LAURUS Labs
Chemistry for Better Living

Laurus Labs ESG Supplementary Report

FY 2024-25

LAURUS Labs
Chemistry for Better Living

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Sustainability Reporting Boundaries (DJSI 1.1.1)

Our ESG Supplementary Report provides a detailed overview of our non-financial performance across our global operations for the period from April 1, 2024, to March 31, 2025. This report specifically covers the ESG performance of our six manufacturing plants and one R&D facility. While the financial performance is presented at a consolidated level, the non-financial reporting focuses on our achievements and progress in environmental and social indicators.

Sustainability Reporting Assurance (DJSI 1.1.2)

Our non-financial performance has been externally assured by NQA Certification Limited (NQA) in line with ISAE 3000 (revised). The Assurance Statement is available on page 67 of our ESG Supplementary Report FY 2024-25.

Corporate Governance

Board Independence (DJSI 1.2.1)

Each Independent Director, at the time of their appointment and thereafter at the beginning of each financial year submit a declaration affirming their independence in accordance with the criteria set out in sub-section (6) of Section 149 of the Companies Act, 2013, as well as Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board takes note of these declarations and ensures they are recorded, following a thorough assessment of their veracity. Based on this assessment, the Board confirms that the independent directors meet the prescribed independence criteria under the Companies Act and SEBI regulations and are independent of the management. Additionally, each independent director has duly registered their name on the online database maintained by the Indian Institute of Corporate Affairs.

In line with the SEBI Listing Regulations, at least fifty percent of the directors are to be independent. Currently, 50% of our directors are independent and non-executive.

Board Type (DJSI 1.2.2)

Our robust governance practices and operational success are guided by the diverse, one-tier Board of Directors. The table below outlines the composition of our Board.

Type of Members	Number of Members
Executive Directors	5
Independent & Non-Executive Directors	5
Total Board Size	10

Non-Executive Chairperson/ Lead Director (DJSI 1.2.3)

The chairman of the board acts as both Non-Executive and Independent Director. Our diversified and experienced Board brings extensive management experience and industry expertise. The average tenure of board members is 8.6 years. This collective decision-making process, led by an independent and non-executive Chairman, exemplifies our unwavering commitment to institutionalizing management accountability and augmenting credibility.

Board Diversity Policy (DJSI 1.2.4)

Laurus Labs adheres to a comprehensive Board Diversity Policy, which emphasizes the importance of diversity factors such as gender, race, ethnicity, country of origin, nationality, and cultural background in the board nomination process. This policy ensures that the Board is composed of individuals with diverse perspectives, experiences, and backgrounds, promoting a balanced and inclusive approach to decision-making and governance. For more details, please refer to the attached link.

https://www.lauruslabs.com/images/pdfs/Board_Diversity_Policy_LaurusLabs.pdf

Board Gender Diversity (DJSI 1.2.5)

Out of the 10 members on the Board of Directors, two are female, accounting for 20% of the total board composition.

Board Accountability (DJSI 1.2.6)

Provide information against below pointers:

a. The average board meeting attendance during for FY25 is 95%.

b. At Laurus Labs, any **amendment to the company's bylaws requires shareholder approval**. Shareholders vote on a one-share-one-vote basis, with options to participate through e-voting made available before or during the **Annual General Meeting, during an Extra Ordinary General Meeting, or via the postal ballot process.** The approval threshold depends on the nature of the proposed change: ordinary matters require a simple majority of 50% plus one vote, while changes designated as special matters must secure a supermajority of 75% plus one vote. **This mechanism ensures that bylaw changes reflect the informed consent of Laurus Labs' shareholders through accessible, formal voting channels.**

c. Dr. Ravindranath Kancherla, Mrs. Aruna Rajendra Bhinge, Dr. Rajesh Koshy Chandy, Mr. Karnam Sekar & Mr. Ramesh Subrahmanian are the independent and non-executive directors on Board of Directors of the Company. As per regulations, when there are a Non-Executive and Independent Director as Chairman of the Board, it requires only 1/3rd of the total board strength as independent directors. But Laurus labs, continuing its legacy of keeping high of its corporate governance standards, maintains 50% of the total strength of the Board as Independent Directors.

d. **CEO Succession Plan**
Laurus Labs maintains a clear, **merit-based CEO succession plan** designed to ensure seamless leadership continuity and sustained execution of strategy in both planned and unplanned scenarios. The plan is embedded in the company's corporate governance framework and aligns with Laurus Labs' broader succession processes for the Board and Senior Management. The Board comprises at least fifty percent independent directors, and the Non-Executive Chair is an independent director, underscoring the company's commitment to robust oversight. Laurus Labs is professionally managed, with strong functional heads who can independently manage their domains with well-defined delegated authorities, providing resilience during any leadership transition.

The **current CEO and founder, Dr. Satyanarayana Chava (Dr. Satya), holds approximately 23.3% of the Company's share capital.** His employment contract is valid until 31 March 2030 and is eligible for renewal thereafter. Under his leadership, the company has cultivated an internal talent bench and formalized a succession approach that balances development and readiness with disciplined governance. The **Board of Directors owns all CEO appointment decisions, timing, and approvals.** The **Nomination and Remuneration Committee (NRC) leads the succession process,** setting selection criteria, evaluating and benchmarking candidates, maintaining the succession slate, and recommending interim and permanent CEO appointments to the Board. The CEO partners closely with the NRC to develop the leadership pipeline, while Human Resources and the Company Secretary coordinate assessments, development plans, documentation, and regulatory compliance, ensuring confidential and fair record-keeping.

Laurus Labs prioritizes internal strength in its successor pipeline, while maintaining external benchmarking as a contingency to ensure strategic fit. The Board has recognized both Executive Directors, **Mr. Krishna Chaitanya Chava and Ms. Soumya Chava, as potential successors** who may, at an appropriate time, assume the CEO role, subject to merit-based evaluation by the NRC. Mr. Krishna, aged 35, has worked across multiple functions for eight years and was elevated to the Board as Executive Director in April 2024. He currently leads the overall CDMO business, a key growth platform for the company's future. Ms. Soumya, aged 39, joined Laurus Labs two years ago and was elevated to the Board as Executive Director in April 2024. She leads Supply Chain Management and the Generics business. Both are undergoing executive coaching and participating in broader executive learning to strengthen transition readiness, complemented by targeted experiences in strategy, finance, governance, and leadership.

Selection criteria are consistently applied to all candidates including family members to uphold diversity, fairness, and the NRC's governance standards. The criteria emphasize proven strategic leadership and execution; sound governance, ethics, and risk discipline; credibility with customers, investors, regulators, partners, and employees; operational excellence across a regulated footprint; talent development and culture stewardship; and clear, effective communication. Evidence is drawn from annual performance evaluations, 360-degree feedback, skills-gap analyses, measurable outcomes in assigned businesses, and engagement in Board committees and investor interactions.

Readiness is defined across practical time horizons to guide development and appointment decisions. Immediate readiness refers to interim capability to step into the CEO role in an emergency, supported by defined structures and delegated authorities. **Near-term readiness anticipates permanent CEO consideration within 12 to 24 months,** subject to milestones set by the NRC. **Medium-term readiness targets 24 to 36 months**, with specific experiences to be completed before consideration. The NRC sets annual readiness objectives for named candidates and reviews progress quarterly; these objectives are embedded in the Executive Directors' performance plans to ensure accountability and momentum.

Development pathways are structured to build the breadth and depth required for the CEO role. Candidates rotate through roles with P&L exposure across CDMO, Generics, SCM, Quality, Manufacturing, and Corporate functions; participate in Board committees where appropriate; engage regularly with investors; and assume oversight of risk, resilience, EHS, and compliance forums. Formal executive learning— including coaching already underway for both Krishna and Soumya—supplements on-the-job development. Ahead of any planned transition, the successor receives CEO mentoring and shadows key leadership activities, co-leading strategic reviews, risk meetings, and high-stakes customer and partner engagements to ensure a smooth transfer of authority and relationships.

For **planned transitions, Laurus Labs typically follows a six- to twelve-month runway**. The NRC confirms readiness and timing, and the Board approves the appointment plan. The successor shadows the CEO and co-leads core forums, while KPIs, compensation, regulatory filings, and delegated authorities are finalized. A first 100-days plan is prepared to align near-term priorities with strategic objectives and risk mitigations. Communication to employees, investors, regulators, customers, partners, and media is coordinated to maintain confidence, followed by the formal transfer of authority on the agreed date.

For **unplanned events such as sudden resignation, incapacity, or death**—the Board Chair convenes an emergency Board meeting within 24 to 48 hours. The NRC recommends an Interim CEO from the internal slate based on immediate readiness, and the Board approves the appointment. Delegated authorities and continuity measures are confirmed across the Executive Committee and functional heads to avert operational disruption. Transparent communication is provided to employees, investors, regulators, customers, and partners. The NRC then conducts an accelerated assessment to appoint a permanent CEO, after which a structured handover is executed and all regulatory filings and disclosures are completed.

Monitoring, documentation, and compliance are integral to the governance rhythm. The NRC reviews the CEO succession slate and readiness status annually, with quarterly updates tracking development milestones and performance against readiness objectives. Succession registers, assessments, and Board and NRC minutes are maintained confidentially and fairly by HR and the Company Secretary, consistent with NRC policy and diversity commitments. The NRC may benchmark external talent periodically to ensure Laurus Labs remains aligned to evolving strategic needs, global industry practices, and cost of leadership; external candidates are considered if internal readiness does not meet timing or capability requirements, applying the same merit-based criteria.

This integrated CEO succession plan combines robust governance with a strong internal pipeline anchored by Krishna and Soumya's ongoing development, while safeguarding against unplanned contingencies. It sustains strategic momentum, reinforces the depth of Laurus Labs' leadership bench, and upholds stakeholder confidence so the company can continue delivering on its long-term ambitions under any transition scenario.

e. The performance evaluation of the Board at Laurus Labs is conducted comprehensively across three key areas: (i) the Board as a whole, (ii) individual directors, including Independent Directors and the Chairperson, and (iii) the various committees of the Board. This process ensures that all aspects of the Board's functioning, decision-making, and governance are thoroughly assessed. In the previous year, no observations or actions remained pending, and the Board is fully satisfied with the processes being followed by the management. The Board remains committed to continuing its strong governance practices, ensuring ongoing effectiveness and alignment with best practices.

f. At Laurus Labs, there are no contractual limitations on directors' liabilities; directors remain liable as per applicable laws and regulations. To provide financial protection, the Company maintains a **Directors and Officers (D&O) Liability Insurance policy**. This insurance, subject to its terms, conditions, and exclusions and to the extent permitted by law, offers coverage for certain claims and associated costs arising from acts performed in their official capacities. It does not limit statutory liability but helps safeguard directors and the Company against covered risks.

g. **Board Election Process:** Board members are elected individually (as opposed to being elected by the state). In line with our Nomination, Remuneration and Board Diversity Policy, all Board Members are elected by the Nomination and Remuneration Committee. All Independent Directors are appointed in line with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board Average Tenure (DJSI 1.2.7)

Our Board Average Tenure is 8.6 years.

Board Industry Experience (DJSI 1.2.8)

Currently, four of our Independent/Non-Executive Directors, Mrs. Aruna Bhinge, Dr. Rajesh Koshy Chandy, Dr. Ravindranath Kancherla, and Mr. Ramesh Subrahmanian possess relevant industry experience.

