any financial or other advantage, to or from anyone to obtain, retain, influence business or secure an improper advantage in the conduct of business. This also includes rewarding a behaviour of someone to obtain or retain a business advantage.

Political contributions: All political contributions made by the company will be lawful. Contributions which by their scale or affiliation, might be seen as excessive, inappropriate, or could be misconstrued as Bribery are prohibited. · All such contributions made on behalf of the Company shall be recorded transparently and accurately in books and records in accordance with the accounting practices. Further details of the company's contributions can be found in the subsequent section 'Contributions and other Spending'.

Charitable contributions

At Zydus, we believe in giving back to the community through legal and ethical charitable donations. However, we also recognize the importance of maintaining transparency and accountability in our charitable giving. To ensure that our donations are aligned with our values and policies, we require our Employees and Third Parties acting on our behalf to follow standard protocols, codes, and applicable restrictions. Further details on the Company's charitable contributions can be found in the Annual Report 2023-24 (Pg 106, Annexure C).

Reporting on Breaches of Code of Conduct

Reporting Areas	Number of Breaches in 2023-24
Corruption or Bribery	0
Discrimination or Harassment	0
Customer Privacy Data	0
Conflicts of Interest	0
Money Laundering or Insider Training	0

Contributions and other Spending

Our contributions to trade/industry associations for FY 2024 are disclosed below:

Particulars	Contribution in INR
	FY 2023-24
Trade associations or tax-exempt groups (e.g. think tanks)	98,18,800

We did not make any contributions to political campaigns, political organizations, lobbyists or lobbying organizations and other tax-exempt groups.

Largest contributions/Spending

Name	Amount paid (INR)	Advocacy Topic
Indian Pharmaceutical Alliance	90,00,000	Advocate for policies that promote affordable access to medicines, support local industry growth and protect intellectual property rights while balancing public health needs
Federation of Indian Chambers of Commerce and Industry (FICCI)	7,00,000	Advocate for policies that foster economic growth, encourage foreign investment, streamline regulatory processes and support sustainable development across India's industries
The Indian Drug Manufacturers Association	1,18,000	Advocate for the increased growth and competitiveness of Indian pharmaceutical manufacturing and ensuring balanced regulatory frameworks encouraging quality standards as well as industry innovation

Tax Strategy

In alignment with our corporate values and social responsibilities, we ensure strict compliance with all statutory obligations, including tax laws, in every area of operation. As responsible taxpayers, we are dedicated to meeting our obligations by adhering to tax laws and filing necessary tax returns promptly. More information about our tax approach can be found in our Group Tax Policy (<https://www.zyduslife.com/public/pdf/Tax-Policy.pdf>).

Tax Reporting

The following table provides details on our tax reporting across the different geographies in which we operates:

Company Name	Share Capital	Tax Jurisdiction	Revenue	Profit before income taxes	Income taxes paid	Income taxes accrued	Relationship
Zydus Lifescience Limited (Standalone) - Reporting Boundary	1,006.00	India	108,187.00	42,398.00	8,977.00	7,983.00	
Zydus Wellness Limited	636.00	India	2,448.00	448.00	3.00	111.00	Direct Subsidiary
Zydus Wellness Products Limited	2,188.00	India	22,892.00	(1,650.00)	23.00	(759.00)	WOS of ZWL
Zydus Healthcare Limited	217.00	India	38,995.00	9,054.00	1,610.00	537.00	Direct Subsidiary
Zydus Pharmaceuticals Limited	6,700.00	India	700.10	(238.80)	10.60	(26.40)	Direct Subsidiary
Biochem Pharmaceutical Private Limited	0.10	India	-	(0.02)	-	-	WOS of ZAHL
Dialforhealth Unity Limited	0.50	India	0.03	(0.18)	-	-	Direct Subsidiary
Dialforhealth Greencross Limited	2.50	India	-	0.01	-	0.01	Direct Subsidiary
German Remedies Pharmaceuticals Private Limited	668.30	India	4,907.40	669.20	170.60	168.50	WOS of ZHL
Liva Investment Limited	2.50	India	-	0.09	0.00	-	WOS of ZWL

Company Name	Share Capital	Tax Jurisdiction	Revenue	Profit before income taxes	Income taxes paid	Income taxes accrued	Relationship
Liva Nutritions Limited	30.50	India	-	(0.01)	0.02	0.01	WOS of ZWL
Violio Healthcare Limited	0.50	India	-	0.01	-	0.01	WOS of ZAHL
Zydus Animal Health and Investments Limited	17,744.00	India	1,008.00	1,859.00	436.00	414.00	Direct Subsidiary
Zydus Strategic Investments Limited	10.00	India	-	0.63	0.13	0.15	Direct Subsidiary
Zydus VTEC Limited	3,065.00	India	1.70	(430.40)	2.30	-	Direct Subsidiary
LM Manufacturing India Private Limited	0.50	India	67.30	8.76	1.57	2.89	WOS of LMML
Recon	906.88	India	2.63	1.47	0.77	0.48	Direct Subsidiary
Zydus Lanka (Private) Limited	11.12	Sri Lanka	75.42	18.24	4.54	5.53	Direct Subsidiary
Zydus Healthcare Philippines Inc.	390.30	Philippines	1,181.30	64.04	1.48	15.36	Direct Subsidiary
Zydus International Private Limited	6,444.39	Ireland	-	321.65	-	-	Direct Subsidiary
Zydus Netherlands B.V.	8,917.23	Netherlands	-	(62.25)	-	-	WOS of ZWWD
Zydus France, SAS	714.51	France	2,146.75	(152.25)	-	-	WOS of ZWWD
Laboratorios Combix S.L.	687.47	Spain	1,493.58	68.01	-	0.30	WOS of ZNBV
Etna Biotech S.R.L.	8.27	Italy	-	(41.23)	-	-	WOS of ZWWD
Viona Pharmaceuticals (USA) Inc.	41.72	USA	3,169.86	36.59	8.20	21.77	WOS of ZAHL
Zydus Pharmaceuticals (USA) Inc.	250.29	USA	78,386.40	2,449.84	1,462.40	578.04	Direct Subsidiary
Zydus Healthcare (USA) LLC	16.69	USA	214.75	3.01	-	2.32	Direct Subsidiary
Sentynl Therapeutics, Inc.	2,503.73	USA	535.57	(2,259.92)	-	0.08	Direct Subsidiary
Zydus Worldwide DMCC	1,920.02	Dubai	10,552.06	29,335.38	-	-	Direct Subsidiary
Zydus Wellness International DMCC	5.68	Dubai	577.64	(68.81)	-	-	WOS of ZWL
Zydus Lifesciences Global FZE	10,027.72	Dubai	3.85	(80.08)	-	-	Direct Subsidiary
Zydus Healthcare S.A. (Pty) Ltd	621.03	South Africa	1,997.23	7.44	8.85	(1.00)	WOS of ZWWD
Alidac Pharmaceuticals SA (Pty) Ltd [Formerly known as Simayla Pharmaceuticals (Pty) Ltd]	0.00	South Africa	-	(0.02)	-	-	WOS of ZYSA
Script Management Services (Pty) Ltd	0.00	South Africa	658.43	0.02	-	0.00	WOS of ZYSA
Zydus Nikkho Farmaceutica Ltda.	4,537.37	Brazil	2,695.79	(651.31)	-	1.32	WOS of ZNBV
Alidac Healthcare (Myanmar) Limited	948.73	Myanmar	835.45	(170.08)	-	-	WOS of ZWWD

Company Name	Share Capital	Tax Jurisdiction	Revenue	Profit before income taxes	Income taxes paid	Income taxes accrued	Relationship
Zydus Pharmaceuticals Mexico SA De CV	853.35	Mexico	1,945.36	100.51	-	-	WOS of ZIPL
Zydus Pharmaceuticals Mexico Services Company SA De C.V.	28.23	Mexico	0.70	0.04	-	-	WOS of ZIPL
Zydus Therapeutics Inc.	28,324.05	USA	-	(2,602.01)	0.08	0.08	WOS of ZWWD
Zydus Wellness BD Pvt Ltd	28.28	Bangladesh	90.02	(6.97)	0.49	1.24	WOS of ZWL
Zynext Ventures PTE. LTD.	20.86	Singapore	-	(0.56)	-	-	Direct Subsidiary
Zynext Ventures USA LLC	18.77	USA	-	(13.58)	-	-	WOS of Zynext venture USA
Zydus Pharmaceuticals Canada Inc	-	Canada	-	(6.20)	-	(1.65)	Direct Subsidiary
Zydus Pharmaceuticals UK Limited	7,362.57	UK	-	(265.33)	-	-	Direct Subsidiary
LiqMeds Worldwide Limited	0.01	UK	383.47	139.07	-	-	WOS of ZPUK
LiqMeds Limited	10.53	UK	99.94	66.69	-	-	WOS of ZPUK
Medsolutions (Europe) Limited	0.02	UK	22.12	22.11	-	-	WOS of ZPUK
LiqMeds Lifecare Limited	0.01	UK	-	(30.47)	-	-	WOS of ZPUK
LM Manufacturing Limited	0.42	UK	367.39	(80.29)	-	(12.49)	WOS of ZPUK

MATERIALITY ASSESSMENT



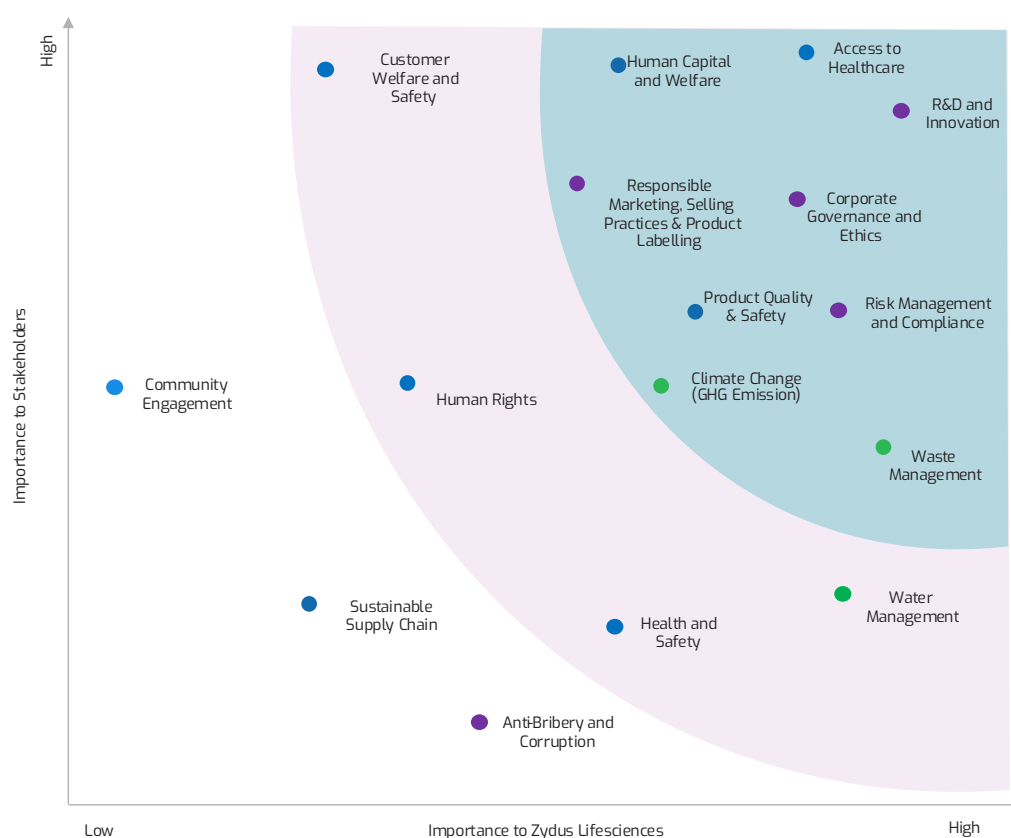
Materiality Assessment

Materiality Process

Stakeholder engagement is a fundamental cornerstone of our operational approach. Timely and detailed engagement enables generation of insights on stakeholder expectations that can thereafter be integrated within business strategy. We are committed to long-term value creation for all stakeholders that is sustainable and enhances positive impacts.

We have implemented a structured methodology for stakeholder identification and mapping. Identified stakeholders include a broad spectrum, spanning both internal and external entities such as shareholders and investors, regulators, suppliers, channel partners, healthcare professionals, industry associations, local communities, consumers, patients and employees.

We undertook a detailed Materiality Assessment in FY 2021-22 through a well-defined process, involving both internal and external stakeholders. Critical material issues have been identified through this process and integrated within our operational strategy and approach to value creation. Insights generated further enabled our management to consider external views while reviewing the risk register and enables us to prepare risk responses to the material topics which have the potential to impact our ability to preserve, create or erode the value creation potential of our business. This assessment was undertaken in due consultation with and verified by a third-party subject matter expert. Identified material issues have been provided below in the form of a materiality matrix:



Our priority material issues have been reviewed and approved by the Board of Directors and Senior Management. We are committed to undertake this assessment every three years.

While we remain committed to closely monitor and track our performance and progress on all identified material topics, we have offered a detailed explanation of our approach to manage our top five material topics which have the highest relative importance for our internal and external stakeholders and business.

Material Issues for Internal Value Creation





Indicator	Material Issue 1	Material Issue 2	Material Issue 3
Material Issue	Product Quality and Safety	Waste Management	Climate Change
Business Case	Failure to comply and adhere to quality standards can result in regulatory action, causing an adverse impact on the Company's business. It can also impact the product supply and lead to cessation of new product approvals from concerned sites.	Inefficient waste management is detrimental to the Company's operations and reputation and can also result in regulatory action. Effective management of the waste generated from operations is crucial to enhance the Company's positive environmental footprint. Targeted efforts to reduce the waste generated and increase safe disposal of hazardous waste is imperative for a holistic approach to sustainability.	Climate change, especially extreme weather events and rising global temperatures pose a grievous risk to the sustainability of businesses. Ineffective management of GHG emissions can expose the Company to climate related physical and transition risks. This could lead to operational disruptions and higher compliance or investment costs. Failure to adapt to adverse impacts of climate change can also lead to loss of reputation and stakeholder trust.
Business Impact	Revenue	Risk	Risk
Business Strategy	<ul style="list-style-type: none"> Establishing a robust quality management system which ensures the quality, safety and sustainable supply of products. Implementation of 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 on a regular basis in order to proactively address quality issues. Automation in quality operations to ensure sustainable compliance and all-time audit readiness. 	<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. Adoption of eco-friendly waste disposal practices, i.e., co-processing. 	<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 utilization of biofuel / hybrid fuel to minimize the dependency on conventional fuel i.e. coal/diesel etc. Increase in procurement of solar-wind hybrid power.
Target	No incident of non-compliance with respect to quality standards and regulations.	Increase waste disposal via co-processing up to 40% for India operations.	<ul style="list-style-type: none"> Carbon Neutrality (Scope 1 and 2 emissions). Reduction in GHG intensity by 45%.
Target Year	2024	2026	<ul style="list-style-type: none"> Carbon neutrality for scope 1 and 2 emissions by 2035. Reduction in GHG intensity by 2030.
Progress	100% compliance with all quality norms and regulations.	<ul style="list-style-type: none"> 29% waste disposed of through co-processing. Six major manufacturing units adopted Zero Waste to Landfill requirements. 	<ul style="list-style-type: none"> 29% reduction in GHG intensity as compared to baseline year of FY 2021-22. 29% renewable energy utilized, as compared to 25% in the previous reporting year.
Executive Compensation Linked	The Company's Head of Quality is the nodal authority for all matters related to product quality and compliance. Performance on the Company's set targets is included in the compensation plan.	All employees and business unit heads have key reporting areas tied to the Company's goals and objectives. Performance on the same form a part of the overall compensation plan.	All employees and business unit heads have key reporting areas tied to the Company's goals and objectives. Performance on the same form a part of the overall compensation plan.




Material Issues for External Stakeholders





Indicator	Material Issue 1	Material Issue 2
Material Issue	Product Quality and Safety	Climate Change
Cause of the Impact	Operations and Products/Services	Operations and Supply Chain
External Stakeholders Impacted	Society and Consumers/End Users	Operations, Environment, Society and External Employees
Topic Relevance	As a pharmaceutical company, contributing positively to human health and enhancing the quality of life of all patients forms the foundation of the Company's business model. The Company is committed to upholding the highest standards of quality and ensuring compliance with all regulations. Non-compliance can result in a detrimental impact on human health. Failure to provide high quality and safe medicines can disrupt the supply of life saving medications and cessation of product approvals from concerned sites.	Fossil fuel related GHG emissions generated from our operations adversely impact the environment and further contribute to global warming. Inability to address these impacts can result in an increase in temperature, leading to wider disparities such as sea-level rise, coral bleaching, climate related migration and social inequalities. This could cause operational and supply chain-related disruptions. With an enhanced focus on corporate sustainability, lack of targeted management of GHG emissions can expose the Company to regulatory repercussions, loss of social license to operate and misalignment with customer requirements. The Company makes focused efforts for increased energy efficiency and a reduction in emissions. Focused investments are made to increase the use of renewable energy and clean fuel and establish environment friendly technologies.
Type of Impact	Positive and Negative	Positive and Negative
Output Metric	100% compliance with product quality norms and regulations	Avoided CO ₂ emissions
Impact Valuation	Delivery of high quality and safe healthcare services	Improved air quality from combustion of fuel
Impact Metric	Number of Product Recalls	Social Cost of Carbon








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)	Risk	<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. 	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	

RISK MANAGEMENT



Risk Management

Risk Governance

To ensure unity in risk reaction and management, we employ a cross-functional collaborative approach that spans across departments. The overall responsibility of risk management in the organization lies with our independent Risk Management Committee (RMC), constituted by members of the Board and guided by our Risk Management Policy. The RMC monitors the implementation of this policy by ensuring that adequate systems and processes are in place to track and evaluate business risks dynamically.

At an operational level, individual Business Unit Heads or Presidents are responsible for management and coordination of risk management activities for their respective units. As part of this role, they facilitate and support the identification, assessment, prioritization and evaluation of different risks, pertinent to their functions and periodically submit updates to the Chief Risk Officer (CRO).

The second line of operational risk is our CRO, who is charged with monitoring and supporting risk management processes and ensuring that risk management objectives of individual functions and the organization as a whole are met. Through periodic interactions with Business Heads who are responsible for unit level risk functions, the CRO coordinates the implementation of our risk management framework, while setting control standards and overseeing group-wide compliance. The CRO reports to the Board of Directors and Risk Management Committee on newly identified risks and material changes to the risk landscape.

Our well defined joint internal audit system serves as the third line of risk oversight, responsible for strengthening internal risk controls and reviewing the effectiveness of company policies, systems and processes. Internal audit works closely with individual functions. The board level Audit Committee regularly reviews the reports of the internal auditors and recommends steps for further improvement in the internal controls.

Approach to Risk Management

Our well-defined process of risk management includes, identification, analysis and assessment of various risks, measurement of probable impact of such risks and the formulation and implementation of risk mitigation strategies. An enterprise risk evaluation and validation process is carried out at least thrice a year. Our risk management system has been audited by external auditors (14 audits during the reporting period), who perform process audits of critical areas identified during the annual audit plan exercise.

We believe that a robust risk management framework needs to be complimented with a sound risk culture. This has been achieved through targeted awareness building across our company, incorporation of risk criteria in the development of our products and the use of financial incentives that incorporate risk metrics.

On our learning portal, Zy-learn, all employees can undertake risk-specific training covering topics such as the Types of Risk, Assessing and Managing Risk and Strategic Risk Management. We conduct an annual Familiarization Programme for Independent Directors on areas of operations, functional overviews, business performance and opportunities, risk management framework, regulatory environment in which we operates (in line with the requirements of Regulation 25(7) of the Listing Regulations). The details of same are available on our corporate website at: <https://www.zyduslife.com/public/pdf/companypolicy/Familiarization-Program-for-Independent-Directors.pdf>

In order to promote good risk management practices across our business units, financial incentives are extended to various Business Heads, contingent on their performance toward the minimization and mitigation of risks affecting their respective units.

The table below gives details on two critical risks risks, description of the risks, potential impact and mitigation action. Further details and an exhaustive list of identified risks can be found on page 81 of our Annual Report FY 2023-24: https://www.zyduslife.com/investor/admin/uploads/14/2/2023-2024_1.pdf



Sr.No.	Risk Area	Description	Impact	Mitigation Actions
1	Rise of competition, pricing pressures and government control on prices	The presence of a large number of players in the generics space, the entry of new players and the regulation of medicine prices in certain countries poses various challenges to our Company	A combination of the listed factors results in increased competition which can in turn, drive prices down and lead to pricing pressure	Expand the volume of existing portfolio and launch of new products Move up the product value chain and launch complex products which have significant entry barriers and in turn, limit new competition Continued focus on brand building in the branded markets Implementation of various cost optimization initiatives across the value chain
2	Risk related to global economic and political environment	The uncertain global economic and political environment poses risks like fluctuating demand, currency volatility and supply chain disruptions.	Such conditions make our Company's operations select geographies uncertain. Impacts include reduced profitability, limited market access and potentially increasing compliance costs	Continued evaluation of political and economic scenarios across the globe to cap the exposure to affected regions. Secure receivables through letter of credit or advance payments.

