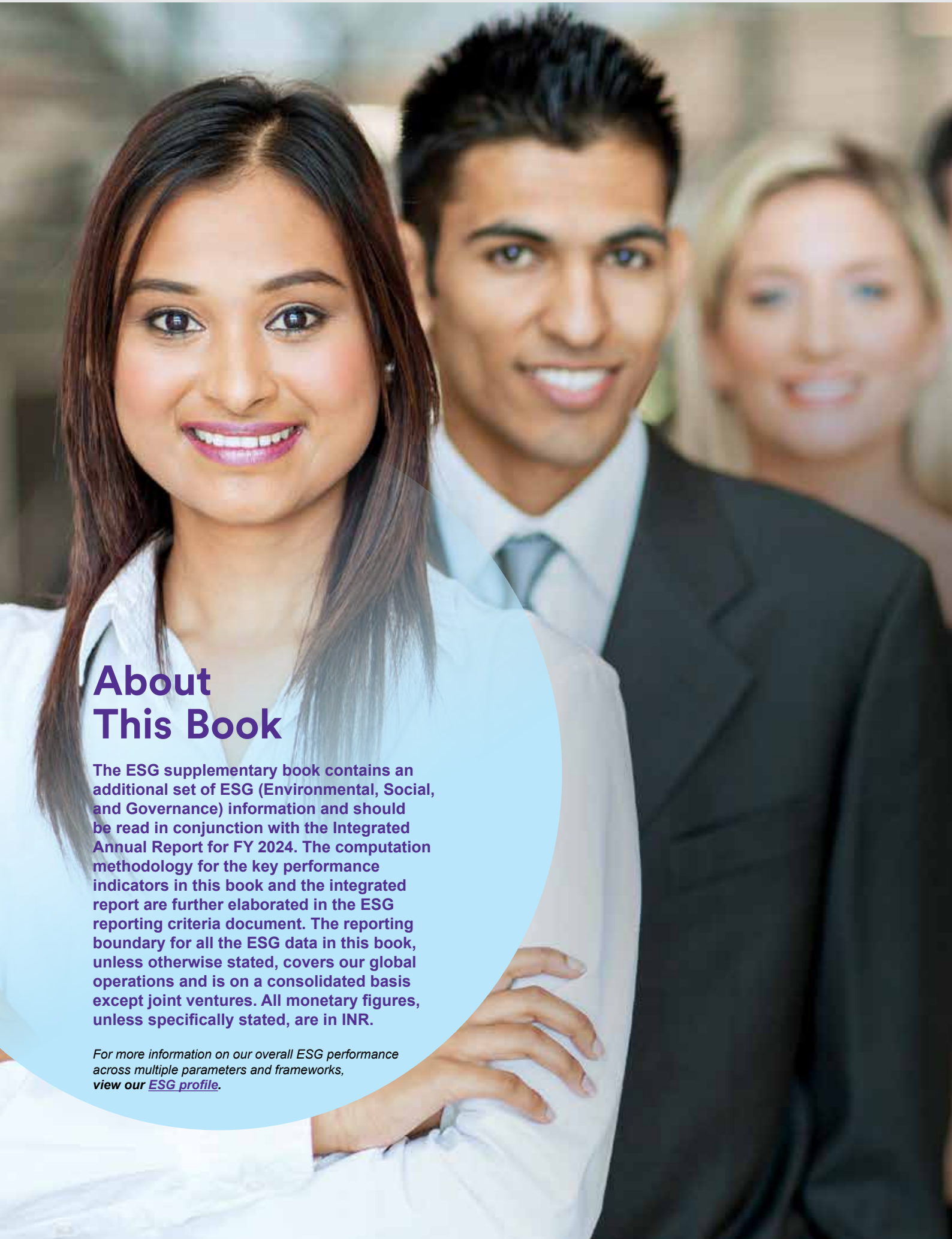
Dr. Reddy's

YEARS OF SERVING PATIENTS

Dr. Reddy's Laboratories Limited

ESG Supplementary Data Book 2024

Good Health Can't Wait.



About This Book

The ESG supplementary book contains an additional set of ESG (Environmental, Social, and Governance) information and should be read in conjunction with the Integrated Annual Report for FY 2024. The computation methodology for the key performance indicators in this book and the integrated report are further elaborated in the ESG reporting criteria document. The reporting boundary for all the ESG data in this book, unless otherwise stated, covers our global operations and is on a consolidated basis except joint ventures. All monetary figures, unless specifically stated, are in INR.

For more information on our overall ESG performance across multiple parameters and frameworks,
view our ESG profile.

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Governance & Economic Dimension

1 Governance & Economic Dimension

1.1 Transparency & Reporting

Sustainability Reporting Boundaries

Since FY 2023, we have been publishing an integrated report that combines our financial and non-financial reporting. The report weaves together our purpose, values, strategy, governance, performance, and outlook, all of which materially influence our business. Through our integrated annual report, we offer stakeholders a holistic view of the company's growth and value creation over time, along with our business, strategy, and performance in FY 2024.

Our sustainability disclosure covers the financial and nonfinancial performance of our global operations including research & development, manufacturing, supply chain and marketing for the period April 1, 2023, to March 31, 2024 (unless otherwise stated). The report does not cover environmental and social performance parameters for our joint ventures. All material environmental, social, and governance-related indicators are included in the disclosure. Further assumptions and exclusions related to computation of ESG data are available in the ESG reporting criteria document.

Sustainability Reporting Assurance

We adopt a combined assurance model to assess and assure various aspects and indicators of financial and non-financial information in the report. The consolidated annual financial statements have been audited by the independent Statutory Auditors, M/s S R Batliboi & Associates LLP. Non-financial information including sustainability performance has been independently assured by DNV Business Assurance India Private Limited ('DNV'), an independent audit and assurance firm. BRSR core indicators are assured at reasonable level and non-financial disclosures on sustainability performance are assured at limited level in accordance with the assurance standard AA1000 AS and the assurance process based on the DNV methodology VeriSustain™. The appointment of assurance agency has been approved by the Board of Directors.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

1.2 Corporate Governance

The Securities and Exchange Board of India ("SEBI") regulates corporate governance norms for listed companies in India through the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). We are in compliance with applicable applicable corporate governance norms of the SEBI Listing Regulations. We are also in compliance with the applicable Corporate Governance Guidelines of the New York Stock Exchange, Inc. ("NYSE") and NSE IFSC Exchange Rules.

Board Independence

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, at least one-third of the board of directors shall comprise independent directors where the Company has non-executive Chairperson and where the Chairperson of the Board is executive at least half of the board of directors shall comprise of independent directors. As on March 31, 2024, 82% of Board members of Dr. Reddy's consists of independent directors. Also, as per the listing requirements of the New York Stock Exchange (NYSE), companies must have a majority of "independent directors." We comply with this standard.

In accordance with Section 149(7) of the Act, each independent director has confirmed to the company that he or she meets the criteria of independence laid down in Section 149(6) of the Act and is in compliance with Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI Listing Regulations. Further, they have affirmed compliance to the code of conduct as well as criteria of independence for independent directors as prescribed under the applicable laws. The Board has taken on record such declarations after due assessment of their veracity and has opined that all the independent directors fulfill the

conditions specified under SEBI Listing Regulations and are independent of the management.

Target Share

The target share of the Independent Directors on the Board of the Company is not less than two-third of the total number of Directors on the Board. As on March 31, 2024, 82% of the Board members are independent.

Board Type

One Tier System

Type of Members	Number of Members
Executive directors	2
Independent directors	9
Other Non-Executive directors	0
Total board size	11

The Company has an optimum combination of Executive and Non-executive Directors which is in conformity with the Companies Act, 2013 ("Act"), the SEBI Listing Regulations and the Corporate Governance Guidelines of the NYSE Listed Company Manual. In terms of Regulation 17 of the SEBI Listing Regulations, at least 50% of the board should comprise of non-executive independent directors with at least one female director. The Board periodically evaluates the need for change in its composition and size. As on March 31, 2024, 82% of the Board members are independent. The Board consists of 11 Directors, comprising two Promoter Executive Directors, i.e., the Chairman of the Board and the Co-Chairman and Managing Director, and nine Independent Directors. The Board consists of four Women Independent Directors, i.e. 36% of Board members are women. The detailed profile of the directors is available on our website: https://www.drreddys.com/meet-our-leadership. For more details about our Board of directors, please visit: https://www.drreddys.com/meet-our-leadership.

Definition of Independent Directors

As provided in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or under the Companies Act, 2013, 'independent director' shall mean a non-executive director, other than a nominee director of the company:

a) who, in the opinion of the board, is a person of integrity and possesses relevant expertise and experience.

b) (i) who is or was not a promoter of the company or its holding, subsidiary, or associate company or member of the promoter group of the listed entity.

(ii) who is not related to promoters or directors in the company, its holding, subsidiary, or associate company.

c) apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year.

d) none of whose relatives

(i) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

(ii) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

e) who, neither himself/herself nor whose relatives –

(i) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company 75[or any company belonging to the promoter group of the listed entity,] in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or

(2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

(iv) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

(iv) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

f) who is not less than 21 years of age

g) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director

"Key Managerial Personnel" is as defined under the Companies Act, 2013 and means:

a) the Chief Executive Officer or the Managing Director or the manager (having ultimate control over affairs of the company);

b) the Company Secretary;

c) the Whole-time Director;

d) the Chief Financial Officer; and

e) such other officer as may be prescribed under the applicable statutory provisions/regulations from time to time.

The Board has designated following executives of the Company as Key Managerial Personnel:

Mr. G V Prasad

Co-Chairman and Managing Director

Mr. Erez Israeli

Chief Executive Officer

Mr. Parag Agarwal

Chief Financial Officer

Mr. K Randhir Singh

Company Secretary, Compliance Officer and Head- CSR

"Senior Management" is as defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

The Board has designated following executives of the Company as Senior Management Personnel:

Mr. Erez Israeli
Chief Executive Officer

Mr. Parag Agarwal[1]
Chief Financial Officer

Ms. Archana Bhaskar
Chief Human Resource Officer

Mr. Deepak Sapra
CEO - API and Services

Dr. Jayanth Sridhar
Global Head of Biologics

Mr. M V Narasimham[2]
Deputy Chief Financial Officer

Mr. M V Ramana
CEO - Branded Markets (India and Emerging Markets)

Mr. Marc Kikuchi[3]
CEO- North America Generics

Mr. Milan Kalawadia[4]
CEO- North America

Mr. Patrick Aghanian
CEO, European Generics

Mr. Phanimitra B
Chief Digital and Information Officer

Mr. Krishna Venkatesh
Global Head of Quality & Pharmacovigilance

Mr. Sanjay Sharma
Global Head of Manufacturing

Mr. Sushrut Kulkarni
Global Head of Integrated Product Development Organization

Mr. K Randhir Singh
Company Secretary, Compliance Officer and Head- CSR

[1]Retiring as CFO on July 31, 2024.

[2]CFO with effect from August 1, 2024.

[3]Upto May 24, 2024.

[4]with effect from May 25, 2024.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Non-Executive Chairperson/ Lead Director

Separate post of Chairman and CEO: Mr. K Satish Reddy is the Chairman of the Company, Mr. G V Prasad is the Co- Chairman and Managing Director, and Mr. Erez Israeli is the Chief Executive Officer.

Dr. Reddy's has split the role of the CEO and Chairman. Mr. Erez Israeli was appointed as Chief Executive Officer. Ms. Kalpana Morparia is the Lead Independent Director of the Company. The role of the Lead Independent Director includes presiding over all meetings of Independent Directors, provide objective feedback of the independent directors as a group to the Board on various matters, liaise between the Promoters, Chairman/ Co-Chairman, CEO and Independent Directors on contentious matters for consensus building, assist in further strengthening the Board effectiveness and governance practices, including suggestions on agenda items for Board/ Committee meetings on behalf of the Independent Directors, among others.

Board Effectiveness

Board Meeting Attendance

The average board meeting attendance during the year was 98%. The minimum attendance required for all members is 75%.

Board Mandates

We follow the SEBI listing regulations governing listed companies. As per the regulatory requirement on maximum number of directorships, the directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time –

(1) A person shall not be a director in more than seven listed entities.

(2) Notwithstanding the above, any person who is serving as a whole-time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities.

In compliance with the above requirement, none of our independent directors serves as a director in more than five listed companies. None of our independent directors are whole-time directors or managing directors in any listed company.

We have eight non-executive/ independent directors with 4 or less mandates in other listed entities. These include Ms. Kalpana Morparia, Mr. Leo Puri, Dr. K P Krishnan, Ms. Penny Wan, Mr. Arun M. Kumar, Dr. Claudio Albrecht, Dr. Alpna Seth, and Mr. Sanjiv Mehta.

Board Election Process

Board members are elected individually (as opposed to elected by slate). After enactment of the Indian Companies Act, 2013, effective from April 1, 2014, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and shall be eligible for re-appointment for 2nd term on passing of a special resolution by the shareholders of the Company for a period up to 5 years. However, the Independent Directors shall not retire by rotation, as they can be appointed for a maximum of term in terms of regulatory provisions.

The Company has two Whole-time Directors (The Chairman and the Co-Chairman and Managing Director). The Whole-time Directors of the Company were re-appointed for a period of 5 years. In terms of the Indian Companies Act, 2013, their reappointments are subject to retire by rotation and are eligible for reappointment by the shareholders of the Company at the Annual General Meeting. Our Whole-time Directors retire by rotation in alternate years and are reappointed by the shareholders at the Annual General Meeting.

Board Average Tenure

Name of the Director	Position and Independence Status	Attendance at Board meetings (out of total Board meetings)	Tenure as on March 31, 2024 (years)	Non-executive/ Independent Directors With 4 or Less Other Mandates
Mr. Satish Reddy	Chairman (Executive Director)	6/6	30 years 2 months	Not applicable
Mr. G V Prasad	Co-Chairman and Managing Director (Executive Director)	6/6	37 years	Not applicable
Ms. Kalpana Morparia	Independent Director	5/6	16 years 10 months	Yes
Mr. Sridar Iyengar[1]	Independent Director	2/2	Retired on July 30, 2023	Yes
Mr. Leo Puri	Independent Director	6/6	5 years 5 months	Yes
Ms. Shikha Sharma	Independent Director	6/6	5 years 2 months	No
Mr. K P Krishnan	Independent Director	6/6	2 years 3 months	Yes
Ms. Penny Wan	Independent Director	6/6	2 years 2 months	Yes
Mr. Arun M Kumar	Independent Director	6/6	1 year 8 months	Yes
Dr. Claudio Albrecht[2]	Independent Director	6/6	11 months	Yes
Dr. Alpna Seth[3]	Independent Director	4/4	6 months	Yes
Mr. Sanjiv Mehta[4]	Independent Director	2/2	3 months	Yes

[1]Term ended on July 30, 2023, as an Independent Director
[2]Appointed as an Independent director with effect from May 10, 2023
[3]Appointed as an Independent director with effect from September 19, 2023
[4]Appointed as an Independent director with effect from December 29, 2023

As on March 31, 2024 the average tenure of board members is 9.5 years. The average tenure of Independent Directors in the board is 3.9 years.

Board Meeting Attendance

Under Indian laws, the Board of Directors must meet at least four times a year, with a maximum gap of 120 days between two board meetings. The Board met six times during FY2024. The above table mentions the number of meetings attended by each director. The average board meeting attendance was 98%. Directors are required to attend 75% of the meetings held during the financial year.

Board Evaluation

One of the key functions of the Board and the Nomination, Governance and Compensation Committee (NGCC) is to monitor and review the Board evaluation framework. The Board works with the NGCC to lay down the evaluation criteria for the performance of the Chairman, the Board, Board Committees, and Executive/ Non-executive/ Independent Directors through peer evaluation, excluding the director being evaluated.

In compliance with the provisions of the Act and Regulation 17(10) of the SEBI Listing Regulations, to improve the effectiveness of the Board and its Committees, as well as that of each individual Director, a formal Board review is undertaken on an annual basis.

Board Evaluation Criteria and Process

The Company's Board evaluation process consists of both internal evaluation and external evaluation by engaging an external independent expert. External evaluation is conducted at periodic intervals with a gap of 2 - 3 years. The evaluation process is conducted internally in the year where an external independent expert was not engaged.

For FY 2023, an independent external agency, EgonZehnder, a leadership advisory firm on Board matters, was engaged to conduct the Board evaluation. The evaluation process focused on Board process, Board dynamics, Committee effectiveness, Director's skills, active participation and softer aspects, and information flow to the Board or its Committees, among other matters. The exercise entailed a detailed process in which independent senior experts from the agency evaluated the Board processes, individual Directors' participation and their engagement in the meeting. The

methodology included techniques such as questionnaires and one-on-one discussions/ interviews with the Board members and Senior Management, etc. The summary findings/ recommendations were discussed with the Board and individual feedback was provided. Progress on recommendations from last year and the current year's recommendations were discussed. The aspects of succession planning and Committee composition were also considered.

For FY 2024, the board evaluation was conducted internally based on the identified criteria by the NGCC in consultation with the Board. The methodology included circulation of questionnaires and discussions with the Board members, etc. The summary findings/ recommendations were discussed with the Board and individual feedback was provided. Progress on recommendations from last year and the current year's recommendations were discussed.

The evaluation process broadly covered the following parameters:

Board

▪ Board composition, diversity, skills, experience and independence, ▪ industry knowledge, ▪ frequency of the Board meetings, ▪ Board member's participation, ▪ ethical standards, trustworthiness, integrity and compliance, ▪ time spent on significant or emerging issues, ▪ adequacy of agenda and other materials provided, ▪ adequacy of Board process and recording of minutes of the meeting, ▪ bringing issues for improving organizational performance, ▪ evaluation of performance and the quality, quantity and timeliness of flow of information, ▪ adequacy of Induction program, ▪ adequacy of business and regulatory updates given to the Board, adequacy of business strategy discussion at Board retreat, discussion on succession planning, compensation and performance review, deliberation on ESG and sustainability matters, review of conflict or potential conflict of interest situation, setting up stretch goals, ▪ oversight of material risk issues and risk mitigation plan, ▪ monitoring of integrity of the Company's financial statements, ▪ adequacy of secretarial and logistical support to fulfil duties and responsibilities, ▪ accessibility to senior management employees and vice-versa, ▪ closure of action points from Board deliberations effectively and timely.

Board Committees

▪ adequacy of mandate of the Committee to fulfil its responsibilities, ▪ adequacy of Committee to effectively perform the responsibilities as outlined in the charter and applicable corporate governance requirements, ▪ Committee's composition in terms of size, skills, expertise and experience, ▪ adequacy of time spent on significant or emerging issues, ▪ adequacy of frequency of the Committee meetings, ▪ adequacy of independence of the Committee from the Board, ▪ adequacy of information placed in agenda and recording of minutes, ▪ adequacy of updates to the Board of Committee's deliberations and decisions, ▪ adequacy of effective and proactive measures by the Committee to perform its functions, ▪ adequacy of Committee's recommendations contribute effectively to the decisions of the Board.

Independent Directors

▪ ethical standards of integrity and probity, ▪ attendance and participation in Board, Committee and General meetings, ▪ business knowledge and understanding of the industry, ▪ approachability and availability, ▪ focus on representing shareholders' interests and enhancing shareholder value, ▪ application of experience and expertise to provide proactive feedback and guidance to the management, ▪ sufficiently challenges management to set and achieve stretch goals, ▪ maintains effective and successful relationships with fellow Board members and senior management, ▪ maintains confidentiality of information, exercises own judgement and voices his opinion freely, ▪ fulfilling criteria of independence.