Name of the Director	Pharma industry experience in sourcing, manufacturing, marketing and business development	Accounting, financial, budget and costing expertise	Legal and HR expertise	Expertise in corporate governance	Experience in quality	Formulation of effective strategy
Dr. Ravindranath Kancherla	✓			✓		✓
Mr. Ramesh Subrahmanian	✓	✓		✓		✓

Dr. Rajesh Koshy Chandy	✓	✓		✓		✓
Mrs. Aruna Bhinge	✓	✓		✓		✓
Dr. Satyanarayana Chava	✓			✓	✓	✓
Mr. V.V. Ravi Kumar	✓	✓	✓	✓		✓
Dr. C.V. Lakshmana Rao	✓			✓	✓	✓
Mr. Krishna Chaitanya Chava	✓					✓
Ms. Soumya Chava	✓					✓
Mr. Karnam Sekar		✓		✓		✓

Management Ownership (DJSI 1.2.11)

Name and Designation	Salary (INR)	No. of shares held
Dr. Satyanarayana Chava, CEO	13,14,68,604	125,696,740
Mr. Venkata Ravi Kumar, Executive Director	4,52,61,004	77,05,000
Dr. Chunduru Venkata Lakshmana Rao, Executive Director	2,95,26,134	14,310,765
Mr. Krishna Chaitanya Chava, Executive Director	1,84,25,111	20,699
Mrs. Soumya Chava, Executive Director	1,11,91,871	22,940

Position	Name	Multiple of base salary
Chief Executive Officer	Dr. Satyanarayana Chava	586.46
Executive Directors	Mr. Venkata Ravi Kumar, Dr. Chunduru Venkata Lakshmana, Mr. Krishna Chaitanya Chava, & Mrs. Soumya Chava	100.91

Management Ownership Requirements (DJSI 1.2.12)

The company does not have a specific stock ownership requirement for the CEO and other members of executive committee.

Government Ownership (DJSI 1.2.13)

No governmental institution owns more than 5% of the total voting rights of the company.

Family Ownership (DJSI 1.2.14)

Founding individuals or family members individually own 23.02% of the voting rights of the company.

CEO-to-Employee Pay Ratio (DJSI 1.2.15*)*

The ratio between the total annual compensation of the Chief Executive Officer and the median employee remuneration is **287:1** for FY 2024-25.

ESG Governance Oversight (DJSI 1.2.16*)*

At Laurus Labs, ESG Governance is overlooked by the Corporate Social Responsibility (CSR) Committee as mandated by the Schedule VII of the Companies Act, 2013. Additionally, Mr. Srinivas Rao M has been appointed as the Chief Sustainability Officer as a member of the executive management team and shall report to the Board on Laurus Labs' timely progress on ESG-related activities.

Materiality

Materiality Analysis (DJSI 1.3.1)

We continue to prioritize the identification of material sustainability issues through thorough, ongoing engagement with our stakeholders, integrating their insights into our strategy and initiatives to drive long-term value creation. Applying the principles of double materiality, we conducted a comprehensive assessment involving both internal and external stakeholders to pinpoint significant risks and opportunities that affect our business, society, and the environment. This year, we reassessed key topics internally using the same framework to ensure alignment with evolving stakeholder priorities and our strategic goals. The assessment will be refreshed regularly, at intervals of every two to three years, and the identified issues are systematically categorized by significance and classified as risks or opportunities. The latest assessment has been reviewed and approved by Senior Management. To support oversight and execution, we maintain a register that identifies ESG risks and their mitigation measures. The materiality analysis also guides the content of our non-financial disclosures and underpins compliance with GRI, SASB, and SEBI's BRSR requirements.

Key Highlights of the Assessment Process

- **Senior leadership reviews and approves** final findings, ensuring strategic alignment and accountability.
- The materiality **assessment is conducted at least biennially,** with interim updates as needed to reflect emerging issues and regulatory changes.
- **Comprehensive stakeholder engagement** incorporates insights from internal teams and external stakeholders throughout the review.
- **A dynamic ESG risk register** identifies, prioritizes, and tracks risks, controls, and mitigation actions across the enterprise.

Further details including the Materiality Matrix are available on pages 46-49 of our Integrated Annual Report FY 2024-25.

Material Issues and Metrics for Enterprise Value Creation (DJSI 1.3.2 and 1.3.3)

Material Issue	Product Quality and Safety	Energy Management	Innovation Management
Business Case	Our ability to fulfill patient needs, generate value, and achieve positive health outcomes depends on the prompt provision of high-quality and safe medicines and products. Failure to adhere properly to product quality standards and regulations can negatively affect human health, potentially causing	Our energy mix consists of coal, diesel, grid electricity, solar power, and steam generated from waste recovery. We remain committed to increasing our use of renewable energy and improving energy efficiency throughout our operations.	Innovation is the cornerstone of our company. By consistently investing in research and development, we are able to expand our product range, boost revenue, and strengthen our competitive edge.

	serious health issues or even death. Additionally, any adverse incidents may lead to damage to brand reputation, regulatory violations, and financial consequences.	Adopting energy-efficient practices not only boosts operational performance but also lowers production costs, enhancing our overall competitiveness. Incorporating energy-efficient technologies and processes can lead to significant long-term cost reductions.	Focused R&D also fosters stronger partnerships and collaborative opportunities. Without ongoing innovation, our business risks facing negative consequences.
Business Impact	Risk	Cost	Revenue
Business Strategies	We have implemented a strong, systematic approach to quality across every stage of drug development and manufacturing, anchored by a comprehensive Quality Management System that drives regular, rigorous reviews and continuous improvement. We adhere strictly to Good Manufacturing Practices and maintain process consistency to ensure reliable outcomes. Daily use of advanced digital tools streamlines operations and strengthens decision-making: ICDAS ensures precise control of stability chambers to safeguard product stability, while Minitab supports robust statistical analysis for high-quality reviews. To embed excellence across our workforce, all employees receive structured training on quality policies, GMP, and best practices through our learning platforms and specialized external trainers, reinforced by SOP-based modules and mandatory assessments that validate competency and encourage ongoing development. Recognizing the need for	Our ISO 50001:2018 certified Energy Management System (EMS) enables us to systematically monitor, measure, and improve our energy performance. This comprehensive system helps identify energy-intensive areas, set ambitious reduction targets, and implement effective energy-saving measures. Increasing the procurement of green energy from the grid remains a key focus, further supporting our commitment to sustainability. In line with these goals, we have launched several energy efficiency initiatives across our operations. We have transitioned to LED lighting throughout all facilities, significantly reducing energy consumption. Additionally, motion sensors have been installed across sites, resulting in annual energy savings of approximately	Our distinctive research-driven approach is the cornerstone of our success, supported by cutting-edge R&D facilities and a dedicated team of over 2,634 professionals, including more than 1,260 researchers and scientists. This strong foundation has enabled us to consistently reinforce our leadership position in the pharmaceutical and biotechnology sectors through breakthroughs in innovation and product quality. By integrating advanced technologies and sustainable practices across our operations, we have enhanced product quality, operational efficiency, and environmental stewardship. Our commitment to innovation is reflected in our robust intellectual property portfolio, with

	scalable, compliant manufacturing, we are investing in a second GMP facility in Navi Mumbai spanning 55,000 sq. ft, scheduled to be operational by mid-2025 and designed to add capacity for approximately 2,500 CAR-T treatments per year. Across all sites, rigorous safety and quality frameworks aligned with international regulatory requirements protect product integrity, streamline compliance with statutory norms, and strengthen our global reputation for reliability.	35.59 GJ. To harness renewable energy, solar rooftop panels with a cumulative capacity of approximately 3.3 MW have been installed at multiple units, including the operationalization of a solar project at Unit 2. Operational efficiency has been enhanced through technology upgrades such as the installation of Variable Frequency Drives (VFDs) and temperature control systems in cooling towers, contributing to notable energy savings. Furthermore, replacing older compressors with more efficient models featuring radiator cooling has led to considerable reductions in energy usage. As part of our ongoing efforts to reduce our carbon footprint, biomass briquettes have been adopted at Units 3 and 5, resulting in lower Scope 1 emissions. Through these focused actions and the robust framework of our EMS, we continuously lower energy intensity and increase the use of renewable energy, reinforcing our commitment to operational excellence and environmental stewardship.	352 patents filed, 130 dossiers submitted, and numerous ANDAs, all of which drive the advancement of healthcare solutions. Over the past year, we have strengthened our industry presence by forming six strategic partnerships with major pharmaceutical companies. Our R&D investments remain focused on developing a high-quality, one-stop CMO/CDMO platform, accelerating the adoption of sustainable technologies, and ensuring a globally competitive product pipeline. Looking ahead, with continued emphasis on innovation, sustainability, and operational excellence, we are well-positioned to deliver breakthrough healthcare solutions that create long-term value for our stakeholders.
Target	Zero Product Recall	25% reduction in energy intensity	-

Target Year	2025	2030	-
Progress	We have not incurred any product recalls in the preceding 5 years	Energy Intensity for FY25 stands as 0.000066 GJ/INR	-

Material Issues and Metrics for External Stakeholders (DJSI 1.3.4 and 1.3.5*)*

Material Issue	**Climate Risks and Resilience**	**Product Quality and Safety**
Cause of the Impact	**Operations and Supply Chain**	**Operations and Product/Services**
External Stakeholders Impacted	Environment, Society and External Employees	Society and Consumers/End users
Topic Relevance on External Stakeholders	The combustion of fossil fuels in our operations significantly contributes to global warming. Failure to effectively manage and reduce our greenhouse gas (GHG) emissions can exacerbate climate change impacts, leading to greater social inequalities and fragmentation. This poses substantial risks to our operations and supply chain. Moreover, it may subject us to regulatory challenges, financial penalties, and loss of trust among stakeholders. We are dedicated to expanding our use of renewable energy and have introduced various energy efficiency measures. We place strong emphasis on increasing the procurement of green energy from the grid and strive to achieve a continuous reduction in our emissions intensity.	As a pharmaceutical company, delivering high-quality and safe products is fundamental to our business. Without safe medicines, there could be a growing negative impact on human health. Additionally, failing to supply high-quality and safe medications can lead to disruptions in the availability of life-saving drugs and suspension of product approvals from relevant regulatory authorities.
Type of Impact	Positive and Negative	Negative
Output Metric	Reduction in CO2 emissions	100% compliance with product quality norms and regulations
Impact Valuation	Improved air quality from avoiding combustion of fossil fuels	Improved health and wellbeing

Impact Metric	Social Cost of Carbon	Number of Product Recalls

Risk and Crisis Management

Risk Governance (DJSI 1.4.1)

In today's evolving business landscape, new uncertainties continually emerge that challenge established norms. To navigate these changes and maintain strategic focus, the company has established an integrated risk management approach that spans all activities and control systems, aligning the organization toward a common goal. We use the three lines of defense framework to ensure comprehensive risk governance. While our Board of Directors provides high-level oversight, the Risk Management Committee (RMC) of the Board is dedicated to overseeing risk management and internal controls. The RMC reviews and endorses the risk portfolio, sets our risk appetite with an awareness of global impacts and interdependencies, and meets twice a year to assess management's actions so that our response remains proactive and well-informed.

- **First Line of Defense**
  The first line of defense comprises departments and functions with designated Risk Owners responsible for executing and embedding risk management initiatives defined and delegated by the second line. Functional units and their leaders are directly accountable for identifying, managing, and mitigating risks as part of day-to-day operations, with roles and responsibilities clearly assigned to ensure consistent, proactive risk handling. Ultimate responsibility for risk management within each function lies with the Function Heads, who formally review and approve their department or unit risk registers to ensure risks are properly documented and managed. Individual risks are assigned to specific Risk Owners to enable clear accountability and traceability. Functional Heads identify new and emerging risks, implement appropriate controls in collaboration with the second line of defense, and regularly evaluate the effectiveness and progress of mitigation strategies. They work closely with Risk Owners to monitor Key Risk Indicators (KRIs) and serve as the initial approval point for any risks that require escalation. Risk Owners oversee risks in their operational areas on a daily basis, assessing exposures, applying mitigation measures, ensuring effective execution of controls, tracking KRIs, and reporting any control failures or breaches of risk thresholds to both their Functional Head and the second line, along with recommended corrective actions.

- **Second line of Defense**
  The second line consists of designated senior management personnel (excluding the CEO) who set control standards and ensure compliance, reporting regularly to the Risk Management Committee. The Board of Directors, through the Risk Management Committee, leads the development of the enterprise risk framework; consolidates or decentralizes risk registers as appropriate; defines methodologies for risk identification and assessment; and ensures clear accountability across all risk types. The Board also facilitates articulation of risk appetite, supports KRI monitoring, and drives integration of risk management with internal controls, business continuity, and organizational awareness efforts. Together, the first two lines of defense set the approach, provide direction, and monitor risk management activities.