Emerging Risks

To better understand the long-term risks that we may be exposed to along with their potential impacts on our business, we focus on identifying such 'emerging risks' and demonstrating our ability to plan effectively for such risks.

Risk 1: Spread of Misinformation and Erosion of Trust	
Description: The spread of misinformation poses a significant risk by circulating false or misleading information, which can erode public trust in institutions, products, or services. In industries like pharmaceuticals, this can lead to skepticism about drug safety and efficacy, damage company reputations, and undermine relationships with stakeholders, including regulators and consumers.	
Impacts: Medication Compliance: False information about the dangers or inefficacy of certain medications can lead to non-compliance among patients, worsening health outcomes. Increased risk of off label use of prescription drugs. Scrutiny and Penalties: Erosion of trust can lead to increased scrutiny from regulatory bodies, potentially resulting in fines and sanctions. Misinformation can lead to lawsuits, whether from consumers who feel misled or from other stakeholders affected by declining trust. Revenue Loss: A decline in public trust can lead to reduced sales of products, directly impacting the company's bottom line. Negative perceptions can lead to a drop in stock prices and market valuation. The need for extensive public relations campaigns to counter misinformation can be costly. Employee Morale: Staff may feel demotivated working for a company that is constantly under public scrutiny or perceived negatively. Attracting and retaining top talent becomes challenging if the company is seen as untrustworthy or unethical. Funding and Collaboration Issues: Public and private investors may be reluctant to fund research if they doubt the integrity of the company. Research institutions may be hesitant to collaborate on research projects, slowing down innovation and development.	Mitigation Actions: Proactive Communication: Regular, transparent, and factual communication is done to help counter misinformation. Stakeholder Engagement: Involving healthcare professionals, regulatory bodies, and patient advocacy groups to build a network of trust. Public Education: Investment in public education campaigns to inform about the science and safety behind products. Crisis Management: Robust crisis management plan to address any misinformation swiftly and effectively. Monitoring and Response: Systems to monitor misinformation and respond promptly to correct false narratives.

Risk 2: Technology Obsolescence or Innovation Risk

Description: With our eight advanced Research & Development (R&D) centers and a strong focus on innovation, we may be exposed to emerging risks tied to significant investment in New Chemical Entities (NCEs) research. With over 1,400 researchers and an annual R&D budget of 7-8% of revenues, we are faced with uncertainties inherent in drug discovery and development. The Zydus Research Centre (ZRC) in Ahmedabad, along with the other R&D centers, drives NCE research in critical areas like cardio-metabolic diseases, oncology, inflammation, and infectious conditions. Despite having a dedicated team of 500 scientists, including 100 focused on biotech, the complexity of these fields presents risks related to clinical trial outcomes, regulatory approvals, and evolving market trends. Additionally, as healthcare needs shift and competition intensifies, we may face heightened challenges in delivering innovative solutions that meet global patient demands.

Our reliance on advanced drug discovery technologies and biotech innovations exposes us to risks of technological failures and obsolescence. The complexity of our research in areas like oncology and infectious diseases demands constant innovation, and rapid advancements in biotechnology could outpace its infrastructure. This may lead to delays in product development, increased costs, and regulatory challenges, while competitors adopting new technologies faster could create further competitive pressures.

Impact:

Increased Financial and Regulatory Risk: Our significant investment in NCE research and innovation increases its exposure to financial losses if drug development fails, faces delays, or encounters regulatory hurdles, impacting profitability and market entry.

Technological and Competitive Pressures: Rapid advancements in biotechnology may outpace our infrastructure, leading to potential delays in product development. Competitors adopting newer technologies faster could reduce our market competitiveness.

Mitigating action:

Adopting Agile and Scalable Technologies: To mitigate risks of obsolescence, we continuously upgrade our technological infrastructure by investing in agile platforms and scalable biotech solutions. This allows us to adapt more easily to rapid advancements and emerging trends in biotech.

Market Intelligence and Patient-Centric Innovation: Market intelligence capabilities to track global healthcare trends, evolving patient needs, and emerging competitors. This data-driven approach allows for more targeted and patient-centric innovation.

Continuous Talent Development: Ongoing training and development programs for research teams.



Emerging Risk 3: Data Nationalism and Privacy Fragmentation

Description: Data Nationalism is a growing trend in which governments are asserting control over data generated within their borders, such as restricting the transfer of data across borders, or imposing some preconditions before transfers are allowed to take place. Data nationalism may be also manifested in fragmented privacy laws and regulations which deviate from common global standards.

Impacts:

Operational Inefficiencies: Data localization requirements may force companies to store data within specific geographic boundaries, leading to inefficiencies and increased costs associated with maintaining multiple data centers.

Research and Development (R&D) Constraints: Data nationalism can limit the ability to share and analyze data across borders, hindering collaborative research efforts and slowing down innovation. Restrictions on transferring clinical trial data between countries can delay drug development and approval processes.

Data Fragmentation: Privacy fragmentation leads to inconsistent data management practices, complicating data integration and analysis, which are crucial for decision-making and strategic planning. Disparate data standards and practices across different regions can lead to fragmented data sets, making it difficult to perform comprehensive data analytics.

Increased Legal Risks: Non-compliance with local data protection laws can result in significant legal penalties, impacting our company's financial health and reputation.

Mitigating Actions:

Data Localization Strategy: Data localization strategy to comply with local data storage requirements while minimizing operational disruptions.

Standardized Data Management Framework: Standardized data management practices adapted to comply with various regional regulations.

Collaboration with Regulatory Authorities: Continuous engagement with regulatory bodies and industry groups to stay informed about regulatory developments and advocate for harmonized data protection standards.

Legal and Regulatory Expertise: Strong legal and regulatory expertise in navigating the complexities of data nationalism and privacy fragmentation.

Data Governance and Stewardship: Strong data governance and stewardship practices are established to ensure accountability and compliance across the organization.

Flexible IT Infrastructure: Flexible IT infrastructure is built that can adapt to changing regulatory landscapes and support compliant data management practices.

Privacy Impact Assessments: Regular privacy impact assessments (PIAs) are conducted to identify and mitigate potential privacy risks associated with data processing activities.



INFORMATION & TECHNOLOGY



Information & Technology

In the modern digital age, safety and security of sensitive information and data and ensuring the integrity of cybersecurity systems is paramount. As a global healthcare provider, we regularly collect sensitive research data, intellectual property, patient information, and regulatory compliance requirements. It is thus extremely crucial to protect this information and data and provide for systems with strong defenses against any breach.

We have established a robust Information Security Management Framework for enhanced digital security and protection of our assets. Our Information Security Management Policy provides clear guidelines and responsibilities for maintaining a strong information security management system. This policy is applicable and available to all employees and stakeholders who have access to company information. Our Chief Information Office, the Head of Information Technology, is the nodal authority for the implementation of all policies and procedures at the executive management level. All cybersecurity and data privacy related risks are monitored and managed within the ambit of our Enterprise Risk Management framework.

We have developed a detailed and clear process for all employees to report and escalate any potential suspicious activity or threat. Outlined in our Information Security Incident Management Procedure, there are various mechanisms to record and resolve suspicious activity. All incidents and potential threats must be reported to CISO and Security Incident Response Team. The Company also provides a central IT helpline (ithelpdesk@zydus.com) for all employees to report any concerns.

All employees undergo training in information security and data privacy. This training enhances their knowledge of safe working practices and the risks and impacts of cybersecurity breaches. In the event of a breach by any employee, a thorough investigation is conducted and remedial actions, including disciplinary measures, are taken.

To further protect our operations and assets and support business continuity, a detailed Standard Operating Procedure (SOP) for Disaster Recovery has also been developed. Annual mock drills are conducted to test the strength of the Company's systems and ensure timely identification of vulnerabilities and risks. A critical API plant of the Company (10% of our operations) has been ISO 27001 certified. We are currently undertaking ISO 27001 certification for the rest of our operations as well. Additionally, third party assessments along with simulated hacker attacks red team activity are undertaken annually. **During the third-party assessment undertaken in FY 2023-24, no serious observations have been found. Furthermore, we have not incurred any information security or data privacy breaches that impacted our operations, employees, customers and clients in the reporting year.**



PRODUCT QUALITY AND INNOVATION



Product Quality and Innovation

To maintain the highest levels of product quality and comply with regulations, we deploy stringent review and quality check procedures. Improving the quality of our products, patient safety, and preserving long-term stakeholder trust all depend on the prompt identification and mitigation of risks related to the health and safety consequences of products. Regulatory bodies may issue warnings and sanctions for noncompliance, which would eventually damage stakeholder impression and brand value. Along with making sure that our offerings' risk-benefit profile is continuously assessed, we also closely monitor product safety and comply with all quality and regulatory compliance criteria.

Case Study: Ethical Animal Use and Welfare at Zydus Research Centre (ZRC)

- Zydus Research Centre (ZRC) prioritizes ethical standards, care, and welfare for research animals while developing innovative medicines.
- Complying with national and global regulations, ZRC minimizes animal use by exploring in vitro and in silico alternatives, adhering to the 3 Rs—Replacement, Reduction, and Refinement.
- Its facility is approved by CCSEA and accredited by AAALAC. Last year, ZRC reduced animal usage by 8% through stringent protocol reviews and in vitro methods. It was ensured that experiments had clear objectives, repetition was avoided, and optimal group sizes were used.
- Additionally, ZRC introduced Rehabilitation, rehoming healthy animals' post-experimentation. These practices align with their ESG goals, demonstrating a commitment to ethical research and animal welfare.

Compliance to Regulatory Standards

Regulatory Agency Inspections	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
No. of inspections	5	0	5	3

Form 483 Observations (or equivalent)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Number	0	0	12	4

FDA Warning Letters (or equivalent)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Number	0	0	0	0

Product Recalls

Class I Recalls	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
No. of recalls	0	1	0	0
Total value of recalled products (million USD)	0	0	0	0

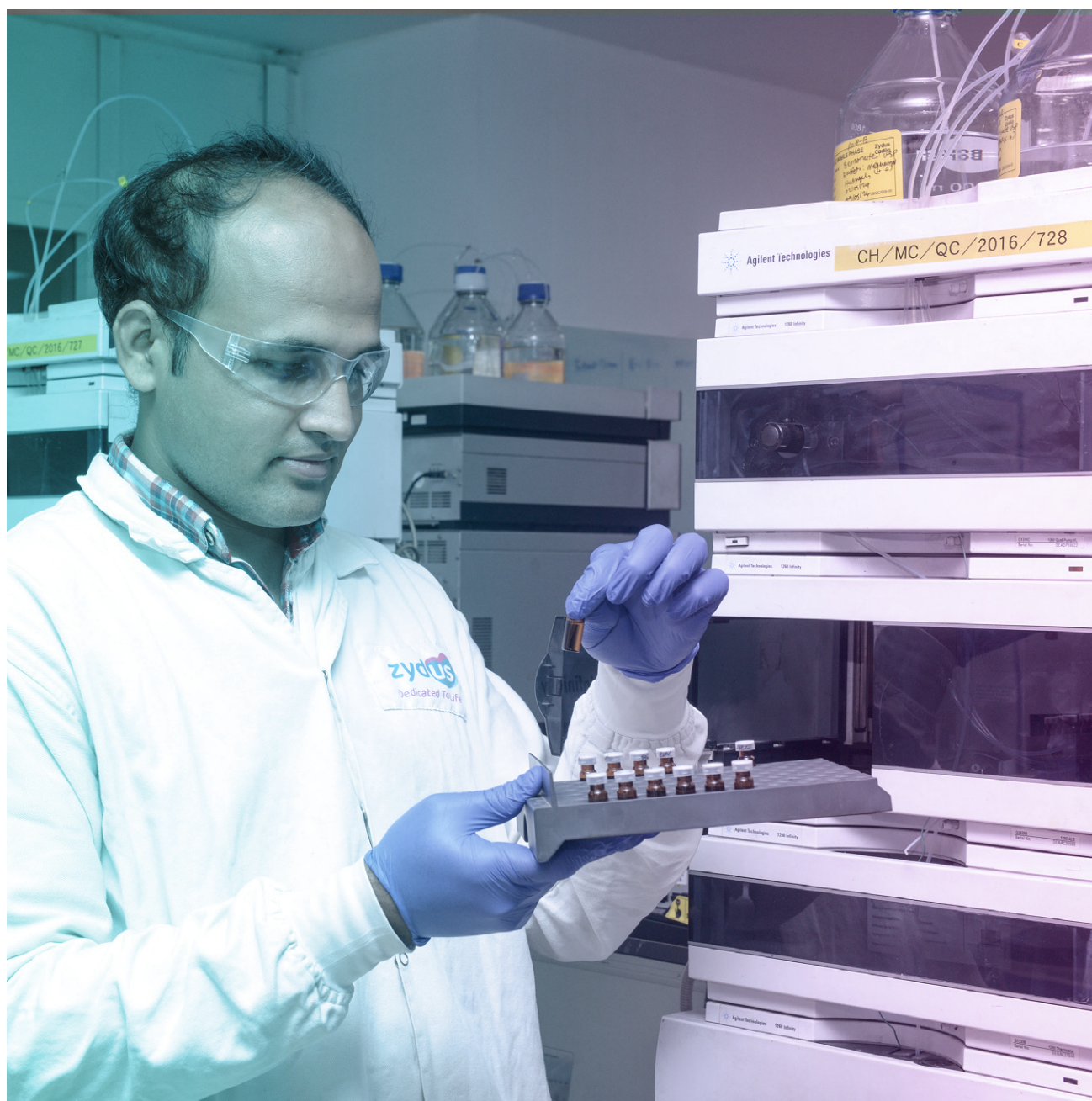
Class II Recalls	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
No. of recalls	9	11	16	21
Total value of recalled products (million USD)	0.87	6.44	0.15	0.18

Product Innovations

Healthcare Clinical Pipeline

The table below provides details on our projects for each stage of the healthcare innovation process for FY 2024:

Innovation Phase	Number of Projects	Success Rate (%)
Pre-clinical	17	100%
Clinical trials/pathway to approval		100%
Clinical trials phase 1	2	100%
Clinical trials phase 2	1	100%
Clinical trials phase 3	3	100%
Launch	5	100%
Total	28	100%



SUSTAINABLE SUPPLY CHAIN



Sustainable Supply Chain

Responsible and sustainable supply chain management is a cornerstone of our commitment to responsible business conduct. We place a strong emphasis on securing the value chain and engaging with partners who demonstrate sustainable business practices.

Supplier Code of Conduct

All onboarded and potential suppliers are covered by and mandated to comply with our robust Code of Conduct for Suppliers. It provides for a clear framework and sets the minimum expectations for all suppliers. Embedded in this Code is our commitment to cascading environmental sustainability, social responsibility and ethical business conduct beyond our operations. Compliance with the Code and our policies and procedures is mandatory for all suppliers, who are expected to confirm their compliance by providing a written undertaking. Further details can be found at: <https://www.zyduslife.com/public/pdf/companypolicy/Zydus-Code-of-Conduct-for-Suppliers.pdf>

Supplier ESG Programs

Approved by the Board of Directors and Senior Management, the Code of Conduct for Suppliers serves as the foundation of our approach to responsible supply chain management. The Senior Management provides direct oversight of all activities and processes to secure our supply chain. Efforts are also underway to develop a Vendor Rating System to map and monitor supplier compliance with critical sustainability parameters. Key supplier related ESG programs and initiatives include:

- Periodic review of supply chain partners and inventory as per organizational guidelines.
- Vendor performance evaluation through a structured mechanism and evaluating adherence to the Company's Supplier Code of Conduct.
- Creating multiple supplier bases for critical products and services to maintain business continuity.
- Annual online vendor assessment based on ESG parameters.
- Ensuring that every vendor/supplier shall do business with the company as per ESG requirements of the "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.
- Implementing a sustainable mechanism to check all statutory compliances by the vendor.
- Initiating assessment of new vendors through periodic supplier audits aligned with the Quality policy, Supplier Code of Conduct, internal quality parameters, ESG parameters, and relevant regulatory requirements.
- Identify and prioritise key risks, followed by implementing mitigation measures by the Central Procurement Committee.
- Ongoing efforts to create awareness among vendors regarding Zydus ESG journey and expectation from Supply chain partners on ESG parameters i.e. 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.

Supplier Screening and Assessment

We have formulated a detailed supplier screening framework that screens suppliers based on their relevance to the business as well as their compliance with sustainability parameters and our Code of Conduct. All suppliers are screened for exposure to potential risks, including country, sector, and commodity-specific risks. Based on this screening framework, critical suppliers are identified as those that represent a higher risk due to their spend value and non-substitutability. The table below provides details on our supplier screening process for FY 2023-24:

Parameter	Coverage in FY 2023-24
Number of Tier I suppliers	358
Total number of Significant Tier 1 Suppliers	134
% of total spend on Significant Tier 1 Suppliers	63
Total number of Significant non-Tier 1 Suppliers	22
Total number of Significant Suppliers (Tier 1 and non-Tier 1)	156

A rigorous and detailed monitoring and assessment process has been established to support supplier compliance with our policies and relevant laws and regulations. All suppliers are evaluated annually through a desk-based audit and scorecard mechanism on their sustainability performance and alignment with our sustainability mandate. Based on this assessment, identified suppliers with actual or potential issues are provided with remedial support. Non-compliant or at risk suppliers are supported with the development of Corrective Action Plans and rigorously track implementation of the same. The tables below provide details on suppliers assessed and provided with corrective action in FY 2023-24:

Parameter	Coverage in FY 2023-24	Target for FY 2023-24
Total number of suppliers assessed via desk assessments/on-site assessments	101	95
% of unique significant suppliers assessed	37	

- 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.

Parameter	Coverage in FY 2023-24	Target for FY 2023-24
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

Moreover, to provide for alignment with our expectations, we conduct regular educational webinars and awareness sessions for suppliers. These focus on environmental and social responsibility and ethical business conduct and supports supplier awareness of our sustainability efforts and expectations. Aspects included are:

- Safety training and Celebration of Safety Week
- ISO 14001 training
- Good Manufacturing Practices (GMP) compliance training
- Contractor Safety Management
- Environment Day Celebration
- Digital platform for the Procure-to-Pay(P2P) cycle – ARIBA
- Technology Partnership Systems and Process Automation
- ESG Awareness
- Social Upliftment such as payment of wage above the minimum wage requirement

In FY 2023-24, 23% suppliers have undergone 19 focused awareness sessions. Internal employees are also sensitized to their role, further enhancing our efforts for sustainable supply chain management.

Parameter	Coverage in FY 2023-24	Target for FY 2023-24
Total number of suppliers in capacity building programs	730	600
% of unique significant suppliers in capacity building programs	23	20

ENVIRONMENTAL STEWARDSHIP



Environmental Stewardship

Our corporate level Environment, Health & Safety policy (<https://www.zyduslife.com/public/pdf/EHSPolicy.pdf>) outlines our commitment to environmental stewardship. This policy provides structured and systematic guidance for managing environmental aspects and performance. It applies to all business operations, products and services, distribution and logistics, waste management, suppliers, service providers, contractors, and other key business partners. In cases of mergers, acquisitions, or due diligence, the policy is accounted for and ensures that the stakeholders are aligned with it.

Environmental Governance

The EHS policy approved by Board of Directors is implemented at the central level by our senior management, while facilities and department managers handle operational-level execution. As a pharmaceutical manufacturing company, it is crucial for us to conduct our operations in an environmentally responsible manner to maintain ecological balance. Achieving this requires a collective and conscious effort from across the organisation. Therefore, we regularly conduct training and shop-floor level awareness sessions to educate our workforce about the environmental impact of their activities. We have also assigned specific roles and responsibilities to ensure effective policy implementation. Through public disclosures, we aim to inform external stakeholders about the importance of environmental management. We have also formulated the department level annual environmental KPIs and performance against each such KPI is assessed at frequency from daily to monthly level.

Due to the nature of the business, environmental management is a key material issue for us. Therefore, we focus on continuously improving our performance against key environmental metrics. We have set targets and consistently monitor our progress. Regular and environment protection -conservation training is provided to employees to raise awareness of various stages of employment tenure of the employee.

We have implemented ISO 14001 Environmental Management Systems at almost all our sites. The table below provides details on our certifications across our operations:

Certification	Coverage
EMS is verified through ISO 14001	85%
Third party certification /audit / verification	15%
Internal certification /audit / verification by the company's own specialists	0%
Total	100%

We regularly conduct internal and external audits on a periodic basis by certified internal auditors on the environment management system. In FY 2023-24, our facilities underwent **03** internal audits and **02** external audits, covering **100%** manufacturing units.