Chairman and Co-Chairman and Managing Director

▪ effective leadership to the Board, ▪ ethical behaviour, ▪ attendance and participation in Board, Committee and General meetings, ▪ maintains effective communication with other Board Members, ▪ provides meaningful and constructive contributions and inputs in meetings, ▪ encourages active participation and promotes open communication, ▪ impartial in conducting discussions, seeking views and dealing with dissent, ▪ represents the interests of shareholders and focuses on enhancing shareholder value, ▪ provide proactive feedback and guidance to top management on areas of business strategy, governance and risk, ▪ integrity and conflict of interest disclosures, ▪ keeping shareholders' interest in mind during discussions and decisions.

Outcome and Action Plan of Board Evaluation Process from FY 2024

The Board was satisfied with the evaluation process and outcome, Directors' engagement, experience, diversity and expertise. The Board Committees were also found to be effective in terms of its composition, functioning and contribution. The Committees are well constituted and works effectively. There is a diversity of views and opinions and at the same time a common and agreed purpose. The Committees contributes effectively to the difficult task of striking the right balance between micro concerns of the Company and the macro concerns of society.

The evaluation process acknowledged that the Board and Board committees have spent sufficient time on fulfilling their duties and responsibilities. The Board evaluation process has inter alia identified the following focus areas:

- Efforts should continue to be made to keep the Board educated on trends in technologies and products relevant to the Company's businesses
- Evaluation process may also include evaluation of directors by the senior management

- Stakeholders Relationship Committee should continue to focus on broader stakeholder relations

The Board also discussed the action taken consequent to the previous Board evaluation for FY 2023 and was satisfied with the status of progress.

Election of Board Members

Recommending any new member on the Board is the responsibility of the Nomination, Governance and Compensation Committee ("NGCC") of the Board, which consists entirely of Independent Directors. Given the existing composition of the Board, the years left of the existing members to serve on the Board, and the need for new domain expertise, the NGCC evaluates the balance of skills, knowledge and experience on the Board as well as description of the role and capabilities required of a Director on the Board. When such a need becomes apparent, the NGCC reviews potential candidates in terms of their expertise, attributes, personal and professional backgrounds and their ability to attend meetings. It then places its recommendation of the shortlisted candidate(s) to the Board for its consideration. If the Board approves, the person is appointed as an Additional Director. Thereafter, the approval of members is sought in terms of the provisions of the Act and the SEBI Listing Regulations.

Executive directors are liable to retire by rotation and eligible for re-appointment by the members of the Company. Independent Directors are not liable to retire by rotation. Independent Directors are appointed for a period of five consecutive years. They are eligible and re-appointed for 2nd term of up to five consecutive years. Appointment of Independent Directors by the members of the Company are by way of special resolution, i.e., 75% votes in favour of the resolution of the total votes polled.

During FY 2024, the members of the Company approved the appointment/ re-appointment of the following Independent Directors of the Company in terms of Section 149 of the Act and applicable provisions of the SEBI Listing Regulations:

- Appointment of Dr. Claudio Albrecht (DIN: 10109819) for a consecutive term of 5 (five) years with effect from May 10, 2023, at the Annual General Meeting held on July 27, 2023;
- Re-appointment of Mr. Leo Puri (DIN: 01764813) for a consecutive second term of 5 (five) years with effect from October 25, 2023, at the Annual General Meeting held on July 27, 2023;
- Re-appointment of Ms. Shikha Sharma (DIN: 00043265) for a consecutive second term of 5 (five) years, with effect from January 31, 2024, at the Annual General Meeting held on July 27, 2023;
- Appointment of Dr. Alpna Seth (DIN: 01183914) for a consecutive term of 5 (five) years with effect from September 19, 2023, through Postal Ballot process on November 15, 2023;
- Appointment of Mr. Sanjiv Mehta (DIN: 06699923)) for a consecutive term of 5 (five) years with effect from December 29, 2023, through Postal Ballot process on February 14, 2024;

Board Industry Experience

Executive Directors

The Company has two Executive Directors both having extensive industry experience:

Mr. K Satish Reddy

Mr. K. Satish Reddy is the Chairman of our Board of Directors and Whole-time Director. He has a Master of Science degree in Medicinal Chemistry from Purdue University, Indiana in the United States of America and a Bachelor of Technology degree in Chemical Engineering from Osmania University, Hyderabad. He is the Chairman of the National Council on Intellectual Property, a Member of the Corporate Governance Council and a Member of the National Council of the Confederation of Indian Industry ("CII"). He is the Co-Chairman of the Indian Pharmaceutical Alliance("IPA") Trade Affairs Committee. IPA is a premier industry association of leading research-based Indian companies. He is also a Member of the International Generic and Biosimilar Medicines Association ("IGBA") CEO Advisory committee, the National Accreditation Board for Certification Bodies ("NABCB") Advisory Committee, the Board of Trustees of Asia Business Council and the Board of Trade of Indian Ministry of Commerce.

He also chairs the Life Sciences Advisory Committee under Government of Telangana, working in partnership with various stakeholders' groups, to serve and address the skill shortfalls in the Life Sciences Sectors across India. He was a member of the Drugs Technical Advisory Board of India, the Chairman of the Andhra Pradesh Chapter of the CII and head of its National Committee on Pharmaceuticals.

Mr. G V Prasad

Mr. G.V. Prasad is a member of our Board of Directors and serves as our Co-Chairman and Managing Director. He has a Bachelor of Engineering degree in Chemical Engineering from Illinois Institute of Technology, Chicago in the United States of America, and an M.S. in Industrial Administration from Purdue University, Indiana in United States of America. Mr. Prasad's emphasis on research, innovation, transparency, business ethics and leaner corporate structures has helped shape Dr. Reddy's into what it is today - an organization of global repute, recognized industry-wide for scientific innovation, progressive people practices and high standards of corporate governance. He is driving the necessary imperatives for our company to engage even more deeply with the human aspects of health. Mr. Prasad focuses on mentoring leaders, driving innovation in science, technology and digitalization while championing the cause

of the planet, purpose, and patients. Mr. Prasad also ensures that the company is well-positioned for our future, drawing upon his 35 years plus of leadership experience in the pharmaceutical industry to help our company anticipate trends and envision the future of healthcare.

Mr. Prasad is active on the boards of public and private institutions such as the Indian School of Business ("ISB") and the International Foundation for Research and Education. Mr. Prasad is also a member of the governing body of Mckinsey Centre for CEO Excellence and Institute of Public Health Sciences Hyderabad Society. He is currently the Chairman of CII National Committee on Pharmaceuticals. Mr. Prasad was listed among the Top 50 CEOs that India ever had by Outlook magazine in 2017 and was recognized as one the top 5 Most Valuable CEOs of India by Business World in 2016. He was also listed in the prestigious 'Medicine Maker 2018 Power List' of most inspirational professionals shaping the future of drug development, and has been named India Business Leader of the year by CNBC Asia, in 2014 & 2015.

Non-Executive Independent Directors

Company's four Non-Executive Independent Directors have industry experience. The profile of such directors are given below:

Ms. Penny Wan

Ms. Penny Wan was appointed as an Independent Director with effect from January 28, 2022. She was Amgen's Vice President of the Japan and Asia Pacific region. With over 20 years of experience in the biopharmaceuticals industry, she led Amgen's geographic expansion efforts in the region. Since joining the Company in 2014, she was instrumental in building Amgen's commercial presence across the region, ensuring that innovative medicines reach patients, payers and physicians in these markets. Prior to Amgen, Wan was General Manager of Roche Pharma China.

Dr. Claudio Albrecht

On May 10, 2023, the Board appointed Dr. Claudio Albrecht as an Independent Director. He has extensive Pharma industry experience. Dr. Albrecht, Co-Founder and Managing Partner of Albrecht, Prock & Partners (AP&P) was until August 31, 2018, CEO of the publicly listed STADA AG. Before this assignment Dr. Albrecht worked in and with the Generic industry for more than 30 years.

Dr. Alpna Seth

Dr. Alpna Seth was appointed as an Independent Director with effect from September 19, 2023. She had served as the President and Chief Executive Officer of Nura Bio Inc., a neurology pharmaceutical company for three years, until she retired starting October 2022. Prior to this, Dr. Seth was the Chief Operating Officer of Vir Bio Inc., a biopharma pioneer for treating infectious diseases. Before that, for nearly two decades from 1998 to 2017, Dr. Seth was a senior executive at Biogen Inc., a leading global biopharmaceutical company. Along with a deep and broad industry expertise in biopharma, Dr. Seth's experience includes health care and life sciences tools, industrial biotechnology, diagnostics, and management consulting.

Mr. Sanjiv Mehta

Mr. Sanjiv Mehta was appointed as an Independent Director with effect from December 29, 2023. He has been the Chairman/ CEO and Managing Director (2013-23) of Hindustan Unilever Limited (HUL) which is India's foremost Fast-Moving Consumer Goods (FMCG) Company. During his 10 years at the helm of HUL, the market capitalization of HUL increased from $17 billion to $76 billion making it the fifth most valuable company in India and the most valuable business for Unilever. Mr. Mehta was also the President of Unilever South Asia having a combined turnover of $9 billion and member of 'Unilever Leadership Executive', the global executive board of the consumer goods giant.

Executive Remuneration

Overview and Philosophy

Our executive compensation program supports attracting, motivating, and encouraging continuity of relevant leaders who advance our critical business objectives and promote the creation of shareholders' value over the long-term. The key tenets are:

- Attract highly talented individuals from within and across industries drawing from a diverse pool of global talent.
- Provide long term and short-term incentives that advance the interests of shareholders and deliver levels of pay commensurate with performance.

Approach to Pay Benchmarking

The three principal components of the compensation package include, base salary, annual cash-based variable pay, and equity-based long-term incentives. In making decisions with respect to each element of compensation, the competitive market for executives and compensation levels of the comparable companies are considered.

Pay practices at companies with which Dr. Reddy's competes for talent, including those engaged in similar activities are reviewed from time to time. Our approach is to be market aware and not market driven. We believe that information regarding pay practices at other companies is useful to assess the reasonableness and competitiveness of our own.

We generally target executive pay to be within range of 75th percentile of pay packages for executives in similar positions, responsibilities and/or experience in similar companies of comparable size.

We identify certain roles that are fungible across multiple industries where our comparative pool is not limited to peer generic pharmaceutical organisations. In such cases – a wider sample is selected comprising of non-pharma marquee organisations operating in the country with whom Dr. Reddy's competes for talent.

Review and Increments

Executive compensation is reviewed annually. Executive increment percentages approach is lesser than the Company average, while the frontline receiving the highest increase. A higher increase may be made in the event of a role change, promotion. The Company's performance, affordability, individual performance and compensation history are other considerations, while deciding on compensation.

Executive Director Compensation

Our Executive Directors' compensation comprises of a fixed monthly component and a profit based annual commission based on standalone net profits of the Company. The total remuneration to be paid to the Executive Directors is within the limits prescribed under the provisions of the Companies Act, 2013.

While recommending such a commission, the NGCC also takes into account the overall corporate performance in a given year and the Key Performance Indicators (KPIs). The considerations include but are not limited to: Financial metrics covering growth in return on capital employed (RoCE) and profitability; Non-financial metrics covering aspects such as health, brand building, compliance, quality and sustainability of operations of the organization, as may be agreed upon from time to time with the Company.

Perquisites and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all employees. The Company, in compliance with Section 197 of the Act and the SEBI Listing Regulations, does not grant any stock options to the Executive Directors. No severance fee is payable to them.

In terms of the approval given by the members of the Company, each of the Executive Directors was entitled to get 0.75% of the net profits of the Company, i.e. ₹43.97 crore each. However, the Board, on the recommendation of the NGCC approved a fair commission for the Executive Directors, i.e. ₹9 crore and ₹16 crore for Mr. K Satish Reddy and Mr. G V Prasad, respectively.

CEO Compensation - Success Metrics and Long-Term Performance Alignment

Our CEO compensation comprises of guaranteed cash, short term incentives in the form of variable pay, long-term incentives, retirals, and perquisites. 75% of our CEO pay is at risk and linked with the Company's performance in terms of balanced scorecard achievement against plan and Company stock performance.

Short Term incentives are tied to the Company performance against the balanced scorecard and individual performance of the CEO as determined by the Board of Directors.

In FY2024, Mr. Erez Israeli, Chief Executive Officer, has received an increment of 2.4% on fixed compensation. His fixed salary was ₹ 6.27 Crore, with a target variable pay of 100%, and long term incentives of value ₹ 13.77 Crore vesting at the end of 3 years.

Performance Management

Our current performance management follows a balanced scorecard approach comprising of current business performance, future business performance, ESG, digital, people, compliance and safety related metrics.

The Board of Directors uses a stringent process to set ambitious financial targets in line with the strategy of the Company. In addition to the financial targets, the scorecard also has ambitious strategic objectives across key priority areas, including targets related toESG matters.

Deferral of Bonus for Short-term CEO Compensation

The stock options are granted to eligible executives including the CEO every year based on their performance. The details of options granted to the CEO are available on page 90 of Form 20 F filed with the SEC. The options are vested after one year and evenly over three years. 75% of the CEO's short-term incentive deferred in the form of shares or stock options.

All the employees at the managerial and staff levels are eligible to participate in a variable pay program, which consists of performance bonuses based on the

performance of their function or business unit, and a profit-sharing plan through which part of our profits can be shared with our employees. Our variable pay program is aimed at rewarding the individual based on performance of such individual, their business unit/function and our company as a whole, with significantly higher rewards for superior performances.

Clawback Provision

Any performance linked compensation paid to Management Committee members is subject to malus and clawback rules. This means that the NGCC may decide – subject to applicable law – to retain any unpaid or unvested incentive compensation (malus), or to recover incentive compensation that has been paid or vested in the past (clawback). This applies in cases where the payout has resulted from a violation of laws or conflicts with internal management standards, including Company and accounting policies. This principle applies to both the short-term Annual Incentive and Long-Term Incentive (LTI) plans.

In October 2023, Dr. Reddy's Recovery and Clawback policy was approved by the The Nomination, Governance and Compensation Committee (NGCC) of the Board, and is available on the company website: https://www.drreddys.com/cms/cms/sites/default/files/2023-12/Recovery%20Policy.pdf

Management Ownership

Position	Name(s)	Multiple of Base Salary
Chief Executive Officer	Erez Israeli	0.96
Average across other executive committee members owning shares	Mr. M.V. Ramana Ms. Archana Bhaskar Mr. Deepak Sapra Mr. Marc Kikuchi Mr. M V Narasimham Mr. Sushrut Kulkarni	1.28

Mr. Erez Israeli (CEO) holds 30,785 shares underlying ADRs of the company, as on March 31, 2024. He also holds share options which will vest on future dates. Each of the options results in the issuance of one equity share or ADR, as applicable, upon its exercise.

Management Ownership Requirements

The Company has three employee stock option schemes, where under stock options are granted to senior level executives which can be exercised by them at a later date in to shares. The employee stock option schemes are, the Dr. Reddy's Employees Stock Option Scheme, 2002, the Dr. Reddy's Employees ADR Stock Option Scheme, 2007 and the Dr. Reddy's Employees Stock Option Scheme, 2018. The Dr. Reddy's Employees Stock Option Scheme, 2002 ended in January 2022, however the options already granted under this scheme to eligible employees can be exercised for allotment of equity shares, until the end of the expiry period of such options. The stock option schemes are applicable to all of our employees including directors, and employees and directors of our subsidiaries.

The stock option schemes are not applicable to promoter directors, promoter employees, non-full-time directors (independent directors) and persons holding 2% or more of our outstanding share capital. The Nomination, Governance and Compensation Committee of the Board of Directors awards employee stock options pursuant to the stock option schemes based on the employee's performance appraisal. Some employees have also been granted options upon joining us.

Government Ownership

No governmental institutions own more than 5% of the total voting rights of the company.

Family Ownership

Founding individuals or family members collectively own 26.65% of the voting rights of the company as of March 31, 2024. The family ownership considers shares held by Mr. G V Prasad (Co-Chairman and Managing Director), Mr. K Satish Reddy (Chairman), their family members, Hindu Undivided Family (HUFs) and APS Trust, where Mr. G V Prasad and Mr. K Satish Reddy are the trustees. Mr. G V Prasad, Mr. K Satish Reddy and their relatives are the beneficiaries of the APS Trust.

The share ownership held by the senior executives are given in the following table:

Name	No. of Shares Held(1)	% of Outstanding Capital	FMV Value FMV Value												Par Value	
			Exercise Price	No. of options held(2)	Exercise Price	No. of options held(2)	Exercise Price	No. of options held(2)	Exercise Price	No. of options held(2)	Exercise Price	No. of options held(2)	Exercise Price	No. of options held(2)	Exercise Price	No. of options held(2)
Mr. Erez Israeli(1)	30,785	0.01	-	-	-	-	3,679	16,435	5,301	3,380	3,905.80	59,087	4,907	52,692	5	14,295
Mr. Parag Agarwal	-	-	-	-	-	-	-	-	5,301	112	-	-	-	-	-	-
Mr. M.V. Ramana	26,197	0.01	-	-	-	-	3,679	1,165	5,301	246	3,905.80	9,144	4,907	7,959	5	8,365
Ms. Archana Bhaskar	10,579	0.00	-	-	-	-	3,679	940	5,301	320	3,905.80	5,897	4,907	5,129	5	1,231
Mr. Sanjay Sharma	-	-	-	-	-	-	3,679	835	5,301	352	3,905.80	5,243	4,907	5,989	5	1,331
Mr. Deepak Sapra	4,462	0.00	-	-	-	-	3,679	2,140	5,301	220	3,905.80	2,624	4,907	2,239	5	7,188
Mr. Marc Kikuchi(1)	21,605	0.01	-	-	2,814	2,600	3,679	13,840	5,301	720	3,905.80	12,990	4,907	11,927	5	3,040
Mr. Patrick Aghanian(1)	-	-	-	-	-	-	3,679	2,480	5,301	300	3,905.80	5,201	4,907	4,595	5	9,444
Mr. Sushrut Kulkarni	32	0.00	-	-	-	-	-	-	-	-	3,905.80	5,656	4,907	2,870	-	-
Mr. M V Narasimham	9,442	0.00	2,607	1,950	2,814	2,175	3,679	2,320	5,301	124	3,905.80	2,565	4,907	2,392	5	5,848
Mr. Jayanth Sridhar	-	-	-	-	-	-	-	-	4662.7	156	3,905.80	2,099	4,907	2,105	5	765
Mr. Krishna Venkatesh	-	-	-	-	-	-	3,679	580	5,301	96	3,905.80	1,632	4,907	1,722	5	1,320
Mr. Phanimitra B	-	-	-	-	-	-	3,679	1,820	5,301	124	3,905.80	2,099	4,907	1,722	5	2,647

(1) These grants were in the form of options to acquire ADRs. No. of shares held" represents the shares underlying ADRs.
(2) The options vest on various dates between the year ending March 31, 2024 and the year ending March 31, 2028. The options expire after five years from the date of vesting. Each of the options results in the issuance of one equity share or ADR, as applicable, upon its exercise.

CEO-to-Employee Pay Ratio

CEO Compensation[1]	Total CEO Compensation	
Total annual compensation of the Chief Executive Officer in INR	197090000	
Employee Compensation	**Median Employee Compensation**	**Mean Employee Compensation**
Median or mean annual compensation of all employees, except the Chief Executive Officer	6100000	-
The ratio between the total annual compensation of the Chief Executive Officer and the mean or median employee compensation	32.30984	-

[1]Perquisite on exercise of stock options during FY2024 accumulated from past several years, amounting to ₹ 66.67 Cr, has not been considered in calculating percentage increase in remuneration.

1.3 Materiality

Materiality Analysis

We are guided by our materiality assessment to identify the key ESG topics in which we create the most impact and hold the highest potential to create value. This assessment is done in addition to the annual Enterprise Risk Management (ERM) heat map that highlights the significant internal, external, and strategic risks faced by the Company.