- **Third Line of Defense**
  The third-party Internal Auditor operates independently of the first and second lines and serves as the third line of defense, providing independent and objective assurance to the Audit Committee

and the Board of Directors on the effectiveness of the company's internal control systems. Building upon this robust risk governance framework, the company has implemented a comprehensive audit process to ensure the effectiveness and continuous improvement of its risk management practices.

Risk Management Processes (DJSI 1.4.2)

Risk Review

Laurus Labs applies a dual top-down and bottom-up Enterprise Risk Management approach. The **Risk Office engages business and ESH teams and risk owners to identify, contextualize, and monitor risks** including sustainability while leadership groups them into Legal, Business, Operational, and technical categories. We use a standardized five-point scale (impact, likelihood, velocity) to assess and prioritize exposure.

Two key risks and mitigations are as under:

Risk	Description and potential impact	Mitigation measures
Environment, Health and Safety (EHS)	Stringent global requirements create exposure to operational interruptions, penalties, and reputational harm if non-compliance occurs.	Reinforced safety culture with defined behavioral expectations; targeted energy-sustainability initiatives; detailed process-safety audits at high-risk sites; continuous improvement of EHS systems and practices.
Innovation risk	An insufficient pipeline of niche products and innovative processes could slow growth and erode market position.	Sustained investment in robust R&D; application of advanced chemistry and process optimization; focus on specialized product portfolios; maintaining a strong track record in development, approval, and commercialization of niche offerings.

Risk Exposure

We review risk exposure **at least twice a year** or more frequently. This includes an annual enterprise-wide risk assessment; quarterly risk meetings to monitor progress; bi-annual updates with a revised risk register to the Board-level Risk Management Committee; and a biennial double materiality exercise assessing financial and impact materiality. Ongoing scenario planning and sensitivity analyses strengthen readiness, and the risk register is refined continually to reflect evolving materiality insights.

Risk Management Process Audit

Our risk management processes are regularly audited internally and externally, including audits conducted in the last two years, to ensure effectiveness, compliance, and continuous improvement. Audit findings inform updates to methodologies, controls, and the risk register, reinforcing alignment with Laurus Labs' risk appetite and governance standards.

Risk Culture

Laurus Labs promotes an effective risk-aware culture through **focused training across the organization and regular risk management education** for all non-executive directors (delivered via our annual Familiarization Programme and director briefings). **Employees receive role-based training and refresher on risk management principles** to strengthen day-to-day decision-making. **Risk criteria are embedded** in product and process development through safety reviews and process safety studies such as HAZOP, Exposure Risk Assessments, and process adequacy assessments, all governed by detailed ESH Risk Management SOPs. Open communication is encouraged through an open-door policy, Safety Champions are empowered to act promptly on safety risks, and collaboration with the British Safety Council reinforces behavior-based safety. Risk-related goals and mitigation **outcomes are integrated into performance evaluations, and compensation includes risk management metrics, ensuring executives and employees are incentivized** to meet risk commitments.

Risk Management Framework

- **Identify risks-** We have a systematic process to identify risks across the organisation, involving stakeholders at all levels and incorporating both internal and external expertise to ensure comprehensive risk coverage.
- **Define risk appetite-** Our clearly defined risk appetite guidelines specify the acceptable level of risk, guiding the management and employees in their risk-taking and decision-making processes.
- **Assess and quantify-** We use various techniques like scenario analysis, risk registers, and key risk indicators to assess and prioritize risks. This structured approach helps us understand the potential impacts of risks on our objectives.
- **Respond, manage and mitigate**- Our response to identified risks includes stringent quality control, robust pharmacovigilance programmes, strict regulatory compliance, and business continuity plans to mitigate risks.
- **Monitor and review-** Continuous monitoring and review of risks help us detect changes in their likelihood or impact. We maintain robust risk-reporting mechanisms to keep the Board and management informed, facilitating proactive risk management and effective mitigation strategies.

Detailed study of our Risk Management is provided on pages 89-91 of our Annual Report FY25.

Emerging Risks (DJSI 1.4.3)

At Laurus Labs, we identify and review long horizon emerging risks at least every three years under our risk governance framework, complemented by continuous environmental scanning by risk owners and the Risk Office. Two themes stand out today.

➢ **Geopolitical risk**

- **Description and Impact:** With a global customer and supplier base, Laurus Labs is exposed to escalating geopolitical shocks. Ongoing wars such as the Russia Ukraine conflict and the Israel Hamas war and their spillovers across the Middle East have disrupted key trade corridors, notably the Black Sea and Red Sea. Missile and drone attacks on commercial vessels in the Red Sea have forced rerouting around the Cape of Good Hope, adding transit time, freight costs, and insurance premiums. Sanctions and export controls tied to these conflicts can suddenly restrict access to certain feedstocks, solvents, equipment, and technology, while airspace closures and port congestion create unpredictable delivery windows that can affect quality release sequencing and customer commitments. Parallel to this, US-China strategic tensions continue to drive tariff volatility, BIS export controls (e.g., on advanced technologies), Entity List expansions, and stricter screening

of cross-border data and supply chains factors that can impact logistics, compliance burden, vendor qualification timelines, and cost to serve. Within the United States, policy uncertainty during election cycles, the risk of government shutdowns that can slow regulatory processes, and periodic labor disruptions at major ports further compound schedule risk and working capital pressures. Collectively, these dynamics may undermine seamless delivery, elevate input and transportation costs, introduce regulatory bottlenecks, and erode competitive advantage if not proactively managed.

- **Mitigation:** We operate a continuous geopolitical risk monitoring program that tracks conflict zones (e.g., Ukraine, Israel/Gaza, Red Sea) and major policy shifts in the US-China corridor, translating early-warning signals into actionable scenario plans. Supply chain resilience is strengthened through Mult sourcing and dual qualification of critical materials outside high risk geographies, strategic safety stocks for vulnerable inputs, and geographic diversification of suppliers and CMOs. Logistics contingencies include prearranged alternate carriers and routes (e.g., Cape of Good Hope sailings, airfreight for critical batches), dynamic mode switching, and expanded marine war risk insurance. A formal trade compliance framework covering OFAC/EU/UK sanctions, BIS export controls, watchlist screening, and license management reduces regulatory exposure and enables rapid reconfiguration when sanctions list change. We maintain site level business continuity plans, force majeure and flexible Incoterms in key contracts, and customer communication protocols to prioritize allocations and jointly manage delivery windows. Where feasible, we nearshore/localize select steps, build redundancy for single point dependencies, and review financial hedges to offset volatility in freight and input costs. Regular, transparent engagement with value chain partners ensures collaborative problem-solving through disruptions.

➢ **Rapid evolution and potential misuse of Artificial Intelligence**

- **Description and Impact:** The growing use of digital platforms and AI increases exposure to sophisticated cyberattacks (e.g., AI-driven phishing, deepfakes, credential stuffing, model poisoning) that could compromise intellectual property, R&D data, production systems, and sensitive patient/company information. Breaches may interrupt operations and quality release processes, lead to regulatory penalties and litigation, harm reputation and trust, and trigger costly remediation. In parallel, AI's role in drug discovery raises ethical and explainability concerns and may invite greater regulatory scrutiny.
- **Mitigation:** Our cybersecurity and data protection programs are guided by a formal Information Security Management System and a comprehensive Data Privacy Policy, reinforced by internal/external audits and regular vulnerability assessments. We deploy layered controls including multi-factor authentication, endpoint detection and response, SIEM-based monitoring, network segmentation, encryption of data at rest/in transit, and privileged access management, alongside timely patching and third-party/vendor risk reviews. Employees undergo ongoing cybersecurity and data privacy training with phishing simulations. We maintain incident response and disaster recovery playbooks, conduct tabletop exercises, and keep tested, immutable backups to mitigate ransomware impacts. For AI specifically, we operate an AI governance framework covering acceptable use, secure model development (secure SDLC), data provenance, bias and explainability reviews, and model risk management, with legal and compliance oversight to ensure alignment with evolving regulations.

Together, these actions position Laurus Labs to anticipate and manage emerging risks while enabling disciplined, responsible innovation that supports resilience and long term value creation.

Business Ethics

Anti-Bribery & Anti-Corruption Policy (DJSI 1.5.3)

Laurus Labs' Anti-Bribery and Anti-Corruption (ABAC) Policy is comprehensive and Board-approved, covering all key parameters required for robust ethical governance. It **explicitly prohibits bribery and corruption; sets clear guidelines for gifts, political contributions, and charitable contributions or sponsorship; mandates regular training on anti-bribery and anti-corruption for all relevant personnel; and establishes defined procedures for reporting, investigating, and handling breaches.** The policy also prescribes corrective and disciplinary actions when violations occur. The **highest endorsing decision-making body is the Board of Directors**, with Executive Management responsible for implementation and ongoing compliance across the organization.
The policy applies to all directors, employees, and relevant third parties acting on behalf of Laurus Labs, with pre-approval thresholds and registers for gifts and hospitality to ensure transparency. Periodic audits, risk-based monitoring, and contract clauses with third parties reinforce compliance, and the policy is reviewed regularly to reflect legal and regulatory updates.

Our detailed Anti-Bribery and Anti-Corruption (ABAC) Policy is available at https://www.lauruslabs.com/disclosures.html for your reference.

Whistleblowing Mechanism (DJSI 1.5.4)

Laurus Labs operates a Board endorsed **Zero tolerance** Whistleblower (Vigil) Mechanism that gives employees, directors, contract staff, suppliers, and other stakeholders a safe, confidential way to report unethical conduct, illegal activities, or breaches of the Code of Conduct and ABAC Policy. **Oversights with the Audit Committee**, with direct access to its Chair (the Concerned Authority) in exceptional cases. **Reports may be submitted confidentially in writing to the Audit Committee at 2nd Floor, Serene Chambers, Road No. 5, Banjara Hills, Hyderabad 500 034, or by email to wbed@lauruslabs.com. Anonymous disclosures are accepted** and investigated where sufficient information is provided. The **Company protects the identity of whistleblowers** to the maximum extent possible and enforces strict nonretaliation commitment.

The **mechanism sets out a clear investigation process:** intake and preliminary review; appointment of qualified investigators; evidence gathering and interviews; opportunity for the subject to be heard; and recommendations for corrective or disciplinary actions, with records retained per policy and law. Members with conflicts of interest recuse themselves from specific matters. To support a strong, speak-up culture, Laurus Labs provides mandatory onboarding and periodic refresher training, plus role-based modules for managers, HR, internal investigators, Compliance, and Audit Committee members, and publicizes reporting channels through internal communications. The Vigil Mechanism is **approved by the Board of Directors and Executive Management,** is mandatory across all Group entities, and is resourced and maintained to ensure concerns are addressed impartially, confidentially, and without fear of reprisal.

Our detailed Whistleblower policy is available at https://www.lauruslabs.com/disclosures.html for your reference.

Reporting on Breaches (DJSI 1.5.5)

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

Policy Influence

Contributions and Other Spending (DJSI 1.6.1, 1.6.2)

During the financial year ended March 31, 2025, the company made political contributions amounting to INR 0. There were no such contributions during the previous financial year ended March 31, 2025.

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Lobbying, interest representation or similar	INR	0	0	0	0
Local, regional or national political campaigns / organizations / candidates	INR	0	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks)	INR	0	0	0	0
Other (e.g. spending related to ballot measures or referendums)	INR	0	0	0	0

Supply Chain Management

Supplier Code of Conduct (DJSI 1.7.1)

Laurus Labs has a publicly available Supplier Code of Conduct covering principles and objectives centered around human rights and labor, environment, business ethics, health & safety and supporting communities that each supplier/vendor/partner has to abide by and commit to.

Supplier ESG Programs (DJSI 1.7.2)

Laurus Labs has undertaken measures to ensure effective implementation of its suppliers' ESG programs, which are overseen by the **Executive Management** team. Laurus Labs encourages the suppliers to adopt the Supplier Code of Conduct, focusing on ethical business behaviour, showcasing dedication towards principles and practices, including the protection of human rights throughout the operations and value chain.

