

**ALKEM LABORATORIES LTD.**

**Regd. Office :** ALKEM HOUSE, Senapati Bapat Marg,  
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: [contact@alkem.com](mailto:contact@alkem.com) • Website: [www.alkemlabs.com](http://www.alkemlabs.com)
- CIN: L00305MH1973PLC174201

02<sup>nd</sup> December, 2025

To,

<b>The Corporate Relationship Department BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i>
---	--

**Sub: Sustainability Report for financial year 2024-2025**

Dear Sir(s) / Madam,

Please find enclosed herewith the Sustainability Report for financial year 2024-2025.

The same is also being made available on the website of the Company at [www.alkemlabs.com](http://www.alkemlabs.com)

Kindly take the same on record.

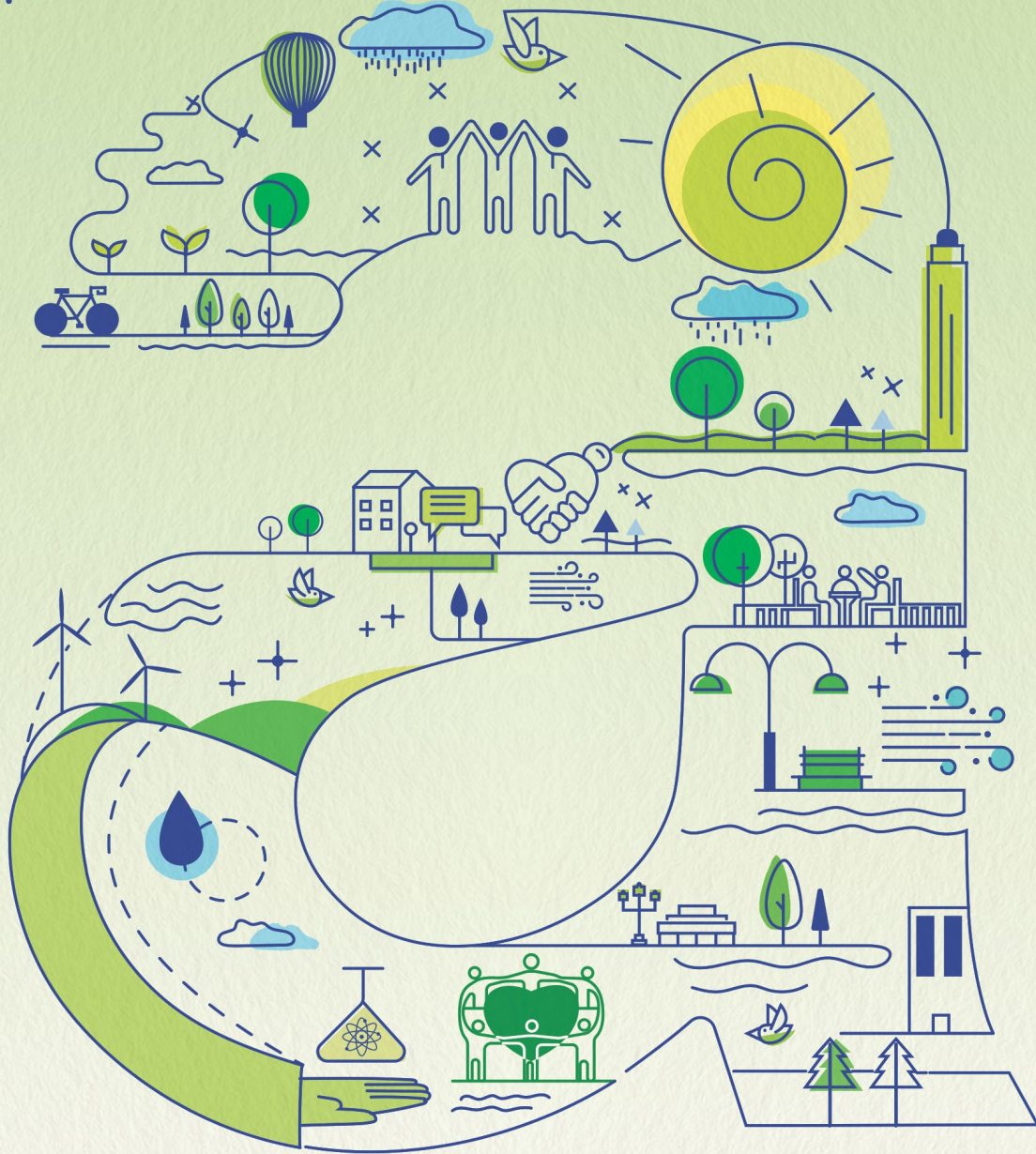
Thanking you

Sincerely,

For **Alkem Laboratories Limited**

**Manish Narang**  
**President - Legal, Company Secretary & Compliance Officer**

Encl: a/a



# प्रकृति रक्षति रक्षितः ।

Nature protects those who protect it.

Sustainability Report 2024-25

## Contents

Introduction.....	01
About the Report .....	02
Key Highlights .....	04
Message from the Leadership .....	06
Insight into Alkem’s Journey .....	08
About the Company.....	10
Our Business Sustainability Strategy .....	16
Stakeholder Engagement and Materiality Assessment.....	20
<b>Economic and Governance Dimension .....</b>	<b>34</b>
Economic Performance .....	36
Trustworthy Stewardship .....	38
Business Ethics, Integrity, and Resilience .....	46
Our Tax Strategy.....	50
Risk Management Framework.....	52
Data Privacy and Cyber Security .....	63
Innovation in Healthcare .....	66
Supply Chain Management.....	70
<b>Environmental Dimension .....</b>	<b>74</b>
Environmental Stewardship .....	76
Energy Management .....	78
Climate Strategy .....	81
Air Emissions.....	88
Water Management .....	88
Waste Management .....	92
<b>Social Dimension .....</b>	<b>100</b>
Talent Management .....	102
Employee Welfare and Development .....	106
Labor Relations Management and Human Rights.....	111
Occupational Health and Safety .....	114
Product Quality and Safety.....	122
Community Engagement.....	127
CSR Projects.....	128
<b>Annexures .....</b>	<b>132</b>
GRI Index.....	132
Independent Assurance Statement.....	136

## Introduction

### प्रकृति रक्षति रक्षितः ।

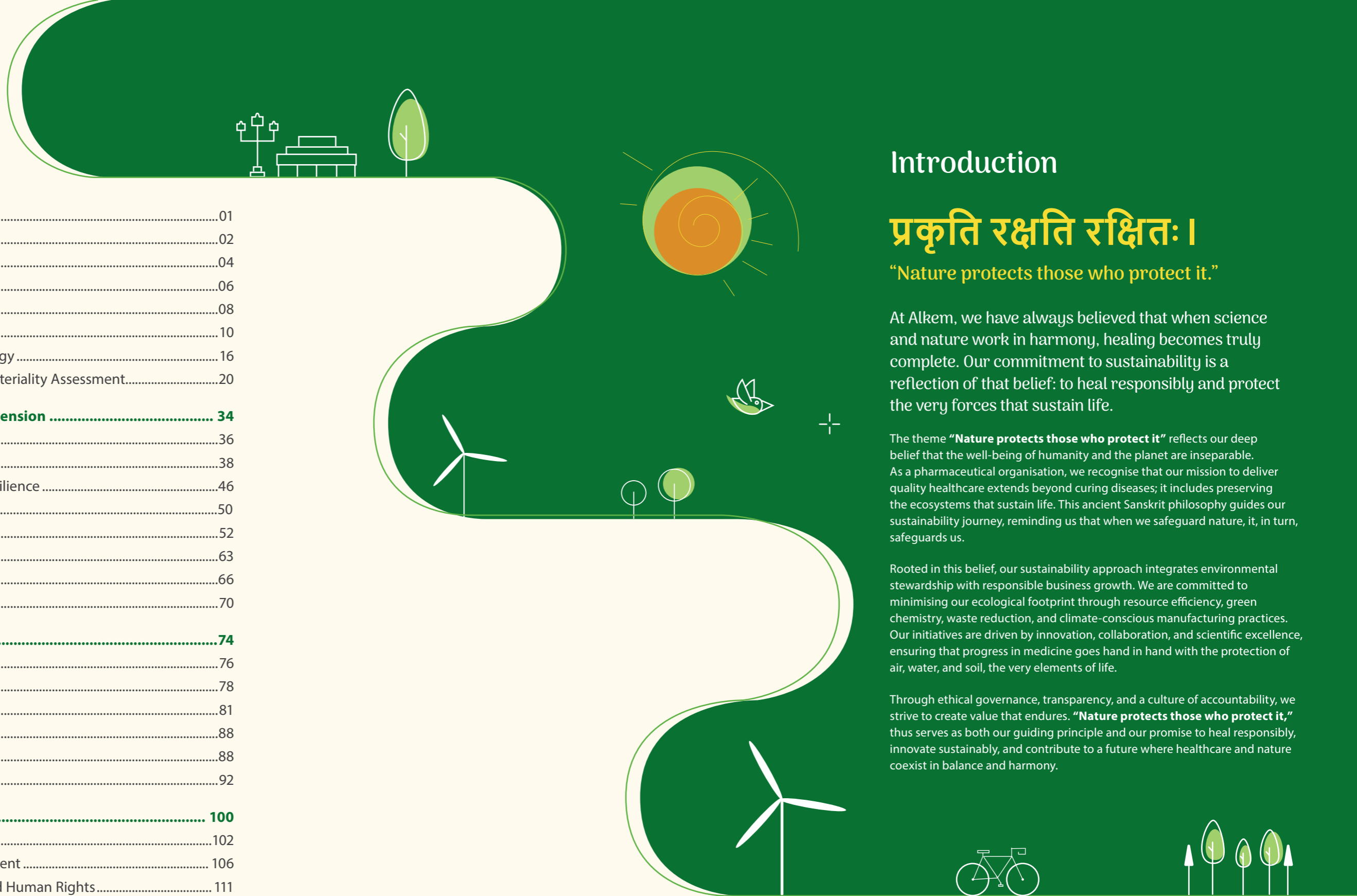
“Nature protects those who protect it.”

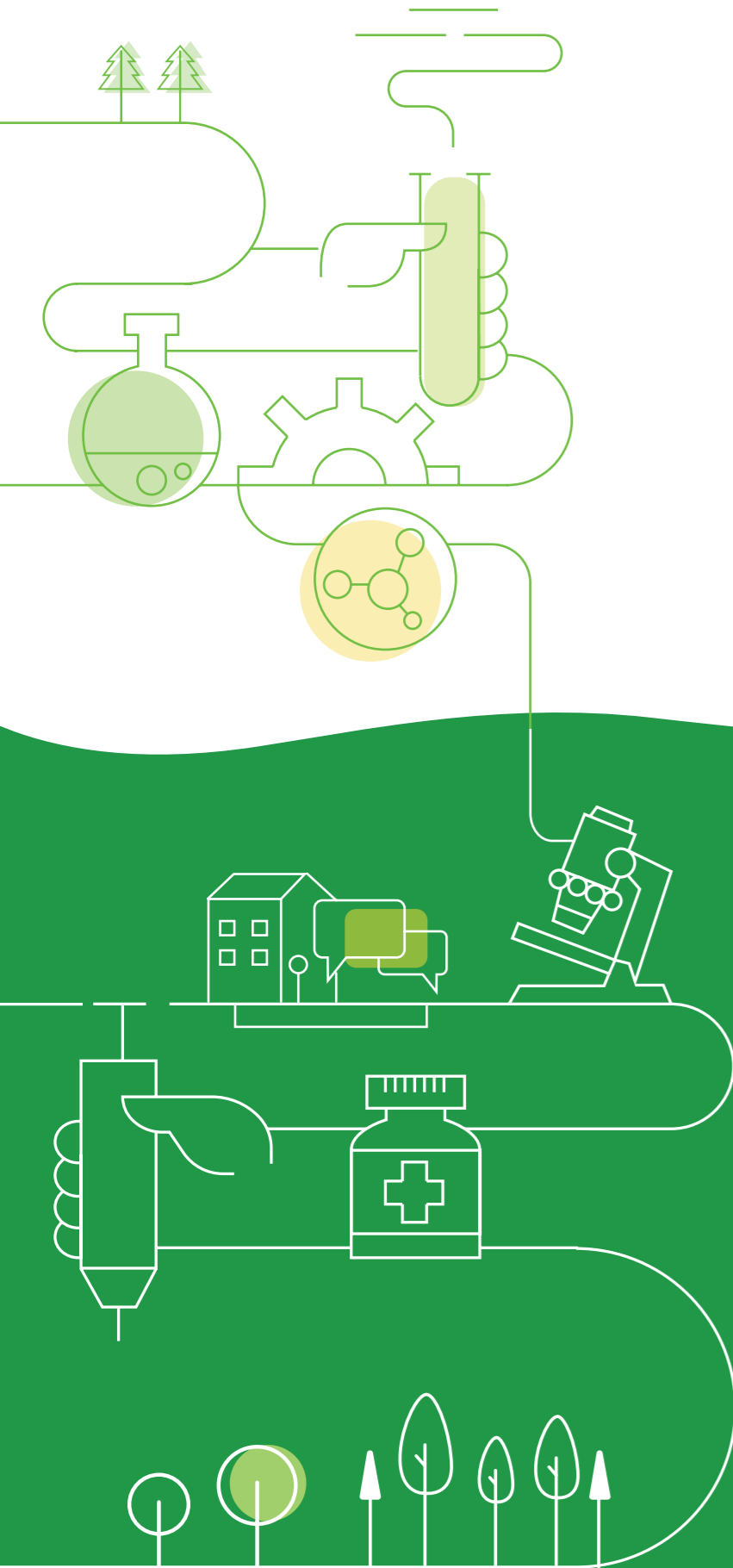
At Alkem, we have always believed that when science and nature work in harmony, healing becomes truly complete. Our commitment to sustainability is a reflection of that belief: to heal responsibly and protect the very forces that sustain life.

The theme “**Nature protects those who protect it**” reflects our deep belief that the well-being of humanity and the planet are inseparable. As a pharmaceutical organisation, we recognise that our mission to deliver quality healthcare extends beyond curing diseases; it includes preserving the ecosystems that sustain life. This ancient Sanskrit philosophy guides our sustainability journey, reminding us that when we safeguard nature, it, in turn, safeguards us.

Rooted in this belief, our sustainability approach integrates environmental stewardship with responsible business growth. We are committed to minimising our ecological footprint through resource efficiency, green chemistry, waste reduction, and climate-conscious manufacturing practices. Our initiatives are driven by innovation, collaboration, and scientific excellence, ensuring that progress in medicine goes hand in hand with the protection of air, water, and soil, the very elements of life.

Through ethical governance, transparency, and a culture of accountability, we strive to create value that endures. “**Nature protects those who protect it,**” thus serves as both our guiding principle and our promise to heal responsibly, innovate sustainably, and contribute to a future where healthcare and nature coexist in balance and harmony.





## About the Report

At Alkem Laboratories Limited (hereinafter referred to as “Alkem”, “The company”), we are committed to developing a sustainable and resilient organisation. We are pleased to present our sustainability report for the reporting period from 1 April, 2024 to 31 March, 2025. The report outlines our performance and strategic initiatives on the key environmental, social, and governance (ESG) parameters. We publish our Sustainability Report annually.<sup>1</sup>

### Reporting Approach and Principles

The information disclosed in this report is in reference to the Global Reporting Initiative (GRI) 2021 Universal Standards. The report also presents quantitative and qualitative information in alignment with other reporting standards and guidelines such as the United Nations Global Compact (UNGC) principles, and United Nations Sustainable Development Goals (UN SDGs).

### Reporting Scope and Boundary<sup>2</sup>

The report covers all the activities and operations of Alkem Laboratories Limited, India on a standalone basis. It covers the sustainability performance disclosures of manufacturing plants spread across six locations, namely, Ankleshwar, Baddi, Daman, Indore, Mandva, and Sikkim. Additionally, it covers two Research and Development (R&D) units at Taloja and Mandva, four corporate offices and seven owned depots. The scope and boundary of the report are defined within these business units. The reporting scope and boundary are the same as the one covered as a part of our Annual Report for standalone financial reporting purposes.

<sup>1</sup>GRI 2-3 Reporting period, frequency and contact point

<sup>2</sup>GRI 2-2 Entities included in organisation’s sustainability reporting

### Materiality

Our material issues have been formulated through a robust process of multi-channel engagement with internal and external stakeholders. The report provides an explanation and description of the materiality assessment process and how the material topics were identified.

We have initiated the double materiality assessment in the current reporting year. This assessment is critical in helping us along with our internal and external stakeholders to identify the relevant impacts we have on the environment and operations, and the potential effects and likelihood of those impacts on our business. The assessment will be instrumental in helping us as well

as our stakeholders to understand the significance, likelihood, and implications of these impacts. Additionally, it will enhance our strategic approach and decide on the priorities for attaining long-term sustainable growth by directing our efforts towards resources and areas where we can have the greatest positive or negative impact.

### Responsibility Statement

Our management team undersign that the contents of this report have been presented in a fair, transparent, and balanced manner.

### Independent Assurance<sup>3</sup>

The independent assurance of limited level has been carried out by DNV Business Assurance India Private Limited for the sustainability/non-financial data disclosed in the report. The assurance is based on professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information. DNV's VeriSustain™ Protocol has been developed in accordance with the most widely accepted reporting and assurance standards.

The Assurance Statement is annexed at the end of this report.

### Restatement<sup>4</sup>

There are no restatements on the information published in previous sustainability reports.

### Forward-looking statements

There are few statements in this report which depict forward-looking information related to our business operations. These statements are subject to potential changes due to uncertain external factors including shifts in market conditions, industry developments, government regulations, laws, etc. It is important to note that these statements should not be considered a guarantee of our future performance. External factors beyond our control can cause significant changes in the underlying assumptions.

<sup>3</sup>GRI 2-5 External Assurance

<sup>4</sup>GRI 2-4 Restatement of Information

<sup>5</sup>GRI 2-3 Reporting period, frequency and contact point

### Feedback<sup>5</sup>

We appreciate your feedback, as it will help us disclose pertinent information more efficiently and transparently. We are pleased to answer any questions or concerns you may have about our performance or this report. If you have any inquiries concerning this year's Sustainability Report, please feel free to contact us at [investors@alkem.com](mailto:investors@alkem.com) or [esg@alkem.com](mailto:esg@alkem.com)



## Key Highlights

### Environment

**21%**

of total energy sourced from renewables

**18%**

reduction in waste generation intensity per tonne of product compared to FY 2023–24

**5.73%**

reduction in energy consumption per tonne of product compared to FY 2023–24

**3,961 MT**

of post-consumer plastic packaging waste recycled, covering 100% of domestic product sales

**31%**

of manufacturing and R&D facilities certified under ISO 50001

**77%**

of manufacturing and R&D facilities certified under ISO 14001

**INR 20.8 million**

invested in energy-efficiency initiatives

**100%**

of manufacturing sites equipped with Effluent Treatment Plants (ETPs)

**19%**

reduction in water consumption per tonne of product compared to FY 2023–24

**38%**

of facilities equipped with Zero Liquid Discharge (ZLD) systems

**15%**

reduction in Scope 1 and Scope 2 emissions per tonne of product compared to FY 2023–24

### Social

**18,785**

total permanent employees and workers

**30,783**

EHSS training man-hours

**2.69%**

share of women in permanent workforce

**INR 359.1 million**

spent on CSR projects

**Zero**

fatalities

**8,72,377**

CSR beneficiaries

**Zero**

LTIFR (Lost Time Injury Frequency Rate) for employees

**Recognised at Bharat CSR & Sustainability Awards for Cancer Care initiative in Bihar**

**6,227**

EHSS trainings conducted

### Governance

**Zero**

instances of data breach

**50%**

Independent Directors

**23%**

women representation on the Board of Directors

**100%**

of new suppliers screened on ESG criteria

**100%**

whistleblower complaints resolved in FY 2024–25

# Message from the Leadership

We are proud to present our third Sustainability Report, built on our vision to create a measurable impact. Each year brings new challenges and opportunities, and this year, we have made strides in our sustainability endeavors.



**Basudeo N. Singh**  
Executive Chairman



**Sandeep Singh**  
Managing Director



## Dear Stakeholders,

This year has been one of reflection, progress and renewed responsibility. Our focus has remained clear, to grow with purpose, guided by principles that balance business success with environmental and social accountability. Over the years, our approach to sustainability has evolved from compliance-driven practices to a culture of accountability that touches every aspect of how we operate. Sustainability, for us, is woven into our business strategy as an integral part of our business model, one that balances performance with purpose.

We are proud to present our third sustainability report, built on our vision to create a measurable impact, empower our people and uphold the trust of our stakeholders. As we look back on another year of purposeful growth, it is evident that our journey towards sustainability continues to gain depth and direction. Each year brings new challenges and opportunities, and this year too, we have made strides in our sustainability endeavors.

Recognising that energy efficiency is critical to both environmental responsibility and operational excellence, we continued to invest in cleaner technologies and process optimisation. During the year, 21% of our total energy was sourced from renewable sources, reflecting our progress in reducing dependence on fossil fuels. In parallel, our sustained focus on efficiency measures led to a 15% reduction in combined Scope 1 and Scope 2 emissions intensity compared to the previous year. These achievements were supported by targeted investments exceeding INR 20.8 million in energy-related projects, spanning process improvements, equipment modernisation and digital monitoring systems that enable data-driven decision-making.

Equally central to our environmental agenda is the responsible management of resources. Waste reduction remain

key priority in our manufacturing ecosystem. Through improved material utilisation, process refinement and enhanced waste segregation practices, we achieved an 18% reduction in waste generation intensity. Our water consumption intensity has also reduced by 19% from the previous year. These outcomes reaffirm our commitment to minimise our environmental footprint while strengthening efficiency across our operations. Our manufacturing teams continue to explore innovative waste repurposing methods and partnerships that promote recycling and resource recovery.

Sound governance remains the cornerstone of our progress. This year, with 50% of our Board comprising Independent Directors, we have further strengthened the foundation of transparency, accountability and ethical oversight. The diverse experience and independence of our Board enable robust decision-making and ensures that sustainability considerations remain central to our business strategy. This governance strength continues to inspire confidence among our stakeholders and guides our actions in an evolving regulatory and societal landscape.

Our sustainability journey extends beyond the boundaries of our business operations to the communities we serve. Through focused and high-impact CSR programs, we reached 8,72,377 beneficiaries this year, with a total spend of INR 359.13 million across projects in healthcare, education and rural development. We are proud to have been recognised at the Bharat CSR & Sustainability Awards for our Cancer Care initiative in Bihar, which exemplifies our commitment to accessible and equitable healthcare for underserved communities.

Beyond metrics, this progress reflects the spirit of our people, their adaptability, innovation and shared

belief in doing what is right for the long term. We have continued to nurture a culture where sustainability is understood as a collective responsibility. At Alkem, we are committed to building a workplace rooted in fairness, inclusion and opportunity for all. We continue to invest in capability development, leadership programs and employee well-being initiatives that enable our people to grow and thrive in a safe and supportive environment.

As we move forward, we recognise that the world around us is changing rapidly, and so must we. Our priorities for the coming years include advancing our decarbonisation roadmap, expanding renewable energy integration, deepening water and waste management initiatives and strengthening social inclusion across our value chain. We are also focused on leveraging technology and innovation to accelerate this transformation, ensuring that sustainability becomes an even stronger enabler of business performance and societal impact.

We remain deeply grateful to our employees, customers, suppliers and partners whose trust and collaboration make this journey possible. Together, we will continue to build a more inclusive and environmentally responsible organisation, one that contributes meaningfully to the well-being of both people and the planet.

With warm regards,

**Basudeo N. Singh**  
Executive Chairman

**Sandeep Singh**  
Managing Director



# Insight into Alkem's Journey



## 1970s-1990s: Foundations of Purpose

1973



Alkem Laboratories was established with a core mission to provide affordable, high-quality pharmaceutical products.

1978



The Company commenced operations at its first manufacturing facility located in Talaja, near Mumbai.

1992



A second manufacturing unit was commissioned in Mandva, which was subsequently upgraded to support expanded operations.



## 2000s Research. Reach. Recognition.

2003



Alkem establishes its first dedicated R&D center in Talaja, initiating its journey into advanced drug development.

2006



Taxim becomes the first anti-infective brand in India to surpass INR 1 billion in annual sales.

2009



Alkem receives its first ANDA (Abbreviated New Drug Application) approval in the United States and completes the acquisition of Pharmacor in Australia.

2010-2012



The Company expands its global footprint through the launch of Ascend Labs in the US, entry into biosimilars via Enzene, and the commissioning of a new API manufacturing facility in the United States.



## 2013-2018: Expanding Horizons

2014



Clavam achieves a significant milestone by exceeding INR 2 billion in domestic sales; Alkem also acquires the Indian brand Clindac, enhancing its therapeutic portfolio.

2015



Alkem successfully completes its Initial Public Offering (IPO), reinforcing its institutional credibility and market presence.

2018



The Company's US revenues surpass \$200 million, marking a key milestone in the execution of its global expansion strategy.



## 2019-2025: Sharpening Scale and Strategy

2019



Alkem's global revenue surpasses \$1 billion, marking a significant milestone in its growth journey.

2020



New manufacturing facilities are commissioned in Pune, focused on biologics and biosimilars.

2018



The Company's US revenues surpass \$200 million, marking a key milestone in the execution of its global expansion strategy.

2022



Alkem is honored as "Pharma Company of the Year" at the ET Pharma World Awards; Clavam achieves INR 6 billion in domestic sales.

2023-24

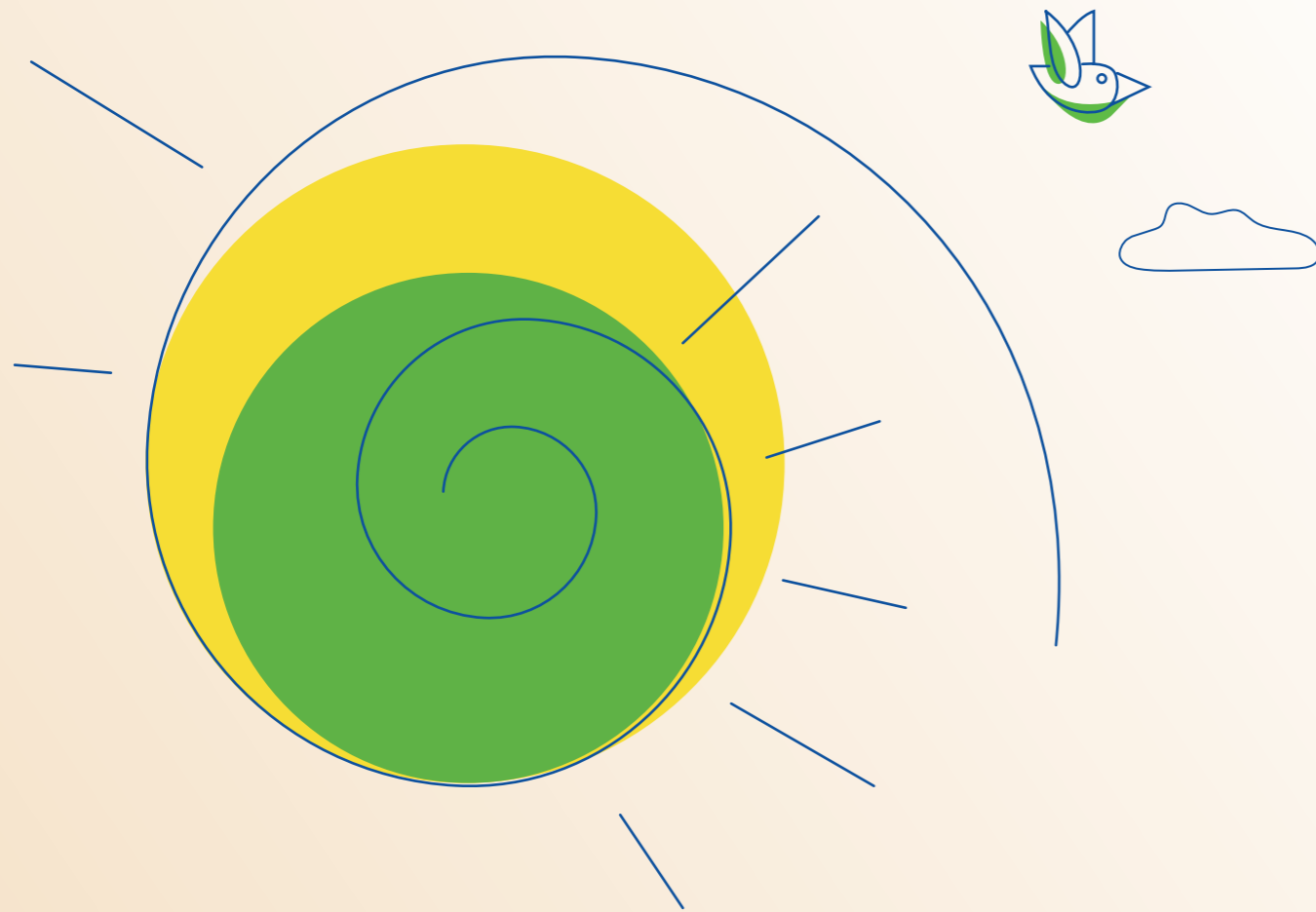


Alkem celebrates its 50<sup>th</sup> anniversary and launches its Eyecare division, entering the ophthalmology segment.

2024-25



Strategic acceleration continues with inclusion in the MSCI India Index, the acquisition of Adroit, and entry into the Medtech space through a licensing agreement with Exactech and the acquisition of Bombay Ortho.



### Our Values

At Alkem, our operations are guided by principles that underscore our unwavering commitment to excellence in pharmaceutical care. We prioritise patient well-being, uphold the highest ethical standards, champion innovation, and strive for operational excellence with a deep sense of responsibility.



### About the Company

# Company Overview<sup>6 7</sup>

Founded in 1973, Alkem Laboratories Limited stands as a prominent Indian multinational pharmaceutical company with a footprint in over 40 countries. The Company is dedicated to delivering affordable, high-quality healthcare solutions that make a meaningful difference in people's lives.

<sup>6</sup>GRI 2-6 Activities, value chain and other business relationships

<sup>7</sup>GRI 2-1 Organizational details

### Our Vision

At Alkem, our operations are guided by principles that underscore our unwavering commitment to excellence in pharmaceutical care. We prioritise patient well-being, uphold the highest ethical standards, champion innovation, and strive for operational excellence with a deep sense of responsibility.

- ◆ **Quality that is infinite**
- ◆ **Service that cares**
- ◆ **Hard work that endures**

### Our Business

We develop, manufacture and distribute a wide range of pharmaceutical products spanning key therapeutic categories. Our portfolio includes:

- ◆ Branded generics
- ◆ Generic medications
- ◆ Active Pharmaceutical Ingredients (APIs)
- ◆ Nutraceuticals
- ◆ Biosimilars

With a robust global workforce of over 21,000 professionals and 18 cutting-edge manufacturing facilities, Alkem supports the production of more than 800 brands across major therapeutic areas such as gastroenterology, pain management, vitamins, diabetes care, cardiology, and dermatology.

### Research and Innovation

Innovation is central to Alkem's growth strategy. Our two world-class R&D centers have successfully filed 185 Abbreviated New Drug Applications (ANDAs), and 2 New Drug Applications (NDAs) with the US FDA, along with over 1,100 product registrations across international markets.

### Quality and Regulatory Compliance

Alkem adheres to stringent quality protocols and regulatory standards. Our facilities and products have earned approvals from leading global health authorities, including:

- ◆ US Food and Drug Administration (FDA)
- ◆ UK Medicines and Healthcare products Regulatory Agency (MHRA)
- ◆ Australian Therapeutic Goods Administration (TGA), and
- ◆ Other respected international regulatory bodies

### Our India Business

We have built a strong foundation in India through extensive manufacturing capabilities and advanced research infrastructure. As of 31 March, 2025, the Company operated 12 manufacturing units and 2 research centers. The India business remains the cornerstone of Alkem's operations, contributing

70.2% to the Company's total revenue. This growth is fuelled by a diverse portfolio of over 800 brands and 1,500+ Stock Keeping Units (SKUs), spanning multiple therapeutic segments. Our consistent growth trajectory has positioned it as the 5th largest pharmaceutical company by domestic revenue in India.



#### Baddi

02

No. of Manufacturing Facilities

**Focus Area**  
Formulations of Tablet, Capsules, and Dry Syrup

#### Daman

02

No. of Manufacturing Facilities

**Focus Area**  
Formulations of Tablet, Capsules, and Dry Syrup

#### Sikkim

05

No. of Manufacturing Facilities

**Focus Area**  
Formulations of Tablet, Capsules, Dry Syrup, and Neutraceuticals



#### Mandva

01

No. of Manufacturing Facilities

01

No. of R&D Facilities

**Focus Area**  
Active Pharmaceutical Ingredients (APIs)

#### Ankleshwar

01

No. of Manufacturing Facilities

**Focus Area**  
Active Pharmaceutical Ingredients (APIs)



#### Taloja

01

No. of R&D Facilities

**Focus Area**  
Formulation & Bio-equivalence lab



#### Indore

01

No. of Manufacturing Facilities

**Focus Area**  
Formulations of Capsules, Tablets, Dry Syrup, and Ointment



### Our Global footprint

While India remains Alkem's core market, the Company continues to strengthen its international footprint. With operations across the United States, Latin America, Europe, Africa, the Commonwealth of Independent States (CIS), Southeast Asia, and Australia, Alkem serves a broad and diverse global audience.

The US business accounts for 19.4% of Alkem's total revenue. In FY 2024-25, the Company made significant strides in regulatory progress, submitting 9 Abbreviated New Drug Applications (ANDAs) and receiving 14 approvals from the US Food and Drug Administration (FDA). Alkem has established a strong and credible presence in the United States, achieving the #1 ranking in 8 of its top 20 molecules and securing

a top 5 position across the remainder. This performance is underpinned by a strategically curated portfolio that targets critical therapeutic areas such as diabetes, cardiovascular health, iron deficiency, central nervous system (CNS) disorders, and pain management. These achievements reflect Alkem's unwavering commitment to enhancing patient outcomes and addressing diverse healthcare needs across the U.S. market.

Contributing 10.4% to total revenue, Alkem's operations span over 40 countries, including key markets such as Australia, Europe, Southeast Asia, and Latin America. As part of a broader strategic transformation, we initiated a structured review of our non-US

operations to evaluate internal strengths and identify emerging external opportunities. This exercise aimed to realign our growth strategy with shifting market dynamics and evolving business priorities, ensuring long-term competitiveness and sustainable expansion across global markets.

### Our People

At Alkem, our people are at the heart of everything we do. We cultivate a culture that values excellence, innovation, and collaboration. With 18,785 employees in India and a global workforce exceeding 21,000, our team plays a pivotal role in driving quality, customer focus, and sustainable growth across all facets of our business.



### Our Value Chain

Our value chain is designed to ensure efficiency, quality, and accountability at every stage. We source raw materials both domestically and internationally, leveraging reliable logistics networks to transport them to our manufacturing ecosystem, which includes owned, contract-based, and third-party

facilities. After production, finished goods are stored in centralised warehouses and regional depots, and distributed through a well-coordinated network of medical representatives and healthcare professionals, ensuring timely access to essential medicines.



### Certifications



**Sedex** Affiliate Audit Company

### Memberships and Associations

Alkem maintains active engagement with several leading industry bodies, enabling access to sector-wide developments and the exchange of best practices. Key associations include the Indian Drug Manufacturers Association, Indian Pharmaceutical Alliance, Bombay Chamber of Commerce and Industry, Federation of Pharma Entrepreneurs and Pharmaceutical Supply Chain Initiative (PSCI).



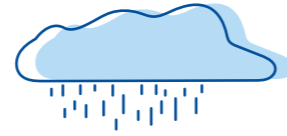
### EHS Certifications

Certificate Name	Scope of Coverage
ISO 14001 (Environmental Management)	Ankleshwar, Baddi (2 units), Daman (1 unit), Mandva, and all five sites in Sikkim
ISO 45001 (Occupational Health & Safety Management)	Ankleshwar, Baddi (2 units), Daman (1 unit), Mandva, and all five sites in Sikkim
ISO 50001 (Energy Management)	Sikkim (4 units)
ISO 22000 (Food Safety Management)	Sikkim (1 unit)
SEDEX (Ethical Trade Audit)	Baddi

Our Business Sustainability Strategy

# Our ESG Strategy Framework

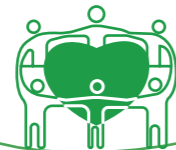
We envision a future where quality healthcare is delivered with deep responsibility to people and the planet. Through ethical governance, environmental consciousness, and a culture rooted in fairness and transparency, we strive to be a leader in sustainable impact and resilient innovation in the pharmaceutical industry. Built around this vision are three core pillars that support our progress with clarity and intent. Within these pillars, we focus on nine defined areas, each monitored through 26 performance indicators. These areas help steer our efforts towards a future grounded in resilience, compassion, and shared advancement.



## Three Strategy Pillars

**Trustworthy Stewardship** is the cornerstone of our operations, reinforcing a culture of integrity and dependability across all activities. This pillar reflects our commitment to responsible leadership grounded in ethical practices and long-term sustainability. At Alkem, we continue to strengthen resilience across the organisation through consistent leadership, sound risk management strategies, flexible business structures, and the use of advanced technology with a strong emphasis on safeguarding data.

**Environmental Sewardship** reflects our commitment to responsible practices that reduce our impact on the planet. This pillar focuses on conservation efforts, with attention directed towards climate action, protection of natural resources, responsible water and waste management, and careful energy use. Through these efforts, we aim to contribute to a future that supports ecological balance and long-term sustainability for all.



**Care for All** reflects our commitment to building inclusive communities where individuals are supported and empowered. This pillar places focus on our stakeholders—their priorities, concerns, and aspirations. Meaningful engagement with them informs the development of strategies and policies that respond to their needs. Through these interactions, we build trust and reinforce long-term relationships.

## Strategic Themes, Key Targets, and Progress So Far

### Strategic Pillar

#### Trustworthy Stewardship



**R&D and Business Resilience**

#### Target

ESG risk integration in the Enterprise Risk Management (ERM) framework

#### Timeline

FY 2024-25

#### Progress

In FY 2024–25, we undertook a comprehensive refresh of our risk management framework to strengthen oversight and responsiveness across the organisation. This included redefining our risk governance structure, integrating ESG considerations into our risk assessments, and benchmarking our practices against leading pharmaceutical peers.



**Data Security & Technology Innovation**

#### Target

Obtain ISO 27001 certification

#### Timeline

FY 2025-26

#### Progress

In FY 2024–25, we completed a comprehensive gap assessment against the ISO 27001 standard to evaluate our information security management practices. Based on the findings, we initiated the certification process, which is currently in progress.

## Environment Stewardship



### Climate Action

#### Target

Reduce Scope-1 and Scope-2 GHG emissions by 42% by FY 33 from the baseline of FY 23

#### Timeline

FY 2032-33

#### Progress

15% reduction in Scope 1 and Scope 2 GHG emissions per tonne of product in FY 2024-25 as compared to FY 24.



### Energy Management

#### Target

To achieve Y-o-Y 1% reduction in energy consumption from the projected energy requirement of each year till FY 33

#### Timeline

FY 2032-33

#### Progress

In FY 25, our energy savings initiatives led to a reduction of 5.73% in energy consumption per ton of product generated compared to FY 24



### Water and Waste Stewardship

#### Target

To achieve water neutrality across operations by FY 30

#### Timeline

FY 2029-30

#### Progress

19% reduction in water consumption per ton of product manufactured. Zero Liquid Discharge (ZLD) systems are available at approximately 38% of our facilities

## Care for all



### Human Capital and Safety

#### Target

Increase overall gender diversity to 5%

More than 75% sites certified with ISO 45001

#### Timeline

FY 2026-27

FY 2025-26

#### Progress

In FY 2024-25, females constituted 2.6% of the total employee workforce

77% of Manufacturing unit and R&D facilities are ISO 45001 certified. Target achieved before the given timelines



### Community Welfare

#### Target

Quarterly engagement with local community

#### Timeline

w.e.f. FY 2023-24

#### Progress

We have initiated monthly community engagements, titled "Vaarta," at our plant locations and in areas where the Alkem Foundation is actively involved in CSR efforts. These sessions serve as a platform to listen to and address concerns raised by local communities, while also sharing updates on our ongoing initiatives aimed at enhancing community well-being.



### Supply Chain Management

#### Target

Screening of 90% new suppliers as per the ESG screening criteria  
Evaluation of identified critical suppliers in the following manner

- ◆ 10% of suppliers by FY 2024-25
- ◆ 35% of suppliers by FY 2025-26
- ◆ 70% of suppliers by FY 2026-27

More than 90% of suppliers by FY 2027-28

#### Progress

In FY 25, we assessed 16% of our critical suppliers. Some of the broad ESG aspects considered as a part of vendor evaluation include Environment, Health, and Safety (EHS), Corporate Social Responsibility, Human Rights Protection, Whistle-Blower Protection, etc.



Stakeholder Engagement and Materiality Assessment







# Stakeholder Engagement




At Alkem, we place the highest importance on understanding and addressing the needs of our stakeholders as we advance towards our strategic and sustainability goals. Through active engagement in our ESG materiality assessment, we ensure that the voices of both internal and external stakeholders are meaningfully integrated into the development of our ESG strategy. Our internal stakeholders include employees, workers, and senior leadership, while our external stakeholders span shareholders, regulators, suppliers, contractors,

third-party manufacturers, NGOs, local communities, customers, patients, financial institutions, bankers, and lenders. We recognise that their insights and expectations are vital to informed decision-making and long-term value creation. Ongoing dialogue with these groups fosters collaboration, strengthens trust, and helps us proactively manage risks that impact both our stakeholders and our business.



The following is a list of the identified stakeholder groups and the process that has been put in place to regularly engage with them to learn about their respective concerns.