In 2021, we worked with an independent third party to determine a list of material topics that could affect our performance and impact key business decisions. We engaged with over 100 key internal and external *stakeholders and comprehensively assessed our materiality to identify key issues in the process of long-term value creation. These included employees from key business functions, as well as leaders and important stakeholders and external groups such as regulatory authorities, customers, investors, suppliers, and not-for-profit organisations. Our customers include wholesalers, distributors, pharmacy chains and hospitals, government institutions and other pharmaceutical companies.

Our choice of material issues was guided by the Global Reporting Initiative (GRI) suggested material topics as per sector relevance, and Sustainability Accounting Standards Board Materiality (SASB).

The materiality assessment helped us identify the most important issues that our stakeholders deemed as affecting our organisational value, helping us to prioritise our actions and strategy. Our internal and external stakeholders identified several key areas as important to them, including product availability, responsible pricing and affordability, high-quality medicines, patient safety, anti-bribery and corruption. The materiality assessment was represented via the materiality matrix shared in the sustainability and integrated annual reports. The results of the assessment were approved by the senior management

**We consider individuals, groups, institutions, or entities that contribute to shaping our business, that add value or constitute a core part of the business value chain as key stakeholders. Our stakeholders are both internal and external, and direct as well as indirect. Our process of identification and classification of the stakeholders is defined by their interest, impact, and participation in our operations including engagement on various environmental, social and governance matters. Delivering on stakeholder needs, interests and expectations are integral to the way we operate. We keenly listen to our stakeholders and have established various touchpoints and tools for communication, advocacy, and engagement. Our key stakeholders include employees, investors, suppliers and partners, customers, government authorities, healthcare professionals, patients, and the community.*

and contributed to the development of our ESG goals. They continue to guide our sustainability strategy and public reporting.

As a practice, we annually review our material topics and assess them based on any material changes in operations, our geographical presence, progress on goals and targets, changes in regulations etc. On conducting the review for this year for our material topics, we have not found a significant change in listed topics.

Further, we are in the process of conducting a double materiality assessment following the guidelines of the European Financial Reporting Advisory group (EFRAG) and the Global Reporting Initiative (GRI). We are adopting a dual approach, and are testing the material topics from an impacts perspective along with determining their ability to impact the financials of the organization. This would enable us in evaluating the inclusion of the top risks as part of our ERM.

1.4 Risk & Crisis Management

Our Enterprise Risk Management (ERM) function focuses on identifying key business, operational, and strategic risks through quarterly assurance meetings, structured interviews, on-call discussions, and incident reviews.

Risks are aggregated at the unit, function, and organisation levels and are categorised by risk groups. Our response framework categorises these risks into

- internal (preventable)
- internal (strategic), and
- external risks.

The function operates with the objective of proactively identifying and increasing awareness about the various risks among the appropriate stakeholders, facilitating discussions on prioritising and mitigating identified risks, developing systems to alert when risk tolerance limits are exceeded, establishing a framework to assess risk tolerance and analysing remaining risks.

Risk Governance

The Chief Compliance Officer (CCO) oversees our compliance processes, while the Chief Internal Auditor helps to enhance and protect organizational value by providing risk-based objective assurance, advice, and insight. The Chief Risk Officer leads the risk function.

The Integrated Assurance Forum and the Executive Risk Management Committee are management level committees that help the ERM function to prioritise organisation-wide risks and steer mitigation efforts, in line with our risk appetite.

Mitigation work carried out by the ERM team is regularly reviewed, and the progress of key risks is discussed with the Executive Risk Management Committee and senior management, as well as at the Risk Management Committee of the Board of Directors.

During FY 2024, risk mitigation efforts included review of risks and mitigations related to cyber security, data privacy, data governance, ethics and compliance risk, quality, product development, supply chain management, geo-political risks, safety, counterfeiting risk, talent and capabilities risk, foreign exchange risk and other regulatory updates. Since the beginning of the military conflict between Russia and Ukraine, we are continuously monitoring emerging risks in the areas of safety of employees, supply chain disruption, repatriation of funds and information technology, including cyber security related risks.

Emerging Risks

We analyze reports and insights issued by the World Economic Forum, audit and consulting firms, banks and insurance companies, and investigations on the internet from selected reliable sources, regarding trends for the coming years and main threats and opportunities to be anticipated by pharma industry.

Increasing use of Social Media and Mobile Communication tools could give rise to Liability or Breaches of Data Security.

We and our business associates are increasingly relying on social media and mobile communication tools as a means of communication. To the extent that we seek as a company to use these tools as a means to communicate about our products or about the diseases our products are intended to treat, there are significant uncertainties as to either the rules that apply to such communications, or as to the interpretations that health authorities will apply to the rules that exist. As a result, despite our efforts to comply with applicable rules, there is a significant risk that our use of social media and mobile communication tools for such purposes may cause us to nonetheless be found in violation of them. In addition, because of the universal availability of social media and mobile communication tools, our associates or third parties may make use of them in ways that may not be sanctioned by us, and that may give rise to liability, or that could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, clinical trial patients, customers and others. Such uses of social media and mobile communication tools could have a material adverse effect on our business, financial condition, results of operations and/or cash flows.

Social media posts could also contain information purported to be disclosed by us that is false or otherwise damaging, which could have a material adverse effect on our reputation and the price of our equity shares and ADRs.

Mitigation and Adaptation

Maintaining transparency and promptly addressing any instances of misinformation or disinformation is crucial for preserving reputation. We monitor online channels for potential threats to aid early detection and mitigation of reputational risks. Ultimately, staying vigilant, proactive, and adaptable in addressing emerging threats is essential to navigate the evolving landscape of cybersecurity and safeguard operations, reputation, and financial assets.

We guide employee behaviours on handling sensitive information, and use of mobile communication tools, and social media. Our acceptable usage policy includes guidelines on the use of the internet and social media for our employees. Multiple other information security related policies are in place to ensure the security of critical information assets against the risks of mobile computing, and Dr. Reddy's web content hosted on internal or external servers.

We have also invested heavily in the protection of data and information technology to reduce these risks. We certify our IT infrastructure and information security management system across sites and conduct third-party vulnerability analysis, including simulated hacker attacks. All our employees go through a thorough information security induction upon joining. Awareness campaigns are conducted periodically and address potential security risks and threats on several topics such as phishing and hacking, including elements of the Code of Business Ethics, and these are followed by on-the-spot training. Employees are encouraged to report incidents to a 24x7 managed mailbox, and we recognise those who contribute to enhancing our security provisions on a regular basis. As of FY 2024, there were no instances of data breaches, customer privacy issues, or loss of customer data.

Counterfeit Versions of Our Products Could Harm Our Patients and Reputation

Our industry has been increasingly challenged by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the internet. Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the rigorous manufacturing and testing standards that our products undergo. Counterfeit products are frequently unsafe or ineffective, and can be potentially life-threatening.

Counterfeit medicines may contain harmful substances, the wrong dose of the API or no API at all. However, to distributors and patients, counterfeit products are packaged by the counterfeiters in a way to deceive the end consumers to believe it to be legitimate one produced by the genuine pharmaceutical company by using same brand name and packaging and are visually indistinguishable from the authentic version. Counterfeit medicines are manufactured in unsafe conditions and are not approved by Regulatory Authorities and pose a serious risk to the public health and are inherently unsafe.

Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the authentic product, and harm the business of our company. Additionally, it is possible that adverse events caused by unsafe counterfeit products would mistakenly be attributed to the authentic product.

Mitigation and Adaptation

We have taken a proactive approach to mitigate the risk of counterfeit medicines. We have invested in aggregation along with serialization from the initial days of 2015, which has helped us establish a robust system that enables us to track and trace our medicines from the point of manufacture to the point of dispensing. We are implementing a comprehensive set of measures that includes the implementation of the Drug Supply Chain Security Act (DSCSA) in the US and equivalent regulations in the other geographies such as Russia, Uzbekistan, EU, and worked closely with the Government of India for the implementation of the serialization guidelines. The implementation of these measures has resulted in a significant investment of financial and human resources. Our investments in serialization and aggregation continue to help us comply with global regulations and standards, with enhanced operational efficiencies for downstream partners.

By preventing counterfeit medicines from entering the market, we can protect our reputation and brand value, enhance patient safety, and trust, and avoid regulatory penalties and fines.

Stricter Regulatory Compliance Requirement in Key Geographies that we Operate in

Any change in regulatory requirements of key geographies in which we operate e.g. Uniform Code for Pharmaceutical Marketing Practices (UCPMP) notified by the Department of Pharmaceuticals, Ministry of Chemicals and Fertilisers, Government of India in India, might require us to adopt stricter compliance requirements. We have been adhering to a voluntary marketing practices code and the newly issued UCPMP retains the provisions as contained in the earlier versions, with the key change being that its status as a voluntary code has been withdrawn.

While the new version of the UCPMP is an improvement, several practical challenges need to be addressed for effective enforcement. Pharma Associations such as Organisation of Pharmaceutical Producers of India (OPPI) have made representations to the government on difficulties in implementation of the UCPMP as it stands today, as these provisions appear to have far-reaching unintended consequences and also since UCPMP does not cover all scientific programs and activities.

Mitigation and Adaptation

We have submitted our inputs and feedback on UCPMP to IPA for its consideration and also to other industry bodies like FICCI. We understand that the representations made by the members of Associations such as OPPI is

currently under review with the government and we await results of the same.

Meanwhile, we continue to improve our ethical marketing practices and strengthen our governance through well-defined and transparent guidelines for our interactions with HCPs. Our global marketing code is published on our website and sets out standards and procedures for the ethical interaction and promotion of our products amongst Healthcare Professionals (HCPs) and Healthcare Institutions (HCIs) in compliance with all applicable laws.

Other Risks

In addition to these emerging risks, geopolitical risks are effectively managed through proactive assessment, diversification of suppliers from various geographies, contingency planning, and compliance with relevant regulations and protocols. Continuous monitoring of geopolitical developments allows for timely adjustments to mitigate potential risks and ensure uninterrupted project operations. Recent situations such as the COVID-19 crisis, geopolitical situations in China, and the Ukraine war have provided valuable lessons on navigating our day-to-day requirements without disrupting our regular work.

For more details on our material risks and opportunities, please refer to our Integrated Annual Report FY 2024.

For greater coverage of our company-wide risks, please refer to Form 20 F for FY 2024.

1.5 Business Ethics

Our Code of Business Conduct and Ethics applies to all the Directors and employees, our subsidiaries, and affiliates. It lays down the principles that guide our Company's conduct and decision-making, promoting stakeholder trust. The Code is in compliance with the requirements of the Companies Act, 2013, the U.S. Securities and Exchange Commission, the Securities and Exchange Board of India, and the Sarbanes-Oxley Act of 2002 and its implementing regulations.

We remain committed to supporting and aligning our operations and strategies to the UN Global Compact's Ten Principles on human rights, labor, environment, and anti-corruption.

Our Code of Business Conduct & Ethics is a general statement of goals and expectations for individual employees and their business conduct. It covers the following key elements:

Governance

- Anti-Bribery and Anti-Corruption
- Marketing practices
- Insider Trading
- Product safety and quality
- Data integrity and privacy
- Conflict of interest
- Anti-trust and Fair competition
- Anti-money laundering and/or insider trading/dealing
- Whistleblowing and non-retaliation
- Advocacy and public policy
- Third party engagement
- Compliance with legal obligations, accountability and enforcement
- Gift, hospitality and entertainment
- Accuracy and fairness of books and records
- International trade laws

Workplace Practices

- Human rights and modern slavery
- Equal Employment Opportunity
- Discrimination and harassment
- Environment, health, and safety

The Code and an Ombudsperson Policy have been articulated in order to provide information and resources to help employees make informed business decisions and to act on them with integrity. For more details, please refer to our Code of Conduct and Business Ethics.

Anti-Bribery and Anti-Corruption

As outlined in our Code of Business Ethics and Anti-Bribery and Anti-Corruption policy, political contributions and charitable donations that act as a means of bribery and corruption are explicitly prohibited in these policies. Political contributions have been publicly disclosed in Contributions & Other Spending. There were no charitable contributions or sponsorships that could be linked to bribery or corruption.

Charitable Contributions and Sponsorship

Our charitable contributions and activities in India are strictly governed by the provisions of the Companies Act 2013 read with CSR rules made thereunder. As per the CSR rules, the CSR projects are approved by the CSR Committee of the Board/Board. The projects are reviewed by the Committee/Board every quarter. Further, the partners are required to share the fund utilization, indicating the nature and amount spent in each financial year, accompanied by the project progress report. All CSR-related disclosures are published in the company's integrated annual report.

Details on the Breaches Against the Code of Business Conduct & Ethics for FY 2024

Issue	Number of Concerns
Workplace-related issues	130
Marketing practices	132
*Conflict of Interest	66
Sexual Harassment	23
Information Security	7
Potential Data Integrity	8
Inappropriate Expense Claims	11
Others	25
Loss of Assets	13
Insider Trading	7
Safety, Health & Environment	2
Total	**417**

**Our Conflict of Interest policy lays down the principles and standards that govern the actions of the company including its subsidiaries, joint ventures and its directors, officers and employees (full time or part time, contract employees and consultants). This policy provides guidance for recognising, reporting and resolution of any actual, potential or perceived conflict of interest.*

Direct or Indirect Political Contributions

The Company supports corporate citizenship initiatives including participation in the political and democratic process through political contributions in compliance with the applicable laws.

Political contributions for FY 2024 were ₹ 31,00,00,000 (purchase of Electoral Bonds).

Please see details in Contributions & Other Spending section below.

Reporting on Breaches

Reporting Areas	Number of Breaches
Corruption or Bribery	0
Discrimination or Harassment	65
Customer Privacy Data	0
Conflicts of Interest	66
Money Laundering or Insider Trading	7
Total	**138**

The Chief Compliance Officer (CCO) is the designated authority reporting to the Chief Ombudsperson of Dr. Reddy's for the purpose of compliance with the Ombudsperson Policy. All issues are investigated by the designated investigator under guidance from CCO. Based on findings, a suitable opportunity of being heard is provided to the alleged person before concluding on the case. Any Corrective and Preventive Actions (CAPA) are identified through discussions with the business head, and all CAPA are tracked till closure.

Bioethics and Animal Testing

The laboratory animal facilities at Aurigene Pharmaceutical Services Limited (APSL) and Biologics have been registered with the Committee for the Purpose of Control and Supervision on Experiments on Animals (CCSEA), the statutory agency monitoring animal experimentation in India. The number of animals used for experimentation is reduced through appropriate study design. Wherever appropriate and possible, animal studies are replaced by in-vitro screenings, in-vitro ADME (Absorption, Distribution, Metabolism, and Excretion) studies, and in-vitro toxicology studies. As an alternative to the animal research work, most of the in-vitro pharmacodynamic activities for biosimilars are performed using in vitro models such as cell lines and recombinant receptors (target binding and subsequent functional effects).

For pharmaceutical services, developing 3D organoid cultures is under consideration. Organisation for Economic Co-operation and Development (OECD) approved in-vitro assays for genotoxicity and skin irritation/sensitization are in place. No alternatives are available for repeated dose pharmacology, pharmacokinetic and regulatory toxicology studies. The aim has been to reduce animal use through study design in Biologics and using more in vitro methods at APSL.

Both facilities have an Institutional Animal Ethics Committee (IAEC), the animal research review committee, approved by CCSEA to review and approve animal testing protocols and to oversee the animal care and use programme. Prior to an animal testing project, the investigator of animal experiments considers whether the aim of the project could be realised by using in-vitro techniques or experiments involving animal species of lower phylogenetic order. All IAEC members review animal research protocols and seek justification from the principal investigator on the number of animals proposed to be used, the animal model proposed in the application and any alternative methods by which the study objectives may be achieved. In all animal ethics committee meetings, facility veterinarian(s) discuss to understand the animal care and use compliance. All procedures used in an animal study are designed to conform to the accepted practices and to minimize or avoid risk of causing pain, distress or discomfort to the animals considering the recommendations provided in the CCSEA and AAALAC guidelines. Animal testing is performed only after consideration to replace animals, to reduce the numbers of animals used, or to refine procedures to minimize distress. The APSL animal facility is certified by the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) International, USA since June 2021, and the Office of Laboratory Animal Welfare (OLAW) for standard lab animal care We fully comply with the 3R principles (Replacement, Reduction and Refinement) in laboratory animal testing and ensure the rehabilitation of large animals maintained at the animal facility as per CCSEA guidelines. In October 2023, the Biologics facility decided to close the animal house operation and the animal testing facility is no longer functional.

1.6 Policy Influence

Contributions and Other Spending

Currency (₹)	FY 2021	FY 2022	FY 2023	FY 2024
Lobbying, interest representation or similar	0	0	0	0
Local, regional, or national political campaigns / organizations / candidates	0	35,00,000	*46,00,00,000	*31,00,00,000
Trade associations or tax-exempt groups (e.g., think tanks)	1,28,60,673	2,58,57,972	3,54,54,712	3,08,45,425
Other (e.g., spending related to ballot measures or referendums)	0	0	0	0
Total	**1,28,60,673**	**2,93,57,972**	**49,54,54,712**	**34,08,45,425**

**Indicates political contributions via electoral bonds*

Largest Contributions and Expenditures

The largest contributions we made towards trade associations are outlined below:

Subscriptions	FY 2024 (in ₹)
World Economic Forum	1,66,38,480
Indian Pharmaceutical Alliance (IPA)	60,00,000
National Council of the Confederation of Indian Industry (CII)	43,00,000
International Generic and Biosimilar Medicines Association	22,42,700
US-India Business Council	20,83,750
Asia Business Council	18,23,195

Our Co-Chairman and Managing Director, G V Prasad is being invited to the World Economic Forum Annual Meeting held in Davos, Switzerland since 2022 and has used the platform to talk about key ESG issues, amongst other relevant topics in healthcare, pharma, technology, and collaboration.

In 2022, we announced our ESG vision for 2030, and spoke to investors across the globe on our plans to achieve these goals including building access and affordability, carbon neutrality, gender diversity, and supply chain.

Dr. Reddy's has been working together with the IPA to encourage and institutionalize an innovation ecosystem in the Pharmaceutical Industry. At present a major component of Indian exports are low value generic drugs. Through the recently launched PRIP (Promotion of Research & Innovation in Pharmaceuticals), a well-designed and suitably targeted intervention, we will work together with IPA and the government to promote specific high value goods such as bio- pharmaceuticals, complex generic drugs, patented drugs or drugs nearing patent expiry, cell based or gene therapy drugs.

Dr Reddy's, along with other industry partners, has been working on increasing Supply Chain Resilience. Through partnerships and collaborative frameworks, we are working to ensure that trade is not disrupted between India and the World. Our memberships with the International Generic and Biosimilar Medicines Association (IGBA) and US-India Business Council (US IBC) provide a platform to deliberate with global industry partners to ensure uninterrupted supply of medicines.

As India lead the G20 presidency in 2023, Dr. Reddy's have been actively involved in various working groups and task forces, together with the G20 nations and the invitee countries, to discuss on various global issues and also institutionalise frameworks for a resilient and responsive global ecosystem for trade in the pharmaceutical and health sectors. We are proud to have participated in the discussions centered around the healthcare industry at the three-day G20 3rd Health Working Group event in Hyderabad. Our Chairman, Mr. Satish Reddy delivered a keynote address to an audience that included senior officials from the Government of India, multi-national think-tanks, and the healthcare industry. Underlining the importance of global collaboration and partnerships, Mr. Satish emphasised the role of global R&D networks to accelerate innovation and access to VTDs (Vaccine, Therapeutics, and Diagnostics). The Business 20 (B20) is the official G20 dialogue forum with the global business community. Mr. Satish is also Co-Chair, B20 India Task Force on Inclusive GVCs (Global Value Chains) for Resilient Global Trade and Investment.