We are compliant with all environmental laws and regulations. No fines or violations / no open show cause or legal notices, or penalties have been imposed by regulatory agencies for safety and environmental violations for the preceding three years.

Energy and Emissions Management

Energy consumption and Scope 1, 2 and 3 details, Targets and Energy and Emission Reduction Initiatives

Implementation of Energy efficient measures has been the core focus area of our operations. It makes the system efficient, reduces operational cost, and minimizes carbon emissions. It also forms the crucial component of our Decarbonization Strategy. We have developed a pool of certified energy auditors by Bureau of Energy Efficiency (BEE), Govt. of India to conduct internal energy audit on regular basis. Also, external energy audits are conducted once every 03 years. The findings of energy audits are evaluated for techno commercial viability by the site core team and energy saving actions are implemented accordingly. Further, the energy saving or process improvement ideas are horizontally deployed at all applicable sites. To track our progress, monthly, we analyze key performance indicators such as energy intensity per unit of production, cost savings achieved, etc. It is majorly reviewed by Head Operational Excellence, Projects & Engineering Head. Also, fortnightly review meetings are conducted wherein Energy Excellence Team consisting of site engineering head, and site engineers take a download of progress against targets, discuss about planned energy projects, resource allocation, timelines and possible outcomes.

Most of our sites are ISO 14001 certified. We have implemented several innovative measures to cut down on our energy usage, these measures include,

Energy Savings by Improvement and Modification are as follows:

Measure	Investment (Rs. Million)	Annual Energy Saving		Monetary Savings (Rs. Million)
		Electrical Energy (MWh)	Thermal Energy (Metric Ton)	
Reduction in heat loss by providing insulation across water for injection (WFI) storage tank	0.07	2.2	NA	0.02
Reduction in energy consumption by catering IT and UPS rooms by AHU in place of 03 DX AC units.	0	7.6	NA	0.07
Reduction in chiller energy consumption by regulating (increase) AHU temperature set point temperature for FG store of Facility 02.	0	6.75	NA	0.06
Fuel energy savings by operating stainless steel reactor (SSR) -1212 and 1214 of CP plant on UPS supply in place of CNG fuelled DG set during grid power failure.	0.35	NA	15	0.45
Optimizing the operating frequency of Effluent Treatment Plant (ETP) blower frequency from 43 Hz to 38 Hz.	0	40.4	NA	0.35
Optimizing the operating capacity of one 1000TR chiller and stoppage chiller operation of anticancer plant by providing interconnection between Chilled water line of Anticancer plant and OSD plant.	0.5	120	NA	0.87
Optimizing the operating capacity of one water pre-treatment plant by providing interconnection between Injection and OS plant and stopping the operation of another water treatment plant	0.06	66.1	NA	0.48
Energy savings by utilizing exhaust air of air handling units to cool UPS room by installing separate duct.	0.04	26.1	NA	0.19
Interconnection of Chiller system of VTC and MR facilities to optimize the energy consumption.	4.31	264	NA	2.4
Interconnection of Compressed air system of VTC and MR facilities to optimize the energy consumption.	1.11	247	NA	2.25
Optimizing the operation of one air compressor by providing interconnection between compressed air system of Line 1 & 2 and stopping the operation of another compressor.	0	24	NA	0.19
Replacement of electric heater with hot water coil in ZB Unit 1 AHUs (11Nos.) to achieve electrical energy savings.	4	235	NA	1.96
Reduced load on main chilled water pump and providing required flow and head at farthest user point.	0.31	50.00	NA	0.36
Optimizing the energy consumption of chilled water pump by trimming its impeller.	0.03	97.20	NA	0.62
Optimizing the energy consumption of admin area by replacing 12no's of cassette AC with one Air Handling Unit (AHU).	0.62	36.30	NA	0.34
Installation of Standalone dust collector in place of Inline dust collector across Air Handling Units (AHU) No:01 and 05 by reconfiguration of AHU to reduce energy consumption	1.20	100.60	NA	0.90
Reduction in fuel consumption by improving boiler efficiency with following steps: (a) Automated operation of ID Fan, FD fan and fuel feeding system on the basis of Oxygen %. (b) Utilisation of waste heat in flue gases for water preheat. (c) Installation of auto blowdown feature	5.50	NA	624.00	5.14

Measure	Investment (Rs. Million)	Annual Energy Saving		Monetary Savings (Rs. Million)
		Electrical Energy (MWh)	Thermal Energy (Metric Ton)	
Energy saving by stopping Supply (FDV 1)/ return (FDV 02) and connecting them to AHU 32 to cater the requirements in General OSD area.	0.45	91.80	NA	0.85
Energy Savings by refurbishment and overhauling of condenser copper tubes in 02 no's chiller units to improve overall chiller efficiency	8.11	720.00	NA	6.48
Reduction in Chiller Energy Consumption by increasing the set temperature by 02 deg. Celsius of Air Handling Unit	0.20	14.40	NA	0.13
Conversion of 05 cooling tower makeup tank operation from manual mode to atomization mode	0.05	7.30	NA	0.07
Total (A)	26.91	2,156.80	639.00	24.17

Energy Saving through New Technology Adoption measures are as follows:

Measure	Investment (Rs. Million)	Annual Energy Saving		Monetary Savings (Rs. Million)
		Electrical Energy (MWh)	Thermal Energy (Metric Ton)	
Installation of variable frequency drive (VFD) across various units i.e. Induced Draft Fan (ID) / Forced Draft Fan (FD), water pumps etc. to optimize head and flow and reduced energy consumption	0.34	82.90	NA	0.65
Replacement of 17 no's conventional air handling unit (AHU) fan with highly efficient EC fan (Electronically Commutated fan) to reduce energy consumption	3.36	212.10	NA	1.84
Replacement of Old Exhaust fan with new Energy efficient Fan in HT room to reduce power consumption.	0.01	2.30	NA	0.02
Installation of auto tube cleaning system on Trane chiller to improve chiller performance.	1.83	481.20	NA	4.35
Energy savings by providing timer on exhaust fan, Wall Fan, Light at Service floor and Pantry room fan.	0.11	30.70	NA	0.27
Replacement of old Split AC with new 5 Star Cassette AC in Admin Conference.	0.15	1.80	NA	0.01
Installation of heat pump to provide heat for water instead of using steam produced by fuel consumption to achieve savings in fuel consumption.	3.50	NA	840.00	2.67
Electrical energy savings by regulating the temperature of ASRS - I, ASRS - IV and QC retain sample storage areas by installing temperature controllers across air handling units (AHU).	0.10	128.10	NA	1.04
Optimization of Lighting by installation of LED light with Motion sensor at technical area of GN 1 to 5, mfg. facility and Admin QC technical area.	0.45	86.60	NA	0.77
Replacement of conventional lights with LED lights for various applications across manufacturing areas, offices etc.	0.49	56.90	0.00	0.50
Electrical Energy Savings by configuration of Automatic Power Factor Controller (APFC) unit for auto mode in place of manual operations.	0.10	24.00	NA	0.22
SubTotal (B)	10.44	1,106.60	840.00	12.34
Total (A + B)	37.31	3,263.80	1,479.00	36.47

We have taken various steps to utilize alternative sources of energy, including generation of solar power from 1000+kWp capacity power plant, use of a combination of wind and solar power through open-access agreements and replacement of coal with biomass briquettes for steam boilers. Additionally, we have substituted heat pumps for boiler steam in specific hot water applications. Across all sites, we installed energy efficient EC (Electronically commutated) fans in AHUs resulting in significant energy savings. In total, we made capital investment of 37.30 million INR on energy conservation equipment.

By setting clear targets, we systematically work towards emissions reduction through various initiatives including minimizing energy consumption and greater use of renewable energy.

(a) Carbon neutrality in operations (scope 1 and 2 emissions) by FY2035.

(b) 45% reduction in GHG Intensity reduction by FY2030 with baseline of FY21-22.

Progress in cutting energy consumption is regularly assessed, reflecting a commitment to clean, eco-friendly energy sources. During the reporting year, our renewable energy consumption accounted for 29% of total energy consumption viz-a-viz 25% during the preceding financial year. Additionally, investments are made in innovation and research to lower energy consumption. To enhance awareness and reduce energy consumption, employees are provided with comprehensive energy efficiency training. This includes obtaining sustainability-related certifications such as CII-certified Sustainability Assessor, Energy Manager/Auditor, and GRI Professional, among others. Internal training programs and certifications like ISO 14001 Lead/Internal Auditor and resource efficiency courses further empower employees to contribute effectively to the Company's sustainability goals.

Energy Consumption in MWh	U.O.M	FY 2021-22	FY 2022-23	FY 2023-24
Total non-renewable energy consumption	MWh	453,254	411,306	431,450
Total renewable energy consumption	MWh	91,303	139,417	175,637
Total Energy Consumption	MWh	544,557	550,722	607,087
Energy Intensity	MWh/ Revenue in Million Rupees	6.67	6.31	5.61
Energy Highlights: Energy Intensity reduction by 16% reduction in FY2023 -24 w.r.t FY2021- 2022 Energy Intensity reduction by 11% reduction in FY2023 - 2024 vs FY 2022- 2023 92% increase by FY2023 -24 w.r.t FY2021- 2022 26% increase in FY2023 - 2024 vs FY 2022- 2023 RE contribution in total energy mix has risen from 25% FY2023 to 29% in FY2024				

Energy Targets for FY23-24	6,48,406 MWh
Actual Energy Consumption for FY23-24	6,07,087 MWh
Annual Energy Savings	41,319 MWh
Non-Renewable Energy Targets for FY23-24	4,73,217 MWh
Actual Non-Renewable Energy Consumption for FY23-24	4,31,450 MWh
Annual Non-Renewable Energy Savings	41,767 MWh

Note: The data has been externally assured by a third-party agency named M/s Intertek India Private Limited.



GHG Emissions

Particulars	Unit	FY 2021- 22	FY 2022- 23	FY 2023- 24
Scope 1 Emissions	tCO ₂ e	59,573.85	44,792.27	44,972.56
Scope 2 Emissions	tCO ₂ e	1,91,170.97	1,75,980.98	1,92,676.19
*Scope 3 Emissions	tCO ₂ e	9,072	25,670	24,393
GHG Intensity (Scope 1 & Scope 2)	tCO ₂ e / million rupees of revenue	3.07	2.53	2.20
GHG Emissions Highlights: GHG Intensity reduction by 29% reduction in FY2023 -24 w.r.t FY2021- 2022 GHG Intensity reduction by 13% reduction in FY2023 - 2024 vs FY 2022- 2023 In FY2023-24, our Scope 3 emissions were : Business Travel (22,054 tCO ₂ e) and Employee Commute (2,339 tCO ₂ e)				

*The scope 3 was accounted for two categories that is employee commute and business travel by the employees.

GHG Emissions Reduction Targets for FY23-24

GHG Emissions (tCO ₂ e)	Target	Actuals	Savings / Reduction
Scope 01	50,263	44,972	5,291
Scope 02	2,07,801	1,92,676	15,125

Note: The data (Scope 01 and Scope 02) has been externally assured by a third-party agency named M/s Intertek India Private Limited.

Waste Management

Waste Generated and Disposal to and from landfill, Targets and Waste Management Programs

Our waste management strategy encompasses several key elements aimed at minimizing waste generation and promoting sustainability. We conduct internal waste audits to identify areas for improvement and develop action plans with quantifiable targets to reduce waste. We constantly analyze and seek alternatives as to how best we can minimize waste generation. For this, we intend to look for innovative technologies and research done that we can incorporate and lower our waste footprint. To enhance our waste minimization efforts, we invest in innovation and R&D. Comprehensive waste reduction training is provided to our employees, and we have initiated awareness programs on waste management at various manufacturing locations to combat climate change.

One of our primary goals is to reduce the waste sent to secure landfills. During the year, six manufacturing sites achieved the "Zero Waste to Landfill" objective. We aim to extend this achievement to all formulation manufacturing sites by the end of 2024 and API sites by the end of 2026. A strong focus on the 4R principles (Reduce, Reuse, Recycle, and Recover) helps in minimizing waste generation, extending the life of products, converting waste materials into new products, and extracting useful resources or energy from waste. All plastic waste is taken back from the market under Extended Producer Responsibility (EPR) liability by an authorized vendor for recycling and energy recovery and have achieved 100% of EPR target in previous years. Hazardous waste is sent to authorized vendors for safe disposal via landfill, incineration, and co-processing at cement kilns. We are also working to reduce reliance on solvents during product development to minimize solvent use during scale-up. Additionally, we dispose of waste as co-processing to cement industries as Alternative Fuel Resources (AFR) to conserve natural resources.

We have set a target to increase waste disposal via co-processing to 40% for our India operations by FY2026. At present, 29% of the waste is disposed of via co-processing, demonstrating 10% increase from FY21-22. Certification by an independent accredited body ensures the credibility of our waste diversion efforts, with our waste data externally verified by M/s Intertek India Private Limited. These initiatives underscore our commitment to environmental stewardship and sustainable waste management.

The table below provides details on waste generation for a three-year period:

Waste in MT	FY 2021-22	FY 2022-23	FY 2023-24
Total waste recycled/reused	8,045.04	6,650.25	6,485.87
Total waste disposed	0	0	0
- Waste landfilled	-	-	-
- Waste incinerated with energy recovery	-	-	-
- Waste incinerated without energy recovery	-	-	-
- Waste otherwise disposed	-	-	-
- Waste with unknown disposal method	0	0	0

100% of Non-Hazardous Waste is sent to authorized agencies for reuse and recycle.

The annual target for total waste recycled/reused for FY 2023-24 was 6485.87 MT.

The table below provides details on our hazardous waste generation and disposal for a 3-year period:

Hazardous Waste in MT	FY 2021-22	FY 2022-23	FY 2023-24
Total hazardous waste recycled/reused	7,326.03	6,617.35	5,955.86
Total hazardous waste disposed	7,279.68	7,670.25	8,735.35
- Hazardous waste landfilled	3,694.11	3,801.12	3,422.02
- Hazardous waste incinerated with energy recovery - Co-processing	2,812.81	3,368.59	4,271.39

Hazardous Waste in MT	FY 2021-22	FY 2022-23	FY 2023-24
- Hazardous waste incinerated without energy recovery	772.75	500.55	1041.93
- Hazardous waste otherwise disposed – via Co-processing	0	00	00
- Hazardous waste with unknown disposal method	0	0	0
Waste Management Highlights: 10% increase in waste disposal by co-processing in FY2024 (29%) w.r.t FY2022 (19%) 73% of target achievement for co-processing of waste (Target: 40% FY2026)			

Our annual target for total hazardous waste disposed for FY 2023-24 was 8735.35 MT.

Water Stewardship

Water Consumption, Withdrawal and Discharge, Targets and Water efficiency programs

Water is crucial for the development and maintenance of thriving, healthy economies and for human health and well-being. In any responsible business or organization, monitoring water usage is a key measure of environmental sustainability performance. At Zydus Lifesciences, we conduct thorough assessments to enhance water use efficiency across operations, reduce consumption, and improve wastewater quality. We take proactive steps to minimize water consumption and improve wastewater quality through various initiatives. During the reporting year, we partnered with M/S AFPRO for a watershed development project across several talukas covering 11 villages. This project aims to collect rainwater for reuse in agriculture and recharge aquifers. Additionally, we repurpose treated water in cooling towers and boilers, utilizes RO plant reject water and UF and MGF reject water in cooling towers, gardening, and toilet flushing. We also reuse steam condensate water in boilers and cold condensate water from AHUs in cooling towers, demonstrating our comprehensive approach to water conservation and quality improvement.

We have adopted the Zero Liquid Discharge (ZLD) approach to recycle and reuse water resources, thereby reducing the need for freshwater intake. Embracing water recycling practices further supports our conservation efforts. Wastewater generated at our manufacturing sites is treated according to regulatory standards and recycled as much as possible. We continuously educate both internal and external stakeholders on reducing water consumption.

Setting clear targets for reducing water use guides our efforts towards sustainable water management. We have set an ambitious goal to achieve Net Water Neutrality by FY2028. During the reporting year, our total freshwater withdrawal was 1.61 million cubic meters.

The table below provides water consumption trends for a period of three years:

Water in Million m ³	U.O.M	FY 2021-22	FY 2022-23	FY 2023-24
Water withdrawal (excluding saltwater)	Million m ³	1.54	1.55	1.61
Water discharge (excluding saltwater)	Million m ³	-	-	-
Total net freshwater consumption (A-B)	Million m ³	1.54	1.55	1.61
Water Intensity	Million m ³ / Revenue in million rupees	0.000019	0.000018	0.000015
Water Intensity Highlights: Reduction in water intensity by 21% reduction in FY2023 -24 w.r.t FY2021- 2022 Reduction in water intensity by 16% reduction in FY2023 - 2024 vs FY 2022- 2023				

Water Consumption Target for FY23-24

Water Consumption Target	1.86 Million m ³
Actual Water Consumption	1.61 Million m ³
Annual Water Savings	0.25 Million m ³

Water Consumption – Water Stressed Areas

Particulars	U.O.M	FY 2021- 22	FY 2022- 23	FY 2023- 24
(i) Surface water	m ³	---	---	---
(ii) Groundwater	m ³	2,01,122.00	2,12,528.00	2,25,890.00
(iii) Third party water	m ³	---	---	---
(iv) Seawater / desalinated water	m ³	---	---	---
(v) Others (Rainwater storage)	m ³	---	---	---
Total water consumption	m ³	2,01,122.00	2,12,528.00	2,25,890.00
Water Intensity	m ³ /Revenue in million rupees	2.60	2.30	2.09
Water Intensity Highlights: Reduction in water intensity by 20% reduction in FY2023 -24 w.r.t FY2021- 2022 Reduction in water intensity by 09% reduction in FY2023 - 2024 vs FY 2022- 2023				

Note:

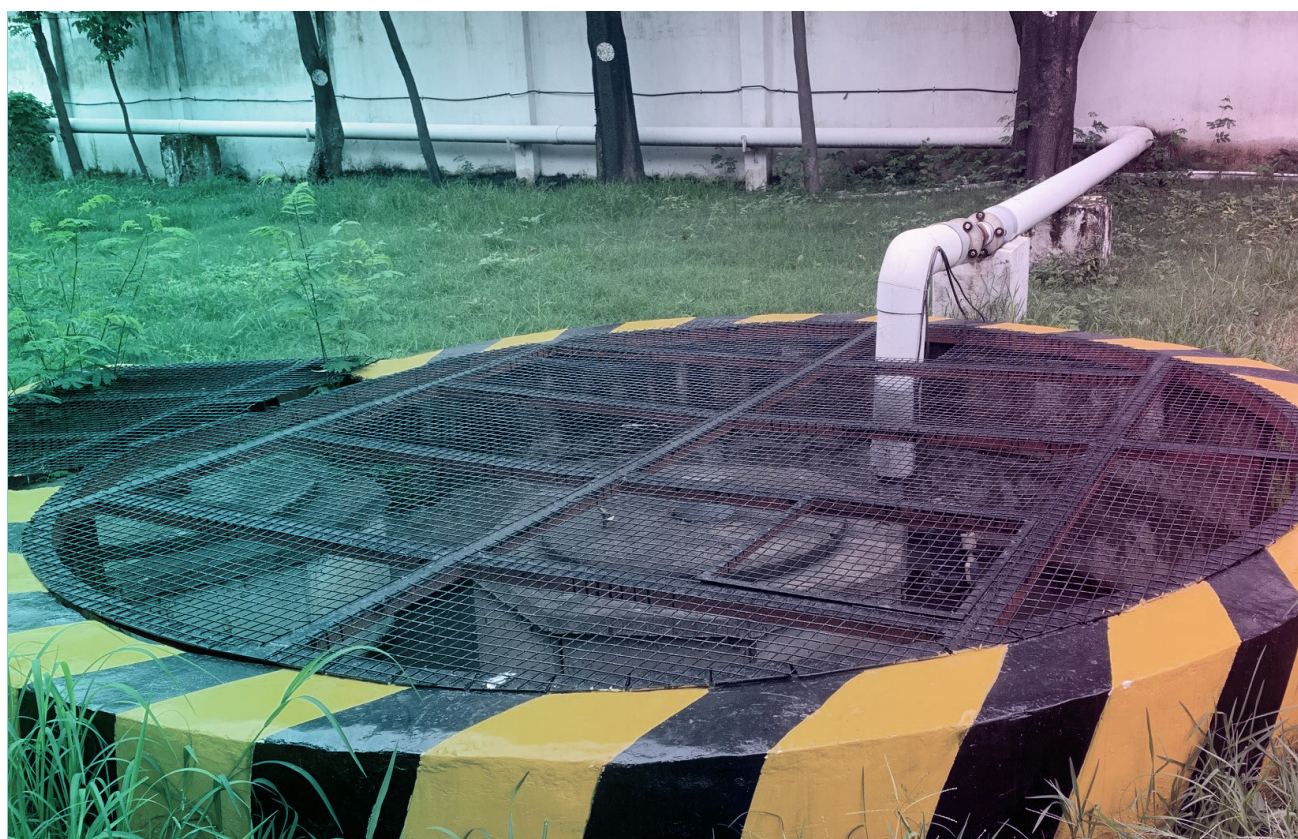
Name of stressed area:

a. Vadodara (Padra) * - API operations at Padra, Vadodara, Gujarat

b. Ahmedabad* – Corporate Office at Gujarat

*As per Central Ground Water Authority (CGWA), Govt. of India

Particulars	U.O.M	FY 2021-22	FY 2022- 23	FY 2023- 24
Total Treated Effluent Discharged	Effluent to others with tertiary treatment (Reuse in gardening, cooling tower, and other non-critical applications)	(m ³) 6,89,144.52	6,18,650.00	6,49,632.00
	Effluent sent to third party	(m ³) 3,53,169.00	3,17,884.00	3,11,298.00
	Effluent to municipal sewer	(m ³) 0	0	0
	Effluent to surface water	(m ³) 0	0	0
	Total Effluent Discharged	(m ³) 10,42,313.52	9,36,534.00	9,60,930.00



Water Risk Assessment

We understand the importance of addressing water-related challenges to strengthen operational resilience. We utilized the World Wildlife Fund (WWF) Water Risk Filter tool to assess water related risks at 18 of our manufacturing locations in India. The WWF tool majorly evaluates 3 risk types: physical, regulatory and reputation risk across 42 indicators. The tool in addition considers the scenarios based on the most relevant climate scenarios for 2030 and 2050 containing three different pathways: Optimistic: RCP2.6 - 4.5 & SSP1, Current trend: RCP4.5 - 6.0 & SSP2, Pessimistic: RCP6.0 - 8.5 & SSP3.