Stakeholder Group	Purpose of Engagement	Scope of Engagement	Channel of Communication	Engagement Frequency
 Shareholders	To uphold financial transparency and long-term value creation	Quarterly financial disclosures, ESG consultations, grievance redressal, and periodic engagement on strategic topics	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Annual Reports</li> <li>Investor Meets</li> <li>Email</li> <li>Quarterly Results</li> <li>Company Website</li> <li>Report on Stock Exchange</li> <li>Press Release</li> <li>Public Notice in newspapers</li> </ul>	Quarterly or Need-based
 Regulatory Bodies & Government Agencies	To ensure full compliance with applicable laws and industry standards	Regulatory filings, audits, inspections, policy consultations, and proactive dialogue with government agencies	<ul style="list-style-type: none"> <li>Media releases</li> <li>Emails</li> <li>In-person meetings</li> <li>Conferencess, Memberships and Associations</li> </ul>	Need-based
 Financial Institutions, Bankers & Lenders	To maintain financial integrity and ensure access to capital	Engagement on financial performance, risk management, ESG disclosures, and investor briefings	<ul style="list-style-type: none"> <li>Annual Reports</li> <li>Investors Meets</li> <li>Need basis during financial discussion meeting</li> <li>Emails</li> </ul>	Continuous
 Employees	To foster a supportive, inclusive, and growth-oriented workplace culture	Regular discussions on diversity and inclusion, work-life balance, fair compensation, training, career growth, and health and safety initiatives	<b>Direct communication in</b> <ul style="list-style-type: none"> <li>form of emails</li> <li>newsletters</li> <li>one-to-one discussion, and intranet</li> </ul>	Continuous

Stakeholder Group	Purpose of Engagement	Scope of Engagement	Channel of Communication	Engagement Frequency
 Customers	To ensure product satisfaction, transparency, and long-term trust	Engagement on product quality, timely delivery, portfolio updates, competitive pricing, and availability through feedback channels and service interactions	<ul style="list-style-type: none"> <li>Video Conferencing</li> <li>Emails</li> <li>Customer Meets Website</li> <li>Brochures</li> </ul>	Continuous
 Suppliers & Contractors	To maintain supply chain integrity and ensure responsible sourcing	Ongoing collaboration on material quality, safety, and delivery timelines; supplier training and performance assessments to uphold standards	<ul style="list-style-type: none"> <li>Supplier meets</li> <li>Supplier assessment</li> <li>Contract discussion meetings</li> <li>Performance review</li> <li>Emails</li> </ul>	Need-based
 Local Communities	To contribute to social development and build positive community relations	Implementation of CSR programs focused on healthcare, education, sanitation, and infrastructure development in surrounding communities	<ul style="list-style-type: none"> <li>Regular engagement in person to understand concerns and requirements</li> <li>Community engagement during CSR initiatives</li> <li>Site visit</li> <li>Project specific meetings</li> </ul>	Continuous



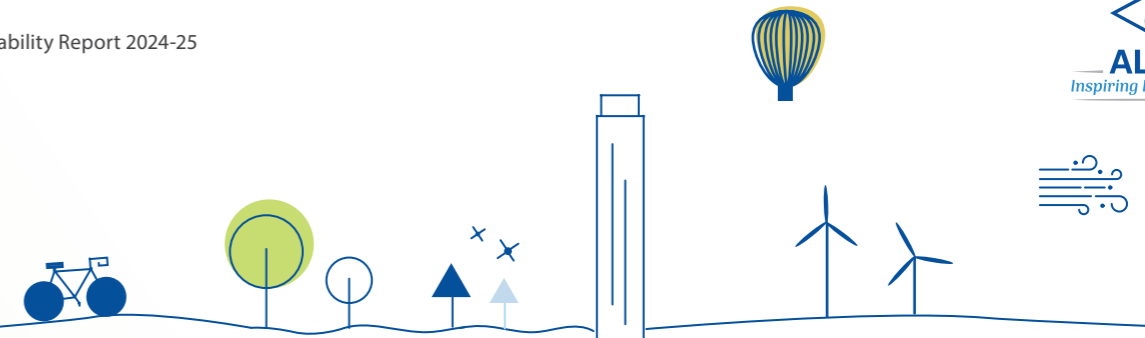
# Materiality Assessment<sup>8</sup>

At Alkem, our sustainability strategy is shaped by a deep understanding of the issues that matter most to our stakeholders and our business. Through a structured materiality assessment, we identify and prioritise Environmental, Social, and Governance (ESG) topics that have the greatest potential to impact our long-term performance and value creation. This process enables us to align our efforts with stakeholder expectations, regulatory developments, and emerging global trends. We engage a broad spectrum of internal and external stakeholders—including employees, leadership, shareholders, regulators, suppliers, customers, and community partners—to ensure their perspectives are reflected in our ESG roadmap. By continuously evaluating material topics, we remain agile and responsive to the evolving sustainability landscape, reinforcing our commitment to responsible growth and transparent governance. We conduct review of our material topics on annual basis.

## Approach to Materiality Assessment

The stakeholder engagement forms the cornerstone of our materiality assessment process. By actively involving both internal and external stakeholders, we identify and prioritise Environmental, Social, and Governance (ESG) issues that are most relevant to our business and the communities we serve. This inclusive approach enables us to uncover ESG-related risks and opportunities, align our strategic planning with long-term objectives, and deliver meaningful value across our stakeholder ecosystem.

To ensure clarity and focus, we classify ESG topics into three tiers of importance: very high, high, and medium. Each topic is assessed based on its potential impact on our operations and the extent to which stakeholders are affected by or can influence the issue. These material priorities guide our ESG strategy and reinforce our commitment to advancing the United Nations Sustainable Development Goals (UN SDGs). During the reporting period, our senior leadership reviewed the material topics to ensure strategic alignment. We consider the identified topics as significant and integrate their mitigation action plans into our Enterprise Risk Management (ERM) framework, reinforcing our commitment to sustainable and resilient growth. Materiality assessment is conducted every three years to keep our strategy updated with the recent global development.



### R&D and Business Resilience & Compliance

Identified Material Topics<sup>9</sup>

- Resilient Business Performance: 8 (Economic and Environmental), 9 (Energy Performance) ●
- Corporate Governance & Business Ethics: 8 (Economic and Environmental), 16 (Good Jobs and Inclusive Growth) ●
- Business Continuity: 8 (Economic and Environmental), 9 (Energy Performance), 16 (Good Jobs and Inclusive Growth) ●
- Sales & Marketing Practices: 3 (Good Health and Well-being) ●

### Energy Management

Identified Material Topics<sup>9</sup>

- Energy Management: 7 (Affordable and Clean Energy), 12 (Responsible Consumption and Production), 13 (Climate Action) ●

### Data Security & Technology Innovation

Identified Material Topics<sup>9</sup>

- Data Privacy & Security: 9 (Responsible Consumption and Production), 16 (Good Jobs and Inclusive Growth) ●

### Water & Waste Stewardship

Identified Material Topics<sup>9</sup>

- Waste Management: 6 (Clean Water and Sanitation), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life Below Water), 15 (Life on Land) ●
- Water Management: 6 (Clean Water and Sanitation), 14 (Life Below Water) ●

### Climate Action

Identified Material Topics<sup>9</sup>

- Environmental Compliance: 8 (Economic and Environmental), 9 (Energy Performance), 13 (Climate Action) ●
- Biodiversity: 14 (Life Below Water), 15 (Life on Land) ●
- Climate Change & GHG Emissions: 7 (Affordable and Clean Energy), 13 (Climate Action) ●

### Human Capital & Safety

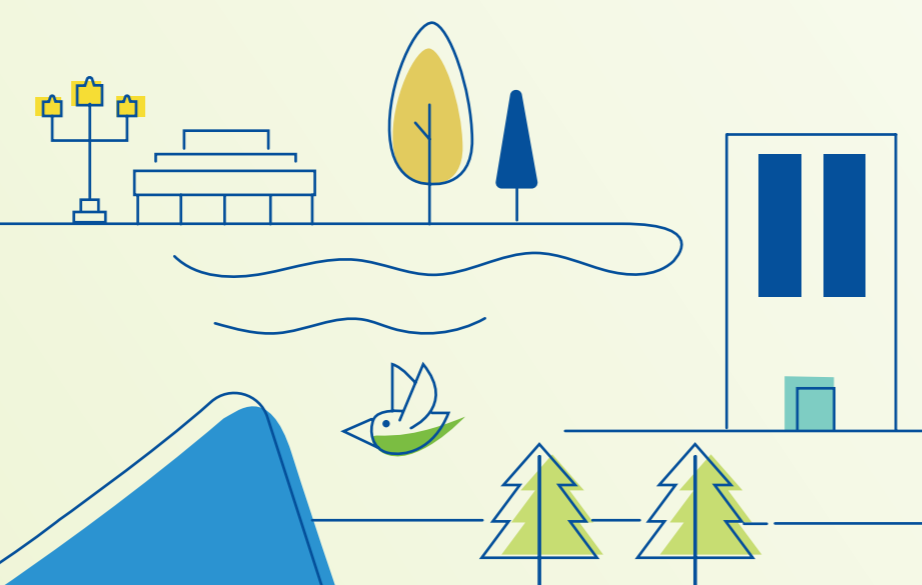
Identified Material Topics<sup>9</sup>

- Human Rights: 8 (Economic and Environmental), 10 (Decent Work and Economic Growth), 16 (Good Jobs and Inclusive Growth) ●
- Human Resources Development: 8 (Economic and Environmental) ●
- Occupational Health & Safety: 3 (Good Health and Well-being) ●

Priority legend: ● Very High ● High ● Medium

<sup>8</sup>GRI 3-1 Process to determine material topics

<sup>9</sup>GRI 3-2 List of material topics



### Product Safety & Patient Centricity

Identified Material Topics<sup>9</sup>

- Combating Counterfeit Medicines ●
- Pharmacovigilance ●
- Product Quality & Patient Safety ●
- Clinical Trial Conduct ●
- Availability & Affordability of Medicines ●
- R&D Innovation ●

### Community Welfare

Identified Material Topics<sup>9</sup>

- Community Engagement ●

### Product Safety & Patient Centricity

Identified Material Topics<sup>9</sup>

- Sustainable Supply Chain ●

Priority legend: ● Very High   ● High   ● Medium

## Material Issues – Risk and Opportunity

Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
<b>Trustworthy Stewardship</b>				
Resilient Business Performance	Risk and Opportunity	The strategy of the Company is to generate long-term economic growth with a focus on sustainability and value creation for all stakeholders.	To address the major business continuity risks, we have adopted various measures along with emergency response plans for all our sites. In addition to this, an enterprise-level business continuity policy and a plan are under development to ensure continuity of Alkem's business during various scenarios of disruptions.	Positive implications due to smooth operations.

Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
Corporate Governance & Business Ethics	Risk and Opportunity	Any type of unethical behavior or corporate misconduct in the form of fraud, bribery, corruption, conflicts of interest, or violation of laws and regulations governing the industry may lead to major reputational damages, loss of stakeholder trust, and litigation. Poor corporate governance practices, such as lack of transparency, ineffective oversight, lack of accountability, etc., can impact investor confidence and shareholder value. On the contrary, a commitment towards ethical conduct and robust corporate governance can increase the Company's market competitiveness and enhance stakeholder relationships.	We place great emphasis on principles such as empowerment and integrity of our employees, safety of employees and communities surrounding our manufacturing facilities, transparency in decision making process, and fair and ethical dealings with all stakeholders and society in general. Our 9 core values: Quality, Adaptability, Responsibility, Respect, Gratitude, Fairness, Honesty, Safety and Compassion enable the Company to make informed decisions. Moreover, our business relies on various policies and codes such as Code of Business Conduct, Code of Ethics, Whistle-blower Policy, Code of Practices and procedures for fair disclosures, etc., that function as guiding forces, steering the Company's business conduct and shaping behavioural norms	Positive implication as good governance improves access to capital.
Business Continuity	Risk	It is important for a pharmaceutical company to thrive through uncertain times such as natural/man-made disasters, supply chain failures, gaps in leadership, etc., which could disrupt normal business operations.	We have integrated the ESG risks into Enterprise Risk Management system to prepare ourselves for any unforeseen risks.	Negative implications due to expenditure on preparedness measures.
Sales & Marketing Practices	Opportunity	Alkem caters to a large customer base. For the Company to positively impact consumer behavior while building brand loyalty and sustained market growth, it is important to create influence on consumers through ethical sales and marketing practices.	We work towards building a skilled marketing workforce through multiple trainings and workshops. We have invested in effective digital marketing campaigns as well. Moreover, information disclosed on our product labels is designed in accordance with the regulatory norms while maintaining patient centricity.	Positive implications due to increased customer acquisition and retention.





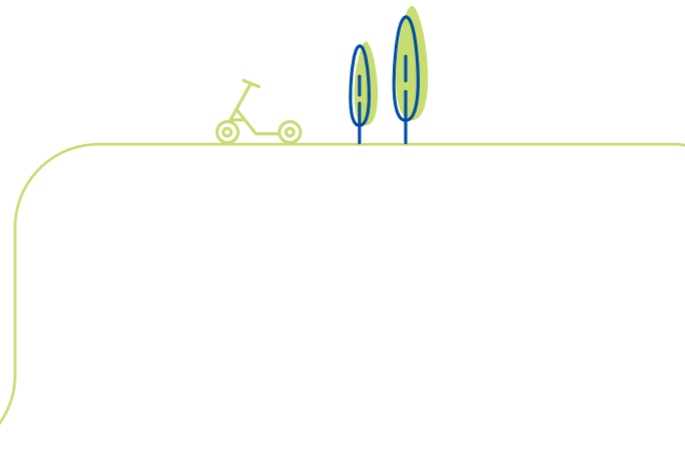
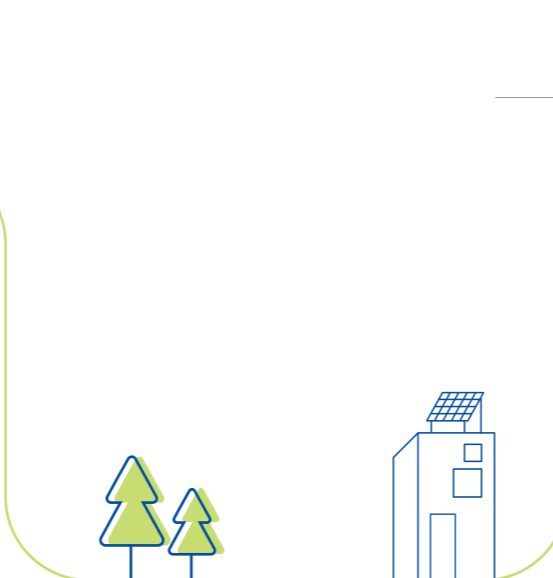
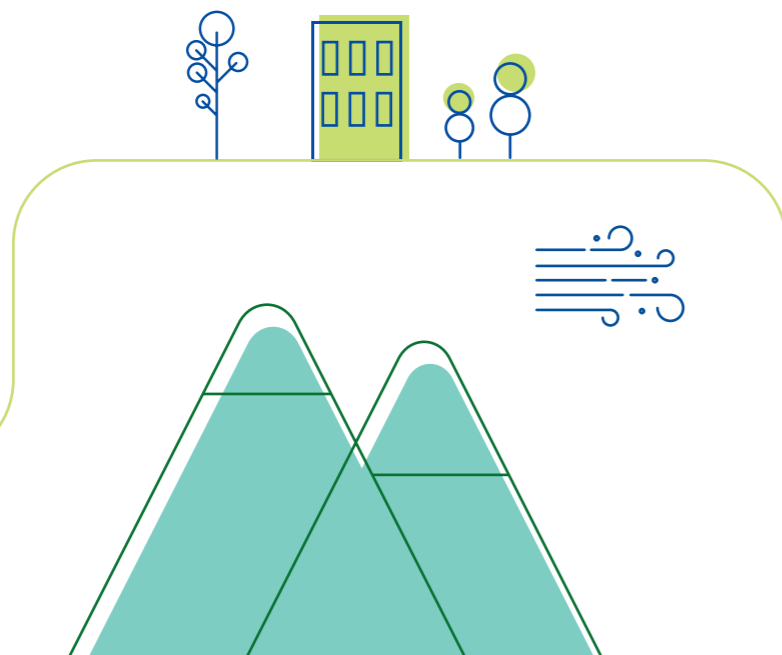
Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
<p>Data Privacy &amp; Security</p>	Risk	With increasing instances of data breaches, it is important for a Company to safeguard the sensitive customer data or its proprietary information and prevent any potential breaches that could harm its reputation and may lead to both financial and non-financial losses.	We have set a goal to obtain ISO 27001 certification by FY 2025-26, demonstrating our commitment to develop robust Information Security Management Systems (ISMS). We have enforced an Information Security Policy in accordance with Microsoft Active Directory. We are investing adequately in IT tools for data protection. Any data loss or leakage is closely monitored through VAPT and IT audits.	Negative implications due to cost incurred in implementing and maintaining cybersecurity technologies.

Environment Stewardship

<p>Environmental Compliance</p>	Risk and Opportunity	Non-compliances with environmental regulations, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Hazardous Waste Management Rules, Plastic Waste Management Rules, Extended Producer Responsibility, etc., may result in fines, penalties, legal liabilities, and operational disruptions. Ensuring compliance with all applicable regulatory requirements ensures continuity of business operations while avoiding any significant disruptions and adverse events	We ensure compliance with all applicable local laws and regulations of the pollution control board. We also proactively engage in strategies and systems to reduce the overall adverse impact of our operations on the environment by implementing ISO standards across our operating sites	Negative implication due to cost incurred on systems and processes to ensure strict compliance.
---------------------------------	----------------------	---	---	---

Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
<p>Biodiversity</p>	Risk	Biodiversity loss can pose a significant risk to the Company, given the reliance of the pharmaceutical industry on a variety of natural resources and biological compounds. A reduction in biodiversity can lead to a scarcity of medicinal plants and other raw materials critical for drug development (especially in Biosimilars and Nutraceuticals segments), potentially increasing costs and impacting supply chains. Environmental degradation, resulting from operations and new projects undertaken, could also heighten regulatory scrutiny, leading to stricter compliance requirements.	We are committed to protecting and preserving the natural resources and ecosystem as a part of Environmental Protection in our Sustainability Policy. Alkem has conducted base level biodiversity risk assessment under Environmental Impact Assessment (EIAs) for all its sites and operates within regulatory measures as specified in its consent to operate by regulatory authorities. Additionally, as a part of our environment and CSR initiatives, we participate in mass plantation drives to restore green cover.	Negative implications due to cost incurred for the protection of biodiversity.

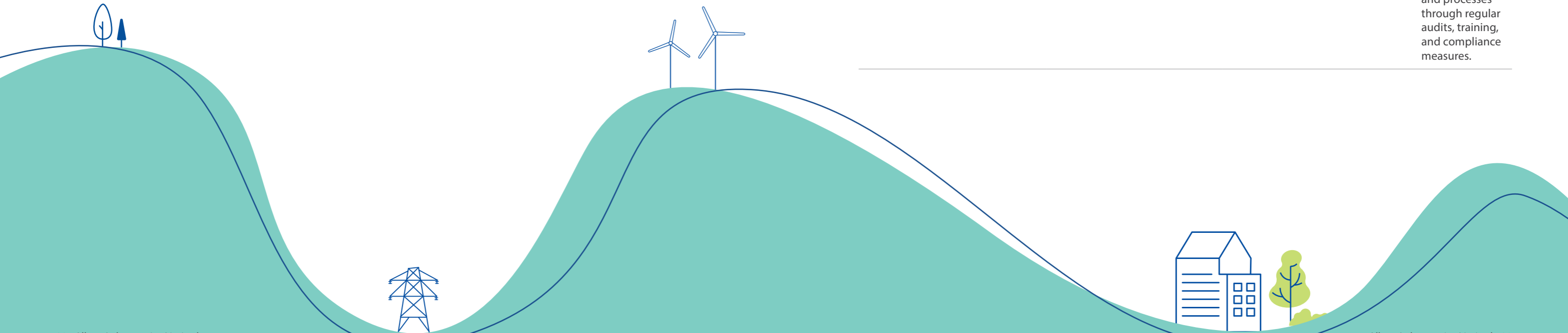
<p>Climate Change &amp; GHG Emissions</p>	Risk and Opportunity	<p><b>Risk:</b> The Company's assets are prone to climate-induced physical and transition risks, which are anticipated to increase in frequency and/or intensity. Adverse weather events can cause various forms of business disruptions. Additionally, Alkem understands the global urgency of addressing climate change and to reduce increase in average global temperatures.</p> <p><b>Opportunity:</b> Climate change impacts may lead to various health implications on individuals, thereby necessitating the demand for responsive health care services in the future.</p>	Our initiatives and actions are guided by our Sustainability Policy that serves as an enabling framework to fulfill our business responsibilities towards addressing climate change and GHG emissions related risks. We have set the targets for reducing Scope 1 and 2 emissions by 42% by FY 2032-33. Additionally, this risk has been included in the Enterprise Risk Management system and appropriate mitigation strategies (at entity level) have been identified to address it. We have also undertaken Scope 3 emissions accounting with an intent to adopt measures to reduce them by engaging with relevant stakeholders.	Negative implications due to adverse impact on Company's assets.
---	----------------------	--	---	--





## Stakeholder Engagement and Materiality Assessment

Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
<p><b>Energy Management</b></p>	Risk and Opportunity	<p><b>Risk:</b> The Company's operations are energy-intensive and consume a high amount of fuel and electricity. If not managed well, the Company might have to bear higher operational costs due to energy inefficiencies.</p> <p><b>Opportunity:</b> Improving the existing processes for increased efficiency, upgrading to new technologies, and switching to greener energy sources will immensely benefit the Company's operations in terms of improved yield, increased profitability and reduced GHG emissions.</p>	<p>We target to achieve Y-o-Y 1% reduction in energy consumption from projected energy requirement for each year till FY 33. Multiple initiatives have been adopted for improved energy management, some of these include:</p> <ul style="list-style-type: none"> <li>Use of PNG gas in boilers instead of furnace oil at select sites</li> <li>Biomass Briquette Boilers installed at sites to minimise the use of traditional fossil fuels</li> <li>Installation of Variable Frequency Drive (VFD)</li> <li>Replacement of non-efficient Air Handling Unit (AHU) with new efficient AHU</li> <li>Additionally, by FY 2025-26, we strive to obtain ISO 50001 for all our operating sites</li> </ul>	Negative impact due to cost incurred for the capex of energy efficient equipment; however, positive financial impact projected in long-run due to lower cost of energy.
<p><b>Waste Management</b></p>	Risk	Being in the pharma sector, the Company generates significant quantities of hazardous waste along with other non-hazardous waste, which, if not managed properly, might lead to regulatory non-compliances, fines and penalties, work restrictions and environmental degradation.	Our emphasis on waste minimisation is reflected in its adoption of the 3R principle: Reduce, Reuse, Recycle. We have also tied up with government authorised waste management firms to support the waste management practices in line with the 3R principles.	Negative impact due to cost incurred in handling and management of waste.

Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
<p><b>Water Management</b></p>	Risk	Shortage of water resources at the key locations of the Company's business operations, including manufacturing and R&D sites, can disrupt operations and, hence, business continuity. Availability of poor-quality water is also a concern considering pharma manufacturing demands good quality water to meet product quality standards.	We have developed a water neutrality strategy as we strive to become water neutral by FY 2029-30. As a part of the strategy, we have identified various demand-side and supply-side water management interventions. As a part of some existing initiatives, we focus on reducing freshwater intake by monitoring water consumption, auditing the raw effluent and treated water discharge, and educating the workforce on water saving practices. Rainwater harvesting and effluent treatment plants are set up at all manufacturing sites. Currently, 42% of the manufacturing plants are following Zero Liquid Discharge (ZLD).	Negative impact due to cost incurred in meeting water demand during shortages or availability of poor-quality water.
<p><b>Human Rights</b></p>	Risk	Violation of human rights principles can harm the reputational image of the Company and impair stakeholder trust.	We have a well-structured Human Rights policy which is applicable for all employees across all grades and locations. We also have a specific Code of Ethics for all our stakeholders including suppliers, vendors, and contractors, to ensure ethical practices in the value chain.	Negative implications in the short term due to cost incurred to ensure strict inclusivity of human rights principles within the system and processes through regular audits, training, and compliance measures.

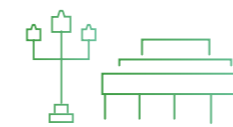


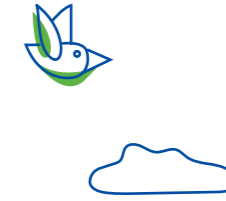


Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
 <b>Human Resources Development</b>	Opportunity	The industry demands human capital, which is knowledgeable and skill-driven. The productivity and efficiency of employees associated with the Company provide better asset integrity and business growth alongside all functions of the business.	We have adopted appropriate enforcement mechanisms in the form of dynamic Human Resource Policy framework, Environment Health & Safety (EHS) Policy, Sustainability Policy, and other relevant guidelines. The HR team provides strategic and skill development training to every employee to foster a balance of personal and professional growth. Additionally, we offer our employees an inclusive and supportive environment with suitable employment benefits such as insurance, medical support, maternity leaves, paternity leave, sick leave, support from benevolent funds during emergencies, and access to counseling in case of need. The Company fosters diversity and encourages equal opportunities among its employees, through initiatives such as SHINE program, thereby striving to attract and retain the best talent across all functions and levels.	Positive implications due to increased productivity of workforce.
 <b>Occupational Health &amp; Safety</b>	Risk	Due to the nature of the pharmaceutical industry, the Company's employees and workforce are exposed to hazardous chemicals and substances during the manufacturing and R&D processes.	We are focused on our "Zero Harm" approach: Zero Harm to People, Assets, and Environment. The Environment, Health & Safety (EHS) policy is applicable across all the sites. Baddi (Unit 1 & 2), Daman (Unit 1), Sikkim (Unit 1, 2, 3, & 5), Ankleshwar, and Mandwa manufacturing sites are ISO 45001 certified. We carry out periodic EHS audits on sites to identify the gaps and address them. The culture of health and safety is promoted through extensive health and safety training for both employees and workers. Additionally, multiple initiatives are deployed to ensure process safety and control of chemical exposure	Positive implications due to increased work productivity and reduced LTIFR.



Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
 <b>Community Engagement</b>	Opportunity	For a Company to thrive with community entrustment, it is important to consider community priorities and align business goals with them. Any violating practices can damage the Company's reputation and give rise to conflicts. Establishing relationships of trust with communities and ensuring their frequent participation will help the Company contribute to social development and minimise potential objections from the communities	We address and support the immediate and long-term needs of the community and focus on creating a positive impact through multiple ways. Some of these initiatives are focused on improved healthcare, education, rural development, environmental care, and sports culture.	Positive implication due to goodwill and reputation among the communities, thereby avoiding chances of legal disputes.
 <b>Combating Counterfeit Medicines</b>	Risk	Presence of counterfeit products in market may seriously harm the Company in multiple ways. The prevalence of spurious products impacts revenue generation as well as customer loyalty.	We are deploying technological interventions with anti-counterfeiting security features.	Negative implications are due to costs incurred in the mitigation plan.
 <b>Pharmacovigilance</b>	Risk	It is important for a pharmaceutical company to track the effects of their products upon administration and monitor any side effects elicited through them. Failure to identify, report, and manage adverse drug reactions effectively, may lead to regulatory penalties, financial losses, and significant damage to the Company's reputation and public trust	We have a well-established pharmacovigilance system to monitor and review the safety of medicines throughout the clinical development and post-approval phases. We continuously evaluate the benefit/risk profile of the marketed products and are committed to transparency in communicating these benefits and risks to patients, healthcare professionals, and regulators.	Negative implications due to additional cost incurred in implementing monitoring and tracking systems.
 <b>Product Quality &amp; Patient Safety</b>	Risk	Unintended characteristics of the product may cause health and safety risks for end users, i.e. patients, thereby leading to reputational damage, fines, or penalties, along with loss of customers' trust.	We have a pharmacovigilance system in place to safeguard patient health through efficient and timely identification, collection, assessment, and communication of medicine related adverse events. The Company also strictly adheres to cGMP guidelines, which are enforced by regulatory agencies for quality assurance in manufacturing processes. Quality control checks are conducted periodically across facilities for all machinery and equipment to identify and address any non-compliances.	Positive implications due to customer acceptance and loyalty.





## Stakeholder Engagement and Materiality Assessment

Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
<p>Clinical Trial Conduct</p>	Risk	The conduct of clinical trials is significant for any pharmaceutical company to ensure safety and efficacy of their products. Violation of regulatory norms and unethical practices in clinical trial may cause delays in drug approvals, inhibit the delivery of commercially viable products, and pose legal consequences	We ensure adherence to all protocols and regulatory constraints while incorporating ethical conduct in clinical trials. We are dedicated to conducting scientifically robust and ethical clinical trials to address the unmet healthcare needs and generate quality data for the development of effective and safe novel molecules. We hold significant experience in conducting clinical trials from phase 1 through phase 4 clinical studies across multiple therapies, in accordance with ICH GCP and several other international guidelines and regulations. Our R&D team has gained extensive experience and expertise in conducting clinical studies on small and large molecules, including monoclonal antibodies and biosimilars, as well as stem cell-based products for domestic and global regulatory submissions like CDSCO, USFDA, and EMEA.	Positive implications due to increased likelihood of regulatory approval of new drugs, potentially speeding up the time to market and increasing revenue streams.
<p>Availability &amp; Affordability of Medicines</p>	Risk	As a part of its social and moral responsibilities, it is important for the Company to provide and place products in the markets where they are accessible and affordable for the patients. The Company may otherwise lose market share to its competitors, who may offer more accessible and affordable alternatives, resulting in significant decline in Alkem's revenue and profitability. In the long run, it may become difficult to regain customer trust and market position.	Our R&D facilities work towards innovative solutions to ensure affordability and accessibility of products without compromising on quality.	Positive implications in the long run due to increased market share.

Identified Material Issues	Risk or Opportunity	Rationale for identification	Adaptation/Mitigation Action	Financial implications of the risk or opportunity
<p>R&amp;D Innovation</p>	Opportunity	An evolving healthcare landscape demands innovative solutions and products to address society's unmet medical needs and simultaneously provides opportunity for the Company to expand into newer markets.	We have a strong team of scientists that steers R&D operations at Alkem. The R&D infrastructure includes four technologically advanced and internationally accredited R&D centers spread across India and the US. This year, we have invested 4.1% of total revenue into R&D to drive innovation.	Positive implications with development of new patents that can generate revenue streams.
<p>Sustainable Supply Chain</p>	Risk	Gaps in the pharmaceutical supply chain may likely disrupt the production and distribution of medications, leading to shortages or delays in providing essential drugs to patients. The consequences can affect both the Company's reputation and public health.	We have obtained an Associate Membership with the Pharmaceutical Supply Chain Initiative (PSCI) to attain safety, environmental, and social outcomes across its value chain and promote responsible value chain practices. In addition, we have shown our commitment towards sustainability in supply chain by taking targets around screening and evaluating our critical suppliers against ESG practices, while also initiating accounting of our Scope 3 emissions	Negative implications are observed due to costs incurred by suppliers' assessment.

## Double Materiality Assessment

In line with evolving global sustainability standards, we have initiated double materiality assessment to deepen our understanding of ESG impacts from both financial and societal perspectives. This approach enables us to evaluate environmental, social, and governance issues affecting our business performance (financial materiality), but also how our operations influence the broader economy, environment, and society (impact materiality). By integrating both dimensions, we aim to build a more resilient and responsible strategy that aligns with stakeholder expectations and regulatory developments. This assessment is being conducted through structured stakeholder engagement, internal analysis, and alignment with global frameworks to ensure comprehensive and forward-looking ESG prioritisation.

To evaluate **impact materiality**, we conducted a thorough analysis of our organisational context, business operations, sector-specific conditions, and stakeholder relationships.

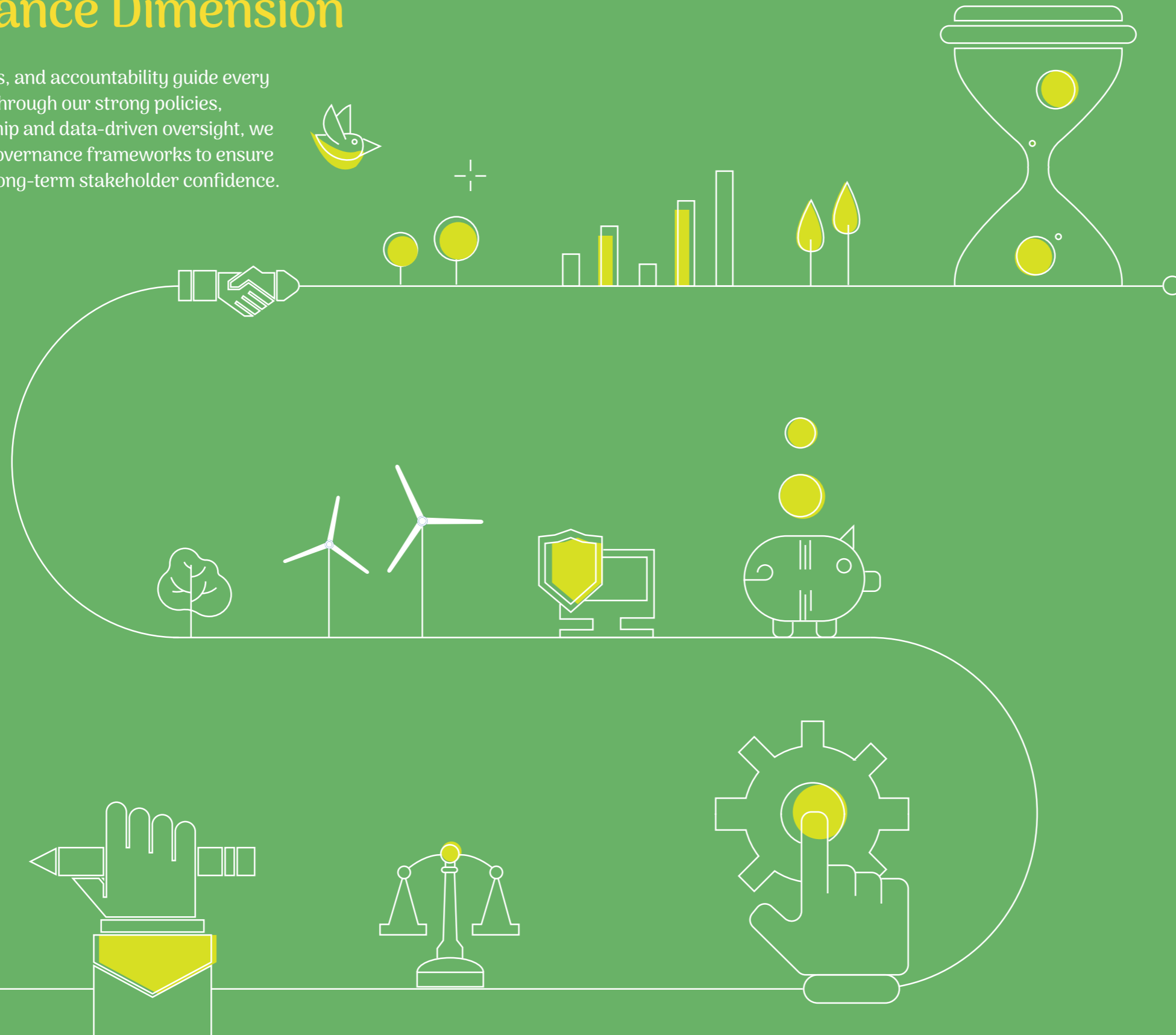
This helped us identify both actual and potential impacts across economic, environmental, and social dimensions. Each impact was categorised based on its nature—positive or negative, reversible or irreversible, intended or unintended, and short-term or long-term. We then assessed the significance of these impacts by prioritising them according to severity (considering scale, scope, and irremediable nature) and likelihood of occurrence.

For **financial materiality**, we systematically identified the risks and opportunities associated with these impacts and analyzed their potential effects on our financial performance over the short, medium, and long term. This evaluation was led by our senior leadership, who carefully considered both the likelihood and financial significance of each issue.

We will share the results of the double materiality assessment in our FY 2025-26 Report.

# Economic and Governance Dimension

Transparency, ethics, and accountability guide every decision we make. Through our strong policies, responsible leadership and data-driven oversight, we are strengthening governance frameworks to ensure trust, integrity and long-term stakeholder confidence.



## Contents

-  Economic Performance
-  Trustworthy Stewardship
-  Business Ethics, Integrity, and Resilience
-  Our Tax Strategy
-  Risk Management Framework
-  Innovation in Healthcare
-  Supply Chain Management

# Economic Performance

At Alkem Labs, our core purpose is “Enduring Quality, Care and Innovation,” which guides both our financial goals and our broader responsibilities to stakeholders. We believe that long-term financial strength enables us to support scientific research, adopt advanced technologies, and contribute to community welfare, all of which supports our goal of improving health outcomes across the globe. This section offers a clear view of our financial performance and cash flows for FY 2024–25.

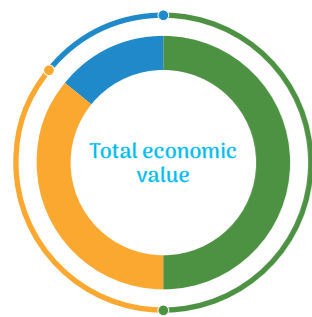
## Direct Economic Value Generated and Shared<sup>10</sup>

During FY 2023–24, the business generated INR 1,06,249.33 million in total revenue. This figure reflects the value created through the collective efforts of our workforce and operations.

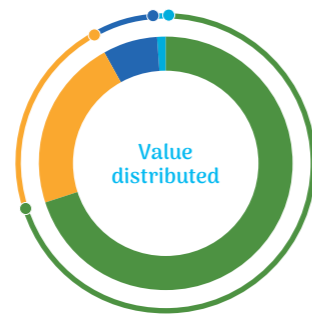
Out of the total, INR 76,863.52 million was directed toward key areas such as supply chain costs, employee compensation, payments to capital providers, and taxes. These distributions reflect our ongoing responsibility to various stakeholders and to the broader economy.

After meeting these commitments, INR 29,385.80 million was retained, representing about 28% of the total value generated. This amount will support future business growth, provide stability during periods of uncertainty, and help maintain momentum across our activities.

## Direct Economic Value: Generated, Distributed & Retained (in million INR)



● Economic Value Generated	50%
● Economic Value Distributed	36%
● Economic Value Retained	14%



● Operating Costs	70%
● Employee Wages & Benefits	22%
● Payments to providers of capital	7%
● Community Investments	1%

<sup>10</sup>GRI 201-1 Direct economic value generated and distributed



## Financial implications and other risks and opportunities due to climate change<sup>11</sup>

At Alkem, we acknowledge that climate change presents both systemic risks and strategic opportunities for our business. As a healthcare company, we operate in an environment where climate-related disruptions such as water scarcity, extreme weather events, and resource constraints, supply chain disruption can directly impact on our manufacturing, logistics, and service delivery. Recognising this, FY 2024–25 marks the second year since we formally integrated climate resilience into our strategic and operational decision-making processes.

Building on the foundations laid in the previous year, we have continued to embed climate-related risks and opportunities into our Enterprise Risk Management (ERM) framework, with a focus on both physical risks (e.g., heatwaves, water stress, extreme rainfall) and transition risks (e.g., evolving regulations, decarbonisation pressures, shifts in stakeholder expectations). Operational inefficiencies related to energy and water use are also assessed as part of this integrated risk approach.

<sup>11</sup>GRI 201-2 Financial implications and other risks and opportunities due to climate change

<sup>12</sup>GRI 201-3 Financial assistance received from government

## Our efforts towards addressing the challenges of Climate Change

- ◆ **Advancement of Our Decarbonisation Strategy:** Following its formulation in FY 2023–24, we have moved into the implementation phase of our decarbonisation roadmap. This includes: 1. Energy audits at sites 2. IoT energy meters 3. Transitioning to renewable energy – Open Access Solar and Bio-briquettes 4. Inventorising Scope 3 and Supplier Assessments
- ◆ **Continued Focus on Water Stewardship:** Water remains a critical input for our manufacturing operations. We are making steady progress toward our goal of becoming water neutral by FY 2029–30. In FY 2024–25, we conducted comprehensive water assessments at all our sites to identify potential water saving opportunities. A detailed plan for water neutrality has been developed for each site, with implementation starting in coming financial year.

- ◆ **Business Continuity and Climate Resilience:** To strengthen our adaptive capacity, we continued the development of our Business Continuity Plan (BCP) to ensure site-level resilience against climate-induced disruptions. This includes climate risk scenario planning for critical facilities and incorporating adaptive measures to safeguard operations.

Our climate resilience efforts are closely aligned with our broader ESG roadmap and are essential for ensuring long-term value creation and stakeholder trust. For further details on specific environmental initiatives and risk mitigation strategies, please refer to the sections Environment Stewardship and Risk Management in this report.

## Financial assistance received from government<sup>12</sup>

During the financial year 2024-25, we have received financial support amounting to INR 245.6 million from the government in the form of investment-related grants.



# Trustworthy Stewardship

## Corporate Governance and Oversight



### Corporate Governance Framework

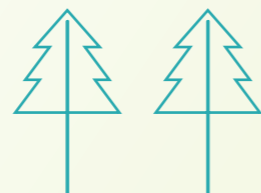
Strong corporate governance is a key driver of our long-term business success and the value we deliver to all stakeholders. Our governance framework is built on principles that emphasise integrity, accountability, and fairness across all levels of the organisation. We remain focused on empowering our people, ensuring the safety of our teams and neighboring communities, and maintaining transparency in our decision-making.



