

## Corporate Governance

# Going Beyond Compliance

Our corporate governance approach, characterised by quality, reliability, trust, consistency and innovation, is embedded in our value system. Maintaining the highest standards of ethical business conduct is central to our efforts to create shared value for all our stakeholders. Upholding ethical business conduct fosters transparent and accountable communication with all stakeholders, facilitating responsible and sustainable decision-making.

### Global Code of Conduct

Our Global Code of Conduct (GCoC)<sup>9</sup> is the central mechanism that regulates our robust corporate governance approach. Deeply entrenched in our values, our GCoC provides fundamental guidance on the manner and mode of upholding the highest standards of responsible conduct across our business operations and value chain<sup>10</sup>. The GCoC is the governing document concerning all business activities, applicable to all employees as well as the Board of Directors. Further, all business partners, including suppliers, service providers, agents and channel partners, are expected to adhere to the principles of the GCoC.



<sup>9</sup>GRI 2-23, <sup>10</sup>GRI 2-24

## Features of our GCoC

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

As enshrined in our GCoC, we have a strict, no-tolerance approach to bribery and corruption. We maintain strict vigilance across our business operations to prevent any such instances<sup>11</sup>. Employees are provided with training on the GCoC and must maintain strict adherence to the same<sup>12</sup>. For FY23, there have been no instances of bribery, corruption, anti-competitive, antitrust and monopoly practices<sup>13</sup>.

## Board of Directors

At Sun Pharma, we have a top-down approach to drive and achieve excellence in our operations. Our diverse Board of Directors<sup>14</sup> represents this approach, consisting of highly motivated and dedicated industry experts. The Board and its committees maintain strict oversight over the implementation of the GCoC, Company policies and processes, and compliance with local laws and regulations<sup>15</sup>. This approach demonstrates our commitment to implementing responsible business practices across our operations and the value chain.

Our Board comprises nine members, of which five are Independent Directors including one female Independent Director. Of our total Board strength, three Non-executive/Independent Directors hold specific experience in the pharmaceutical industry. Further details of the Board of Directors' skills and expertise can be found on page 60 of our Annual Report.

The average tenure of our Board of Directors is 10.22 years. All Independent Directors meet the criteria set

out in the Companies Act 2013 and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations). Aligned to regulation 16 (b) of the Listing Regulations, an Independent Director means a Non-executive Director other than a Nominee Director and who is not related to the Promoter of the Company and who does not have any material pecuniary relationship with the Company, etc.

In FY23, we held six Board meetings with an average attendance rate of 96.3%. All Directors must attend at least 75% of meetings on a best-effort basis, effective April 1, 2023. To enhance transparency, all Board members undertake an annual self-review of the Board's performance<sup>16</sup>. Four of our Non-executive/Independent Directors hold less than four mandates with other listed companies. Non-executive or Independent Directors are restricted to seven mandates as per SEBI requirements. Aligned to the Companies Act 2013 requirements, one-third of all Non-independent Directors retire by rotation and are re-elected every year. Independent Directors are appointed for a specific period<sup>17</sup>.

<sup>11</sup>GRI 205-1, <sup>12</sup>GRI 2-15, GRI 205-2, <sup>13</sup>GRI 205-3 and 206-1, <sup>14</sup>GRI 2-9 and 2-11, <sup>15</sup>GRI 2-12, 2-13 and 2-14, <sup>16</sup>GRI 2-18, 2-17, <sup>17</sup>GRI 2-10

## Corporate Governance (continued)

The Board is responsible for driving our vision, achieving the most sustainable results and delivering impactful shared value to all our stakeholders<sup>18</sup>.

As the Business Responsibility Head, Mr. Sailesh Desai, a Whole-time Director, has been mandated to implement all sustainability-related initiatives and processes effectively<sup>20</sup>. We have formalised the Delegation of Authority (DoA) that provides for a robust framework, clearly outlining the responsibilities of key personnel. One of the mandates of the DoA is to support the integration of ESG and sustainability-related principles across our business through periodic board oversight on key functional areas of finance, environment, safety, procurement, human resources, and community

development, among others. Further details of the Board of Directors' skills and expertise can be found on page 60 of our FY23 Annual Report<sup>19</sup>.

The remuneration of the Managing Director and Whole-time Director(s) is approved by the Board, as per the recommendation of the Nomination and Remuneration Committee, within the overall limit fixed by the shareholders at their meetings. The Company's Non-executive Directors are entitled to sitting fees of ₹100,000 for attending each meeting of the Board and/or of the Committee<sup>21</sup>. The Board of Directors periodically determine payment of Commission to the Independent Directors considering various factors including but not limited to the amount of time spent by each of the Directors on the Board processes.

### Remuneration Paid/Payable to the Directors of the Company for FY23

<sup>22</sup>Ratio of remuneration of each Director to median remuneration of employees and increase/(decrease) in Remuneration in % can be found on page 40 of our FY23 Annual Report.