WATER RISK ASSESSMENT		
RISK TYPE	IDENTIFIED RISKS	MITIGATION MEASURES
Physical Risk A company faces physical risk if its operations are in river basins prone to water scarcity, flooding, or poor water quality, affecting ecosystem services. Additionally, reliance on or impact on water resources poses operational water risks.	<ol style="list-style-type: none"> Water Depletion The ratio of surface and ground water consumptive use to available renewable water. Baseline Water Stress The ratio of total surface and groundwater withdrawals to available renewable water. Available Water Remaining (AWARE) The available water remaining in a given river basin relative to the world average, after human and aquatic ecosystem demands have been met. Fragmentation Status of Rivers Percentage of the river basins' volume considered as fragmented. Cultural Diversity Count of ethnolinguistic groups by country as a proxy of cultural diversity. Blue Water Scarcity The ratio of the blue water footprint to the total blue water availability. National Media Coverage How aware local residents typically are of water-related issues due to national media coverage. Global Media Coverage How aware people are of water-related issues due to global media coverage. Conflict News Events Negative incidents, criticism and controversies that can affect a company's reputational risk. Freshwater Biodiversity Richness The count of fish species is used as a representation of freshwater biodiversity richness. 	<ol style="list-style-type: none"> Water Conservation Technologies Zydus Lifesciences optimizes water usage through closed-loop systems, recycling water in manufacturing. They invest in efficient purification methods, reducing waste and costs while meeting quality standards. Stakeholder Engagement Engaging local communities and regulatory authorities ensures transparent communication and sustainable water management. Collaborative watershed programs build trust and mitigate reputational risks. Risk Monitoring and Reporting Zydus Lifesciences implements robust monitoring to track water usage, quality, and environmental impact. Real-time analytics identify risks, ensuring compliance with evolving regulations. Supply Chain Resilience Assessing water risks in the supply chain involves collaborating with suppliers to enhance resilience and implement risk-sharing mechanisms, minimizing disruptions. Climate Adaptation Strategies Zydus Lifesciences develops climate adaptation strategies, including infrastructure upgrades and water source diversification, to anticipate and mitigate the impacts of climate change on water resources.
Regulatory Risk A company faces regulatory risk if it operates in unstable regulatory environments (basin water risks) or fails to comply with existing regulations, leading to fines or restrictions (operational water risks).		
Reputational Risk A company faces reputational risk if stakeholders perceive its water-related practices as unsustainable. This risk is influenced by operational performance and basin conditions such as media scrutiny, conflicts, and freshwater resources' condition and biodiversity.		

Solutions and Strategies

1. Water Conservation Technologies

Zydus Lifesciences is incorporating advanced technologies into its manufacturing processes to optimize water usage and minimize wastage. This involves adopting closed-loop systems, which recycle water within the manufacturing process instead of letting it go to waste. Additionally, the Company is investing in efficient water purification methods to ensure that the water used meets quality standards, reducing the need for excessive purification or treatment. By deploying these technologies, we aim to not only reduce its environmental footprint but also potentially save on water costs in the long term.

2. Stakeholder Engagement

Engaging with local communities, regulatory authorities, and other stakeholders is crucial for Zydus Lifesciences to ensure transparent communication and address concerns related to its water usage. Collaborative initiatives such as watershed management programs involve working with local communities and authorities to manage water resources sustainably, benefiting both the Company and the surrounding areas. Through community outreach projects, Zydus Lifesciences can build trust and demonstrate its commitment to responsible water stewardship, thereby mitigating reputational risks associated with water management.

3. Risk Monitoring and Reporting

Zydus Lifesciences is implementing robust monitoring systems to track various aspects of water usage, quality, and environmental impact across its manufacturing facilities. Real-time data analytics enable the company to identify potential risks proactively, allowing for timely intervention and mitigation measures. Compliance with regulatory standards is facilitated by thorough monitoring and reporting, ensuring that the company stays ahead of evolving requirements and maintains its environmental responsibilities.

4. Supply Chain Resilience

Assessing water risks within the supply chain involves evaluating how water scarcity or quality issues may impact the Company's suppliers and, consequently, its own operations. Collaborating with suppliers to enhance resilience involves sharing knowledge and best practices for sustainable water management. Implementing risk-sharing mechanisms ensures that both Zydus Lifesciences and its suppliers are prepared to deal with water-related disruptions, thereby minimizing the potential impact on operations.

5. Climate Adaptation Strategies

Developing climate adaptation strategies involves preparing for the potential impacts of climate change on water resources, such as changes in hydrological patterns and increased frequency of extreme weather events. Infrastructure upgrades may include improving water storage or treatment facilities to withstand changing conditions. Diversification of water sources ensures that the Company is not overly reliant on one particular water source, reducing vulnerability to shortages or contamination. Scenario-based planning enables us to anticipate future risks and develop appropriate responses, ensuring continuity of operations even in challenging conditions.

Based on the findings of the water risk assessment study, we have taken proactive steps to address the top ten risks across sampled 18 manufacturing locations. The major risks identified are water depletion, cultural diversity, baseline water stress, and freshwater biodiversity richness.



Biodiversity Conservation

Biodiversity Risk Assessments

We undertook an assessment of our Indian operations in FY 2023-24 to assess nature related risks and identify the impacts and dependencies on biodiversity. The biodiversity risk assessment was conducted through WWF Biodiversity Risk filter tool which is aligned to the Taskforce on Nature-related Financial (TNFD) framework. This tool enabled us to assess the state of biodiversity health at specific locations, considering factors such as ecosystem diversity, species abundance, and the provision of ecosystem services.

The WWF Biodiversity Risk Filter facilitated a systematic evaluation of our operations, value chain, and investments, elucidating both direct impacts and dependencies of each industry sector. The WWF tool evaluated two primary types of biodiversity-related risks are evaluated: physical and reputational.

The scope of this assessment included 18 manufacturing units and 2 offices across India and adjacent areas to these locations to identify the potential biodiversity risks, impacts and dependencies. Additionally, we assessed and mitigated risks by adhering to the mandates outlined by the International Union for Conservation of Nature (IUCN) Red List and National Conservation List.

None of our operations have been found to have any species listed in the International Union for Conservation of Nature (IUCN) Red List and National Conservation List in or around it. Additionally, all our operational units are located outside biodiversity sensitive or notified protected areas. All new units and retrofitting/expansion of existing units are undertaken in strict alignment with the Biodiversity Act 2002 and Biodiversity Rules 2024. Furthermore, we make concentrated efforts to develop and enhance the existing green belt in and around operations in line with legal requirements, and as a measure to reduce carbon from the air.

The findings of the biodiversity risk assessment study highlighted several key risk factors across operational sites. Pollution, extreme heat, water scarcity, limited wild flora and fauna availability, and the presence of plant/forest/aquatic pests and diseases emerged as the top risks. These risks are consistent across all assessed locations, emphasizing the need for proactive measures.

RISK TYPE	IDENTIFIED RISKS	MITIGATION MEASURES
Physical Risk A company's operations and value chain can be at risk if they rely heavily on ecosystem services from areas experiencing a decline, or if their activities contribute to biodiversity pressures.	1. Pollution Pollution emerges as the most significant biodiversity risk across all locations. 2. Extreme Heat Extreme heat is another major biodiversity risk, with high scores indicating the potential impact on local ecosystems and wildlife.	1. Pollution Abatement Implementing sustainable technologies and practices to reduce emissions and minimize environmental pollution. 2. Water Conservation Adopting measures such as zero liquid discharge and wastewater recycling to address water scarcity and maintain water quality.
Regulatory Risk A company faces regulatory risk when operating in unstable regulatory environments or failing to comply with existing regulations, leading to fines or restrictions.	3. Water Scarcity Water scarcity is a significant concern in several highlighting the importance of water conservation measures to protect biodiversity. 4. Limited Wild Flora and Fauna Availability The availability of wild flora and fauna is limited across various locations, posing a threat to biodiversity conservation efforts.	3. Habitat Restoration Enhancing green belts and tree plantations to expand habitats and promote biodiversity conservation. 4. Regulatory Compliance Ensuring adherence to environmental regulations and standards to minimize environmental fines and penalties.
Reputational Risk A company's reputation is at risk if stakeholders perceive its operations as unsustainable regarding biodiversity. This risk is heightened by factors like media attention, conflicts, and proximity to protected areas.	5. Plant/Forest/Aquatic Pests and Diseases The presence of plant/forest/aquatic pests and diseases is identified as a notable indicating potential threats to local ecosystems and biodiversity.	5. Waste Management Implementing effective waste management practices, including reuse, recycling, and co-processing, to minimize toxicity and promote sustainability. 6. Education and Awareness Building awareness among stakeholders, including vendors, contractors, and employees, about the importance of biodiversity conservation and sustainable business practices.

To mitigate the identified biodiversity risks, we have implemented the following mitigation measures:

1. **Pollution Abatement:** Implementing sustainable technologies and practices to reduce emissions and environmental pollution.
2. **Water Conservation:** Adopting measures such as zero liquid discharge and wastewater recycling to address water scarcity and maintain water quality.
3. **Habitat Restoration:** Enhancing green belts and tree plantations to promote biodiversity conservation.
4. **Regulatory Compliance:** Ensuring adherence to environmental regulations and standards.
5. **Waste Management:** Implementing effective waste management practices, including reuse, recycling, and co-processing.
6. **Education and Awareness:** Building awareness among stakeholders, including vendors, contractors, and employees, about the importance of biodiversity conservation.

In FY2023-24, we expanded green belt coverage at our 6 geographical manufacturing & office locations by planting more than 4,250 trees significantly contributing towards carbon sequestration and habitat preservation. Additionally, we focused on maintaining regulatory compliance ensuring no penalties were levied for environmental violations, adopted sustainable practices across our operations and engaged with stakeholders to biodiversity conservation an important agenda of sustainability strategy.

Going forward, we are planning to establish no net loss biodiversity targets, adopt innovative technologies to reduce our ecological footprint and continual improvement of existing initiatives.

Biodiversity Commitment

1. Encourage more tree plantation within and around the facilities, ensuring the preservation of flora, fauna, and bird habitat in and around the facilities.
2. Comply with all applicable legal/regulatory and other biodiversity requirements.
3. Use of environmentally sustainable technologies/practices and adoption of innovative practices for pollution abatement and continual improvement in environmental performance.
4. Select, purchase, and use appropriate fuel energy, energy efficient equipment - services and eco-friendly technologies to minimize traditional fossil fuel use.
5. Reduce toxicity in the products and improve the percentage of co-processing / pre-processing of wastes.
6. Build awareness among its vendors, contractors, and service providers to minimize utilization of natural resources in raw material, logistics, and recycling material.

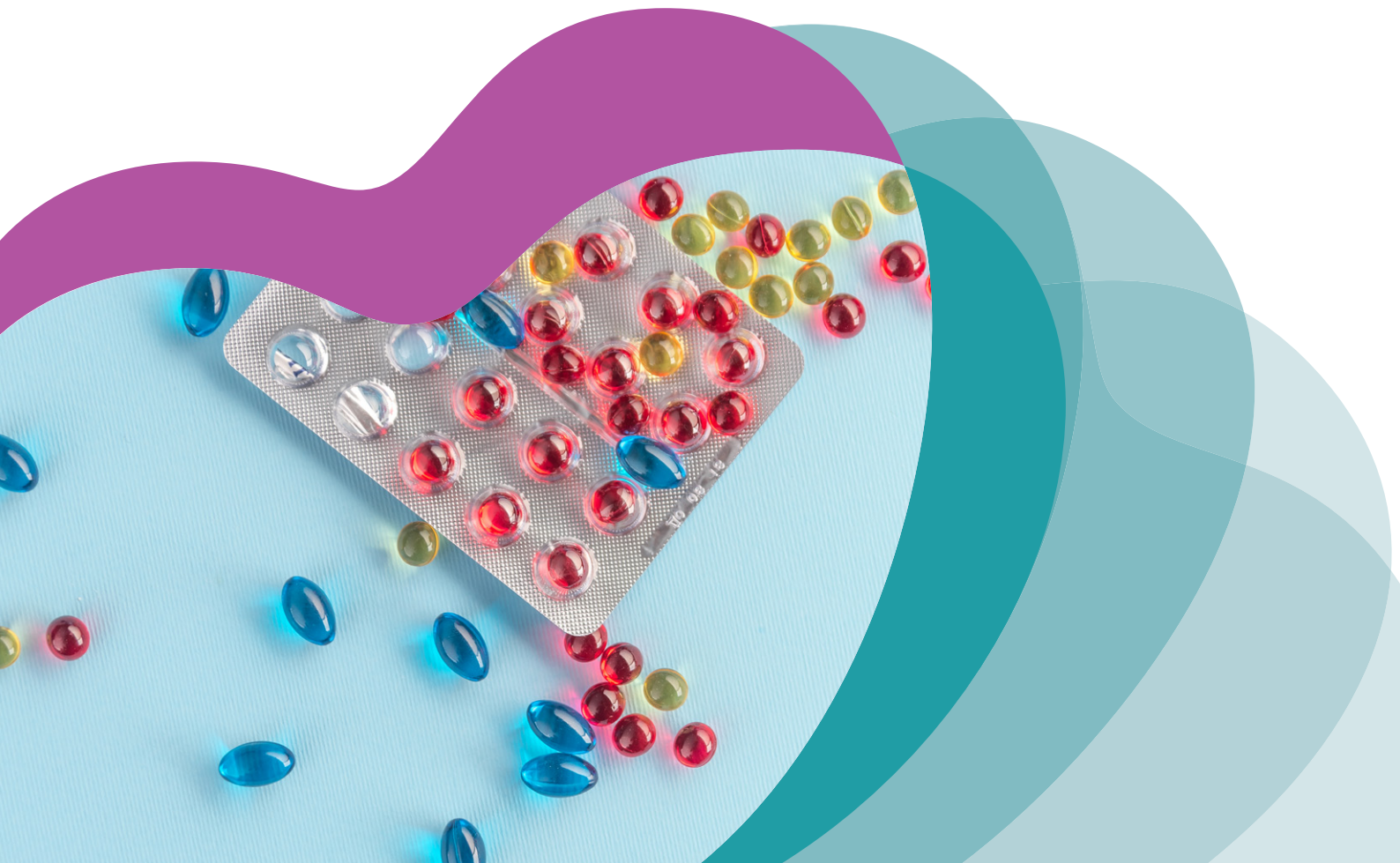
No-Deforestation Commitment

The No-Deforestation Commitment reaffirms our pledge to conduct business activities without contributing to deforestation. We have implemented several initiatives to prevent deforestation in our operations:

1. **Reducing Paper Consumption:** We are exploring the feasibility of utilising alternative materials and sustainable packaging practices to mitigate the demand for virgin forest resources.
2. **Encouraging Reuse and Recycling:** We prioritise the reuse and recycling of our packaging material, reducing the need for virgin paper.
3. **Compliance with Regulatory Requirements:** We adhere to all applicable regulatory requirements related to forest conservation and replacement afforestation.



PRODUCT STEWARDSHIP



Product Stewardship

Product Design Criteria

At Zydus, we understand the importance of engaging with our value chain during product design to reduce the environmental footprint of our products. The engagement with the value chain covers both upstream and downstream partners in addition to own operations. Some of our key initiatives are:

Sustainable raw materials or components: We have established mechanisms for sustainable sourcing of raw materials from suppliers who have established sustainability practices aligned with ISO 14001 Environment Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Health and Safety etc. During the reporting year, 23% of inputs were sourced from suppliers supplying APIs, intermediates, excipients, packaging materials and indirect materials with established ESG practices. We strive to include more suppliers in its sustainability journey by increasing awareness and building capacity across the value chain system.

Sustainable manufacturing: We are actively working towards minimizing the impact of our operations on the environment during manufacturing by maximizing the process efficiency and adopting low carbon energy technologies. Some actions taken by us for improving resource efficiency are:

- Increased use of solar energy for catering electrical equipments and process replacement of furnace oil (FO)-based boilers with agro-waste (biomass) based solid fuel boiler
- Installed electrostatic precipitator (ESP) and water scrubbers on boiler flue stacks to minimize particulate matter/SOx emissions
- Process optimization and increase in number of batches while using same energy resources
- Recover and reuse condensate as feed water in solid fuel boilers
- Replaced electrical heaters with hot water coils in air handling units
- Installed variable frequency drives in air handling units and equipment drives
- Procured energy-efficient blowers for air handling units in new projects.
- Operate centrifugal chillers with efficient coefficient of performance (COP)
- Installed chillers and refrigerant equipment with zero ozone depletion potential

Eco-friendly packaging and distribution: We have systematically reduced the amount of paper, plastic, and other raw materials used in product packing and replaced it with sustainable materials. We reduced substrate weight in paper, plastic and coolant chemical from Injectable product by 195 tons. This project was awarded as the most innovative project at CII -National Environmental Best Practices Award, July 2023. We transformed the physical MG (Medication Guide) supply to online/digital in the US market pharmaceutical products realising reduction of GHG emission, energy and water consumption for total 474 tons paper across the value chain.

In FY2023-24, our focused efforts on optimized packaging of key injectables and tablet products to achieve substantial cost savings and reduction of environmental footprint are as follows:

Product	Initiative	Impact
Product 01 (Tablet)	Adopted a new printing technology that enables packaging cartons to be plastic free and can be 100% recycled	<ul style="list-style-type: none"> - Prevented use of 0.5 Metric tonnes of plastic films - Recycling friendly with same glossy and enhanced appearance
Product 02 (Injectable)	Outer Pack size optimized by 90%	<ul style="list-style-type: none"> - Saved 4800 kg paper & 11000 kg Plastic - Reduction in inventory, packaging material cost & cold chain logistic costs - Reduction in Scope 3 emission intensity
Product 03 (Trans)	Transitioned from PVC-PVdC blister packs to triple laminated pouches reducing packaging weight	<ul style="list-style-type: none"> - The smaller, flexible pouch design reduced transportation costs and GHG emissions by optimizing space utilization during storage and transport
Product 04 (Vaccine)	The new carton design for 50 vials uses a paperboard partition and a single packaging insert	<ul style="list-style-type: none"> - Reduced paper usage by 80% (from 1182 kg to 234.81 kg). This also reduced transportation pallet usage by 55%. - The robust packaging ensures the safe transport of the product under harsh supply chain conditions

Use phase - operation and servicing/ maintenance: 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 (for information on energy saving initiatives, visit section Energy and Emissions Management).

End of life management:

- 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 vendors 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 Assessment

- We have a pool of modern, cost efficient and regulatory compliant manufacturing facilities which produces high quality, affordable products to serve its customers across the globe. We have the capabilities to manufacture diverse products such as small molecules, APIs, vaccines, biosimilars, complex products etc.
- Our API manufacturing is adequately supported by a robust R&D team as some of the key APIs of the company are developed in-house. We have 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.
- We have a strong process to manage costs effectively and believe that effective cost management is a key to succeeding in a competitive industry like pharmaceuticals. We have also undertaken specific initiatives to control the operating costs across plants.
- Through various efficient energy management initiatives, we endeavor to reduce energy consumption despite the expansion of its facilities and increase in output levels.
- Measures undertaken to reduce 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.

