






| SUSTAINABILITY | POLICY

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Purpose

This sustainability policy outlines a framework for addressing sustainability including environmental, social, and governance (ESG) issues, ensuring that business practices align with sustainability goals and contribute to long-term value for the company and society. The Policy acts as a guiding document for integrating sustainability into the business strategy, promoting responsible behavior, and addressing potential risks and challenges.

This Policy describes our commitment to various elements of environmental, social and governance aspects and intends to enable the Company to achieve its business responsibility and sustainability goals. We believe in building of a robust enforcement mechanism that will ensure translation of our commitments into actions in letter and spirit.

Scope and Applicability

The applicability of this Policy is to parent entity and suppliers unless specified otherwise. All executives, employees, workers, and interns whether on-roll or contractual, part-time or full-time, fixed term, or trainee of the Company, with partial or full access to our systems and information infrastructures shall abide by this policy.

Definitions

- **Adverse Drug Reaction (ADR):** The harmful or unintended effects of a medication that occur at normal doses used for prevention, diagnosis, or treatment of disease.
- **Anti-Microbial Resistance (AMR):** The ability of microorganisms, including bacteria, viruses, fungi, and parasites, to withstand the effects of antimicrobial agents that were previously effective, resulting in reduced efficacy of standard treatments, persistent infections, and increased risk of disease spread, morbidity, and mortality.
- **Child Labour:** Employment of children, below 14 years of age, in any form of work that deprives them of their childhood, interferes with their ability to attend school, and is mentally, physically, socially, or morally harmful.
- **Code of Ethics:** The key governing document of the Company outlining the principles, values, and standards of behavior expected from individuals within the Company. It serves as a framework for ethical decision-making and helps guide conduct in various situations, especially when facing moral dilemmas or conflicts of interest.
- **Eco-sensitive areas:** Ecologically important and fragile regions that require special protection due to their rich biodiversity, unique ecosystems, and environmental significance.

- **ESG:** A set of standards used to evaluate a company's operations and performance in areas related to environmental impact, social responsibility, and corporate governance practices.
- **Fair competition:** A market environment where businesses compete on equal terms, following rules that ensure no party gains an unfair advantage.
- **Fair Trade:** A trading partnership that seeks greater equity, emphasizing on ethical sourcing, fair wages, safe working conditions, environmental sustainability, and transparency.
- **Forced Labour:** any work or service that a person is compelled to perform against their will, under the threat of punishment, coercion, or deception.
- **Good Manufacturing Practice (GMP):** A system of guidelines and regulations that ensure products are consistently produced and controlled according to quality standards. These practices are essential in industries like pharmaceuticals, food, cosmetics, and medical devices to ensure the safety, quality, and efficacy of products.
- **Marginalized Groups:** Communities that are excluded from mainstream social, economic, educational, or political life. Their voices are often underrepresented, and they lack equal access to rights, resources, and opportunities.
- **Penetration Testing:** A controlled and authorized simulated cyber-attack on a system to exploit vulnerabilities and evaluate the effectiveness of security defenses.
- **Pharmacovigilance:** Detection, assessment, understanding, and prevention of adverse effects or any other drug-related problems.
- **Right First Time:** Right First Time (RFT) is a quality management principle that emphasizes doing a task correctly the first time it is performed, rather than relying on inspections or rework to fix mistakes later. The goal is to reduce errors, waste, and costs while improving efficiency and customer satisfaction.
- **Sustainability:** The commitment of a business to operate responsibly by integrating environmental, social, and governance (ESG) considerations into its strategies and operations to create long-term value.
- **Vulnerability Assessment:** A systematic process to scan and identify known security vulnerabilities in a system without exploiting them.
- **Vulnerable Groups:** Individuals or communities at a higher risk of harm, discrimination, or disadvantage due to factors like age, gender, disability, health.

Alkem's Vision for Sustainability

We envision a future where quality healthcare is delivered with deep responsibility to people and the planet. Through ethical governance, environmental consciousness, and a culture rooted in fairness and transparency, we strive to be a leader in sustainable impact and resilient innovation in the pharmaceutical industry.

Policy Governance

An appropriate framework towards implementation of this Policy shall be devised and periodically reviewed by the Company. Emerging trends, evolving national and global frameworks and dynamic industry landscape shall be monitored and requisite amendments shall be done to the Policy, if required. The CSR and Sustainability Committee of the Board will oversee implementation of this policy. Subsequent amendments to this policy will be reviewed and approved by Board.