The supplier contracts signed by Laurus Labs specify Laurus commitment to Sustainable procurement. Additionally, Laurus Labs assesses suppliers on ESG parameters through a comprehensive desk-based process to ensure responsible supply chain management. **There is a developed criteria that evaluates the risk exposure of suppliers, especially those at a high risk.** While executing new contracts or onboarding, **Laurus Labs prefers suppliers with better ESG performance in order to minimize such risk**. To strengthen the deliverables of suppliers' ESG programs, **Laurus Labs conducts capacity building and/or training sessions for internal stakeholders as well as for suppliers/vendors to create awareness and enhance their understanding and maturity on different aspects of ESG.**

Supplier Screening (DJSI 1.7.3)

Laurus Labs undertakes supplier screening through a detailed standard operating procedure for systematically identifying significant suppliers based on their capacity, quality and ESG compliance and performance at the time of onboarding. Additionally, Strategic suppliers undergo comprehensive annual assessments covering a range of performance dimensions to ensure and safeguard the long-term viability of the business and its social license to operate. Laurus Labs actively promotes the adherence to its Supplier Code of Conduct by suppliers. While undertaking the supplier screening, various aspects covering technical, financial, quality, environmental, social and governance (ESG) parameters are considered, and they are assessed risk matrix involving country-, sector-, and commodity-specific risks.

Supplier Assessment and Development (DJSI 1.7.4)

Supplier Assessment	Laurus Labs has a supplier assessment process in place. It undertakes supplier desk assessments with systematic verification of evidence; supplier on-site assessments carried out through company employees. Additionally, Strategic supplier assessments (desk or on-site) are also carried out using standards and methodologies of a recognized industry or multi-stakeholder initiative, such as meeting the regulatory requirements (factories act, companies' act, etc.), GRI standard, UNGC requirements, relevant ISO standards, and similar applicable frameworks or standards. After the assessment, Laurus Labs analyzes each Strategic supplier's ESG risk, which helps to make business decisions, and further conducts training sessions to assist suppliers in advancing their ESG maturity. The assessment outcomes will impact on the suppliers' ongoing business with us if they fail to meet the minimum ESG requirements within a specified timeframe. We intend to cover the entire value chain however our priority is to ensure that all the critical suppliers are fully covered for ESG risks.
Supplier Development	Laurus Labs undertakes a supplier development process on the company's supplier ESG program, process and requirements, and provides support to the suppliers (remote/on-site) for the implementation of corrective/improvement actions. This program was led by Lauras' internal expert who informed suppliers about the importance of ESG and the best practices they should adopt. The vendors were made aware of Lauras' supplier management practices and the expectations from partners/vendors to adhere to these diligently to ensure long term collaboration. They were also informed as to how peers are implementing and driving responsible supply chain practices to minimize risks. The training also includes providing them with a technical understanding of the key initiatives they should undertake and benefits that they may achieve through it.

KPIs for Supplier Screening (DJSI 1.7.5)

Laurus Labs undertakes monitoring and reporting of the coverage and progress of the supplier screening program.

Supplier Screening	FY 2024-25
Total number of Tier-1 suppliers	842
Total number of significant suppliers in Tier-1	86
% of total spend on significant suppliers in Tier-1	65%
Total number of significant suppliers in non-Tier-1	-
Total number of significant suppliers (Tier-1 and non-Tier-1)	**86**

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA)

KPIs for Supplier Assessment and/or Development (DJSI 1.7.6)

Laurus Labs monitors and reports on the coverage and progress of supplier assessment and/or development program, and reports on the number of unique suppliers, which are identified as significant in the supplier screening process undertaken.

Coverage and progress of our supplier assessment program

Supplier Assessment	FY 2024-25	Target for FY 2024-25
Total number of suppliers assessed via desk assessments/on-site assessments	86	86
Number of suppliers assessed with substantial actual/potential negative impacts	0	-
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	0	-
Number of suppliers with substantial actual/potential negative impacts that were terminated	0	-

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA)

Coverage and progress of suppliers with corrective action plans

Corrective Action Plan Support	FY 2024-25	Target for FY 2024-25
Total number of suppliers supported in corrective action plan implementation	0	0
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	0	-

Coverage and progress of suppliers in capacity building programs

Capacity Building Programs	FY 2024-25	Target for FY 2024-25
Total number of suppliers in capacity building programs	6	6

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA)

Tax Strategy

Tax Strategy and Governance (DJSI 1.8.1)

At Laurus Labs, we uphold the highest standards of tax governance through the implementation of comprehensive, well-defined procedures and rigorous risk management practices. Our commitment to transparency and ethical integrity forms the foundation of our approach, ensuring that all tax activities are conducted responsibly and in full compliance with applicable laws and regulations. Our dedicated and experienced tax professionals work collaboratively across multiple departments, integrating detailed tax analysis and insights into every stage of business planning and decision-making. This cross-functional collaboration enables us to proactively identify and address potential tax risks while optimizing our tax position in alignment with corporate objectives. Additionally, we engage with reputable external advisors to supplement our expertise and ensure adherence to evolving regulatory requirements, thereby safeguarding the company's interests and reinforcing stakeholder confidence.

Link to our tax policy: https://www.lauruslabs.com/images/pdfs/Lauras_Labs_Tax%20Policy.pdf

Tax reporting (DJSI 1.8.2)

List of Entities as on 31st March 2025

Name of the Holding Company	Name of the Subsidiary	Country	% Shareholding	Status
Laurus Labs Limited	Sriam Labs Pvt. Ltd.	India	100%	Wholly Owned Subsidiary
	Laurus Holdings Limited, United Kingdom	India	100%	Wholly Owned Subsidiary
	Laurus Synthesis Pvt. Ltd.	India	100%	Wholly Owned Subsidiary
	Laurus Generics (SA) Pty Ltd.	India	100%	Wholly Owned Subsidiary
	Laurus Specialty Chemicals Pvt. Ltd.	India	100%	Wholly Owned Subsidiary
	Laurus Bio Pvt. Ltd.	India	76.32 %	Subsidiary
	Immunoadoptive Cell Therapy Private Limited	India	34.89 %	Associate
	Ethan Energy India Private Limited	India	26 %	Associate
	KRKA Pharma Private Limited	India	49 %	Joint Venture

Laurus Holdings Ltd., UK	Laurus Generics GmbH, Germany	Germany	100%	Wholly Owned Subsidiary
	Laurus Generics Inc., USA	USA	50.76%	Subsidiary

Major jurisdiction-wise other Key Financial Information for FY 2024-25 (₹ in Crores)

Jurisdictions	Revenues - Total	Profit (Loss) before Income Tax	Income Tax Accrued -Current Year	Income Tax Paid (on a cash basis)	Employees
India	5,311	526	130	138	7,030
USA	226	-34	-	-	10
Germany	12	1	-	-	0
UK	5	0	-	-	2
South Africa	-	-9	-	-	0
Total	5,554	484	130	138	7,042

Information Security/ Cybersecurity and System Availability

IT Security/ Cybersecurity Governance (DJSI 1.9.1)

- Mr. V.V. Ravi Kumar, our Executive Director and Chief Financial Officer (CFO), oversees all board-related matters of information and cybersecurity. He is part of the Risk Management Committee which also oversees the Information Technology (I.T.) and Cybersecurity aspects within the organization.
- At an Executive level, Mr. Vivek Digumarti is responsible for overseeing cybersecurity within the company and reports to Mr. V.V. Ravi Kumar (Director). Mr. V. V. Ravi Kumar has +30 years' experience in Finance, Information technology, M&A & Strategic alliance, HR, Supply chain and Sustainable Development.
- We have an external **Chief Information Security Officer (CISO)** who supervises the day-to-day IT operations.

Information Security Policy (DJSI 1.9.2)

Laurus Labs continuously enhances its information security systems through a defined IT security and cybersecurity framework structured in the Information Security Policy. This framework focuses on ensuring the integrity and protection of data via a thorough risk assessment and response strategy. The company monitors and responds to information security threats by conducting regular training and testing of its recovery plans. Individual responsibilities for information security are set for the entire workforce, ensuring that everyone is accountable. Furthermore, Laurus Labs establishes specific information security requirements for third-party interactions, including vendors and suppliers, through vulnerability analyses to classify and prioritize system vulnerabilities.

Laurus Labs continuously enhances its information security systems through a defined IT security and cybersecurity framework structured in the Information Security Policy. This policy emphasizes the importance of continuously improving information security systems through regular updates and enhancements aligned with evolving threats and technologies. It includes robust mechanisms for monitoring and responding to information security threats in a timely and effective manner. The policy also

establishes clear individual responsibilities for information security across the entire workforce, ensuring accountability at all levels. Furthermore, it outlines specific information security requirements for third parties to maintain consistent standards across external engagements. In addition, the integrity and protection of data is comprehensively addressed through the organization's dedicated privacy policy.

Information Security Management Programs (DJSI 1.9.3)

Our I.T./Cybersecurity Management Policies and Procedures

Information security/ cybersecurity policy is internally available to all employees.	The ISMS policy is accessible on Laurus's internal intranet portal, demonstrating the company's dedication to information security in alignment with business, legal, and regulatory requirements. Additionally, the portal provides access to SOPs on security incidents and monitoring, an information classification policy, and incident management procedures.
Information security/cybersecurity awareness training.	Various platforms are utilized to inform employees about the ISMS policies, framework, and updates. The training program includes: • Mandatory training for new hires during their induction process. • Weekly security awareness emails sent to all employees. • Training sessions organized as needed when specific risks are identified, or tests are required.
Internal and independent external audit of IT infrastructure and information security management system	Internal audits and third-party audits are conducted regularly to assess the effectiveness of IT infrastructure and information security management systems. The same applies to our IT policy.
Escalation process which employees can follow in the event an employee notices something suspicious is in place.	Employees who want to escalate any issue or report any security incident can raise their concerns at issecurity@lauruslabs.com and ishelpdesk@lauruslabs.com

Our IT Management Programs

Laurus Labs has implemented a robust IT security and cybersecurity framework to maintain business operations during interruptions or disruptions. Their Business Continuity Plan (BCP) details the necessary steps to sustain processes when normal operations are impacted. This involves a comprehensive risk identification process that evaluates both immediate and long-term threats, along with assessing their potential impact on the business. Risks are analyzed and managed according to their severity, leading to the development of a detailed response strategy and recovery plan. To enhance preparedness, regular training sessions and testing are conducted. In terms of Information Security (IS) infrastructure, Laurus Labs has established protocols for verification, maintenance, and restoration, essential for effective disaster recovery. These measures are designed to protect the company's IT assets and minimize disruption during disasters or security breaches. Additionally, third-party vulnerability analyses are performed to identify, classify, and prioritize vulnerabilities in computer systems, applications, and network infrastructures.

Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total number of information security breaches or other cybersecurity incidents	0	0	0	0
Total number of data breaches	0	0	0	0
Total number of customers and employees affected by company's data breach	0	0	0	0
Total amount of fines/penalties paid in relation to information security breaches or other cybersecurity incidents.	0	0	0	0

Innovation Management

Product Innovations (Healthcare) (DJSI 1.10.1)

Product innovations and optimizations	FY 2024-25 (in %)
Product innovations launched in the previous 5 years	10%
Product optimizations launched in the previous 5 years	53.62%
Unchanged or minimally changed product or services	36.38%
Total (must equal 100%)	100%

Healthcare Clinical Pipeline (DJSI 1.10.2)

Laurus Labs is a pharmaceutical company that operates with a business-to-business (B2B) business model. The in-house R&D efforts of Laurus Labs are focused on already approved and marketed drugs. The R&D expense is for the development of generic active pharmaceutical ingredients (APIs) and formulations, and no expense is incurred for either pre-clinical or clinical development (Phases I/II/III).