Exposure to Hazardous Substances

We have implemented a formal process to evaluate the hazards of chemicals, raw materials, intermediates, and potential exposures through qualitative and quantitative assessments, in line with ICCA guidance on chemical risk management. This process includes identifying necessary controls at various manufacturing stages during new product introduction through documented risk reviews by our toxicology and industrial hygiene teams. These controls are then reviewed and implemented by the site EHS team, supported by in-house experts.

Our risk assessment procedure involves characterizing hazards, determining exposure potential based on quantity, duration, material properties, and Occupational Hazard banding, and applying containment control strategies. We prioritize minimizing exposure through effective engineering and administrative controls.

We comply with REACH regulations for shipping products to regulated countries, ensuring none contain Substances of Very High Concern (SVHC). In line with clause 2.2.3.2 of the REACH Registration Guidelines, we are not required to register our products. Additionally, our R&D SOPs prescribe avoiding using Benzene in our manufacturing process and restricting content of Ethylene Glycol and Diethylene Glycol.

As part of risk assessment, 100% of the 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.



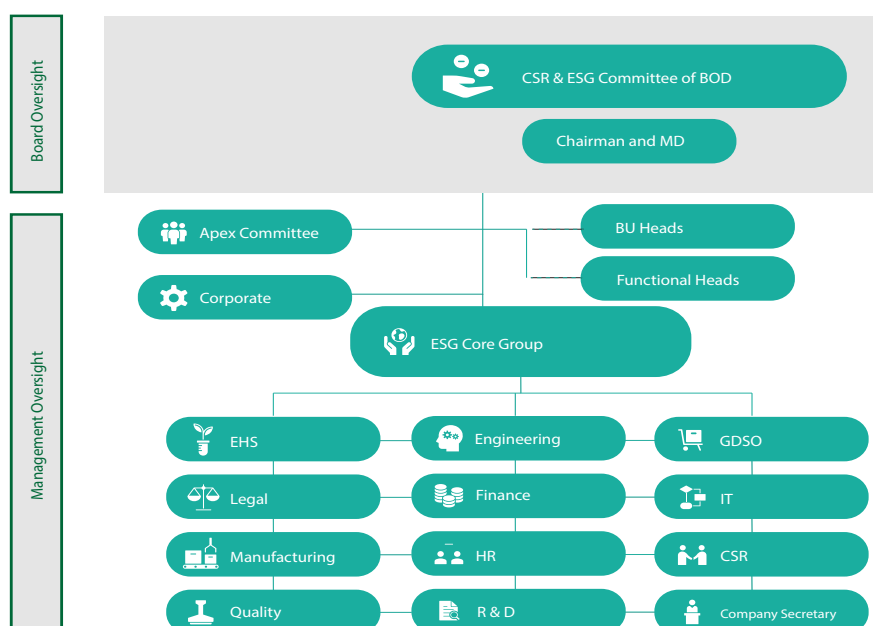
CLIMATE STRATEGY & GOVERNANCE



Climate Governance

With the growing relevance of sustainability to business and climate change evolving as a major risk for business continuity & profitability, we have restructured our CSR committee to CSR & ESG Committee. The restructured committee has 33% board independence and includes a dedicated ESG professional. The committee meets biannually to review the company's ESG performance, risks and challenges.

ESG Governance Structure



Overview of ESG committees

Governance Bodies	Composition	Roles and Responsibilities
CSR and ESG Committee	Mix of executive, non-executive directors, including the Chairman and MD	<ul style="list-style-type: none"> 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.
ESG Apex Committee	Chaired by CFO, Members including CHRO, CFO and other Senior Management team members	<ul style="list-style-type: none"> Provides organisational vision and holistic direction to drive ESG programme. Provides operational insights to the team ESG core group. Approves the annual ESG disclosures of the organization i.e. Annual Report, BRSR, ESG Report etc. Allocates resource to the team for executing the ESG programme. Reviews ESG performance quarterly.

Governance Bodies	Composition	Roles and Responsibilities
Corporate ESG	Head ESG, ESG SPOC at Corporate Office	<ul style="list-style-type: none"> Coordinates with ESG Apex Committee as per the requirements on new ESG updates. Coordinates with ESG core group on a quarterly basis. Develops ESG disclosures for annual reports, Sustainability report and ESG rating questionnaire by taking inputs from BU heads and functional heads. Facilitate ESG core group for third party validation during Annual Report, BRSR etc.
ESG Core Group	Site Heads, Functional Area Experts of locations.	<ul style="list-style-type: none"> Provides all data and information pertaining to ESG requirements i.e. Annual Reports, BRSR, Sustainability Report, National Awards etc. Engagement with external auditors, assessors during ESG disclosure cycle. Identify material risk with management approach for disclosure in public domain. Implement and sustain management systems of ISO 14001, 50001 etc. to support ESG programmes and conduct reviews by concerned management representative (MR) on quarterly basis. Internal review on ESG performance on monthly basis for key ESG KPI. Report to Functional heads regarding ESG performance and future actions to achieve ESG targets.

Climate related Incentives

All employees, who are part of various ESG groups and committees, responsible for driving ESG related agenda have 5% to 7% of their KRA weighted towards ESG related KPI's and their performance. This acts a monetary incentive for the concerned employees to actively work towards achieving ESG targets.

- Performance-linked Green Incentive:** The climate-related issues are part of employees' and Business Unit Heads(BU) 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 policy, but internal departmental reviews on climate-related targets are conducted with BU Heads on monthly frequency basis. The employees and concerned BU Heads are incentivised based on achieving climate-related targets through monetary benefits, i.e., increments or promotions. The Employees and BU Heads of Supply Chain function are also incentivized with targets for adopting sustainable purchase practices, i.e., purchase of Renewable Energy.
- 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 O2 awards, i.e., Winner and Runner-up 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.
- 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, Certification programme on BRSR , EHS regulations and requirements - Lead auditor / Internal auditor on ISO 14001 (Environment Management System) and ISO 45001 (Occupational Health and Safety Management System) not only enhances their skills but also contribute to drive Company's sustainability journey.
- 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 eco-friendly practices. The Company organizes various competitions like Slogan competitions, Quiz competitions and puzzle competitions on environment themes. The competition's winners are incentivized by recognition in the form of prizes.
- Idea Generation:** 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. More than 1,300 employees have been facilitated for their continuous efforts on energy and water conservation.

Climate Risk Management

We believe systematic risk management is essential for achieving business objectives and sustainable growth in a volatile environment. The risk management framework is designed to identify, monitor, and mitigate strategic, operational, financial, and compliance risks. This framework ensures a consistent, collaborative approach to risk identification, prioritization, response, and monitoring, with regular reporting to the Audit Committee, Risk Management Committee, and Board of Directors for informed decision-making and risk mitigation.

Guided by the Chief Risk Officer, the framework is implemented company-wide, allowing employees and associates to escalate identified risks. The risk management policy also incorporates ESG factors, including climate change risks, categorizing them by their probability of occurrence within a defined timeframe.

We employ a comprehensive approach including collating key stakeholder perspective, analysis of megatrends and internal & external business environment for risk identification and assessment. Based on the analysis, the following broad areas with various risks are identified and their probability of occurrence is assigned based on the information available in the public domain or with the Company:

- Economic conditions (global as well as the countries in which the Company has operations)
- Political developments and likely changes in major policies of the Governments of the countries in which the Company operates
- Market related risks
- Environmental, Social and Governance (ESG) factors (including climate change risks, including physical and transition risks)
- Outbreak of Global Pandemic like Covid-19
- Fluctuations in rates of the Company's functional currencies
- Inflation and cost structures
- Technological obsolescence
- Vulnerabilities in digital infrastructure and cyber threats
- Financial reporting
- Corporate accounting fraud
- Compliance with local laws, rules and regulations
- Delay in approval of critical new products, impacting future growth prospects
- Challenges with respect to maintaining the quality of products and services
- Project quality, implementation and delay in commissioning
- Human resources management, local cultures and values

The likelihood of occurrence of a risk is determined based on a quantum of past incidences in the industry, previous experiences of the company, future likely trends judged based on internal analysis and / or external research. The impact of the risk is evaluated in terms of the financial implications of the risk and non-financial implications.

The risk management policy can be referred here: [www.zydu.life.com/public/pdf/companypolicy/Risk Management-Policy.pdf](http://www.zydu.life.com/public/pdf/companypolicy/Risk%20Management-Policy.pdf)

Climate Risk Assessment

We have utilized Climate impact explorer developed by Climate analytics .Analytics, which is a climate scenario-based scientific analysis tool to identify and assess the climate change-related risks inherent to our operations. The tool evaluates the physical climate risk scenarios using 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 the operating site risks and impacts.

The climate change issues, including projected changes in maximum temperature, monthly rainfall, severe flood likelihood, and land projected to be below annual sea level, were studied in the scenario analysis. The climate projections were carried out for the medium-term, i.e., for a period covering 2020-2040. We have identified the physical and transition risks of climate change and assessed their impacts relevant to our operations.

The transition risks pathways were evaluated using Network for Greening the Financial System (NGFS) scenarios.

Based on the findings of the climate risk assessment, adaptation and mitigation measures aligned to TCFD framework were identified, and a strategic action plan has been developed.

Physical climate risk assessment and adaptation

Sl. No.	Risk Category	Risk Type	Impact	Opportunities	Mitigation
1	Physical Risk (Acute) Risk level : Low	Drought	a. Reduced access to ground water withdrawal to change in regulations b. Increased cooling costs	Efficient use of water resources	<ul style="list-style-type: none"> Adopting a Zero Liquid Discharge (ZLD) approach to recycle, reuse water resources, and reduce freshwater intake. Use of water efficient technologies. Sensitizing stakeholders to reduce water consumption. Increase of water recycle to reduce the fresh intake. Strategies efforts on net water neutrality.
	Physical Risk (Acute) Risk level : Low- Medium	Riverine Floods	a. Inventory loss b. Increased operations restoration costs post floods c. Supply chain disruption	Building resilient infrastructure	<ul style="list-style-type: none"> Building barriers to reduce the risk of flooding. Installation of an early threat warning system. Business interruption insurance policy to the cover losses caused by natural calamities. Capacity building programmes and mock drills to enhance emergency preparedness and response.
2	Physical Risk (Chronic) Risk level : Low- Medium	Extreme Rainfall	a. Loss and damage of inventory b. Supply chain disruption	Building resilient infrastructure	<ul style="list-style-type: none"> Building new infrastructure by incorporating climate impact i.e. extreme rainfall and its mitigating procedures. Improving monsoon management procedures and plans to address exposure. Installation of an early warning system.
		Heat Wave	Increase in cooling costs	Use of more energy efficient equipment	<ul style="list-style-type: none"> Generation of solar power at manufacturing locations to reduce grid power consumption of higher tariff. Improving energy efficiency /operational efficiency of energy consuming equipment to reduce energy consumption.
3	Physical Risk (Chronic) Risk level : Low	Coastal Floods	a. Inventory loss b. Significant impact on supply chain disruption	Resilient infrastructure	<ul style="list-style-type: none"> Conducting capacity building activities and mock drills to enhance emergency preparedness and response. Collaborating with industry peers and local government bodies (disaster management agency) for emergency support. Development of flood protection strategies such as the construction based on cost-benefit analysis.
4	Physical Risk (Chronic) Risk level : Medium	Water Stress	a. Increased water sourcing costs b. Operation and maintenance problems	Enhanced water efficiency	<ul style="list-style-type: none"> Adopting a Zero Liquid Discharge (ZLD) approach to recycle, reuse water resources, and reduce freshwater intake. Use of water efficient technologies. Sensitizing internal and external stakeholders to reduce water consumption. Strategic efforts on net water neutrality.
5		Earthquake	a. Disruption in plant operations b. Supply chain disruption	Resilient infrastructure	<ul style="list-style-type: none"> Conducting capacity building activities and mock drills to enhance emergency preparedness and response. Collaborating with industry peers and local government bodies (disaster management agency) for emergency support. Development of earthquake resilient strategies and infrastructure.

Transition risk assessment and adaptation

Sl. No.	Risk Category	Risk Type	Impact	Opportunities	Mitigation
1	Transition Risk (Policy & legal) Risk level : Low- Medium	<ul style="list-style-type: none"> Enhanced emissions reporting obligations. Carbon pricing mechanism and carbon taxation. 	<ul style="list-style-type: none"> a. Increased cost of waste disposal b. Increased regulatory costs c. Increase cost of utilities and operations 	<ul style="list-style-type: none"> Investments in renewable energy resources. Promote energy efficient buildings and facilities. Improved waste management by increasing co-processing of waste. 	<ul style="list-style-type: none"> Disposal of waste in a responsible manner. Complying with applicable regulations for waste generation and disposal. Implementing initiatives for reducing direct and indirect GHG emissions, aligning with our target for reducing GHG emissions (Scope 1 and Scope 2) by 45% by 2030. More emphasis on reduction of waste generation. Increase in biofuel / hybrid fuel utilization to minimize the dependency on conventional fuel i.e., coal/diesel etc. to reduce emissions. Implementation of energy efficient technologies.
2	Transition Risk (Technology) Risk level : Low	<ul style="list-style-type: none"> Increase in CAPEX and OPEX due to transition towards low emissions technology 	<ul style="list-style-type: none"> a. Increased capital investment. b. Research and development (R&D) expenditures in new and alternative energy efficient technologies. 	<ul style="list-style-type: none"> Resource efficient technologies to reduce energy consumption. 	<ul style="list-style-type: none"> Invested in wind-solar hybrid power in its Gujarat based locations to increase its renewable energy mix. Explore opportunities to implement energy efficient or low carbon projects on ESCO model.
3	Reputational risk Risk level : Low	<ul style="list-style-type: none"> Negative external feedback. Increased stakeholder concern. Stigmatization of sector (e.g. extractive sector) 	<ul style="list-style-type: none"> a. Reputation damage for not meeting the stakeholder demand. 	<ul style="list-style-type: none"> Improved reputation. Improved stakeholder engagement on ESG. 	<ul style="list-style-type: none"> Adoption of a comprehensive code of business ethics, and conduct. Adoption of Anti-bribery and corruption policy. Governance policies for ethical marketing, advertising and sales practices. Establishment of robust quality management system.

Financial Risks and Opportunities of Climate Change

Risks driven by change in physical climate parameters or other climate-change related developments	
Description of Risk and Mitigation Measures	<p>The findings of physical climate risk assessment highlight that the change in the weather patterns, rise in temperature, change in rainfall pattern and various other factors may result in unexpected flooding of our manufacturing plants. Based on internal estimates, an investment amount for additional insurance of approximately INR 350,000,000 – 400,000,000 will be required to mitigate risks related to floods on an annual basis over next 15 years.</p>
Financial Opportunities Arising from Climate Change	
Description of Risk and Mitigation Measures	<p>Climate change while posing risk to our operations provides an opportunity to evaluate energy consumption and source of energy. We have implemented several energy conservation initiatives at manufacturing plants and installed renewable energy plants to meet energy requirements.</p> <p>In FY2023-24, we have invested INR 37.31 million on Energy conservation measures and new energy efficient technologies. Annual energy savings are expected to be approximately INR 37.47 million over the next 15 years.</p>

Environment targets

We have set a target to reduce its GHG emission (Scope 1 and 2) intensity by 45% by FY2029-30 with a base year of FY2021-22. The target taken by the Company is aligned with India's Nationally Determined Contribution (NDC) emission intensity reduction targets approved by Govt. of India in 2022.

Sr. No.	KPI	Target	Metric	Target year	Performance as on 2023-24
1	GHG emission	45% reduction in GHG Intensity with baseline of FY2021-22 (Scope 1 + Scope 2)	tCO ₂ /million rupees of revenue	2030	<ul style="list-style-type: none"> 29% reduction in GHG Intensity achieved w.r.t the baseline (FY 2022) 64% of the GHG intensity target is achieved by FY 2024.
		Carbon neutrality in operations (scope 1 and 2 emissions)	tCO ₂	2035	29% renewable energy in total energy mix
2	Water management	Net Water Neutrality	Kiloliters	2028	16% reduction specific water consumption
3	Waste management	Waste disposal via co-processing upto 40% for India operations	% MT (metric ton) of waste	2026	<ul style="list-style-type: none"> 30% waste disposal via co-processing 75% of the target is achieved by FY 2024

Our emission reduction target covers 100% of our reported Scope 1 and Scope 2 emissions.

Alignment with TCFD

Zydus is aligned with TCFD guidelines for the climate-related disclosures. The details on TCFD disclosures can be found in the following pages:

Sr. No.	Disclosure	TCFD disclosure	Section	Page
1	Disclose the organization's governance around climate related issues and opportunities	Governance 1: Describe the board's oversight of climate-related risks and opportunities.	Climate Governance	53
		Governance 2: Describe management's role in assessing and managing climate-related risks and opportunities.		
2	Disclose the actual and potential impacts of climate related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	Strategy 1: Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate Risk Assessment	56
		Strategy 2: Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.		57
		Strategy 3: Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		55
3	Disclose how the organization identifies, assesses, and manages climate-related risks.	Risk Management 1: Describe the organization's processes for identifying and assessing climate-related risks.	Climate Risk Management	55
		Risk Management 2: Describe the organization's processes for managing climate-related risks.		
		Risk Management 3: Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		
4	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Metrics and targets 1: Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Environment Targets	58
		Metrics and targets 2: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Environment Stewardship	40-43
		Metrics and targets 3: Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	Environment Targets	58

EMPLOYEE RELATIONS



Employee Relations

Zydu Lifesciences Limited is committed to respecting the rights of their employees, workers, communities and those affected by our operations. We have a dedicated Human Rights policy that enforces Human Rights at all the sites and for the suppliers, contract workers, customers, and communities. This policy helps the organization 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. We are also an equal opportunity employer, wherein all job applicants are fair and without any discrimination. Our 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.

Workplace Diversity

As an organization, we are committed to fostering an inclusive and diverse workplace culture that respects and values the differences in people, including its employees and workers. We believe that a diverse workforce encompassing different backgrounds, perspectives, and experiences, is key to driving innovation, creativity and growth. As a result of this commitment, we strive towards creating an equitable workplace that promotes fair opportunities, and respect for all individuals regardless of their gender, race, ethnicity, sexual orientation, religion, age, disability, or any initiatives aimed at promoting diversity and empowers individual to reach their full potential.

Central to our achievements is a work culture that embraces diversity and inclusivity. In the current reporting period, female employees constituted 7% of the workforce. Our target is to increase the women workforce to 8% by 2026 and to 12 % by 2030. Furthermore, we are committed to actively promoting adequate representation of women in management positions and other technical roles and revenue-generating functions.

Diversity Indicator	Percentage (0-100%)
Share of women in total workforce (as % of total workforce)	7%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	7%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	7%
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%
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.)	6%
Share of women in STEM-related positions (as % of total STEM positions)	7%

With respect to our limited US workforce—comprising less than 20%—we are unable to report on ethnic and racial minorities, and therefore provided a breakdown by nationality as given below:

Breakdown of Nationality	Share in total workforce (as % of total workforce)	Share in all management positions, including junior, middle and senior management (as % of total management workforce)**
Indian	93%	67%
Brazilian	2%	2%
Philippines	1%	1%
Burmese	1%	1%
American	1%	1%
Add any other nationality	2%	2%
Note*Other nationalities include the following countries Vietnam, Uganda, African, Mexican, France, Spain, Britain, China and Italy. **All the workforce outside of India is involved in management positions.		

Gender Pay Indicators

In alignment with these efforts, we are also committed to ensuring pay parity, which reflects our dedication to fostering an equitable work environment that values qualifications and performance over demographic factors. Pay parity is defined as 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. We wholeheartedly support equal gender pay and ensures that employees are paid equally based on their experience, qualifications, etc. We have also undertaken a gender pay gap assessment for our standalone operations:

Currency: INR (Indian National Rupees)	FY 2022-23		FY 2023-24	
Category	Average Female	Average Male	Average Female	Average Male
Executive level (base salary only)	53,63,849	64,34,335	56,30,489	76,88,077
Executive level (base salary + other cash incentives)	53,63,849	64,34,335	56,30,489	76,88,077
Management level (base salary only)	18,71,409	19,46,770	21,69,707	19,75,147
Management level (base salary + other cash incentives)	18,71,409	19,46,770	21,69,707	19,75,147
Non-management level (base salary only)	6,33,953	6,56,605	6,68,994	6,87,597

Freedom of Association

At Zydus, we recognize that freedom of association is a fundamental extension of workplace rights, empowering our employees to engage in collective representation and ensuring their voices are heard in matters that affect their work environment and conditions. We have 11% of employees and workers associated any Union/employee association in India. Zydus does not restrict any of its employees from association with the trade union or collective bargaining agreements.