						(in ₹)
Director	Salary	Bonus	Prerequisites/ Benefits	Sitting Fees	Commission to Independent Directors	Total
Israel Makov*				500,000		500,000
Dilip S. Shanghvi	41,008,680	8,201,736	5,324,493	-	-	54,534,909
Sailesh T. Desai	14,397,816	2,879,563	2,447,980	-	-	19,725,359
Kalyanasundaram Subramanian**	58,704,217	4,034,673	2,559,983	-	-	65,298,873
Sudhir V. Valia				1,900,000	-	1,900,000
Gautam Doshi				2,800,000	4,800,000	7,600,000
Pawan Goenka				3,400,000	5,100,000	8,500,000
Rama Bijapurkar				800,000	4,000,000	4,800,000
Sanjay Asher***				500,000	1,666,667	2,166,667

\* Mr. Israel Makov retired and ceased to be the Chairman and Director of the Company upon the conclusion of the 30th Annual General Meeting held on August 29, 2022.

\*\* Mr. Kalyanasundaram Subramanian retired and ceased to be the Director of the Company effective February 13, 2023.

\*\*\* Mr. Sanjay Asher is appointed as an Independent Director of the Company for a term of November 1, 2022, till March 31, 2025.

<sup>18</sup>GRI 2-12, <sup>19</sup>GRI 2-17, <sup>20</sup>GRI 2-13 and 2-14, <sup>21</sup>GRI 2-19 and 2-20, <sup>22</sup>GRI 2-21

## Board of Directors



**Dilip S. Shanghvi**  
Managing Director



**Dr. Pawan Goenka**  
Lead Independent Director



**Gautam Doshi**  
Independent Director



**Rama Bijapurkar**  
Independent Director



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



**Sanjay Asher**  
Independent Director



**Rolf Hoffman**  
Independent Director<sup>23</sup>




**Aalok D. Shanghvi**  
Whole-time Director<sup>24</sup>




**Sailesh T. Desai**  
Whole-time Director



 Audit Committee

 Corporate Governance  
and Ethics Committee

 Corporate Social Responsibility  
(CSR) Committee

 Nomination and  
Remuneration Committee

 Risk Management  
Committee

 Stakeholders' Relationship  
Committee

<sup>23</sup>Appointed effective from June 15, 2023, <sup>24</sup>Appointed effective from June 1, 2023

# Corporate Governance (continued)

## Committees of the Board

The Board has constituted six committees<sup>25</sup> with clearly defined roles and responsibilities to ensure that every issue is effectively dealt with, and diverse matters are resolved expeditiously. These committees meet at regular intervals in terms of a pre-set cadence, deliberate on matters of

technical or specialist nature and provide counsel and advice to the Board<sup>26</sup>. Through their overarching approach, these Committees also provide oversight to evaluate and implement some ESG-related topics.



### Audit Committee

The Audit Committee oversees the Company's financial reporting process, reviews the internal financial controls, risk management system, whistleblower/vigil mechanism, and effectiveness of the audit process, in addition to establishing a connection between the internal and external auditors and the Board of Directors approval of transactions with related parties, evaluation of internal financial controls and risk management systems, among others.



### Corporate Governance and Ethics Committee

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



### Corporate Social Responsibility (CSR) Committee

The CSR committee's primary function is formulating the annual action plan and giving recommendations to the Board regarding the amount of expenditure to be incurred on CSR. It also monitors and reviews the utilisation of the funds on various CSR-related activities and projects as per the CSR policy of the Company.



### Nomination and Remuneration Committee

The Nomination and Remuneration Committee reviews and approves the Remuneration Policy<sup>27</sup> and formulates the criteria for evaluating the Independent Directors. The Board recommends and approves remuneration to Whole-time Directors, and all remuneration in whatever form, payable to senior management, identifies persons who are qualified to become directors and who may be appointed in senior management as per the criteria laid down and recommend to the Board the appointment or removal of such persons, among others.



### Risk Management Committee

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



### Stakeholders' Relationship Committee

The primary function of the Stakeholder's Committee is to solve the problems of security holders of the Company and review the adherence to the standards and measures of the services provided. This committee also undertakes measures for reducing the quantum of unclaimed dividends.

<sup>25</sup>GRI 2-9, <sup>26</sup>GRI 2-16, <sup>27</sup>GRI 2-20

## Policies

In addition to a strong governance structure, our robust policies provide a detailed framework for responsible business conduct across our operations and value chain. These policies outline clear expectations from all our employees and business partners and act as guiding documents for various business activities.

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

## Grievance Redressal

We are committed to redressing all grievances of all our stakeholders in a timely and secure manner<sup>28</sup>. Our Global Whistleblower Policy provides a safe mechanism for all stakeholders to report any misconduct or violation of our GCoC and other Company policies. We encourage all stakeholders to report misconduct or grievance without the fear of retaliation. Our website (<https://sunpharma.com/contact/>) gives an option for our stakeholders to file complaints/grievances related to product quality and adverse events.

For shareholders, we provide for a separate grievance redressal procedure through the Registrar and Share Transfer Agents as prescribed by SEBI. In FY23, the Company received 34 shareholder complaints and duly resolved these within the reporting period. We received four complaints on sexual harassment for the reporting year, and remedial action has been implemented, aligned to the Prevention, Prohibition and Redressal of Sexual Harassment Policy as outlined in the GCoC<sup>29</sup>.



<sup>28</sup>GRI 2-25 and 2-26, <sup>29</sup>GRI 2-27