Policy Commitments

1. Ethics, Transparency and Accountability

It is our commitment to promote integrity and maintain highest standard of ethical conduct. We believe that integrity is the foundation of our reputation and the key to our success. Company has institutionalized strong code of conduct to ensure highest level of ethical and transparent business practices. The Company ensure compliance with all applicable statutes, regulations and guidelines through following means:

- Relevant communication either financial or non-financial is reported by the Company to its stakeholders in transparent, timely and accurate manner.
- Robust compliance management system has been adopted by the Company to ensure adherence to applicable laws.
- Comprehensive “Code of Ethics” has been adopted by the Company for employees, directors, senior management and all relevant stakeholders shall abide by the Code in letter and spirit.
- The Company has instituted an appropriate grievance redressal mechanism in the form of Whistle-blower Policy on principles of anonymity, fairness and justice to identify stakeholder grievances in time-bound manner and take corrective and preventive actions and ensures that interests are protected under the said policy.
- The Company is committed to the principles of fair trade and competition, transparency and accountability.
- We are committed to preventing bribery and corruption in all our business activities and maintaining the highest ethical standards.

2. Product Stewardship

It is our conscious effort to build a healthy environment and deliver the best quality of product to our consumers. The Company undertakes a series of measures to ensure the best quality of its products through its entire life cycle.

- We ensure that all our manufacturing facilities are in compliance with the requirements of current Good Manufacturing Practices (cGMP) and applicable regulatory frameworks of the target market.
- Standardized protocols guide the Company's operations and its products comply with the acceptable limits of safety and quality.
- We ensure that our products and processes constantly enhance the well-being of all segments of society, including vulnerable and marginalized groups.
- The Company's Research and Development (R&D) shall endeavour to design manufacturing processes with the aim of minimizing negative environmental and social impact.
- The Company is focused to adhere with prescribed specifications to achieve Right First Time for manufactured batches and thereby reduce cost of poor quality.
- We continuously invest our efforts in developing innovative products and solutions to solve the pressing health issues in a cost-effective manner.
- We strive to ensure that the materials and services are sourced from our suppliers and vendors in a responsible and sustainable manner.

3. Employee Wellbeing and Safety

Company firmly believes that employees are our most valuable assets and their health, safety and well-being is of prime importance. The Company has adopted appropriate enforcement mechanisms in form of Human Resource Manual, Environment Health & Safety (EHS) Policy and other relevant guidelines. The Company fosters diversity and encourages equal opportunities among its employees, hereby striving to attract and retain the best talent across all functions and levels. We lay utmost importance on:

- Building a safe and diverse workplace with humane working conditions.

- Undertaking measures to eliminate risks of occupational health hazards by leveraging technology, automation, behavioral change and personal protective gears.
- Merit-based recruitment and promotion system free from all forms of discrimination.
- Adoption of fair remuneration practices and adherence to local regulations on minimum wages.
- We pay fair living wages that meet basic needs and ensure economic security of all employees and labor, including contractual.
- Having workplaces free from all forms of physical, verbal, psychological and sexual harassments.
- Ensuring no discrimination on grounds of gender, race, caste, colour, nationality, ethnicity, political inclinations, religious beliefs and sexual orientation in matters related to employment, compensation, promotions, appraisal, etc.
- Recognizing rights of employees relating to freedom of speech, expression, association and do not discriminate any employee or worker on grounds of employee being part of trade association or union.
- Inculcating a culture of continuous learning and development and adoption of appropriate measures to build an enabling environment for professional and personal growth of employees.
- Promoting work-life balance for all its employees and workers. The employees are encouraged to pursue their interests in other spheres as well.
- Employee engagement activities to motivate and inculcate organizational values.

4. Stakeholder Engagement

The Company is committed to engaging with stakeholders to gather feedback, address concerns which helps to set expectations, establish trust and foster open communication. The Company identifies vulnerable and marginalized stakeholders and takes appropriate measures to protect and promote their interests.

5. Human Rights

Alkem is committed to protect and promote Human Rights and ensures adherence with Universal Declaration on Human Rights, UN Guiding Principles of Human Rights and Businesses, Constitution of India, and other applicable local and global norms, regulations, and statutes. We firmly believe in:

- Maintaining complete decorum and respecting the cultural, social and natural rights of local communities in which we operate and take adequate measures to protect and promote such rights.
- Undertaking appropriate measures to ensure that operations and value chain partners are free from all forms of child labour and forced labour.
- Abiding with the principle of non-discrimination on grounds of gender, sexual orientation, race, religion, caste, colour, creed, political inclinations, place of birth, nationality, and ethnicity.
- Undertaking adequate steps and having appropriate systems and processes to protect the personal data of its employees and other stakeholders from unauthorized access and misuse.
- Maintaining the highest degree of ethics and norms during clinical trials.
- Having proper communication relating to conditions, purpose and consequences of the drug trials with relevant stakeholders accurately and transparently.
- Practices that ensure compensation, working hours and overtime practices are in compliance with requirements of local statutes.
- Building an environment for flexible working conditions, as may be applicable.

