

## Stakeholder Engagement and Materiality Assessment

# Shaping a Shared, Sustainable Future

Stakeholder engagement is crucial to our business, enabling us to maintain a consistent and continuous dialogue with our stakeholders. While dedicated functional representatives of the Company routinely engage with their respective stakeholders to create lasting and meaningful relationships, we also actively seek inputs from stakeholders on ESG-related aspects through surveys and consultations.

By involving stakeholders directly in the ESG materiality assessment process, we ensure we hear their voices and consider their perspectives in formulating ESG strategies. We also leverage digital platforms and social media to reach a broader stakeholder base. This inclusive approach enables us to capture and integrate diverse viewpoints in our ESG strategy.

We have adopted a systematic approach for stakeholder identification and mapping. Engaging with the right stakeholders is vital for comprehensively understanding the diverse expectations from our Company. These stakeholder groups include our shareholders, regulators, suppliers, and third-party manufacturers, non-governmental organisations (NGOs), local communities, customers and patients, employees, and our Company's senior leadership.



## Stakeholder Engagement Methodology



## Gaining Insights: Our Stakeholder Engagement Approach<sup>31</sup>



### Investors/Shareholders

#### Engagement Process

- Financial performance reporting and earnings calls
- Investor conferences
- Event-driven press releases
- Investor presentations

#### Key Areas

- Corporate governance
- ESG disclosures
- Regulatory compliance
- Product responsibility
- Cost-competitiveness

#### Our Approach

- Our governance procedures are firmly grounded in our business principles. We provide regular disclosures through our Annual Reports, Sustainability Reports and Investor Presentations to ensure transparency.
- Dedicated teams such as the quality management and pharmacovigilance unit collaborate closely to uphold product quality and safety.
- We emphasise operational excellence and have implemented initiatives covering production, personnel, and supply chain efficiency.



### Regulators

#### Engagement Process

- In-person meetings
- E-mails

#### Key Areas

- Regulatory compliance
- Community engagement
- Rural market penetration
- De-risk supply chain

#### Our Approach

- We ensure adherence to regulatory requirements, establish robust SOPs and implement remedial actions to prevent non-compliance.
- We undertake community development initiatives specifically tailored to address the community's unique needs.
- We formulate comprehensive strategies to foster a responsible supply chain and evaluate alternate suppliers wherever possible.

<sup>31</sup>GRI 2-29

# Stakeholder Engagement and Materiality Assessment (Continued)



## Suppliers/Vendors/Third-party manufacturers

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### Engagement Process

- Vendor meets
- Virtual modes such as e-mail or telephone
- Assessments

### Key Areas

- Timely payments
- Collaborations

### Our Approach

- We monitor and facilitate prompt payments, implement digital interventions, and employ effective management systems.
- We promote vendor engagement based on specific needs and requirements to ensure optimal collaboration and mutually beneficial relationships.



## NGOs

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### Engagement Process

- In-person meetings
- Virtual modes such as e-mail or telephone

### Key Areas

- Employee volunteering
- Agile decision-making

### Our Approach

- We facilitate and encourage employee volunteerism through various programmes and initiatives.
- Our CSR management system undergoes regular optimisation to enhance our ability to respond to the community's evolving needs.
- All our CSR projects are aligned with the United Nations Sustainable Development Goals (UN SDGs), ensuring that our initiatives contribute towards achieving these global objectives.



## Community

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### Engagement Process

- In-person meetings
- Engagement through NGO partners

### Key Areas

- Community development programmes focusing on healthcare, education, water and sanitation, rural development, and environmental conservation.

### Our Approach

- We implement community development activities after conducting thorough need assessments.
- We have established formal and informal communication channels to address any grievances from the community. These channels allow for effective redressal of any concerns the community members raise.



## Customers/Patients

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### Engagement Process

- In-person meetings
- E-mails
- Customer feedback

### Key Areas

- Product quality, access, and pricing

### Our Approach

- We ensure the safety and efficacy of our products through a robust Quality Management System (QMS).
- We have a strong pharmacovigilance mechanism to record and address product-related complaints
- Our pricing strategy is designed to provide the best value to our end customers, considering affordability, competitive market analysis, and customer needs.