RIGHTS OF OUR PEOPLE



Rights of Our People

To demonstrate our commitment to human rights and anti-discrimination practices, we enforce our Human Rights Policy in alignment with across our global operations. The policy is built upon the fundamentals of the Universal Declaration of Human Rights including those contained in the International Bill of Rights and Declaration of Fundamental Rights at Work (1998) as per the International Labor Organization. We hold our partners throughout the value chain to the same standards, expecting them to align with these principles and provide effective grievance mechanisms for timely resolution. Zydus is committed to upholding human rights through a robust and structured vigilance mechanism that aligns with all relevant policies and procedures. As a responsible organization, we ensure full compliance with applicable laws and regulations. Our dedicated internal audits and site visits reinforce our commitment to eradicating human rights issues.

Human Rights Due Diligence Process

We are striving to identify adverse human rights risks across all our operations and value chains to prioritise the impact of our business on all relevant stakeholders like our employees, women, children, workers, and third-party employees and local community members. These efforts encompass defining a company-wide due diligence process for identifying risks in our own operation, labour standards, health and safety, and environmental practices, as well as corporate ethics. As part of the broader processes of internal checks and balance, we have initiated a periodic and systematic review of our potential human rights risks to prevent any major or critical issues from becoming a real threat to the organization in the future. This periodic due diligence is being conducted by a cross-functional team members on aspects like Forced Labor, Child Labor, Human Trafficking, discrimination, freedom of association, safe working conditions, fair wages, Etc. Moreover, supply chain partners are required to share signed documents with Zydus as proof of compliance with the aforementioned Human Rights Due Diligence parameters.

Human Rights Assessment

At Zydus, we are committed to upholding the highest standards of human rights within our operations and supply chain. Recognizing the importance of ethical practices, we have implemented a comprehensive framework to assess and address potential human rights issues. This proactive approach not only reinforces our commitment to responsible business practices but also helps us contribute positively to the communities we operate in. Over the past three years, we have proactively conducted a self-assessment of potential human rights issues pertaining to child labour, forced, labour, sexual harassment, discrimination at the workplace and minimum wages.

In terms of our operations, including joint ventures where we have management control, we have assessed 100% of our sites in FY 2023-24, with no risks identified or mitigation actions taken. Additionally, we have assessed 23% of our value chain partners comprising vendors/suppliers providing raw material APIs, intermediates, excipients, packaging material and indirect material suppliers of our Company, over the same period, with no significant risks identified. For joint ventures, we ensure that all relevant points of Human rights policy are implemented across new business ventures with periodic assessments.

Human Rights Mitigation and Remediation

We have established a strong and structured vigilance mechanism that aligns with various governing policies and procedures. As a responsible law-abiding organization, we ensure 100% compliance with all applicable laws and regulations. Regular internal audits and site visits are conducted to guarantee adherence to laws concerning child labour, forced or involuntary labour, sexual harassment, workplace discrimination, and minimum wage standards. Additionally, we maintain a zero-tolerance policy toward any violations of these critical issues. All our operational sites have these processes laid out and communicated via Code of Conduct and Human Rights training.

All human rights complaints are taken seriously and handled confidentially. To mitigate and remediate any negative impacts related to human rights risks, we have established several robust measures. We ensure that any grievances are addressed effectively, and employees are provided with multiple channels to voice their concerns.

- Through **Zydus Connect 2.0**, they can submit grievances directly to our group HR head. We also have a detailed human rights policy and whistleblower (<https://www.zyduslife.com/public/pdf/companypolicy/Whistle-Blower-Policy.pdf>) policies that is easily accessible on corporate website, ensuring transparency and accountability.
 - 1 Through this helpdesk, employee can raise their queries which are responded to within the defined timeline.
 - 2 Employee can reach out to Group HR Head (CHRO) through this system and raise concerns and queries directly to him and concerned head of the business vertical.
 - 3 It has mechanism for collecting feedback from employees on various matters.
 - 4 Additionally, we publicly display the contact information for our Prevention of Sexual Harassment (POSH) support across all workplaces, reaffirming our commitment to a safe and respectful environment.
- All suppliers are required to strictly adhere to their contractual requirements of ensuring human rights for all their workers, there is zero tolerance for any deviations.



HUMAN CAPITAL MANAGEMENT



Human Capital Management

Training and Development

At Zydus, we place special emphasis on addressing the training needs of our employees and workers, with everyone given equal opportunity for growth and development. We have established an online learning platform called ZyLearn, offering over 100 modules covering a wide range of software skills. This is complemented with classroom sessions facilitated by experts and trainers. We actively track and monitor the enrolment and progress of individuals in these learning and development programs. Our exclusive learning management system, integrated with the employee HRMIS portal, grants every employee access to a vast repository of training programs and modules. Calendared instructor-led training sessions are also organized to focus on skill building and behavioural development, with employees being provided with the opportunity to nominate themselves for upskilling.

Indicator	FY 2023-24
Average hours per FTE of training and development	21.52
Average amount spent per FTE on training and development.	2204.26

Training data breakdown for FY 2023-24 by category:

Particulars	Average training hours		
	Male	Female	Total Average
Senior Management	7991	375	8365
Middle Management	4091	214	4304
Junior Management	18328	8911	27238
Supervisors	11841	834	12694
Worker	2846	1091	2946
Total Average	14.94	18.69	21.52

The above data consists of various types of training conducted with different employees and workers, including mentorship, leadership training, compliance training, cultural diversity training, IT training, OHS training, etc.

Employee Development Program

Employee development programs at Zydus are developed with the objective of nurturing the skills of individuals in the area of self-management, managing teams and managing the business. These development and skill building programs are strategic initiatives designed to foster individual growth and career progression and secure the talent pipeline for the organization by ensuring that in-house trained individuals are retained to succeed into key positions and roles within Zydus. This is also beneficial for the organization as it improves productivity, reduces attrition, and promotes 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. Below are some of our key employee development programs.

Our value proposition for a strong learning and development program is titled "GROW"

GROW *Global Learning & Exposure*
Respect Recognition Stability & Care
Opportunity Across The Value Chain
Work With The Best

We address the human capability building challenge with a four faceted approach as below:

1. Strengthen Leadership Pipeline
2. Build robust people development processes
3. Maximize Talent Pool
4. Create continuous upskilling and reskilling platforms

We believe that this approach will enable Zydus to scale up to the next level of excellence.

At Zydus, we follow an unbiased approach to Learning and development. While a few programs can be opted by all, customized programs for levels are designed to suit the role expectations. Additionally, self paced learning encouraged by progressive certifications is also an important aspect of individual development. 5 hours of self-paced learning is covered through 15 modules offering bronze, silver and gold certifications. All 75 modules across 5 levels are unique to the levels and address relevant learning areas.

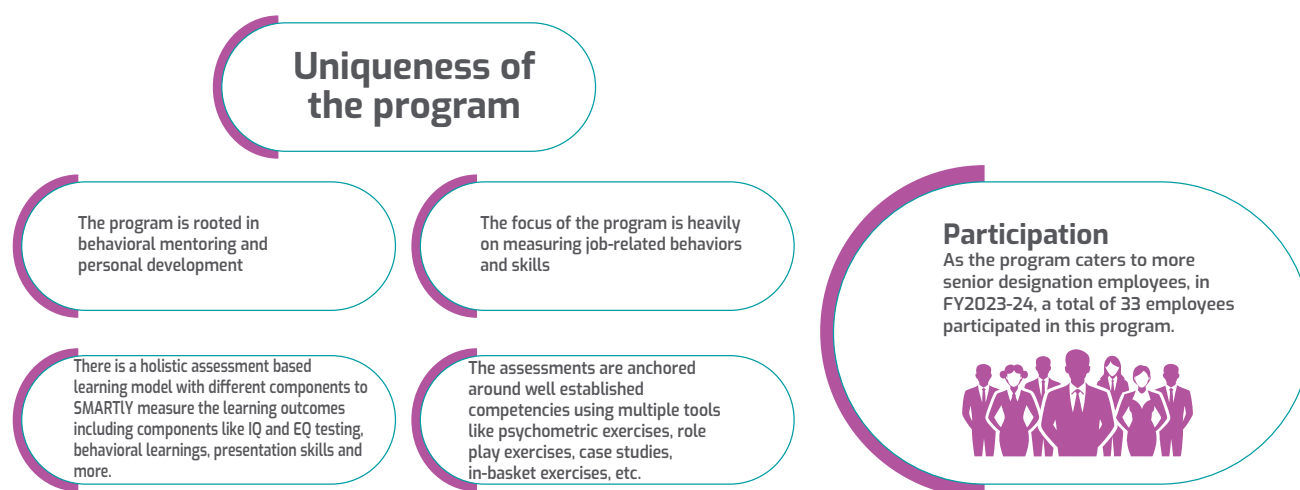
The capability building initiatives and interventions are driven through different centers of excellence. Each centre is focused towards specific areas of people capacity building, ensuring learning outcomes catering to role requirements, talent pipeline building and organizational success. These centers of excellence are:



Key learning and development initiatives at Zydus:

Learn Explore Aspire Perform (LEAP)

LEAP is an assessment and development center intended to build potential Zydus leaders for their current and future roles in the organization. The program is specially crafted for all DGM and above employees (senior management level and above) in the organization. This 9-month development journey followed by all participants, involves a mix of group and individual activities designed to support their role expansion.



STEP UP - Strive Towards Excellence Program

As we advance in our growth trajectory, our people, assets and capabilities are going to be the key drivers of success. Building leadership capabilities in individuals right from their early days is important to develop strong leadership pipeline in the organization. STEP UP is well designed, structured and dedicated program to nurture and develop young talented individuals. It is an assessment and development program for promising talented employees at lower management levels. The program comprises of pre assessments, report sharing, identifying development areas, and then post training assessments. This 6-month development journey helps identify potential talent for immediate growth and long-term growth.

Uniqueness of the program

Blended learning approach including instructor led learning and self paced learning modules

Program focuses on both intellectual and behavioral learning

The program enables participants to learn how to navigate challenging and stressful situations. There is also a situational judgement case study built into the program module

Pre and post assessment for measuring the learning outcomes and program improvement

Participation

In FY 2023-24, a total of 187 employees participated in the program.



Benefits of the L&D programs

The STEP UP and LEAP programs are especially designed to not only benefit trainees and participants but also to secure a talent pipeline of leaders trained in the Zydus ways for the long term sustainable growth of the organization. LEAP prepares potential leaders to take the additional roles which will help their businesses respectively whereas Step Up helps building leadership capabilities in individuals right from their early days will help the organization to build strong leadership pipeline. These programs encourage more cross functional movement of employees, providing career enhancement opportunities to look beyond their areas of specialization and explore new streams of work across the organization. As a result of these programs, there have been 42 cross functional movements and 37% talent progression at the GM level and above. These internal promotions and transfers have benefitted the organization significantly by ensuring higher employee engagement levels, increased productivity and reduced lateral hiring for the designated positions, especially at the senior management level and above.

Hiring

At Zydus, attracting the right talent is of paramount importance. Our people are our key assets that drive the organization's success while ensuring a conducive culture of positivity, innovation and well-being. Through the 'Institute to Industry' program, fresh graduates and post-graduates from reputed institutes are rigorously screened and selected to join the Zydus talent ecosystem. They are provided end-to-end orientation and extensive coaching to ensure a smooth transition from college to professional life. Additionally, employees are also provided with on-the-job training and mentoring to equip them for a well-defined career in the pharmaceutical manufacturing industry.

Indicator	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total number of new employee hires	2281	5214	5896	3664
Percentage of open positions filled by internal candidates (internal hires)	45	36	32	33
Average hiring cost/FTE in INR	656	2570	3675	13274*

*Due to business expansion in the Medical Devices function and the Digital office, more than 40 new employees have been added at the DGM level and above. At these senior levels, the hiring and onboarding costs are higher for every new joinee. Furthermore, increasing portal subscription costs and other operational expenses for hiring have also contributed to the increase in overall hiring costs.

Hiring data breakdown by category:

Age Group	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Below 30	1758	1622	2141	2446
30-40	463	577	930	951
40-50	53	85	124	222
Above 50	7	17	29	46
Total	2281	2301	3224	3664

Gender	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Male	2103	2125	2928	3417
Female	178	176	296	247
Total	2281	2301	3224	3664

Management Level	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Senior Management	12	15	42	51
Middle Management	964	1143	83	90
Junior Management	1305	1143	3099	3523
Total	2281	2301	3224	3664

Performance Appraisal

At Zydus, we have adopted a comprehensive and structured approach to performance appraisal, utilizing a Management by Objectives (MBO) system to drive goal setting, performance evaluation, and continuous feedback. This system encourages our employees to work closely with their managers to set specific, measurable, achievable, relevant, and time-bound (SMART) objectives and key results (OKRs), ensuring alignment with the organization's strategic goals. At the beginning of each performance cycle, employees and managers engage in detailed discussions to define these objectives, ensuring clarity and mutual understanding of expectations and targets.

Throughout the performance period, employees actively pursue their objectives, with regular check-ins and feedback sessions from managers to monitor progress and identify areas for improvement. This ongoing feedback loop promotes a culture of transparency, accountability, and continuous development. By empowering employees with ownership of their goals while aligning their efforts with the organization's overarching objectives, the MBO system helps enhance individual performance and contributes to our broader success.

In addition to MBO, we recognize the importance of aligning individual performance with overall business performance. To drive sustainable success in a competitive pharmaceutical market, there is a strong focus on fostering cross-functional collaboration and ensuring an enterprise-wide approach to performance management. This broader perspective acknowledges that organizational health and success stem from both individual and team goals.

To further support this, the company has implemented a variety of performance evaluation methodologies tailored to different roles and functions. For senior managers and above, the **ZyScore MyScore** system integrates individual roles with broader organizational objectives, providing direction and motivation for employees to contribute meaningfully to both their roles and the organization. For first- and second-line managers, as well as individual contributors (ICs), the PRIDE system is utilized, offering role-specific evaluations and development support. Additionally, sales performance is managed through a dedicated Sales Performance Management system.

Employees using **ZyScore MyScore** and **PRIDE** can access their performance management details through the company's Performance Management System (PMS) portal, **Zydus PRIDE**. This platform, accessible via web browser login, provides a centralized space for performance reviews, goal tracking, and individual development plans.

Through this multi-faceted performance management approach, we ensure a clear alignment between individual and corporate goals, fostering both individual growth and overall organizational effectiveness. This is crucial for driving sustained business performance and maintaining our competitive edge in the evolving pharmaceutical industry.

The current performance management process of Zydus is as follows:



Long term Incentives for Employees

At Zydus, we recognize the critical role that long-term incentive programs play in both retaining top talent and driving sustained organizational success. To foster a workforce that is aligned with our strategic objectives, we integrate sustainability-focused Key Performance Indicators (KPIs) into the performance assessments of our employees, ranging from middle to senior management levels. These KPIs are reviewed on a regular basis, with performance evaluations occurring anywhere from monthly to annually, depending on the role and reporting structure.

Our approach to long-term employee incentives is also closely tied to the achievement of function-based sustainability milestones such as health and safety metrics, resource efficiency and cost effective outputs, employee wellbeing metrics and social responsibility efforts. Specifically, variable compensation is directly linked to performance against these targets, ensuring that employees are motivated to focus on long-term outcomes that align with the company's vision. By connecting compensation with strategic goals, we encourage a mindset that prioritizes lasting impact over short-term results.

Beyond financial incentives, Zydus also invests in the long-term growth and development of its employees. After a three-year reporting cycle, high performing employees can be considered become eligible for promotion and high-performing individuals with are given the opportunity to progress upward to new roles within the organization. This growth initiative is based on a holistic assessment of past performance, demonstrated capability, and the availability of roles within the Company's evolving ecosystem.

This comprehensive approach to long-term incentives serves not only to retain qualified and engaged employees but also ensures that key decisions and actions throughout the organization remain aligned with our broader strategic goals. By fostering a culture of performance, development, and sustainability, we position ourselves for continued success while creating a work environment where employees are motivated to invest in both their personal growth and the Company's future.

Employee Support Programs

As Zydus, Employee Support Programs (ESP) are essential for promoting the overall well-being of employees and driving organizational success. By offering a comprehensive range of services that cater to physical, mental, and emotional needs, ESPs foster a nurturing work environment where employees can flourish. Investing in these programs signifies a commitment to the people who are fundamental to the success of the business, resulting in a more satisfied and motivated workforce. Below are some key employee support and well-being initiatives implemented by the Company:

Health and Wellness Programs

- **Zydus Well-being:** Annual health check-ups and subsidized treatment for employees and their families at Zydus Hospitals.
- **24/7 Medical Assistance:** Comprehensive medical support, including ambulance services and emergency first aid at manufacturing sites.
- **Medical Insurance:** Robust medical insurance policy for on-roll employees and workers, extended to their parents.
- **Top-Up Options:** Additional coverage through a top-up medical insurance plan.
- **Zydus Cares:** Support program for pregnant employees with assigned buddies throughout pregnancy.
- **Paternal Leave:** Five days of paternity leave for fathers (Maternity leaves for mothers are given for 26 weeks as per government norms).
- **Health and Safety Compliance:** Strict adherence to human rights, safety, health, and hygiene protocols.

Work-Life Balance Initiatives

- **Zydus Clubs:** Opportunities for employees to engage in hobbies and passions, promoting a healthy work-life balance.
- **Flexible Working Hours (Work from Home):** Options for flexible schedules to accommodate personal needs, as per requirement basis.
- **Breastfeeding Facilities:** Lactation rooms available at the workplace for nursing mothers.

Employee Recognition and Engagement

- **Employee Recognition Programs:** Initiatives like "Champion of the Month" and Zydus "STARS" to motivate and recognize employee contributions.
- **Zydus "Khel Ka Mahasangram":** Year-round sports activities encouraging employee participation.

Family and Financial Support

- **Childcare Facilities:** Daycare services to support working parents.
- **Financial Support for Families:** In the event of an employee's passing, the company ensures salary continuation for the family and covers child education expenses until graduation. Additionally, low-interest loans for marriage, housing, education, and medical emergencies are offered.
- **Insurance Coverage:** Employees receive comprehensive medical and accident insurance to ensure their well-being.

Through these initiatives, the Company demonstrates its commitment to the health and happiness of its workforce, creating a thriving environment that enhances both individual and organizational performance.

Employee Turnover Rate

Talent retention is a crucial metric for Zydus as it directly impacts our operational efficiency and knowledge retention. In our field that requires specialized skills and extensive regulatory knowledge, retaining experienced personnel is important for maintaining high standards of quality and compliance. We strive to achieve low employee turnover rates in order to promote stronger team dynamics and collaboration, which are essential for driving innovation and growth. Through various employee focused initiatives including dedicated learning management programs, proactive DEI efforts, volunteering initiatives, employee support initiatives, etc., we prioritize employee satisfaction and minimize turnover to achieve sustained growth, enhance our competitive edge, and foster a culture of excellence that aligns with our strategic goals.

Indicator	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total employee turnover rate	18.7	18.4	19.1	18.1
Voluntary employee turnover rate	18.3	17.0	17.8	16.6

Total turnover rate data breakdown by category:

Age Group (in %)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Below 30	31	30	27	27.1
30-40	14	16	18	14.4
40-50	5	6	6	5.1
Above 50	6	3	4	2.5

Gender (in %)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Male	19	18	18	16.3
Female	17	20	25	20.8

Management Level (in %)	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Senior Management	7	6	10	5.5
Middle Management	15	17	10	10.7
Junior Management	24	22	20	17.3

Employee Engagement and Well-being

In today's dynamic and competitive job market, we recognize that attracting and retaining top talent is crucial for success. The "Great Place to Work" certification has emerged as the gold standard for companies aiming to excel in this area. At Zydus Lifesciences Limited, we have consistently sought to enhance our human resources practices, and as part of this commitment, we participated in the Great Place to Work certification process.

This comprehensive evaluation requires participating companies to provide qualitative and quantitative data related to their workplace culture, including employee wellbeing programs, policies, and survey results. In the latest reporting year, we conducted a GPTW survey with a sample of 4,921 employees, With a response rate of 81% (3981 employees). The survey revealed that 80% of respondents are highly satisfied.

The survey included a diverse cross-section of employees, encompassing senior management, management, and junior staff. Key focus areas included burnout culture (stress), job satisfaction, and overall happiness. The insights gathered were meticulously analyzed and benchmarked against industry standards. **As a result of these efforts, Zydus Lifesciences Limited has proudly received the "Great Place to Work" certification for three consecutive years, from FY2021 to FY2024. This recognition underscores our commitment to fostering a supportive and fulfilling workplace environment, where employee wellbeing is a top priority.**



HEALTH AND SAFETY MANAGEMENT



Health and Safety Management

OHS Policy

Our Company is deeply committed to Occupational Health and Safety (OHS), ensuring a safe and healthy work environment for all employees, contractors, and individuals under our supervision. This commitment is reflected in our comprehensive EHS policy, which is publicly available on our corporate website and in our annual sustainability report.

Link for Policy: <https://www.zyduslife.com/public/pdf/EHSPolicy.pdf>

Our OHS framework aligns with relevant international standards and regulations, incorporating best practices from international standards like ISO 14001, 45001. We believe that a culture of safety is built through collaboration, and we actively engage our employees and their representatives in the development and implementation of our OHS initiatives.