Product Quality and Recall Management

Product Quality Programs (DJSI 1.11.1)

Quality Management Systems

At Laurus Labs, we have a strong commitment to upholding the quality of our products. Our "One Quality Standard for All Markets" approach showcases our dedication to upholding the highest regulatory standards, incorporating cGMP, Environmental Health & Safety (EHS), and Quality Assurance (QA) systems throughout our operations. We have bolstered our quality management with sophisticated systems, increased regulatory oversight, and a culture focused on continuous improvement, ensuring alignment with

changing global demands. **We follow a strong internal audit mechanism**. During FY 2025, we successfully carried out 14 regulatory audits and 146 customer-monitored quality audits, effectively managing both audits and regulatory inspections.

The Laurus Labs group consists of multiple manufacturing facilities in Visakhapatnam, manufacturing various pharmaceutical finished dosage forms, active pharmaceutical ingredients, intermediates, dietary and nutraceutical ingredients. There are about six manufacturing facilities of Laurus Labs in Visakhapatnam.

The sites are accredited for quality management systems by ISO as per **ISO 9001:2015 standard (Quality Management System)**. The sites possess GMP compliance certifications from various regulatory agencies like USFDA, ANVISA, WHO, JAZMP, EDQM, Swiss medic (EU), PMDA, Mexican COFEPRIS, KENYA, Libya, Ghana and Ministry of Industry and Trade of the Russian Federation.

The quality unit is independent and comprises of quality assurance and quality control. All the quality management systems are driven through defined and independent standard operation procedures and are managed electronically through electronic quality assurance management systems (eQAMS). Periodic GMP training and refresh training session on GMP are in place as per the annual schedule.

Management of Product Defects

All the quality management systems are driven through defined and independent standard operation procedures. Each lot of every product manufactured is tested for all quality checks and released as per defined SOP and specification, before releasing and dispatching to the market. Any discrepancies or failures are handled and investigated through the out-of-specific procedure. The SOP No. QA/004 titled "Investigation of Out of Specification Results" is in place. The mechanism of quality checking, investigating and resolving the discrepancy is in place. The mechanism and provision of market complaints is in place for the external stakeholders. The SOP No. QA/017 titled "Handling of Market Complaints" is in place.
The mechanism and procedure for recalls are in place to address the defective product if any. The SOP No. QA/050 titled "Handling of Recalls" is in place. There have been no product recalls in the last five (05) years.

Product Recalls (Health Care) (DJSI 1.11.2)

Class I Recalls (or equivalent)

Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of Class I recalls (or equivalent)	0	0	0	0
Total value of recalled products. Please report this in **USD millions.**	0	0	0	0

Class II Recalls (or equivalent)

Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of Class II recalls (or equivalent)	0	0	0	0
Total value of recalled products. Please report this in **USD millions**.	0	0	0	0

Compliance to Regulatory Standards (DJSI 1.11.3)

Regulatory Agency Inspections

Regulatory agency inspections	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of inspections	7	10	14	13

The number of regulatory inspections of Laurus Labs facilities are provided.

Form 483 Observations and FDA Warning Letters

Form 483 Observations (or equivalent)	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Number of Form 483 Observations (or equivalent)	0	1	0	1
Annual revenues generated from the affected facilities. Please report this in **USD millions**.	0	0	0	0

Annual revenues impacted by production stoppages. Please report this in **USD millions**.	0	0	0	0

Response was submitted to Form 483 observations and EIR are received. There is no production stoppage or annual revenue impact to date for any of the facilities of Laurus Labs.

FDA Warning Letters (or equivalent)	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
Number of FDA Warning Letters (or equivalent)	0	0	0	0
Annual revenues generated from the affected facilities. Please report this in **USD millions**.	0	0	0	0
Annual revenues impacted by production stoppages. Please report this in **USD millions**.	0	0	0	0

There are No FDA Warning Letters. There has been no production stoppage or annual revenue impacts till date for any of the facilities of Laurus Labs.

Environmental Dimension

Environmental Policy & Management

Environmental Policy (DJSI 2.1.1)

Laurus Labs has a Environmental, Health, Safety and Sustainability (EHSS) Policy covering multiple dimensions of a reliable and robust Environmental Management System (EMS). Our Board of Directors oversees the implementation of this policy. The policy sets the objective to reduce the environmental and/or ecological impacts and covers numerous aspects such as designated roles and responsibilities for its implementation, ensuring compliance with relevant environmental laws and regulations, commitment towards continued improvement of environmental performance and setting targets, measures to raise internal and external stakeholders' awareness regarding the policy, and training for employees to understand the impacts of their work activities on the environment.

Environmental Management Systems (EMS) Verification (DJSI 2.1.2)

Laurus Labs has a publicly available environmental management policy, Environmental, Health, Safety and Sustainability (EHSS) Policy, which extends to cover production operations and business facilities, products and services, and stakeholders (distribution and logistics, suppliers, service providers, and contractors, etc.). Additionally, Laurus Labs has deployed a third-party ISO 14001:2015-certified Environmental Management System (EMS), and 100% of operations comply with the standards.

Certification /Audit /Verification	Responses
EMS is verified through international standards	ISO 14001:2015
Third party certification/audit/verification by specialized companies.	Third party certification
Percentage of Environmental Management System (EMS) Coverage	100%

Environmental Violations (DJSI 2.1.3)

Laurus Labs hasn't paid any significant fines (more than USD 10,000) related to environmental or ecological issues in the past four fiscal years (FY2022-2025).

Aspects	FY 2021-22	FY 2022-23	FY2023-2024	FY 2024- 25
Number of violations of legal obligations/regulations	0	0	0	0
Fines/penalties related to legal obligations/regulations of environmental violations	0	0	0	0
Environmental liability accrued at year end.	0	0	0	0

Energy

Energy Management Programs (DJSI 2.2.1)

Laurus Labs has undertaken an energy management program (with 100% sites being ISO 50001:2018 - Energy Management Systems certified), covering numerous features such as energy audits to identify opportunities for improving the energy performance, quantified targets for energy savings, actions to reduce the amount of energy use, evaluating the progress to reduce the energy consumption, adoption of clean and/or green energy, investments in innovation or R&D to decrease the energy consumption, and imparting training to employees to raise awareness of energy consumption reduction.

The key initiatives undertaken to reduce energy consumption include:

- Transitioned to LED lighting across all facilities, significantly reducing energy consumption and supporting our sustainability goals
- Solar panels with a cumulative capacity of approximately 3.3 MW have been installed at multiple units, increasing our renewable energy use.
- The implementation of Variable Frequency Drives (VFDs) and temperature controls in cooling towers has resulted in notable energy savings.
- Upgrading to more efficient compressor models with radiator cooling has led to considerable reductions in energy usage.
- The installation of movement sensors throughout our facilities has saved 131 GJ of energy annually.
- The installation of movement sensors throughout our facilities has saved approximately 35.59 GJ of energy annually.

Energy Consumption (DJSI 2.2.2)

Laurus Labs reports on total energy consumption, which includes total energy consumption from renewable and non-renewable sources. This data has been third-party verified and is available in the Integrated Annual Report 2024-25.

Total energy consumption	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total non-renewable energy consumption	MWh	619,948	837,220.7	975,318.72	971,028.17
Total renewable energy consumption	MWh	27,951	35,819.06	21,583.54	33,211.96

1GJ = 0.29 MWh

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Waste & Pollutants

Waste Management Programs (DJSI 2.3.1)

Lauras Labs has a waste management program to promote environmental sustainability, which focuses on waste diversion and minimization. The key aspects include audits of waste generated to identify and develop action plans to minimize waste generation, setting quantified targets to minimize waste generation, investment in innovation or R&D to minimize waste, and training imparted to employees on waste reduction initiatives. Additionally, we promote recycling and reuse of waste by engaging with authorized recycling vendors to ensure that waste is recycled and reused.

Key initiatives to manage waste:

- Collaborated with authorized vendors for the responsible disposal and recycling of hazardous waste. A significant portion is sent for coprocessing in cement plants, reducing the volume sent to landfills.
- Prioritize recycling and reuse across all nonhazardous waste streams, including organic waste, which is composted on-site. In FY25, 57% of our total waste was recycled or reused.
- Focus on recovering solvents from aqueous layers, previously disposed of as effluents. Through partnerships with specialized recovery agencies, we repurposed approximately 184,892 KL of wastewater.

Waste Disposal (DJSI 2.3.2)

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024 - 25
Total waste recycled/reused	MT	5.36	2.68	3,594	4,096
Total waste disposed	MT	3,271	5,950	7,531.6	7,291
-Waste landfilled	MT	0	0	0	0
-Waste incinerated with energy recovery	MT	0	0	0	0
-Waste incinerated without energy recovery	MT	0	0	0	0
-Waste otherwise disposed	MT	0	0	0	0
-Waste with unknown disposal method	MT	3,271	5,950	7,531.6	7,291
Data Coverage (Percentage of Operations)	%	100	100	100	100

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA)

Hazardous Waste (DJSI 2.3.3)

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total hazardous waste recycled/reused	MT	16,640	20,719	22,883.6	30,331
Total hazardous waste disposed	MT	6,328	6,738.9	10,832.6	12,004
- Hazardous waste landfilled	MT	1,827	1,696	5,752	6,788

-Hazardous waste incinerated with energy recovery	MT	0	0	0	0
-Hazardous waste incinerated without energy recovery	MT	455	528.9	818	433
-Hazardous waste otherwise disposed	MT	4,041	4,514	4,262.6	4,783
-Hazardous waste with unknown disposal method	MT	5	0	0	0
Data Coverage (Percentage of Operations)	%	100	100	100	100

MT: Metric Tonnes

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA)

Water

Water Efficiency Management Programs (DJSI 2.4.1)

Laurus Labs has a water efficiency management program in place, which covers different aspects related to water recycling and reuse, actions to reduce water consumption, water efficiency improvements, actions to improve wastewater quality, and target setting for water use. Additionally, Laurus Labs also imparts training to the employees on water efficiency measures and/or initiatives.

Key initiatives undertaken:

- Implemented systems to manage and reduce water use across our facilities. During FY25, we consumed 999,103 KL of water and successfully recycled 341,418 KL using advanced treatment processes such as reverse osmosis (RO) and mixed bed treatments, reintegrating it into our boiler systems.
- Installed an electrolytic water treatment system specifically for our cooling towers to enhance water quality and recyclability.
- Treatment and recovery of multimedia filter (MGF) backwash water is accomplished through sophisticated filtration systems, with the recycled water being used extensively for horticultural purposes within our premises.
- Actively pursue opportunities to reuse waste steam from adjacent industries, converting what would be a waste product into a valuable resource for our operations.
- Installation of flow restrictors in water lines, particularly in facility washrooms, helps in reducing water wastage, ensuring efficient usage across all touch points and quality standards, and facilitating immediate adjustments for enhanced emission control.

Water Consumption (DJSI 2.4.2)

Laurus Labs tracks the water withdrawal and reports on the total quantity of water discharged and computes the total net freshwater consumption across the business operations. This data has been third-party verified and is available in the Integrated Annual Report 2024-25.

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
A. Water withdrawal (excluding saltwater)	Million m3	0.98	1.39	1.58	1.56
B. Water discharge (excluding saltwater)	Million m3	0.49	0.90	0.61	0.56
Total net freshwater consumption (A-B)	Million m3	0.49	0.49	0.97	1.00
Data coverage (Percentage of Operations)	%	100	100	100	100

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Climate Strategy

Direct Greenhouse Gas Emissions (Scope 1) (DJSI 2.5.1)

Laurus Labs prepares the greenhouse gas inventory, and the data for the total direct greenhouse gas emissions (DGHG SCOPE 1) is available in the Integrated Annual Report 2024-25.

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total direct GHG emissions (Scope 1)	$MTCO_2e$	135,804	182,215	3,21,270	3,15,457
Data coverage (Percentage of Operations)	%	100	100	100	100

$MTCO_2e$: Metric Tonnes CO_2 equivalents

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Indirect Greenhouse Gas Emissions (Scope 2) (DJSI 2.5.2)

Laurus Labs prepares the greenhouse gas inventory and includes the indirect greenhouse gas emissions from energy purchased, i.e., Scope 2 emissions as defined by the GHG Protocol.