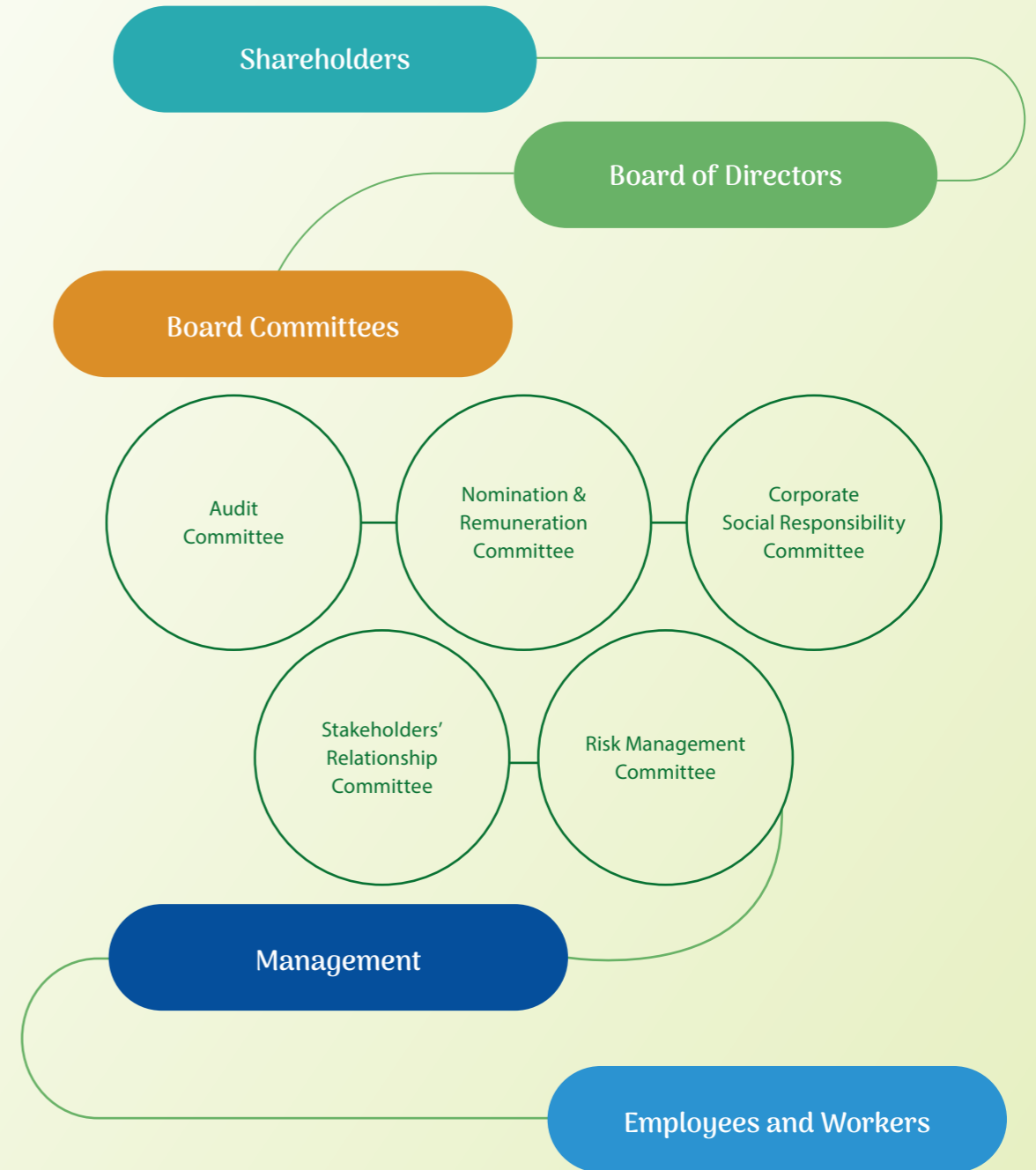
Our engagement with stakeholders is grounded in fairness and ethical conduct. The foundation of our culture is shaped by nine core values that reflect who we are: Quality, Adaptability, Responsibility, Respect, Gratitude, Fairness, Honesty, Safety, and Compassion. These values influence how we think, act, and respond to the challenges and opportunities before us.

Our operations are supported by a clear structure of codes, policies, and guidelines that define how we conduct ourselves and uphold professional standards. These frameworks support long-term business sustainability while reinforcing our responsibility toward people and the environment.

For further information on our governance policies and codes, please visit our website: [Policies](#)



### Governance Structure and Composition<sup>13 14</sup>



<sup>13</sup>CSA 1.2.1 Board Type

<sup>14</sup>GRI 2-9 Governance Structure and Composition



## Board of Directors<sup>15</sup>

Designation	Name of the Director
Executive Chairperson	Mr. Basudeo N. Singh
Managing Director	Mr. Sandeep Singh
Executive Directors	Mr. Mritunjay Kumar Singh
	Mrs. Madhurima Singh
	Mr. Sarvesh Singh
	Mr. Srinivas Singh

Independent Directors	Name of the Director
	Mr. Arun Kumar Purwar
	Mr. Narendra Kumar Aneja
	Ms. Sangeeta Singh
	Ms. Sudha Ravi
	Mr. Sujjain Talwar
	Mr. Rajeev Kher <sup>#</sup>
	Dr. Dheeraj Sharma*

**The collective expertise of our Board spans a wide spectrum of critical domains, including Pharmaceutical R&D:** Extensive experience in managing R&D initiatives and generics portfolios.

**Global Healthcare Management:** Leadership in both domestic and international healthcare operations.

**Regulatory Compliance:** Insights from advisory roles and leadership in industry associations and government bodies.

**Financial Stewardship:** Strong backgrounds in banking, finance, and risk management.

**Corporate Governance:** Proven expertise in legal, compliance, and board leadership across diverse sectors.



23%

Representation of Women in the Board



50%

Ratio of Executive Directors to Independent Directors



100%

Board members engaged on Sustainable Business Strategy

The Board of Directors comprises individuals with diverse professional expertise, bringing a broad range of perspectives to support strategic decision-making and reinforce the Company's commitment to ethical business conduct and sustainable growth.

### Board Type

We follow a one-tier board structure, comprising both executive and non-executive directors who collectively oversee the Company's strategic direction and governance<sup>16</sup>.

As of the reporting year, the Board includes 13 members: 6 Executive Directors (including the Executive Chairman and Managing Director) and 7 Independent Directors. The composition reflects a balanced structure that promotes effective oversight and executive engagement.

At Alkem, the Chairperson and CEO roles are split; the Chairperson is non-independent and executive<sup>17</sup>.

\*Resigned w.e.f. 14 June, 2024

#Appointed w.e.f. 09 August, 2024

<sup>15</sup>GRI 2-17 Collective knowledge of the highest governance body

<sup>16</sup>DJSI CSA 1.2.2 Board Type

<sup>17</sup>DJSI 1.2.3 Non-Executive Chairperson/ Lead Director

## Board Diversity Policy and Gender Diversity

We have a standalone Board Diversity Policy as part of its corporate governance framework. This policy outlines the Company's commitment to ensuring a diverse composition of the Board in terms of expertise, gender, age, ethnicity, nationality and experience, with the aim of enhancing Board effectiveness and decision-making. The policy is publicly disclosed and aligns with regulatory requirements and best governance practices. The Board also reflects gender diversity, with 23% representation by women, one serving as an Executive Director and two as Independent Directors<sup>18</sup>.

## Board Committees<sup>19</sup>

Board Committees play an integral role in supporting the governance framework of the Company. They are established to oversee specific functions and ensure focused attention on key areas critical to the Company's oversight and decision-making processes.

Each Committee is composed of Directors who bring substantial experience and subject-matter expertise. These Committees are entrusted with responsibilities relating to areas such as audit, finance, nominations, and corporate governance. Through their work, they help uphold high standards of transparency, accountability, and regulatory compliance across the Company's operations.

Details regarding the composition of the various Board Committees are provided in the table below.



### Audit Committee

Designation	Name of Director	Key Responsibilities
Chairperson	Mr. Arun Kumar Purwar	<ul style="list-style-type: none"> <li>Establish criteria for qualifications, positive attributes, and independence of Directors, and recommend remuneration policies for Directors, key managerial personnel, and other employees</li> <li>Board performance evaluation and Board diversity</li> <li>Director and Senior Management appointments</li> <li>Remuneration packages, which are competitive and aligned with market standards</li> <li>Regulatory compliance and policies</li> </ul>
Members (5)	Mr. Sandeep Singh	
	Mr. Mritunjay Kumar Singh	
	Ms. Sangeeta Singh	
	Mr. Narendra Kumar Aneja	
	Ms. Sudha Ravi	

<sup>18</sup>DJSI CSA 1.2.5 Board Gender Diversity,0

GRI 405-1 Diversity of governance bodies and employees

<sup>19</sup>GRI 2-10 Nomination and selection of the highest governance body

GRI 2-12 Role of the highest governance body in overseeing the management of impacts

GRI 2-13 Delegation of responsibility for managing impacts

GRI 2-18 Evaluation of the performance of the highest governance body



### Corporate Social Responsibility and Sustainability Committee

Designation	Name of Director	Key Responsibilities
Chairperson	Mrs. Madhurima Singh, Executive Director	<ul style="list-style-type: none"> <li>Formulate and recommend a CSR policy that outlines activities as per Schedule VII of the Act</li> </ul>
Members (4)	Mr. Sandeep Singh	<ul style="list-style-type: none"> <li>Formulate and recommend a corporate sustainability vision</li> </ul>
	Mr. Srinivas Singh	<ul style="list-style-type: none"> <li>Review and recommend the expenditure for CSR activities</li> </ul>
	Ms. Sangeeta Singh	<ul style="list-style-type: none"> <li>Regularly monitor the implementation of the CSR and Sustainability policies.</li> </ul>
	Ms. Sudha Ravi	<ul style="list-style-type: none"> <li>Address any other CSR and Sustainability-related matters as directed by the Board of Directors</li> </ul>



### Stakeholders' Relationship Committee

Designation	Name of Director	Key Responsibilities
Chairperson	Mr. Sujjain Talwar	<ul style="list-style-type: none"> <li>Resolve grievances related to shareholder services such as transfer/transmission of shares, non-receipt of dividends, and issuance of new/ duplicate certificates</li> </ul>
Members (3)	Mr. Mritunjay Kumar Singh	<ul style="list-style-type: none"> <li>Investigating complaints concerning the allotment and transfer of shares and other securities</li> <li>Ensure compliance with all requirements related to shares, debentures, and other securities, including dematerialisation and rematerialisation</li> <li>Oversee the performance of registrars and transfer agents, and ensure adherence to insider trading regulations</li> <li>Review measures for effective shareholder voting rights exercise</li> <li>Monitor initiatives to reduce unclaimed dividends and improve timely delivery of shareholder communications</li> </ul>
	Mrs. Madhurima Singh	
	Mr. Srinivas Singh	



### Risk Management Committee

Designation	Name of Director	Key Responsibilities
Chairperson	Mr. Mritunjay Kumar Singh	<ul style="list-style-type: none"> <li>Formulate, implement, review, and monitor the risk management plan, including cyber security measures.</li> </ul>
Members (5)	Mr. Sandeep Singh	<ul style="list-style-type: none"> <li>Establish a comprehensive risk management policy that includes identification, mitigation, and business continuity planning for various risks such as financial, operational, and cyber security.</li> <li>Ensure that robust methodologies, processes, and systems are in place to effectively monitor and evaluate the Company's risk exposure.</li> <li>Regularly monitor the effectiveness of the risk management policy and systems and make necessary adjustments.</li> <li>Conduct periodic reviews of the risk management policy to adapt to the changing industry dynamics and increasing complexity.</li> <li>Keep the Board of Directors informed about risk management discussions, recommendations, and required actions.</li> </ul>
	Mr. Srinivas Singh	
	Ms. Sudha Ravi	
	Mr. Narendra Kumar Aneja	
	Mr. Sujjain Talwar	



### Nomination and Remuneration Committee

Designation	Name of Director	Key Responsibilities
Chairperson	Mr. Arun Kumar Purwar	<ul style="list-style-type: none"> <li>Establish criteria for qualifications, positive attributes, and independence of Directors, and recommend remuneration policies for Directors, key managerial personnel, and other employees</li> <li>Board performance evaluation and Board diversity</li> <li>Director and Senior Management appointments</li> <li>Remuneration packages, which are competitive and aligned with market standards</li> <li>Regulatory compliance and policies</li> </ul>
Members (3)	Mr. Basudeo N Singh	
	Ms. Sudha Ravi	
	Mr. Narendra Kumar Aneja	

### Board Attendance

During FY 2024-25, the Board met 5 (five) times, reinforcing its active role in the Company's strategic oversight. The average attendance of the Board of Directors at Board meetings was 96.67% during FY 2024-25<sup>20</sup>. The Independent Directors meet the independence criteria as specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, thereby ensuring autonomy from management and strengthening stakeholder confidence.

**96.67%**  
Average attendance in Board and Committee meetings



### Board Accountability

Any changes to the Company's Articles of Association/Bylaws require prior shareholder approval<sup>21</sup>, thereby safeguarding shareholder interests. The Company has 4 Board members with other Board mandates.

### Board Performance<sup>22</sup>

At a separate meeting held on 18 March, 2025, the Independent Directors reviewed the performance of Non-Independent Directors, the Board as a whole, and the Chairperson. Independent Directors contribute significantly to the overall governance framework. They maintain a comprehensive understanding of the Company's operations through periodic interactions with senior management and Executive Directors. The performance of Independent Directors was evaluated by the full Board, excluding the respective Independent Director. Details of the annual evaluation of the Board, its committees, and Individual Directors are provided in the [Corporate Governance Report](#).

### Board Average Tenure and Election Process

Each Director is appointed for a fixed term of five years<sup>23</sup>. At the conclusion of each term, a structured review is undertaken before considering reappointment, allowing the Board to maintain continuity while ensuring alignment with the Company's strategic direction. The appointment and reappointment processes are governed by the Nomination and Remuneration Committee (NRC), whose mandate is described in detail under the committee's section.<sup>24</sup>

### Raising Critical Concerns

The engagement with the Managing Director is coordinated through the Chief Executive Officer, either during scheduled quarterly review meetings or as necessary, to address critical concerns requiring timely resolution<sup>25</sup>.

<sup>20</sup>DJSI CSA 1.2.6 Board Accountability

<sup>21</sup>DJSI CSA 1.2.6 Board Accountability

<sup>22</sup>DJSI CSA 1.2.6 Board Accountability

<sup>23</sup>DJSI CSA 1.2.7 Board Average Tenure

<sup>24</sup>GRI 2-10 Nomination and selection of the highest governance body

<sup>25</sup>GRI 2-16 2-16 Communication of critical concerns



## Board Industry Experience

Name	Designation	Areas of Core Skills/ Expertise/ Competence
Mr. Basudeo N. Singh	Executive Chairman	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Pharma Domestic and International Marketing Strategy</li> <li>Legal and Regulatory Compliance and Governance</li> <li>Risk Management</li> <li>Plant Management</li> <li>Human Resource/ Leadership</li> <li>Merger &amp; Acquisition</li> <li>Supply Chain</li> </ul>
Mr. Sandeep Singh	Managing Director	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Pharma Domestic and International Marketing Strategy</li> <li>Legal and Regulatory Compliance and Governance</li> <li>Risk Management</li> <li>Plant Management</li> <li>Human Resource/Leadership</li> <li>Merger &amp; Acquisition</li> <li>Supply Chain</li> </ul>
Mr. Mritunjay Kumar Singh	Executive Director	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Pharma Domestic and International Marketing Strategy</li> <li>Risk Management</li> <li>Plant Management</li> <li>Supply Chain</li> </ul>
Mrs. Madhurima Singh	Executive Director	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Pharma Domestic and International Marketing Strategy</li> <li>Legal and Regulatory Compliance and Governance</li> <li>Plant Management</li> <li>Human Resource/Leadership</li> <li>Supply Chain</li> </ul>
Mr. Sarvesh Singh	Executive Director	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Pharma Domestic and International Marketing Strategy</li> </ul>
Mr. Srinivas Singh	Executive Director	<ul style="list-style-type: none"> <li>Pharma Domestic and International Marketing Strategy</li> <li>Risk Management</li> </ul>
Mr. Sujain Talwar	Independent Director	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Merger &amp; Acquisition</li> </ul>
Mr. Rajeev Kher	Independent Director	<ul style="list-style-type: none"> <li>Pharma Domestic and International Marketing Strategy</li> <li>Legal and Regulatory Compliance and Governance</li> <li>Risk Management</li> <li>Human Resource/Leadership</li> <li>Supply Chain</li> </ul>
Mr. Arun Kumar Purwar	Independent Director	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Legal and Regulatory Compliance and Governance</li> <li>Risk Management</li> </ul>
Mr. Narendra Kumar Aneja	Independent Director	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Legal and Regulatory Compliance and Governance</li> <li>Risk Management</li> </ul>
Ms. Sangeeta Singh	Independent Director	<ul style="list-style-type: none"> <li>Financial Skills/Controls</li> <li>Human Resource/Leadership</li> </ul>
Ms. Sudha Ravi	Independent Director	<ul style="list-style-type: none"> <li>Financial Skills/Control</li> <li>Risk Management</li> <li>Human Resource/Leadership</li> </ul>

## ESG Governance<sup>26 27</sup>

The Board maintains a close oversight of the Company’s environmental, social, and governance (ESG) performance. The CSR and Sustainability Committee of the Board provides guidance on the sustainability vision, strategy and policy of the Company and has direct oversight on all ESG related matters. This includes guiding long-term sustainability efforts and integrating ESG objectives with business strategies to advance public health outcomes, reduce environmental impact, and support equitable access to healthcare. The Committee also reviews the key statutory and voluntary sustainability disclosures of the Company. The independent assurance providers for these disclosures are onboarded with approval from the Board of Directors.

The Risk Committee of the Board provides insights on key ESG related risks and monitors their mitigation during Enterprise Risk Management (ERM) reviews.

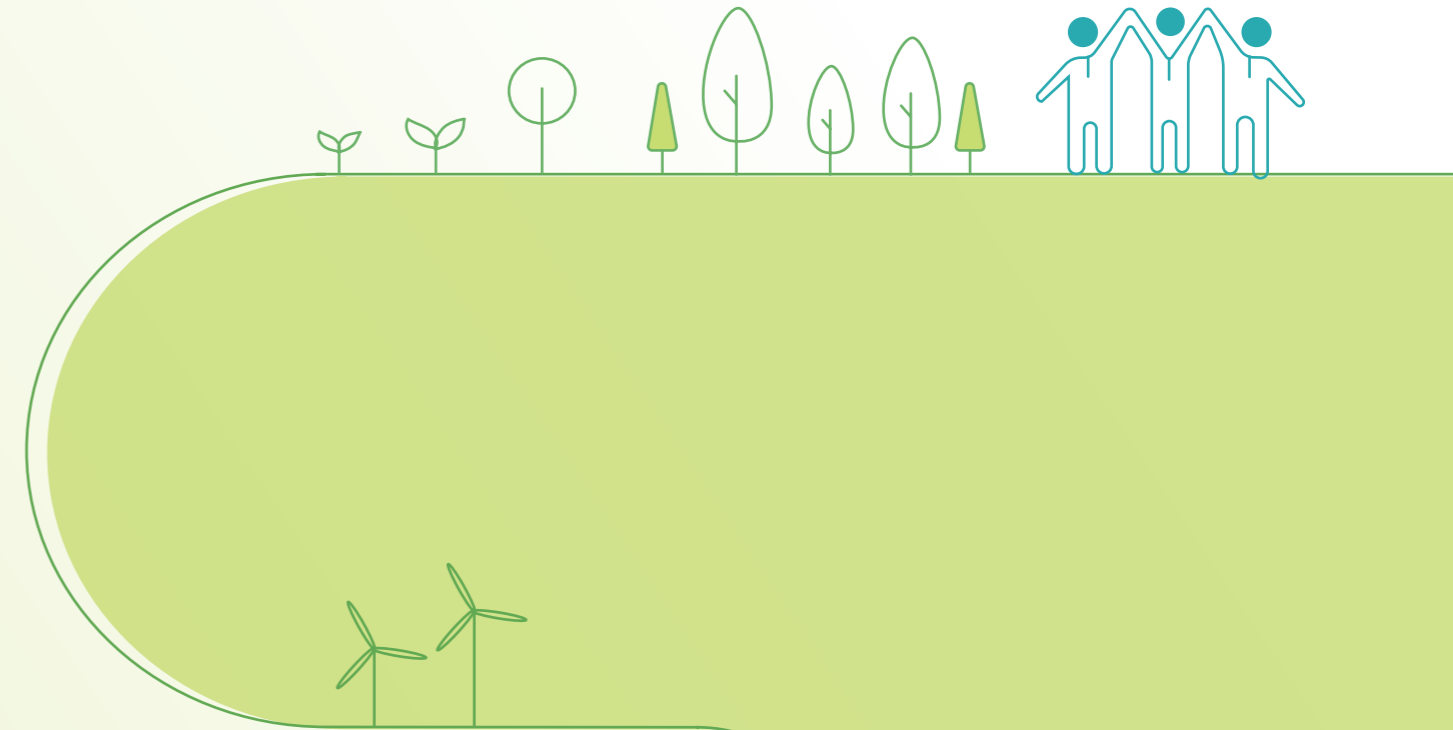
Board members pursue ongoing development in sustainability and governance-related matters. They participate in training programs, engage with subject-matter experts, and monitor global best practices to support informed decision-making.

At executive level, the Environment, Health, Safety, and Sustainability function is responsible for the implementation and execution of the Sustainability Policy, ESG strategy, and projects. Corporate Head – EHSS has direct oversight of all ESG related matters, supported by dedicated EHSS teams at all manufacturing sites and R&D facilities.

A clearly articulated Sustainability Policy has been established at the corporate level, reflecting our commitment across environmental, social, and

governance dimensions. This policy serves as a framework to support the Company in meeting its responsibilities and sustainability targets. It outlines mechanisms to ensure that stated commitments are carried out into measurable actions.

The Policy has been developed in accordance with widely recognised standards and principles, including the National Guidelines on Responsible Business Conduct (NGRBC) issued by Ministry of Corporate Affairs, Government of India, the United Nations Sustainable Development Goals (UN SDGs), the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights, along with other globally accepted references related to ESG matters.

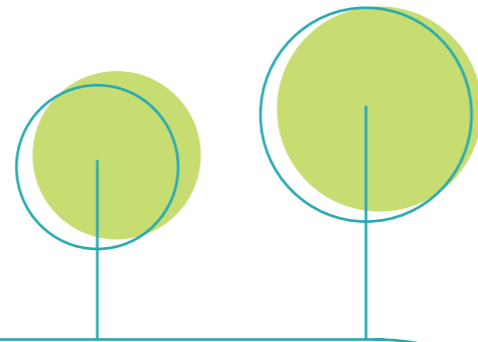


<sup>26</sup>DJSI CSA 1.2.16 ESG Governance Oversight

<sup>27</sup>GRI 2-14 Role of the highest governance body in sustainability reporting

# Business Ethics, Integrity, and Resilience

The pharmaceutical sector carries a deep responsibility towards human health and well-being. At Alkem, this responsibility shapes every decision we make. Our commitment to ethical standards, transparency, and strong moral values forms the core of how we operate.



We recognise that our duties extend well beyond scientific research. The impact of our work is felt in everyday lives, across communities, and through the trust placed in us by healthcare providers, patients, and regulators. With this awareness, we maintain strict ethical practices and hold ourselves to the highest standards of conduct.

Integrity is present in every area of our business, from research and manufacturing to stakeholder engagement. We are guided by clarity, honesty, and a deep sense of accountability. By consistently applying these principles, we continue to earn the trust of those we serve and contribute meaningfully to the broader goal of improving access to quality healthcare.



## Code of Conduct

We place a strong emphasis on integrity and ethical conduct across all areas of our operations. Trust is the cornerstone of our relationships with patients, consumers, healthcare professionals, regulators, suppliers, business partners, employees, investors, and the broader community. This trust is earned and sustained through transparent and responsible behaviour.

We have established a comprehensive framework of ethical guidelines, including a [Code of Ethics for employees](#), [Code of Business Conduct and Ethics for Directors and Senior Management](#), and a dedicated [Code of Ethics for Suppliers, Vendors, and Other Stakeholders](#). These codes are designed to guide decision-making and conduct throughout our value chain and reflect our broader commitment to responsible business practices.

These frameworks of ethical guidelines serve as a clear expression of our values and the behavioural standards expected across the organisation. It is designed to guide actions in line with legal and regulatory requirements, while also reflecting our responsibility to act with honesty and fairness in all business dealings.

The Code of Conduct outlines expectations around key areas such as<sup>28</sup>

- Corruption and bribery
- Discrimination
- Confidentiality of information
- Conflict of interest
- Antitrust/anti-competitive practices
- Money laundering and Insider trading
- Environment, health and safety
- Whistleblowing
- Fair competition
- Fraud
- Breaches of privacy.

During the financial year 2024-25, we ensured 100% training coverage on the Code of Conduct across all employee levels junior, middle, senior management, and non-management staff. The training addressed important topics such as anti-bribery, anti-corruption, conflict of interest, anti-competitive practices, whistleblower protection, and related ethical obligations<sup>29</sup>.

## Anti-Corruption and Anti-Bribery<sup>30</sup>

Additionally, we have a standalone policy on [Anti-Corruption and Anti-Bribery](#), which applies to all individuals in the Company working at all levels and grades, including managers, officers, directors, employees (whether permanent, fixed-term, or temporary), consultants, contractors, interns, trainees, seconded staff, casual workers and agency staff, agents, or any other persons associated with us, or any of our subsidiaries or their employees, wherever located.

Our policy covers the following aspects:

- Prevention of bribery and corruption
- Guidelines for gifts
- Guidelines for political contributions
- Guidelines for charitable contributions or sponsorship
- Training for anti-bribery and anti-corruption
- Established procedures for handling breaches
- Corrective or disciplinary actions when there is a breach of the policy

During FY 2024-25, there were zero cases of corruption, bribery, money laundering or insider trading and no disciplinary actions related to bribery or corruption were initiated against the Company's Directors, Key Managerial Personnel (KMPs), employees, or workers by any regulatory authority<sup>31</sup>.



<sup>28</sup>DJSI 1.5.2 Codes of Conduct

<sup>29</sup>GRI 205-2 Communication and training about anti-corruption policies and procedures

<sup>30</sup>DJSI 1.5.3 Anti-Bribery & Anti-Corruption Policy

<sup>31</sup>GRI 205-3 Confirmed incidents of corruption and actions taken

## Anti-Competitive Practices

During the reporting period, there were no legal actions either pending or concluded against Alkem concerning anti-competitive behavior, anti-trust violations, or breaches of monopoly legislation in which the Company was identified as a participant<sup>32</sup>.

## Conflict of Interest<sup>33</sup>

Our senior leadership, including Directors and senior executives, are expected to uphold the highest standards of conduct. They are required to avoid any actual or perceived conflicts of interest, with clear guidelines provided under the Code of Business Conduct and Ethics. These guidelines offer directions on how to identify and respond to situations that could affect impartial judgment or organisational integrity.

There were zero cases relating to conflict of interest involving any Director or Key Managerial Personnel or employee.

## Complaints related to Human Rights Violations

We are pleased to report that during the year, there were zero cases of human rights violations, including incidents of sexual harassment, discrimination, child labour, forced or compulsory labour, or wage-related non-compliances across any of our sites and offices in India.

## Policy Commitments<sup>34</sup>

We have established a clearly defined set of codes and policies that guide responsible conduct across all business functions. These documents are easily accessible to all stakeholders through our website (policies), reinforcing our commitment to openness and accountability.

We take deliberate steps to translate these principles into practical actions by assigning responsibilities to the appropriate teams, offering targeted training and support where needed, ensuring the availability of adequate resources, and conducting ongoing reviews to monitor adherence and performance. This approach supports consistent decision-making and ethical practices throughout our operations and business relationships.



## Grievance Redressal 35 36 37 38

We are committed to creating a workplace that prioritises safety, respect, and well-being for all employees and workers. To support this commitment, we have established a structured grievance mechanism that enables internal stakeholders to express their concerns in a constructive and secure environment. The Grievance Redressal Policy, accessible via the Company's intranet, outlines a clear three-tier system for addressing and resolving complaints:

- Open Door Communication**  
 We encourage direct, transparent dialogue across all levels of the organisation. Employees are urged to speak with their line managers or designated HR representatives to share any concerns they may have. This approach strengthens mutual trust and responsiveness across teams.
- Internal Complaints Committee (ICC)**  
 The ICC is specifically responsible for addressing complaints related to sexual harassment. Every operating site has a dedicated

ICC representative to handle local matters. Details regarding the committee and its members are available on the internal employee portal. These are also communicated during onboarding/induction trainings and included in refresher courses for existing personnel to ensure continued awareness.

- Digital Reporting Mechanism**  
 As part of our broader commitment to ethical conduct, we have established a whistle-blower channel that allows employees to report concerns related to misconduct, unlawful activities, or violations of internal policies. Submissions can be made confidentially via email at [whistleblower@alkem.co.in](mailto:whistleblower@alkem.co.in), assuring employees that they can raise issues without fear of retaliation.

## Whistle Blower Policy

We have a standalone Whistle Blower Policy. The Company maintains a strict zero-tolerance policy against retaliation, provides regular training on the use of the reporting system, and clearly discloses the process for investigating reported concerns. The framework reinforces Alkem's commitment to transparency, accountability, and ethical conduct across all operations.

## Whistleblowing Mechanism

Alkem's whistleblowing channel is overseen by the Internal Audit team, which ensures confidential reporting of unethical practices with protection and fair handling of disclosures.

- Whistleblowers are encouraged to report concerns with their identity disclosed, ensuring transparency and accountability, and are assured complete protection from any unfair treatment, while genuine disclosures will always be respected and safeguarded.
- All whistleblowing reports are kept strictly confidential, with identities protected as permitted by law, and any breach of confidentiality may lead to disciplinary action.
- Alkem maintains zero tolerance for retaliation, ensuring whistleblowers are protected from any unfair treatment or harassment for reporting concerns in good faith.
- We provide training to employees on the proper use of the whistleblowing reporting channels, ensuring awareness of procedures, responsibilities, and the process for handling and reviewing disclosures.
- Disclosures are promptly investigated as a neutral fact-finding process, ensuring confidentiality, employee cooperation, and legal safeguards, with substantiated findings leading to appropriate corrective or disciplinary action.

<sup>32</sup>GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

<sup>33</sup>GRI 2-15 Conflicts of interest

<sup>34</sup>GRI 2-23 Policy commitments

<sup>35</sup>DJSI 1.5.4 Whistleblowing Mechanism

<sup>36</sup>GRI 2-25 Processes to remediate negative impacts

<sup>37</sup>GRI 2-16 Communication of critical concerns

<sup>38</sup>GRI 2-26 Mechanisms for seeking advice and raising concerns



## Reporting on Breaches<sup>39</sup>

Reporting areas	Number of breaches in FY 2024-25
Corruption or Bribery	0
Discrimination or Harassment	0
Customer Privacy Data	0
Conflicts of Interest	0
Money Laundering or Insider trading	0

**ZERO**

finances related to corruption and bribery cases

**ZERO**

convictions related to corruption and bribery

## Compliance Management

Operating across global jurisdictions requires Alkem to meet a wide range of regulatory responsibilities. To support this, we have a structured compliance approach that helps the Company uphold legal requirements and maintain responsible business conduct. This framework is designed to detect, prevent, and respond to breaches of applicable laws and standards.

## Compliance Oversight

The responsibility for monitoring legal obligations rests with the respective functional heads, each accountable for tracking relevant regulations within their area. We have integrated technology tools that support this process, making compliance monitoring more accurate and consistent. These tools also assist with timely reporting and internal visibility on statutory matters.

During the reporting period, the organisation did not pay any fines related to non-compliance with laws or regulations<sup>40</sup>.

<sup>39</sup>DJSI 1.5.5 Reporting on Breaches

<sup>40</sup>GRI 2-27 Compliance with laws and regulations

<sup>41</sup>GRI 207-1 Approach to Tax

<sup>42</sup>DJSI CSA 1.8.1 Tax Strategy and Governance max. (A commitment to compliance with the spirit as well as the letter of the tax laws and regulations in the countries in which the Company operates)

<sup>43</sup>GRI 207-2 Tax Governance

# Our Tax Strategy

## Approach to Taxation<sup>41</sup>

We are committed to meeting all tax-related requirements in every jurisdiction where we operate<sup>42</sup>. This includes accurate reporting, timely filings, and the completion of necessary audits. Strong documentation supports our tax positions and ensures transparency in all related activities.

## Tax Governance and Oversight

Our tax affairs are managed by a qualified internal team that operates within the Finance function. Oversight is led by the Chief Financial Officer (CFO), who works in collaboration with the tax team to oversee the Company's tax responsibilities<sup>43</sup>. The Audit Committee offers guidance on key tax matters, while the Risk Management Committee addresses potential tax-related exposures. The Board is kept informed of significant developments in this area when required.

External advisors are engaged in specialised consultation, supporting decision-making in specific cases. Our business practices reflect the economic substance of our operations in each region, and taxes are paid in jurisdictions where value is created. Beyond corporate income tax, we also account for other obligations such as property taxes, indirect levies including customs duties and Goods and Services Tax (GST), and withholding taxes on behalf of employees and other stakeholders in our value chain.

## Our Strategy<sup>44</sup>

At Alkem, our group-wide tax strategy is built on the principles of transparency, integrity, and compliance. We are committed to adhering to both the spirit and the letter of tax laws across all jurisdictions in which we operate. Our objective is to ensure that taxes are paid where economic value is created and business activities are genuinely carried out.

We do not transfer value to low-tax jurisdictions, use tax structures without commercial substance, or engage in any form of tax avoidance through secrecy or non-cooperative jurisdictions. Our transfer pricing practices are fully aligned with the arm's length principle and are supported by appropriate documentation to ensure fairness and compliance with local and international regulations.

We maintain robust governance processes to oversee tax matters, ensuring consistency with our ethical standards and corporate values. The Board of Directors periodically review and approve this strategy to ensure continued alignment with evolving regulatory expectations, global best practices, and Alkem's commitment to responsible corporate citizenship.

We have adopted a structured and disciplined approach to managing tax-related risks as part of broader governance and compliance framework. The identification, evaluation, and mitigation of such risks fall under the purview of the Risk Management Committee, which ensures that these matters are addressed with due diligence across all jurisdictions in which the Company operates.

A comprehensive internal control framework is in place to manage tax exposures, forming a key component of the overarching risk management structure. To strengthen the effectiveness of this framework, we engage both internal and external auditors and consultants to evaluate tax risks and related control mechanisms on a regular basis. We also seek expert guidance in response to evolving legislation and complexities in interpreting tax laws across different geographies.

We are committed to maintaining a transparent working relationship with tax authorities. This includes sharing necessary disclosures and engaging in open communication whenever required.

In cases where there are differing interpretations of tax laws, we seek resolution through appropriate legal means, supported by professional tax advisors who act on our behalf.

Our Code of Ethics reinforces our zero-tolerance stance on corruption and outlines the conduct expected from employees, external tax advisors, and service providers engaged in tax-related matters. Everyone involved is expected to act with honesty and uphold the highest ethical standards. This code is closely linked with our corporate values and guides our approach to responsible tax management.

## Effective Tax Rate<sup>45</sup>

Financial Reporting	FY 2023-24	FY 2024-25
Earnings before Tax (million INR)	18,810.3	25,973.9
Reported Taxes (million INR)	6,572.3	9,076.3
Cumulative acceptable adjustments	-5,233.5	-5,911.3
Effective Tax Rate (in %)	7.1	12.2
Cash Taxes Paid (million INR)	3,528.3	3,966.3
Cash Tax Rate (in %)	18.8	15.2

<sup>44</sup>GRI 207-3 Stakeholder engagement and management of concerns related to tax

<sup>45</sup>DJSI CSA 1.8.3 Effective Tax Rate

# Risk Management Framework

## Enterprise Risk Management Framework

Our risk oversight is guided by a formal Risk Management Policy and an established Enterprise Risk Management (ERM) framework, designed to systematically identify, assess, monitor, and address risks across all areas of operation. This framework is applied across geographic locations to manage a wide spectrum of internal and external risks that could affect the achievement of the Company's strategic objectives.

The ERM framework supports a forward-looking approach, enabling timely identification and evaluation of potential risk exposures. It also facilitates ongoing monitoring and structured reporting of material risks to relevant stakeholders within the organisation.

## Risk Governance Structure<sup>46</sup>



Management Policy periodically, ensuring that it remains aligned with evolving business dynamics and industry developments.

At the operational level, risk governance is structured across three lines of defense:

**First Line (Operational Risk Ownership):** Business units and functional teams are responsible for identifying and managing risks within their respective areas. This includes the design and implementation of internal controls suited to their operations.

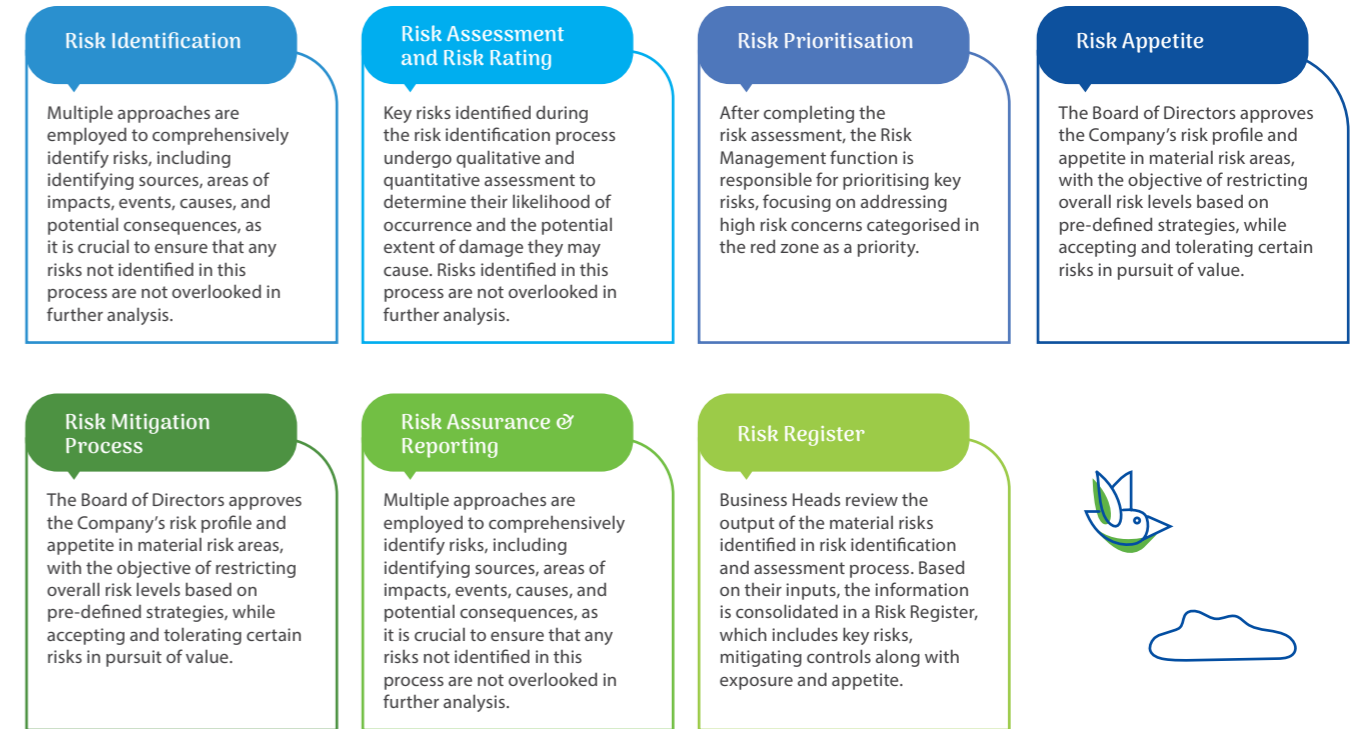
**Second Line (Risk management and compliance oversight):** The Risk Management Division works closely with departmental and functional leaders to identify emerging risks, monitor the internal and external risk environment, and support the development of mitigation strategies. This function reports key risk updates to the Risk Management Committee of the Board on a semi-annual basis.

**Third Line (Independent Audit Unit):** The Company maintains an internal audit function that conducts regular audits and testing of internal controls to provide independent assurance on the effectiveness and adequacy of the overall risk management and compliance framework.

The Internal Audit team works closely with department heads to identify internal and external factors that may impact on the achievement of our business objectives. In addition, the team continuously monitors changes in both the internal and external environment to detect emerging risks and threats. The most significant risks, along with their mitigation plans, are reviewed with the Risk Management Committee every six months. A comprehensive update of the risk framework is carried out every two to three years, during which all risks are reassessed, and the risk register is updated accordingly.

We have established a comprehensive risk governance structure with clear oversight at both the board and operational levels. The Risk Management Committee (RMC), constituted by the Board of Directors and comprising independent and non-executive members, is responsible for overseeing the Company's strategic, operational, and financial risk exposures. The RMC reviews the Risk

<sup>46</sup>DJSI CSA 1.4.1 Risk Governance



## Integrating ESG Risks into Enterprise Risk Management (ERM)

At Alkem, we remain committed to meeting market expectations while managing the uncertainties that influence our business environment. Environmental, Social, and Governance (ESG) factors are becoming increasingly relevant, presenting challenges that could influence financial outcomes, long-term growth, and operational continuity. Recognising this, we have embedded ESG considerations into our core Enterprise Risk Management Framework.

The Risk Management Committee has been entrusted with incorporating ESG risk elements into its regular assessments. This includes a structured approach to identifying and assessing both internal and external risks using ESG-focused criteria. Through this effort, we have successfully brought key ESG-related exposures into our overall risk management structure, making the process broader and more reflective of current priorities.

We continue to refine our ESG risk focus to maintain resilience in a rapidly changing global context. A full review of the ERM system was conducted

in the fiscal year 2025, reflecting our ongoing commitment to comprehensive risk management.

## Risk Management Processes and Strategies<sup>47</sup>

We have established comprehensive risk management processes and strategies to promote an effective risk culture.

<sup>47</sup>DJSI CSA 1.4.2 Risk Management Processes

## Risk Exposure Assessment Frequency

At Alkem, risk registers and KRIs are reviewed and refreshed at least twice a year, with outcomes presented to senior management and the Risk Management Committee of the Board.

## Risk Management Process Audit

We have conducted internal audits, including a dedicated compliance audit in FY 2024–25 to ensure adherence to the compliance framework and effectiveness of controls.

## Risk Culture

Alkem promotes risk awareness through:

- ◆ Focused training for employees, including compliance programs.
- ◆ Integration of risk criteria into business strategy, product launches, and compliance monitoring.
- ◆ Whistle-blower and code of conduct mechanisms to strengthen ethical practices and accountability.

## Risk Review

We conducted a comprehensive ERM refresh in FY 2024–25, mapping 33 enterprise-level risks across supply chain, regulatory, compliance, financial, operational, technology, and ESG domains. Critical risks identified are presented below with their exposure and appetite, along with a summary of all risks identified in the Company's risk register.

### Critical Risks

#### Risk Exposure

Risk	Description	Likelihood	Impact/Magnitude	Risk Appetite	Mitigation
Risk of disruption in production and other operations due to location of plant storage facility, warehouse in a high seismic-activity zone	Facilities located in a high seismic activity zone may experience non-availability or delays in receipt of materials for production either due to inventory stock-outs, high lead time for quality clearance or disruption in transportation facilities.	Possible	Critical	Low	Maintaining sufficient inventory level, identifying and developing loan license and third-party vendors for supply of critical products.
Cyber-attack, sensitive data breach and non-integrated / obsolete IT technology can result in non-compliance	A breach, cyber-attack, or other disruption of IT systems may lead to loss of confidential R&D and business development data resulting in loss of proprietary data or internal intellectual property.  Non-compliance with data privacy laws may result in financial penalties and reputational damage.	Possible	Critical	Low	Periodic review of the IT security policy and enhancements and Cyber Security Assessment by third parties, monitoring inbound and outbound traffic and devices 24X7, implementing Zero Trust Network Access, MDM, Asset Management, Data Classification, Patch Management, Extended Detection and Response, Privilege Access Management, having a balanced approach to cloud adoption.