We are dedicated to the continual improvement of our OHS management system, setting clear prioritization and action plans to address safety challenges effectively. Additionally, we have established quantitative targets to enhance OHS performance metrics, allowing us to measure our progress and drive meaningful change across all operations. By fostering a proactive approach to safety, we aim not only to comply with regulations but to exceed them, creating a workplace where everyone feels secure and valued.

OHS Programme

Zydus Lifesciences Limited is deeply committed to Occupational Health and Safety (OHS), and has established a comprehensive program designed to safeguard the well-being of our employees. Detailed information about our OHS initiatives can be found in our public reporting and on our corporate website.

Incident Reporting and Preparedness: Our EHS incident reporting and investigation policy has been implemented across all our operations, for all incidents related to Near miss, process safety near miss, high potential, first aid cases, medical treatment cases, Lost time cases, restricted workdays, fatalities, Occupational illnesses, chemical exposure and process safety.

Risk & Hazard Assessment: Our program includes thorough risk and hazard assessments aimed at identifying potential workplace hazards—processes like.

PSSR (Pre-Start-up Safety Review): We conduct a systematic process conducted before starting up a facility or equipment to ensure that all safety measures are in place. It checks for hazards, verifies that safety systems are operational, and confirms that all necessary training and procedures are completed.

HAZOP (Hazard operating procedures): It helps us to identify potential hazards and operability issues in a system. The EHS team also reviews the design or process to identify how deviations from normal operations could

lead to safety or performance issues.

HIRA (Hazard Identification Risk Assessment): It helps prioritise risks based on their potential impact and likelihood thereby guiding appropriate control measures.

We are also constantly conducting Third Party Safety audits for all our facilities.

Industrial Hygiene: We are conducting periodic IH Monitoring such as Personal exposure sampling, Containment validation and cross contamination study for potent molecules (OEB-5). This helps us to constantly improve the facility for our employee's occupational health.

Safety Management Software (Zysafe): All manufacturing facilities have implemented safety management systems through Zysafe software (<http://zysafe/login.aspx>). All the employees have access of Zysafe software. Zysafe software consists of 9 different modules for EHS Scheduling, Observations, Corrective Action Preventive Action (CAPA), Incident and Investigation, EHS Monthly Report, Global CAPA, Work Permit, Safety Passport, EHS Quiz

Worker Participations and Healthcare Initiatives: As part of our commitment to safety, workers actively participate in safety committee meetings, as mandated by statute. During these meetings, they report work-related hazards, and together we discuss and implement effective mitigation measures. We provide access to an onsite doctor and maintain an Occupational Health Centre (OHC) clinic to address all medical queries. Furthermore, all permanent employees and workers are covered by a medical insurance policy, ensuring that their non-occupational medical needs are met.

This proactive approach enables us to prioritize and integrate actionable plans with quantifiable targets to effectively address these risks. We continually evaluate our progress in reducing and preventing health issues, ensuring to attain the target of reducing LTIFR rate by 5% by 2025.

In addition, we are committed to prepare for and respond to emergencies by integrating necessary actions into our operational framework.

Our dedication to occupational health and safety (OHS) is reflected in regular internal inspections and independent external verification from Intertek India Private Limited of our health and safety data.

We maintain strong procedures for investigating work-related injuries, illnesses, and incidents to learn and improve from each occurrence.

All employees receive OHS training to raise awareness and minimize operational incidents, fostering a culture of safety.

We also implement OHS criteria in our procurement and contractual requirements and our Supplier code of conduct as per ILO Conventions, reinforcing our commitment to safety throughout the supply chain.

Through these initiatives, we aim to create a safe and healthy work environment for all.

Health Outcome

Parameter	Unit	FY 2023-24	FY 2022-23	Target FY 2024-25
Fatalities (Employees)	Number	0	0	Reduction in LTIFR by 5%
Fatalities(Contractors)	Numbers	0	0	
Lost-Time Injury Frequency Rate (LTIFR) - Employees	LTIFR (n/million hours worked)	0.02	0.14	
Lost-Time Injury Frequency Rate (LTIFR) - Contractors	LTIFR (n/million hours worked)	0	0.098	



ACCESS TO HEALTHCARE



Access to Healthcare

Access to Healthcare Programs

We are dedicated to improving healthcare access in low- and middle-income countries, particularly in Latin America, Asia Pacific, and Africa. We focus on providing affordable healthcare solutions by manufacturing a diverse range of high-quality generic medicines. Our commitment to producing cost-effective alternatives to branded medications ensures that essential treatments are accessible to populations facing financial barriers. Through various initiatives, we strive to enhance healthcare affordability and support the well-being of communities in these regions, reinforcing our mission to positively impact global health.

Progress associated with access to healthcare products

We have built one of the most comprehensive and diverse portfolios of biological products on the back of concentrated efforts put in over the years. The portfolio consists of 30 compounds, including 8 novel biologics and 22 biosimilars and spans across multiple therapies such as oncology, autoimmune disease, nephrology, inflammation, rheumatology, hepatology and infectious illnesses. Building such a diverse portfolio in biotech research strongly demonstrates our commitment to innovation and improving healthcare. In terms of geographical presence, we cater to the patients of India and different emerging market countries and have commercialized 13 products (including one novel biologic) so far.

Going forward, oncology will be the most significant therapeutic area, accounting for the majority of the under-development portfolio with a focus on expanding access of our products to emerging markets.

Our progress and milestones specific to the India and Emerging Markets are highlighted below:

India Market	Emerging market
Received marketing authorization for Pertuzumab biosimilar.	Continues to file dossiers of various biosimilars, which were developed for India market, in different emerging market countries.
Rituximab – Applied for marketing authorization in FY2022. Dossier being reviewed by DCGI.	Russia, Mexico, Algeria, Philippines, Morocco and South Africa will be major markets for the Company.
Completed Phase III clinical trials of one monoclonal antibody (mAb).	Received GMP approval for the mAb drug substance facility from Tanzania Food and Drug Authority.
Initiated Phase III clinical trials for one product.	Received marketing approval for different biosimilars from different regulatory authorities viz. Renocrit and Bonmax PTH for Nepal. Trastuzumab and Adalimumab for Ecuador and Bevacizumab for Myanmar market.
Completed pre-clinical studies for one mAb and applied for no objection certificate (NOC) to Review Committee on Genetic Manipulation (RCGM).	
On the novel biologics front, completed animal toxicity studies for one of the molecules and applied for Phase I clinical trials approval.	

Progress associated with access to healthcare services

Zydus Medical College and Hospital, Dahod

The Zydus Foundation has set up Zydus Medical College and Hospital (ZMCH) at Dahod to serve the needs of the patients and bring world-class medical education to the remote areas of Gujarat. The facility is in a strategic location offering high quality tertiary healthcare services to the tribal and other backward communities across eastern Gujarat and neighboring districts of Madhya Pradesh and Rajasthan. It stands as a beacon of excellence in medical education, research, and patient care providing medical and healthcare services to the underserved population in remote settings. With its state-of-the-art facilities, dedicated faculty, and commitment to serving the community, Zydus Medical College and Hospital in Dahod has emerged as a leading center for medical advancements in an aspirational district, providing comprehensive healthcare services to the communities residing in this region and beyond. The hospital provides free treatments including OPD, surgeries, anesthesia, oral medicines, injectables and food for patients.

In the context of India, the establishment of a hospital and a national medical college in an aspirational district holds profound significance, particularly as it serves as the only tertiary healthcare facility within a 150 km radius. This initiative not only addresses the immediate healthcare needs of the local population but also sets the groundwork for long-term improvements in health outcomes and medical education in the region.

The presence of a tertiary healthcare facility is pivotal for residents in remote and underserved areas. For many communities, this hospital is a lifeline, providing highly affordable access to essential services that would otherwise require long-distance travel. As the sole blood bank for neighboring villages, it plays a crucial role in emergency care,

maternal health, and surgical procedures, thereby saving lives and improving maternal and infant health outcomes. The services in the hospital are provided free of charge to the patients in need, which helps in addressing the most pressing issue of burgeoning out of pocket expenditure in healthcare in India. Further, as government records showcase, the decrease in Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR) in the region is a testament to the positive impact this facility has had on healthcare delivery.

Targets associated with access to healthcare services

The ZMCH programme aim to broaden existing healthcare services—from medicine, surgery, orthopedics, ENT, ophthalmology, etc. to advanced specializations such as neurosurgery, urology, and cardiology—represents a transformative step in regional healthcare. This expansion will not only cater to the immediate health issues faced by the community but will also reduce the need for patients to seek care outside their district, thus alleviating the financial and emotional burden on families. By introducing specialized care, the hospital can address complex health conditions that are prevalent in the region, providing timely interventions and enhancing patient outcomes. In this direction, the leadership also envisions and aims to establish a regional center for treating sickle cell disease, which would be a remarkable step towards addressing the prevailing sickle cell endemic in the region. This targeted approach will facilitate early diagnosis, management, and education about the disease, leading to improved quality of life for affected individuals and their families. The vision of the project is to eliminate the disease from the region by 2047 by providing end-to-end solutions and care from awareness and prevention to timely diagnosis and post treatment rehabilitation.

The integration of a national medical college with the hospital enhances the educational landscape of the region. It creates opportunities for local students to pursue medical education, thereby fostering a new generation of healthcare professionals who are rooted in the community and equipped to address its unique health challenges. This not only contributes to reducing the shortage of healthcare professionals but also enhances the quality of care provided, as graduates will be familiar with local health issues and cultural contexts. The hospital management also ensures that the students in the college participate in the 'Family Adoption Program' wherein each student adopts a local family during their internship to provide the necessary care and medical oversight and acts as a bridge between the community and the hospital. To date, more than 2,650 families have been adopted by the five batches of the undergraduate students who have since enrolled in the college.

Zydus Medical Hospital, Dahod's Free Of Cost Services - Progress and Targets

Service Type/Category	Patients service in FY2023-24	Target/Forecast for FY2024-25
OPD services	4,00,000+	4,20,000+
New admissions	41,000+	45,000+
Surgeries	~45,000	~50,000
Deliveries	4800+	5600+
Neurosurgery	283	314
Urology	167	468
Lab tests	31,00,000+	38,00,000+
Radiology	1,80,000+	2,20,000+
Blood units issued	13,000+	14,500+

Innovative Solutions for Enhanced Patient Access

We continue to invest in generics R&D pipeline build-up with a higher focus incrementally on more differentiated products across diversified dosage forms including drug-device combination products. The generics R&D efforts which are largely centralized at PTC (Pharmaceutical Technology Centre) in Ahmedabad, India have always focused on agility, execution and efficiency. Consequently, we have been able to file at a significantly higher pace relative to industry standards in a very prudent and cost-efficient manner. PTC is responsible for generic dosage formulations development for the global businesses, including US, India, Europe and Emerging Markets.

We have proudly developed Ujvira™, the world's first biosimilar of the antibody drug conjugate Kadcyra®, aimed at making breast cancer treatment more affordable. The patient-centric approach has facilitated rapid growth in Ujvira™'s availability, enabling the company to serve around 6,000 patients since its launch. What was once accessible to fewer than 5% of patients is now benefiting over 25% of eligible individuals. We also produced ZyCoV-D®, world's first Plasmid DNA vaccine approved for human use which is a needle-free COVID vaccine. This significant expansion underscores our commitment to providing effective and affordable treatment options for those in need.

Empowering Patients Through Awareness and Screening Programs

We are actively engaged in enhancing patient education and health outcomes through comprehensive awareness sessions for the general public and patient groups. These sessions cover a range of conditions, including hypertension, liver care, diabetes, gastrointestinal diseases, cancers, inflammatory diseases, nephrology, and cardiology. Additionally, we organize screening camps to detect various diseases, such as breast cancer, non-alcoholic fatty liver disease (NAFLD), non-alcoholic steatohepatitis (NASH), osteoporosis, and hepatitis. Through these initiatives, we are committed to shaping better patient outcomes and promoting overall community health.

Medical products or drug donations

Zydus Foundation has donated high end medical equipment to Indian Institute of Medical Sciences (BHU) to provide quality healthcare services to the community. This includes Hyperbaric Oxygen Therapy Machine of Inhaled Nitric Oxide Machine. (Amount contributed provided in BRSR FY 2023-24, Pg 106; equal to INR 9.24 million)

Conducting research to develop new medicines for neglected diseases

Rabies: We provide for commercialized a Rabies vaccine called Twinrab. It is a novel cocktail drug and more information about the product and the research is available here (<https://twinrab.com/>) . WHO recommends the use of cocktail mAbs containing at least two monoclonal antibodies as a Replacement to RIGs in Rabies PeP. The Zydus vaccine is a breakthrough innovation in this category.

For **Chikungunya** medicine, research and development is ongoing and Zydus is at the pre-clinical stage.

For **Leishmaniasis**, in 2024, we received the WHO prequalification approval for Miltefosine, an active pharmaceutical ingredient (API) used to treat Leishmaniasis, also known as Kala-Azar. This approval will make the drug more accessible globally.

Furthermore, we are committed to addressing the needs of patients with rare, orphan and neglected diseases by expanding its portfolio of specialty products. We have developed ten products, including one focused on orphan diseases, targeting areas such as pain management, neurology, metabolic disorders, and liver diseases. In FY 2023-24, we filed two New Drug Applications, enhancing its presence in these critical fields. Following the acquisition of Nulibry™, the first commercial rare disease product, we established a robust platform to support patients. Additionally, the company expanded disease awareness efforts for Menkes and MoCD-A, advocating for their inclusion in key genetic lab panels.

Local Capacity Building

Research and Development

We actively engage in local capacity building in research and development by partnering with the Lucknow-based CSIR-Central Drug Research Institute (CDRI) to develop innovative treatments for chronic kidney disease-induced osteoporosis. Through a collaborative research agreement, the two entities are working on the discovery of small molecule inhibitors of Sclerostin to create effective oral medications. This partnership not only aims to explore new therapeutic avenues for bone metabolism disorders but also ensures that patients suffering from chronic kidney disease have access to affordable and effective therapies. Moreover, during the pandemic, we partnered with institutions to expedite clinical trials for its COVID-19 vaccine, ZyCoV-D. This involved collaboration with local hospitals and research institutes to enhance trial capacities and we have also collaborated with Indian Council of Medical Research (ICMR) for new drug candidates and vaccines, aiming to leverage local expertise and facilities.

Pharmacovigilance

Furthering our commitment to building local capacities for effective pharmacovigilance, we have implemented skill development and training programs for employees in South Africa, enhancing their expertise in drug safety and monitoring. In Uganda, we have focused on team training for the collection of adverse events (AE), adverse drug reactions (ADR), adverse event following vaccination (AEFR), and product quality complaints.

Patient Education

We are dedicated to enhancing local healthcare capacities in countries highlighted in the ATMI 2022, with a keen focus on educating patients and creating awareness. In Mexico, a dedicated epilepsy website has been launched and dedicated webinars were conducted to increase awareness on epilepsy and Depression and mental well-being focused on prevention of any self-harm.

Myanmar has benefited from a patient education program addressing diabetes, obesity and associated risks to liver function, cardiovascular issues, etc. with continuous education initiatives like celebrating World Obesity Day, awareness sessions on social media, sessions with experts, etc. are conducted periodically. Risk of obesity leads to MSLD - Major Hybrid symposium organized in Yangon was attended by more than 200 clinicians. Additionally, free BP measurement, HBa1C & Lipid Detection is done at a few clinics for timely detection, diagnosis and treatment. The ZYCARE application has been made available to enhance patient services.

Sri Lanka has featured health talks led by doctors on critical issues such as menopause and osteoporosis, importance of calcium and Vitamin D supported by a Patient Care Initiative that has screened key health parameters such as HB level, uric acid level, continuous BP monitoring through APBM, ECG monitoring, Sleep apnea test, Uroflowmetry &

Spirometry and provided education on heart disease.

In Uganda, health camps have been organized to raise awareness about hypertension, diabetes, and asthma, further fostering community engagement and promoting better health outcomes.

Supply Chain Management

We manage our supply chain through a robust supplier assessment framework that involves annual evaluations combining desk assessments by an internal team and plans for future on-site evaluations using a cross-functional approach. Suppliers must disclose performance data related to ESG parameters, allowing Zydus to assess their compliance with regulations and maturity in ESG criteria. The internal team reviews the results and takes corrective actions as needed, with no significant risks identified during the reporting year. To enhance supplier capabilities, we conduct training sessions and has established a supplier code of conduct that mandates adherence to key social criteria, including human rights, protection against harassment, child labor policies, and fair wages, ensuring a responsible and effective supply chain aligned with our ESG goals.

Provider Education

In Sri Lanka, there is a strong emphasis on continuous professional development through academic meetings and full-day conferences featuring both international and national speakers. These events include workshops focused on ultrasound scanning, led by experts from around the world, as well as hands-on training aimed at enhancing laparoscopic surgical skills in Akola, India. Additionally, Continuing Medical Education (CME) resources, including videos from the Brigham Board in the UK, cover important topics in rheumatology and gastroenterology. Access to esteemed international journals such as UpToDate, Access Medicine via McGraw Hill, JAAOS, and AOS further enriches the educational experience.

In Uganda, efforts are being made to provide doctors with advanced diagnostic tools, which significantly improve the diagnosis of non-communicable diseases (NCDs), thereby enhancing patient care and outcomes in the region.



Measuring Contribution to Health Outcome

At Zydus Lifesciences, we are deeply committed to measuring our contribution to health outcomes, focusing on prevention and awareness through impactful programs. In FY 2023-24, we've reached numerous patients across various initiatives, from addressing liver health to cancer awareness and chronic kidney disease. By utilizing key performance indicators, such as the number of patients reached and programs conducted, we can gauge our effectiveness and refine our approach. As we forecast our impact for FY 2024-25, we are excited to expand our efforts, ensuring that more individuals benefit from our initiatives and gain access to vital health information and services.



Prevention	Key Programmes	KPI used to measure impact (e.g. No. of patients reached)	Impact FY 2023-24	Forecast Impact FY 2024-25
BioNext	<ul style="list-style-type: none"> Awareness Programs on Fatty Liver, Viral Hepatitis, Healthy Liver 	<ul style="list-style-type: none"> No. of patients reached both physically & through social media HCPs engaged programs conducted 	<ul style="list-style-type: none"> >2 million patients reached >1000 HCPs engaged >500 programs conducted 	<ul style="list-style-type: none"> >1.7 million patients reached >1600 HCPs engaged >500 programs conducted
Oncology	<ul style="list-style-type: none"> Screening for Breast Cancer 	<ul style="list-style-type: none"> High risk patients screened 	<ul style="list-style-type: none"> Covered 500 such high risk individual for early diagnosis 	
Oncology	<ul style="list-style-type: none"> Awareness through print media Hospital based activities: standees/ awareness talks during October month 	<ul style="list-style-type: none"> No. of people reached 	<ul style="list-style-type: none"> 25 such activities to cover > 2000 people for awareness Covered 30 hospital accounts for breast cancer awareness with > 3000 people engaged in awareness activities 	
Nephrology	<ul style="list-style-type: none"> World Kidney Day and other patient awareness meetings (Chronic Kidney Disease Awareness Programs) 	<ul style="list-style-type: none"> No. of programs conducted across India No. of patients impacted 	<ul style="list-style-type: none"> 80 meetings across the country 100+Nephrologists >1500 patients 	<ul style="list-style-type: none"> 150 meetings 200+ Nephrologists >3000 patients
Vaxxicare	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No. of subjects engaged 	<ul style="list-style-type: none"> Activity helped Zydus Vaxxicare to create value with the pediatricians as Immunization Partner improving vaccination rate in India with ~ 1000+ Pediatric across India. Strong advocacy with ~500+ gyne across India; advocates for Immunization for Influenza vaccine during pregnancy and MMR in pre conception. Engaged 5500+ pediatricians with the activity and 100000+ families impacted for awareness about VPDs. 	<ul style="list-style-type: none"> Replication of activities will help Zydus Vaxxicare to partner with 2000+ Pediatric facilities + Hospitals across 70 Cities in 2025 reaching more than 1 Lakh children & their parents on Pediatric catch-up & adult vaccination among high risk groups. IIR & Life course activities help improve the education, awareness and overall quality of life. Our partnership with FOGSI helps create and capture space in gynecology segment, strengthening our relationship and creating strong advocacy for improving women's health and enhance overall maternal immunization rate.