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Location-based	$MTCO_2e$	163,134	159,094	1,76,679	1,81,901
Data coverage (Percentage of Operations)	%	100	100	100	100

$MTCO_2e$: Metric Tonnes CO_2 equivalents

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Indirect Greenhouse Gas Emissions (Scope 3) (DJSI 2.5.3)

Laurus Labs prepares the greenhouse gas inventory and considers the indirect greenhouse gas emissions from the value chain, i.e., Scope 3 emissions as defined by the GHG Protocol Corporate Value Chain Standard.

Indirect GHG (Scope 3)	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total indirect GHG emissions (Scope 3)	$MTCO_2e$	65,014	73,322	87,212	91,787

$MTCO_2e$: Metric Tonnes CO_2 equivalents

Scope 3 Category Wise	FY 2024-25 (tCO2e)
1. Purchased Goods and Services	56,399
2. Capital Goods	-
3.Fuel-and-energy-related activities (not included in Scope 1 or 2)	20,233
4. Upstream transportation and distribution	4,476
5. Waste generated in operations	-
6. Business travel	-
7. Employee commuting	4,598
8. Upstream leased assets	-
9. Downstream transportation and distribution	6,081
10. Processing of sold products	-
11. Use of sold products	-
12. End of life treatment of sold products	-
13. Downstream leased assets	-
14. Franchises	-
15. Investments	-
Other upstream	-
Other downstream	-

Climate Governance (DJSI 2.5.4)

Laurus Labs has a well-established Risk Management Committee appointed by the Board, which monitors and develops the company's risk management practices and policies in relation to governance approaches to climate change. The Risk Committee reports to the Board on its progress periodically on:

- Enhancing resilience by safeguarding it from vulnerabilities and potential critical impacts.
- Embedding a risk governance practice of the highest standard through a strategic intent.

At the management level, chaired by the Chief Sustainability Officer (CSO) named Mr. Srinivasa Rao M, the Sustainability Committee is mandated by assessing and managing climate-related risks and opportunities, which are as follows:

- Adoption of a robust risk management framework that enables effective management of risks throughout the value chain.
- Identification and assessment of material risks associated with the business.
- Periodic horizon scanning and monitoring of critical risks and opportunities.
- Comprehensive risk management policies assist in anticipating risks early and create a customized risk management plan.
- Policies are periodically reviewed and enhanced based on the company's requirements and sectoral changes.

TCFD Disclosure (DJSI 2.5.5)

Recognizing the urgent need to address climate change and its potential risks to the environment, society, and business operations, Laurus Labs has conducted a climate risk assessment on four pillars, as recommended by the Taskforce on Climate-Related Financial Disclosures (TCFD), namely governance, strategy, risk management, and metrics and targets.

1. Governance

Board Supervisory System for Climate Change Risks and Opportunities:

- A well-established Risk Management Committee appointed by the Board monitors and developed the Company's risk management practices and policies.
- The Risk Committee reports to the Board on its progress periodically.
- Building a resilient company by safeguarding it from vulnerabilities and potential impacts is critical.
- Strategic intent is to embed a risk governance practice that is of the highest standards.

At the management level, chaired by the Chief Sustainability Officer (CSO) named Mr. Srinivasa Rao M, the Sustainability Committee is mandated by assessing and managing climate-related risks and opportunities, which are as follows:

- A robust risk management framework enables effective risk management throughout the value chain.
- Periodic horizon scanning and monitoring are required in this ever-evolving sector.
- Identification and assessment of material risks associated with the business that are critical.
- Risk management policies assist in anticipating risks early and creating a risk management plan.
- Policies are periodically reviewed and enhanced based on the company's requirements and sectoral changes.

2. Strategy

Laurus Labs has identified short-, medium-, and long-term climate-related risks and opportunities, which are part of the business strategy. The potential risks and opportunities perceived by the management are as follows:

Risks:

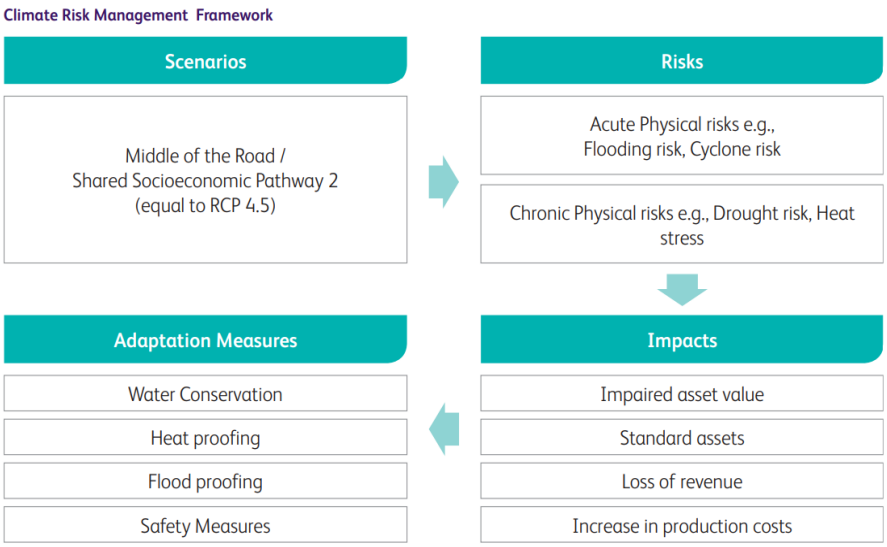
- Increases in extreme weather events, such as hurricanes, floods, and wildfires, can disrupt supply chains, manufacturing facilities, and the research and development activities of pharmaceutical companies.
- Changes in temperature and precipitation patterns can affect the distribution and spread of diseases, which can increase the demand for certain drugs or vaccines.
- Rising sea levels and coastal erosion can damage infrastructure and facilities, leading to increased costs and disruptions.
- Climate-related regulatory changes can affect the pricing and reimbursement of drugs, as well as the approval process for new products.
- Increased public awareness and concern about climate change can lead to reputational risks for pharma companies that are perceived as not taking enough action to reduce their carbon footprint.
- Climate change is known to impact employees' health and wellness.

Opportunities:

- Increasing demand for drugs and vaccines related to climate change impacts, such as infectious diseases, respiratory illnesses, and mental health issues.
- Development of new treatments and therapies that address the health impacts of climate change.
- Integration of sustainability and climate change considerations into the overall business strategy can enhance reputation, attract investors, and improve employee morale.
- Investment in renewable energy, green infrastructure, and energy efficiency measures can reduce costs and increase operational efficiency.
- Collaboration with other sectors to address climate change can lead to new partnerships and opportunities for innovation.

3. Risk Management

Laurus Labs has undertaken a climate risk assessment, which evaluated the potential climate risks and hazards that may affect business operations over the next 30 years. The assessment encompassed all our facilities in Vizag, seven manufacturing sites, one R&D center, and one corporate office in Hyderabad. Additionally, we included SRIAM in Andhra Pradesh and Laurus Bio Private Limited in Karnataka in the analysis. The table below highlights the findings of the assessment:



Process for identifying and assessing climate-related risks:
The projection of future emissions and human factors influencing the climate is a challenging task. The IPCC recommends utilizing a range of scenarios with diverse assumptions about future economic, social, technological, and environmental conditions. These scenarios can help estimate the possible ramifications of global climate change.

To assess physical risks until 2020-39 and 2040-2059 for all business units, we employed SSP 2-RCP 4.5 as a scenario. The climate risk assessment utilized several indicators, including maximum and minimum temperature, precipitation, the number of very hot days (Tmax > 35°C), the largest 5-day cumulative precipitation, the maximum length of consecutive dry and wet spells, the number of heating and cooling degree days (ref 65°F), relative humidity, water stress, cyclones, change in wind speed, and sea level rise. This comprehensive approach helped us identify and assess climate-related risks effectively.

The table below highlights the findings of the assessment:

Unit 1- 6	R&D Unit	Laurus Bio Pvt. Ltd	SRIAM	Laurus Synthesis Pvt. Ltd.	Corporate Offices
These business units face the highest risk due to sea level rise and an increase in precipitation from 2020-39 to 2040-2059, potentially leading to excessive floods.	The R&D unit will experience the maximum length of consecutive wet spell days, potentially impacting operations, and infrastructure.	This plant will experience the maximum rise in temperature between 2040-59 (0.93°C). It will also face an increase in the number of hot days, leading to heat waves that can impact occupants' health and infrastructure. The company will have significant water stress by 2060.	SRIAM will experience the largest 5-day cumulative rainfall from 2020-39 to 2040-2059, increasing the risk of flooding. Additionally, it will have a considerable increase in relative humidity by 2060, which may drive up air conditioning and electricity costs and potentially promote mould growth in buildings.	This company will face a rise in temperature (0.84°C) in 2030- 2050, leading to higher energy demand required for cooling and air conditioning	The corporate offices will face the maximum rise in temperature (0.44°C) in 2020-2039, resulting in a higher energy demand. The cooling degree days will be the highest for the corporate offices, indicating increased air-conditioning needs.

As a result, we are developing preliminary adaptation strategies to address these risks. In the coming years, we plan to carry out a detailed techno-feasibility and cost-benefit analysis to determine the implementation feasibility of these measures. This includes investment in renewable energy, green infrastructure, and energy efficiency measures that can reduce costs and increase operational efficiency, implement robust emergency response plans, and engage with local communities and relevant stakeholders to support climate adaptation.

4. Metrics and Targets

As a responsible and resilient business organization, Laurus Labs recognizes the potential impact of climate change on the environment, society, governance, and the economy. We understand that climate change can adversely affect our health, lifestyle, ecosystems, and natural habitats, as well as significantly alter weather patterns. Climate change is undoubtedly one of the most significant challenges facing the planet today. At Laurus, we take the responsibility seriously and are committed to reducing greenhouse gas emissions by managing our energy consumption from fossil fuels using the latest technologies, switching to cleaner sources of fuel, and expediting the transition to renewable energy. Laurus Labs firmly believes that the actions we undertake can make a significant difference in mitigating the effects of climate change and building a sustainable future. Laurus Labs use numerous indicators to manage climate-related risks and opportunities, namely greenhouse gas emissions (Scope 1, 2, 3), total non-renewable energy consumption, total renewable energy consumption, etc.

We have established emission reduction targets encompassing reduction of Scope 1, Scope 2 and Scope 3 emissions (with 2021 year considered as a base year) as described:

Scope Covered by Target	Percentage Reduction Target from Base Year (2021)
Scope 1	45% by 2030 100% by 2050
Scope 2	50% by 2030 100% by 2050
Scope 3	25% by 2030 100% by 2050

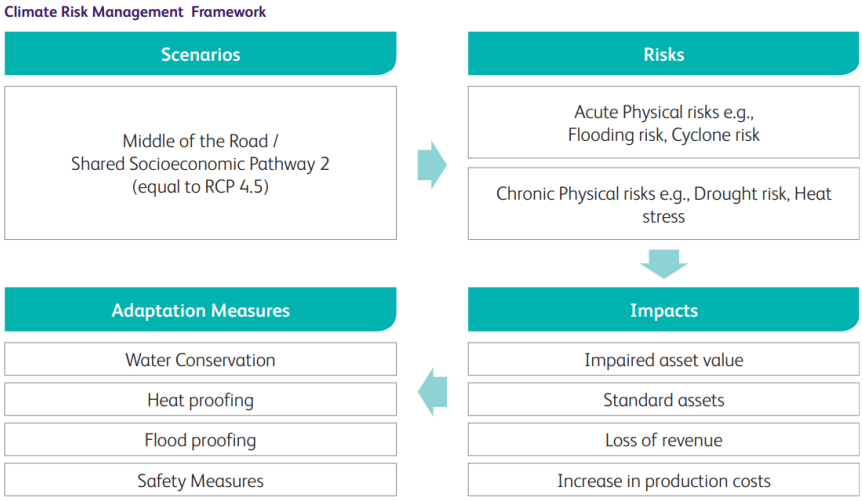
Climate-related Management Incentives (DJSI 2.5.6)

Employees are rewarded for their actions and efforts toward the organization's climate risk management. We value and recognize individuals who go above and beyond. Laurus Labs has established department-specific ESG-related Key Performance Indicators (KPIs), including key indicators for environmental factors such as emissions, energy consumption, etc. If not carefully managed, these factors can have a significant environmental impact and pose risks to the climate. When the team successfully manages performance against these KPIs and achieves their yearly goals, it positively impacts their overall annual performance review.