## Employees

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### Engagement Process

- Employee-focused web portals
- E-mails
- Employee engagement surveys
- Town hall meetings

### Key Areas

- Training for professional growth and development
- Well-being initiatives
- Employee recognition
- Fair remuneration
- Good work-life balance

### Our Approach

- We implement personalised employee learning and development initiatives tailored to individual needs and skill sets.
- We curate employee welfare and recognition programmes that acknowledge and appreciate the contributions and achievements of our workforce.
- We maintain an annual appraisal process and foster an open feedback culture to facilitate constructive dialogue and employee growth opportunities.
- We promote employee engagement through various initiatives, encouraging involvement, collaboration, and a sense of ownership within the organisation.



## Senior leadership

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### Engagement Process

- In-person meetings
- Virtual modes such as e-mail or telephone

### Key Areas

- Sustainable and resilient business operations
- R&D and innovation

### Our Approach

- We review our business strategy regularly, considering market dynamics and incorporating valuable stakeholder inputs.
- We leverage emerging technologies to stay at the forefront of innovation and continually enhance our R&D capabilities.

# Stakeholder Engagement and Materiality Assessment (continued)

## Approaching Materiality: Evaluating Impact and Importance

In FY23, we revisited and reviewed our approach to identify the top priorities of our business by applying the principles of double materiality to reflect upon the changing priorities of our stakeholders and align them with our strategic goals. While previously we have evaluated the material topics from the point of view of relevance, this year we have reviewed our material topics with a consideration of impact - on our business performance and society or the environment.

This comprehensive revision ensures that our materiality assessment remains robust, enabling us to address the

most pertinent ESG issues while driving sustainable value for all our stakeholders.

Our revised materiality assessment and the key material issues have been reviewed and discussed with our Senior Management. To stay aligned with the ever-changing external factors such as the competitive landscape, shifts in macroeconomic trends, evolving consumer preferences, and demands from regulators and investors, we have institutionalised a process to review our prioritisation and assessment of material topics annually.<sup>32</sup>



### Explore

Focused research has been undertaken to identify and prioritise the most relevant and significant material issues for the business. We have referred to guidance from the Sustainability Accounting Standards Board (SASB), MSCI, Global Reporting Initiative (GRI) Standards, S&P Global, emerging risks, and the pharmaceutical sector megatrends.



### Identify and Engage

We had conducted online questionnaire-based surveys for external stakeholders in the past. In the reporting year, we undertook a detailed internal review and questionnaire-based survey with senior management representatives.

The above steps resulted in identifying key material topics for the Company.



### Review and Evaluate

We comprehensively analysed and assessed our senior management's responses and compared these to the stakeholder responses to develop the materiality matrix.

This evaluation ensured that the identified material topics aligned with our stakeholder expectations and overall business goals.

## Materiality Review – FY23 Highlights

We engaged with our senior management members to obtain feedback on Sun Pharma's existing material topics and any new emphasis areas that are most relevant and significant for us.

By analysing the responses received, we gained valuable insights into the significance and impact of the material topics for society, the environment, and our business.