We were invited to provide inputs to the Initiative on Critical and Emerging Technology (iCET), an initiative to improve and expand the strategic partnership between U.S. & India, between the governments, businesses, and academic institutions of our two countries. U.S. President, Mr. Joe Biden and Indian Prime Minister, Mr. Narendra Modi announced the U.S.-India initiative on Critical and Emerging Technology (iCET) in May 2022.

As a company, we continue to work with industry associations such as the Indian Pharmaceutical Alliance (IPA) and the Federation of Indian Chambers of Commerce and Industry (FICCI) on matters of policy.

Lobbying and Trade Associations - Climate Alignment

We are using our voice on global platforms such as the World Economic Forum and actively involved in various working groups and task forces such as the G20 taskforce, Alliance of CEO Climate Leaders India, India CEO Forum on Climate Change, and the Pharmaceutical Supply Chain Initiative for greater impact.

We work closely with various trade and industry associations. This includes industry representations to the government and/ or regulators. We perform the function of policy advocacy in a transparent and responsible manner while engaging with all the authorities and take into account the company's as well as the larger national interest. We believe that policy advocacy must preserve and expand the public good and thus, we do not advocate any policy change to benefit ourselves or a select few. We have also actively participated in several notable industry events and forums lending our voice and perspectives to shape a holistic healthcare ecosystem.

We continue to be members of The Asia Business Council that was formed by a group of prominent businesspeople and is the first pan-Asian CEO organization. Their primary goal is to understand and work towards the continued economic growth and competitiveness of Asia as a region. Our mission is to: 1) Foster dialogue and understanding among Asian and international business leaders 2) Improve the efficacy of the private sector in promoting continued economic growth and development in the region 3) Be a collective voice to influence other corporations, governments, multilateral organizations, and members of civil society. We accomplish our goals by holding two member-only Forums in the spring and autumn of each year, facilitating subject-specific task forces, and by conducting research in areas that impact on the Council's aims. Findings and recommendations for action are made public when appropriate.

At the COP27 meeting in Sharm El-Sheikh, climate negotiators laid out a plan to implement the global goal of limiting warming to 1.5 degrees Celsius. The private sector must play a role in meeting climate targets and can build on that momentum. With this statement, Asian business leaders have committed to taking climate action and to safeguarding and managing nature sustainably. The Council also conducted a survey to understand what drives corporate climate action in Asia, and what policies could accelerate decarbonization. The survey results highlight the main drivers of Council members' climate action and the strategies they prioritize for reaching net zero carbon emissions. It also reveals the key challenges they see for decarbonization and, crucially, the government policies that would help accelerate their climate action.

Our advocacy and public policy is available on our website at https://www.drreddys.com/cms/cms/sites/default/files/2024-02/Advocacy%20and%20Public%20Policy.pdf

1.7 Supply Chain Management

Dr. Reddy's is committed to providing quality products and services that are designed to improve the health of patients. Our Supplier Code of Conduct ("SCOC') defines the non-negotiable minimum standards that we ask our suppliers/vendors/service providers to respect and adhere to when conducting business with Dr. Reddy's. All our strategic suppliers have signed the supplier code of conduct, that includes clauses on environmental, labor, and human rights requirements. Our code is modelled on the PSCI Principles for Responsible Supply Chain Management (The Principles). We use PSCI's audit template as a basis for auditing our suppliers' performance, with Dun & Bradstreet as assessment partners.

Supplier Risk

We manufacture most of our finished products at these facilities and also use contract manufacturing arrangements as we determine necessary. For each of our products, we continue to identify, upgrade and develop alternate vendors as part of risk mitigation and continual improvement.

The ingredients for the manufacture of our finished products are sourced from in-house API manufacturing facilities and from vendors, both local and non-local. Each of these vendors undergo a thorough assessment as part of the vendor qualification process before they qualify as an approved source. We attempt to identify more than one supplier in each drug application or make plans for alternate vendor development from time to time, considering the supplier's history and future product requirements. Arrangements with international raw material suppliers are subject to, among other things, respective country regulations, various import duties and other government clearances.

Supplier ESG Program and Supplier Screening

We are working to build an ESG-compliant supplier base across categories and aim to partner more extensively with our suppliers to help them deliver measurable improvements and significant impacts over the next several years.

We screen each of our suppliers on environmental, social, and governance-linked issues before onboarding. Our supplier screening methodology prioritizes suppliers with globally recognized certifications like OSHAS and ISO, which evidences their commitment to sustainability. For instance, for palm oil-based ingredients/excipients,

we select suppliers who have RSPO certification, this ensures that they are compliant with the required laws and regulations on labour practices. All our palm-based products are sourced in a sustainable manner and 100% of them are RSPO-certified.

KPIs for Supplier Screening

Supplier Screening	FY 2024
Total number of Tier-1 suppliers	2285
Total number of significant suppliers in Tier-1	88
% of total spend on significant suppliers in Tier-1	60
Total number of significant suppliers in non Tier-1	0
Total number of significant suppliers (Tier-1 and non Tier-1)	88

In FY 2024, we have been successfully audited and awarded compliance to the ISO 20400:2017 – Sustainable Procurement Guidance. The ISO 20400:2017 provides guidance to organizations on integrating sustainability within procurement, as described in ISO 26000. It is intended for stakeholders involved in, or impacted by, procurement decisions and processes. Purchase category heads are guided by our sustainable procurement manual and ensure that sustainable criteria are integrated into supplier selection processes. They evaluate potential suppliers based on various aspects of quality, reliability, capability that includes their sustainability performance, including environmental impact, labour practices, and adherence to ethical standards. We encourage working with local suppliers or suppliers that are close to our facilities (including small-scale industries). During the year, we sourced 45% of input material from local suppliers in India where most of our manufacturing base is located.

We are working with strategic suppliers on an ESG capability building programme, training them on different sustainability aspects including sustainable procurement processes. In FY 2024, 11% of our supply chain partners were covered under the programme. We are also conducting an onsite assessment as per our ESG framework. Based on the results of the evaluation, we identify potential high-risk suppliers and develop a mitigation plan based on the strategic suppliers' risk classification. We consider supplier-related risks (such as financial instability, quality or regulatory/FDA issues, or any other issues, or non-compliance), market risks (fluctuations in prices or availability of materials), geopolitical risks (political instability affecting supply chains), regulatory risks (non-compliance with environmental or labour regulations). For suppliers based out of conflict-prone regions or at risk of geopolitical instability or having a high-risk exposure, we have taken measures including building up inventory, assessing alternate channels for supply of materials etc. Besides country-specific risk, we also consider sector-specific and commodity-specific risks as part of our supplier screening process. We evaluate and manage our commodity price risk exposure through our operating procedures and sourcing policies.

We conduct multiple in-house trainings on different aspects of the supplier ESG programme for our supply chain team, and these programmes are also extended to our suppliers. We train our strategic suppliers which includes high-risk, single-source, and critical suppliers while onboarding them, and also maintain an active engagement with them to ensure we achieve our goal of an ESG compliant strategic supplier base.

For employees, we have on-the-job trainings, and need-based trainings. 100% of our sourcing and procurement team across all locations have received training on sustainable procurement.

Supplier Assessment and Development

While we primarily rely on desk-based and onsite assessments (carried out by a third party) to evaluate supplier-risk, we also carry out need-based on-site assessments via purchasing company employees or contracted consultant (2nd party assessment) and on-site assessments carried out by an independent accredited auditing body (3rd party assessment) carried out using recognized standards and methodologies.

We monitor and identify instances where there is a deviation from the standard procurement or supplier management processes. This could include situations where a vendor fails to meet quality standards or when unexpected disruptions occur. We evaluate the impact of the deviation on procurement operations, supplier relationships, regulatory compliance, and overall organizational objectives, and then formulate strategies to address and mitigate the impact of the deviation. This includes corrective actions to bring the process back on track, avoiding its recurrence, finding alternative suppliers, streamlining procurement strategies, emphasizing procurement & corporate policies or implementing contingency plans. We regularly monitor the effectiveness of the implemented corrective actions and track progress toward resolving the deviation.

KPIs for Supplier Assessment and Development

Supplier Assessment	FY 2024	FY 2024 Target
Total number of suppliers assessed via desk assessments/ on-site assessments	32	30
% of unique *significant suppliers assessed	36.36	
Number of suppliers assessed with substantial actual/potential negative impacts	1	
% of suppliers with substantial actual/ potential negative impacts with agreed corrective action/improvement plan	100	
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	

**Please note that significant suppliers are referred to as strategic suppliers in our reporting.*

Corrective Action Plan Support	FY 2024	FY 2024 Target
Total number of suppliers supported in corrective action plan implementation	1	100% of significant suppliers with actual/potential negative impacts
% of suppliers assessed with substantial actual/ potential negative impacts supported in corrective action plan implementation	100	

Capacity Building Programs	FY 2024	FY 2024 Target
Total number of suppliers in capacity building programs	69	30% of significant suppliers
% of unique *significant suppliers in capacity building programs	46.37	

**Please note that significant suppliers are referred to as strategic suppliers in our reporting.*

Supplier Audit

We conduct periodic supplier risk assessments for our value chain partners through a third party to better understand our value chain risk exposure. During the year, 25.5% of our value chain partners have been evaluated on multiple ESG parameters.

We have a procedure and a dedicated team in place to assess our suppliers regularly on sustainability aspects. In addition to the inspections conducted by our internal team, we have collaborated with a third party to conduct an independent assessment at the suppliers' sites to enable the categorization of suppliers as high, medium, and low risk. ESG constitutes 40% of the overall assessment score. Suppliers need to have a minimum “Average risk” score to qualify for the supplier selection process. If a supplier posing risks is identified, we develop a risk-mitigation plan, suggest improvements in the form of a detailed action plan to help them become a more sustainable organization, and support them to meet our ESG requirements.

However, if they still fail, we develop a second source of supply that is more committed to sustainability. 100% of audited/assessed suppliers have been engaged in corrective actions or capacity building.

1.8 Tax Strategy

We recognize the role that taxation could play in achieving the SDGs. Integral to the economic development, as a means of financing social infrastructure, we consider fair tax payment as one of our foremost responsibilities. We uphold, endorse, advocate the concept of ‘transparency’ through all our business dealings, operations and functions. We constantly strive for fairness in actions, honesty in business dealings, accountability to all stakeholders and morality in business conduct. The essence of each of these values is upheld by our tax principles.

Our tax policy is based on our ‘Purpose’. Our tax policy is to pay our fair share of taxes in the jurisdictions where we operate and conduct our tax affairs transparently and with integrity. It sets out the framework and approach to tax across all Group companies. The Group adopts a tax policy which is aligned to the Group’s business strategy and organizational goals. A key part of the tax policy also includes accurate, transparent and timely reporting before statutory authorities.

1.9 Information Security / Cybersecurity and Data Privacy

The Company’s Executive Risk Management Committee operates under the Company’s Risk Management Policy and focuses on risks associated with the Company’s business and compliance matters. This Committee periodically reviews matters pertaining to risk management and oversees the company’s cyber security strategy. The Risk Management Committee of the Board is constituted entirely of Independent Directors.

As part of our resiliency strategy, we have an information technology disaster recovery plan in place for our key applications in order to minimize impacts from any unanticipated events and breakdowns. We have implemented continuous threat monitoring and risk prevention for all critical and non-critical areas. We have implemented several change management initiatives across our organization, including information technology and automation in the areas of manufacturing, research and development, supply chain and shared services. In FY 2023, the board approved our Business Continuity Management policy, to ensure continuity of critical business operations during disasters. The policy sets out our commitment to effective business continuity arrangements across business and operations as part of enterprise risk management efforts. The policy is applicable to all activities of Dr Reddy’s Laboratories Limited, and made available to employees, contractors, vendors and/or any other third parties as per business requirements.

IT Security/ Cybersecurity Governance

The Board member that oversees our cybersecurity strategy is Ms. Shikha Sharma, Chairperson of the Risk Management Committee.

Ms. Shikha Sharma was the Managing Director & CEO of Axis Bank, India’s 3rd largest private sector bank from Jun 2009 to Dec 2018. As a leader adept at managing change, she led the Bank on a transformation journey from being primarily a corporate lender to a bank with a strong retail deposit franchise and a balanced lending book. Ms. Sharma has more than 3 decades of experience in the financial sector. She was a member of the Reserve Bank of India (RBI) Technical Advisory Committee, the RBI’s panel on Financial Inclusion, and the RBI’s Committee on Comprehensive Financial Services for Small Businesses and Low-Income Household. She has chaired CII’s National Committee on Banking 2015-2017. She has an MBA from the Indian Institute of Management,

Ahmedabad, India, B.A. (Hons.) in Economics and PGD in Software Technology from National Centre for Software Technology (NCST), Mumbai, India.

For more details, see https://drreddys.com/Board-of-directors?10#8d8e3a51-22c5-4ed9-8ac1-8f2c3a230aa5

Executive Management Responsibility

Sanjib Dutta is the Chief Information Security Officer (CISO) at Dr. Reddy's Laboratories Limited. In this role, he has global responsibility for end-to-end Information Security Strategy and Governance, Regulatory Compliance, Cyber Risk, Cyber Defence and Privacy. Sanjib joined Dr. Reddy's Laboratories Ltd. in January 2023 and has been leading all Cyber Maturity initiatives critical for the organization. Before joining Dr. Reddy's, he worked in different leadership roles for Coca-Cola, ABInBev and KPMG. Sanjib holds bachelor's and master's degrees in information technology.

Our Information Security Management System (ISMS) is based on internationally recognized frameworks such as ISO 27001 and NIST CSF. Our Aurigene Pharmaceutical Services Limited facility also follows rigorous Safety and Information Security practices and is certified against ISO 27001:2013 standards for information security. We use a comprehensive technology stack to implement the above control framework and carry out periodic independent assessments to review the effectiveness of these controls. Any gap identified in the control framework goes through an established risk management process aligned with industry frameworks such as the COSO ERM.

Incidence Response/data Breach Plan

Our incident security management policy establishes a framework for handling actual and suspected information security and cyber security incidents. The policy applies to incidents caused by all insiders and outsiders involving the company assets. It holds responsible all employees and contractors to report and provide relevant information relating to the incident. We ensure all incidents are identified, recorded, classified, prioritized, resolved, and closed.

Data Privacy

We recognize the fundamental privacy rights of all individuals. We are committed to responsibly using Personal Information in accordance with the Data Privacy laws in all the countries we operate in.

Our Global Data Privacy Policy utilizes a principle-based approach and high-level considerations which form the basis of most of the Data Protection laws globally. The policy is then operationalized with the help of the Company's Global Data Privacy Standards, Procedures and Guidelines which may be adapted locally in countries from where we operate. These collectively constitute the 'Global Data Privacy Policy Framework'. We strive to honour our commitment with the help of multiple globally recognised and accepted principles of privacy, including transparency, security, integrity, accuracy, and accountability.

For more details on our privacy principles and notices, please refer to our website: https://drreddys.com/privacy-policy

1.10 Innovation Management

We have a full-fledged R&D division which is continuously engaged in research and development of new products and process improvement of existing products. Innovation is embarked by an incremental approach towards cost, time, quality and product development by adopting cutting edge technology. We work to continuously upgrade our technology.

We export APIs to 74 countries, and our main markets include North America (the United States and Canada) and Europe. The research and development group within our API business contributes to our business by creating intellectual properties, principally by developing novel and non-infringing manufacturing processes and polymorphs. Besides the development of new products, the research also focuses on further optimizing our manufacturing processes, which allows us to produce our APIs at a competitive price. For our contract development and manufacturing services, we have well-resourced synthetic organic chemistry laboratories, medicinal chemistry analytical laboratories and kilo laboratories at our research and development centers at Hyderabad and Bengaluru in India.

Aurigene Oncology Limited (AOL) our wholly owned subsidiary, is a clinical stage biotech company committed to bringing novel therapeutics for the treatment of cancer and inflammation.

Product Innovations (Healthcare)

Launches	FY 2024 (in %)
Product innovations launched in the previous 5 years	2
Product optimizations launched in the previous 5 years	34
Unchanged or minimally changed product or services	64
Total	100

Our sustainability goal includes improving the standard of treatment by launching three innovative solutions every year. In the last couple of years, we have partnered with several innovator companies to bring their products to underserved emerging markets. We have conducted 80+ integrated drug discovery projects and have 20+ programs in global clinical development. We also work with innovator and biotech companies, offering end-to-end integrated services ranging from discovery chemistry, discovery biology, custom development and manufacturing of clinical compounds to enable IND/NDA fillings. As most of our product portfolio is under development stage, the present contribution from innovative products is limited. With advancement in product development

stages, we expect this contribution to grow. Our main stream of operation is generics business, viz. Active Pharmaceutical Ingredients (API) and Formulations, from development to manufacturing to distribution across markets. Consequently, performance of the new products, launched in the previous five years, have been considered as product optimizations.

Healthcare Clinical Pipeline

Innovation Phase	Share of R&D Budget Invested (%)	Success Rate
Total	100%	
Pre-clinical development	29%	70%
Clinical trials/ pathway to approval	63%	70%
Launch	8%	70%

Our major part of the R&D spend pertains to development cost of generic APIs, formulations and biosimilars. We also incur smaller proportion of spend for conducting research of new chemical entities. This spend can be categorized into project related spend and non-project related spend. The percentages mentioned herein pertains to project related spend and have been computed based on reasonable assumptions to the best of our knowledge.

1.11 Product Quality & Recall Management

At Dr. Reddy's, we strive to manufacture the best quality products for our customers. Patient safety is at the core of high-quality healthcare, and all our products are tested rigorously and stringently for quality. We remain committed to the highest standards of product quality by implementing a robust quality management system and building a quality-focused culture.

Our QMS and procedures are built as per the Code of Federal Regulation (USA), EudraLex (Europe) and ICH (International Council of Harmonization of Technical Requirements for Pharmaceuticals for Human use). We have received accreditations with cGMP (current Good Manufacturing Practice) certifications by various global regulatory agencies including CDSCO (India), USFDA (USA), MHRA (UK), ANVISA (Brazil), SAHPRA (South Africa), TGA (Australia), Germany, WHO-Geneva, Russia, PMDA (Japan) and Health Canada. The guidelines laid down by these regulatory agencies collectively define a stringent Quality Management System, comprising the basic quality management principles mentioned in ISO 9001:2015.

Our facilities and products are also periodically inspected by the German BfARM, the South African Medicines Control Council, Romanian National Medicines Agency, Ukrainian State Pharmacological Center, the local World Health Organization and Drug Control Authority of India, all of which have extensive enforcement powers over the activities of pharmaceutical manufacturers operating within their jurisdiction. All our manufacturing facilities are in compliance with cGMP, and our suppliers are subjected to periodic evaluation processes that prioritize quality parameters and ensure compliance with cGMP requirements. Dr. Reddy's and CFA warehousing facilities are in compliance with GDP (Good Distribution Practices).

Our facilities are fully compliant with USFDA regulations and are maintained to be 'inspection ready' for any regulator at all times. Currently, the status for all our other facilities is either 'NAI', which means 'No Action Indicated' or 'VAI', which means 'Voluntary Action Indicated'.

Apart from this, all our Indian manufacturing sites are certified under ISO 14001 (environmental management), ISO 45001 (occupational health and safety) for both regular employees and contractors, ISO 50001 (energy management), and SA8000 (social accountability) standards. These sites make up 80% of our global manufacturing presence. All our certifications are publicly available on the company website at https://drreddys.com/investor#governance#certificates.

Our Quality Management System (QMS) lays emphasis on the appropriate management of resources, and management of quality through the entire product lifecycle, including periodic reviews at manufacturing site level, business unit level and senior management level. The system focuses on continual improvement aimed at optimising processes and eliminating non-value-adding efforts in production to reduce variability in process and product quality characteristics. We proactively monitor key quality metrics to assess product safety, and address quality/safety concerns found through audits and inspections with corrective action plans.