Climate Risk Management (DJSI 2.5.7)

Laurus Labs has undertaken a comprehensive climate risk assessment to identify exposure to the potential climate-related physical and climate-related transition risks respectively.

Laurus Labs has undertaken a physical climate risk assessment for the time horizons, namely short-term (5 years, up to 2030), medium-term (10 years, up to 2035), and long-term (30 years, up to 2050), to evaluate the potential climate risks and hazards that may affect the business operations. The assessment encompassed all our facilities in Vizag, seven manufacturing sites, one R&D center, and one corporate office in Hyderabad. Additionally, we included SRIAM in Andhra Pradesh and Laurus Bio Private Limited in Karnataka in the analysis. The table below highlights the findings of the assessment:



Process for identifying and assessing climate-related risks:

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As a result, we are developing preliminary adaptation strategies to address these risks. In the coming years, we plan to carry out a detailed techno-feasibility and cost-benefit analysis to determine the implementation feasibility of these measures. This includes investment in renewable energy, green infrastructure, and energy efficiency measures that can reduce costs and increase operational efficiency, implement robust emergency response plans, and engage with local communities and relevant stakeholders to support climate adaptation.

Additionally, Laurus Labs has undertaken climate-related transition risks, which are described briefly:

Transition Risk Category	Risk Type	Impact	Opportunities
Policy & legal	Enhanced emissions reporting obligations Carbon pricing mechanism and carbon taxation	a. Increased regulatory costs to meet emission reporting obligations. b. Increase cost due to purchase	• Capitalizing on the carbon market. • Investments in renewable energy sources.

		of carbon credits. c. Increased cost of waste disposal.	• Promote energy efficient buildings and facilities. • Improved waste management by increasing co-processing of waste.
Technology	Increase in CAPEX and OPEX due to transition towards low emissions technology	a. Increased capital investment. b. Research and development (R&D) expenditures in new and alternative energy efficient technologies	• Resource efficient technologies to reduce energy consumption.
Reputation	Negative stakeholder feedback	a. Reputation damage for not meeting the stakeholder demand	• Improved reputation. • Improved stakeholder engagement on ESG.
Market	Increasing cost of key resources including electricity and raw materials	b. Increased CAPEX and OPEX, and capital investments.	• Shifting to renewable energy sources • Enhancing responsible consumption of raw materials and production of pharmaceutical products.

Financial Risks of Climate Change (DJSI 2.5.8)

Indicator	Risk driven by changes in regulation	Risks driven by changes in physical climate parameters
Significant risk and methods description	India moved from subsidization to taxation of carbon emissions. Carbon pricing has been prominent in the European Union, where the mechanism is the EU ETS (Emission Trading Scheme). The introduction of a carbon price and the planned launch of Indian Carbon Markets in 2026 will likely raise the costs of fossil-based energy sources and carbon-intensive goods,	We conducted a comprehensive physical climate risk assessment, including scenario analyses, following the TCFD Framework based on the SSP 2-RCP 4.5 as a climate scenario for all the business

	potentially leading to increased production expenses and a reduction in demand. As global ambitions to achieve net-zero emissions rise, carbon taxes and emissions trading systems may expand into sectors with higher abatement costs. In some parts of the USA, ETS and RGGI (Regional Greenhouse Gas Initiative) are followed. The carbon pricing mechanism after implementation in India would initially be predominant for energy-intensive industries included under the PAT (Perform, Achieve and Trade) scheme, and gradually, the other sectors would also be included. In the reporting year, the list of Designated Consumers has been amended to include the chemical sector (including pharmaceuticals API) with an energy consumption of 3,000 Metric tons of Oil equivalent per year or above. By staying abreast of these developments, we aim to proactively prepare and align our strategies with the evolving regulatory landscape, ensuring our continued contribution to the nation's energy transition and climate action efforts.	units until 2020-39 and 2040-2059. We found that our sites, Unit 01 – 06 at Visakhapatnam, Andhra Pradesh would be subjected to sea level rise of 5 mm/yr by 2060. Sea level rise could affect the ability to manufacture and deliver formulations. We plan to implement tailored strategies to reduce the risk exposure to our sites in the coming years.
Estimated financial implications of the risk before taking action (INR)	Laurus Labs understands the importance of taking timely action to mitigate the potential risks associated with climate change. At Unit 5 in Visakhapatnam, Andhra Pradesh, we have a planned project (capex approved) for the conservation of coal by transferring steam condensate to the feed water tank. The project is estimated to reduce 1,50,101 tCO_2e of GHG emissions annually. For transition risk assessment, we referred to the International Energy Agency (IEA) Stated Policies Scenario and the Announced Policies Scenario (APS) as outlined in the World Energy Outlook 2023. As per the IEA STEPS (Stylized Energy System Pathways) scenario developed by the International Energy Agency (IEA) to explore future energy transitions and climate outcomes, the potential carbon costs in 2030 would be USD 28/tCO2e. Hence, the estimated risks would be approximately INR 175.47 million, if we don't take the necessary steps to reduce our carbon footprint.	INR 25,976 million
Estimated time	5 Years	50 Years

frame (Years)		
Estimated cost to mitigate the risk	INR 5,51,840	INR 140 million

Financial Opportunities Arising from Climate Change (DJSI 2.5.9)

Category	Response
Description of opportunity	Laurus Labs prefer to use lower emission sources of energy, which have the potential to reduce direct energy costs. We have set our strategy to reduce absolute total Scope 1 and Scope 2 emissions by 45% and 50% respectively, by 2030, with 2021 considered as a base year. We undertake focused efforts to increase the share of renewable energy in the energy mix through the installation of solar rooftops and accelerating energy-efficient operations. In FY 2024-25, Laurus Labs has undertaken various initiatives related to energy transition and efficiency at the group level: 1. We adopted efficient cooling tower management through the incorporation of Variable Frequency Drives (VFDs) and temperature controls in cooling tower fans, which has led to energy saving of 20,35,474 kWh, resulting in 1,480 tCO_2e GHG emission reduction and annual cost savings of INR 16.304 million. 2. We installed air compressors Variable Frequency Drives (VFDs) across the firm, which led to energy savings of 3,54,922 kWh, resulting in 258 tCO_2e GHG emission reduction and annual cost savings of INR 2.843 million. 3. We installed movement sensors across our facilities, which led to energy savings of 9,886 kWh, resulting in 3 tCO_2e GHG emission reduction and annual cost savings of INR 1,18,436. 4. We replaced LED lamps across our facilities, which led to energy savings of 85,799 kWh, resulting in 62 tCO_2e GHG emission reduction and annual cost savings of INR 6,56,371. 5. We have implemented energy-efficient lighting mechanisms across all our facilities, such as transitioning to energy-efficient LED lighting, which has not only lowered our energy consumption but also contributed to a more sustainable lighting solution. Such initiatives have led to energy saving of 69,120 kWh and resulted in 50 tCO_2e GHG emission reduction. 6. We have undertaken various energy optimization initiatives, which have led to energy saving of 3,11,382 kWh and resulted in 226 tCO_2e GHG emissions reduction. 7. We have harnessed solar energy across our facilities, which has led to energy savings of 26,58,200 kWh and resulted in 1,932 tCO_2e GHG emissions reduction. **Major Projects at the implementation or planning stage:**

	1. Conservation of coal by transferring steam condensate to the feed water tank at Unit 5 in Visakhapatnam, Andhra Pradesh, which will reduce 15,010 tCO_2e GHG emissions annually.
Estimated financial positive implications of the opportunity	INR 5,44,050
Estimated timeframe for positive financial implications of this opportunity	5 years
Estimated annual cost associated with developing the opportunity	INR 5,51,840

Climate-Related Scenario Analysis (DJSI 2.5.10)

For Physical Risks

Physical risks for all the business units of Laurus Labs, namely all facilities in Vizag, seven manufacturing sites, one R&D center, and one corporate office in Hyderabad, SRIAM in Andhra Pradesh, and Laurus Bio Private Limited in Karnataka, were analyzed and assessed for SSP 2-RCP 4.5 (Shared Socioeconomic Pathway 2/'Middle of the Road') as a climate-related scenario over the next 30 years.

For Transition Risks

The climate-related scenario considered for evaluation of transition risk include

- Net Zero 2050: An ambitious scenario aiming for net zero CO2 emissions by 2050 through stringent climate policies and innovation.
- Current Policies: A scenario reflecting existing climate policies without further strengthening, leading to a global warming of 3°C+ by 2100.

Physical Climate Risk Adaptation (DJSI 2.5.11)

The risk assessment and mitigation plan undertaken by Laurus Labs covers 100% of our existing operations. As a result, we have planned the implementation of adaptation strategies over more than 10 years to address the physical risks impacting the business units. Furthermore, Laurus Labs has initiated a range of adaptation measures to enhance resilience against the identified risks:

- **Energy Efficiency:** Laurus Labs is Laurus Labs has set company-wide absolute emissions science-based reduction targets which encompasses 100% reduction by 2050 for Scope 1, Scope 2 and Scope 3 emissions (with 2021 as a base year) respectively. In this pursuit, some of the initiatives undertaken by Laurus Labs in FY25 include:
  - Transition to LED lighting across all facilities, significantly reducing energy consumption and supporting the sustainability goals.
  - Solar panels with a cumulative capacity of approximately 3.3 MW installed at multiple units, increasing the renewable energy use in the energy mix.
  - Implementation of Variable Frequency Drives (VFDs) and temperature controls in cooling towers which has resulted in notable energy savings.
  - Upgradation to more energy efficient compressor models with radiator cooling has led to considerable reductions in energy usage.

- Installation of movement sensors throughout the facilities has saved approximately 35.59 GJ of energy annually.

- **Water Management:** As a pioneer in responsible water stewardship, Laurus Labs acknowledge the need to optimize freshwater use and enhance the water efficiency across the operations. The approach undertaken focuses on recycling and reuse technologies, ensuring water management practices that support both sustainability and operational needs. In this pursuit, some of the initiatives undertaken by Laurus Labs in FY25 include:
  - Implemented systems to manage and reduce water use across our facilities. During FY25, we consumed 999,103 KL of water and successfully recycled 341,418 KL using advanced treatment processes such as reverse osmosis (RO) and mixed bed treatments, reintegrating it into our boiler systems.
  - Installed an electrolytic water treatment system specifically for our cooling towers to enhance water quality and recyclability.
  - Treatment and recovery of multimedia filter (MGF) backwash water is accomplished through sophisticated filtration systems, with the recycled water being used extensively for horticultural purposes within our premises.
  - Actively pursue opportunities to reuse waste steam from adjacent industries, converting what would be a waste product into a valuable resource for our operations.
  - Installation of flow restrictors in water lines, particularly in facility washrooms, helps in reducing water wastage, ensuring efficient usage across all touch points and quality standards, and facilitating immediate adjustments for enhanced emission control.

Emissions Reduction Targets (DJSI 2.5.12)

Laurus Labs has adopted a company-wide absolute emissions science-based reduction target for Scope 1, Scope 2, and Scope 3 emissions.

Scope Covered by Target	Timeframe	Baseline year emissions covered and as a % of total base year emissions	% reduction target from base year
Scope 1 + 2 + 3 combined	Base Year: 2021 Target Year: 2030	Base year emissions 316624 ($MtCO_2e$) Percentage of total base year emissions 100%	45% by 2030
Scope 1	Base Year 2021 Target Year: 2030	Base year emissions 68321 ($MtCO_2e$) Percentage of total base year emissions 100%	45% by 2030
Scope 2	Base Year: 2021 Target Year: 2030	Base year emissions 248303 ($MtCO_2e$) Percentage of total base year emissions 100%	50% by 2030

Net-Zero Commitment (DJSI 2.5.14)

Laurus Labs has set company-wide absolute emissions science-based reduction targets but didn't publicly commit to reaching net-zero GHG emissions.