Diagnosis	Key Programs	KPI used to measure impact	Impact FY 2023	Forecast Impact FY 2024
BioNext	<ul style="list-style-type: none"> Viral Hepatitis Screening camps Fibro Liver scan camps 	<ul style="list-style-type: none"> No. of Camps conducted No. of patients screened No. of HCPs engaged No of Patients Positive / At risk No. of patients converting to therapy 	<ul style="list-style-type: none"> Hepatitis >160 camps conducted >5000 patients screened Fibro (Jan – Dec 23) 5268 camps done 300 doctors engaged 53931 patients screened 	<ul style="list-style-type: none"> Hepatitis >290 camps conducted >14600 patients screened Fibro 4203 camps done 350 doctors engaged 43513 patients screened
Biovation	BMD camps conducted	<ul style="list-style-type: none"> No. of patients screened 	5800 patients	10000 patients

Treatment	Key Programs	KPI used to measure impact	Impact FY 2023	Forecast Impact FY 2024
Nephrology-Transplant Treatment (adherence/ compliance and rehabilitation)	<ul style="list-style-type: none"> World Organ Donation Day Awareness-Digital awareness activities through radio, webinars, podcast & reels Living well with CKD Anemia' - Webinar series for patients in collaboration with KWF 	<ul style="list-style-type: none"> No. of programs conducted across India No. of patients impacted No. of doctors engaged 	<ul style="list-style-type: none"> 50+ doctors engaged Reached out to 2500+ patients 5 programs >400 patients each 	<ul style="list-style-type: none"> 100+ doctors 4000+ patients 10 programs >1000 patient
Zydus Medical College and Hospital at Dahod	Free medical services, including OPD, Surgeries, anesthesia, ICU, state-of-the-art paediatric care unit, IPD, Emergency, oral medicines, injectables, and food for all the beneficiaries without discrimination	<ul style="list-style-type: none"> No. of patients serviced/ treated 	73,84,250+ patients treated for different ailments and conditions	83,35,882+ targeted to be serviced for different conditions

End to End Cycle Solutions	Key Programs	KPI used to measure impact	Impact FY 2023	Forecast Impact FY 2024
Zydus Medical College and Hospital at Dahod	End to end patient care services – ranging from awareness sessions to post treatment care is provided in our high-quality tertiary care facility	<ul style="list-style-type: none"> No. of patients serviced/ treated 	1,00,000+ patients provided post treatment care and rehabilitation support	1,50,000+ patients targeted to be provided post treatment care

Contribution to Increasing Healthcare Efficiency

As a leading generics global pharmaceutical company, we are dedicated to increasing healthcare efficiency by providing high-quality generic medicines that are both accessible and competitively efficacious compared to their innovative counterparts. Our business is predominantly driven by generics products. By focusing on the production

of generics, we ensure that essential treatments are widely accessible and available to those who need them most, without compromising on quality or effectiveness.

To achieve our vision of accessible healthcare, we have implemented a series of cost-efficiency initiatives aimed at optimizing our manufacturing processes. Our investment in renewable energy, particularly solar power, has not only reduced our carbon footprint but has also significantly lowered operational utility costs. Water management is another critical aspect of our sustainability strategy. Further, automation plays a pivotal role in enhancing our manufacturing efficiency. By streamlining operations, increasing batch-sizes and reducing reruns through advanced technologies, we have improved our production reliability and reduced costs associated with inefficiencies. We have also undertaken sustainable and innovative packaging practices that not only support our ESG objectives but contributes to the overall efficiency of our supply chain. With the help of these initiatives, we are able to transfer a distinct cost advantage to our customers as compared to standard therapeutic options and other competitive innovations.

At Zydus, energy conservation is one of the key pillars to achieve operation excellence. We have developed a pool of certified energy auditors by Bureau of Energy Efficiency (BEE), Govt. of India to conduct internal energy audit. External energy audits are also conducted every 3 years. Further, brainstorming sessions to identify energy saving opportunities through structures manner called "Manthan" wherein people from various functions express their views and ideas to conserve energy. The ideas are plotted in G (Generation) – E (Evaluation) – A(Accrual) – R(Realise) to understand the feasibility and progress of implementation.

Under the SLIM program, Zydus is using 3 main levers for productivity improvement as highlighted below:

Initiative	Batch size increase	Cycle Time reduction	Product Throughput Improvement
Activity	Scaling up batch sizes of tablet production	Identified and eliminated non-value add or non-essential processes	Extended duration of production campaigns, optimization in shift closure, streamlining machine shutdown processes
Benefits/Efficiencies	Minimized transitional losses, higher operational efficiency, significant cost savings across utilities	Savings in fixed costs such as utilities and manpower due to streamlining of operations	Optimization of manpower usage, reduction in resource wastage
Number of ideas implemented	57	32	4

The cost savings from these SLIM improvement initiatives are close to INR 24 Cr. These cost savings are critical for sustainable business operations and to ensure that the manufactured medicines can be supplied to the distributors and the final consumers at competitive and affordable prices.

Given that our business is predominantly driven by generics products, we carefully assess the costs incurred throughout the entire production process, from design to delivery, identifying key levers to improve efficiency, such as automation, efficient energy usage, optimized resource utilization, etc. These efforts are centrally driven and closely monitored to minimize manufacturing expenses across our product portfolio, allowing the savings to be passed along to subsequent stages of the supply chain such as dealers, distributors, and ultimately, customers. By reducing variable costs associated with product manufacturing, we focus on not only enhancing cost competitiveness but ensuring that our products remain an affordable, accessible and preferred alternative to branded therapies for distributors and customers alike, thereby contributing to more sustainable healthcare delivery.

Corporate Social Responsibility

We engage with vulnerable and marginalized groups as a part of our CSR programme with the aim of creating healthier, happier communities globally. Zydus Shrishti, our 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.

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: Zydus - (IA) 2024.

Further details of the company's CSR Programme can be found on Page 33-39 of the company's Annual Report FY2024: https://zyduslife.com/investor/admin/uploads/14/2/2023-2024_1.pdf



AWARDS AND ACCOLADES



Innovative awards - CII National Award for Environment Best Practices 2023



Mahatma Award for "ESG Excellence" 2024

ESG PERFORMANCE OUTCOMES



Financial Time Stock Exchange (FTSE) ESG Rating

In Financial Time Stock Exchange ESG Risk Ratings, Zydus Lifesciences Limited has improved its performance from "3.1/5 to 3.3/5". Improvement in FTSE ESG score by over 6% in FY24 w.r.t FY23.



Sustainalytics ESG Risk Rating

In Morningstar Sustainalytics ESG Risk Ratings, Zydus Lifesciences Limited has improved its performance from "High Risk (38.3) - 2022 to Medium Risk (29.1) - 2024". Improvement in ESG Risk Rating score by over 24% in two years.



Corporate Sustainability Assessment (CSA) by S&P Global

In Corporate Sustainability Assessment (CSA) by S&P Global, Zydus achieved an ESG score of 62/100 in January 2024, reflecting a 15% improvement over the previous year score of 54/100 in 2023.



ESG Risk Rating by Stakeholder Empowerment Services (SES)

SES, an independent ESG rating conducted ESG performance assessment based on Business Responsibility and Sustainability Report (BRSR) and post assessment, our score got improved by 18% from 52/100 to 70.3/100 in 2023(2024 score is still not released).

FTSE
Russell

CERTIFICATE OF MEMBERSHIP

This is to certify that

Zydus Lifesciences

is a constituent company in the FTSE4Good Index Series



FTSE4Good

June 2024

The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social and governance practices measured against globally recognised standards.

V3.0

ALIGNMENT WITH GLOBAL ESG FRAMEWORKS

Sr. No.	Section	Subsection	Page No.	TCFD	BRSR	SDG	DJSI	CDP
1	Introduction	About the Report	03					1.3
2		Sustainability at Zydus Lifesciences	04					1.3
3		Approach to Sustainability	05					
4		Sustainability Integrated Business Strategy	05		Section A			
5		ESG Highlights	06			13.1, 5.5, 16.7, 6.3, 7.2, 12.4		
6	Corporate Governance	Board Structure	08		Section A (21)	5.5, 16.7	1.2.1	1.3
7		Ethical Business Conduct	09		Principle 1 (E.4)	16.5	1.5.2	1.24
8		Reporting on Breaches of Code of Conduct	09			16.5	1.5.5	
9		Contributions and other Spending	10				1.6.1	
10		Largest contributions/Spending	10				1.6.2	
11		Tax Strategy	10				1.8.1	
12		Tax Reporting	10				1.8.2	
13	Materiality Assessment	Materiality Process	14		Principle 4(L.1)	13.1, 8.5	1.3.1	2.2
14		Material Issues for Internal Value Creation	15		Principle 4(L.2)		1.3.2, 1.3.3	
15		Material Issues for External Stakeholders	16		Principle 4(L.2)		1.3.4, 1.3.5	
16		Materiality Issues: Description and Impact	17		Section A. VII. 26	13.1, 8.5, 6.3, 7.2		2.1
17	Risk Management	Risk Governance	24				1.4.1	
18		Approach to Risk Management	24				1.4.2	
19		Emerging Risks	25				1.4.3	
20	Information and Technology	Information and Technology	29		Principle 9(E.3), (E.5), (E.7)		1.9	
21	Product Quality and Innovation	Compliance to Regulatory Standards	31				1.11.2	
22		Product Recalls	31		Principle 9(E.4)		1.11.1	
23		Product Innovations	32				1.10.1	
24		Healthcare Clinical Pipeline	32		Principle 3(L.2)		1.10.2	
25	Sustainable Supply Chain	Supplier Code of Conduct	34		Principle 1(L.1)		1.7.1	5.11
26		Supplier ESG Programs	34				1.7.2	5.11
27		Supplier Screening and Assessment	34		Principle 5(L.4)		1.7.3, 1.7.4	5.11
28	Environmental Stewardship	Environmental Governance	37				2.1.1, 2.1.2, 2.1.3, 2.1.4	4.6
29		Energy and Emissions Management	37	Metrics and Targets- 4(b)	Principle 6(E.1)	12.2, 7.2, 8.4	2.2.1, 2.2.2	7.3
30		GHG Emissions	40	Metrics and Targets- 4(b)	Principle 6(E.7), (L.2)	12.4	2.5.1, 2.5.2, 2.5.3	7.5, 7.6, 7.8, 7.45, 7.9
31		Waste Management	41	Metrics and Targets- 4(b)	Principle 6(E.9)	12.4, 12.5	2.3.1, 2.3.2, 2.3.3	7.52, 13.1
32		Water Stewardship	42	Metrics and Targets- 4(b)	Principle 6(L.1)	12.4, 6.3	2.4.2	9.2, 9.15, 9.12, 13.1
33		Water Risk Assessment	44			6.3	2.4.1	2.2, 3.1, 3.6
34		Biodiversity Risk Assessment	46				2.6.1	3.1
35		Biodiversity Commitment	47			15.5	2.6.2	11.2
36		No- Deforestation Commitment	47			15.5	2.6.3	11.2

ALIGNMENT WITH GLOBAL ESG FRAMEWORKS

Sr. No.	Section	Subsection	Page No.	TCFD	BRSR	SDG	DJSI	CDP
37	Product Stewardship	Product Design Criteria	49		Principle 2(E.2)	12.2, 11.6	2.7.1	10.5
38		Life Cycle Assessment	50		Principle 2(L.1), (L.2)	12.4, 12.5, 11.6	2.7.2	
39		Exposure to Hazardous Substances	50		Principle 6(E.10)	3.9	2.7.3	
40	Climate Strategy and Governance	Climate Governance	53	Governance- 1(a), 1(b)	Section B.9		2.5.4	4.1, 4.3
41		Climate related incentives	54				2.5.6	4.5
42		Climate Risk Management	55	Risk Management- 3(a), 3(b), 3(c)	Principle 6(L.5)	13.1	2.5.7	
43		Climate Risk Assessment	55	Strategy- 2(c)			2.5.10	5.1
44		Physical Climate Risk Assessment and Adaptation	56	Strategy- 2(a)		13.1	2.5.11	5.1, 3.1, 3.6
45		Transition Risk Assessment and Adaptation	57	Strategy- 2(a)				
46		Financial Risks and Opportunities of Climate Change	57	Strategy- 2(b)			2.5.8, 2.5.9	5.3, 5.4, 5.2
47		Environment targets	58	Metrics and Targets- 4(a), 4(c)	Section B.5	12.2, 12.4, 12.5, 6.3, 7.2	2.5.12	6.1, 7.53, 7.54
48		TCFD Alignment	58				2.5.5	5.1
49	Employee Relations	Workplace Diversity	60		Section A.III.21	5.5, 5.1	3.1.2, 3.1.3	
50		Gender Pay Indicators	61			5.1, 8.5, 10.3	3.1.4	
51		Freedom of Association	61		Principle 3(E.7)		3.1.5	
52	Rights of Our People	Human Rights Due Diligence Process	63		Principle 5(L.2)	8.8, 8.7	3.2.2	
53		Human Rights Assessment	63		Principle 5(E.10), (E.2)	16.2, 5.1, 8.8, 8.7	3.2.3	
54		Human Rights Mitigation and Remediation	63		Principle 5(E.5), (E.8)	5.2	3.2.4	
55	Human Capital Management	Training and Development	66		Principle 3(E.8)	4.3, 8.6	3.3.1	
56		Employee Development Program	66			4.3, 8.5, 8.6	3.3.2	
57		Hiring	68			4.4	3.3.4	
58		Performance Appraisal	69		Principle 3(E.9)		3.3.5	
59		Long term Incentives for Employees	70				3.3.6	
60		Employee Support Programs	70		Principle 3(E.1)	3.8	3.3.7	
61		Employee Turnover Rate	71		Section A.III.22	8.5, 8.6, 10.3	3.3.8	
62		Employee Engagement and Well-being	72		Principle 3(E.1)	8.5, 8.6	3.3.9	
63	Health and Safety Management	OHS Policy	74		Principle 2(L.12)	3.3	3.4.1	
64		OHS Programme	74		Principle 2(L.10), (L.11)	3.9	3.4.2	
65		Health Outcome	75				3.4.3, 3.4.4, 3.4.5	
66	Access to Healthcare	Access to Healthcare Programs	77			3.8	3.5.1	
67		Local Capacity Building	79			3.8	3.5.2	
68		Measuring Contribution to Health Outcome	81				3.5.8	
69		Contribution to Increasing Healthcare Efficiency	82				3.5.6	
70		Corporate Social Responsibility	83		Principle 4(L.3)	3.8, 1.4, 9.1		

TCFD- Task Force on Climate-related Financial Disclosures BRSR- Business Responsibility and Sustainability Report SDG- Sustainable Development Goals DJSI- Dow Jones Sustainability Index CDP- Carbon Disclosure Project

GLOSSARY OF ABBREVIATIONS

Abbreviations	Full Form	Abbreviations	Full Form
APIs	Active Pharmaceutical Ingredients	WFI	Water For Injection
VTC	Vaccine Technology Centre	AHU	Air Handling Unit
ZRC	Zydus Research Centre	SSR	Stainless Steel Reactor
ZCP	Zydus Corporate Park	FG	Finished Goods
GHG	Greenhouse Gas	ETP	Effluent Treatment Plant
CSR	Corporate Social Responsibility	OSD	Oral Solid Dosage
ESG	Environment, Social and Governance	UPS	Uninterrupted Power System
CFO	Chief Financial Officer	ID Fan	Induced Draft Fan
CRO	Chief Risk Officer	FD Fan	Forced Draft Fan
CSA	Corporate Sustainability Assessment	FDV	Forced Draft Ventilation
SEBI	Securities and Exchange Board of India	VFD	Variable Frequency Drive
NRC	Nominations and Remuneration Committee	EC Fan	Electronically Commutated Fan
INR	Indian National Rupees	ASRS	Automated Storage and Retrieval System
FICCI	Federation of Indian Chambers of Commerce and Industry	QC	Quality Control
WOS	Wholly Owned Subsidiaries	APFC	Automatic Power Factor Controller
ZWL	Zydus Wellness Limited	kWp	Kilo Watt Power
ZHL	Zydus Healthcare Limited	CII	Confederation of Indian Industry
LMML	LM Manufacturing India Private Limited	GRI	Global Reporting Initiative
ZWWD	Zydus Worldwide DMCC	tCO ₂ e	Tonnes Carbon dioxide Equivalent
ZNBV	Zydus Netherlands B.V.	EPR	Extended Producer Responsibility
ZAHL	Zydus Animal Healthcare Limited	AFR	Alternative Fuel Resources
ZYSA	Zydus South Africa	MT	Metric Tonnes
ZIPL	Zydus International Private Limited	CGWA	Central Ground Water Authority
ZPUK	Zydus Pharmaceuticals UK Limited	WWF	World Wildlife Fund
RE	Renewable Energy	RCP	Representative Concentration Pathways
ZLD	Zero Liquid Discharge	AWARE	Available Water Remaining
GLP	Good Laboratory Practices	TNFD	Taskforce on Nature-related Financial Disclosure
R&D	Research and Development	IUCN	International Union for Conservation of Nature
LTI	Lost Time Injury	ESP	Electrostatic Precipitator
RMC	Risk Management Committee	FO	Furnace Oil
NCEs	New Chemical Entities	COP	Coefficient of Performance
PIAs	Privacy Impact Assessments	MG	Medication Guide
SOP	Standard Operating Procedure	PVC-PvDC	Polyvinylidene chloride-Polyvinylidene dichloride
CISO	Chief Information Security Officer	PTH	Parathyroid Hormone
CCSEA	Committee for Control and Supervision of Experiments on Animals	SVHC	Substances of Very High Concern
AAALAC	Association for Assessment and Accreditation of Laboratory Animal Care	ICCA	International Council of Chemical Associations
USD	US Dollars	REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
FDA	Food and Drug Administration	MD	Managing Director
EMA	European Medicine Agency	CHRO	Chief human resources officer
GMP	Good Manufacturing Practices	GDSO	Global Demand and Supply Organisation
P2P	Procure-to-Pay	BU	Business Unit
EHS	Environment, Health & Safety	BOD	Board of Director
EMS	Environmental Management Systems	IT	Information Technology
KPI	Key Performance Indicator	BRSR	Business Responsibility and Sustainability Report
BEE	Bureau of Energy Efficiency	MR	Management Representative
MWh	Mega Watt Hour	KRA	Key Responsibility Area
		SLIM	Strategic Lean Integrated Manufacturing

GLOSSARY OF ABBREVIATIONS

Abbreviations	Full Form
Encon	Energy Conservation
NGFS	Network for Greening the Financial System
TCFD	Taskforce on Climate-related Financial Disclosure
ESCO	Energy Service Company
CAPEX	Capital Expenditure
OPEX	Operating Expenses
NDC	Nationally Determined Contribution
POSH	Prevention of Sexual Harassment
FTE	Full-Time Equivalent
OHS	Occupational Health and Safety
LEAP	Learn Explore Aspire Perform
IQ	Intelligence Quotient
EQ	Emotional Quotient
STEP	Strive Towards Excellence Program
GM	General Manager
DGM	Deputy General Manager
OKRs	Objectives and Key Results
MBO	Management by Objectives
SMART	Specific, Measurable, Achievable, Relevant, and Time-bound
ICs	Individual Contributors
PMS	Performance Management System
PRIDE	Performance Review and Individual Development Evolution
ESP	Employee Support Programs
GPTW	Great Place to Work
HIRA	Hazard Identification Risk Assessment
IH	Industrial Hygiene
CAPA	Corrective Action Preventive Action
OHC	Occupational Health Centre
LTIFR	Lost Time Injury Frequency Rate
PSSR	Pre-Start-up Safety Review
HAZOP	Hazard Operating Procedures
ILO	International Labor Organization
DCGI	Drug Controller General of India
mAb	monoclonal antibody
NOC	No Objection Certificate
RCGM	Review Committee on Genetic Manipulation

Abbreviations	Full Form
ZMCH	Zydus Medical College and Hospital
IMR	Infant Mortality Rate
MMR	Maternal Mortality Rate
PTC	Pharmaceutical Technology Centre
NASH	Non-Alcoholic Steato Hepatitis
NAFLD	Non-Alcoholic Fatty Liver Disease
BHU	Banaras Hindu University
WHO	World Health Organisation
CDRI	Central Drug Research Institute
ICMR	Indian Council of Medical Research
AE	Adverse Events
AEFR	Adverse Event Following Vaccination
ADR	Adverse Drug Reactions
MSLD	Metabolic dysfunction-associated steatotic liver disease
ATMI	Access to Medicine Index
ABPM	Ambulatory Blood Pressure Monitoring
HB Level	Haemoglobin Levels
BP	Blood Pressure
ECG	Electrocardiography
CME	Continuing Medical Education
NCDs	Non-Communicable Diseases
JAAOS	Journal of the American Academy of Orthopaedic Surgeons
AOS	American Ornithological Society
IIR	Improving Immunization Rate
FOGSI	Federation of Obstetric and Gynaecological Societies of India
VPDs	Vaccine-Preventable Diseases
HCPs	Healthcare Professionals
OPD	Outpatient Department
ICU	Intensive Care Unit
KWF	Kidney Warriors Foundation
CKD	Chronic Kidney Disease
SDG	Sustainable Development Goal
SIA	Social Impact Assessment
FTSE	Financial Time Stock Exchange
SES	Stakeholder Empowerment Services



Dedicated To Life

'Zydus Corporate Park', Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar),
Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad-382 481, Gujarat, India.
Phone : +91-79-71800000, +91-79-48040000
website : www.zyduslife.com