Through the pharmacovigilance process, we continuously monitor the benefit-risk profile of our products to ensure continued benefit to our patients and the minimization of product-related safety risks. With a focus on the sustainability pillar of continuous improvement, we have implemented a new software system for the identification

and evaluation of potential safety signals. The move to digitalization will enhance our safety surveillance and risk management activities, and facilitate proactive safety decision making. We do monitor the side effects of our products after sale in any country where we are the Marketing Authorization Holder of our drugs. We support initiatives to build capacity to improve pharmacovigilance capability in low- and middle-income countries as defined by the World Bank. This includes LMICs such as Algeria, Belarus, Bolivia, Brazil, China, Colombia, Dominican Republic, Ecuador, Ghana, Guatemala, India, Jamaica, Kazakhstan, Malaysia, Maldives, Mauritius, Mexico, Moldova, Morocco, Myanmar, Namibia, Nepal, Paraguay, Peru, Philippines, South Africa, Sri Lanka, Thailand, Ukraine, Uzbekistan, Venezuela, and Vietnam.

Our Pharmacovigilance standards are in line with globally recognised safety benchmarks such as the International Conference on Harmonisation (ICH) guidelines, and we maintain compliance with region/country-specific legislative requirements. The function has undergone various health authority inspections such as those conducted by UK-MHRA, US FDA, Health Canada, and the Kazakhstan Health Authority, transforming from a regional model to a global PV centre. The staff involved in the activities have received appropriate training through in-house or external courses, enabling them to adopt the latest trends in managing drug safety and to stay updated on upcoming advancements in the field of PV. All employees go through an annual mandatory pharmacovigilance training.

We continuously focus on improving our quality culture across the organization. We have integrated “Quality by Design” to build quality into all processes and use quality tools to minimize process risks. To ensure the best-in-class quality, we have a Control tower team to maintain the overall quality of the products. We conduct quality audits through the Corrective Action Preventive Action (CAPA) management program across all sites. The team continuously tracks the regulatory observations coming out from external companies across the industries and ensures the learnings are implemented in all the sites. It also facilitates and supports sites with any concerns raised, to ensure that the CAPA is implemented in accordance with the commitment. It also helps the timely implementation of the periodic updates, codes, standards, and Guidelines received from regulatory agencies.

We also leverage information technology to digitize and enhance our quality assurance and quality control processes.

Product Recalls (Health Care)

Class I Recalls

None. We did not have any Class I recalls in the past four years.

Class II Recalls

Subscriptions	FY 2021	FY 2022	FY 2023	FY 2024
Number of Class II recalls	5	14	22	14
Total value of recalled products (in USD millions)	0.14	0.46	0.29	0.45

Compliance to Regulatory Standards

Regulatory Agency Inspections (US FDA)

Regulatory agency inspections	FY 2021	FY 2022	FY 2023	FY 2024
Number of inspections	1	2	1	7

Form 483 Observations

Form 483 Observations	FY 2021	FY 2022	FY 2023	FY 2024
Number of Form 483 Observations	34	22	2	27
Annual revenues generated from the affected facilities (USD millions)	907	215.79	*0	493.23
Annual revenues impacted by production stoppages. (USD millions)	0	0	0	0

The revenue was zero as the inspected plant was yet to be commercialized.

FDA Warning Letters

None. We did not receive any Warning Letters (or equivalent) in the last four years.

Environmental Dimension

2 Environmental Dimension

We adhere to emission norms and control emissions within statutory limits. We adhere to all relevant environmental laws, regulations, and guidelines in the markets that we operate. We have no pending environmental non compliances and during the reporting year, there were no fines paid related to environmental issues.

2.1 Environmental Policy & Management Systems

Our environmental policy covers our production operations and business facilities, products and services, and is also extended to all our subsidiaries, joint ventures, licensees, and other business associates, as applicable.

EMS: Certification/ Audit/ Verification

Certification / Audit / Verification	Coverage (%)
EMS is verified through international standards (e.g., ISO 14001, JIS Q 14001, EMAS certification).	77
Third party certification /audit / verification by specialized companies.	0
Internal certification /audit / verification by company's own specialists from headquarters.	23
Total	**100**

In FY 2023, we have obtained Integrated management systems (IMS) certifications for all our Indian manufacturing sites. As part of IMS (a holistic approach that helps us meet the requirements of several management system standards), all our Indian manufacturing sites are now certified under ISO 14001 (environmental management), ISO 45001 (occupational health and safety) for both regular employees and contractors, ISO 50001 (energy management), and SA8000 (social accountability) standards. These sites make up 77% of our global manufacturing presence. All our certifications are publicly available on the company website at https://drreddys.com/investor#governance#certificates.

2.2 Energy and Emissions

Majority of our Scope 1 (direct) emissions originate from boilers used in operations for producing steam, electricity, and wastewater treatment facilities. Our Scope 2 (indirect) emissions are from purchased electricity for running facilities and operations. Our Scope 3 (other indirect) emissions include emissions from purchased goods and services, capital goods, processing of sold products and others.

We have saved 1,40,000 tons of CO2 in our operations over the last 3 years, investing over USD 12 million on 500+ projects, reducing our overall carbon footprint. We did this through energy efficiency projects, investing in environmental technologies, and digitalization of our operations. Our decarbonization levers include changing our energy mix to include more renewable power, energy conservation and optimizing our use of energy, transitioning to low-carbon fuels and using biomass instead of fossil fuels.

Investment in Environmental Technologies

Last year, we invested ₹ 248 million in environmental technologies. Our key projects included:

1. Installation of innovative technology such as Low Temperature Evaporator (LTE) instead of Multi Effect Evaporator (MEE) for steam usage optimization in Zero Liquid Discharge (ZLD) facilities
2. Energy efficiency projects such as bringing in higher efficiency equipment - more efficient chillers with a variable frequency drive (VFD), Electronically Commutated (EC) blowers, and Industrial Internet of Things (IIOT) for HVAC systems
3. Digitalization of ETP and STP operations that helped reduce electrical energy by 8% and chemicals, consumables, and manpower by 10%

We increased our capital investment on energy conservation equipment and projects such as wind and solar hybrid installations, biomass fired boilers etc.

Currently we have rooftop solar capacities of 6 MW, third party Power Purchase Agreements (PPAs) (solar & hydel) of 59 MW, 7.7 MW Cogen plant on biomass fuel, and 15 MW solar plant through joint ventures, ISTS (Inter-State Transmission System) power supply contract for sourcing 138 million KWH under captive mode (22.6 MW solar and 40.5 MW wind) through JV companies. During FY 2024, and these meet around 40% of our global power requirement.

During the year, we implemented energy conservation projects across various business units and accrued savings of approximately ₹ 201 million against an investment of ₹ 357 million. This helped save ~11,500 tons of CO2 emissions during the year. ₹ 283 million was spent to switch the boiler fuel from coal/ FO/ LSHS to biomass fuel at four of our facilities, and these projects are helping reduce 71,542 tons of Scope 1 emissions. ₹360 million was spent for 18.5 MW (138 million KWH) renewable power through a hybrid project of wind and solar through the Inter-State Transmission System (ISTS) under captive mode which is helping reduce 97,324 tons of Scope 2 emissions.

Installing innovative technologies such as Low temperature evaporator (LTE) in place of conventional Multiple Effect Evaporator (MEE) helped reduce the steam consumption by 98% and power consumption by 30%. Through this, we are saving 1.8 million KWH of power and 181,975 tons of steam per year. We also implemented digital energy management systems at three facilities. Over 100 energy conservation ideas (optimization of designs and operational efficiencies) were implemented in FY 2024 to save 14 million KWH of power and 11,737 tons of steam.

Our energy management programs include energy audits to identify opportunities for improving energy performance, use of clean/green energy, quantified targets to address energy savings, and actions to reduce the amount of energy use. We also monitor and evaluate the progress in reducing our energy consumption. Energy efficiency training is provided to employees to raise the awareness of energy consumption reduction through the Energy Ambassador programme.

Energy Consumption

In FY 2024, we invested in O2 Renewable Energy IX Private Ltd, with ownership of 26% held by us and 74% by TEQ Green Power XI Private Limited and its affiliates, which will supply renewable energy to us for our power consumption. This investment will enable us access to renewable power through solar and wind power plants through inter-state transmission systems under a captive structure.

Total Energy Consumption (in *Gigajoules)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 target
Total non-renewable energy consumption	11,83,220.55	11,00,250.73	8,02,981.64	7,08,629.08	10,66,199.72
Total renewable energy consumption	1,08,418.05	1,48,460.89	3,17,197.60	6,45,181.47	-
Data coverage as % of operations	100	100	100	100	-

**Kindly note that the energy data in our CDP Climate Change response is in MWh, whereas the data in our Integrated Annual Report is in gigajoules (as per regulatory reporting requirements).*

Direct Greenhouse Gas Emissions (Scope 1)

Direct GHG (Scope 1)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 target
Total direct GHG emissions (Scope 1) in metric tonnes CO2 equivalents	3,49,974	3,02,466	2,14,257	1,89,530	2,03,544
Data coverage as a % of operations	100	100	100	100	-

Indirect Greenhouse Gas Emissions (Scope 2)

IGHG (Scope 2)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 target
Location-based in metric tonnes of CO2 equivalents	1,77,457	1,66,247	1,37,627	1,14,655	1,30,746
Data coverage as % of operations	100	100	100	100	-
Market-based in metric tonnes of CO2 equivalents	1,77,457	1,66,247	1,37,627	1,14,655	1,30,746
Data coverage as % of operations	100	100	100	100	-

We are reporting a Scope 2, location-based figure. We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure (Reference: Response to question C6.2 on page 42 of our CDP Climate Change 2023 disclosure, available on https://www.drreddys.com/cms/cms/sites/default/files/2023-08/CDP%20Climate%20Change%202023.pdf)

Since market-based emissions data is not available, as per the 'Additional information and question guidance', we have considered market-based emissions as equal to our location-based emissions.

Indirect Greenhouse Gas Emissions (Scope 3)

IGHG (Scope 3)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 target
Total indirect GHG emissions (Scope 3) in metric tonnes of CO2 equivalents	4,71,580	*9,20,609	*9,21,055	8,66,992	8,75,002

**In FY 2023, we expanded our GHG accounting boundary to include global operations and included four new categories. This has resulted in a significant increase in Scope 3 emissions for FY 2023. We also recalculated our Scope 3 emissions for FY 2022 to reflect our carbon footprint more accurately and provide a fair comparison of emissions. In FY 2023, our total Scope 3 emissions amounted to 9,21,055 MTCO2e. Using the same basis, our recalculated Scope 3 emissions for FY 2022 amounted to 9,20,609 MTCO2e.*

Category wise Scope 3 Emissions for the Reporting Period are as Provided in the Below Table.

Scope 3 Category	Emissions in the reporting year (Metric tons CO2e)	Emissions calculation methodology and exclusions
1. Purchased Goods and Services	3,92,315	• Dr. Reddy's implemented robust internal business data management system (SAP). Activity data for purchased goods and services were obtained from the SAP for the reporting year. • A Spend Based methodology for consolidation of emissions has been chosen due to the unavailability of specific Emission Factors for all RMs, APIs, PMs & 3P products. • Following Sources were used to calculate emissions. -US EEIO 2022: US Environmentally-Extended Input-Output • Emission Factor for Spend-based Method: 3.18 TCO2e/million INR considered.
2. Capital Goods	45,354	• Activity data for capital goods were obtained from the SAP for the reporting year. • Spend Based Method for consolidation of emissions has been chosen due to the unavailability of specific Emission Factors. • Following Sources were used to calculate emissions. -US EEIO 2022: US Environmentally-Extended Input-Output • Emission Factor for Spend-based Method: 3.51 TCO2e/million INR considered.
3. Fuel-and-energy-related-activities (not included in Scope 1 or 2)	84,394	• Activity data for fuel and energy-related data (not included in scope 1 and 2) was obtained from the SAP for the reporting year. • Distance based method has been used. • Source: DEFRA's Well-to-tank (WTT) 2021 fuels conversion factors were used to account for the fuel and energy consumption for scope 3 emissions
4. Upstream transportation and distribution	98,866	• Activity data: vendor location, destination location, and quantity of material was obtained from the internal business data management system. • Distance between vendor location and destination location was obtained. • Emission factor used: DEFRA 21 was used to calculate the emissions.
5. Waste generated in operations	4,134	Emissions calculation methodology: Waste-type-specific method • Activity data for waste generation (quantity, waste type & disposal method) from operations were obtained from all business units. • Following mode of disposal considered for each type of waste: a. Combustion b. recycling c. Composting d. Landfill • Emission Factor Source: DEFRA waste disposal 2021
6. Business travel	23,528	Source used to calculate emissions: -US EEIO 2022: US Environmentally-Extended Input-Output • Emission Factor for Spend-based Method: 8.00 TCO2e/million INR considered.
7. Employee commuting	29,610	From the Vehicle pass and company transportation details, the number of vehicle and type of vehicle data were obtained. • Employee surveys were conducted to understand the type of vehicle and approximate distance employees travelled from home to office. • For Emission factors following sources were used: World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6.
8. *Upstream leased assets	3,536	Methodology used: Fuel based method. Emission factor source: DEFRA 21: Department for Environment, Food & Rural Affairs, UK
9. Downstream transportation and distribution	59,098	Methodology used: Spend based method. Emission factor source: US EEIO 2022 Emission factor: 10.30 MT CO2/Million INR
10. Processing of sold products	1,25,531	Methodology used: Spend based method. Emission factor source: DEFRA 21 Emission factor: 6.56
11. *Use of sold products	NA	Dr. Reddy's sells Drugs & medicines that are consumed and do not lead to use-phase emissions. Hence, this category is not relevant and not calculated.
12. End of life treatment of sold products	627	Methodology used: Mass/Fuel Method Emission factor source: IPCC
13. *Downstream leased assets	0	The emissions for this category are included in category 8 (Upstream leased assets).
14. *Franchises	NA	Dr. Reddy's does not have any franchise; therefore, this category is not relevant and not calculated.
15. *Investments	NA	As Dr. Reddy's is not a financial institution, this category is not relevant and not calculated.

**Category 13: Downstream leased assets emissions, has been included in Category 8: Upstream leased assets emissions. Categories 11, 14, and 15 are not applicable.*

2.3 Waste and Pollutants

Our waste management programs include internal waste audits to identify opportunities for improving waste performance and action plans to reduce waste generation. Waste reduction training is provided to employees through the Waste Management Ambassador programme.

Waste Disposal

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 Target
Total waste recycled/ reused in metric tonnes	19,598.17	14,358.69	18,695.8	41,815.43	
Total waste disposed in metric tonnes	0	0	0	0	0
- Waste landfilled	0	0	0	0	
- Waste incinerated with energy recovery	0	0	0	0	
- Waste incinerated without energy recovery	0	0	0	0	
- Waste otherwise disposed	0	0	0	0	
- Waste with unknown disposal method	0	0	0	0	
Data coverage as % of operations	100	100	100	100	

We do not dispose any non-hazardous waste through landfill or incineration. Our non-hazardous waste is either recycled, reused, or recovered through other means. Non-hazardous waste such as glass, MS scrap, wood waste, boiler ash etc. is sent to recyclers, cement industries for co-processing or to brick manufacturers. We reduce waste through technological interventions and ongoing initiatives including sustainable packaging, waste source segregation, and process optimization.

Key Initiatives we took up in FY 2024:

Solvent Recovery: In our API manufacturing operations, we have significantly boosted solvent recovery rates, including 2-Butanol (~30 KL per annum), Acetonitrile (~47 KL per annum), Toluene (~1495 KL per annum), and Methylene Dichloride (~137 KL per annum).

Solvent Usage reduction: We have reduced our solvent usage i.e. Isopropyl Alcohol consumption by approximately 31 KL per annum, and Methylene chloride by approximately 16 KL per annum. This has resulted in an increase in recovery/reduction of solvents of approximately 1,750 KL per annum.

Waste reduction: In our API manufacturing operations, we enhanced solvent content through modifications in the stripper distillate process. Previously, this distillate was sent for co-processing and recycling.

In our API manufacturing operations, carboxen is a key ingredient in producing Fondaparinux Na. Previously, used carboxen was considered waste. Now, we reactivate and reuse the spent carboxen in the same process, reducing consumption by ~45 kg per batch. This initiative has saved us approximately 135 kg of carboxen to date. Additionally, sodium sulfate, once sent for co-processing, is now redirected to recyclers, optimising resource utilisation across our operations. Approximately 10.3 Tonnes of sodium sulphate was sent to recyclers in FY 2024.

At our Formulations facilities, the usage of polybags was reduced by implementing a kaizen and monetary savings of this initiative. The Gelatin consumption has decreased from 450 kg/batch to 420 kg/batch after necessary improvements. 2100 kg amount of Gelatin wastage per annum is expected to be avoided.

Hazardous Waste

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 Target
Total hazardous waste recycled/ reused in metric tonnes	23,909.6	32,506.18	33,472.8	35,898.9	
Total hazardous waste disposed in metric tonnes	307.9	220.6	179.2	820.24	209.57
- Hazardous waste landfilled	53.3	32.76	55.5	0	
- Hazardous waste incinerated with energy recovery	254.6	187.84	123.7	820	
- Hazardous waste incinerated without energy recovery	0	0	0	0	
- Hazardous waste otherwise disposed	0	0	0	0	
- Hazardous waste with unknown disposal method	0	0	0	0	
Data coverage as % of operations	100	100	100	100	

Product End of Life

Packaging

Plastic waste is either recycled or co-processed, depending on the type. E-waste is sold to authorised vendors, while hazardous waste is sent to cement industries and recyclers for co-processing and recycling, with only 1% being sent to landfill.

We have engaged a third-party service provider to collect the plastic waste that comprises non-recyclable multi-layered plastic (MLP) across different states of India, in compliance with the Plastic Waste Management Rules 2016 and the requirements of **Extended Producer Responsibility (EPR)** in India. During FY 2024, we have fulfilled the target by recycling and end of life as per the EPR requirements.

Expired Products

Of the products and packaging reclaimed at the end of the life of products, we safely disposed 895 tons of expired products in FY 2024. We also monitor the waste management further in our value chain where all our expired products are incinerated by an authorized destruction vendor.

2.4 Water

We remain committed to water stewardship and are investing in water risk mitigation for a future where access to water is secure, ensuring business continuity for the delivery of life-saving products. High-quality water is essential for our production, and is sourced from various channels including surface, ground, municipal, and rainwater harvesting. We optimise freshwater usage, enhancing efficiency, and mitigate groundwater risks via initiatives such as surface water utilisation and desalination plants. Since achieving water-positive status in FY 2023, we continue our efforts to stay water positive in FY 2024, ensuring a sustainable water future.

Our key levers towards water positivity:

Reduction in Freshwater Consumption: In our API manufacturing operations, we are transitioning to surface water usage in collaboration with the irrigation department. We are also installing pipelines for desalinated water, reducing groundwater dependency and enhancing water security, potentially cutting overall groundwater consumption by 30%.

Alternative Sources of Water: We have identified the potential to utilise approximately 100,000 KL per annum of treated grey water near our Bachupally campus in Hyderabad, India. We are optimising water usage through initiatives such as maximising wastewater recovery, utilising grey water, treating rainwater, recycling raw water, and implementing water-saving practices such as RTP (Rapid Transfer Port) canister cleaning in GMP (Good Manufacturing Practice) washers and AHU (Air handling unit) filter cleaning with air instead of water. This has helped reduce ~70,000 KL freshwater consumption.

Effective use of Recycle and Reuse of Treated Water: Water pinch study outcome initiatives were implemented across 5 API manufacturing plants and 3 formulation plants which helped utilise ~27,740 KLD of wastewater through multiple initiatives. In FY 2024, nearly 20 initiatives were successfully completed across multiple sites, leading to a reduction of wastewater generation by 21,523 KL per annum.