#### Risk Exposure

Risk	Description	Likelihood	Impact/Magnitude	Risk Appetite	Mitigation
Non-compliance with Uniform Code of Pharmaceutical Marketing Practices (UCPMP)	Risk of non-compliance with Uniform Code of Pharmaceutical Marketing Practices may impact company reputation and lead to fines and penalties.	Possible	Critical	Zero	Formed internal guidelines for permissible and non-permissible activities with detailed SOP, instated Internal UCPMP Compliance team, external consultants appointed to validate sales and marketing activities, extensive training to field force with test sessions and incorporating adherence to UCPMP guidelines in the legal T&Cs of appointment of the field force.

## Key Business Risks

The key risks facing the organisation, along with the strategies designed to address them, are presented on the table below. These have been identified through careful assessment and represent the most significant areas of focus for sustaining long-term performance and operational resilience.

#### Potentials Risks

#### Mitigation Measures



#### Supply Chain

- |   |   |
|---|---|
| 1. Disruption in production and operations due to location of plant (Sikkim, high seismic zone) | • Maintain sufficient inventory for contingency             |
| 2. Large dependence on single/few vendors (API/RM/TPM)  | • Develop alternative vendors & third-party supply sources  |
| 3. Consolidation of distributors and pricing pressure   | • Prepare relocation/expansion plan for approval            |
|   | • Diversify vendor base for APIs, RMs and TPMs              |
|   | • Establish long-term agreements with multiple suppliers    |
|   | • Develop secondary sourcing and LL vendors                 |
|   | • Strengthen vendor audits & compliance checks              |
|   | • Strengthen distributor relationship management            |
|   | • Negotiate long-term contracts to stabilise terms          |
|   | • Expand into newer distribution channels/markets           |
|   | • Enhance product differentiation to counter price pressure |



Potentials Risks	Mitigation Measures
<p><b>Financial Risks</b></p> <ul style="list-style-type: none"> <li>Conflict of interest due to related party transactions</li> <li>Financial statements may not reflect true and fair view</li> <li>Inadequate insurance for adverse events (loss of profit)</li> </ul>	<ul style="list-style-type: none"> <li>Conduct RPTs at arm's length with proper approvals</li> <li>Strengthen internal audit and disclosure processes</li> <li>Regular oversight by Audit Committee &amp; Board</li> <li>Conduct regular statutory/internal audits</li> <li>Adoption of centralised reporting tools</li> <li>Compliance with Ind-AS and global accounting standards</li> <li>Implement hedging strategies</li> <li>Diversify currency exposure</li> <li>Conduct regular monitoring of forex trends</li> <li>Maintain natural hedge by balancing imports &amp; exports</li> <li>Develop comprehensive insurance coverage review</li> <li>Conduct periodic assessment of coverage adequacy</li> <li>Ensure timely claims management process</li> <li>Conduct regular liaison with insurers for policy alignment</li> </ul>
<p><b>People Risks</b></p> <ol style="list-style-type: none"> <li>Absence of a succession plan for key management personnel</li> <li>Inability to attract, hire &amp; retain talent</li> <li>Risk of unethical practices &amp; fraud</li> </ol>	<ul style="list-style-type: none"> <li>Develop structured succession planning framework</li> <li>Identify and groom potential leaders</li> <li>Document roles/responsibilities of KMPs</li> <li>Conduct regular review by HR &amp; Board</li> <li>Implement competitive compensation &amp; benefits programs</li> <li>Conduct training and development programs for employees</li> <li>Strengthening employer branding &amp; recruitment</li> <li>Comply to Code of Conduct &amp; Whistleblower mechanism</li> <li>Conduct regular training on ethics &amp; compliance</li> </ul>
<p><b>Regulatory Risks</b></p> <ol style="list-style-type: none"> <li>Non-compliance with local laws (domestic &amp; subsidiaries)</li> <li>Non-compliance with CGMP, CGLP, FDA &amp; other laws</li> <li>Government/regulatory restrictions impacting sales</li> <li>Non-compliance with pharma co-vigilance</li> </ol>	<ul style="list-style-type: none"> <li>Develop centralised compliance framework &amp; tool</li> <li>Develop defined roles &amp; responsibilities for each function</li> <li>Regular compliance reviews &amp; audits</li> <li>Independent verification of compliance status</li> <li>Proactive regulatory monitoring &amp; engagement</li> <li>Diversify product portfolio beyond DPCO list</li> <li>Advocacy with industry associations</li> <li>Focus on affordability-driven innovation</li> <li>Centralised complaint/adverse event tracking system</li> <li>Clear safety data exchange agreements</li> <li>Robust pharmacovigilance SOPs</li> <li>Regular training of staff &amp; partners</li> </ul>

Potentials Risks	Mitigation Measures
<p><b>Reputation Risks</b></p> <ul style="list-style-type: none"> <li>Product quality/integrity issues</li> <li>Influx of counterfeit drugs</li> <li>Stakeholder perception/investor &amp; industrial relations issues</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened QA/QC and vendor audits</li> <li>Product recall procedures &amp; readiness</li> <li>Regular FDA/EMA compliance checks</li> <li>Continuous improvement in manufacturing standards</li> <li>Implement barcoding, QR codes, RFID tags</li> <li>Strengthen monitoring &amp; reporting channels</li> <li>Collaboration with regulators &amp; industry</li> <li>Awareness campaigns for distributors &amp; consumers</li> <li>Structured stakeholder engagement strategy</li> <li>Transparent communication with investors &amp; regulators</li> <li>Strengthening CSR &amp; brand building activities</li> <li>Proactive media &amp; crisis communication</li> </ul>
<p><b>Compliance Risks</b></p> <ul style="list-style-type: none"> <li>Non-compliance with UCPMP</li> <li>Non-compliance with EHS practices</li> <li>Risk from one-molecule, one-price (OMOP) policy</li> </ul>	<ul style="list-style-type: none"> <li>Internal UCPMP guidelines &amp; SOPs</li> <li>Dedicated compliance team</li> <li>Regular training &amp; exams for field staff</li> <li>Out-sourced audits for sales &amp; marketing practices</li> <li>ISO 14001 &amp; OHS certifications</li> <li>Regular site audits &amp; inspections</li> <li>Employee safety training &amp; awareness</li> <li>Strict waste &amp; emission controls</li> <li>Scenario planning for pricing impact</li> <li>Product mix diversification</li> <li>Strategic focus on chronic &amp; specialty drugs</li> <li>Engagement with policymakers &amp; associations</li> </ul>
<p><b>Business &amp; Research Risks</b></p> <ul style="list-style-type: none"> <li>Lack of integration of subsidiaries/acquisitions</li> <li>Profit concentration from a few brands/products</li> <li>Weak processes over clinical trials</li> <li>Institutional discounts misapplied to non-institutional sales</li> <li>Patent infringement litigation risk</li> </ul>	<ul style="list-style-type: none"> <li>Performance milestones &amp; monitoring</li> <li>Change management &amp; communication strategy</li> <li>Launch new products in domestic &amp; ROW markets</li> <li>Focus on chronic therapy expansion</li> <li>Specialist-driven sales model</li> <li>Balance acute &amp; chronic portfolio</li> <li>Strengthening trial monitoring &amp; governance</li> <li>Ensure regulatory compliance</li> <li>Improve transparency in data handling</li> <li>Insurance for clinical trial risks</li> <li>Strengthen discount monitoring controls</li> <li>Whistleblower channels for reporting misuse</li> <li>Regular audits of sales practices</li> <li>Training for field staff</li> <li>Strengthen patent review &amp; IP due diligence</li> <li>Dedicated legal team for filings</li> <li>Early detection of potential overlaps</li> <li>Monitor competitor patent landscape</li> </ul>



**Potentials Risks** **Mitigation Measures**



**Entity Level Risks**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Investments not generating expected returns</li> <li>• Expansion into new geographical markets</li> <li>• Inadequate BCP/DRP for crisis events</li> <li>• Delay in completion of key projects</li> <li>• Geopolitical risks</li> </ul> | <ul style="list-style-type: none"> <li>• Define performance milestones</li> <li>• Strengthen monitoring mechanisms</li> <li>• Regular portfolio reviews</li> <li>• Exit underperforming investments timely</li> <li>• Focus on ROW &amp; emerging markets</li> <li>• Localise products to market needs</li> <li>• Develop balanced growth strategy across regions</li> <li>• Develop documented BCP &amp; DRP</li> <li>• Regular crisis simulations &amp; training</li> <li>• Identify alternate production/R&amp;D sites</li> <li>• Establish disaster recovery infrastructure</li> <li>• Strengthening project management frameworks</li> <li>• Milestone-based monitoring</li> <li>• Adequate resource allocation</li> <li>• Regular reporting to management</li> <li>• Monitor global policy changes</li> <li>• Diversify sourcing away from high-risk geographies</li> <li>• Maintain buffer stock of APIs</li> <li>• Scenario planning for supply disruptions</li> </ul> |
|---|--|



**Environment & Sustainability Risks**

- |   |   |
|---|---|
| <p>Climate change, GHG emissions, water shortages</p> | <ul style="list-style-type: none"> <li>• Target 42% reduction in Scope 1 &amp; 2 GHG emissions by 2033</li> <li>• Achieve water neutrality by 2030</li> <li>• Achieve &gt;90% non-hazardous waste recycling by 2025</li> <li>• Apply for ISO 14001 &amp; ISO 50001 certifications across sites</li> </ul> |
|---|---|



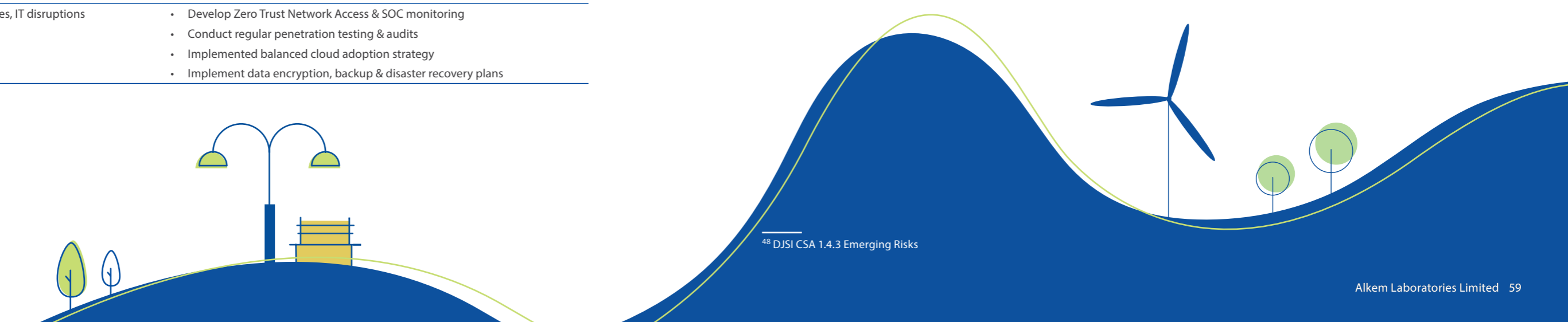
**Technology Risks**

- |  |   |
|--|---|
| <p>Cyber-attack, data breaches, IT disruptions</p> | <ul style="list-style-type: none"> <li>• Develop Zero Trust Network Access &amp; SOC monitoring</li> <li>• Conduct regular penetration testing &amp; audits</li> <li>• Implemented balanced cloud adoption strategy</li> <li>• Implement data encryption, backup &amp; disaster recovery plans</li> </ul> |
|--|---|

**Emerging Risks<sup>48</sup>**

Risk 1	Risk 2
<p><b>Supply-chain or trade disruption due to geo-economic fragmentation / trade and regulatory decoupling</b></p>	<p><b>Quality scrutiny and market access shifts due to stricter procurement rules and critical-medicines policies</b></p>
<p><b>Description</b> With international presence, Alkem is exposed to changes in trade policies, tariffs, sanctions, export/import controls (especially for APIs/KSMs) which can raise cost, cause supply disruptions or limit market access.</p>	<p><b>Description</b> Stringent international procurement and critical medicines policies pose a risk of failure on GMP/quality, inability to meet changing tender criteria leading to de-listings, recalls or lost contracts.</p>
<p><b>Impact</b> Critical</p>	<p><b>Impact</b> Critical</p>
<p><b>Category</b> Geopolitical</p>	<p><b>Category</b> Regulatory</p>
<p><b>Mitigation</b> Supplier risk scoring and diversifying supplier base for both Tier 1 and Tier 2 categories, strategic inventory of critical KPIs (onshore buffer), regulatory tracking and scenario planning for export controls with alternative routing and contractual clauses (force majeure, priority allocation).</p>	<p><b>Mitigation</b> Strengthening Quality Management System (QMS) through continuous improvement and third-party audits (FDA/TGA/MHRA), regulatory watch and tracking procurement reforms, rapid corrective action protocols, robust sample traceability, and proactive stakeholder communications for any event flagged for quality.</p>

<sup>48</sup> DJSI CSA 1.4.3 Emerging Risks





## Business Continuity Planning

Alkem places a strong emphasis on maintaining operational stability in the face of unforeseen challenges. Preserving the confidence of our patients, employees, and business partners requires careful preparation to ensure uninterrupted operations during times of disruption.

The Company has implemented comprehensive business continuity measures and emergency response plans across all its sites to manage and mitigate potential disruptions. These measures are designed to ensure minimal impact on operations during unforeseen events. To further strengthen its resilience, the Company is currently developing an enterprise-level business continuity policy and plan.

The development of this enterprise-level plan is aligned with the Company's commitment to safeguarding its operations, employees, and stakeholders in any disruptive situation. The policy draws on a clear

understanding of potential threats, including those related to climate change, supply chain reliability, regulatory changes, and leadership continuity and is designed in accordance with the ISO 22301 standard for business continuity systems.

The resulting Business Continuity Plan (BCP) will provide a structured method for assessing potential threats, evaluating their impacts, and putting effective responses in place. The plan covers risk assessment, business impact analysis, recovery protocols, communication processes, staff training, and scheduled reviews to keep pace with internal and external developments.

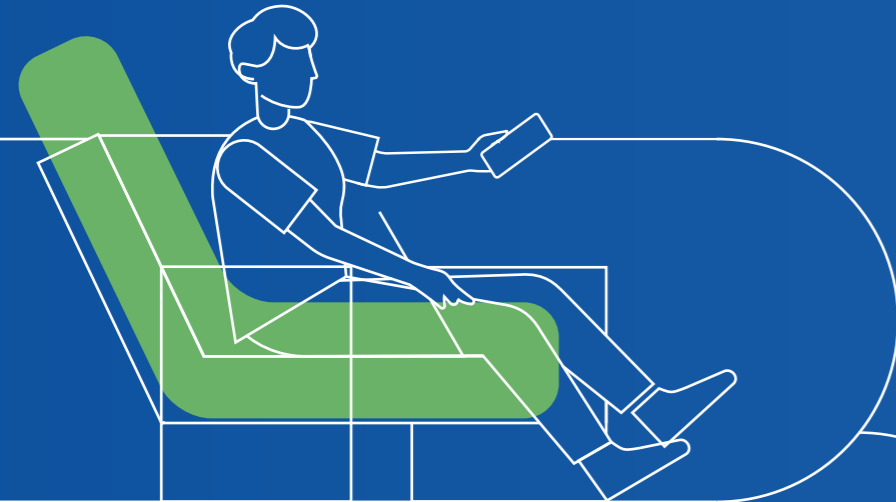
We view the BCP not as a one-time effort, but as a continually evolving resource that adapts to the changing business environment. Regular updates will be made based on the best practices and insights gained from operational experiences.

## Internal Control Framework

We have established a comprehensive global control framework aimed at promoting ethical conduct, safeguarding assets, and ensuring business processes are compliant and reliable. These controls cover financial, operational, and regulatory domains and are tailored to suit the scale and complexity of our operations.

We have engaged a top-tier audit firm to assess the strength of these controls. A dedicated Global Internal Audit Function operates independently at the corporate level and conducts risk-based audits to review control mechanisms. The oversight is provided by the Audit Committee, which approves the audit plan and monitors key outcomes to ensure continuous oversight and quality of audits.

The adherence to legal and regulatory obligations is embedded into our organisational culture through regular awareness sessions and employee training across all our operations. We prioritise the protection of information assets by investing in advanced cybersecurity tools to guard against digital threats.



## Policy Influence<sup>49</sup>

### Contributions & Other Spending (in INR million)

	FY 2021 -22	FY 2022 -23	FY 2023 -24	FY 2024 -25
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns / organisations / candidates <sup>49-a</sup>	0	152.5	250	0
Trade associations	9.79	8.71	8.49	13.43
Other spendings	0	0	0	0

### Largest Contributions & Expenditures

Issue or Topic	Corporate Position	Description of Position / Engagement	Total spend in FY 2024-25 (in INR million)
Indian Pharmaceutical Alliance (IPA)	Member	IPA advocates policies that promote innovation, patient access and global competitiveness of Indian generics. Members contribute technical expertise, data and industry insights to shape policies on pricing, intellectual property, quality standards, and trade.	10.85
PSCI – Pharmaceutical Supply Chain Initiative	Member	Supports PSCI India Team in enhancing pharma supply chain resilience through capacity building on sustainable practices, emerging ESG trends, and assessing opportunities for collaborative efforts towards climate change mitigation.	1.49

### Other Large Expenditures

Name of organisation, candidate or topic	Type of Organisation	Total amount paid in FY 2024 -25 (in INR million)
Indian Drugs Manufacturer's Association (IDMA)	Trade Association	0.61
Pharmaceutical Export Promotion Council of India	Trade Association	0.27
Bombay Chamber of Commerce & Industry	Trade Association	0.21

<sup>49</sup>DJSI CSA 1.6 Policy Influence

<sup>49-a</sup>GRI 415-1 Political contributions



## Lobbying and Trade Associations – Climate Alignment<sup>50</sup>

### Management system for lobbying & memberships

We maintain a structured management system governing all public-policy engagement and participation in trade associations. This system covers issue identification, materiality assessment, internal consultation, approval, engagement, and reporting. It applies across all operational locations and levels of government (local, regional, national and international).

### Governance & accountability

The Functional Heads have explicit stewardship over lobbying and association memberships. They provide oversight, ensure alignment with our strategy, and review the full issues log and engagement activities at least twice a year. The key memberships are presented to Board in the latest Board meetings.

### Position on climate public policy (Paris-aligned)

We support climate policy consistent with the Paris Agreement, including pathways to limit warming to 1.5°C and economy-wide reductions in greenhouse-gas emissions. Our advocacy prioritises policies that accelerate energy transition, carbon pricing/carbon taxes, reduction of Scope 1–3 emissions, water stewardship, waste management, and sustainable raw-material sourcing (including sustainable mining inputs), and that enable private-sector leadership towards net zero.

### Review & monitoring of Paris alignment

We maintain a track of memberships with stated policy priorities, climate positions (where available), and our internal assessment of alignment with the Paris Agreement. We perform

periodic reviews and trigger event-driven reassessments if an association changes or adopts a new policy stance.

### Framework for addressing misalignment

We evaluate any variance between an association’s climate position and our own. Where misalignment is identified, we seek to influence the association’s position; publicly state our differing view where needed; and reserve the right to suspend participation or withdraw. Our stance and actions are communicated transparently to relevant stakeholders.

### Reporting

- **Trade associations:** We disclose our key memberships relevant to climate policy, their salient climate-policy activities (where available), our alignment assessment, and any actions taken to address misalignment.

### Jurisdiction

The engagement processes and controls apply company-wide, including local, regional, national, and international forums.

The following are some of the examples demonstrating our efforts on public advocacy for climate-change resilience through trade associations:

### PSCI – Pharmaceutical Supply Chain Initiative

- Publishes a Decarbonization Playbook and Decarbonization Maturity Model explicitly framed as pathways to a net-zero value chain and referencing global goals like the Paris Agreement.

### Bombay Chamber of Commerce & Industry

- Runs an active Sustainability & ESG Committee and annual Target Net Zero / Climate Tech for Net Zero conclaves; publishes materials to catalyse industry action toward India’s net-zero commitments.

## Data Privacy and Cyber Security

### Data and Cyber Security Framework

We prioritise the protection of sensitive customer data and proprietary business information as cyber threats and data breaches become increasingly common across industries. Understanding the serious impact such incidents can have from reputational damage to financial and operational setbacks, we have implemented robust policy on cyber security, controls, technologies, and services to prevent unauthorised access or misuse of data.

Our policy is accessible to all employees via the Company’s internal portal. This policy forms the foundation of our comprehensive data protection approach and is designed to safeguard critical information across all levels of the organisation<sup>51</sup>.

The Company adheres to the ISO 27001 standard for managing information security and has set a clear target to

attain ISO 27001 certification by the end of FY 2025–26. We have made significant progress towards this goal, with our internal policies and procedures largely reflecting the standard framework. We have scheduled Initial assessments for Q2 FY 2024–25. Any gaps identified during these assessments will be addressed in a timely manner to meet our certification timeline.

### Information Security Governance

We ensure continuity of critical operations through a business continuity framework that integrates information security risk management. Our plans address cyber threats, data breaches, and IT disruptions, with defined response and recovery procedures. We have appointed a Chief Information Security Officer (CISO) to lead and oversee cybersecurity and data protection across the Company. Under CISO’s leadership, we continue to strengthen our digital security measures<sup>52</sup>. Our target is to maintain a record of zero cyber security related incidents, and we are proud to announce that during FY 2024-25, there were no cases of data leakage, loss, or unauthorised access to customer information or any complaints relating to data privacy from consumers<sup>53</sup>.

### Information Security Management Programs

We have adopted an Information Security Policy integrated with Microsoft Active Directory protocols to support our data protection framework. Vigilance is maintained through frequent vulnerability assessments, penetration testing (VAPT), and scheduled IT audits<sup>54</sup>. Our investments in cybersecurity tools and monitoring systems ensure continued resilience against potential threats.

Our security approach involves a multi-layer strategy, where each layer is designed to address specific risk areas. This structure enhances data security by providing redundancy; if one measure fails, another is in place to prevent escalation or elimination.

As part of our broader quality initiatives, particular attention is given to the reliability of data associated with products and processes including those from clinical trials, manufacturing operations, and post-market surveillance activities.

**Zero**  
Number of data breaches during FY 2024-25 recorded in FY 2023-24


**Zero**  
Consumer complaints received on data privacy related issues or loss of customer data on data privacy related issues or loss of customer data<sup>54-a</sup>

<sup>51</sup>DJSI CSA 1.9.2 Information Security Policy  
<sup>52,54</sup>DJSI CSA 1.9.1 Information Security Governance  
<sup>53</sup>DJSI CSA 1.9.3 Information Security Management Programs  
<sup>54-a</sup>GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

<sup>50</sup>DJSI CSA 1.6.3 Lobbying and Trade Associations - Climate Alignment


Cybersecurity continues to be a focus area for the entire organisation and its subsidiaries. We have strengthened several core digital systems over the past year. The key upgrades include enhanced email security, improved firewall protections, and reinforced endpoint defenses, each contributing to a stronger and more secure digital environment across the Company.

As part of our strengthened approach to cybersecurity, we have established a state-of-the-art Security Operations Center (SOC) that continuously monitors network traffic 24 hours a day, 365 days a year. This advanced SOC reflects our forward-looking strategy in addressing cyber threats and plays a central role in multiple critical areas of risk management, as outlined below:




**Proactive Threat Intelligence**

By employing cutting-edge technology, our SOC provides early detection of potential cybersecurity threats, ensuring that the risks are identified and mitigated before they can escalate.




**Continuous Monitoring and Immediate Response**

Our dedicated team of cybersecurity experts maintain a 24/7 watch over our systems, enabling swift and decisive action the moment any suspicious activity is detected.




**Cost efficiency in Operations**

The integration of intelligent systems within our SOC has streamlined our cybersecurity operations, resulting in a reduction of operational costs without compromising on the effectiveness of our security measures.



**Unified Command and Control**

The SOC serves as the central hub for our cybersecurity efforts, ensuring a coordinated response to incidents and clear accountability within the organisational structure.



**Strategic Data Management**

A critical function of our SOC is meticulous classification of data, which is essential for prioritising the protection of our most sensitive and valuable information

## Cybersecurity Measures and Data Protection

We have established a multi-layered cybersecurity framework supported by a set of forward-looking policies and preventive practices. These efforts are designed to safeguard the integrity, confidentiality, and availability of our data systems. To address the growing risk of phishing, we conduct phishing simulation

tests on a quarterly basis across our entire workforce. These exercises are aimed at assessing employees' ability to detect and respond to fraudulent communications. The failure rate in these tests has continued to decline, reflecting stronger awareness and responsiveness among team members.

**Alkem has established a clear escalation mechanism for employees to report incidents, vulnerabilities, or suspicious activities:**



**Direct Reporting**

Employees can report incidents directly to the Chief Information Security Officer (CISO) via email.



**Digital Logging**

Incidents can also be logged through the IT helpdesk platform – Freshworks.



**Response Protocol**

Upon receiving a report, the IT team promptly reviews and investigates the issue with utmost priority. Based on the findings, appropriate mitigation actions are recommended and implemented to address the concern effectively.

## IT Audits<sup>55</sup>

We carry out IT security audits twice a year to review the effectiveness of our systems and controls. All identified issues are addressed without delay, with corrective steps reviewed again prior to the next audit cycle. This disciplined approach supports ongoing refinement of our cybersecurity structure and ensures alignment with emerging risk scenarios.

We have made considerable investments in cybersecurity due to the rapidly shifting nature of digital threats such as modern software and hardware, as well as collaborations with trusted external providers. These measures help ensure that our defenses remain capable of protecting a complex and evolving operating environment.

## Cybersecurity Training

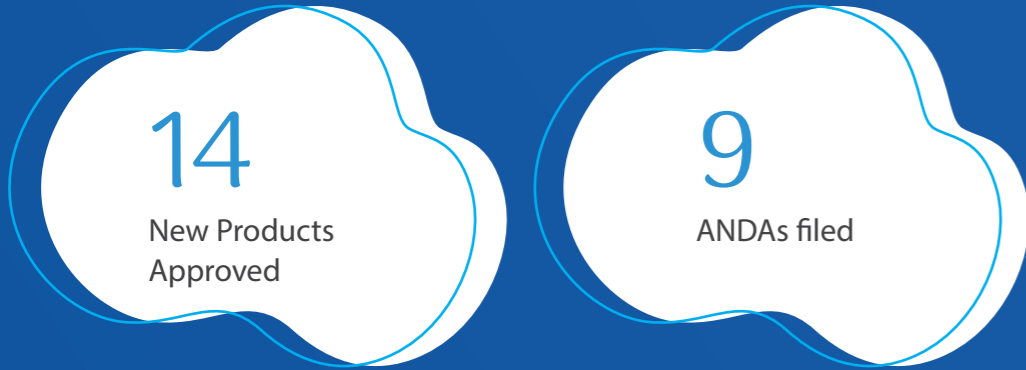
We have developed a structured training program covering areas such as CEO fraud, email phishing, and malware threats to strengthen our operations. While participation is currently voluntary, steps are being taken to make the training compulsory across the organisation. In addition, new employees receive training on basic cyber hygiene as part of their onboarding, reinforcing the importance of secure practices from the start. Apart from formal trainings, there are weekly mailers from the cybersecurity cell to update employees on the upcoming threats and general developments in the information security space.

## Outlook and Ongoing Efforts

Our plans involve further improvements to our data protection framework. These include the deployment of advanced analytics tools, adoption of secure cloud storage solutions, and strict adherence to evolving data privacy regulations. We aim to consistently meet and exceed expectations around data security by staying updated with current technological advancements and security standards.

<sup>55</sup>DJSI CSA 1.9.3 Information Security Management Programs

# Innovation in Healthcare



## Innovation Strategy

We remain deeply committed to our purpose of inspiring healthier lives by addressing the unmet needs of patients through scientific advancement and technology across our business divisions. Our strategic focus is on leading the pharmaceutical sector in offering sustainable healthcare solutions, while all technological progress is rooted in our fundamental principles of patient-first thinking, environmental responsibility, and ethical conduct.

We allocate substantial resources to research and development for new medicines and therapeutic options. Our

We aim to achieve leadership in Indian and global healthcare by focusing on key strategic areas:

- Accelerating the discovery and delivery of ground-breaking therapies**
- Advancing digital systems to improve operational outcomes and healthcare delivery**
- Encouraging adaptability and continuous progress to meet evolving healthcare demands**

focus also extends to strengthening capabilities in digital technologies, automation, and data-driven operations, helping us enhance manufacturing practices, reinforce quality assurance systems, and maintain high standards in regulatory compliance.

## Progress in Medical Research and Development

At Alkem, innovation is driven by purpose. In FY 2024-25, our research ecosystem advanced life-changing therapies through global regulatory validations and strategic collaborations.

Our facility cleared the USFDA BIMO inspection with zero observations, reflecting our commitment to data integrity.

We conducted clinical trials across 12+ therapeutic areas, aligned with ICH-GCP standards, and partnered with institutions like Harvard, Johns Hopkins, and Tata Memorial to accelerate biotech and complex generics. AI tools are streamlining regulatory workflows, while our pharmacovigilance framework ensures patient safety from trials to post-marketing.

## Investment in Science and Technology

Our commitment to long-term advancement is reflected in continued financial support towards high-end research. In FY 2024-25, we dedicated INR 5,620 million to R&D, representing 4.3% of our total revenue. This supports our global capabilities in the development and manufacturing of formulations and active pharmaceutical ingredients (APIs) using world-class production methods.

Our subsidiary, Enzene Biosciences Ltd., concentrates on advancing biological drug development by deploying high-precision processes such as next-generation bioreactors, purification systems, and digital control mechanisms that strengthen product consistency and quality.

## Research Facilities

We operate four highly advanced R&D centers located in India and the US. These centers conduct small molecules formulation development, API development, biosimilars development, and supported by bioequivalence and clinical center involved in conducting bioequivalence and clinical studies for proving therapeutic equivalence. Our clinical research facilities undergo regular inspections from global authorities, including the DCGLI, USFDA, UK MHRA, and NPRA-Malaysia.

Our clinical division conducts trials grounded in scientific integrity and ethical practices, focusing on developing therapies that meet critical medical needs. The team is equipped to run early to late-stage clinical studies across various therapy areas, adhering to international standards such as ICH GCP. We hold considerable experience in developing and testing a broad range of molecules, including

monoclonal antibodies, biosimilars, and stem cell-based therapies, catering to both Indian and international regulatory pathways like CDSCO, USFDA, and EMEA.

## Scientific Focus and Therapy Areas

We are committed to developing responsible medical advancements, ensuring they deliver long-term value for patients and society. Our clinical teams employ advanced study methodologies, including double-blind, double-dummy, adaptive, and differential ratio designs, ensuring high standards of research and patient safety.

Our scientific work covers complex molecules such as peptides, monoclonal antibodies, and stem cells. These are critical for advancing treatment in diverse areas and support our focus on regenerative therapies, which contribute to healing and recovery rather than just symptom management.

<p><b>Infectious Disease</b> Tackling high-priority conditions like Invasive Fungal Disease and MRSA</p>	<p><b>Endocrinology</b> Targeting diseases like Type 2 Diabetes, Obesity, and Osteoporosis</p>	<p><b>Hematology</b> Advancing treatment for Chronic Immune Thrombocytopenia</p>
<p><b>Dermatology</b> Improving solutions for Psoriasis, Acne Vulgaris, and Vitiligo</p>	<p><b>Gastroenterology</b> Offering treatments for Gastro-Esophageal Reflux and Acid Peptic Disease</p>	<p><b>Oncology</b> Developing options for critical cancers including metastatic breast, colorectal, and head and neck cancers</p>
<p><b>Cardiology</b> Strengthening secondary prevention for thrombotic events in cardiovascular and cerebrovascular conditions</p>	<p><b>Rheumatology</b> Addressing conditions such as Ankylosing Spondylitis, Osteoarthritis, and Rheumatoid Arthritis</p>	<p><b>Ophthalmology</b> Focusing on eye conditions like Neovascular and Diabetic Macular Degeneration</p>
<p><b>Surgical Advancements</b> Applying 3D printing technologies for customised treatment in cases like diabetic foot ulcers</p>		

## Adapting to the Digital Future

### Packaging Initiatives to Engage Customers

Under our ESG priority of 'Product Safety and Patient Centricity,' we set a target to include QR codes on the primary packaging of over 75% of our domestic product portfolio (by sales value) by FY 26. This initiative, led by our Packaging Development team, is reshaping how information is shared with customers. Replacing traditional leaflets with QR codes provide immediate access to essential product details, making information more accessible while reducing material usage. Majority of our international product inventory has built-in track and trace mechanism through QR codes, a key step in combating against counterfeit drugs.

### Quality and Product Safety Oversight

Our pharmacovigilance system remains central to our commitment to product safety. This framework supports the active monitoring of medicines during clinical development and after approval, helping maintain a balanced understanding of the benefits and risks. We continue to maintain transparency in sharing safety data with patients, healthcare professionals, and authorities.

### Tech That Touches Every Journey

In FY 2024-25, Alkem launched its "Hire to Retire" HR stack, upgraded its Customer Relationship Management (CRM) system, and rolled out SAP HANA 2023. These were not mere system upgrades, they were designed to elevate employee and customer experiences. The integrated platforms now offer seamless workflows, enhanced data visibility, and improved responsiveness across the organisation.

### Collaborations to Support Drug Development

We continue to pursue global collaborations aimed at developing next-generation therapies that address critical medical needs. Our research partnerships with respected academic and scientific organisations, such as Harvard University, Johns Hopkins University, the National Institutes of Health (USA), Syracuse University, and Biosergen (Sweden) combine global expertise to advance drug development and regulatory approvals across key markets. These efforts are supported by our specialised abilities in biotechnology and complex product design.

### Building a Digital-First Alkem

Alkem's digital transformation journey has evolved into a digital-first mindset, embedding technology across every layer of the organisation. From mobile apps and enterprise-wide ERP systems to real-time sales dashboards and AI-powered regulatory filings, Alkem has redefined itself as a tech-enabled healthcare ecosystem. This shift is not just about adopting tools it reflects a cultural shift toward digital DNA.

### Global Capability Centre: The Brain of Our Backbone

Alkem's newly launched Global Capability Centre (GCC) serves as the nerve center for digital innovation. More than a support hub, the GCC drives process automation, centralised support functions, and smart manufacturing initiatives. It enables Alkem to operate as one agile, scalable global entity, accelerating digital maturity across geographies.

### Insights Over Instinct – The Rise of Live Dashboards

Alkem's cloud-based data warehousing platform has unified previously fragmented datasets into a single source of truth. Real-time dashboards now provide actionable insights into field performance, operational KPIs, and overall business health. This data-driven approach empowers teams to make faster, more confident decisions, replacing instinct with intelligence.

### Looking Ahead

We are expanding our pharmaceutical offerings through a focused strategy that includes the development of complex generics such as injectables and pen devices as well as entry into new therapeutic segments like hormones and oncology. Our approach also involves strategic partnerships to bring in-licensed products to the Indian market ahead of peers.

We are also working towards broadening our reach by launching Oncology Oral products and Complex Injectables, while reviewing the possibility of introducing US-approved medicines into other regulated geographies, including the EU, Australia, New Zealand, and select emerging markets.

As part of a comprehensive review of our non-U.S. market strategy, we focused on three core priorities:

- 1. Unlocking opportunities within existing markets:** Conducted a detailed analysis to identify underpenetrated segments and growth levers in current geographies.
- 2. Evaluating entry into high-potential new geographies:** Assessed market attractiveness, regulatory environments, and competitive landscapes to prioritise new regions for expansion.
- 3. Strengthening internal capabilities:** Benchmarked current operations and initiated steps to build future-ready capabilities aligned with international market demands.

### AI in R&D – The Next Frontier

Alkem has begun piloting AI tools to streamline regulatory document preparation, a task that previously took weeks. This marks a promising step towards automating routine-heavy scientific workflows. In parallel, the Company is reinforcing its cybersecurity infrastructure, recognising that data innovation must be matched with robust protection.

### Key Strategic Initiatives in Progress

#### Regulatory-Aligned Dossier Expansion

We are extending our product dossiers to meet specific regulatory and market requirements across different regions, thereby broadening our portfolio's global reach.

#### Therapeutic Portfolio Diversification

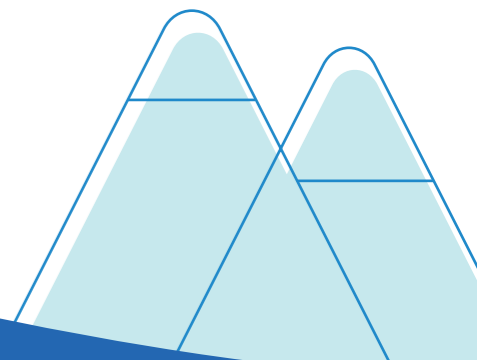
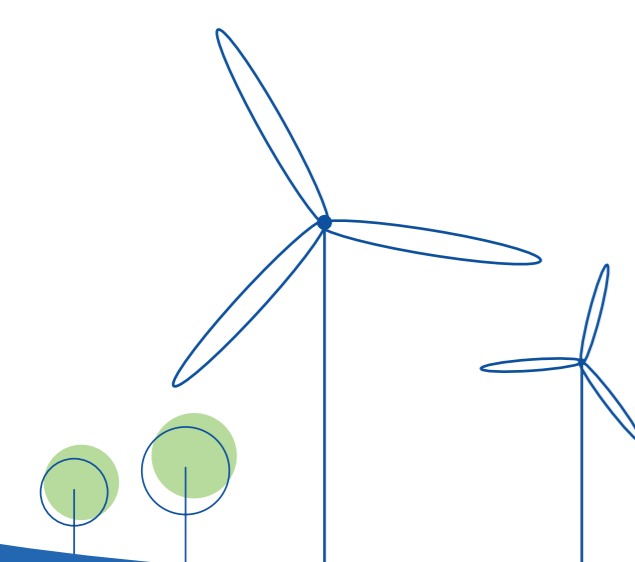
We are strategically entering new therapeutic areas in select high-potential markets to deepen our presence and address unmet medical needs.

#### Cost Optimisation for Profitability

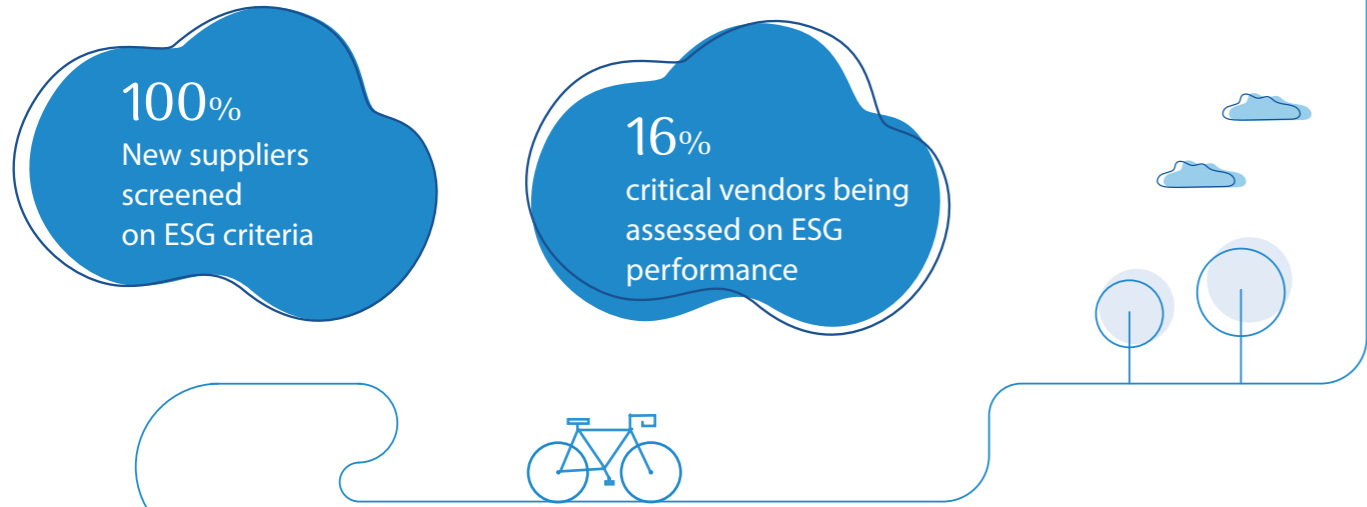
Focused cost-efficiency programs are being implemented to enhance margins and strengthen operational leverage.

#### In-Licensing and Strategic Collaborations:

We continue to explore in-licensing prospects and forge strategic alliances to drive incremental growth and accelerate access to innovation.



# Supply Chain Management



## Approach to Supply Chain Sustainability

At Alkem, sustainability is central to how we manage our supply chain. We integrate environmental responsibility, ethical sourcing, and inclusiveness across all operations, ensuring both business continuity and broader societal well-being. Our approach combines advanced technology, transparent communication, and active collaboration with partners to build a resilient, adaptive supply chain that supports long-term environmental health and social progress.

Through a nationwide distribution network of multiple stockists, we ensure consistent

availability of pharmaceutical products. Given the high standards of the sector, maintaining quality and reliability is not just a business priority but vital to safeguarding public health.

We go beyond regulatory requirements by embedding sustainability into decision-making and proactively addressing vulnerabilities. With defined objectives and focused programs, we are strengthening our supply chain to minimise disruptions and ensure uninterrupted patient care.

## Supplier Code of Conduct<sup>56</sup>

We are committed to conducting business with integrity, responsibility, and respect for people and the environment. Our commitment extends beyond our operations to our suppliers, vendors, and business partners through our [Code of Ethics for suppliers, vendors & other](#).

This code outlines clear expectations for suppliers to uphold the highest standards of human rights, labour practices, environmental responsibility, and ethical conduct.

<sup>56</sup>DJSI CSA 1.7.1 Supplier Code of Conduct



### Human Rights & Labor Practices

- ♦ Strict prohibition of forced and compulsory labour and child labour, in line with ILO standards and applicable national laws.
- ♦ Elimination of discrimination and harassment on the basis of gender, age, ethnicity, religion, disability, or any other protected characteristic.
- ♦ Recognition of employees' rights to freedom of association and collective bargaining.
- ♦ Assurance of fair wages, working hours, and conditions of work, in compliance with minimum wage regulations and local labor standards.
- ♦ Commitment to providing a safe and healthy workplace, including hazard prevention, use of protective equipment, and continuous safety training.