6. Environment Protection

We recognize that our business operations have an impact on the environment and we are committed to protecting and preserving the natural resources and ecosystems on which we all depend. We believe that it is our responsibility to minimize our environmental footprint and promote sustainable practices throughout our organization. Company is committed to environmental protection in areas of operation and strive to operate on principles of eco-efficiency and eco-effectiveness which includes:

- Appropriate measures and innovative technologies to ensure resource efficiency by use of state-of-art technologies and operational discipline. The

Company shall adopt appropriate measures to achieve energy efficient operations by ensuring conformity with ISO 50001 Standards.

- Periodic energy audits to identify opportunities for energy saving and taking appropriate measures to conserve energy.
- Plans to diversify energy mix to move towards renewable and clean sources of energy in operations.
- Our commitment to contribute towards global battle against climate change and global warming. In this endeavor we shall monitor and manage scope-1, 2, and 3 Greenhouse Gas Emissions.
- Monitoring and undertaking appropriate measures to reduce emissions of oxides of nitrogen and sulphur, particulate matters, and other hazardous gasses within permissible limits.
- Undertaking appropriate measures to avoid negative impact on ambient air quality from operations.
- Plans to use water efficiently, recycle and reuse water, and as practicable, harvest rainwater so as to preserve natural water bodies and ground water table.
- Continuous monitoring and management of effluents and taking measures to minimize adverse impact of effluents on ecosystem and biodiversity.
- Undertaking measures for forest conservation and effective land use.
- Contributing to a sustainable balance between built and natural environments and improving the health, wellbeing and safety of the community.
- Institution of responsible waste management practices including safe handling of waste, secure logistics, and responsible disposal.
- Plans to minimize waste to landfill status by adopting principles of Reduce, Reuse, Recycle, and Rethink.
- Measures to promote resource conservation through efficient utilization and material management.

- Ensuring assessments of environmental impacts of new products and processes before commercialization.
- Ensuring engagement with local communities and experts to develop tailored conservation strategies in eco-sensitive areas.
- R&D efforts having a special focus on minimizing adverse environmental impacts of operations through process and design innovations.

7. Public Policy and Advocacy

The Company actively participates in activities of various local, national and international industry associations. There is continuous engagement with relevant industry bodies, regulatory authorities, policy makers and peers on relevant issues for peer-learning, discussions and deliberations and collaborative growth and development.

We ensure proper and effective communication on various policy aspects to stakeholders in transparent, timely and accurate manner. We uphold fair competition, complying with relevant laws, promote transparency and innovation in public policy advocacy. We also uphold non-discrimination, workers' and employees' rights, responsible supply chain, providing grievance mechanisms, and continuously improving human rights practices. We ensure that policy advocacy initiatives are conducted in accordance with applicable regulations and statutes, and are ethical, responsible and transparent.

8. Community Development

We recognize that we have a responsibility to contribute to the development of the communities where we operate. We believe that by working collaboratively with community stakeholders, we can help create sustainable, healthy and vibrant communities.

Alkem refrains from investing in and operating projects leading to displacement and rehabilitation of communities. Alkem is committed to promoting welfare among the communities that are economically and socially at risk, including senior citizens, women, children, and young people. Our CSR initiatives are aligned with the needs of the communities, national and global priorities, and coherent with ongoing programmes and initiatives.

Policy on Corporate Social Responsibility (CSR) is in accordance with applicable regulations and statutes and shall be updated regularly. Company shall undertake social impact assessment of its CSR initiatives in accordance with applicable regulations. Special emphasis shall be given to robust social programs that are sustainable over the long-term.

9. Customer Safety and Data Security

Alkem is fully committed to the protection of rights, safety and well-being of its customers, consumers and patients. Company believes in augmenting the affordability and accessibility of its products and services for end consumers and patients. The Company strives to provide solutions to pressing healthcare issues in cost-effective manner.

There is robust system of pharmacovigilance in place to identify, investigate, manage, and take corrective actions on Adverse Drug Reactions. We engage with customers, healthcare professionals, consumers and patients to understand their expectations, concerns, and grievance and take adequate measures to address them. Company shall engage and work collaboratively with relevant stakeholders to address sector-specific issues such as Anti-Microbial Resistance (AMR), spurious and counterfeit medicines, etc.

The Company has a robust cyber-security and information security system that is aimed to prevent unauthorized access and misuse of private information of relevant stakeholders. There is periodical assessment of integrity of its systems and networks through Vulnerability Assessment and Penetration Testing.

Grievance Redressal

Any concern or suggestions related to this Policy or sustainability at Alkem, may be emailed to esg@alkem.com.