Rain Water Harvesting: The implementation of the Catch the Rain 2.0 initiative at our Bachupally campus in Hyderabad, India, helped reduce our freshwater intake per annum by 68,686 KL, making a significant contribution towards our water positivity goal by minimising reliance on freshwater resources.

Our water efficiency management programs include water use assessment to identify opportunities for water efficiency improvements, actions to reduce water consumption and improve wastewater quality, and application of water recycling techniques. Awareness training is provided to employees on water efficiency management programs through our Water Ambassador Programme.

Water Consumption

We do not discharge any water to the surface, ground, or sea, and therefore do not emit any substance or pollutants to any form of water.

Water Consumption (in Million kilolitres)		FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 Target
A.	Withdrawal: Total municipal water supplies (or from other water utilities)	0.841576	0.744572	0.766356	0.836142	
B.	Withdrawal: Fresh surface water (lakes, rivers, etc.)	0.042135	0.053293	0.048931	0.102582	
C.	Withdrawal: Fresh groundwater	0.97908	1.040154	1.069076	1.109141	
D.	Discharge: Water returned to the source of extraction at similar or higher quality as raw water extracted (only applies to B and C)	0	0	0	0	
Total net freshwater consumption		1.862791	1.838019	1.884363	2.047865	2.0727993
Data coverage as % of operations		100	100	100	100	100

2.5 Climate Strategy

Climate Governance

Climate-related issues are governed by the Sustainability and Corporate Social Responsibility committee of the Board of Directors. The Committee updates the Board regarding deliberation and reviews on these matters. The Company has also constituted an internal Sustainability Council which drives the implementation and program on the ESG goals and targets.

Our Co-Chairman & Managing Director drives the sustainability and ESG agenda in the company and has the ultimate responsibility to approve Dr. Reddy's ESG strategy and goals. He reports to the Board and leads the review of climate risk and opportunity as a part of the business performance review. He is also on the Sustainability and CSR (SCSR) Committee of the Board, the nodal committee for the ESG and sustainability goals of the company, that guides the implementation and progress of our ESG goals.

The CEO has overall responsibility for the performance of the company scorecard, which includes performance against ESG goals. The CEO reports to the Co-Chairman and Managing Director, and

plays a pivotal role in clarifying and motivating the top management to adopt ESG as a strategic priority. The CEO monitors and evaluates current environmental targets and approves a roadmap to

achieve new climate targets. The CEO also participates in an annual review of the ESG strategy and helps set the strategic direction for the upcoming year on ESG actions and plans.

TCFD Disclosure

In FY 2020, we conducted a climate risk assessment that is aligned to the TCFD recommendations. The assessment covered all major operational locations. As outlined by the TCFD, the risks were categorized as physical and transitional risks linked to climate change. As part of TCFD, we have also evaluated the risk associated with our strategic supply chain.

These results and their defined mitigation/adaptation measures are forward integrated into our Enterprise Risk Management (ERM) framework. Dr. Reddy's ERM Framework provides for qualitative/quantitative thresholds for risk appetite and tolerance. The risks are categorized into financial, reputational and legal, compliance and regulatory, and sustainability. The ERM team regularly monitors the identified key risk indicators and mitigation plans for them. The climate-related risks within the ERM framework are discussed and finalized by the Finance Management and Risk Management Council (FIRM). Any risk that has the potential to exceed the threshold is swiftly brought to the attention of the Risk Management Committee and, where relevant, escalated to the Board.

We have used the RCP 4.5 scenario to develop our TCFD analysis. This is in line with the international drive for a robust and standardized risk management methodology. The TCFD analysis provided us with the possible operational, financial, transitional, and legal risks for the horizon of 2039. This scenario analysis was conducted using the geographical and legal implications of climate change across all our locations and strategic suppliers.

For more details on our TCFD disclosure, please refer to our CDP Climate Change Response at https://www.drreddys.com/cms/cms/sites/default/files/2023-08/CDP%20Climate%20Change%202023.pdf.

Emission Reduction Targets

Our Scope 1, Scope 2, and Scope 3 targets are validated by the Science Based Targets initiative (SBTi). We have committed to reduce scope 1 and 2 GHG emissions 50.2% per million USD revenue by FY 2031 from a FY 2021 base year, which is equivalent to a 25% absolute reduction. We have committed to reduce absolute scope 3 GHG emissions by 12.3% within the same timeframe. We are a Business Ambition for 1.5°C campaign member: https://sciencebasedtargets.org/companies-taking-action#dashboard

Carbon Neutrality Commitment

In June 2022, we strengthened our commitment on climate change and stepped up our emissions reduction goal to carbon neutrality (Scope 1 & 2) by 2030 as an important step towards the pathway to decarbonization. Our strategy aims to achieve carbon neutral operations by 2030 through resource efficiency and an increase in the use of renewable energy. Our decarbonization strategy focuses on energy mix, conservation, performance, transition, and eventually carbon offsets. This includes reducing our energy consumption with energy efficient technologies and processes, adopting low or no carbon fuels, substitut-ing fossil fuels in boilers with alternate biomass fuel sources such as rice husk and sawdust briquettes, purchasing energy from renewable sources, and realigning our business operations to lower emissions. We have installed on-site solar rooftops and remain committed to long term renewable energy purchases through power purchase agreements and renewable energy attributes such as RECs (Renewable Energy Certificates).

We have also considered and assessed carbon pricing mechanisms when developing our energy procurement strategy. The strategy has placed a clear focus on renewable energy supply. Using project-specific capital cost, project lifetime, operations & management cost, cost of energy saving, and emissions reductions as input, we have devised an internal carbon price (our ICP is set at ₹ 937 / tCO2e (i.e., $ 12.54 / tCO2e). Pricing carbon helps us manage climate-related business risks and identify opportunities in our operations and supply chain, supporting decarbonization.

We will continue investing in solar, hydel, and wind projects and accelerate our green transition by sub-stantially increasing the share of renewable energy at all our facilities. One of our key levers of decarbonization is energy efficiency, and we plan to further our investment into environmental technologies for improved energy savings, resource efficiency, productivity, and yield while cutting down costs and waste. We are working more closely with our suppliers on sustainable procurement processes and will be identifying emissions reduction opportunities in our upstream and downstream value chain.

2.6 Biodiversity

We have a company-wide Biodiversity Policy that commits to the conservation and enhancement of biodi-versity at all our locations, and provides guidelines for integrating biodiversity in our strategic and operational decision making.

Biodiversity Risk Assessment

We do not have operations or offices in or around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required. We do not operate in biodiversity-rich habitat areas with International Union for Conservation of Nature (IUCN) red list species or national conserva-tion species, and wetlands on the Ramsar List, and we remain mindful of projects that have a negative im-pact on biodiversity. We do not contribute to any deforestation, and continue maintaining zero deforesta-tion in our operations including all products and services.

In 2022, we engaged with CII-ITC Centre Of Excellence For Sustainable Development to evaluate the biodi-versity as well as natural carbon sequestration in the location of our operations. We conducted detailed biodiversity assessments for two key regions of operations (including 11 manufacturing facilities at Bachupally and Pydibheemavaram), and Dr. Reddy's site at Budhera to identify risk areas for the business-es related to regulatory requirements, managing stakeholder relations and meeting customer require-ments by developing products with reduced environmental impact. We publicly report on the process steps of our biodiversity risk assessment, make use of location-specific approach and also provide refer-ences to methodologies or frameworks used for assessment. The objective of the studies was to baseline our own operations. Our biodiversity assessment and carbon sequestration assessment reports recom-mending short- and long-term action plans have been published on our website. Since 2020, we have been supporting the ecosystem through multiple rainwater harvesting projects and creating increased biodiver-sity that supports water resources.

In September 2023, at the World Economic Forum (WEF) - Sustainable Development Impact Meetings (SDIM) 2023, we announced a company pledge to conserve, restore and grow forests, contributing to **1t.org's** restoration efforts. This pledge will take place from 2023 to 2028. The integrated plantation initia-tive covering 2900 hectares, encompassing mangrove, agroforestry, and bund plantations, offers a com-prehensive approach that benefits both nature and the climate. By nurturing biodiversity, capturing carbon, enhancing ecosystem resilience, and promoting economic stability, the project aligns with multiple ecologi-cal goals while also addressing economic needs and promoting community well-being. The estimated car-bon benefits of the initiative are expected to be 194,241 tonnes of CO_2 emissions. The initiative is based on long-term ongoing projects implemented through Dr. Reddy's Foundation, our non-profit implementing partner. More details are available here: https://www.1t.org/pledges/rooting-resilience.

2.7 Product Stewardship

We comply with the relevant laws and regulations of the countries we operate in with respect to disclosure of information on environmental and social parameters relevant to the products. 100% of our formulation products carry information about safe and responsible usage on product labelling and package inserts. Further, based on the legal requirements and guidelines in the countries of our operations, we include in-structions on safe disposal of products.

Life Cycle Assessment

Our Life Cycle Assessment (LCA) programme helps us capture and analyse the environmental impact of our products and identify hotspots and improvement opportunities.

This year, we completed LCA studies of three API products by an independent external agency using pro-fessional software for LCA modelling. A cradle-to-gate assessment was done for Clopidogrel, Metoprolol, and Fexofenadine. The assessment included the entire product lifecycle and emissions were included from raw material production (cradle) to the gate (until the stage at which the product is ready for use before it is transported). These studies were carried out based on ISO 14044:2006 guidelines. Product lifecycle stages included raw material production, raw material transportation, raw material processing, product handling and product transportation.

Our Life Cycle Assessment Includes the Following Impacts:

Resource Use:
Abiotic depletion (fossil fuels, minerals)

Ecological Consequences:
Acidification, Ecotoxicity, Eutrophication, Global warming, Ozone depletion, Photochemical ozone formation

Human Health:
Human toxicity

Description of the Life Cycle Assessment Approach	% of Total Products
Full LCAs	0.5
*Other externally recognized tools (e.g., material flow accounting, ecological foot printing, MIPS)	99.5
Total	**100**

**Material flow accounting (mass balance) is done for all our products.*

There were no significant social or environmental concerns raised from the LCA analysis of our three API products.

Exposure to Hazardous Substances

Risk Assessment Coverage and Approach

100% percent of our products undergo a risk assessment for their potential impact on human health and the environment.

Whenever a new chemical is introduced to the site, a change request is initiated by the quality team. The quality team assigns the safety team to evaluate the safety of the chemical. A Management of Change (MOC) is raised for the chemical introduced, and the entire lifecycle of the chemical is evaluated. The effect of any eventualities is assessed on the Hazard Identification and Risk Assessment (HIRA) document to identify, the cause, consequence and safeguard to ensure that it does not result into fire, exposure or any environmental damage. If any risk is identified as Medium and High (as per our risk matrix), a recommendation following the Hierarchy of Controls is followed:

1. Elimination
2. Substitution
3. Engineering Control
4. Administrative Control
5. Personal Protective Equipment (PPE)

These recommendations are tracked through an internal automated system called Action Tracking System which clearly defines the responsibility and the target date for closure.

Every year, these hazardous chemicals are evaluated to check whether the existing controls are in working condition. We also conduct qualitative exposure assessment for all the hazardous chemicals determining the H-Phrases (standardised phrases and alpha-numerical codes used to describe particular hazards) and Occupational Exposure Limit (OEL) data. If in the qualitative assessment, the risk appears as Medium, High, or Very High – a quantitative exposure assessment is conducted to understand the exposure level and defined controls are implemented as per the Hierarchy of Controls.

Social Dimension

3 Social Dimension

3.1 Labor Practice Indicators

Workforce Breakdown: Gender

We have set targets for women in the total workforce as well as for women in leadership/top management positions. These are provided in the table below. The coverage of the data reported on as a % of FTEs is 100%.

Diversity Indicator	Percentage	Target (%)	Target Year (%)
Share of women in the total workforce	20.6	50	2035
Share of women in all management positions	18.8	-	-
Share of women in junior management positions	18.9	-	-
Share of women in top management positions	20.1	35	2030
Share of women in management positions in revenue-generating functions	14.7	-	-
Share of women in STEM-related positions	19.1	-	-

Workforce Breakdown: Race/ Ethnicity & Nationality

Less than 20% of our workforce is based in the US. We are not able or allowed to report on ethnic and racial minorities, and therefore provide a breakdown based on nationality. The nationalities which make up the highest percentage of our workforce are provided in the table below. The coverage of the data reported on as a % of FTEs is 100%

Nationality	Share in Total Workforce (%)	Share in all Management Positions, Including Junior, Middle, and Senior Management (%)
India	87.17	89
Russia	3.35	4
Mexico	0.79	1
Rest of the world	8.69	7

Gender Pay Indicators

We monitor and disclose the results of our equal pay assessment. These are provided in the table below. The coverage of the data reported on as a % of FTEs is 100%

Employee Level	Average Women Salary (in ₹)	Average Men Salary (in ₹)
Executive level (base salary only)	3,55,12,004	3,54,87,251
Executive level (base salary + other cash incentives)	5,32,68,006	5,25,82,460
Management level (base salary only)	36,61,534	27,35,954
Management level (base salary + other cash incentives)	41,17,212	31,07,920
Non-management level (base salary only)	10,33,803	6,77,948

We have a robust policy structure and review mechanism to identify pay gaps and ensure pay equity. Salaries of employees are based on the job function regardless of gender, caste, race or religion. In FY 2023, the Nomination, Governance and Compensation Committee (NGCC) of the Board reviewed the company's system for hiring, developing and retaining talent, reviewing gender pay parity, and retirement policy along with other matters. Our equal pay assessment is currently under third party verification.

Our Diversity Council is led by Co-chairman and Managing Director G V Prasad, Chief Human Resources Officer Archana Bhaskar, and Chief Diversity Officer Srividya Ramakrishnan. These are our leaders paving the way towards a more

sustainable, diverse, equitable and inclusive Dr. Reddy's. They are supported in driving equity, diversity and inclusion by representatives from various businesses across the organisation.

Apart from goals on gender diversity and parity, Dr. Reddy's is also committed to include more Persons with Disabilities in workforce. We conduct infrastructure audits regularly with the increase in differently abled employees in the organisation. All offices located in and around the headquarters, Hyderabad, India have been audited for physical and digital accessibility and remedial steps are being followed to further enable people with disabilities. An Employee Resource Group (ERG) for people with disabilities has been established to support and enable inclusion further within our workplace. Regular sensitization of employees is conducted in partnership with Dr. Reddy's Foundation when people with disabilities are hired in the organization.

We published our first Diversity, Equity, and Inclusion report, which is available on our website, and the link is: https://www.drreddys.com/cms/cms/sites/default/files/2023-09/Diversity%20Matters.pdf

Freedom of Association

1.7% of our total number of employees are represented by an independent trade union or covered by collective bargaining agreements.

3.2 Human Rights

Human Rights Commitment

Our Human rights policy protects and respects human rights as set out in the Universal Declaration of Human Rights and the International Labour Organization core conventions. Our human rights approach is informed by the UN Guiding Principles on Business and Human Rights and applies to all our employees, contractors, and suppliers. We embed this into our existing policies, systems, and practices. Our organization is committed to adhering to the principles of International Labour Organisation (ILO) conventions, ILO code of practice, Universal Declaration of Human Rights, The International Covenant of Economic, Social, Cultural, Civil and Political Rights, UN Guiding Principles on Business and Human Rights.

We ensure to provide safe working conditions for all including employees, customers, business partners, and visitors. We encourage them to report any unsafe or hazardous conditions noticed in the workplace to the management.

We have developed a comprehensive SAMP (Social Accountability Management Procedure) in our facilities in line with the requirement of the SA 8000 standard to ensure compliance with the standard. We are committed to comply with the Local, National, and all other applicable laws of the land, prevailing industry standards.

Human Rights Due Diligence Process

We are committed to aligning with the UN Guiding Principles on Business and Human Rights by continuously identifying and mitigating risks for employees, women, children, migrant workers, third-party contract labour, indigenous people, local communities, and strategic suppliers. With the SA8000 standard and other internal protocols, we evaluate the human rights risks associated with our facilities.

All our manufacturing facilities are certified SA 8000 facilities. These facilities undergo robust due diligence processes as a requirement of SA8000. We assess our facilities' related human rights risks through the use of the SA8000 standard and other internal protocols. We ensure to adhere to eight clauses (Child Employee, Forced or Compulsory Employee, Health & Safety, Freedom of Association & Right to Collective Bargaining, Discrimination, Disciplinary Practices, Working Hours and Remuneration) of the SA8000 standard. Human rights requirements form a part of our business agreements and contracts. To access the Human Rights elements for our vendors and suppliers, we conduct external assessments from a third party which covers indicators like ethics, labor welfare (child/ forced labor, working hours, remuneration, compensation, etc.), health and safety, and management systems.

In FY 2024, 100% of our employees and permanent workers received more than the minimum wages set by the government.

Human Rights Mitigation and Remediation

We have a focal point responsible for addressing human rights impacts or issues caused or contributed to by the business. Chief Compliance Officer (CCO) is the designated authority reporting to the Chief Ombudsperson of Dr. Reddy's for the purpose of compliance with the Ombudsperson Policy. All human rights issues are investigated by designated investigator under guidance from CCO. Based on findings, suitable opportunity of being heard is provided to alleged person before concluding on the case. Any Corrective and Preventive action (CAPA) identified through discussion with business stakeholders and all CAPAs are tracked till closure.

Dr. Reddy's policy on Ombudsperson as well as non-retaliation supports the Company values and "Speak Up" culture by taking proactive steps to ensure that employees who raise concerns in good faith are protected and supported in the workplace, as appropriate. To protect the interest of complainant, we follow a strict non-retaliation policy, where any retaliation against an employee who in good faith raises concerns or who assists in an investigation of suspected wrongdoing, is not tolerated. Non-retaliation policy is applicable to all employees (including, but not limited to, all current and past employees, contract workers, part-time or temporary workforce) and third parties of the Company. A concern of potential retaliation can be raised through multiple reporting channels that are available and promoted across the organisation.

In FY 2024, 100% of plants and offices were assessed for human rights issues. No risks or concerns were observed on any human rights issues.

Equal Opportunity

The COBE provides for an Equal Opportunity policy to create an inclusive work environment by fostering diversity in the workplace, and to treat all employees equally irrespective of gender, age, physical disability, creed, religion, sexual orientation, racial background, pregnancy, place of origin, caste, political affiliation or other discriminatory factors. We value diversity in our workforce and thus encourage and nurture talent within the organization. We believe we work best when there is an atmosphere of mutual trust and co-operation.

Our Equal Employment Opportunity (EEO) statement states that Dr Reddy's maintains a work environment free from discrimination, and is an equal opportunity employer. We are committed to employ and nurture all qualified diverse workforce without regard to race, colour, religion, national origin, sex, age, disability status, genetics, sexual orientation, gender identity or expression, marital status, citizenship or any other characteristic or classification protected by the applicable law(s) of the countries we operate in. We apply these principles in all aspects of employment, including recruitment, hiring, placement, promotion, termination, lay off, transfer, leaves of absence, training and compensation. The Company assures all employees that no individual filing a complaint will be discriminated against, as a result of their complaint. The policy is available at the Company's career website at: https://careers.drreddys.com.

3.3 Human Capital Development

Our employees are our biggest assets and key stakeholder for ensuring our success as a responsible business. We understand the importance of training and upskilling of our employees and invest in creating appropriate opportunities for their personal and professional development. The data below covers 100% of our employees globally.