### Environmental Responsibility

- ♦ Suppliers are required to monitor and reduce greenhouse gas emissions and other air pollutants, while improving energy efficiency in operations.
- ♦ Implementation of waste and effluent management systems to ensure responsible treatment, control, and disposal.
- ♦ Promotion of resource efficiency, including sustainable use of water and raw materials.
- ♦ Contribution towards preservation of ecosystems, with steps to minimise negative impacts on biodiversity.



### Business Ethics

- ♦ Zero tolerance for corruption, bribery, fraud, or conflicts of interest.
- ♦ Commitment to fair competition and compliance with all applicable anti-trust and competition laws.
- ♦ Suppliers are expected to adopt transparent practices and uphold the highest standards of ethical business conduct.

We place a strong emphasis on integrity in all our dealings and expect the same from our partners. Our commitment to transparency extends to covering suppliers under our Whistleblower Policy, allowing them to report any concerns or breaches directly to designated authorities. This mechanism helps foster a trustworthy and open working environment.

## Supplier ESG Programs<sup>57</sup>

The Board level CSR and Sustainability Committee, is the highest accountable decision-making body, providing strategic direction and overall oversight to ensure alignment with the Company's sustainability goals and stakeholder expectations. To maintain transparency and accountability of the purchasing practices across our supply network, we conduct annual reviews to monitor supplier performance on ESG criteria. These reviews are supported by direct follow-ups, helping promote stronger engagement and measurable progress in sustainability practices among our supply partners.

We ensure that all statutory obligations and ESG requirements linked to our transactions with supply chain partners are

met in line with agreed terms. Suppliers who are unable to meet our minimum ESG standards are provided with capacity building sessions to embark on their sustainability journey within a defined time frame, whereas suppliers with better ESG performance are preferred in supplier selection and contract awarding.

We have organised training sessions and workshops to enhance supplier awareness around environmental, social, and governance (ESG) topics, helping build shared understanding and capability across the supply chain. We also provide training sessions for company buyers and internal stakeholders on their responsibilities within supplier ESG programs.

<sup>57</sup>DJSI CSA 1.7.2 Supplier ESG Programs



Our supply chain sustainability efforts are anchored in the following focus areas:

Ensuring suppliers adhere to Alkem's Code of Conduct	Implementing precise controls on specifications and processes	Providing ESG-focused training to suppliers
Optimising transportation and storage facilities for ESG compliance	Upholding human rights and enforcing policies against forced labour	Evaluating production sites for compliance with ESG criteria
Managing potential contamination risks effectively	Executing responsible waste management and adhering to Environmental, Health, and Safety (EHS) policies	Conducting regular preventive maintenance to support sustainable operations
Maintaining safe and fair working conditions for all employees		

We are committed to applying advanced technologies, encouraging open and honest communication, and working closely with partners to shape a supply chain that meets high standards of reliability and accountability.

We pursue three key targets to embed sustainability in our supply chain operations.

 <b>Obtained Associate Membership from PSCI in FY 2023-24</b>	 <b>Evaluation of identified critical suppliers in the following manner:</b> <ul style="list-style-type: none"> <li>a. 10% by FY 2024-25</li> <li>b. 35% by FY 2025-26</li> <li>c. 70% by FY 2026-27</li> <li>d. 90% by FY 2027-28</li> </ul>	 <b>Screening of 100% new suppliers on ESG screening criteria w.e.f. FY 2024-25<sup>58,59</sup></b>
--	---	--

## Responsible Supply Chain Management

We have continued to strengthen our commitment to ethical and responsible supply chain practices. We are associate members of the Pharmaceutical Supply Chain Initiative (PSCI) that has helped us further in developing our internal systems in line with PSCI's five core principles: ethics, human rights, health and safety, environmental stewardship, and sound management practices.

We have directed our efforts towards refining supply chain protocols to better reflect these standards. As part of this, we advanced our work on Scope 3 emissions accounting, aiming to build a clearer picture of emissions generated across our value chain. This initiative helps us better understand our indirect environmental footprint and supports informed decision-making to reduce product-related emissions.

## Supplier Screening and Assessments<sup>60</sup>

This year Alkem initiated its Sustainable Supply Chain Program. To identify the suppliers critical to our business, we screened suppliers on the basis of business relevance – spend and substitutability at commodity level.

Supplier Screening	FY 2024-25
Total number of significant suppliers in Tier-1 <sup>61</sup>	106
% of total spend on significant suppliers in Tier-1	46%
Total number of significant suppliers in non-Tier-1	36
Total number of significant suppliers (Tier-1 and non-Tier-1)	142

We have also made progress with our supplier assessments. An extensive self-assessment questionnaire has been developed and rolled out to identified critical suppliers in Tier- 1. The responses underwent a desk-based review and verification of evidences/documents provided by the suppliers. Evaluations examined policies on ESG, sustainable sourcing, health and safety measures, workplace inclusivity, and other governance practices<sup>62</sup>.

Supplier Assessment <sup>63</sup>	FY 2024-25	Target for FY 2024-25
Total number of suppliers assessed via desk assessments	17	11
% of unique significant suppliers assessed	100	100
Number of suppliers assessed with substantial actual/potential negative impacts	0	0
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	0	0
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	0

Preparation of corrective action plans is underway for the assessed suppliers.

Capacity building programs	FY 2024-25	Target for FY 2024-25
Total number of suppliers in capacity building programs	17	11
% of unique significant suppliers in capacity building programs	100	100

## Local Sourcing<sup>64</sup>

As part of our broader commitment to responsible business practices and community support, we continue to prioritise sourcing materials from within the country. During FY 2024-25, a considerable share of our procurement efforts focused on working with suppliers that operate at a smaller scale, particularly those categorised as Micro, Small, and Medium Enterprises (MSMEs).

During the FY 2024-25, 11.85% of our total input materials by value for our operational sites in India were procured directly from MSMEs and small producers. This approach contributes meaningfully to economic opportunities for smaller businesses and supports the broader ecosystem of local production. It also reduces dependency on long-haul transport, thereby lowering associated environmental impacts.

In total, 87.72% of the input materials by value used at our sites in India were sourced locally (from within India). This sourcing strategy helps strengthen national industry, supports employment, and maintains supply continuity even amid global disruptions. We help sustain consistent quality across our pharmaceutical operations by drawing materials from within the country while reducing exposure to international supply chain risks.

Our focus on domestic sourcing not only supports the continuity of operations but also advances the well-being of the communities we work in. We aim to further grow this share by continuing to engage with local producers and vendors.

## Innovation Management in our Supply Chain

We have introduced several technological initiatives aimed at improving transparency and responsible sourcing. We are enhancing visibility across our supply chain, simplifying processes, and encouraging ethical practices using advanced digital tools and strategic initiatives, across all levels of operation. Through platforms like Alkem Marketplace, we have simplified order placement and tracking, reducing manual effort and improving engagement with stockists. Our Smart Green initiative has digitalised our order management process, leading to faster dispatches, cost savings, and reduced paper use. Additionally, Project Mark QR Code enhances product traceability and authenticity by assigning unique digital identities to each product, ensuring patient safety and regulatory compliance. Together, these initiatives reflect our commitment to responsible and future-ready supply chain management.

<sup>61</sup>DJSI CSA 1.7.5 KPIs for Supplier Screening

<sup>62</sup>DJSI CSA 1.7.4 Supplier Assessment and Development

<sup>63</sup>DJSI CSA 1.7.6 KPIs for Supplier Assessment and/or Development

<sup>64</sup>GRI 204-1 Proportion of spending on local suppliers

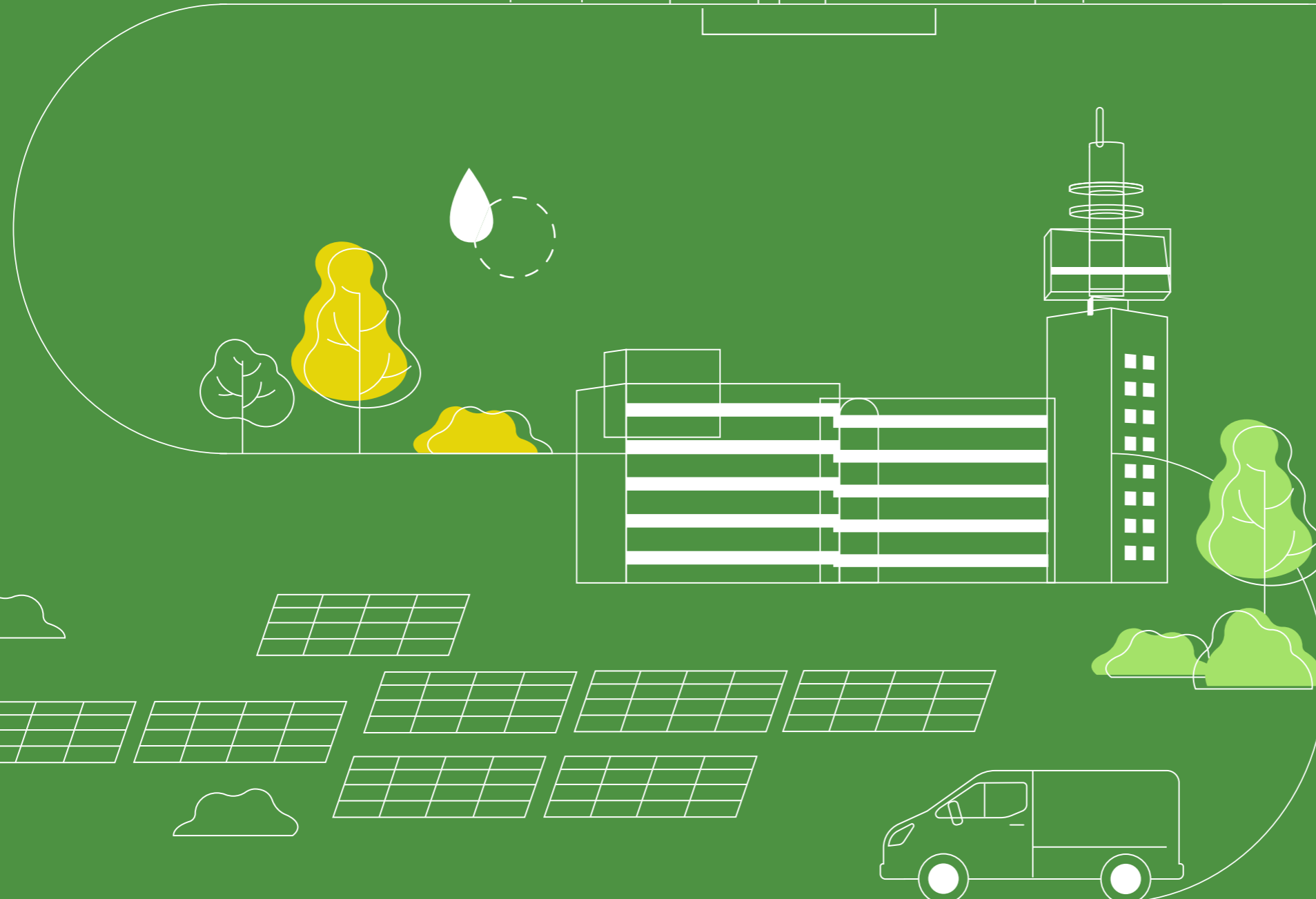
<sup>58</sup>GRI 308-1 New suppliers that were screened using environmental criteria

<sup>59</sup>GRI 414-1 New suppliers that were screened using social criteria



<sup>60</sup>DJSI CSA 1.7.3 Supplier Screening

# Environmental Dimension

“We are reimagining growth through environmental stewardship, minimising our footprint while maximising positive impact. From resource efficiency and renewable adoption to climate resilience and circular practices, our focus remains on building a low-carbon and nature-positive future.”



## Contents

-  Environmental Stewardship
-  Energy Management
-  Climate Strategy
-  Air Emissions
-  Water Management
-  Waste Management



## Environmental Stewardship

At Alkem Labs, we remain steadfast in our commitment to environmental responsibility as an integral part of our growth journey. We actively pursue initiatives that focus on responsible resource consumption, energy stewardship, and the adoption of cleaner processes across our operations. We continue to enhance measures that conserve natural resources, reduce emissions, and manage waste with care and accountability. We believe that through these sustained efforts, we seek to contribute to a resilient future while reinforcing our responsibility towards a healthier planet.

### Environmental Policy<sup>65</sup>

Environmental stewardship is integral to our business strategy and is guided by our standalone sustainability policy.

#### The Sustainability policy covers the following aspects:

##### Establishing clear accountability for policy implementation

The Policy is formally approved by the Board of Directors and overseen by a dedicated Board-level Corporate Social Responsibility and Sustainability Committee, ensuring accountability at the highest level of governance. Operational implementation rests with Executive Management, with progress monitored through the Environment, Health, Safety and Sustainability (EHSS) framework.

##### Ensuring continuous improvement of environmental performance

We are committed to continuous improvement in environmental performance through structured monitoring, internal audits, periodic reviews, and adoption of global best practices. We conduct regular energy audits, implement ISO certifications aligned practices, and monitor environmental parameters to identify opportunities for improvement.

##### Setting targets and objectives to reduce environmental impacts

To ensure measurable progress, we have set time-bound targets to reduce environmental footprint

- To reduce Scope 1 and Scope 2 emissions by 42% by FY 33 from base year FY 23
- To achieve Y-o-Y 1% reduction in energy consumption from the projected energy requirement of each year till FY 33
- To achieve water neutrality across operations by FY 30
- To ensure more than 90% reuse or recycling of non-hazardous waste by FY 25 and each year henceforth.

##### Consulting external stakeholders in the development or implementation of the environmental policy

At Alkem, the external stakeholder perspectives are central to shaping our environmental agenda. We conduct materiality assessments, consultations, and disclosures to gather feedback, address concerns, and align expectations. Insights from these engagements inform both the development of our environmental commitments and their ongoing review.

##### Providing training for employees to understand the impact of the Company on the environment

All the employees undergo mandatory training under the EHSS framework, which equips them to understand the

environmental impact of our operations. The role-specific training is also provided to procurement, manufacturing, and R&D teams to strengthen integration of sustainability into daily decisions.

##### Scope of the policy or commitment

The Environmental Policy applies across our own operations, suppliers, contractors, and partners, reinforcing sustainable practices throughout our value chain. The suppliers are also required to comply with Alkem's sustainability standards, with a focus on responsible sourcing, waste reduction, and resource efficiency.

##### Policy Endorsement and Oversight

The Board of Directors endorses the Policy, while the Board Committee – CSR and Sustainability Committee provides oversight and reviews progress on a regular basis.

We go beyond certification, our facilities undergo regular external audits conducted by accredited agencies, ensuring compliance with regulatory requirements and industry benchmarks while providing independent assurance of our environmental performance. DNV Business Assurance India Private Limited undertook an independent reasonable level of assurance of the Company's Business Responsibility and Sustainability Report for the FY 2024-25.

We also carry out comprehensive internal audits and self-inspections led by our Corporate EHS team and site-level professionals, which strengthen risk management and enable continuous improvement across operations. Thus, we ensure that our EMS remains robust, credible, and effective in driving environmental stewardship by implementing such environmental programs.

### Environmental Management Systems Verification<sup>66</sup>

We have instituted a structured Environmental Management System (EMS) that is verified through a combination of international standards, third-party audits, and internal oversight.

77% of our manufacturing units and R&D facilities are certified under ISO 14001, the globally recognised standard for Environmental Management Systems. Our goal is to systematically manage environmental impacts across every site and align our operations with the best international practices.

Our EMS is verified through ISO 14001 international standards.

At present, 77% of our domestic manufacturing sites and R&D facilities have ISO 14001 certifications.

### Environmental Violations<sup>67</sup>

We are in full compliance with all applicable environmental laws, regulations, and guidelines in India, including the Water (Prevention and Control of Pollution) Act, the Air (Prevention and Control of Pollution) Act, and the Environment (Protection) Act along with the rules framed thereunder. During the reporting period, there were zero cases of non-compliance at our manufacturing units.

	FY 2022 -23	FY 2023 -24	FY 2024 -25
Number of violations of legal obligations/regulations	0	0	0
Amount of fines/penalties related to the above Currency: Indian Rupees (INR)	0	0	0
Environmental liability accrued at year end Currency: Indian Rupees (INR)	0	0	0

<sup>66</sup>DJSI CSA 2.1.2 Environmental Management Systems Verification

<sup>67</sup>DJSI CSA 2.1.3 Environmental Violations

<sup>65</sup>DJSI CSA 2.1.1 Environmental Policy

## Energy Management



21% share of renewable energy in overall energy mix

INR 20.8 million invested in energy efficiency initiatives

31% of manufacturing units & R&D facilities with ISO 50001 certifications

### Targets

To achieve Y-o-Y 1% reduction in energy consumption from projected energy requirement for each year till FY 33

We recognise that energy efficiency is central to building a resilient and sustainable business. As a responsible healthcare company, we are committed to adopting innovative and sustainable energy practices that not only reduce our environmental footprint but also strengthen long-term operational efficiency. Our approach focuses on integrating clean and renewable energy sources, optimising energy use across our facilities, and embedding energy-conscious practices into day-to-day operations. We have also obtained ISO 50001 certification for

energy management at our Sikkim units, reinforcing our focus on energy efficiency and sustainable resource use.

We are working to lower our dependency on non-renewable sources, expand the share of green energy in our portfolio, and continuously improve energy intensity across manufacturing and business operations. We aim to align with global climate priorities, support India's clean energy transition, and create enduring value for our stakeholders while safeguarding the environment.

## Energy Policies and Management Programs<sup>68 69</sup>

### Energy audits to identify opportunities for improving energy performance

At Alkem, we conduct periodic energy audits across our manufacturing sites. These audits allow us to systematically review energy use across processes and to identify opportunities for both conservation and efficiency improvements. Based on audit findings, we plan and implement corrective actions ranging from process optimisation to equipment upgrades to reduce energy intensity across our operations.

### Quantified targets to address energy savings

We are committed to achieving a year-on-year 1% reduction in energy consumption against projected energy requirements through FY 2032-33. In addition, we have set a target to secure ISO 50001 certification for over 75% of our manufacturing sites by FY 2025-26.

### Actions to reduce the amount of energy use

Investing in state-of-the-art technologies and process innovations to lower energy consumption per unit of output. We have implemented a range of measures aimed at reducing energy consumption across our operations. These efforts are detailed in the section titled "Plant-wise Energy Savings Initiatives," which outlines specific actions taken at individual sites to improve energy performance and support our broader sustainability goals.

### Evaluation of progress in reducing energy consumption

We track energy consumption and energy intensity (energy use per unit production) across all our sites, as well as total energy consumption vs projected requirements. In FY 25, our energy savings initiatives led to a reduction of 5.73% in energy consumption per tonne of products generated compared to FY 24.<sup>7</sup> We also expanded our ISO 50001 certified site base to four manufacturing sites, currently 31% of our manufacturing units and R&D facilities and are steadily increasing coverage to meet more than 75% sites certification target by FY 2025-26.

### Use of Clean or Green Energy

In line with our commitment to diversify our energy mix and reduce our operational carbon footprint, during FY 2024-25, 21% of total energy demand was met through renewable

energy sources. This transition plays a dual role: it helps reduce greenhouse gas emissions from our operations and supports India's broader clean energy objectives.

### Investments in Innovation or R&D to Decrease Energy Consumption

Alkem is investing in innovation and operational excellence to improve energy performance. The capital outlay of INR 20.8 million during the year was channeled into energy-saving initiatives that include not only technology upgrades but also process redesigns and system optimisation.

### Energy efficiency training provided to employees to raise awareness of energy consumption reduction

Under our Environmental, Health & Safety (EHS) program, we provide awareness and training programs for employees at all levels of operations, covering modules on energy conservation and efficiency.

## Energy Consumption<sup>70</sup>

Sources of Energy Consumption	Units	FY 2021 -22	FY 2022 -23	FY 2023 -24	FY 2024 -25
Electricity – Rooftop Solar and PPAs	Gigajoules	2,792	4,034	4,791	4,434
Fuel Consumption – Bio-Briquettes	Gigajoules	1,30,728	1,26,923	1,11,860	2,03,911
<b>Total Renewable Energy Consumption</b>	<b>Gigajoules</b>	<b>1,33,520</b>	<b>1,30,957</b>	<b>1,16,651</b>	<b>2,08,345</b>
Electricity Consumption – Purchased Grid Electricity	Gigajoules	4,11,910	3,90,238	3,45,509	3,72,529
Fuel Consumption (HSD, LDO, FO, Coal, Petrol, CNG, LPG)	Gigajoules	2,41,783	1,80,294	2,06,328	3,90,489
Energy Consumption through  other sources (GJ)	Gigajoules	1,10,209	93,815	1,41,657	0
<b>Total Energy Consumption from non-renewable sources</b>	<b>Gigajoules</b>	<b>7,63,902</b>	<b>6,64,347</b>	<b>6,93,494</b>	<b>7,63,017</b>
<b>Total Energy Consumption</b>	<b>Gigajoules</b>	<b>8,97,422</b>	<b>7,95,304</b>	<b>8,10,145</b>	<b>9,71,362</b>
Energy intensity per turnover	Gigajoules / million ₹ INR	10.16	8.78	8.31	9.21
Energy Intensity in terms of physical output	Gigajoules/ MT of product generated	-	17.07	17.08	16.10

<sup>70</sup>GRI 103-2 Energy consumption and self-generation within the organization, GRI 103-4 Energy intensity GRI 103-5 Reduction in energy consumption

<sup>68</sup>DJSI CSA 2.2.2 Energy Management Programs

<sup>69</sup>GRI 103 Energy Policies and Commitments



# Plant wise Energy Savings Initiatives

## Energy Saving Initiatives

### Sikkim

- Installed Variable Frequency Drive (VFD) for power saving
- Installed high efficiency and minimum purge loss air dryer
- Installed motion sensor lights in different areas
- Increased the relative humidity (RH) to save steam
- Installed LED lights for power saving
- Installed automated timer-based streetlights & air curtains
- Used Biomass fuel for steam generation in Sikkim plant, thus avoiding non-renewable fuels and continuing the utilisation of already adopted alternate sources of energy

### Ankleshwar

- Installed LED lights for power saving

### Mandva

- Installed Variable Frequency Drive (VFD) for power saving
- Optimisation and monitoring of chiller set point on daily basis to reduce energy consumption
- Installed high efficiency and minimum purge loss air dryer
- Setting optimum frequency of DX Coil of Air Handling Unit's (AHU)

### Taloja

- Optimisation and monitoring of chiller set point on daily basis to reduce energy consumption
- Installed motion sensor lights in different areas
- Setting optimum frequency of DX Coil of Air Handling Unit's (AHU)

### Daman

- Installed Variable Frequency Drive (VFD) for power saving
- Installed chiller of 500 TR each to save energy by avoiding the running of 1000 TR chiller during low load requirement
- Setting optimum frequency of DX Coil of Air Handling Unit's (AHU)
- Installed automated timer-based streetlights & air curtains

### Baddi

- Installed secondary pumps



## Future Plans

We are actively implementing new energy-efficient interventions while pursuing a long-term shift towards renewable and cleaner energy sources.

As of FY 2024–25, 21% of our total energy requirement was met through renewable sources, including energy generated from bio-briquette feedstocks used in boilers and solar rooftop installations. Looking ahead, we have set an ambition to increase this share to 40–45% by FY 2032–33.

### Our transition pathway includes a phased approach:

#### Short-term:

Procuring green electricity through a combination of long-term bilateral Power Purchase Agreements (PPAs), short-term PPAs via the Power Exchange, and green energy tariffs offered by state DISCOMs. During late FY 25, we have invested 19.5 million INR in equity for solar power through open access for our R&D facility located at Taloja and our biosimilar subsidiary – Enzene Biosciences Limited.

#### Medium to long-term:

Shifting towards greener fuels, including Compressed Biogas (CBG) blended with High-Speed Diesel, enabled through dual fuel conversion kits in diesel generators. We also plan to transition to low Global Warming Potential (GWP) refrigerants, further reducing our climate footprint.

# Climate Strategy

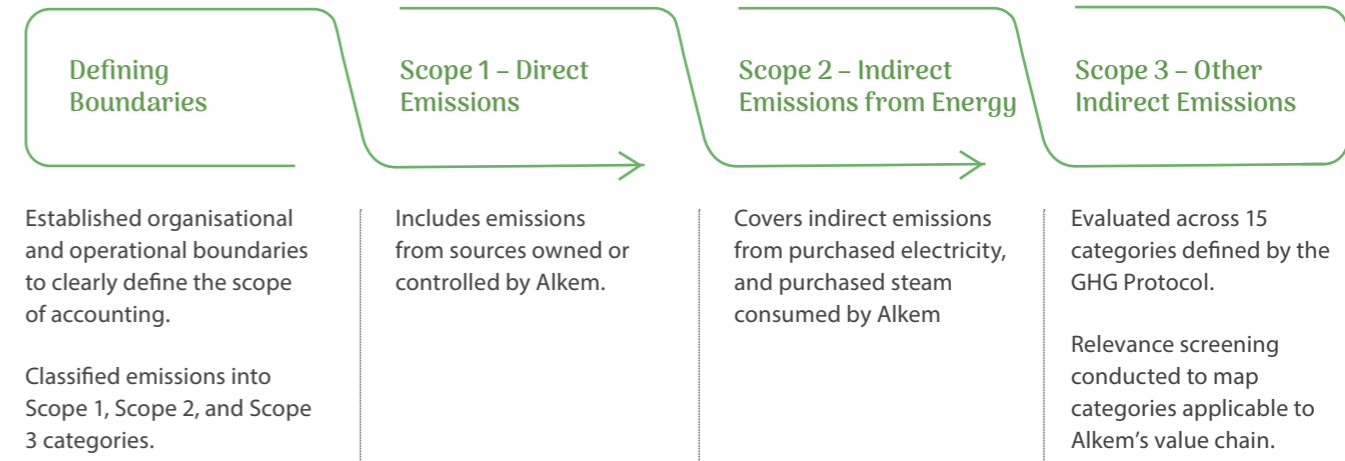
**15%** reduction in GHG emissions (Scope 1 & Scope 2) per tonne of product from previous year

**Targets**  
To reduce Scope 1 and 2 GHG emissions by 42% by FY33 from base year FY23

At Alkem, we recognise that climate change is one of the most pressing challenges of our time, with direct implications for business continuity, operational stability, and long-term growth. Guided by our Sustainability Policy, which is aligned with both national and international climate goals, we have embedded climate action as a core pillar of our ESG strategy.

## Operational GHG Emissions

At Alkem, we report on our Scope 1 and Scope 2 GHG emissions from our manufacturing units, and upstream and downstream Scope 3 GHG emissions from our value chain.



Our approach focuses on identifying, assessing, and mitigating climate-related risks while fostering resilience across our operations and value chain. We have set a clear target to reduce operational GHG emissions (Scope 1 and 2) by 42% by FY 2032-33 from our FY 2022-23 baseline, reflecting our commitment to transitioning towards a low-carbon future.

We projected our emissions under a Business-as-Usual (BAU) scenario and developed a facility-level decarbonisation roadmap based on techno-commercial assessments of feasible interventions. Additionally, we have carried out detailed analysis of Scope 1 and 2 emissions and inventoried Scope 3 emissions across our upstream and downstream activities for identifying high-level mitigation levers for our broader value chain.

### Scope 1 and 2 GHG emissions and emissions intensity<sup>71 72 73 74 75</sup>

	Units	FY 2021 -22	FY 2022 -23	FY 2023 -24	FY 2024 -25
Total direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	20,621	15,773	19,249	33,018
Total Indirect Greenhouse Gas Emissions (Scope 2) (Location-based)	tCO <sub>2</sub> e	94,284	78,502	82,319	76,079
Total Indirect Greenhouse Gas Emissions (Scope 2) (Market-based)	tCO <sub>2</sub> e	94,284	78,502	82,319	76,079
Total Scope 1 and 2 GHG Emissions	tCO <sub>2</sub> e	1,14,905	94,275	1,01,568	1,09,097
Total Scope 1 and 2 GHG Emissions Intensity per rupee on turnover	tCO <sub>2</sub> e/million INR	1.30	1.04	1.04	1.03
Total Scope 1 and 2 GHG Emissions Intensity per physical output	tCO <sub>2</sub> e/MT of product	-	2.02	2.14	1.81
Total Indirect Greenhouse Gas Emissions (Scope 3)	tCO <sub>2</sub> e	-	-	3,65,176	5,72,936

### Scope 3 GHG emissions and emissions intensity<sup>76 77 78</sup>

Categories	Activity	Units	Emissions
Category 1	Purchased Goods and Services	tCO <sub>2</sub> e	3,17,239.75
Category 2	Capital Goods	tCO <sub>2</sub> e	14,054.43
Category 3	Fuel- and Energy-Related Activities	tCO <sub>2</sub> e	27,873.52
Category 4	Upstream Transport and Distribution (Inbound and outbound)	tCO <sub>2</sub> e	1,92,305.55
Category 5	Waste Generated in Operations	tCO <sub>2</sub> e	3,181.83
Category 6	Business Travel	tCO <sub>2</sub> e	5,967.74
Category 7	Employee Commuting	tCO <sub>2</sub> e	1,713.53
Category 8	Upstream Leased Assets	tCO <sub>2</sub> e	NA
Category 9	Downstream Transport and Distribution	tCO <sub>2</sub> e	NA*
Category 10	Processing Sold Products	tCO <sub>2</sub> e	519.99
Category 11	Use of Sold Products	tCO <sub>2</sub> e	NA
Category 12	End-of-Life Treatment of Sold Products	tCO <sub>2</sub> e	10,079.29
Category 13	Downstream Leased Assets	tCO <sub>2</sub> e	NA
Category 14	Franchises	tCO <sub>2</sub> e	NA
Category 15	Investments	tCO <sub>2</sub> e	-

\*As per the GHG Protocol, "Outbound transportation and distribution services that are purchased by the reporting company are excluded from category 9 and included in category 4 (Upstream transportation and distribution)"

<sup>71</sup>GRI 102-8 GHG emissions intensity

<sup>72</sup>GRI 102-6 Scope 2 GHG emissions

<sup>73</sup>GRI 102-5 Scope 1 GHG emissions

<sup>74</sup>DJSI CSA 2.5.1 Direct Greenhouse Gas Emissions (Scope 1)

<sup>75</sup>DJSI CSA 2.5.2 Indirect Greenhouse Gas Emissions (Scope 2)

<sup>76</sup>GRI 102-8 GHG emissions intensity

<sup>77</sup>GRI 102-7 Scope 3 GHG emissions

<sup>78</sup>DJSI CSA 2.5.3 Indirect Greenhouse Gas Emissions (Scope 3)

### Climate Governance<sup>79</sup>

We recognise that effective governance is critical to driving our climate and sustainability agenda. Oversight of climate-related issues is embedded at both the Board and Management levels, ensuring that our strategic priorities align long-term environmental stewardship and business resilience.

### Board Oversight

The Corporate Social Responsibility and Sustainability Committee of the Board provides board-level oversight of climate-related issues, sustainability priorities, and ESG performance. Climate and sustainability matters are presented to the Committee and the Board twice a year, with updates provided more frequently as required by business development and regulatory expectations.

### Management Responsibility

At the executive level, the Corporate Head – EHS and Sustainability holds ultimate responsibility for the implementation of business responsibility and sustainability policies, including climate-related initiatives.

The management team ensures that climate issues are integrated into our Enterprise Risk Management (ERM) framework, enabling proactive identification and mitigation of climate risks and opportunities. A cross-functional sustainability working group supports implementation across our operations, ensuring accountability and progress toward defined ESG targets.

### Integration into Business Strategy

Climate-related risks and opportunities are integrated into Alkem's strategic decision-making. Our governance framework supports progress toward key commitments, including:

42% reduction in Scope 1 & 2 GHG emissions by FY 2032-33 (from FY 2022-23 baseline).

Water neutrality by FY 2029-30 and Zero Waste to Landfill by FY 2025-26.

Successfully integrated ESG and climate-related risks into the ERM framework in FY 24.

### Climate Strategy

Alkem recognises both the risks and opportunities arising from climate change across different time horizons. For short-term related risks, the Company faces operational challenges from extreme weather events, rising energy costs, and evolving compliance requirements, while also benefiting from efficiency gains through energy and water conservation. Over the medium term, stricter emission and waste regulations present transition risks, but they also create opportunities to scale renewable energy adoption, achieve water neutrality, and implement circular waste practices. In the long term, systemic climate and regulatory shifts could impact operations and competitiveness, but Alkem's proactive sustainability measures strengthen its reputation, investor confidence, and long-term growth prospects. Climate-related risks and opportunities are integrated into the Company's strategy

and financial planning. The potential impacts on manufacturing, supply chains, and resource costs are addressed through a clear sustainability roadmap, which includes a 42% reduction in Scope 1 and 2 emissions by FY 33, water neutrality by FY 30, and zero waste to landfill by FY 26. Investments in renewable energy, resource efficiency, and sustainable infrastructure are prioritised to enhance resilience and deliver operational savings.

By embedding climate considerations into its Enterprise Risk Management framework, supported by Board oversight and ISO-certified processes, the Company ensures preparedness for both physical and transition risks. Its decarbonisation initiatives, resource circularity goals, and supply chain risk management position Alkem to remain competitive and aligned with the transition to a low-carbon economy.

### Climate Risk Management<sup>80</sup>

At Alkem, we recognise climate change as a material business risk and a driver of long-term resilience. Our approach to climate risk management is integrated into our company-wide, multi-disciplinary Enterprise Risk Management (ERM) framework, which systematically considers climate-related risks and opportunities alongside financial, operational, and strategic risks. This ensures that climate considerations are embedded into strategic planning, investment decisions, and day-to-day operations.

<sup>79</sup>DJSI CSA 2.5.4 Climate Governance

<sup>80</sup>DJSI CSA 2.5.7 Climate Risk Management

In addition, Alkem has developed a dedicated climate change risk management process, which enables us to assess, monitor, and respond to climate-related risks and opportunities distinctly from other business risks. This process provides deeper insights into the potential impacts of climate change and helps us build mitigation and adaptation strategies across our operations and value chain. Our climate risk assessments are comprehensive and extend across our own operations, including direct manufacturing and business operations located in India.

### Types of Climate-Related Risks Considered

Our climate risk assessment covers a broad spectrum of risk categories, including:

- ♦ **Current regulation:** Compliance with existing emission, waste, and energy standards.
- ♦ **Emerging regulation:** Anticipated policy changes, such as carbon pricing and stricter emission norms.
- ♦ **Technology risk:** The need for investments in low-carbon and energy-efficient technologies.
- ♦ **Legal risk:** Exposure to potential litigation linked to environmental performance.
- ♦ **Market risk:** Evolving customer expectations and investor focus on sustainable practices.
- ♦ **Reputational risk:** Brand impact arising from inadequate climate action or ESG performance.
- ♦ **Acute physical risks:** Extreme weather events disrupting operations or supply chains.
- ♦ **Chronic physical risks:** Long-term changes such as shifting rainfall patterns, rising temperatures, and water scarcity.

### Time Horizons Considered

Climate risks are assessed across multiple time horizons to ensure resilience and preparedness:

- ♦ **Short-term (1–3 years):** Compliance with regulatory requirements, energy efficiency initiatives, and operational disruptions from extreme weather events.
- ♦ **Medium-term (3–7 years):** Transition risks from policy changes, technological advancements, and market expectations.
- ♦ **Long-term (7–15 years):** Strategic impacts from chronic climate shifts, water scarcity, and long-term carbon transition pathways.

### Physical Climate Risk Adaptation<sup>81</sup>

**Risk Assessment:** Alkem has conducted a climate risk assessment under its Enterprise Risk Management (ERM) framework and identified location-specific physical climate risks, across multiple operational sites. Alkem has a context-specific plan to adapt to physical climate risks in its existing operations. The Company has conducted a detailed physical risk assessment of its major manufacturing sites (Sikkim, Baddi, Daman, Mandva, and Ankleshwar). This analysis considered multiple acute and chronic hazards, including floods, landslides, cyclones, droughts, and temperature rise, using global and national climate databases (ThinkHazard, SAPCC, Aqueduct, World Bank Knowledge Portal, and CEEW's Climate Vulnerability Index). The assessment measured disruption impacts on financials, assets, and workforce, and assigned site-specific risk scores.

**Adaptation Plan:** For each identified risk, Alkem has prepared a site-specific adaptation and response plan, structured around Reduce & Prevent, Prepare & Respond, and Restore & Recover. These include climate-proofing of infrastructure, alternate power and water supply arrangements, rainwater harvesting, water recycling, resilient storage and logistics planning, workforce safety provisions, early warning systems, and recovery protocols.

**Governance:** A Board-level Risk Committee and on-site action groups (Plant Head, HR, EHS, Engineering, Security, Supply Chain, IT) oversee implementation. The plan is tested through regular drills, simulations, and annual reviews, ensuring readiness and continuous improvement.

**Coverage:** The current plan covers 100% of Alkem's existing operations, which collectively represent nearly the entire revenue base. The Company currently has no new operations planned, and hence adaptation planning applies to the full existing portfolio.

**Timelines:** Adaptation measures are already being rolled out, with implementation targets within the next five years for key risks such as flooding, drought, and cyclones.



### Risk - Floods

Exposed sites  
Sikkim, Baddi, Daman

### Risk Description

Heavy rainfall and storm surges can damage infrastructure, disrupt supply chains, and pose safety risks to employees.

### Adaptation Plan (Reduce & Prevent)

- ♦ Climate-proofing of buildings & infrastructure
- ♦ Waterproof barriers around substations
- ♦ Alternate water/power supply arrangements
- ♦ Rainwater harvesting & drainage upgrades

### Mitigation Plan (Prepare, Respond, Restore & Recover)

- ♦ Early warning systems
- ♦ Evacuation & workforce safety protocols
- ♦ Alternate transport routes & supplier tie-ups
- ♦ Post-flood phased restart & damage assessment

### Timelines

< 5 years



### Risk - Landslides

Exposed sites  
Sikkim, Baddi

### Risk Description

Landslides can block access routes, damage infrastructure, and create safety hazards for the workforce.

### Adaptation Plan (Reduce & Prevent)

- ♦ Geotechnical studies & slope stabilisation (retaining walls, terracing, drainage)
- ♦ Alternate access routes mapped
- ♦ Relocation of critical machinery to stable ground

### Mitigation Plan (Prepare, Respond, Restore & Recover)

- ♦ Evacuation & communication drills
- ♦ Temporary staff housing/transport
- ♦ Road clearance & collaboration with local authorities
- ♦ Long-term reforestation around slopes

### Timelines

5-10 years

<sup>81</sup>DJSI CSA 2.5.11 Physical Climate Risk Adaptation



### Risk - Cyclones/High Wind Events

**Exposed Sites**  
Daman, Mandva, Ankleshwar

#### Risk Description

Strong winds and heavy rainfall can cause infrastructure damage, power outages, and supply chain disruptions.

#### Adaptation Plan (Reduce & Prevent)

- Strengthening building structures
- Backup DG sets & UPS systems
- Secured hazardous material storage
- Renewable energy for resilience

#### Mitigation Plan (Prepare, Respond, Restore & Recover)

- Evacuation protocols
- Safe shutdown of sensitive operations
- Insurance coverage & emergency resource allocation
- Employee & community relief support

#### Timelines

< 5 years



### Risk - Drought/Water Stress Exposed Sites

Baddi, Daman, Ankleshwar, Mandva

#### Risk Description

Reduced water availability can disrupt production, increase operational costs, and affect product quality.

#### Adaptation Plan (Reduce & Prevent)

- Water audits, rainwater harvesting, storage tanks
- Advanced recycling/reuse (ETPs, ZLD)
- Alternate vendor tie-ups for emergency supply

#### Mitigation Plan (Prepare, Respond, Restore & Recover)

- Demand-side water management in production/utilities
- Prioritisation of low-water-intensity products
- Emergency supply chain & government liaison

#### Timelines

< 5 years



### Risk - Rise in Temperature/Heatwaves Exposed Sites

All Sites

#### Risk Description

Higher average temperatures increase energy demand for cooling, affect workforce comfort, and raise equipment maintenance costs.

#### Adaptation Plan (Reduce & Prevent)

- Energy-efficient HVAC & green retrofits
- Heat-resistant roofing & smart cooling systems
- Enhanced equipment maintenance for heat resilience

#### Mitigation Plan (Prepare, Respond, Restore & Recover)

- Workforce welfare (coolers, protective gear)
- Shift adjustments in extreme heat
- Continuous monitoring of energy/water use
- Insurance & contingency budgeting

#### Timelines

5-10 years



For new operations, climate risk considerations are embedded in the site selection process. The ERM specifically notes the evaluation of a new plant, with timelines established for site selection and planning. This ensures that new capacity is developed with resilience to physical climate hazards in mind.

### Energy Efficiency and Decarbonisation Roadmap

Alkem is focusing on enhancing energy efficiency through the installation of smart metering systems at high-energy-consuming blocks and equipment. These systems will enable real-time monitoring of load patterns and equipment performance, helping us optimise consumption. This initiative complements our ongoing program of regular energy audits and the adoption of energy-efficient infrastructure across facilities.

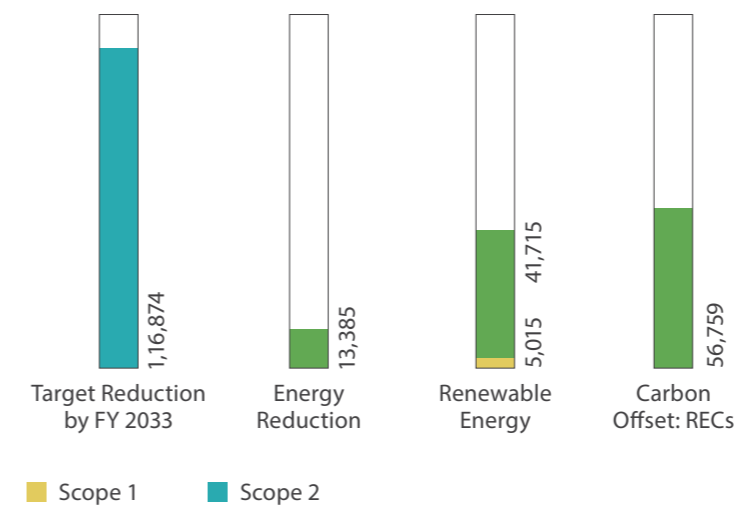
Through these measures, we anticipate limiting our energy requirement to 12.1 lakh GJ by FY 2032–33, compared to a business-as-usual (BAU) projection of 13.1 lakh GJ, representing a 9% reduction. In emission terms, these initiatives are expected to deliver 10–15% of our decarbonisation target for FY 2032–33.