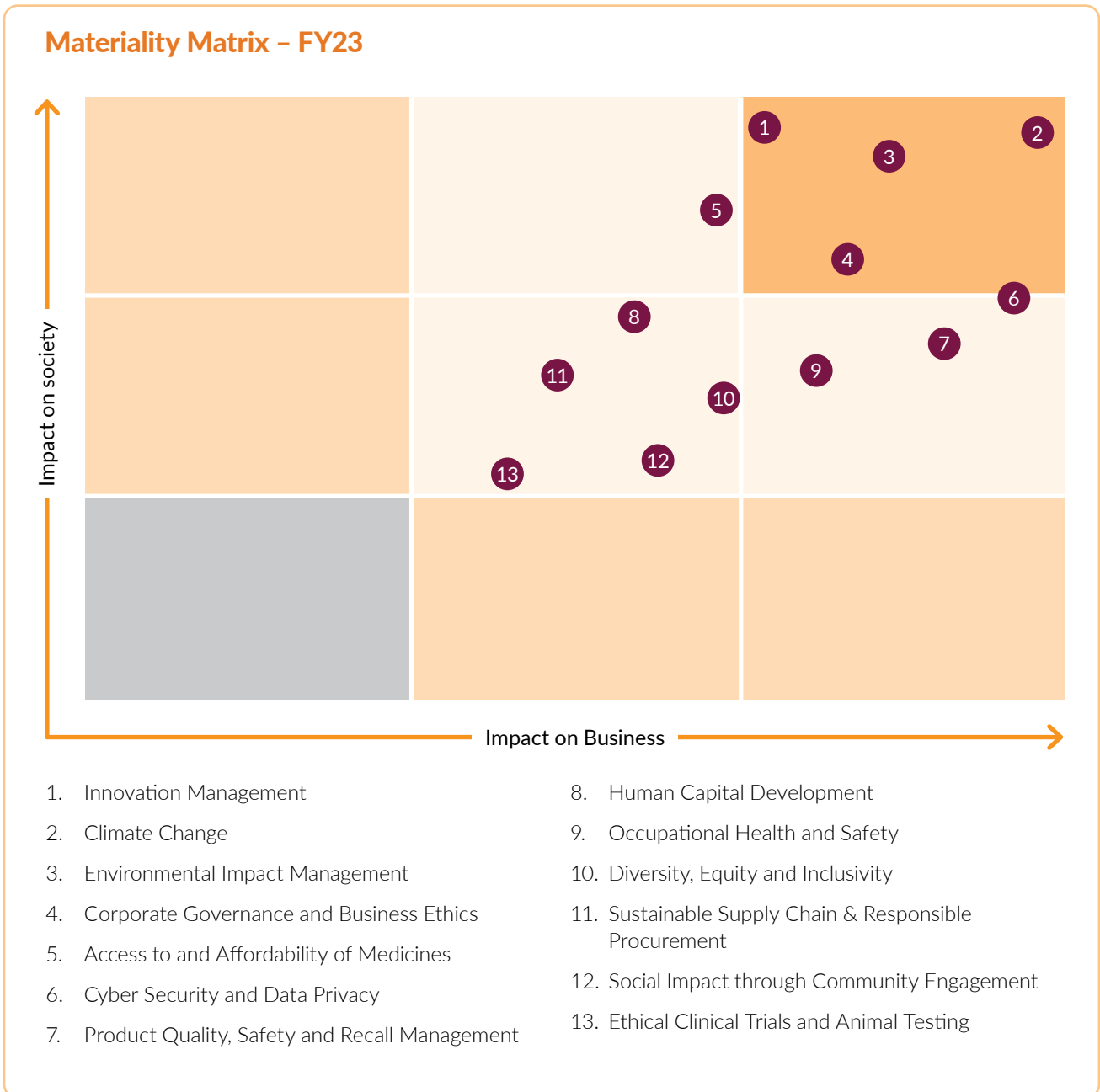
The material topics identified underwent a comprehensive validation process to ensure accuracy, relevance and prioritisation.

We were able to benefit from the expertise and insights of our senior management. Such insights help inform our decision-making processes and enable us to align our sustainability initiatives with our organisation's strategic objectives while considering the societal and environmental implications of our actions.

<sup>32</sup>GRI 3-1,3-2,3-3

## Our Materiality Issues for FY23

We have prioritised the relative importance of the relevant material topics for our business and visualised it as a materiality matrix. The material topics in this matrix are an outcome of our stakeholder engagement and materiality assessment conducted in FY23. We evaluated each of these topics using the lens of double materiality. We have considered the perceived impact of the material topic on Sun Pharma's business and ability to create, preserve, or erode value for shareholders and other stakeholders. We have also attempted to evaluate the impact of these topics on society and the environment through Sun Pharma's business activities.



While we remain committed to closely monitoring and tracking our performance and progress on all identified material topics, we have explained our approach to managing our top five material topics with the highest relative importance for business continuity and societal value creation, in respective sections of this report.

Our detailed Materiality Assessment and Management Approach may be found in our FY23 Annual Report on page 82 via the link: <https://sunpharma.com/wp-content/uploads/2023/07/SPIL-AR2022-23-Complete-Annual-Report.pdf>