Training & Development Inputs

	FY 2024
Average hours per FTE of training and development	*35.79
Average amount spent per FTE on training and development (in ₹)	14869.23

**Only includes central trainings*

Hours of Training and Development by Age

Category	%
Less than 30	33.96
Between 30 to 60	65.69
Greater than 60	0.08

Hours of Training and Development by Gender

Category	%
Others	0.05
Female	17.14
Male	82.81

Employee Development Programs

We have a Learning and Development division and we continuously work on progressive people practices. We provide training opportunities to employees to develop skills in the current role and keep them abreast with the latest market advancement. In FY 2024, 92% of employees were provided skill upgradation training.

Targeted development opportunities are created for all levels which help employees further their career at Dr. Reddy's. There are various skill building /career transition programmes that are floated through the year and a dedicated learning platform to cater to the learning needs. We help our employees get exposure through external best practices and growth programs which allow them to transition into other roles. We also provide higher education support for courses from reputed institutes.

Digital, Data and Design

Digital Ninja, launched in 2020, is our flagship learning initiative at Dr. Reddy's, designed for all employees. This program enables our employees to build digital capabilities in the areas of Digital, Data, and Design via online courses hosted on LinkedIn Learning. By becoming a Digital Ninja, employees align themselves with the rapid technological evolution reshaping our world and enables employees to contribute to the ongoing digital transformation journey that our organization is embarking on.

Harnessing the potential of digital technologies and data-driven insights is pivotal in boosting operational efficiency, curtailing costs, and identifying new avenues of revenue generation. Annually, we refresh the course offerings to align with the latest trends shaping the digital landscape, such as generative AI, Metaverse, AR-VR, data science concepts, design thinking, innovation, and systems thinking. We certified 1700+ Digital Ninjas in FY 2024. 48.7% full time employees of all interested employees participated in this programme.

At our Bachupally facility in Hyderabad, a prominent manufacturing site, the implementation of Industry 4.0 technologies and capability initiatives like Digital Ninja, DnA champ and Business translator culminated in a membership with the World Economic Forum's Global Lighthouse Network. These collective efforts have resulted in a 29% increase in people productivity, a 21% in OpEx productivity, and a 14% reduction in yield loss in FY 2024. The initiatives have also bolstered our digital capabilities while concurrently upskilling our business teams. Nearly 100 DnA Business Translators are adeptly addressing

challenges with digital solutions. We are pleased to have also shared best practices, and hosted over 20 companies and organizations, providing them with insights into our digital transformation journey.

Building the Leaders of Tomorrow

Launched in 2012, the New Horizons Leadership Program (NHLP) is our signature program focusing on our senior leaders in their journey of personal transformation, becoming effective leaders and thus enabling them to drive significant business results. In FY 2024, NHLP involved 30 employees as part of its cohort. 85.7% full time employees of all eligible employees participated in this programme.

The objectives of NHLP are 4-fold:

- Partner with leaders on a personal transformation journey that would help them operate from their full leadership potential,
- Integrate capacities of empathy, collaboration, ownership and accountability – values critical to the growth of leaders and the larger organization,
- Create significant business impact through higher self-awareness, better people leadership and greater sensitivity to the business environment,
- Create a pipeline of effective leaders for the business.

NHLP is committed to combining personal transformation with tangible business outcomes. During the program, participating leaders undertake an Individual Development Plan (IDP) and a high-impact Break Through Project (BTP). These projects aim to deliver business breakthroughs and foster participants' growth in their chosen developmental areas.

Some of the quantifiable business impacts include an improvement in the utilization of manufacturing facility capacity – with the elimination of 195 man working hours per year, an increased profitability of an API manufacturing plant amounting to ₹ 4,00,00,000, the establishment of in-house capabilities to boost plant/business unit efficiency, and the implementation of systems that enhance tracking and results.

Along with NHLP, our flagship Young Leaders Programme (YLP) takes participants through a 15-month journey to becoming future leaders and has been running for three years. Our New Horizons Well-being Programme (NHWP) focuses on holistic well-being and is helping our colleagues take charge of their wellbeing before a crisis arises.

We have leadership academies at two of our facilities where we conduct extensive internal training programmes for the personal and professional development for all employees across multiple topics. We also partner with external organizations on these training programmes.

Support for Degree Professional Programs and Certifications

While we continually invest in capability building of our employees, we also encourage them to continue their learning by taking up memberships of reputed professional associations. We offer higher education support from reputed institutes to our employees on areas related to their work, and offer reimbursement of admission, tuition, and examination fees and course material on completion of the course

Sustainability Ambassador Programme

The programme is designed to popularise employee-driven change-making across different dimensions of sustainability, both within and outside the organisational boundaries. It creates a self-perpetuating mechanism as employees act as practitioners and influencers, helping to build knowledge, capabilities and capacities. They create collaborative networks that become pathways for participative change, as many join in to multiply the good they see. Sustainability Ambassadors are constantly looking to add value to their respective initiative by building collaborations, amplifying core sustainability objectives of the company, sharing best practices, and inspiring more employees to participate as ambassadors. The programme works across areas of high material significance for Dr Reddy's and each of the six focus areas are well aligned with the UN Sustainable Development Goals.

Health Ambassador Programme

Objective: To promote good health and well-being by creating awareness on how to maintain a healthy lifestyle.

Impact in FY 2024: 87 ambassadors trained over 5000 employees and nearly 700 people externally to improve their health outcomes

SDGs Aligned: SDG 3, SDG 8

Energy Ambassador Programme

Objective: To build awareness on energy conservation and create agents who can proactively identify avenues to enhance energy efficiencies.

Impact in FY 2024: 62 ambassadors trained over 1975 employees and over 35 people externally on energy efficiency opportunities

SDGs Aligned: SDG 7, SDG 8, SDG 12, SDG 13

Road Safety Ambassador Programme

Objective: To create awareness on the various facets of road safety and driving behaviour

Impact in FY 2024: 186 ambassadors trained over 8900 employees and 1150 people externally on safer road travel

SDGs Aligned: SDG 3, SDG 11

Water Ambassador Programme

Objective: To build awareness on water conservation, reuse, recycle and water harvesting interventions.

Impact in FY 2024: 97 ambassadors trained over 7285 employees and nearly 1830 people externally on water conservation

SDGs Aligned: SDG 6, SDG 8, SDG 12

Women Safety Ambassador Programme

Objective: To empower female employees and girl students through self-defence training

Impact in FY 2024: 72 ambassadors trained nearly 2250 employees and 1800 people externally, building capability, leadership, and safety programmes for women

SDGs Aligned: SDG 5, SDG 8, SDG 11

Waste Ambassador Programme

Objective: To sensitize others about waste management and 3R (Reduce, Reuse and Recycle) principles.

Impact in FY 2024: 74 ambassadors trained over 3400 employees and over 1270 people externally on managing waste

SDGs Aligned: SDG 3, SDG 6, SDG 8, SDG 12, SDG 14, SDG 15

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Human Capital Return on Investment

Values (in ₹)	FY 2021	FY 2022	FY 2023	FY 2024
Total revenue	189722000000	214391000000	245879000000	279164000000
Total Operating Expenses	78797000000	84364000000	82199000000	95878000000
Total employee-related expenses (salaries + benefits)	36299000000	38858000000	46466000000	50300000000
Resulting HC ROI	4.05587	4.34621	4.52258	4.64386
Total Employees	**22739**	**23577**	**24832**	**26343**

3.4 Talent Attraction & Retention

Hiring

We ensure that our internal talent has opportunities to gain new in-demand experiences and skills through avenues of internal movements (both vertical and lateral) hence creating multi-skilled talent pools. We also have a year round process of talent movement for expats and bubble assignments to provide global exposure.

In FY 2024, our initiatives aimed at enhancing people productivity, talent development, and organisational effectiveness, leveraging automation and digitalisation to reduce human intervention. We continue to take proactive steps to hire, retain talent and ensure continuity of business delivery through talent acquisition, talent management and succession planning initiatives.

	FY 2021	FY 2022	FY 2023	FY 2024
Total number of new employee hires	3,786	6,936	6,536	6,281
Percentage of open positions filled by internal candidates (internal hires)	41.00	54.32	28.37	32.33
*Average hiring cost/FTE in ₹	12,000	18,000	22,844	42,000

**Average hiring cost/FTE - The cost has been calculated by total cost on hiring/ total number of FTEs*

New Employee Hires by Age Group, Gender, Management Level, and Nationality

	<30 years			30-50 years			>50 years			Total
	Others	F	M	Others	F	M	Others	F	M	
Executive	-	-	-	-	-	-	-	-	1	1
Junior Management	3	515	2331	1	509	1993	3	28	29	5409
Middle Management	-	1	1	-	61	233	-	6	17	319
Non-management	-	245	224	-	11	36	-	5	2	523
Senior Management	-	-	-	-	6	13	-	2	5	26
Total	**3**	**761**	**2556**	**1**	**587**	**2275**	**0**	**41**	**54**	**6281**

F = Female, M = Male

Nationality	Number of New Hires
Indian	5546
Russian	163
Mexican	57
Rest of the World	515
Total	**6281**

Type of Performance Appraisal

Our Performance Enablement System (PES) platform helps align our mission, goals and objectives with those of our employees, and achieve our shared goals. The manager and employee are encouraged to meet periodically to review performance, learnings and progress against set goals. All employees are provided with equal opportunities for development, advancement, and promotion on merit and without prejudice. The parameter for performance management is both backward and forward-looking as it helps managers see who has had a positive trajectory and take intelligent decisions accordingly.

Employees have pre-defined and measurable goals that are set with their managers in a collaborative manner at the start of the year. A quarterly check in conversation with the manager is recommended for all employees. These conversations are focused around progress or alignment on work, resetting priorities or employee seeking support as needed.

Performance against set goals is formally reviewed twice a year. A formal half yearly review helps manager and employee to take a stock of the progress made and to make course corrections. The focus during the review is primarily on overcoming constraints and planning for the rest of the performance cycle. The manager collects feedback from the customers, suppliers, project managers and peers and collates this feedback. The manager is expected to provide feedback on achievement of goals and behavioural aspects for the period under review. Employees are also provided with an opportunity to give their feedback and seek clarifications from the manager.

360 Behavioural Feedback shared is on each of the dimensions of our ASPIRE framework, based on the frequency of leadership behaviours demonstrated. The performance report includes both quantitative scores and qualitative comments on each of the ASPIRE tenets from different feedback groups – self, manager, peers and other stakeholders.

All employees are part of the performance appraisal process with goal setting and detailed performance reviews.

Employee Support Programs

Support and Care

Dr. Reddy's offers the following benefits that help women employees manage work life balance better and support their specific needs:

Leave

In case of medical emergencies in the family, childcare related issues or health problems that require attention, employees can avail "Family Care" leave. The employee can take leave for a period ranging between 3 to 12 months if they have been with the company for at least a year.

All women employees of our company, including trainees, can avail fully paid maternity leave of up to 26 weeks, of which a maximum of 8 weeks can be taken pre-delivery. There is no limit on the number of children for which the maternity benefits apply. Mothers are eligible for equal maternity benefits in cases of birth by surrogacy. In addition to the 26 weeks, mothers are also given an option of "Additional Maternity Leave" – a month-long, fully paid

leave to manage any health complications arising out of delivery, pregnancy or premature delivery.

In the event of a miscarriage, employees can take up to 6 weeks of leave immediately from the date of the incident.

Equal medical coverage is provided for both C-section and normal delivery to prioritize health, employee choice and to prevent anti-selection for financial reasons. Coverage is provided for fertility treatment in addition to maternity cover. Coverage under medical insurance is provided for same-sex partners. Gender reassignment surgeries are covered in medical insurance.

Childcare Benefit (Crèche Facility)

All our establishments have a crèche and breast-feeding facility to support women returning to work so they may take care of infants, babies, and lactation needs.

Reduced Working Hours

New mothers can take “off hours”, for up to 2 hours every day for a year from the date of giving birth, basis their need. Single parents can avail this benefit till the baby is one year of age.

Flexible Work Options

Flexible work options are offered to women depending on their need.

Survivor Support

Support is provided to employees' families, irrespective of gender, if the employee has passed away in service. This also covers higher education for two surviving children basis the internal policy adherence.

Ease of Work

Care kits and higher outstation allowance are offered to women working in sales roles, with the aim of easing work in the field for them.

Health and Workplace Stress

We are committed to the health and well-being of our employees. We take multiple initiatives ranging from employee-friendly policies to proactive support during crises like COVID-19. We held multiple health webinars, and campaigns, including blood donation drives and fitness sessions. We saw over 340 instances of reduced health risks, with a significant reduction in biometric risk markers. We also saw a marked improvement in Body Mass Index, blood sugar, blood pressure and cholesterol levels, and 66% of employees reported reduced stress levels.

We continue to expand our flagship programme across other business units bringing in additional employees under the health assessment tracking, measurement, and improvement.

Our New Horizons Well-being Programme (NHWP) focuses on holistic well-being and is helping our colleagues take charge of their wellbeing before a crisis arises.

We have earned the Great Place to Work certification in Brazil, Colombia, China, Malaysia, Thailand, India, and Myanmar.

For more details on our employee support programs, please refer to our Diversity, Equity, and Inclusion newsletter on our website at: https://www.drreddys.com/cms/cms/sites/default/files/2023-09/Diversity%20Matters.pdf

Employee Turnover Rate

	FY 2021	FY 2022	FY 2023	FY 2024
Total employee turnover rate	16.82	19.27	20.87	18.40
Voluntary employee X`turnover rate	11	13.93	14.71	14.8
Data coverage (as % of FTEs globally)	100	100	100	100

Total Employee Turnover Rate Based on Age Group, Gender, and Management Level

	<30 years			30-50 years			>50 years			Total
	Other	F	M	Other	F	M	Other	F	M	
Executive						1				1
Junior Management		354	1539	1	458	1995		39	66	4452
Middle Management					31	180		2	25	238
Non-management		77	84		12	43		4	9	229
Senior Management					3	17		2	13	35
Total		**431**	**1623**	**1**	**504**	**2236**		**47**	**113**	**4955**

F = Female, M = Male

Total Employee Turnover Rate Based on Nationality

Nationality	Number of Exits
Indian	4349
Russian	183
Mexican	64
Rest of the World	359
Total	**4955**

In FY 2024, the return to work rate for our permanent employees was 99.1%, and the retention rate for permanent employees was 83.6%.

Trend of Employee Wellbeing

Core Focus	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 target
Employee Engagement (% of employees with top level of engagement, satisfaction)	83	83	80	78	80
Data coverage (% of employees who responded to the survey)	77	77	*35	98	-

**The results reported are for 'Heartbeat'—our in-house real-time internal engagement platform that measures engagement levels on an everyday basis across different dimensions. In FY 2023, participation was low as we were phasing out our survey platform to a more comprehensive employee experience platform. We have transitioned to the new platform since FY 2024 and are already seeing positive and high participation levels compared to the past several years.*

3.5 Occupational Health & Safety

At Dr. Reddy's, employees' Health and Safety encompasses a wide range of areas including occupational health and safety, COVID-19 specific safety initiatives, road safety and women's safety. Occupational Health & Safety remains one of the key material issues from our stakeholders and business point of view. 100% of our permanent and non-permanent employees and workers are covered by health insurance and accident insurance. All permanent employees are offered maternity and paternity benefits, and have access to day care facilities.

OHS Policy

Dr. Reddy's Safety, Health, and Environment (SHE) policy applies to all employees and extends to all business facilities, subsidiaries, joint ventures, licensees, and other associates.

A Safety Committee consisting of equal number of representatives of workers and management to promote co-operation between the workers and the management in maintaining proper safety and health at work is set up. A quarterly meeting is also set up to periodically review the safety measures taken up.

We have developed and implemented strong Health and Safety systems (H&S) at all our plants. These systems are guided and driven by our established policies and procedures. Periodic assessments are conducted to evaluate the effectiveness of the systems implemented and appropriate measures are taken to further improve our H&S performance continually.

We have developed a guidance document that provides the details on how to identify, evaluate SH&E risks, and reduce them to an acceptable level by strengthening existing controls and/or incorporating additional controls for all the activities within the premises of the organization. The standard clearly outlines the roles and responsibilities of individuals directly involved in identifying and mitigating SH&E risks. Safety trainings are provided to employees along with detailed training on various technical skills and procedures to perform a potentially hazardous task. We expect our suppliers to follow the same practices as we do.

We work to achieve 'Goal Zero' in terms of incidents, injuries to people, and damage to the environment. All our employees, including permanent workers and contractors, are trained on occupational health and safety, specific work-related hazards, hazardous activities and situations. In FY 2024, 98% of our transport and logistics value chain partners were covered under defensive driving training & road safety awareness programmes held across the year.

OHS Programs

We have implemented occupational health and safety management systems, and these have been independently verified and include both regular employees and contractors. All our 16 Indian manufacturing facilities have been certified under ISO 45001.

All our manufacturing facilities have an onsite emergency plan that includes emergency preparedness, with the goal of keeping our business up and running. The plan is revised annually, and all credible scenarios are part of the plan, including frequent mock drills and full-site evacuation drills for concerns like fire and chemical spills. A copy of the updated plan is submitted to the factory inspector as a legal requirement. A well-equipped Emergency Response Team (ERT), our incident management team trained in firefighting and rescue operations, is present at each location in each shift. They are the first line of defense, followed by fire safety teams at clusters as the second line of defense, and mutual aid partners including neighbouring industries, our cluster fire station, or the local government fire station as the third line of defense. All the locations are equipped with the first aid kits over and above the legal requirements.

Safety Performance

	FY 2021	FY 2022	FY 2023	FY 2024
Fatalities for employees	*0	0	1	0
Fatalities for contractors		0	0	0
Lost Time Injury Frequency Rate (LTIFR) for employees	*0.18	0.14	0.28	0.14
Lost Time Injury Frequency Rate (LTIFR) for workers		0.22	0.21	0.14
Occupational Illness Frequency Rate (OIFR) -Employee	0	0	0	0

**Until FY 2021, fatalities and LTIFR data were monitored on a consolidated basis for employees and contractors.*

Severity Rate for FY 2024 is 104. Incident rate (number of lost time injury per 1000 persons employed for employees and contractors) is 0.43.

During the year, 100% of our manufacturing plants and offices were assessed for working conditions, and health and safety practices.

Health and Wellness

My Health Index (MHI) is our proactive health and wellbeing initiative that takes care of the overall physical and mental wellbeing of employees. This year, we launched MHI in 5 new sites increasing the total number of lives covered from over 8,200 in FY 2023 to 12,250+ employees including the contract workforce in FY 2024. We have seen a consistent year-on-year health risk improvement and an overall improvement in health status by 13.2% in FY 2024, creating healthier, happier, and aware employees.

3.6 Access to Healthcare

Access to Healthcare Programs (Products & Drugs)

Targets associated with access to healthcare products and drugs

In 2022, we announced our ESG goals for 2030 and set specific goals on access to healthcare, making them central to our purpose and integral to our strategy. We aim to significantly increase our existing reach to touch the lives of over 1.5 billion patients by 2030. This year, we reached an estimated 704 million patients through our products. We reached approximately 297 million patients in nearly 30 LMICs* (low and middle-income countries) in Emerging Markets and India.

**LMICs are defined based on the World Bank's analytical country classification that groups economies of the world into four categories based on 2022 GNI per capita estimates.*

Initiatives on improving access to medicine for vulnerable populations or LDCs (Least Developed Countries)

With a commitment to increase accessibility to drugs in LDCs, we have collaborated with the Bill & Melinda Gates Foundation to manufacture and supply the women contraceptive: DMPA – SC (Depot Medroxyprogesterone Acetate) in LDCs. DMPA – SC is an all-in-one contraceptive that puts women in charge of their reproductive health. This project has the potential to create a significant impact both from social and economic perspectives; as women participate in the workforce it also helps the overall economy which is especially important in the case of LDCs. Read more here: https://www.gatesfoundation.org/about/committed-grants?q=reddy%27s#committed_grants

We collaborated with Mark Cuban Cost Plus Drug Company, aimed at increasing access to essential medications for Wilson disease patients and entered into an in-licensing agreement with Tenshi Kaizen for launch of Loratadine for private label OTC business. This collaboration marks a significant milestone in fighting the debilitating effects of Wilson disease (WD), a rare generic liver disorder affecting the body's ability to metabolize dietary copper that's fatal without daily medication. Dr. Reddy's will manufacture and supply trientine hydrochloride and penicillamine, crucial treatments for managing WD, to Cost Plus Drugs. This enables Cost Plus Drugs to offer these medications at significantly reduced prices, making them more accessible to patients in need.