A strong emphasis is placed on transitioning to renewable energy to achieve a low-carbon future. Currently, 21% of our total energy requirement is met through renewable sources, and we have set a goal to increase this share to 40–45% by FY 2032–33. This shift will contribute significantly to our decarbonisation pathway, accounting for 40–45% of our FY 2032–33 decarbonisation target.

To address residual Scope 2 emissions, we plan to procure Renewable Energy Certificates (RECs) from the Indian Energy Exchange (IEX). This will serve as a transitional measure for facilities where Green Energy Open Access provisions are yet to be implemented. RECs are expected to cover an additional 40–50% of our decarbonisation target<sup>82</sup>.

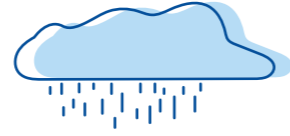
Our decarbonisation roadmap incorporates these strategies while factoring in the current carbon intensity of India's power grid (0.716 kg CO<sub>2</sub>e/kWh). We will continue to track national grid developments and adjust our roadmap as carbon intensity levels evolve, ensuring our targets remain both ambitious and achievable.

### Forecasted Decarbonisation Roadmap for FY 2032-33 (tCO<sub>2</sub>e)



<sup>82</sup>DJSI CSA 2.5.12 Emission Reduction Targets

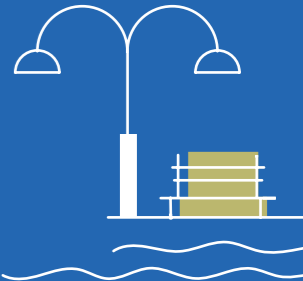
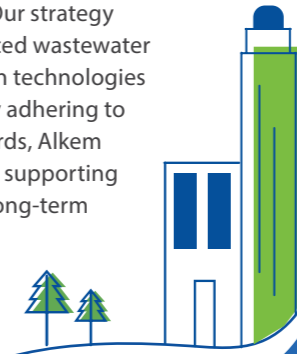
# Air Emissions<sup>83</sup>



Through our pollution control measures and compliance with environmental standards, we have achieved a consistent reduction in the emission of air pollutants such as nitrogen oxides, Sulphur compounds, and particulate matter, among others.

	Units	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Oxides of Nitrogen	MT	196.57	86	40	40
Oxides of Sulphur	MT	195.73	85	57	35
Particulate Matter (PM)	MT	214.84	117	82	89

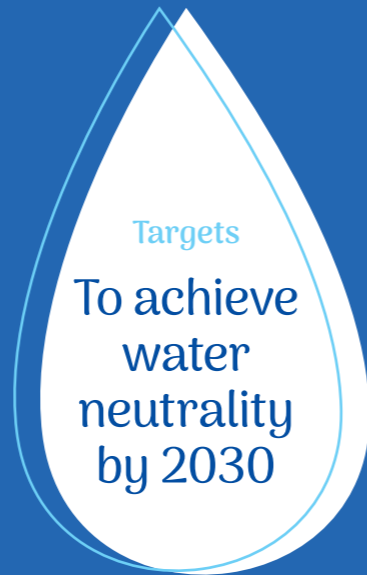
At Alkem, we recognise water as a precious natural resource and a cornerstone of sustainable growth. We are dedicated to responsible water stewardship by optimising consumption, reducing reliance on freshwater sources, and maximising recycling and reuse across our operations. Our strategy emphasises efficient process design, advanced wastewater treatment, and the adoption of conservation technologies to significantly lower our water footprint. By adhering to global best practices and regulatory standards, Alkem is committed to protecting water resources, supporting surrounding communities, and advancing long-term environmental sustainability.



# Water Management

## Highlights

**19%** reduction in water consumption per ton of product generated from previous year



## Water Efficiency Management Programs<sup>84</sup>

### Water Use Assessments

At Alkem, we recognise that water is a critical shared resource and a key enabler of long-term business sustainability. We have adopted a comprehensive water efficiency management framework that integrates monitoring, conservation, treatment, recycling, and awareness initiatives across our operations. To identify opportunities for improvement, we conduct periodic water audits and assessments to map water withdrawal patterns and guide efficiency measures.

### Actions to Reduce Water Consumption

During FY 2024–25, we implemented multiple initiatives to optimise freshwater use, including the adoption of water-efficient technologies, process optimisation measures, operational audits, rainwater harvesting, and effluent treatment systems are installed at all manufacturing sites.

### Actions to Improve Wastewater Quality

All manufacturing sites are equipped with Effluent Treatment Plants (ETPs) to ensure wastewater is treated to prescribed standards before reuse or discharge. In addition, Zero Liquid Discharge (ZLD) systems are operational at approximately 38% of our facilities – manufacturing sites and R&D facilities, helping eliminate untreated discharge and further reducing our environmental footprint.

### Establishment of Targets to Reduce Water Use

Alkem has set a long-term ambition to achieve water neutrality by FY 30. To support this commitment, a Water Neutrality Strategy was initiated in FY 2024–25. The strategy includes setting site-level water reduction targets, strengthening water stewardship partnerships, increasing the share of recycled water in total consumption and community-based water recharge and harvesting projects.

### Application of Water Recycling

We are committed to closing the loop on water use through recycling and reuse and adhering to robust water recycling protocols and continue to focus on reducing its freshwater dependency. In FY 2024–25, we achieved a 19% reduction in freshwater consumption intensity (KL per tonne of product generated) compared to the previous year, underscoring our commitment to efficient and responsible water management.

Awareness training provided to employees on water efficiency management programs to embed water-conscious behaviour across the organisation, we conducted employee training programs and awareness campaigns during the year.

<sup>83</sup>GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

<sup>84</sup>DJSI CSA 2.4.1 Water Efficiency Management Programs



## Water Withdrawal, Consumption and Discharge<sup>85-88</sup>

In FY 2024–25, we achieved a reduction in water intensity by 4.75% per unit of revenue and 18.93% per unit of production compared to the previous year, reflecting our continued efforts toward responsible and efficient water management.

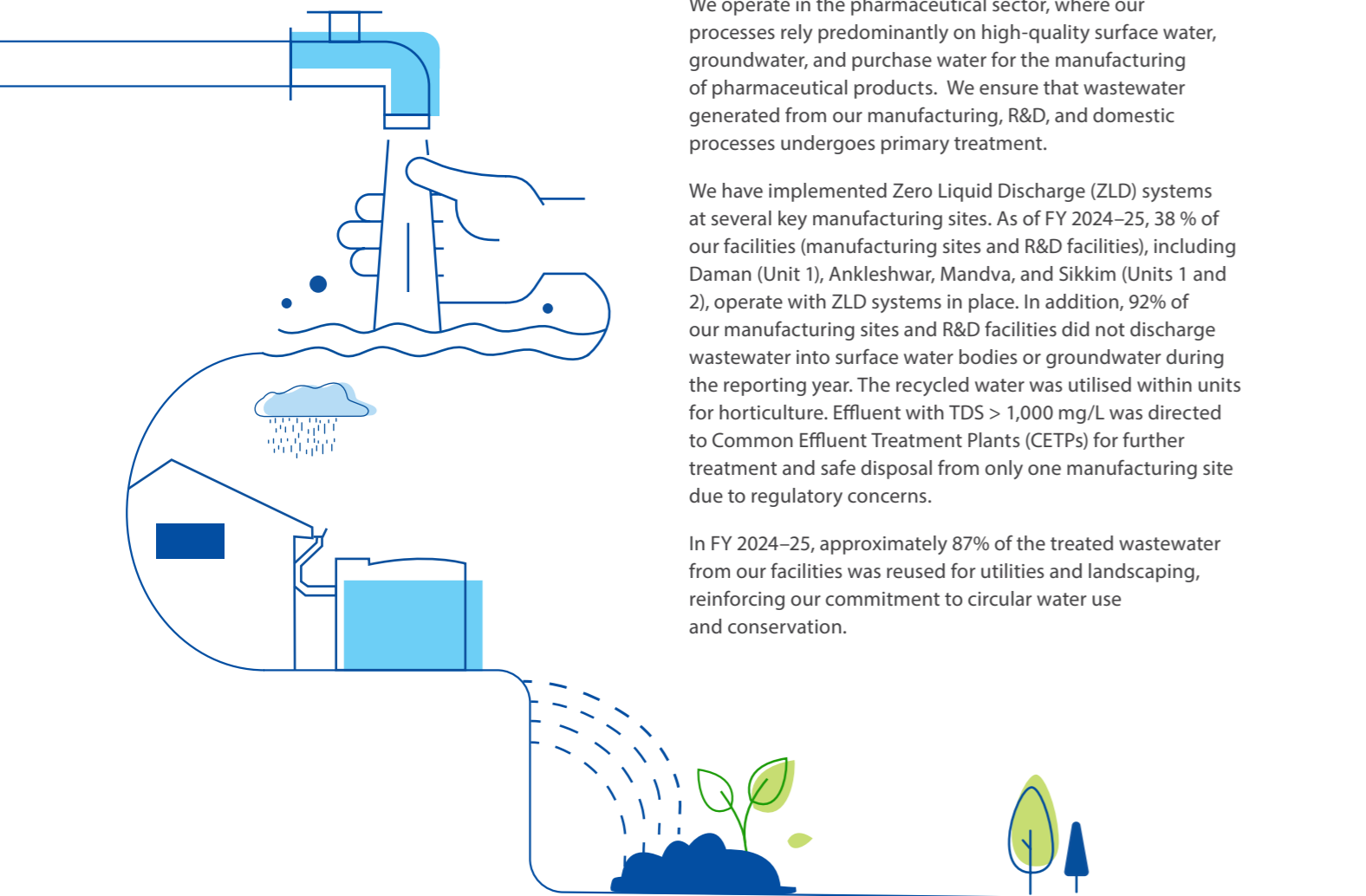
	Units	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Water withdrawal	Kilolitres	7,72,078	7,68,756	6,83,686	6,84,761
Water consumption	Kilolitres	7,17,875	7,08,953	6,36,784	6,56,441
Water discharge	Kilolitres	54,203	59,803	46,902	28,320
Water consumption intensity per revenue	Kilolitres/million INR of Turnover	6.7	7.8	6.53	6.22
Water consumption intensity per production	Kilolitres/MT of Product	-	-	13.42	10.88

### Water Discharge<sup>89</sup>

We operate in the pharmaceutical sector, where our processes rely predominantly on high-quality surface water, groundwater, and purchase water for the manufacturing of pharmaceutical products. We ensure that wastewater generated from our manufacturing, R&D, and domestic processes undergoes primary treatment.

We have implemented Zero Liquid Discharge (ZLD) systems at several key manufacturing sites. As of FY 2024–25, 38 % of our facilities (manufacturing sites and R&D facilities), including Daman (Unit 1), Ankleshwar, Mandva, and Sikkim (Units 1 and 2), operate with ZLD systems in place. In addition, 92% of our manufacturing sites and R&D facilities did not discharge wastewater into surface water bodies or groundwater during the reporting year. The recycled water was utilised within units for horticulture. Effluent with TDS > 1,000 mg/L was directed to Common Effluent Treatment Plants (CETPs) for further treatment and safe disposal from only one manufacturing site due to regulatory concerns.

In FY 2024–25, approximately 87% of the treated wastewater from our facilities was reused for utilities and landscaping, reinforcing our commitment to circular water use and conservation.



## Water related interventions

Focus Area	Water Saving Initiatives
Zero Liquid Discharge (ZLD)	Recognising the importance of preventing water pollution and maximising reuse, Alkem has implemented Zero Liquid Discharge systems in 38% of its manufacturing units and R&D facilities. These include facilities at Daman (Unit 1), Ankleshwar, Mandva, and Sikkim (Units 1 and 2). All sites are also equipped with Effluent Treatment Plants (ETPs) to ensure that wastewater is treated to the highest standards before reuse or safe discharge. This initiative significantly reduces the Company's environmental footprint while contributing to regulatory compliance.
Wastewater Reuse	The Company has made substantial progress in circular water use by reusing nearly 87% of treated wastewater for purposes such as utilities and landscaping. This reduces reliance on freshwater sources, conserves natural ecosystems, and supports resilience in operations located in water-scarce regions. The freshwater consumption intensity (per tonne of product) has decreased by 19% from the previous year.
Rainwater Harvesting @ Conservation Infrastructure	To strengthen water resilience, Alkem has invested in rainwater harvesting infrastructure, with roof-top systems operational at its Mandva facility. The Company is also adopting advanced treatment technologies such as Reverse Osmosis and Ultra-filtration to reduce freshwater dependency and optimise internal water use. These measures directly support the Company's broader goal of achieving water neutrality.
Focus on Water-Stressed Locations	At these facilities, the Company has introduced targeted interventions to reduce freshwater withdrawal and maximise reuse. Site-specific data on water withdrawal, consumption, and discharge is reported separately, ensuring transparency and accountability in sustainability disclosures.
Community and Watershed Projects	Alkem is exploring watershed management and community water replenishment projects. These initiatives aim to improve catchment health, recharge groundwater, and provide co-benefits for local communities, thereby strengthening Alkem's social license to operate.

### Future Plans

We have developed a comprehensive water neutrality strategy to minimise our overall water footprint and advance our long-term sustainability commitments. As part of this initiative, capacity-building workshops were conducted at major manufacturing sites to strengthen the understanding of freshwater accounting and water management among key personnel.

To reduce operational water consumption, we are preparing to implement demand-side management programs aimed at improving efficiency across production processes, utilities such as boilers and cooling towers, as well as non-production areas like canteens and washrooms. In parallel, we are exploring advanced technologies and alternative water sources to further reduce freshwater dependency.

Following the optimisation of internal water use, we plan to address the residual footprint through community-based watershed management programs, reinforcing our commitment to responsible water stewardship and creating positive environmental and social impact in the regions where we operate.



<sup>85</sup>GRI 303-3 Water withdrawal

<sup>86</sup> GRI 303-4 Water discharge

<sup>87</sup>DJSI CSA 2.4.2 Water Consumption

<sup>88</sup>GRI 303-5 Water consumption

<sup>89</sup>GRI 303-2 Management of water discharge related impact

# Waste Management

## Highlights

**18%**

reduction in waste generation per tonne of product from the previous year

### Targets

To ensure more than 90% reuse/recycling of non-hazardous waste

At Alkem, we recognise that responsible waste management is central to reducing our environmental footprint and supporting a circular economy. We are guided by our commitment to sustainability, we follow a structured approach to minimise waste generation at source, enhance segregation practices, and maximise opportunities for recycling and safe disposal. Our processes are aligned with regulatory requirements and industry best practices, ensuring that hazardous and non-hazardous waste is managed with the highest standards of safety and environmental stewardship. We strive to convert waste challenges into opportunities for resource efficiency and long-term ecological balance through continuous monitoring, awareness, and innovation.

The hazardous waste generated at our manufacturing facilities primarily includes expired products, specific off-products, chemical sludge, biomedical waste, electronic waste, and battery waste. Each of these streams is handled with strict adherence to regulatory protocols to ensure safe collection, storage, transportation, and disposal through authorised vendors. All the hazardous waste is treated prior to its safe disposal into landfill or neutralised through incineration.

The non-hazardous waste is categorised into metal scrap, food waste, wood and paper waste, plastic waste such as containers and packaging material, and glass waste. Considering the high-quality requirements of materials in the pharma sector, we do not reuse the recycled waste for any of our business operations<sup>90</sup>.

At Alkem, 100% of non-hazardous waste was effectively recycled or recovered, marking an early achievement of our ambitious goal of managing more than 90% non-hazardous waste by FY 2024-25.

<sup>90</sup>GRI 306-1 Waste Generation and Significant Waste-related impacts



## Waste Management Programs<sup>91</sup>



### Waste audits to identify opportunities for improving waste performance

At our manufacturing facilities, regular operational reviews and waste audits are conducted to identify opportunities for improving performance and enhancing material value recovery, thereby enabling us to reduce our overall waste footprint.



### Action plans to reduce waste generation

We have established comprehensive action plans across our value chain with a focus on effective waste segregation at source, routing waste to authorised recyclers or co-processing facilities, and minimising landfill disposal of both hazardous and non-hazardous waste.



### Quantified Targets to Minimise Waste

We have set clear, and measurable goals have been set to drive progress, including:

- ♦ Reusing or recycling more than 90% of non-hazardous waste by FY 25 and each year henceforth.

<sup>91</sup>DJSI CSA 2.3.1 Waste Management Programs



### Investment in Innovation & R&D to Minimise Waste

We continue to explore operational innovations and R&D investments that enable waste minimisation and promote circularity. We are also evaluating advanced technologies and new material streams for recovery to further reduce waste generation and improve efficiency across operations.



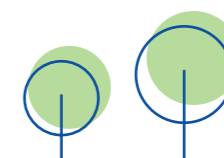
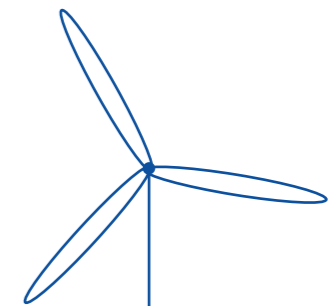
### Waste Reduction Training for Employees

Structured awareness and training programs are conducted across our sites to foster waste-conscious behaviours and build capabilities in waste minimisation, segregation, and recycling practices.



### Integration of Recycling Programs

Recycling programs are deeply integrated into our operations, covering a diverse range of waste streams, including plastics, glass, metals, paper, and food waste. These materials are repurposed or recycled through certified vendors, ensuring that the maximum possible value is extracted while minimising environmental impact. Additionally, the Company is subject to Extended Producer Responsibility (EPR) and has registered with the Central Pollution Control Board (CPCB) as a Brand Owner to manage the collection and recycling of plastic waste generated from product packaging.

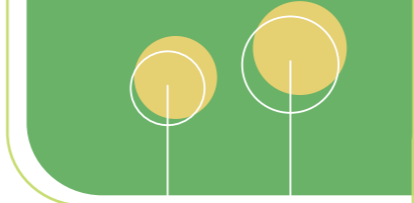




### Extended Producer Responsibility at Alkem

We continue to strictly adhere to all regulatory guidelines for waste disposal and consistently implement measures to minimise waste generated from our operations. We remain registered with the Central Pollution Control Board (CPCB) for the collection and recycling/disposal of plastic waste arising from the sale of medicines in line with Extended Producer Responsibility (EPR) requirements. A comprehensive waste management and collection plan has been developed and duly submitted to the respective Pollution Control Boards.

We are proactively addressing post-consumer plastic packaging waste generated from our sold products. We have partnered with a certified third-party agency to reclaim and recycle plastic waste in full compliance with government regulations. In FY 2024-25, we successfully recycled 3,961 MT of post-consumer plastic packaging waste, covering 100% of our domestically sold products. For international markets, plastic packaging is managed and disposed of responsibly in accordance with the applicable local norms and regulations.



### Waste Generation<sup>92</sup>

	Units	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total Waste Generated	MT	5,113	4,607	4,938	5,578
% Non- Hazardous Waste	%	87	85	85	83
% Hazardous Waste	%	13	15	15	17

### Non-Hazardous Waste Management<sup>92-a</sup>

	Units	FY 2023-24	FY 2024-25
Total waste recycled/reused	MT	4,189	4,675
Total waste disposed	MT	0	0
- Waste landfilled	MT	0	0
- Waste incinerated with energy recovery	MT	0	0
- Waste incinerated without energy recovery	MT	0	0
- Waste otherwise disposed, please specify:	MT	0	0
- Waste with unknown disposal method	MT	0	0

### Hazardous Waste Management<sup>92-b</sup>

	Units	FY 2023-24	FY 2024-25
Total waste recycled/reused	MT	0	0
Total waste disposed	MT	1,028	1,001
- Waste landfilled	MT	77	131
- Waste incinerated with energy recovery	MT	523	614
- Waste incinerated without energy recovery	MT	366	248
- Waste otherwise disposed, please specify:	MT	0	0
- Waste with unknown disposal method	MT	8	8

### Waste Intensity

	Units	FY 2022-23	FY 2023-24	FY 2024-25
Waste generation intensity per turnover	(MT/million INR)	0.05	0.05	0.05
Waste generation intensity in terms of physical output	(MT / MT of product generated)	0.10	0.11	0.09

<sup>92</sup>GRI 306-3 Waste generated

<sup>92-a</sup>GRI 306-4 Waste diverted from disposal, 306-5 Waste directed to disposal, DJSI CDA 2.3.2 Waste Disposal

<sup>92-b</sup>GRI 306-4 Waste diverted from disposal, 306-5 Waste directed to disposal, DJSI CSA 2.3.3 Hazardous waste

## Product Stewardship

Our approach to product stewardship ensures that every product is developed, manufactured and managed with responsibility towards people and the planet. We integrate environmental, health and safety considerations throughout the product life cycle, from research and formulation to distribution and end-of-life management. This holistic approach supports regulatory compliance, patient safety and our broader commitment to sustainable pharmaceutical innovation.

Our green chemistry initiatives are integral to our commitment to sustainable and responsible manufacturing. We focus on the entire life cycle of our products, emphasising the development and commercialisation of active pharmaceutical intermediates through environmentally conscious and economically viable processes.

Our R&D teams have developed cost-competitive and sustainable processes using biocatalyst-based asymmetric synthesis, significantly reducing waste generation associated with traditional chiral resolution methods. This approach eliminates the formation of undesired chiral isomers and minimises the use of hazardous solvents, aligning with green chemistry principles.

We prioritise reducing the use of toxic, hazardous, and flammable solvents, not only to lower environmental impact but also to enhance workplace safety. Multiple API intermediate processes have been optimised to incorporate solvent recycling systems, which reduce hazardous waste generation and improve process throughput.

Our adoption of telescopic synthesis strategies, facilitating in-situ chemical transformations, has led to reduced energy consumption, minimised intermediate handling, and overall process intensification.

As a standard practice, we utilise the Process Mass Intensity (PMI) metric to monitor and improve the material efficiency of our processes. This quantitative tool helps us drive continuous improvement in resource utilisation and waste minimisation.

### Product Design Criteria<sup>93</sup>

Aspects	Initiatives
Choice of raw materials or components that have a lower environmental footprint (e.g. reduced water/energy/material use, increase in renewable raw materials, reduction of hazardous substances and toxic materials)	We are evaluating alternative raw material suppliers for approximately 10 Key Starting Materials (KSMs)/ intermediates to eliminate/reduce the utilisation of hazardous Class I solvents, thus reduce the VOC emissions.

<sup>93</sup>DJSI CSA 2.7.1 Product Design Criteria



**Aspects**

Direct operations, production and manufacturing (e.g. reduction of emissions/energy/ water use/waste generation)

**Initiatives**

**Antipsychotic API**

Redesigned the manufacturing process with improved yield with in-situ conversion of crude material, well controlled genotoxic impurities, elimination of toxic solvent at manufacturing scale (acetonitrile), recycling the solvents and second crop in the process and removal of water use which indirectly reduce the effluent load.

Yield improvement: 15-20%  
Elimination of water:100%

**Antipsychotic API**

Modified the manufacturing process with reduction in flammable solvents (like n-heptane), with improved yield, recycling the solvents and reduction in water use.

Yield improvement: 15%  
Solvent Reduction: 50%

**Anti-depressant API**

Redesigned the manufacturing process with removal of hazardous reagents (sodium hydride) and chlorinated solvents, with improved yield, well-controlled level of nitrosamine impurities, recycling of solvents and reduction of water use.

Yield improvement: 5-10%  
Solvent Reduction: 100%

**Antiulcerative agent API –**

Modified the manufacturing process with significant reduction in solvent use and removal of flammable solvent (Di-isopropyl ether), with improved yield, and reduction of water use.

Yield improvement: 5-7%  
Solvent Reduction: 80%

**Antiepileptic API**

Modified the manufacturing process with elimination of solvents, reduction in water use, and introducing biocatalyst (enzymes) for the racemic compounds by resolution at intermediate stage. This resulted in improved yield compared with classical resolution process using chiral auxiliaries, where typically 50% of the desired isomer is obtained and the remaining 50% of the undesired isomer remains in the mother liquor.

Yield improvement: 40-50%  
Solvent Reduction: 80%  
Water reduction: 100%

**Antihypertensive API**

Modified the manufacturing process with improved yield and reduction in energy requirement for utility for maintaining the reaction temperature less than -10°C to 10°C, with overall reduction in time taken for process cycle.

Yield improvement: 10%

**Aspects**

Distribution, storage, and transportation (e.g. increased safety, packaging choice, or reduced environmental impact)

**Initiatives**

We focus on sustainable packaging design and responsible waste handling, including packaging rationalisation initiatives. We initiated the use of fiber drums for intermediate packaging and eliminated the use of trilaminate bags in the packaging of API to reduce the use of plastics.

**Aspects**

Use phase – operation and servicing/ maintenance (e.g. provides energy/water/ material savings, increased product durability)

**Initiatives**

**Antihypertensive API**

Modified the manufacturing process with improved yield and reduction in energy requirement for utility for maintaining the reaction temperature less than -10°C to 0–10°C, with overall reduction in time taken for process cycle.

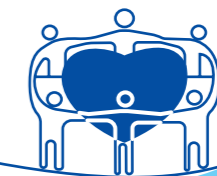
This resulted in elimination of use of dry ice with solvent (compressed CO<sub>2</sub> gas) required for chilling the reaction mass, lowering the energy requirement, thus reducing GHG emissions.

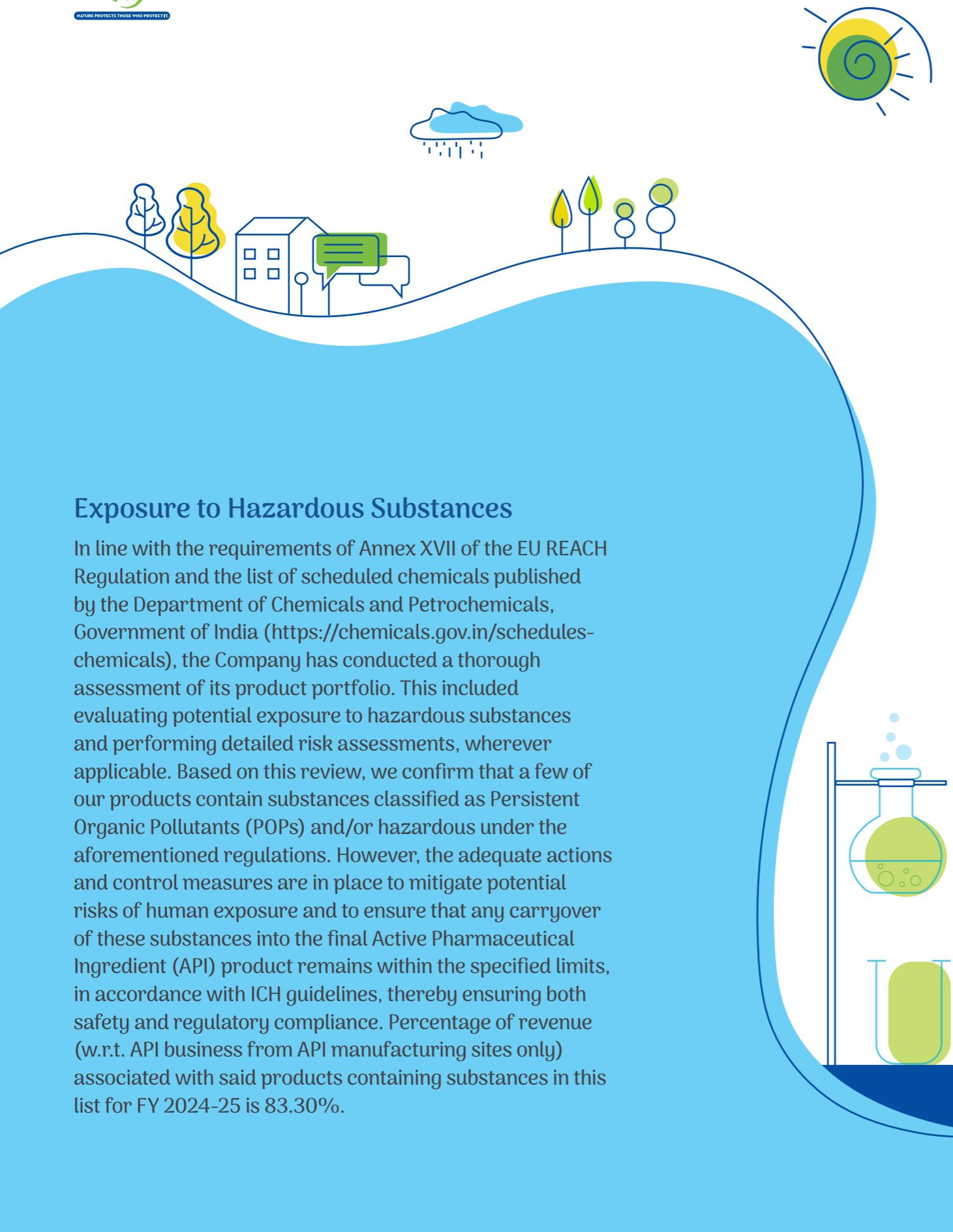
**Aspects**

End of life management (e.g. recovery, disposal, biodegradation)

**Initiatives**

Our post-consumer plastic packaging of domestic products is fully reclaimed and recycled through authorised recyclers.





## Exposure to Hazardous Substances

In line with the requirements of Annex XVII of the EU REACH Regulation and the list of scheduled chemicals published by the Department of Chemicals and Petrochemicals, Government of India (<https://chemicals.gov.in/schedules-chemicals>), the Company has conducted a thorough assessment of its product portfolio. This included evaluating potential exposure to hazardous substances and performing detailed risk assessments, wherever applicable. Based on this review, we confirm that a few of our products contain substances classified as Persistent Organic Pollutants (POPs) and/or hazardous under the aforementioned regulations. However, the adequate actions and control measures are in place to mitigate potential risks of human exposure and to ensure that any carryover of these substances into the final Active Pharmaceutical Ingredient (API) product remains within the specified limits, in accordance with ICH guidelines, thereby ensuring both safety and regulatory compliance. Percentage of revenue (w.r.t. API business from API manufacturing sites only) associated with said products containing substances in this list for FY 2024-25 is 83.30%.

## Anti-microbial Resistance (AMR)

We have recognised AMR as a major public health challenge, and we are actively working to address this issue through R&D, awareness practices and stewardship. Our product portfolio includes a wide range of antibiotics including beta-lactams. As AMR continues to rise globally, proactive pharmaceutical involvement is vital. Antibiotic stewardship is a key part of our approach.

We have initiated necessary actions to address the AMR risk in both key areas: operations and business.

### Operations – covers R&D facilities and Manufacturing sites

Our R&D division is exploring new antimicrobial agents. By investing in research, we aim to develop innovative solutions to tackle resistant infections. We use pharmacovigilance to monitor adverse drug reactions and resistance trends. While manufacturing these drugs, we ensure compliance with applicable regulations, good manufacturing practices (GMP) and safety. We are a member of PSCI, and this partnership amplifies the impact of collective action. For one of our antibiotics molecule, we have conducted AMR related gap assessment with globally acceptable AMR standards through an external expert agency – British Standards Institution (BSI). Appropriate actions have been initiated to address the identified gaps. With environmental stewardship being one of our focus areas, necessary steps have been initiated to address the risk of AMR associated with manufacturing waste. We have implemented waste management systems at manufacturing units to prevent the release of antibiotic residues into water bodies and landfills. This eco-conscious approach minimises the environmental contribution to AMR. Through strict governance, we also ensure prevention of overproduction and misuse of antibiotics.

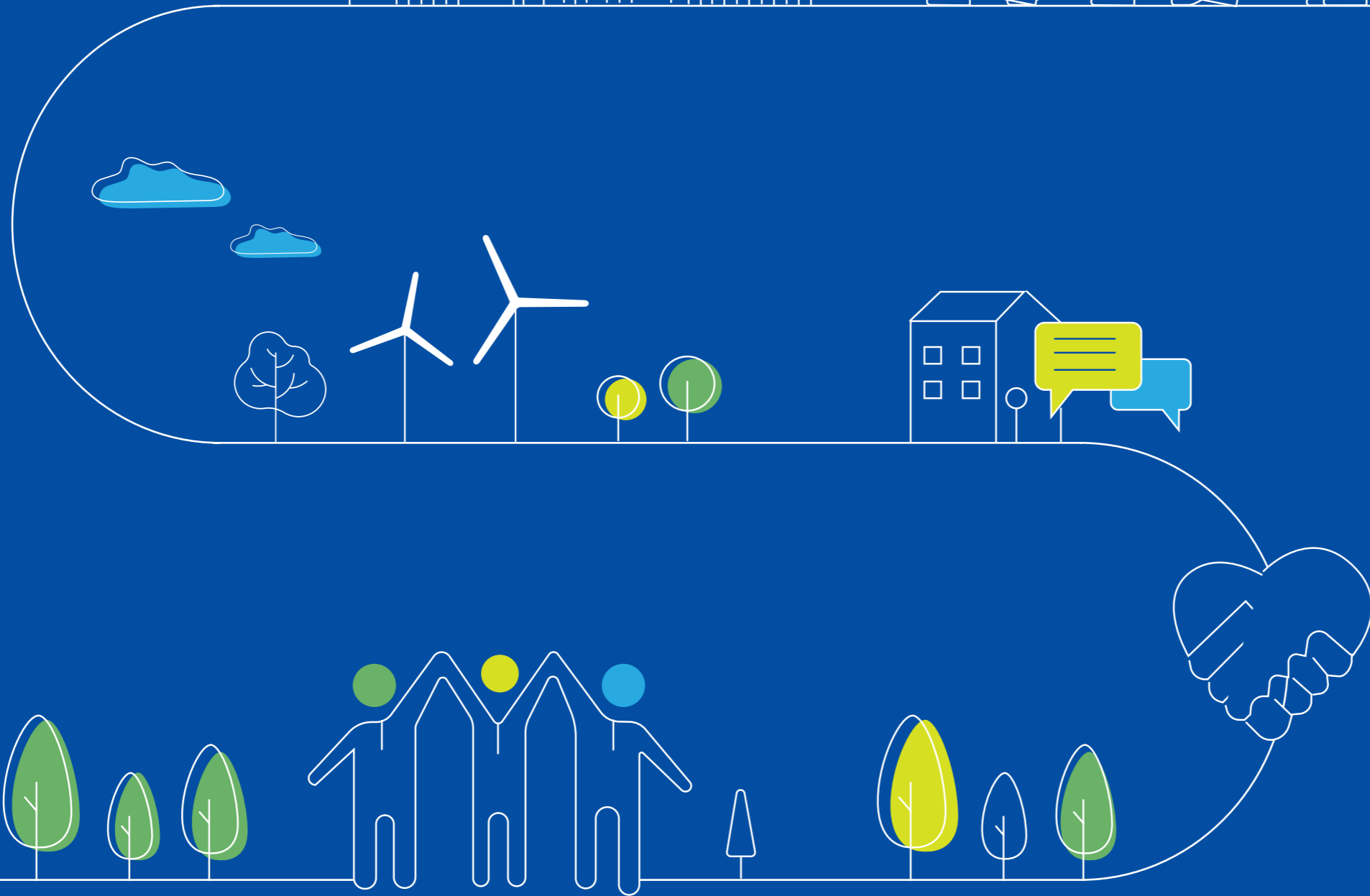
### Business – covers Marketing, Distribution, Sales & Uses

We partner with healthcare providers to promote rational antibiotic use and support guidelines that discourage over-prescription of antibiotics. We also conduct training sessions for physicians on AMR and associated best practices. These sessions help spread awareness about the dangers of misuse and overuse. We advocate prescription-only antibiotic sales in compliance with regulations and engage with pharmacists to ensure proper dispensing.

Collaborations with academic and research institutions further strengthen our fight against AMR. We support community health programs that include education on infection prevention. These programs stress hygiene, sanitation, and vaccination as preventive measures. We also use digital platforms for awareness campaigns. Social media, webinars, and online portals disseminate accurate information on AMR. We support diagnostic stewardship as well. Reducing empirical antibiotic use is vital to slowing down resistance. Monitoring trends helps adjust treatment guidelines and drug development priorities.

# Social Dimension

“Our people and communities form the foundation of our progress. We are fostering inclusive workplaces, enabling equal opportunities, and empowering communities through education, health, and well-being initiatives that create lasting social value.”



## Contents

-  Talent Management
-  Employee Welfare and Development
-  Human Rights and Labor Relations Management
-  Occupational Health and Safety
-  Product Quality and Safety
-  Community Engagement



## Talent Management

18,785

Total Permanent Employees and Workers

2.69%

Women in total permanent workforce

At Alkem, people are at the heart of everything we do for our business. They are not only our most valued stakeholders but also the driving force behind our continued success. As a healthcare organisation committed to improving lives, we believe in creating shared value through compassion, integrity, and innovation. We place immense importance on nurturing our employees and uplifting the communities that we serve. We contribute meaningfully to their holistic development and well-being by fostering a culture of respect, inclusivity, and empowerment. We remain steadfast in upholding human rights and prioritising welfare across all our operations.

The dedication of our workforce fuels our mission to deliver quality healthcare solutions while advancing sustainability and social responsibility.



## Workforce Demographics<sup>94</sup>

At Alkem, our growing and diverse workforce is central to our operational expansion and long-term resilience. We view diversity and inclusion not just as values, but as catalysts for innovation and resilience. Our teams represent a spectrum of backgrounds, cultures, and experiences mirroring the diverse communities we serve globally. In FY 2024-25, women held 23% of Board positions, while female representation across the permanent workforce stood at 2.69%<sup>95</sup>. We are actively working to increase this to 5% by FY 27 through targeted recruitment in our sales team and focused development of junior women professionals.

In FY 2024-25, Alkem made a bold stride in workplace diversity by deploying an all-women team on the liquid manufacturing line at Unit V, Sikkim, a first in our history. This initiative delivered tangible results: enhanced output and quality, fewer rejections, and greater discipline and efficiency on the shopfloor.

<sup>94</sup>GRI 2-7 Employees, GRI 2-8 Workers who are not employees

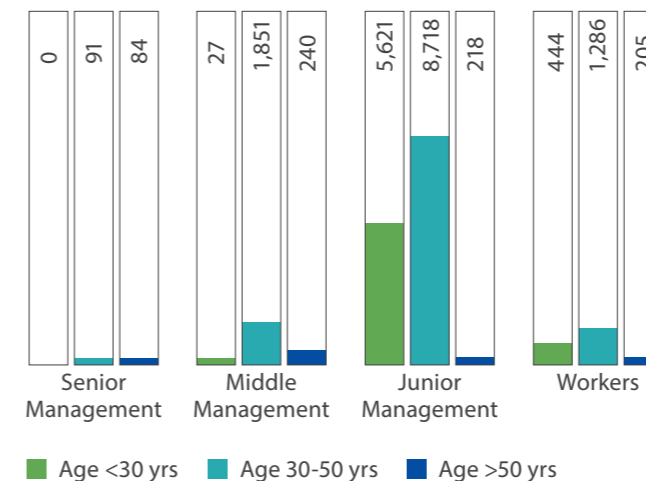
<sup>95</sup>GRI 405-1 Diversity of governance bodies and employees

At Alkem, our workforce reflects a dynamic blend of age groups and leadership levels, contributing to a balanced and future-ready organisation. Young professionals under 30 years make up 32% of our junior management, reflecting our commitment to nurturing emerging talent. Individuals aged 30–50 represent 64% of middle and senior management, contributing strategic depth and experience. Those above 50 account for 4%, offering valuable legacy insight and continuity.

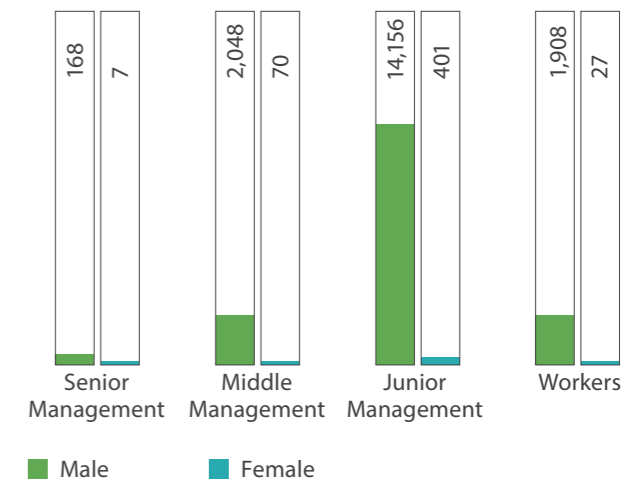
Our employees bring value to every initiative, enabling us to scale new heights through their dedication and expertise. We are committed to their continuous development by fostering a culture of engagement, learning, career growth, and inclusiveness.



Age-Wise Distribution of Permanent Employees and Workers



Gender-Wise Distribution of Permanent Employees and Workers



## Workforce Gender Breakdown<sup>96</sup>

Diversity Indicator	% Percentage	Target
Share of women in total workforce (as % of total workforce)	2.69	Currently, we have an overall target of increasing the share of women in the total workforce to 5% by FY 27
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	2.84	
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	2.75	

<sup>96</sup>DJSI CSA 3.1.4 Workforce Gender Breakdown

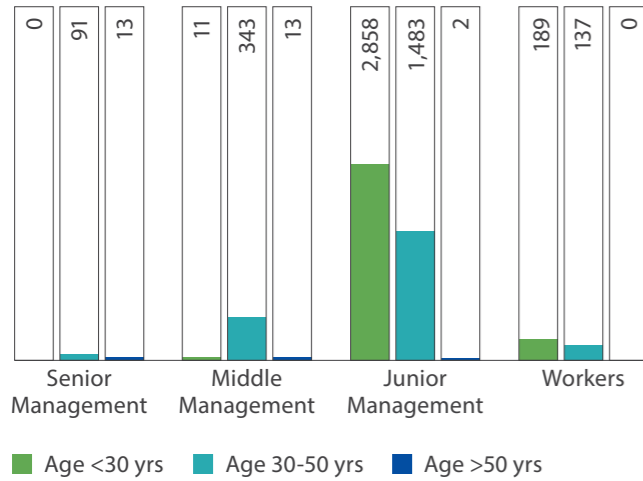
## Talent Attraction and Management

### New Hires<sup>97 98</sup>

Our approach to talent attraction is systematic and meticulously crafted to ensure the hiring and retention of a skilled, future-ready workforce. We are committed to excellence not only in the talent we seek but also in the fairness, transparency, and inclusiveness of our hiring practices.

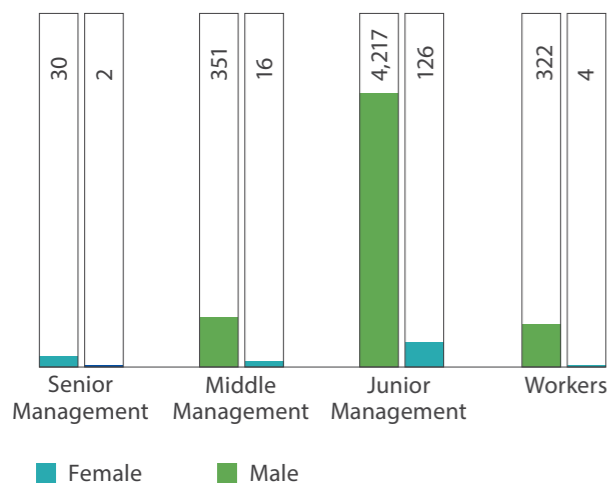
In FY 2024-25, the majority of new hires were in the under-30 age group, underscoring our focus on nurturing young professionals and building a vibrant talent pipeline. The female hires accounted for 3% of the total new employees hired.

### Age-Wise New Hires (Employees and Workers)



	FY 2023	FY 2024	FY 2025
Total number of new employee hires	4,301	3,869	5,068

### Gender-Wise New Hires



<sup>97</sup>DJSI CSA 3.3.4 Hiring  
<sup>98</sup>GRI 401-1 New employee hires and employee turnover



### Employee Turnover<sup>99 100</sup>

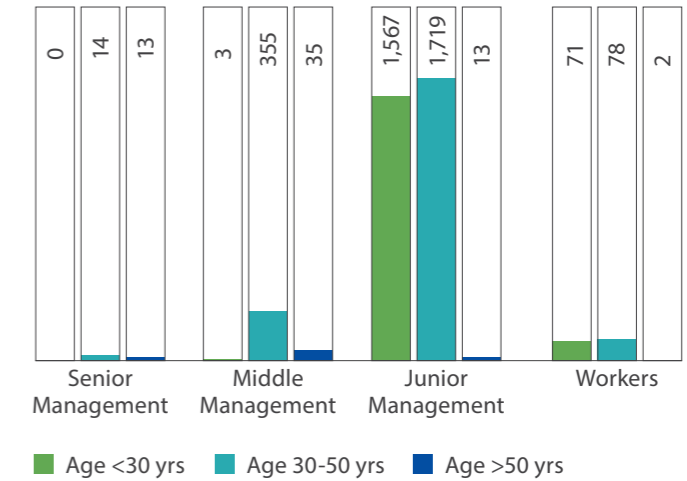
In FY 2024-25, Alkem experienced a notable turnover within junior management, particularly among younger employees. Of the 3,870 total resignations across employees and workers, 85% were from junior management roles. This trend has sharpened our focus on strengthening employee engagement and retention strategies, especially for early-career professionals.

We are actively addressing this challenge through targeted initiatives such as enhanced onboarding experiences, mentorship programs, career development pathways, and regular feedback mechanisms. These efforts aim to build a more connected and motivated workforce, reduce attrition, and foster long-term growth within the organisation.

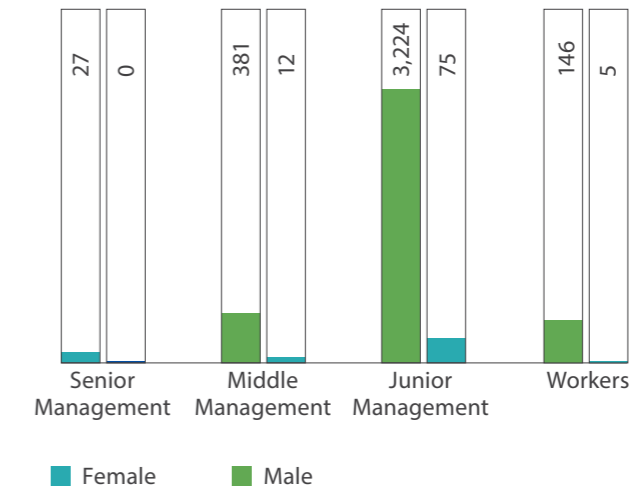
During FY 2024-25, gender-wise turnover was higher among male employees across all management levels, signalling an opportunity for tailored interventions to improve retention in this demographic. The voluntary employee turnover rate for FY 25 is 23.1. There have been no dismissals or suspension during the year.

	FY 2022	FY 2023	FY 2024	FY 2025
Total employee turnover rate	20.0	28.3	27.6	23.1

### Age-wise Employee Turnover



### Gender-wise Employee Turnover



<sup>99</sup>GRI 401-1 New employee hires and employee turnover  
<sup>100</sup>DJSI CSA 3.3.5 Employee Turnover Rate



## Employee Welfare and Development<sup>101 102</sup>

Alkem's approach to workforce management places strong emphasis on long-term retention and employee satisfaction. We offer a broad range of benefits that go beyond statutory requirements, covering key areas such as financial protection, health support, and family-oriented provisions.

These programs are designed to promote a sense of stability and belonging across the organisation. When employees feel secure and supported, it strengthens workplace relationships and contributes to stronger performance outcomes.

We are committed to supporting our employees' well-being through comprehensive employment benefits. These benefits encompass the following:

### Parental Leave<sup>103</sup>

We offer parental leave benefits that support employees during childbirth, adoption, and caregiving thus empowering them to balance personal responsibilities with professional growth. Female employees are eligible for 26 weeks of paid maternity leave, in line with statutory provisions. For adoptive mothers bringing home a child under three months of age, 12 weeks of paid leave is provided. Male employees receive five days (one working week) of paid paternity leave, encouraging shared involvement in early childcare. We monitor the effectiveness of our parental leave policies, by tracking the return-to-work rate following leave and the 12-month retention rate of returning employees.



Gender	Total Number of employees who took parental leave in FY	Total number of employees returned after parental leave in FY	Permanent Employees		Permanent Workers	
			Return to work Rate (%)	Retention Rate (%)	Return to work Rate (%)	Retention Rate (%)
Male	176	176	100	100	100	100
Female	22	17	77	77	100	100
<b>Total</b>	<b>198</b>	<b>193</b>	<b>97</b>	<b>97</b>	<b>100</b>	<b>100</b>

### Childcare Support

To assist working parents, creche facilities are available at our manufacturing locations. These centres offer safe childcare services and breastfeeding support during working hours, helping employees manage family needs while at work.



<sup>101</sup>DJSI CSA 3.3.7 Employee Support Programs

<sup>102</sup>401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees

<sup>103</sup>401-3 Parental leave

## Workplace Flexibility and Stress Management

We have introduced flexible work hours for corporate employees recognising the commuting challenges in metro cities. While core hours remain consistent, employees have the option to adjust their start and end times by up to 1.5 hours. This approach helps reduce travel-related stress and supports better balance between work and personal life. We have open communication channels that encourage employees to voice concerns and seek support. We provide access to mental health resources, including counseling and wellness programs.

### Insurance and Medical Coverage

Alkem provides a range of insurance benefits to support the health and financial security of employees and their families:

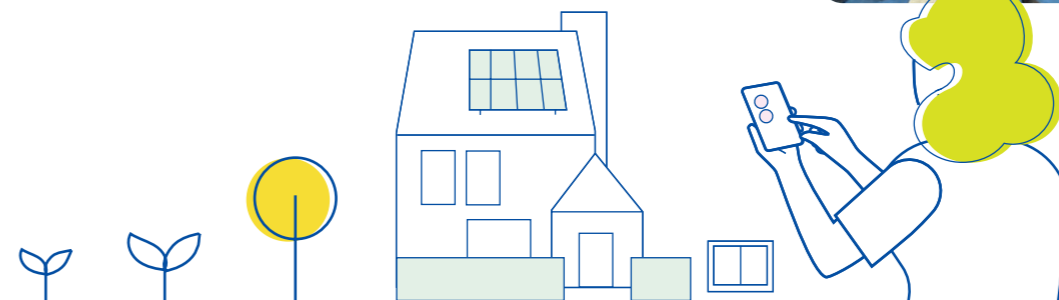
- Medical insurance covers the employee, spouse, and up to two dependent children.
- Life insurance offers financial protection to families in case of unforeseen events.
- Personal accident insurance includes coverage for both death and disability.

### Retirement Benefits

In line with statutory guidelines, Alkem offers structured retirement benefits to support long-term financial planning. These include gratuity for employees who meet the required service period, contributions to the Provident Fund (PF), and voluntary enrollment in the National Pension Scheme (NPS).

### Sports and Health Initiatives

At Alkem, we encourage a culture where physical health and social connection are valued as part of everyday work life. To support this, we organise sports and recreational activities across locations that help employees unwind, connect, and build stronger team relationships. During the year, employees participated in various sports events, including cricket, table tennis, and other team-based games. These were held at both inter-team and intra-team levels, offering opportunities for healthy competition and personal expression beyond the workplace.



## Grievance Mechanism

Alkem remains committed to maintaining a safe and supportive work environment for all employees and workers. To address concerns effectively, we have established a structured three-tier grievance redressal system that includes contractual staff. This framework ensures that every voice is heard and that issues are resolved in a timely and fair manner.

We maintain a zero-tolerance approach to sexual harassment. An Internal Complaints Committee (ICC) is in place to manage such cases with care and prompt attention. In addition, our whistle-blower policy provides a secure channel for reporting any unlawful conduct or breaches of company policy. Employees can share concerns confidentially via email at whistleblower@alkem.co.in.

Our open-door approach encourages employees to raise concerns directly with their line managers or the HR team, promoting transparency and open dialogue across all levels of the organisation.





### Alkemites Assistance Program

As part of our ongoing commitment to holistic employee well-being, we have introduced the Alkemites Assistance Program in collaboration with Silver Oak Health. This initiative offers confidential, professional support to employees and their families across various dimensions of wellness through a convenient online and app-based Employee Assistance Platform.

#### Key Features

24x7 multilingual telephonic counselling for emotional and mental health support.

Specialised counselling on diet, nutrition, work-life balance, legal, and financial matters.

Webinars and guidance sessions on mental health, stress management, disease prevention, and women's reproductive health.

Wellness activities such as yoga and mindfulness sessions.

Available to all employees and up to three immediate family members at no cost.

#### Outcomes/Benefits

1,544

Employees accessed the program.

94

Family members benefited from the services

589

Counselling sessions were booked across various wellness categories

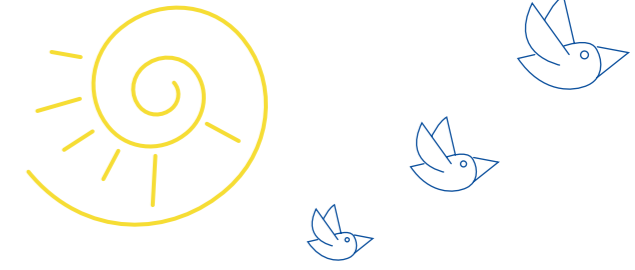
5,422 vs 1,544

Total vs unique users

Alkem was named one of Asia's Best Workplaces in 2024 by the Great Place to Work® Institute, based on employee feedback (Trust Index) and a review of HR practices (Culture Audit).

### Best Workplaces Asia 2024

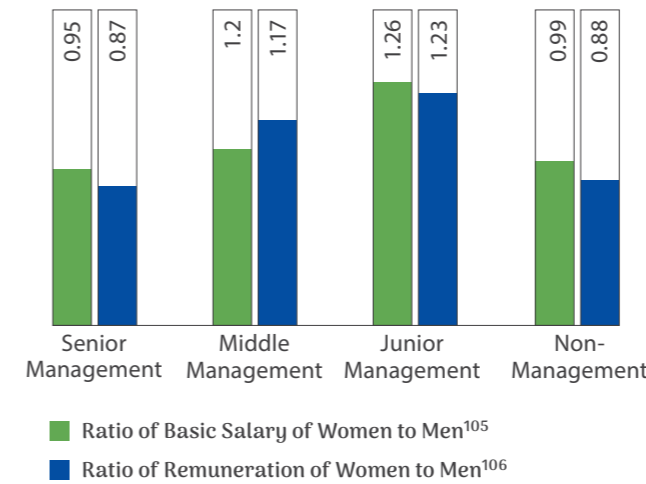
Alkem was recognised as one of the Best Workplaces in Asia 2024 by the Great Place to Work (GPTW) Institute. GPTW Institute evaluates organisations through a combination of meticulously designed Employee Surveys (Trust Index) and audits of HR practices (Culture Audit). Trust Index covers five parameters of credibility, respect, fairness, pride, and camaraderie, whereas Culture Audit covers the areas of trust, maximising human potential, innovation, values, and leadership effectiveness.



### Pay Equity Overview: Women to Men<sup>104</sup>

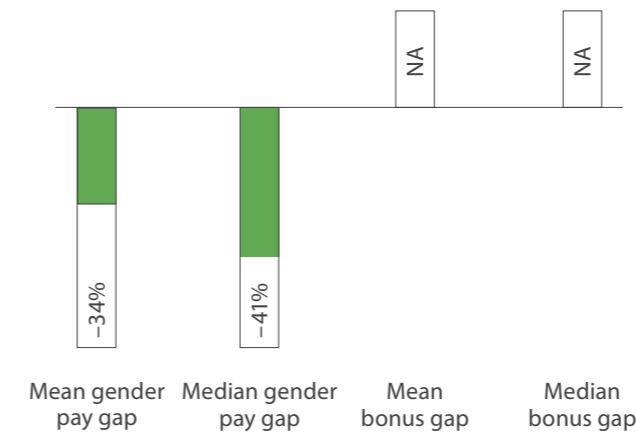
Alkem ensures full compliance with applicable laws and regulations related to minimum wages across all hiring processes. For workers not classified as employees, wage levels are reviewed periodically to ensure they meet prescribed standards. An annual return is submitted to the Labour Department to confirm adherence to minimum wage requirements.

We are committed to promoting pay equity across all levels of management. The ratio of average basic salary and average remuneration demonstrates our efforts toward gender parity. In middle, junior, and non-management roles, women earn salaries and remuneration that are comparable to or higher than their male counterparts. For senior management, compensation is structured around performance outcomes, supporting merit-based progression.



### Gender Pay Indicators<sup>107</sup>

We regularly monitor and publish the findings of our gender pay gap analysis. This process helps us evaluate compensation practices across roles and management levels and supports our commitment to fair and equitable pay for all employees.



### CEO to Employee Pay Ratio

CEO Compensation	Total CEO Compensation (INR)	
Total annual compensation of the Chief Executive Officer:	14,09,07,263	
Employee Compensation	Median Employee Compensation	Mean Employee Compensation
Median & mean annual compensation of all employees, except the Chief Executive Officer:	4,83,270	7,84,143
The ratio between the total annual compensation of the Chief Executive Officer and the median or mean employee compensation:	292	180

Our compensation framework operates on a **fixed pay principle**, without any variable performance-linked component or bonus. This approach ensures stability, predictability, and equity in employee earnings across levels and functions. A separate incentive plan is in place for sales, product management, and marketing teams.

The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees is 292:1. The ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees is 5.1<sup>108</sup>.

<sup>104</sup>GRI 405-2 Ratio of basic salary and remuneration of women to men  
<sup>105</sup>Basic Salary is fixed, minimum amount paid to an employee for performing his/her duties  
<sup>106</sup>Remuneration is basic salary plus additional amounts paid to a worker.  
<sup>107</sup>DJSI CSA 3.1.6 Gender Pay Indicators  
<sup>108</sup>GRI Disclosure 2-21 Annual total compensation ratio



### Performance Appraisal Mechanism<sup>109</sup>

At Alkem, performance management is structured around SMART goals - Specific, Measurable, Achievable, Relevant, and Time-bound, which are set at the start of each financial year. These goals serve as a foundation for continuous feedback, development, and alignment with organisational priorities. The performance management system is built around Management by Objectives (MBO) approach.

Our appraisal process includes:

- ♦ **Mid-Year Review:** Managers and employees engage in structured discussions to assess progress, recalibrate goals if needed, and ensure alignment with evolving business objectives.
- ♦ **Annual Appraisal:** Conducted at least once every year, this review incorporates individual performance metrics, manager evaluations, and feedback from skip-level reviewers. Where applicable, input from peers and non-direct managers is also considered. Strengths and areas for improvement are discussed to support career development.

Alkem fosters a culture of appreciation through structured Rewards and Recognition (R&R) programs that acknowledge employee achievements, dedication, and long-term service.

### Rewards and Recognition

To complement fair pay and structured appraisals, Alkem runs a variety of Rewards & Recognition (R&R) programs to celebrate achievements and long-term contributions:

 <p><b>Alkem Star Awards</b></p> <p>An annual celebration honoring exceptional contributions from the sales team and other employees. Hosted in international cities, these events often include family members, making the recognition more meaningful and inclusive</p>	 <p><b>Long-Term Service Awards</b></p> <p>Employees reaching milestones of 3, 5, 10, and 20 years are acknowledged for their sustained commitment and impact.</p>
 <p><b>Hall of Fame</b></p> <p>Outstanding individual and team accomplishments are highlighted through internal communications and gift vouchers, recognising those who consistently exceed expectations</p>	 <p><b>The Extra Mile Program</b></p> <p>A dedicated platform offering discounted coupons across lifestyle, education, wellness, and financial services. It also enables non-monetary recognition through appreciation badges and peer-to-peer acknowledgments</p>

<sup>109</sup>DJSI CSA 3.3.8 Type of Performance Appraisal

## Labor Relations Management and Human Rights

At Alkem, we recognise that constructive labour relations are essential to building a respectful and collaborative workplace. We support employee representation through recognised unions and remain committed to fair employment practices.

We uphold human rights across all operations, guided by the UN Guiding Principles on Business and Human Rights, the Constitution of India, and other relevant national and international standards. The Ethics Committee is responsible for addressing any human rights-related concerns within the organisation.

### Labour Practices Commitment and Programs<sup>110</sup>

At Alkem, we are committed to fostering a workplace built on dignity, equity, and respect. Our employment policies are designed to uphold the rights of our workforce while promoting well-being, transparency, and long-term sustainability. We follow the following key labour practice commitments:

**Living Wage Assurance**

We strictly adhere to the minimum wage regulations mandated by relevant government authorities across all our operational locations.

**Balanced Working Hours**

We maintain clear limits on working hours to prevent overwork and promote a healthy work-life balance. Our approach includes continuous efforts to reduce overtime and ensure reasonable scheduling across roles.

**Equal Pay for Equal Work**

We uphold gender equity and non-discrimination in compensation. Individuals performing work of equal value receive equal remuneration, with all employment decisions based solely on merit, skills, and job relevance. We routinely monitor compensation data to identify and address any gender-based pay disparities.

**Paid Annual Leave and Social Protection**

Our employees are entitled to annual leave in accordance with applicable labour laws, with full wage protection and uninterrupted access to social benefits during time off. We also offer additional support such as medical insurance, on-site healthcare, wellness initiatives, and financial assistance, strengthening overall protection and well-being for our workforce.

This is applicable to all our facilities, divisions, operations, products, services, and activities regardless of scale or geography. It extends to everyone connected to Alkem, including employees, suppliers, contractors, business partners, customers, and the communities where we operate.

<sup>110</sup>DJSI CSA 3.1.1 Labor Practices Commitment and 3.1.2 Labor Practices Program





### Freedom of Association and Collective Bargaining<sup>111 112</sup>

In FY 2024–25, no collective bargaining agreements were entered into with employee unions and none of Alkem’s employees were represented by an independent trade union or covered under collective bargaining agreements. We maintain regular dialogue with employees and workers to understand and improve working conditions throughout our operations. The working conditions and terms of employment are as per statutory norms laid out by Government of India.

### Human Rights Commitment<sup>113</sup>

We are committed to fostering an inclusive and respectful workplace by upholding the principles of human rights as enshrined in the Constitution of India, international standards, and the laws of the countries where we operate. Guided by the Universal Declaration of Human Rights, ILO conventions, and the UN Guiding Principles on Business and Human Rights, we promote and protect human rights across our value chain.

We are firmly committed to upholding human rights and ethical labour practices across all aspects of our operations. We maintain a zero-tolerance policy towards human trafficking, forced labor, and child labor. We do not tolerate harassment in any form. We support a fair and free workplace where all employees, irrespective of their position in the organisation, can contribute to business goals ethically and without any fear. Our employment decisions are made purely based on merit and are free from any sort of bias such as race, religion, gender, nationality, or others.

We have a clear and confidential mechanism for reporting incidents related to harassment or discrimination, with defined escalation protocols to ensure timely and fair resolution and any confirmed instance of discriminatory behavior or harassment results in appropriate corrective or disciplinary action, in line with company policy and legal standards.

This commitment applies to all our facilities, divisions, operations, products, services, and activities regardless of scale or geography. It extends to everyone connected to Alkem, including employees, suppliers, contractors, business partners, customers, and the communities where we operate.

We are committed to strengthening our human rights governance. As part of this effort, a formal human rights due diligence process is planned for implementation in FY 2025–26<sup>114</sup>.

In FY 2024-25, no reported incidents of discrimination, child labor, or forced labour were reported. There were also no reported violations involving the rights of indigenous communities<sup>115 116</sup>.

To strengthen awareness, all employees undergo regular training on workplace conduct, including modules on preventing harassment and discrimination additionally 100% of security personnel across all sites received training on human rights during the year<sup>117</sup>.

We proactively provide training and reskilling opportunities to help our workforce adapt to evolving industrial practices.

Number of Complaints on the following made by employees and workers	FY 2024-25
Sexual harassment	0
Discrimination at workplace	0
Child labour	0
Forced labour/ involuntary labour	0
Wages	0
Other human rights related issues	0

### Learning and Development<sup>118</sup>

At Alkem, learning and development serve as a key channel for engaging employees and equipping them with relevant skills. Our programs are designed to support professional growth and strengthen capabilities across departments.

During the year, several initiatives were introduced for non-sales staff across the Head Office, manufacturing plants, and R&D units. These included structured learning journeys tailored to different roles and career stages, delivered in collaboration with globally recognised training partners. Each program combined orientation sessions, classroom learning, coaching calls, and digital modules hosted on our learning platform.

#### Signature Programs by Career Stage

- ♦ **Foundation for Career Success:** This program was designed for individual contributors, specifically Deputy Managers and below. Conducted in partnership with Dale Carnegie, it was rolled out at the Corporate R&D and Daman plant. The learning journey included in-person sessions, virtual coaching at 30-, 60-, and 90-day intervals, and digital content to reinforce key concepts.
- ♦ **Being an Effective People Manager:** A four-month program designed for first-time managers to build core leadership skills in managing self, teams, and performance. Nominations were made by functional heads from the corporate office and R&D, and the program was delivered in collaboration with JOMBAY.
- ♦ **SHinE – Women Excellence Program:** SHinE is a platform dedicated to fostering an inclusive environment where women feel supported and encouraged. Delivered in partnership with Global Talent Stack, the program covered topics such as personal confidence, career progression, financial independence, communication, well-being, and leadership.

The organisation continued to strengthen its learning and development efforts to support employee growth, adaptability, and career advancement across all levels. Coaching and mentorship programs were introduced to offer tailored guidance, helping individuals build professional capabilities and prepare for leadership roles. A structured Leadership Development Program was launched to prepare future leaders through focused skill-building, strategic thinking, and exposure to cross-functional responsibilities.

Support was also extended to retiring employees through personalised job assistance, based on individual discussions and career preferences. Throughout the year, Digital Transition Programs were conducted to prepare the workforce for emerging technologies. These programs provided practical training in new digital tools and platforms, helping employees stay current and confident in a changing work environment.

### Training Hours<sup>119 120</sup>

Employees across our organisation receive regular performance and career development reviews. These structured evaluations support continuous growth, align individual goals with business objectives, and help identify opportunities for advancement and skill enhancement.<sup>126</sup>

In FY 2024–25, all employees took part in regular performance and career development reviews, reinforcing our commitment to professional growth across the organisation.

During FY 2024-25, the average training hours per employee was 0.58 hours.

**0.56**

Average training hours – Male in FY 25

**1.19**

Average training hours – Female in FY 25

Employee Category	Average Training Hours in FY 2024-25
Senior Management	2.42
Middle Management	0.88
Junior Management	0.29
Non-Management	1.88

### Human Capital Return on Investment<sup>121</sup>

Our total employee-related expenses encompass all direct costs associated with our workforce. This includes salaries, benefits, pensions, hiring, and investments in training and development programs.

Particulars	Amount Spent (in INR million)
Total Revenue (INR)	1,06,249.33
Total Operating Expenses (INR)	53,860.08
Total employee-related expenses (salaries + benefits) (INR)	17,230.04
HC ROI	4.04

<sup>111</sup>DJSI CSA 3.1.7 Freedom of Association

<sup>112</sup>GRI 2-30: Collective bargaining agreements

<sup>113</sup>DJSI CSA 3.2.1 Human Rights Commitment

<sup>114</sup>DJSI CSA 3.2.2 Human Rights Due Diligence

<sup>115</sup>GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor, 408-1 Operations and suppliers at significant risk for incidents of child labor

<sup>116</sup>GRI 406-1 Incidents of discrimination and corrective actions taken

<sup>117</sup>GRI 410-1 Security personnel trained in human rights policies or procedures

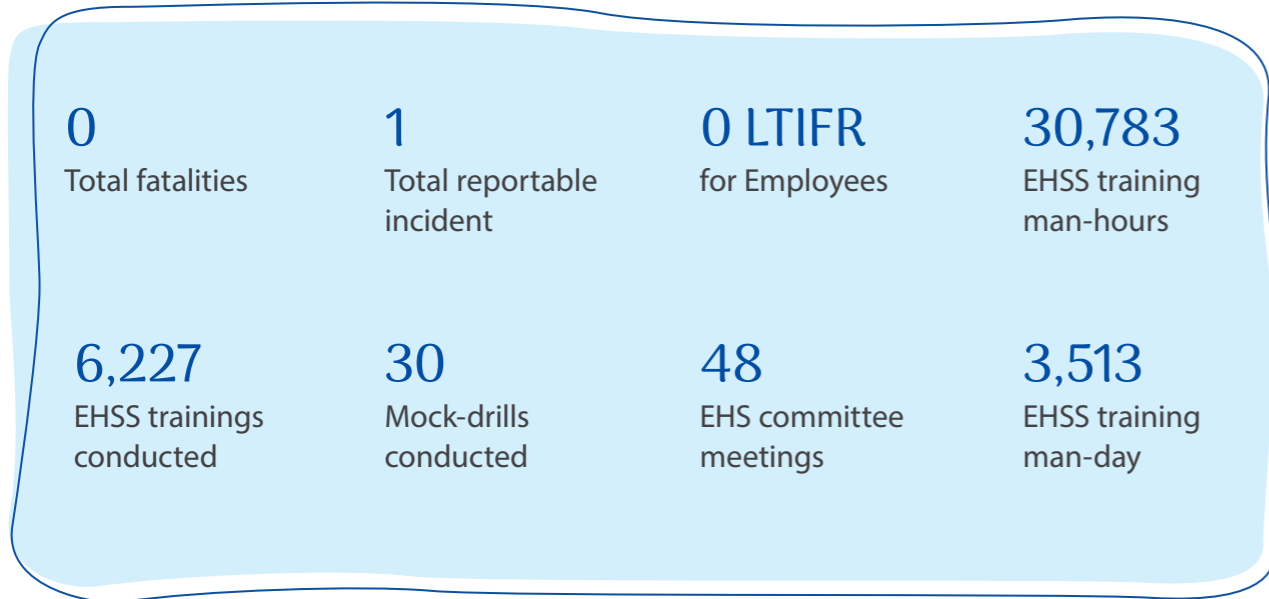
<sup>118</sup>GRI 404-2 Programs for upgrading employee skills and transition assistance programs

<sup>119</sup>GRI 404-1 Average hours of training per year per employee

<sup>120</sup>DJSI CSA 3.3.1 Training and Development Inputs

<sup>121</sup>DJSI CSA 3.3.3 Human Capital Return on Investment

## Occupational Health and Safety



At Alkem, the well-being of our workforce remains a central focus. Across all locations whether in production units, research centres, or corporate offices, we maintain strong protocols to protect physical and mental health. Our teams regularly review and strengthen safety measures, drawing on internal audits, employee feedback, and global best practices. Training sessions, hazard assessments, and emergency preparedness drills are conducted throughout the year to reinforce awareness and readiness. By fostering a culture where safety is part of everyday decision-making, we aim to create workspaces that support both performance and peace of mind. The Company is dedicated to a 'Zero Harm' initiative, ensuring no harm to people, assets, or the environment.

77% of our manufacturing sites and R&D facilities across India currently hold ISO 45001 certification, reflecting our structured approach to workplace safety. These systems support consistent monitoring, risk mitigation, and preventive measures that help protect our teams and maintain safe conditions throughout our facilities.

### Occupational Health and Safety Governance Structure

We take a comprehensive approach to protecting everyone who works with us, for us, or on our behalf. This includes the safety of our people, the environments we operate in, our facilities, and the products we manufacture. Across every level of our operations, we have systems in place to uphold this commitment.

We follow a structured, risk-based governance framework for Environment, Health, Safety, and Sustainability (EHSS), which is guided by oversight from our Board and supported by dedicated teams at the corporate, cluster, and operational levels.

**Board-Level Leadership:** Board of Directors carries overarching responsibility for risk governance. A dedicated Risk Management Committee monitors strategic, operational, and financial exposures and reports directly to the Board. Matters related to sustainability are addressed through the CSR & Sustainability Committee, which guides decision-making on relevant initiatives and priorities.

**Corporate-Level Coordination:** A centralised EHSS department operates across all business units, ensuring consistent systems are in place to manage environmental, health, and safety risks, as well as regulatory obligations. This team provides direction, resources, and technical support to operational units, while also tracking performance and progress across programs.



### Operational-Level Execution:

EHSS teams are present at each site to manage day-to-day responsibilities. Unit-level EHSS Heads oversee the application of safety protocols and ensure compliance with internal standards and legal requirements. All employees are expected to follow established procedures and contribute actively to maintaining safe work environments.

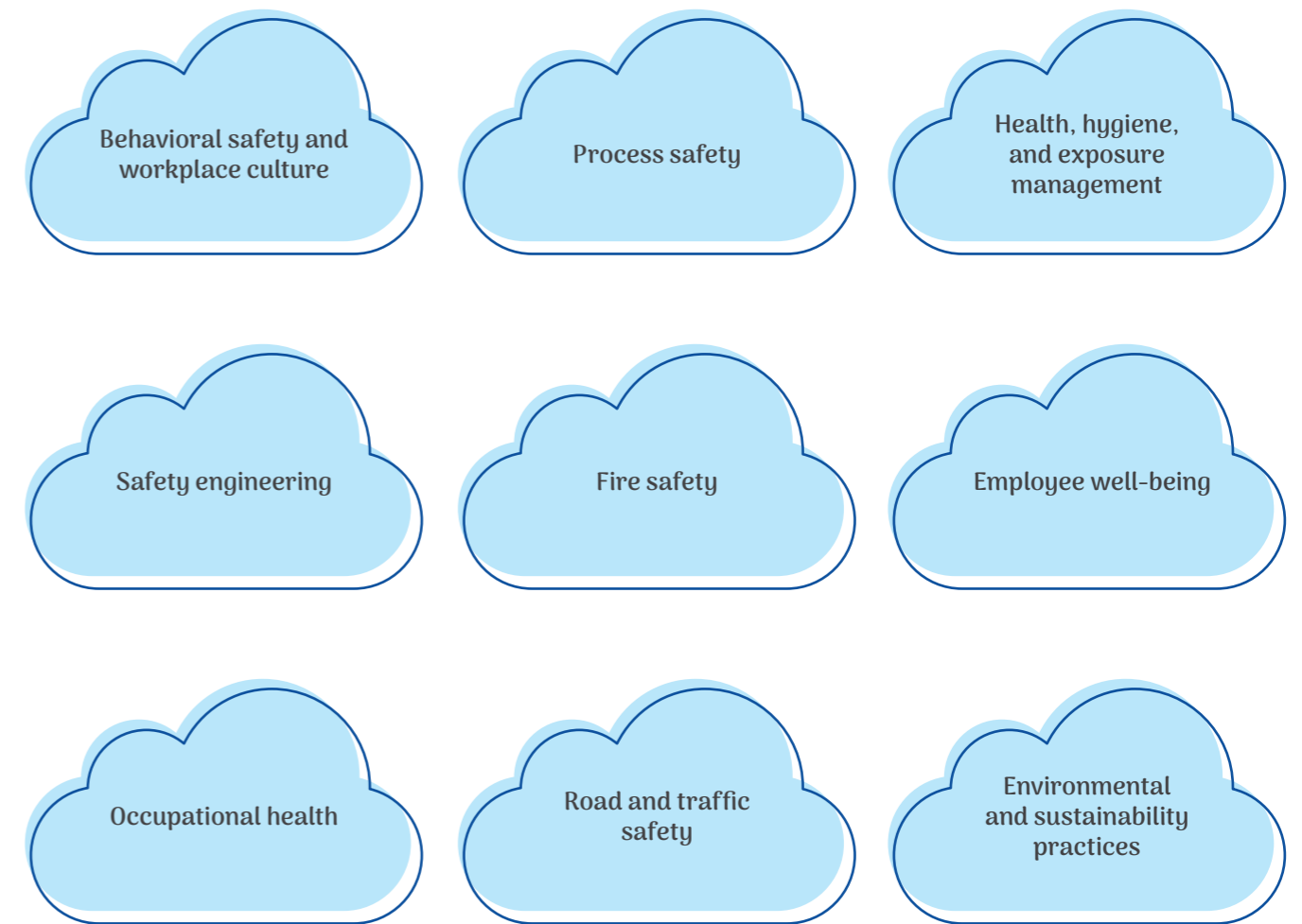
## Environment Health & Safety and Sustainability Management Systems (EHSS System)<sup>122 123 124</sup>

We have established a comprehensive Environment, Health, and Safety (EHS) Management System, which extends to include sustainability under our broader EHSS framework. This system is built on a clear structure of policies, procedures, and defined roles that help us actively identify and address risks across all areas of our business. Our approach supports ongoing improvement, meets regulatory requirements, and reinforces our commitment to protecting our people, our surroundings, and the communities we serve. The objectives of the EHSS management:

### EHSS Management Framework

- ♦ **Policy & Commitment:** We operate with a well-defined EHSS Policy that outlines our objectives and reflects our dedication to responsible practices. Mechanisms are in place to ensure this policy is consistently applied across all functions.
- ♦ **Risk Identification & Assessment:** We follow a structured process to identify hazards and assess risks, covering environmental aspects, potential impacts, and opportunities for improvement. Control measures are developed and applied to reduce exposure and prevent incidents. Our Hazard Identification and Risk Assessment (HIRA) process helps us evaluate potential risks across routine and non-routine activities. We look closely at exposures that could lead to physical injuries, electrocution, chemical burns, and other hazards. By identifying these risks early, we are able to take preventive steps that strengthen workplace safety and reduce the likelihood of incidents.

- ♦ **Legal & Regulatory Compliance:** Our teams conduct regular reviews, audits, inspections, and maintain documentation to ensure we meet all applicable legal and regulatory requirements in a timely manner.
- ♦ **Roles, Responsibilities & Communication:** Responsibilities are clearly assigned across all levels of the organisation. We maintain open channels of communication and promote awareness to ensure everyone understands their role in maintaining safe and sustainable operations.
- ♦ **Training & Competence:** We identify training needs and provide targeted learning programs to build the knowledge and skills required for individuals to carry out their EHSS responsibilities effectively. All individuals working at our sites receive training on standard operating procedures related to Environment, Health, and Safety. We have put in place a system to ensure that the training is not a one-time activity, refresher sessions are conducted regularly to reinforce key practices. These programs help workers understand essential safety behaviors, workplace protocols, and practical steps to protect themselves from potential risks<sup>125</sup>.
- ♦ **Operational Controls:** We apply a range of controls including engineering solutions, administrative procedures, and standard operating protocols to manage risks. Emergency preparedness, incident investigation, and corrective actions are part of this system. We follow a hierarchy of safeguards, combining methods such as elimination, substitution, and protective equipment to ensure the highest level of protection. Our operational controls are shaped by legal requirements, industry standards, and practical experience. Key focus areas include:



<sup>122</sup>GRI 403-3 Occupational health services

<sup>123</sup>GRI 403-2 Hazard identification, risk assessment, and incident investigation

<sup>124</sup>GRI 403-1 Occupational health and safety management system

<sup>125</sup>GRI 403-5 Worker training on occupational health and safety

- ♦ **Monitoring, Audits & Management Review:** We conduct regular performance checks, both internally and externally, and hold periodic management reviews to track progress and identify areas for improvement.
- ♦ **Emergency Handling & Business Continuity:** We maintain systems to respond effectively to emergencies and ensure continuity of operations under challenging conditions.
- ♦ **Continuous Improvement:** Our EHSS practices evolve based on feedback, shifting risk profiles, and lessons learned. We remain committed to refining our approach and strengthening our performance over time.

**1,422**  
No. of EHSS audits,  
inspections & reviews

**6,375**  
No. of EHS-related  
CAPAs raised

**5,998**  
No. of EHS-related  
CAPAs closed

### Environment, Health and Safety Policy

We have developed our Environment, Health, and Safety (EHS) Policy in line with national regulations and global standards, including ISO 14001 for environmental management and ISO 45001 for occupational health and safety. This policy is applicable to all individuals working at or on behalf of Alkem, including employees, workers (both on payroll and on contractual basis), contractors, sub-contractors, service providers, associates and covers all aspects of our operations regardless of location, size, or function including manufacturing sites, offices, logistics, distribution, product development, and waste management. We also expect our suppliers, visitors, business partners, and entities across our value chain, including subsidiaries, to respect and follow the principles outlined in this policy and support our broader EHSS commitments<sup>125-a</sup>. Additionally, in the event of future mergers, acquisitions, or due diligence activities, this policy will remain applicable.

We are dedicated to achieving a “Zero Harm” workplace by working to eliminate incidents, injuries, and environmental harm. To support this goal, we:

- ♦ Set measurable targets and objectives to reduce incidents and strengthen safety performance, guided by thorough risk assessments.
- ♦ Take proactive steps to prevent occupational hazards, including accidents and near-misses, through detailed investigations and corrective actions.
- ♦ Establish clear priorities, action plans, and contingency measures to manage hazards and reduce risks whether operational, environmental, or related to road safety. These efforts are supported by tools such as risk assessments, audits, inspections, training programs, awareness initiatives, and regular reviews. Thus, improve the performance of the OHS management system.
- ♦ Consult employees and encourage open communication and active participation from all employees, including workers and their representatives, in discussions and decisions related to environmental protection, health, safety, and overall well-being<sup>126</sup>.

### Emergency Preparedness and Response Strategy

We follow a multi-layered approach under our Environment, Health, Safety & Sustainability (EHSS) framework to strengthen resilience across our operations. Our goal is to achieve “Zero Harm” while remaining prepared for a wide range of emergencies, including chemical incidents, operational disruptions, natural disasters, and business continuity challenges.

#### Components of Our Preparedness Mechanism



##### Risk Identification & Assessment

We conduct Hazard Identification and Risk Assessment (HIRA) to evaluate potential risks in both routine and non-routine activities. This includes daily leadership rounds, scheduled internal audits, and inspections. Risk assessments are also carried out when introducing new equipment or modifying processes to ensure proactive mitigation.



##### Emergency Response and Disaster Management

Each of our manufacturing sites has a Disaster Management Plan tailored to address various emergency scenarios, particularly those involving hazardous chemicals. We regularly conduct mock drills and evacuation exercises to test readiness and reinforce response protocols.



##### Training and Competency Building

Employees, contract workers, and other personnel receive training in emergency procedures such as fire hydrant operation, spill control, leak management, and alarm systems. We maintain a training calendar that includes role-specific and site-specific programs for new joiners and refresher sessions. Emergency Response Teams are formed, trained, and available across all shifts to ensure rapid action when needed.



##### Incident Reporting and Investigation

We have a formal system in place for reporting hazards, unsafe acts, near-misses, and incidents. Reports can be submitted through multiple channels, including direct communication, committee feedback, and suggestion boxes. All incidents are investigated thoroughly, and learnings are shared across teams. We also operate a Corrective and Preventive Actions (CAPA) system to address gaps and prevent recurrence.



##### Business Continuity Planning (BCP)

Our Business Continuity Plan is designed to manage disruptions caused by natural disasters, supply chain interruptions, leadership transitions, and system failures. This ensures that critical operations can continue with minimal impact and recovery efforts are swift and coordinated.

<sup>125-a</sup>GRI 403-8 Workers covered by an occupational health and safety management system

<sup>126</sup>GRI 403-4 Worker participation, consultation, and communication on occupational health and safety

## Employee Engagement in Safety Management at Alkem

At Alkem, safety is deeply rooted in our values and reflected in how we engage with our people. We foster awareness and involvement through structured initiatives that span across our operations. Our approach to Environment, Health, Safety, and Sustainability (EHSS) is built on active participation, continuous learning, and shared responsibility.



### Safety Events & Drills

We organise annual observances to promote safety and deepen awareness among all individuals connected to our operations. Events such as National Safety Day (March 4), Fire Service Day (April 14), World Environment Day (June 5), and Road Safety Day (January) are celebrated through week-long campaigns. These include competitions, training sessions, and interactive activities that reinforce EHSS principles.

We also conduct regular mock drills to ensure preparedness and familiarity with emergency protocols. At our Baddi site, the 14<sup>th</sup> battalion of the National Disaster Response Force (NDRF), Himachal Pradesh, inspected fire-sensitive areas including the HSD yard, solvent storage, and hydrant room and acknowledged the strength of our disaster-control systems. A similar inspection was carried out by the NDRF battalion in Sikkim.



### Employee Consultation and Participation

We believe that meaningful consultation and active participation are essential to building a strong EHSS culture. Employees are involved in various assessments and exercises, including hazard identification, risk evaluation, aspect and impact analysis, HAZOP studies, and ergonomic assessments.

Regular audits covering both environmental and occupational health and safety are carried out at each manufacturing site to ensure compliance and drive continuous improvement.



### EHSS Training & Awareness Programs

Training is a key pillar of our EHSS strategy. We conduct sessions for employees and associates covering a wide range of topics such as fire safety, process safety management, emergency response, electrical safety, hazardous chemical handling, behavioural safety, incident management, and environmental impact awareness.

We also extend training beyond the workplace, offering sessions on domestic safety, kitchen safety, and road safety. Recognising our role in the broader community, we have conducted programs in schools, neighbouring industrial units, and for associations such as transporters, focusing on critical topics like fire safety and health protection.