We continue to establish partnerships with multilateral agencies and pharmaceutical organisations. Dr. Reddy's and Aurigene Pharmaceutical Services Limited (APSL) partnered with the Global Antibiotic Research and Development Partnership (GARDP) to explore opportunities to make Zoliflodacin accessible to LMICs, including South Africa, Thailand, and India. Along with APSL, Dr. Reddy's has also signed a Memorandum of Understanding (MoU) with the Drugs for Neglected Diseases Initiative (DNDi), a not-for-profit research and development organisation that develops new therapeutic solutions for neglected diseases. The intention of the partnership is to collaborate on research for new treatments for disease areas which include Leishmaniasis and Dengue.

We also began reaching oncology patients in several LDCs and LMICs for the first time, including Panama, Guatemala, Dominican Republic, Costa Rica while exploring expanding our reach to Honduras, Nicaragua and El Salvador. We have made filings for key generics in oncology and anti-infectives such as Azacitidine, Carmustine, Imatinib, Abiraterone, Lenalidomide. We launched 118 new products across India and various countries in the emerging markets segment during the year.

Through our Vistara and Vistara Plus rural access programmes, Dr. Reddy's reaches villages in India with acute and chronic therapies, providing rural patients with increased access to quality healthcare. The programme has positively impacted over 50 million patients across towns and villages. The 'We Care' team in India supports patients with diagnosis, disease awareness, and digital health access through monthly camps. Since January 2023, it has screened 7,00,000 patients.

Doha Declaration on the TRIPS agreement and public health

We support the World Trade Organization's 2001 Doha Declaration on the Agreement on Trade-related aspects of Intellectual Property Rights (TRIPS) and Public Health.

We took an open innovation approach to handle the COVID-19 crisis and were successful in developing a comprehensive response. Through collaborations with top global innovator institutes, we were able to bring some of the most effective COVID-19 therapeutics to India. Our role covered clinical programmes and technology transfer to our manufacturing sites involved in working on these products including the conduct of clinical trials and regulatory pathways for approval with local regulatory bodies. These products were subsequently commercialised in several countries apart from India. This led to significant societal impact in the form of product access during one of the worst crises that humanity has ever faced, paving the path for us to work closely with innovator companies, governments and other companies to bring solutions for large-scale healthcare crises, with rapid development and efficient roll out. We touched more than 5 million lives across Asia through our COVID-19 therapeutics portfolio.

In FY 2024, we became the second largest vaccines player in India, through an exclusive partnership with Sanofi to distribute their vaccine brands in India.

Patient Assistance Programmes for Access and Reimbursement Support

Since 2022, Vega Club educates IBD patients through healthcare professionals on nutrition, exercise, and stress management for symptom management. It has reached over 5,000 patients nationwide and won the Best Patient Support Programme at the Silver Feather Awards. In India, we offer M-Free, a comprehensive support system for patients on Nerivio®, including onboarding to dedicated customer support, streamlining patient journeys. In South Africa, our Nerivio® patient and healthcare practitioner support programme is called the Mi-Free. It aims to aid the patient's journey with Nerivio® through education, device procurement, regular follow-ups and customer care assistance. In the US, we provide patient support for sapropterin dihydrochloride (tablets or powder for oral solution). Co-pay savings program for eligible patients in the US is available for several products including fingolimod capsules, lenalidomide capsules, pyrimethamine tablets, sapropterin dihydrochloride tablets and powder for oral solution, sorafenib tablets, sunitinib

malate capsules, treprostinil injection, and vigabatrin for oral solution and tablets.

betaCare is an initiative by betapharm that has been supporting patients and their families for 20 years now. The philosophy behind betaCare is that patients today are confronted with increasingly complex therapies and a complicated healthcare system. In addition to their illnesses, they often face several financial, legal, and organizational challenges. This is where betaCare steps in, offering free and comprehensive information to help the patients and their relatives.

As part of this initiative, we have launched betaCare training courses for healthcare professionals. We offer certified courses for the teams of pharmacies and medical practices, which they can easily be completed online. Over 1000 healthcare professionals are using our courses already. Through our betaCare YouTube channel, we upload weekly explanatory videos for patients. The channel has gained over 7000 subscribers and 500.000 video views.

Health Systems Strengthening and Sector-wide Approaches (HSS/SWAps)

Through Dr. Reddy's Foundation for Health Education (DRFHE), we have been working to strengthen the healthcare delivery system in India. DRFHE touches various healthcare stakeholders through its initiatives focusing on physical wellness, upskilling of healthcare professionals and nutritional consulting. In FY 2024, we trained more than 43,000 stakeholders including nurses, paramedical staff, senior doctors, pharmacists, and postgraduate doctor students to deliver better patient outcomes. Our preventive healthcare programme Awareness for Life (AFL) has been running for more than a decade and has supported over 5,50,000 people over the years including corporates, educational institutes and Rural Workforce Agencies (RWAs). This year, AFL supported 1200 doctors, and reached 72,000 corporate and community individuals in 200+ locations. Our Dietlogues programme provides clinical dietary consultation to patients through a team of expert nutritionists. Through Dietlogues, we provided clinical dietary consultation, particularly for diabetes and Chronic Kidney Disease (CKD) patients, supporting nearly 15,000 unique patients in FY 2024. Through our UDAY (Unite against diabetes & hypertension by raising awareness in community) programme, we promoted awareness among 15,000 doctors and supported the screening of over 2,30,000 patients for diabetes and hypertension in India. The Vistara Plus team has engaged over 5200 plus rural doctors and primary healthcare providers in the management of chronic diseases such as diabetes, hypertension and dyslipidaemia through the American school of CME (ASCME) certification programme.

Product Donations

We donated needed products to the Ukraine Health Ministry via the donation program of the European Commission, providing Imatinib Capsules, Capecitabine beta, and Voriconazol Beta. We also donated ₹ 1 million for the supply of medicines to Syria and Turkey.

Antimicrobial Resistance (AMR)

Estimated to be directly responsible for nearly 1.3 million deaths per year, antimicrobial resistance is now a global problem and a threat to human health, driving the need for coordinated collaboration with multiple local and global stakeholders. As part of our commitment to improving the health of people and given the importance of the role we play in society, we are working to better understand the challenges to antibiotic production and potential solutions for AMR. We are ensuring responsible manufacturing practices, zero discharge to the environment from our operations and our supply chain, and improved access and affordability of medicines.

3.7 Addressing Cost Burden

Our products significantly bring down treatment costs in a therapeutic class while maintaining the same quality, safety, and efficacy as with the reference product, resulting in savings and/or increased patient access to treatment. We are able to make the prices of our drugs affordable because we manage the entire supply chain, from the production of active ingredients to the development of formulations to distribution through an optimized supply chain. We leverage our strength of having large manufacturing base in India to offer our customers a distinct cost advantage and a distributed production base in four countries (India, the United States, the United Kingdom, and Mexico).

Besides this, year on year, there was an average reduction of 9% in prices of our medicines in FY 2024. Global Generics made up 88% of our overall revenue in FY 2024. This includes the development, manufacturing, and sale of generic formulations including biosimilars. A significant part of the cost reduction is attributable to our North America, Europe, and parts of Emerging Markets countries.

We also measure and manage our net/list price inflation across our U.S. product portfolio.

Key Product Launches

Drug	Disease Category	Markets Launched	Benefits and Unmet Needs
Nerivio	Migraine (Pain & CNS)	India, Germany	Nerivio® is a USFDA-approved and CE-mark certified drug-free wearable device that uses Remote Electrical Neuromodulation (REN) mechanism for acute and/or prevention migraine (with or without aura) treatment for adults and adolescents (≥ 12 years). It is backed by robust clinical evidence from 19,000+ patients as an acute and preventive treatment option in migraine.
Lyfaquin	Treatment of Hypovolemic Shock	India	Lyfaquin contains Centhaquine, which is a potential add-on drug in the management of hypovolemic shock and enhancing the current standard of care for its treatment in India (Hypovolemic shock is a life-threatening and often a fatal condition) where India is the accident capital. Dr. Reddy's has exclusive rights to market and distribute Centhaquine in India after entering into a license agreement with Pharmazz.
Gantra	Chronic Heart Failure (CHF)	India	Dr. Reddy's Laboratories Ltd. has entered into a partnership with Bayer Pharmaceuticals Pvt. Ltd. to market and distribute a second brand of chronic heart failure patients in India under the brand name Gantra. Vericiguat can help slow down disease progression, reduce hospital admissions and improve their chances of survival. Vericiguat, which works on a pathway not currently targeted by existing heart failure treatments, can reduce the combined risk of cardiovascular death and heart failure hospitalization in such patients.
Ferric Carboxy Maltose Injection	Anaemia (Gynaecology and Nephology)	India	Ferric carboxymaltose injection is an iron replacement product that is used to treat iron deficiency anemia (not enough iron in the blood) in patients with non-dialysis dependent chronic kidney disease (CKD). Dr. Reddy's launched FCM under two brand names – EFFCM for treatment of anaemia in pregnancy and IRNY in nephrology. We launched the product at over 50% price reduction, helping make the dose more affordable for patients.
Ribaxa	Targeted Therapy (PARPi) Oncology	India	Olaparib is a chemotherapy medication that stops cancer cells from growing. It treats ovarian cancer, breast cancer, pancreatic cancer and prostate cancer. It is the first PARP inhibitor whose role has been investigated in mCRPC carrying BRCA1/2 mutations and refractory to standard therapies. Dr. Reddy's launched the product at more than 95% reduction in cost of therapy to patients, making it highly affordable and accessible to all eligible patients.
Metformin / Saxagliptin ER Tablets	Diabetes	US	Indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus when treatment with both saxagliptin and metformin is appropriate.
Rezipres Injection	Hypotension	US	Indicated for the treatment of clinically important hypotension occurring in the setting of anesthesia. First to market launch.
Sapropterin Sachet	Non-small cell lung cancer and malignant pleural mesothelioma	Canada	Indicated to reduce blood phenylalanine (Phe) levels in adult and pediatric patients one month of age and older with hyperphenylalaninemia (HPA) due to tetrahydrobiopterin- (BH4) responsive Phenylketonuria (PKU). To be used in conjunction with a Phe-restricted diet.

Drug	Disease Category	Markets Launched	Benefits and Unmet Needs
Carboprost Pre-filled Syringe	Obstetrics	US	Indicated for aborting pregnancy between the 13th and 20th weeks of gestation as calculated from the first day of the last normal menstrual period and in the following conditions related to second trimester abortion. Pre-filled syringe format was first to market.
Regadenoson Injection 0.4 mg/5 mL	Cardiovascular	US	A pharmacologic stress agent indicated for radionuclide myocardial perfusion imaging (MPI) in patients unable to undergo adequate exercise stress.
Premama Fertility Support Vitamins and Supplements	OTC Supplements	US	A portfolio of women's health supplements designed to support throughout all stages of pregnancy
Acotiamide	GI	Russia	Acotiamide is a first in class prokinetic drug, and world's first approved treatment for postprandial distress syndrome (PDS) symptoms of functional dyspepsia (FD). Dr. Reddy's is the first and only company to launch this novel drug in Russia.
Sunitinib	Oncology	Brazil	Sunitinib is an oral small molecule multikinase inhibitor. It has been approved for Metastatic Renal Cell carcinoma (RCC) for over 15 years as the standard of care therapy, also indicated for treatment of RCC post-surgery in adjuvant setting, GISTs (gastrointestinal stromal tumors) and pNET (pancreatic neuroendocrine tumors). This is sold at a 20% price reduction.
Lenalidomide	Oncology	Brazil	Lenangio (Lenalidomide) is the gold standard of care for patients with multiple Myeloma (MM) in both primary and maintenance settings. It is also used as a combination partner drug with most of the older and newly approved triplet regimens in MM. Additionally indicated in myelodysplastic syndrome with deletion 5q and previously treated mantle cell lymphoma & follicular lymphomas. The product is sold at a 20% lesser cost.
Sitagliptin	Diabetes	China	Sitagliptin is an oral DPPIV inhibitor, indicated as an adjunct to diet & exercise to improve glycemic control for the treatment of Type 2 diabetes. Along with the 100mg and 20mg strengths, Dr. Reddy's was also the first generic manufacturer to launch the additional strength of 50mg, which was an unmet need in the market. The product was sold at a 20% lesser cost at launch.
Versavo®	Anticancer medicine	UK	Dr. Reddy's Versavo® is a (bevacizumab) biosimilar of Avastin®1 and indicated for the treatment of several types of cancers, including metastatic colorectal cancer, advanced non-squamous non-small cell lung cancer, recurrent glioblastoma, metastatic renal cell carcinoma, advanced cervical cancer, ovarian cancer and metastatic breast cancer. It is the first Dr. Reddy's biosimilar product to be approved and launched in the UK. This launch reinforces our commitment to bring biosimilar and other critical biological products to meet the unmet needs of patients, and strengthens our focus on oncology.

From being a leading manufacturer and supplier of high-quality affordable APIs to leading generic formulations manufacturers across the world, we enable our partners to accelerate access to affordable medicines for patients worldwide.

3.8 Health Outcome Contribution

Accessibility & Transparency of Outcome Data

We announce press releases for the clinical studies conducted by us, and these are available on our website.

Our press release for the full set of clinical studies of proposed rituximab biosimilar candidate DRL_RI is available on our website at: https://www.drreddys.com/cms/cms/sites/default/files/2023-01/Dr.%20Reddy's%20press%20release%20-%20rituximab.pdf

In July 2023, Dr. Reddy's Biologics License Application (BLA) for its proposed biosimilar rituximab candidate DRL_RI was accepted for a substantive review by the U.S. Food and Drug Administration (USFDA), the European Medicines Agency (EMA) and the United Kingdom's Medicines and Healthcare products Regulatory Agency (MHRA). The press release is available on our website at: https://www.drreddys.com/cms/cms/sites/default/files/2023-07/Dr.%20Reddy%27s%20press%20release%20-%20rituximab%20dossier%20acceptance%20%281%29.pdf

In June 2023, Dr. Reddy's tocilizumab biosimilar candidate, DRL_TC, successfully met its primary and secondary endpoints in a Phase I study. The press release is available on our website at: https://www.drreddys.com/cms/cms/sites/default/files/2023-06/Dr.%20Reddy%27s%20press%20release%20-%20tocilizumab%20IV%20route.pdf

3.9 Marketing Practices and Customer Relations

Ethical Marketing Commitment

Our Code of Business Conduct and Ethics (COBE) lays down the principles and standards that govern the actions of the company and its employees, and this includes marketing practices, laying out employee responsibilities, interactions with healthcare professionals and government officials while marketing products. COBE applies to all directors and employees of our company, its subsidiaries, and affiliates. It has been designed to comply with the requirements of Companies Act, 2013, and the Sarbanes Oxley Act of 2002 and its implementing regulations. All employees are mandatorily required to renew their COBE affirmation every year and stay updated on the overall business ethics of the company. We conduct training on including important topics including anti-bribery and corruption, responsible marketing and promotion, insider trading, product quality and safety, information and asset protection, and workplace behaviour, as part of COBE. We updated our COBE policy in FY 2024.

Dr. Reddy's has always believed in the importance of transparency with Healthcare Professionals (HCPs), Healthcare Organizations (HCOs), Healthcare Institutions (HCIs) and pharmaceutical companies for the betterment of the well-being and health of the patients. Cooperation between pharmaceutical companies, regulators, HCPs, HCOs, HCIs and patients, is essential for the sustainable improvement of healthcare. Our Global Marketing Code and Code of Practice for Promotion and Interaction for India set out standards and procedures for the ethical interaction and promotion of the company's products amongst HCPs and HCIs in compliance with the applicable laws and the code.

This code reflects the principles based on the Uniform Code of Pharmaceutical Marketing Practices (UCPMP) and Medical Council of India (MCI), the Foreign Corrupt Practices Act, and applicable anti-bribery regulations. This applies to all employees of the company who have direct interaction with healthcare practitioners and health care institutions or have an influence over such interactions. The scope covers all marketing activities including advertising, promotion, use of email/other communications, audio/visual materials, press releases, gifts and hospitality, and many other crucial aspects of marketing practices. The guidelines cover the Ethical Marketing Practices to be adopted while interacting with health care professionals, promoting the products, handing over samples & gifts, Sponsoring conferences & organizing the Medical Camps, and others. Globally our marketing guidelines have been based on a set of common internationally accepted marketing principles across all countries however our marketing guidelines are customized for each market/country to incorporate the country-specific requirements. These are available with the country compliance officers and the marketing teams.

We are also subject to Section 6002 of the Patient Protection and Affordable Care Act, commonly known as the Physician Payment Sunshine Act, which regulates disclosure of payments to certain healthcare professionals and providers.

Benchmarking of our Business Ethics Policies

Under Project Ethos, independent external experts are assessing the comprehensiveness, implementation, and execution of our compliance programme, helping align it with the latest US Department Of Justice (DOJ's) guidelines and benchmarking it to industry best practices. We engaged KPMG in 2021 to conduct a detailed test of our compliance programme and evaluate if our existing process/controls were comprehensive in assessing and determining the robustness of our current monitoring mechanism

3.10 Communities

Our CSR initiatives are focused on enabling and empowering our communities. We partner with like-minded institutions, known for their grass-root sensitivity and contributions to societal change. These programmes are developed with a vision to generate long-term value for the communities and foster an inclusive growth culture within the society.

We primarily engage in the following four thematic areas:

Education

Enhancing quality of education and providing equal learning opportunities to children from marginalised communities.

Livelihood

Providing core employability skills to the youth and enhancing livelihoods by extending support to small and marginal farmers.

Healthcare

Making healthcare for communities accessible, affordable and reliable.

Environmental Sustainability

Promoting sustainable agriculture practices and wildlife conservation

COMMUNITY IMPACT

₹ 573.7 Mn spent through Corporate Social Responsibility, benefitting 4,97,000 lives

EDUCATION

55K+

students impacted

LIVELIHOOD

88K+

individuals impacted

HEALTH

2.93 lakhs+

individuals impacted

ENVIRONMENT

reduced

67,040 tCo_2 and saved 4.48 Cr. kl water

4 Other Important References

Reports and Filings

Integrated Annual Report FY 2024
Form 20-F 2024
ESG Data Reporting Criteria FY 2024

Webpages

ESG Profile
Investors
Press Releases, Media Notes, Press Presentations

Other Documents

Biodiversity Reports: Bachupally, Vizag, Budhera
CDP Climate Change 2023
CDP Water Security 2023
GHG Quantification Methodology
Sustainability Ambassador Program Progress Report
LCA Report

Memberships, Associations, and Commitments

UNGC
PSCI
1t.org
WEP (Women's Empowerment Principles)

Policies and Statements

Advocacy and Public Policy
Anti-Bribery and Anti-Corruption Policy
Biodiversity Policy
Code of Business Conduct & Ethics
Corporate Social Responsibility Policy
Energy Policy
Equal Employment Opportunity Statement
Global Marketing Code
Human Rights Policy
Ombudsperson Policy
Ombudsperson Reporting Channel
Clawback / Recovery Policy
Safety, Health and Environment Policy
Supplier Code of Conduct
Tax Transparency Report (including Tax Policy)

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