### Competitions, Campaigns & EHS Drives

We promote safety through engaging activities such as guest lectures, quizzes, and competitions during EHSS events. These initiatives help build morale and reinforce safe practices.

Campaigns like World Earth Day and World Environment Day include tree planting drives and awareness programs focused on water conservation and carbon neutrality, linking environmental responsibility with workplace safety.



### Recognition & Awards

We encourage proactive behaviour through recognition programs that celebrate individuals who report near-misses, contribute to EHSS suggestion schemes, or demonstrate commitment to safety. These acknowledgments help reinforce positive actions and strengthen our safety culture.



### Culture of Engagement & Well-being<sup>126-a</sup>

Our commitment to safety goes beyond protocols, it is a part of how we care for our people. We organise health check-ups and wellness programs for employees and associates, including activities that support mental well-being.

Ergonomic assessments have been conducted for selected tasks, and corrective actions have been taken based on the findings to improve comfort and reduce physical strain.

We offer non-occupational medical and healthcare services to all employees and workers across our manufacturing sites. Through our OH&S centers, individuals have convenient access to consultations with qualified medical professionals for a range of health concerns. In addition to these services, we provide a medical insurance scheme that supports eligible employees and workers in managing their healthcare expenses, as outlined in the applicable policy



### Work-related injury <sup>127 128</sup>

During the reporting year, we recorded zero fatalities across all operations, and we received zero complaints from employees and workers across our operations. This outcome reflects our ongoing efforts to maintain safe working environments and strengthen preventive measures throughout our facilities.

	Employee Type	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of fatalities	Employees and Workers	0	0	0	0
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0.006	0	0
	Workers	0	0	0.10	0.09
Total recordable work-related injuries	Employees	0	1	0	0
	Workers	0	0	1	1
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0	0	0
	Workers	0	0	0	0

<sup>126-a</sup>GRI 403-6 Promotion of worker health

<sup>127</sup>GRI 403-10 Work Related Ill-Health

<sup>128</sup>GRI 403-9 Work Related Injuries

## Product Quality and Safety

In the pharmaceutical sector, product quality and patient safety form the foundation of responsible healthcare. At Alkem, these principles guide every aspect of our operations, reflecting the trust placed in us by patients, healthcare professionals, and communities. Our commitment goes beyond compliance, focusing on delivering reliable and safe products that support better health outcomes.

We approach this responsibility through three interconnected pillars:



## Quality Strategy

At Alkem, our approach to quality is built on a thorough framework that spans the entire product lifecycle. We aim to ensure that every product and process meets the highest standards of safety, reliability, and regulatory compliance.

Elements of our quality strategy include:

### Regulatory Compliance

Adhering to all applicable pharmaceutical regulations, including Good Manufacturing Practices (GMP), Current GMP (CGMP), Good Laboratory Practices (GLP), and Good Clinical Practices (GCP).

### Risk Management Effectiveness

Maintaining a structured risk management system to identify and address potential threats to product quality and patient safety.

### Process Reviews and Inspection

Conducting regular reviews and updates of systems and procedures to stay current with regulatory expectations and industry standards.

### Quality Culture Engagement

Promoting a shared responsibility for quality across all departments, with employees actively contributing to product and process excellence.

### Role Specific Trainings

Providing targeted training and development to ensure that employees have the skills and knowledge required to uphold quality standards in their roles.

### Data Integrity

Safeguarding the accuracy and reliability of data across clinical trials, manufacturing, and post-market activities

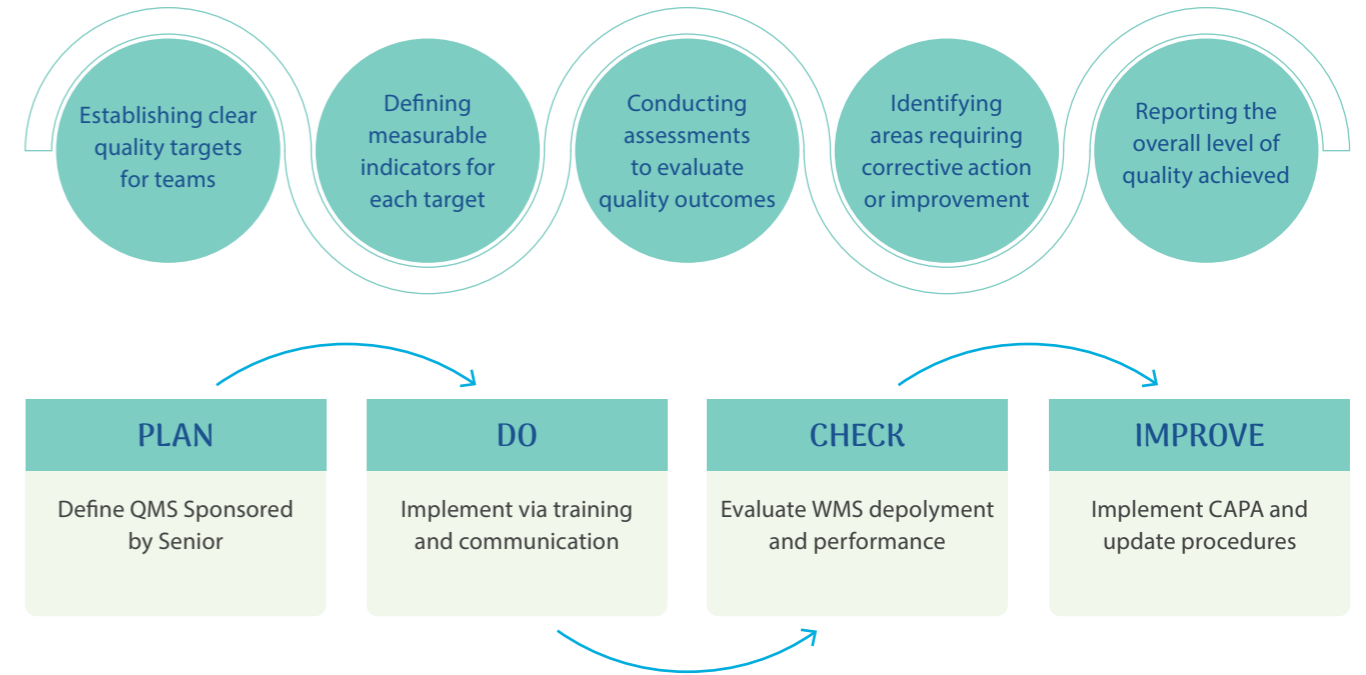
### Supplier Quality Compliance

Managing supplier relationships through a structured program that ensures all partners meet defined quality benchmarks

## Quality Management Process

Our Quality Management Process is designed to ensure that all outputs consistently meet defined standards and customer expectations. This structured approach enables the quality team to monitor, evaluate, and improve performance across operations.

Functions within the process include:

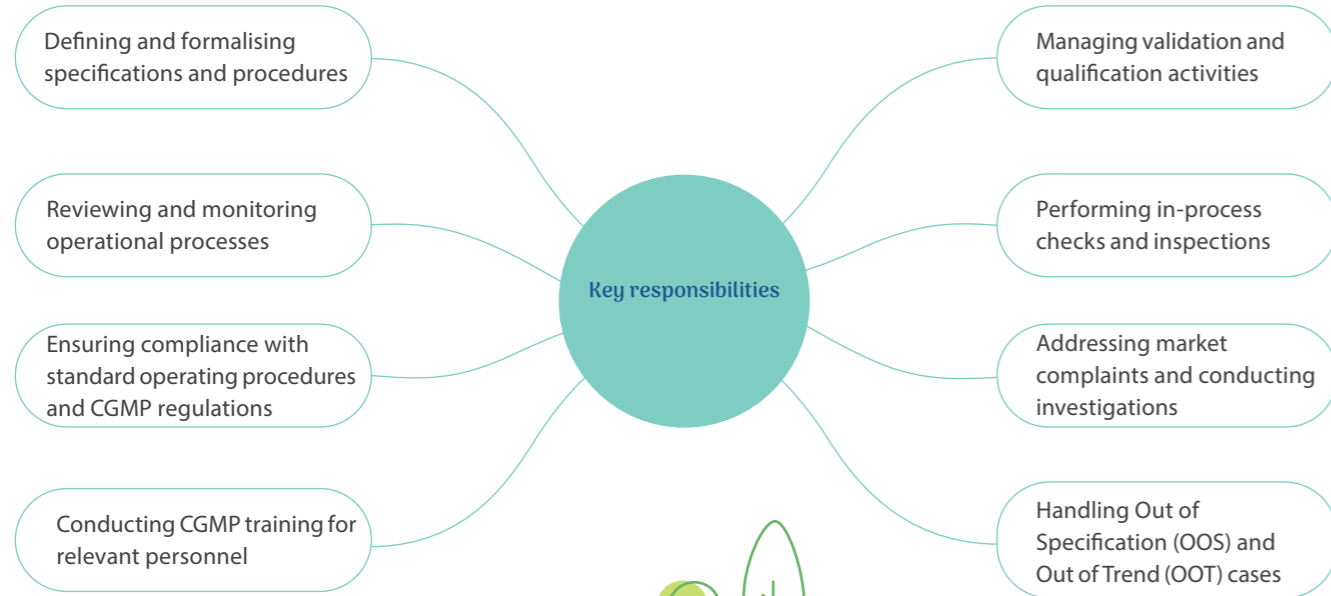


### Right First Time (RFT)

Alkem follows the 'Right First Time' approach to promote accuracy across all stages of operations from product design to customer service. This principle helps reduce the need for corrections or rework, contributing to improved product quality, greater customer satisfaction, lower waste, and better cost control. Production lines and quality control laboratories are closely monitored by skilled teams who proactively identify and resolve potential issues. This vigilance helps maintain product integrity and reduces the likelihood of defects, reinforcing our commitment to consistent quality

### Quality Assurance

Quality assurance plays a central role in maintaining consistency and reliability across Alkem’s operations. It is responsible for overseeing all activities related to Current Good Manufacturing Practices (CGMP) in both testing and manufacturing environments.



#### Quality Assurance Oversight

The Quality Assurance team plays a key role in maintaining regulatory compliance across operations. It is responsible for planning audit schedules and monitoring adherence to standards, while allowing appropriate timeframes for issue resolution based on severity.

All batch manufacturing procedures and CGMP documentation are developed in accordance with applicable regulatory requirements. These documents are reviewed and updated regularly to reflect current guidelines, ensuring continued compliance and operational integrity.

#### Regulatory Compliance<sup>129 130 131</sup>

Alkem’s manufacturing facilities are subject to inspections and audits based on Current Good Manufacturing Practices (CGMP) as outlined by leading global regulatory authorities. These include the Schedule M (India), 21 CFR (USA), MHRA (UK), Eudralex Volumes (EU), SAHPRA (South Africa), TGA (Australia), ANVISA (Brazil), WHO (Geneva), TPD (Health Canada), PPB (Kenya), NDA (Uganda), MOH (Sudan), INVIMA (Colombia), TFDA (Tanzania), Zimbabwe, and several other agencies across Africa, Asia, and the CIS region.

To support consistent compliance, Alkem follows a corporate Standard Operating Procedure titled “Handling of Audit Management Through TrackWise.” This framework guides impartial self-inspections across all sites, helping assess the level of GMP awareness and execution. These audits also highlight areas for improvement and recommend corrective actions.

Self-inspections are conducted at regular intervals, typically twice a year, by cross-functional teams within departments and by the Corporate Quality Assurance (CQA) team at each location. In situations involving serious market complaints, product recalls, or major GMP deviations, additional audits may be initiated ahead of schedule to address specific concerns.

During FY 2024-25, there were no legal cases filed or pending against the Company related to unfair trade practices, misleading advertising, or anti-competitive conduct. All products are treated as significant, and the quality team evaluates their health and safety impact. No incidents of non-compliance related to product safety were reported that resulted in fines, penalties, or warnings during the reporting period.

Regulatory Agency Inspections*	FY 22	FY 23	FY 24	FY 25
No. of USFDA Inspections	1	3	3	2
No. of Form 483 observations	0	1	13	0

\*India operations only.

The Company did not receive any FDA warning letter in the past four years. There was no impact on Company’s annual revenue or production due to Form 483 observations.

#### Aspects of Quality Assurance at Alkem



<sup>129</sup>GRI 417-3 Incidents of non-compliance concerning marketing communications

<sup>130</sup>GRI 416-1 Assessment of the health and safety impacts of product and service categories

<sup>131</sup>GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services



### Patient Safety

Alkem prioritises patient safety by actively working to prevent and reduce risks that may affect individuals using our products. This includes a range of measures aimed at minimising the chances of adverse events, product-related concerns, and other forms of harm. To support this commitment, a formal grievance mechanism is in place for consumers to raise concerns related to product quality or safety. This system ensures that feedback is addressed promptly and responsibly, helping us maintain trust and uphold high standards of care

### Market Complaint Handling

Alkem has a structured process in place for managing market complaints, guided by the SOP titled "Handling of Market Complaint through TrackWise." This procedure outlines clear responsibilities for recording and investigating complaints received through various channels, including written, electronic, or verbal communication from customers, distributors, patients, regulatory bodies, healthcare professionals, and field teams.

Complaints may relate to product safety, identity, purity, effectiveness, quality, availability, mix-ups, or adverse drug reactions (ADR) after the product reaches the market. Each complaint is classified as Critical, Major, or Minor based on an assessment of severity, frequency, and detectability. Investigations are expected to be completed within 30 calendar days of receipt, and cases are closed only after confirmation from the complainant.

### Product Recall

Alkem follows a defined SOP titled "Handling of Product Recall through TrackWise" to manage product recall activities. This process involves the withdrawal of products from the market due to concerns related to quality, safety, or effectiveness, including labelling discrepancies that breach applicable laws or regulatory standards.

	FY 22	FY 23	FY 24	FY 25
Number of class II recalls	35	43	51	57

There has been no Class I recall by the Company in the past four years.

### Pharmacovigilance

Alkem maintains a strong pharmacovigilance framework to ensure the ongoing safety of its medicinal products throughout their lifecycle—from clinical development to post-marketing monitoring. This system is designed to detect, evaluate, and communicate any potential side effects or safety concerns in line with global regulatory expectations.

Our pharmacovigilance practices are governed by a global policy supported by a dedicated Drug Safety Review Committee. The system complies with international standards for the reporting, analysis, and communication of adverse drug reactions, reinforcing our focus on patient well-being.

All reports related to adverse drug reactions are managed by the Pharmacovigilance Department. A dedicated email address (pvglobal@alkem.com) is available for submitting Medical Information (MI) reports. The Company website also provides options for reporting through a toll-free number or email, as outlined at [www.alkemlabs.com/adverse-eventreporting.php](http://www.alkemlabs.com/adverse-eventreporting.php). Reports received from patients, healthcare professionals, and other individuals are handled in accordance with the SOP titled "Procedure for Handling of MI Report/s."

Alkem also ensures that consumers have access to clear and accurate information regarding the safe use, storage, potential side effects, and disposal of its products. This information is shared through appropriate channels, including product labels, information leaflets, and the company website.

During FY 2024–25, there were no reported cases of non-compliance with regulatory or voluntary standards related to product labelling or marketing communications. Alkem continues to comply with Rule 96 of the Drugs and Cosmetics Rules and the Cosmetic Rules 2020, ensuring that all labeling requirements are met, including those related to content and safe usage<sup>132 133 134</sup>.

<sup>132</sup>GRI 417-2 Incidents of non-compliance concerning product and service information and labeling

<sup>133</sup>GRI 417-1 Requirements for product and service information and labeling

<sup>134</sup>GRI 417-3 Incidents of non-compliance concerning marketing communications

### Community Engagement

<p><b>INR 359.13 million</b> Spend on CSR Projects in FY 2024-25</p>	<p><b>8,72,377</b> CSR Beneficiaries in FY 2024-25</p>
<p>Best CSR Performer 2022-23: 2<sup>nd</sup> North East CSR Forum (NECSRF) 2024</p>	<p>Awarded at the Bharat CSR &amp; Sustainability Awards for our Cancer Care initiative in Bihar.</p>

### Community Development through Alkem Foundation

We remain committed to enhancing the quality of life in the communities it serves. Through the Alkem Foundation, our dedicated CSR arm, we continue to advance our vision of inclusive and sustained community development.

Our efforts are shaped through close collaboration with government bodies, civil society organisations, and local communities. This participatory approach helps ensure that initiatives are responsive to real needs and contribute meaningfully to long-term social progress.

### CSR Strategy and Implementation

Alkem carries out its social responsibility initiatives in line with its CSR Policy, aiming to address both immediate and long-term needs of the communities it serves. The program is designed to create meaningful impact, especially among underserved and marginalised groups.

The Company's approach is inclusive and spans multiple sectors, with a focus on healthcare, education, rural development, environmental stewardship, and sports. These initiatives are delivered either directly or in collaboration with trusted non-governmental organisations.

During FY 2024–25, Alkem undertook targeted projects around its head office, manufacturing units, and R&D centres, responding to the specific needs of nearby communities within the identified thematic areas.

Further details on the CSR Policy and activities conducted during the year are available in Annexure C of this report. The CSR Policy can also be accessed on the Company's website: [CSR Policy](#).



# CSR Projects



## Healthcare

### Project AAMA – Alkem Anaemia Mukti Abhiyan

Description	Beneficiaries	UNSDGs
In support of national efforts to reduce anaemia, the Alkem Foundation continued its flagship initiative across six states: Maharashtra, Gujarat, Rajasthan, West Bengal, Bihar, and Uttar Pradesh. By collaborating with local self-governance bodies and grassroots NGOs, the project aims to transform villages into Anaemia Mukti Panchayats through awareness campaigns, preventive care, and timely medical intervention	<p>1,09,911 AAMA beneficiaries reached (Women: 70,726, Children: 17,396, Pregnant women: 6,235, Men: 15,554)</p> <p>14,522 Anaemia cases identified</p> <p>6,421 individuals' Positive behaviour change observed</p> <p>444 Poshan Sakhis trained</p> <p>584 ABHA &amp; MCP cards updated</p>	
<b>Establishment of soap banks</b>		
As part of Project AAMA, Alkem Foundation has introduced soap banks in government schools and Anganwadi centers to promote better hygiene and sanitation practices within communities. These banks ensure that every beneficiary has access to soap for regular handwashing, contributing to improved health outcomes and reduced risk of infection. The initiative encourages active participation from stakeholders, inviting contributions in the form of soap donations. This community-driven model fosters shared responsibility and strengthens local engagement in public health efforts.	268 Soap banks established	
<b>Nutrition gardens and nutritional kits</b>		
Nutrition gardens offer a cost-effective, community-based solution to promote access to healthy food and balanced nutrition. Established as part of Alkem Foundation's health-focused initiatives, these gardens aim to increase the consumption of fruits and vegetables among villagers, contributing to improved dietary habits and overall well-being. By encouraging local cultivation, the initiative supports better nutrition intake and plays a vital role in addressing malnutrition. It also fosters self-reliance and strengthens community engagement in sustainable health practices.	940 Nutrition gardens created	

Project Missions Ayushman		
Through a six-month partnership with a grassroots NGO, the Alkem Foundation facilitated universal access to Ayushman Cards in Besarbati Panchayat, Kishanganj district. The initiative ensured that 100% of eligible individuals received their cards, enabling up to INR 5 lakh in free healthcare coverage per beneficiary at empaneled hospitals.	10,526 Ayushman Cards Distributed	
<h2>Education and Empowerment</h2>		
<b>Project AAGAZ+</b>		
In partnership with the Sikkim Education Department, Alkem Foundation conducted WASH (Water, Sanitation, and Hygiene) training at PM Shri Government Girls' Senior Secondary School, Deorali.	More than 25 teachers were trained using participatory methods to promote sustainable hygiene practices within the school environment.	
<b>Swabhiman Kaksh</b>		
In Soreng, an aspirational district, Alkem Foundation inaugurated a dedicated changing room for adolescent girls. The facility provides access to sanitary products, clean water, and hygienic disposal systems.	This initiative benefited 2,997 girls, contributing to improved menstrual health management and increased school attendance.	
<b>Shri Samprada Singh Scholarship Programme</b>		
This scholarship programme supports 45 students from lower-middle-income families who faced educational disruptions following the pandemic. It ensures continuity in education from primary school through college, helping students pursue academic goals without financial barriers.	45 students from lower-middle-income families impacted by the pandemic received educational support	
<b>Holistic Learning Initiatives</b>		
Alkem Foundation promotes early childhood education through quality preschool programmes that foster lifelong learning and holistic development. The Foundation also supports inclusive education at The Bombay Institution for Deaf & Mutes and funds integrated learning for visually impaired children.	During FY 2024–25, these centres supported 205 students, helping bridge educational gaps and improve academic performance	
In urban slums, remedial centres backed by the Foundation employ innovative teaching methods to enhance learning outcomes.		



## Livelihood & Rural Development

### Alkem Aatma Nirbhar Gram Project

<p>In collaboration with Namchi Gram Panchayat, Alkem Foundation established two production units for mushroom cultivation and noodle manufacturing in Sikkim. The Alkem Cooperative Society supports long-term viability through assured procurement of produce.</p>	<p>This initiative empowered over 150 underprivileged women by providing sustainable income opportunities.</p>	
<p>Project Swavlamban – Skills to Success</p>		
<p>Implemented in Daman, this initiative trained underserved youth in tailoring, fashion design, nursing assistance, and multiskilling. Post-training, participants successfully secured employment or self-employment, marking a significant step toward economic independence.</p>	<p>123 youth trained, 83% of which secured employment or are self-employed.</p>	
<p>Project Saarthi</p>		
<p>Focused on enhancing mobility and financial autonomy, Project Saarthi offers professional driving skills training to underprivileged female youth in Daman. The program equips participants with the confidence and capability to pursue driving as a livelihood option.</p>		

### Inclusion, Accessibility & Volunteering

Alkem’s people-led initiatives are rooted in dignity, visibility, and active volunteerism ensuring that inclusion is not just a policy but a lived experience across the organisation.

During FY 2024–25, a total of 10,144 employees participated in SMILE initiatives, reflecting strong engagement and community spirit. The key highlights included:

**Narrating Hopes Campaign:** Volunteers recorded an audio book for visually impaired students at the National Association for the Blind, Mumbai, supporting accessible education.

**Rakhi Exhibition:** Handcrafted rakhis made by visually impaired women were showcased and sold, promoting their livelihood and economic independence.

**Blood Donation Drive:** In memory of our Founder and Chairman Emeritus, Late Shri Samprada Singh, a nationwide campaign was organised

- ◆ Volunteers Registered: 1,025
- ◆ Units of Blood Donated: 745

### Awarathon – Alzheimer’s Awareness Walks

On World Alzheimer’s Day (September 21), Alkem Foundation, in collaboration with HelpAge India, organised the fourth edition of Awarathon across five major cities including Mumbai, Delhi, Kolkata, Chennai, and Bengaluru. This pan-India initiative aimed to raise public awareness about Alzheimer’s disease, emphasising the importance of early diagnosis, timely treatment, and understanding the emotional impact on patients and caregivers.

The event witnessed participation from over 850 individuals, including senior citizens, healthcare professionals, and Alkem employees. Esteemed dignitaries, along with members of Alkem’s leadership and CSR Committee, joined the walks to reaffirm the Company’s commitment to elderly care and mental health advocacy.

### World AIDS Day

On World AIDS Day, Alkemites united in solidarity to raise awareness and promote informed healthcare choices around HIV/AIDS. The Company organised a digital awareness campaign that engaged 4,571 participants, amplifying the message of prevention, early detection, and support.

A total of 1,140 employees joined a signature campaign to publicly affirm their commitment to ending stigma and supporting affected communities. Additionally, educational pamphlets titled Understanding AIDS were distributed to vulnerable groups, particularly truck drivers, helping promote informed decisions and access to care.

### Enabling Sports Excellence

Alkem Foundation is proud to champion India’s sporting talent—from grassroots development to international podiums—by supporting athletes across disciplines and regions.

### National-Level Impact

In partnership with Olympic Gold Quest (OGQ), Alkem supported four medal winners at the 2024 Paris Olympics and 25 medalists at the Paralympics, celebrating their resilience, dedication, and pursuit of excellence.

### Sports Talent Promotion

To nurture early-stage talent, Alkem provided sports kits through the Sikkim Football Association, enabling aspiring athletes to participate in national and state-level competitions. This initiative helps bridge access gaps and encourages youth participation in organised sports.





Annexures

# GRI Index

GRI Standard	Disclosure	Description	Page No./Remarks
<b>GRI 2 General Disclosures 2021</b>	2-1	Organizational details	10 -13
	2-2	Entities included in the organisation's sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2-3
	2-4	Restatements of information	3
	2-5	External assurance	3
	2-6	Activities, value chain and other business relationships	10 -13
	2-7	Employees	102 - 103
	2-8	Workers who are not employees	102 - 103
	2-9	Governance structure and composition	39
	2-10	Nomination and selection of the highest governance body	43-45
	2-11	Chair of the highest governance body	40
	2-12	Role of the highest governance body in overseeing the management of impacts	41-43
	2-13	Delegation of responsibility for managing impacts	41-43
	2-14	Role of the highest governance body in sustainability reporting	45
	2-15	Conflicts of interest	48
	2-16	Communication of critical concerns	43
	2-17	Collective knowledge of the highest governance body	40
	2-18	Evaluation of the performance of the highest governance body	43, <a href="#">Annual Report FY 25 Pg 121</a>
	2-19	Remuneration policies	<a href="#">Annual Report FY 25 Pg 105</a>
	2-20	Process to determine remuneration	<a href="#">Annual Report FY 25 Pg 104</a>
2-21	Annual total compensation ratio	109	
2-22	Statement on sustainable development strategy	6-7	
2-23	Policy commitments	48	
2-24	Embedding policy commitments	48	
2-25	Processes to remediate negative impacts	49	
2-26	Mechanisms for seeking advice and raising concerns	49	
2-27	Compliance with laws and regulations	50	
2-28	Membership associations	15, 61	
2-29	Approach to stakeholder engagement	20-21	
2-30	Collective bargaining agreements	112	
<b>GRI Material Topics 2021</b>	3-1	Process to determine material topics	22, 33
	3-2	List of material topics	22 - 33

GRI Standard	Disclosure	Description	Page No./Remarks
<b>GRI 201: Economic Performance 2016</b>	3-3	Management of material topics	36-37
	201-1	Direct economic value generated and distributed	36
	201-2	Financial implications and other risks and opportunities due to climate change	37
	201-3	Defined benefit plan obligations and other retirement plans	107, <a href="#">Annual Report FY 25 Pg 202-203, 230-232</a>
201-4	Financial assistance received from government	37	
<b>GRI 204: Procurement Practices 2016</b>	3-3	Management of material topics	70-73
	204-1	Proportion of spending on local suppliers	73
<b>GRI 205: Anti-Corruption</b>	3-3	Management of material topics	47
	205-2	Communication and training about anti-corruption policies and procedures	47
	205-3	Confirmed incidents of corruption and actions taken	47
<b>GRI 206: Anti – competitive Behaviour</b>	3-3	Management of material topics	47-48
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	48
<b>GRI 207: Tax 2019</b>	207-1	Approach to tax	50-51
	207-2	Tax governance, control, and risk management	50-51
	207-3	Stakeholder engagement and management concerns related to tax	51
	207-4	Country-by-country reporting	<a href="#">Annual Report FY 25 Pg 98-99</a>
<b>GRI 302: Energy 2016</b>	3-3	Management of material topics	78-80
	302-1	Energy consumption within the organisation	79
	302-3	Energy Intensity	79
	302-4	Reduction of energy consumption	79
<b>GRI 303: Water and Effluents 2018</b>	3-3	Management of material topics	88-91
	303-1	Interactions with water as a shared resource	91
	303-2	Management of water discharge related impact	90
	303-3	Water withdrawal	90
	303-4	Water discharge	90
303-5	Water consumption	90	



GRI Standard	Disclosure	Description	Page No./Remarks
<b>GRI 305: Emissions 2016</b>	3-3	Management of material topics	81-88
	305-1	Direct (Scope 1) GHG emissions	82
	305-2	Energy indirect (Scope 2) GHG emissions	82
	305-3	Other indirect (Scope 3) GHG emissions	82
	305-4	GHG Emissions Intensity	82
	305-5	Reduction of GHG Emissions	81-82
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	88
<b>GRI 306: Waste 2020</b>	3-3	Management of material topics	92-94
	306-1	Waste generation and significant waste-related impact	92
	306-2	Management of significant waste related impacts	93
	306-3	Waste generated	94
	306-4	Waste diverted from disposal	94
	306-5	Waste directed to disposal	94
<b>GRI 308: Supplier Environmental Assessment 2016</b>	3-3	Management of material topics	71-73
	308-1	New suppliers that were screened using environmental criteria	72
	308-2	Negative environmental impacts in the supply chain and actions taken	71
<b>GRI 401: Employment 2016</b>	3-3	Management of material topics	102-108
	401-1	New employee hires and employee turnover	104-105
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	107, <a href="#">Annual Report FY 25 Pg 202-203, 230-232</a>
	401-3	Parental Leave	106
	401-4	Worker participation, consultation, and communication on occupational health and safety	118
<b>GRI 403: Occupational Health and Safety 2018</b>	3-3	Management of material topics	114-121
	403-1	Occupational health and safety management system	116-118
	403-2	Hazard identification, risk assessment, and incident investigation	116, 119
	403-3	Occupational health services	116
	403-4	Worker participation, consultation, and communication on occupational health and safety	118
	403-5	Worker training on occupational health and safety	116, 119
	403-6	Promotion of worker health	121
	403-8	Workers covered by an occupational health and safety management system	118
	403-9	Work-related injuries	121
	403-10	Work related ill-health	121
<b>GRI 404: Training and Education 2016</b>	3-3	Management of material topics	112-113
	404-1	Average hours of training per year per employee	113
	404-2	Programs for upgrading employee skills and transition assistance programmes	112-113
	404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Annual Report FY 25 Pg 155</a>

GRI Standard	Disclosure	Description	Page No./Remarks
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	3-3	Management of material topics	109
	405-1	Diversity of governance bodies and employees	41, 103
	405-2	Ratio of basic salary and remuneration of women to men	109
<b>Non-discrimination 2016</b>	3-3	Management of material topics	112
	406-1	Incidents of non-discrimination and corrective actions taken	112
<b>GRI 408: Child Labor 2016</b>	3-3	Management of material topics	112
	408-1	Operations and suppliers at significant risk for incidents of child labour	112
<b>GRI 409: Forced or Compulsory Labor 2016</b>	3-3	Management of material topics	112
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	112
<b>GRI 410: Security Practices 2016</b>	3-3	Management of material topics	112
	410-1	Security personnel trained in human rights policies or procedures	112
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	3-3	Management of material topics	112
	411-1	Incidents of violations involving rights of indigenous peoples	112
<b>GRI 414: Supplier Social Assessment 2016</b>	3-3	Management of material topics	71-73
	414-1	New suppliers that were screened using social criteria	72
	414-2	Negative social impacts in the supply chain and actions taken	71
<b>GRI 415: Public Policy 2016</b>	3-3	Management of material topics	61-62
	415-1	Political Contribution	61
<b>GRI 416: Customer Health and Safety 2016</b>	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	125
<b>GRI 417: Marketing and Labeling 2016</b>	3-3	Management of material topics	126
	417-1	Requirements for product and service information and labeling	126
	417-2	Incidents of non-compliance concerning product and service information and labeling	126
<b>GRI 418: Customer Privacy 2016</b>	3-3	Management of material topics	63-65
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	63

## INDEPENDENT ASSURANCE STATEMENT to the Management of Alkem Laboratories Limited

Alkem Laboratories Limited (Corporate Identity Number L00305MH1973PLC174201, hereafter referred to as 'Alkem' or 'the Company') has commissioned DNV Business Assurance India Private Limited ("DNV", "us" or "we") to conduct an independent assurance of its non-financial sustainability disclosures reported in its Sustainability Report for Financial Year (FY) 2024-25 (hereafter referred to as 'Report').

### Scope of Work and Boundary

The agreed scope of work is a Limited level of assurance of the non-financial sustainability disclosures reported in the Sustainability Report for the reporting period 01/04/2024 to 31/03/2025. The reported topic boundaries of non-financial sustainability performance are based on the materiality assessment covering the Company's operations as brought out in the section 'About the Report'.

Based on the agreed scope with the Company, the boundary for the assurance covers all the offices and operations of Alkem that fall under the direct operational control of the Company's Legal structure. The reporting and assurance boundary covers the performance of Alkem Laboratories Limited standard-alone basis (13 manufacturing sites & R&D facilities, Corporate Offices & 7 directly owned depots).

### Reporting Criteria and Standards

- "In reference with" requirements of Global Reporting Initiative (GRI) standards 2021
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard

### Assurance Methodology/ Standard

DNV carried out the assurance engagement in accordance with DNV's VeriSustain™ protocol (V6.0), which is based on our professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information. DNV's VeriSustain™ Protocol (V6.0) has been developed in accordance with the most widely accepted reporting and assurance standards.

Apart from DNV's VeriSustain™ protocol (V6.0), DNV team has also followed ISO 14064-3 - Specification with guidance for the verification and validation of greenhouse gas statements.

### Basis of our conclusion.

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of Alkem. We carried out the following activities:

- We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders.
- Reviewed the disclosures in the report. Our focus included general disclosures, GRI topic specific disclosures and any other key metrics specified under the reporting framework.
- Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial disclosures in report.
- Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting requirements.
- Collect and evaluate documentary evidence and management representations supporting adherence to the reporting requirements.
- Interviews with the senior managers responsible for management of disclosures and review of selected evidence to support environmental KPIs and metrics disclosed the Report. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected GRI disclosures.
- DNV audit team conducted on-site audits for corporate offices and sites (refer Annexure II). Sample based assessment of site-specific data disclosures was carried out. We were free to choose sites for conducting our assessment.
- Reviewed the process of reporting as defined in the assessment criteria.

### Our competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO/IEC 17029:2019-Conformity Assessment - General principles and requirements for validation and verification bodies 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. DNV has complied with the Code of Conduct during the assurance engagement. DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. During the reporting period i.e. FY 2024-25, DNV, to the best of its knowledge, was not involved in any non-audit/non-assurance work with the Company and its Group entities which could lead to any Conflict of Interest. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

### Our Conclusion:

On the basis of the assessment undertaken and agreed scope of work, nothing has come to our attention to suggest that the disclosures are not fairly stated and are not prepared, in all material aspects, with reference to the reporting criteria

#### Principles as per DNV VeriSustain™ Protocol (V6.0)

##### 1. Materiality

*The process of determining the issues that are most relevant to an organization and its stakeholders.*

The Report explains the materiality assessment processes carried out by Alkem which has considered concerns of internal and external stakeholders, and input from peers and the industry, as well as issues of relevance in terms of impact for Alkem's business.

*Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.*

##### 2. Stakeholder inclusiveness

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

The Report brings out the stakeholders who have been identified as significant to the Alkem, as well as the modes of engagement established by the Company to interact with these stakeholder groups. The key topics of concern and needs of each stakeholder group which have been identified through these channels of engagement are further brought out in the Report.

*Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness*

##### 3. Responsiveness

*The extent to which an organization responds to stakeholder issues.*

The Report adequately brings out the Alkem's policies, strategies, management systems and governance mechanisms in place to respond to topics identified as material and significant concerns of key stakeholder groups.

*Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.*

##### 4. Reliability/Accuracy

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The Report brings out the systems and processes that the Company has set in place to capture and report its performance related to identified material topics across its reporting boundary. The majority of information mapped with data verified through our on-site and remote assessments with Alkem's management teams and process owners at the Corporate Office and sampled sites within the boundary of the Report were found to be fairly accurate and reliable. Some of the data inaccuracies identified in the report during the verification process were found to be attributable to transcription, interpretation, and aggregation errors. These data inaccuracies have been communicated for correction, and the related disclosures were reviewed post correction.

*Nothing has come to our attention to believe that the Report does not meet the principle of Reliability and Accuracy.*

##### 5. Completeness

*How much of all the information that has been identified as material to the organization and its stakeholders is reported?*

The Report brings out the Company's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its operational locations coming under the boundary of the report, for the chosen reporting period while Alkem is applying and considering the requirements of Principle of Completeness.

*Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.*

##### 6. Neutrality/Balance

*The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.*

The Report brings out the disclosures related to Alkem's performance during the reporting period in a neutral tone in terms of content and presentation, while considering the overall macroeconomic and industry environment.

*Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.*

##### 7. Sustainability Context

*This addresses the requirement related to the presentation of the organization's performance in its own sustainability and general business context, i.e. a local, regional and international context.*

The Report outlines how the Alkem monitors and evaluates its impact across local, regional and global sustainability contexts. It reflects the Company's efforts to align its performance with broader societal needs and planetary boundaries to monitor, measure and evaluate its significant direct and indirect impacts linked to identified material topics across the Company, its significant value chain entities and key stakeholder groups.

*Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Sustainability Context.*

### Responsibility of the Company

Alkem has the sole responsibility for the preparation of the Report and is responsible for all information disclosed in the Report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and ensuring the quality and consistency of the information presented in the Report. Alkem is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on their website.

### DNV's Responsibility

In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

DNV disclaims any liability or co-responsibility for any decision a person or entity would make based on this assurance statement.

### Use and distribution of Assurance statement

This assurance statement, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work or this assurance statement. We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on Company's website for the current reporting period.

The use of this assurance statement shall be governed by the terms and conditions of the contract between DNV and the Alkem and DNV does not accept any liability if this assurance statement is used for an alternative purpose from which is intended, not to any third party in respect of this assurance statement.

Inherent Limitations
<p>DNV's assurance engagement assume that the data and information provided by the Company to us as part of our review have been provided in good faith, is true, complete, sufficient, and authentic, and is free from material misstatements. The assurance scope has the following limitations:</p> <ul style="list-style-type: none"> <li>• The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation / measurement errors and omissions.</li> <li>• DNV has not been involved in the evaluation or assessment of any financial data / performance of the company. DNV's opinion on financial disclosures relies on the third party audited financial reports of the Company. DNV does not take any responsibility of the financial data reported in the audited financial reports of the Company.</li> <li>• The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of assurance.</li> <li>• Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.</li> <li>• The assurance does not cover the Company's statements that express opinions, claims, beliefs, aspirations, expectations, aims, or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.</li> <li>• The assessment does not include a review of the Company's strategy or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.</li> <li>• The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.</li> <li>• Aspects of the Report that fall outside the mentioned scope and boundary are not subject to assurance. The assessment is limited to the defined parameters.</li> <li>• The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Company is responsible for ensuring adherence to relevant laws.</li> </ul>

For DNV Business Assurance India Private Limited,	
<p><b>Panda, Tapan Kumar</b></p> <p>Digitally signed by Panda, Tapan Kumar Date: 2025.11.21 16:51:56 +05'30'</p> <p>Tapan Kumar Panda. Lead Verifier</p>	<p><b>Kakaraparthi Venkata Raman</b></p> <p>Digitally signed by Kakaraparthi Venkata Raman Date: 2025.11.21 17:09:25 +05'30'</p> <p>Kakaraparthi Venkata Raman Assurance Reviewer</p>
Assurance Team: Varsha Bohiya, Suraiya Rahman, Poornachander Maratha	

21/11/2025, Bangalore, India.

## Annexure I

Disclosures assured for Limited level of assurance:

- GRI 2: General Disclosures 2021
- GRI 3: Material Topics 2021 - 3-1, 3-2
- GRI 201: Economic Performance 2016- 201-1\*, 201-2, 201-3, 201-4
- GRI204: Procurement Practices 2016- 204-1
- GRI 205: Anti-corruption 2016 - 205-2, 205-3
- GRI 206: Anti-competitive Behavior 2016- 206-1
- GRI 207: Tax 2019- 207-1,207-2,207-3, 207-4
- GRI 302: Energy 2016 - 302-1, 302-3, 302-4
- GRI 303: Water and Effluents 2018 - 303-1, 303-2, 303-3, 303-4, 303-5
- GRI 305: Emissions 2016 - 305-1\*\*, 305-2\*\*\*, 305-3\*\*\*\*, 305-4, 305-5, 305-7
- GRI 306: Waste 2020 - 306-1, 306-2, 306-3, 306-4, 306-5
- GRI308: Supplier Environmental Assessment 2016- 308-1, 308-2
- GRI 401: Employment 2016 - 401-1, 401-2, 401-3
- GRI 403: Occupational Health and Safety 2018 - 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10
- GRI 404: Training and Education 2016 - 404-1,404-2, 404-3
- GRI 405: Diversity and Equal Opportunity 2016 - 405-1, 405-2
- GRI 406: Non-discrimination 2016 - 406-1
- GRI 408: Child Labor 2016- 408-1
- GRI 409: Forced or Compulsory Labor 2016-409-1
- GRI 410: Security Practices 2016- 410-1
- GRI 411: Rights of Indigenous Peoples 2016- 411-1
- GRI 414: Supplier Social Assessment 2016-414-1, 414-2
- GRI 415: Public Policy 2016- 415-1
- GRI 416: Customer Health and Safety 2016- 416-2
- GRI 417: Marketing and Labeling 2016 - 417-1, 417-2, 417-3
- GRI 418: Customer Privacy 2016 - 418-1

**Notes:**

\* GRI-201-1- Economic performance - the financial data reported in the Report are audited by Alkem appointed third party financial auditors and the report is evidenced by DNV.  
 \*\*Scope 1 GHG emissions are calculated based on IPCC sixth assessment report and GHG Protocol 2024.  
 \*\*\*Scope 2 GHG emissions are calculated based on the Grid Electricity EF - Central Electricity Authority, Govt. of India, CO<sub>2</sub> baseline database for Indian Power Sector, version 20, December 2024. Scope 2 emission data have been calculated by a location-based approach.  
 \*\*\*\*Scope 3 categories Assured are Category 1: Purchased Goods and Services, Category 2: Capital Goods, Category 3: Fuel and Energy related activities, Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, Category 6: Business travel, Category 7: Employee commute, Category 10 Processing of Sold Products, Category12: End-of-life treatment of sold products.

## Annexure II

### Sites selected for audits

S.no	Site	Location
1.	Corporate Office (Onsite)	Alkem House, Mumbai
2.	India Manufacturing plants (onsite)	Sikkim, Ankleshwar, Mandva, Daman
3.	India Manufacturing plants & depots (Remote)	Siliguri, New Delhi, Indore, Baddi





**NATURE PROTECTS THOSE WHO PROTECT IT.**

Alkem Laboratories Limited

Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India.

**CIN:** L00305MH1973PLC174201 **Telephone:** +91 22 3982 9999 **Fax:** +91 22 2495 2955 **Website:** www.alkemlabs.com