Biodiversity

Laurus Labs prioritize biodiversity conservation as a key element of strategy for environmental sustainability and reducing the carbon footprint. This commitment is reinforced by our Biodiversity and No-Deforestation Policy, which focuses on protecting local flora and fauna.

Key initiatives undertaken in FY25:

- Promotion of biodiversity conservation through awareness programs for our workforce, celebrating days like World Environment Day and Biodiversity Day with workshops and activities.
- Collaboration with local environmental bodies, such as the Andhra Pradesh Pollution Control Board, supports community initiatives like beach clean-ups and tree-planting campaigns.

Biodiversity Risk Assessment (DJSI 2.6.1)

Laurus Labs has conducted a biodiversity risk assessment covering all its operations. The assessment aimed to identify biodiversity-related risks, measures, and mitigate any negative impacts on biodiversity, such as habitat loss, pollution, ecosystem disruption, etc. The approach followed is based on five pillars:

- **Desk Research**: Understanding the existing scenario of flora and fauna in the region through databases, etc.
- **Data Collection**: Collection of data through primary (direct field observation, group discussion, interviews, etc.) and secondary sources (EIA & other site-specific documents)
- Defining Indices: Adopted key biodiversity indices, such as the Shannon-Wiener diversity index, for each sampled site.
- **Data Analysis**: Summarizing the data collected from satellite imagery, vegetation mapping, and field visits. The dataset formed the basis for calculating information for Indices. Further, interpreting the results and identifying key outcomes and action points.
- **Reporting**: Communicating the results to all stakeholders and the strategy that the company will adopt to mitigate the risk identified.

In conclusion, there were no Rare or Endangered or Endemic or Threatened (REET) category floral species of aquatic and semi-aquatic plants and faunal species, referring to IUCN, Red Data Books of the Botanical Survey of India, and Wildlife Schedule I and II in assessed sites. Very low/nominal diversity was observed irrespective of industrial activities.

Biodiversity Commitment (DJSI 2.6.2)

Laurus Labs has a biodiversity policy, endorsed by executive management, that encompasses its operations and those of its suppliers. The multiple aspect of the policy includes achievement of a net positive impact (NPI) on biodiversity, definition of biodiversity-related targets for priority areas to work towards no net loss, commitment requirement across value chain to avoid operational activities near sites containing globally or nationally important biodiversity, application of a mitigation hierarchy, conducting a biodiversity risk assessment, and engagement with stakeholders on biodiversity.

No Deforestation Commitment (DJSI 2.6.3)

Laurus Labs has no deforestation policy or commitment endorsed by the executive management, which aims to compensate for future reforestation (no net deforestation) and include operations, suppliers, and partners under the scope of the policy.

Product Stewardship

Product Design Criteria (DJSI 2.7.1)

Laurus Labs considers environmental criteria in the development of new products (and services) on the following indicators:

Indicators	Information/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)	Laurus Labs has remained at the forefront of sustainable pharmaceutical development with continuous refinement of R&D platforms: • Continuous flow technology: Expanded investments to enhance efficiency, safety, and sustainability. Laurus Labs has introduced new flow screening instruments and advanced commercial-scale continuous flow reactions. We successfully carried out a project on a ton scale, utilizing flow reactors designed in-house and operating at high temperatures and high pressures. During FY25, Laurus Labs witnessed a 30% increase in Continuous Flow Reaction projects. • Bio-catalysis and fermentation: Strengthened enzymatic technology capabilities. During FY25, we added four bio-catalysis projects for green synthesis of small molecules, reflecting about a 40% increase. • Process technology: Enhanced platforms for green chemistry and efficiency improvement, optimizing cost and raw material usage. During FY25, our small molecule R&D platform supported over 75 projects across drug substances and drug products.
Direct operations, production & manufacturing (e.g. reduction of emissions/energy/water use/waste generation)	In FY 2024-25, Laurus Labs transitioned to LED lighting across all facilities, significantly reducing energy consumption and supporting the sustainability goals. Solar panels with a cumulative capacity of approximately 3.3 MW have been installed at multiple units, increasing our renewable energy use. Laurus Labs has implemented Variable Frequency Drives (VFDs) and temperature controls in cooling towers, which have resulted in notable energy savings. Additionally, we have installed movement sensors throughout our facilities, which have saved approximately 35.59 GJ of energy annually. Laurus Labs has implemented AI-based HVAC energy efficiency systems.
Distribution, storage and transportation (e.g. increased safety, packaging choice, or reduced environmental impact)	Scope 3 emissions, covering indirect emissions such as transportation and the production of purchased goods, make up a significant share of the carbon footprint. Laurus Labs is actively working to reduce these by localizing the supply chain, which shortens transportation distances for raw materials and lowers related emissions.
Use phase - operation and servicing/maintenance (e.g. provides energy/water/material savings, increased product durability)	Laurus Labs has adopted numerous advanced manufacturing technologies, including continuous flow chemistry and precision fermentation, which have transformed the production processes. These innovations lead to more efficient, scalable, and cost-effective manufacturing, enabling us to meet the increasing global demand for medicines while maintaining high-quality standards. Additionally, Laurus Labs has undertaken the development of several novel enzymes for

	biocatalysis with the strategic objective of advancing technology & sustainable platforms.
End of life management (e.g. recovery, disposal, biodegradation)	Laurus Labs engages with authorized vendors for the responsible disposal and recycling of hazardous waste. We send a significant portion to cement plants for coprocessing, thereby reducing the volume of waste that ends up in landfills. We prioritize recycling and reuse across all non-hazardous waste streams, including organic waste, which is composted on-site. In FY25, 57% of our total waste was recycled or reused. We have focused on recovering solvents from aqueous layers, previously disposed of as effluents. Through partnerships with specialized recovery agencies, we repurposed approximately 184,892 KL of wastewater. To manage the waste at the source, Laurus Labs has operationalized an in-house waste treatment plant.

Life Cycle Assessment (DJSI 2.7.2)

In FY2024-25, Laurus Labs initiated a Product Carbon Footprint (PCF) assessment of six active pharmaceutical ingredient (API) products, which are used for medicinal products to control HIV infections, namely, Tenofovir, Dolutegravir, Lamivudine, Efavirenz ELT, Abacavir Sulfate CABS-3, and Enzalutamide AEZM-3. These products essentially form **7.15%** of our total product portfolio by Volume. A cradle-to-gate assessment is conducted, which includes the environmental impacts of products in the form of carbon emissions during the cradle (raw material production) to the gate (until the stage at which the product is ready for formulation before it is transported) phase.

The reason for choosing these specific products is that they represent a substantial part of the sales strategy, revenue, and customer demand of Laurus Labs, which seems to be observed at the operational level in the form of volume-based and continuous production. These selected products contributed 7.15% of the total product portfolio in terms of volume.

The assessment was carried out by an independent external agency using professional software for LCA modelling in accordance with ISO 14040 (principles and framework for LCA), ISO 14044 (requirements and guidelines for LCA), ISO 14067 (Requirements and Guidelines for Carbon footprint of Products), and GHG Product Life Cycle Accounting Protocol. It was undertaken to quantify the life cycle greenhouse gas emissions covering cradle-to-gate stages, identify the hotspots and mitigate actions, as well as communicate them to the external stakeholders.

The impact categories covered in the assessment include resource use (abiotic depletion, land use, and water depletion), ecological consequences (acidification, dust & particulate matter, ecotoxicity, eutrophication, global warming, ozone depletion, photochemical ozone formation, and species richness), and human health (human toxicity and ionizing radiation). The results helped us to understand the impact primarily of global warming for one ton of respective products from the upstream and operational levels.

Exposure to Hazardous Substances (DJSI 2.7.3)

The business model of Lauras Labs involves preparing and manufacturing pharmaceutical products, which generate at least 95% of its revenue. Therefore, according to the S&P DJSI requirement, Lauras Labs is not required **(not applicable)** to assess exposure to hazardous substances in its products or perform a risk assessment on its product portfolio.

Social Dimension

Labour Practices

Labour Practices Commitment (3.1.1)

Laurus' labor practices reflect a strong commitment to fair, safe, and equitable working conditions across its own operations and supply chain. The commitment includes the following key aspects:

• **Paying a Living Wage**: We ensure all workers receive wages that meet basic living standards, not just minimum wage. Employees are paid a living wage that covers basic needs such as food, housing, healthcare, education and transportation, excluding bonuses or overtime. Laurus' compensation philosophy is rooted in being market-competitive, performance-driven, and socially responsible. We view compensation beyond the transactional aspect of employment as a powerful lever to promote equity, inclusion, and human dignity. We incorporate annual assessments of inflation and cost of living into our pay planning and budgeting processes. These carefully crafted processes ensure our compensation structures reflect external affordability and socio-economic context—grounded not just in internal frameworks, but in our commitment to fairness, dignity, and sustainable employment.

Across all our operating geographies, we are committed to ensuring that every employee is paid a fair living wage inclusive of various allowances, well above statutory requirements. Our approach is underpinned by strong governance, independent benchmarking, and data-driven decision-making. The details regarding fair pay is also covered in our remuneration policy. (https://www.lauruslabs.com/Investors/PDF/Policies/Remuneration_Policy.pdf)

• **Avoiding Excessive Working Hours and setting maximum working hours**: We actively monitor and reduce overtime to prevent worker fatigue and burnout. We establish clear limits on daily and weekly working hours in line with labor laws. To safeguard the wellbeing of our employees and contract workers, we've instituted clear limits on working hours and we actively monitor overtime to avoid excessive working hours, ensuring transparency and compensation for all additional work. To promote work-life balance, our overtime policy strictly limits excessive working hours and clearly defines maximum working hours.

• **Equal Remuneration for Men and Women**: Promotes gender pay equity across all roles and levels. At Laurus, compensation is fair, consistent, and free from bias, ensuring equal remuneration for men and women, regardless of gender or background as outlined in our Human Rights Policy (https://www.lauruslabs.com/Investors/PDF/Policies/HRP.pdf) Policy. Our code of conduct also emphasizes on equal opportunity. Laurus believes that all its employees should be given equal opportunities. There shall be equity and fairness in respect of recruitment, placement, training & development, promotion, compensation and assignments, either in India or abroad.

• **Paying for Annual Leave**: Our approach to working hours is complemented by our leave policy, ensuring our employees have adequate time for rest and rejuvenation, which we believe is crucial for maintaining productivity and overall well-being. People are given guaranteed paid leave entitlements for rest, recovery, and personal time.

At Laurus, we do not support or promote mass terminations. In rare instances where such actions are necessitated by unforeseen circumstances, we are committed to handling them with the highest degree of empathy and integrity. We provide comprehensive support to affected employees.

• **Minimum Consultation/Notice Periods Before Mass Terminations:** At Laurus, we do not support or promote mass terminations. In rare instances where such actions are necessitated by unforeseen

circumstances, we are committed to handling them with the highest degree of empathy and integrity. In the event of terminations, we provide a minimum notice period of 60 to 90 days, ensuring transparency and adequate time for transition. We focus on upholding responsible restructuring practices by ensuring advance notice and consultation with affected employees.

Laurus' labor practices commitment applies to:

• **Own Operations:** All employees across manufacturing, R&D, corporate, and field functions.

• **Contractors**: Third-party labor providers are required to comply with Laurus labor standards.

• **Partners**: Strategic partners and suppliers are expected to align with Laurus ethical labor expectations through contractual obligations and periodic assessments.

Labor Practices Programs (3.1.2)

The following aspects must be covered in the document:

- **Ensure wages meet or exceed cost-of-living standards** - We ensure all workers receive wages that meet basic living standards, not just minimum wage. Employees are paid a living wage that covers basic needs such as food, housing, healthcare, education and transportation, excluding bonuses or overtime. Laurus' compensation philosophy is rooted in being market-competitive, performance-driven, and socially responsible. We view compensation beyond the transactional aspect of employment as a powerful lever to promote equity, inclusion, and human dignity. Across all our operating geographies, we are committed to ensuring that every employee is paid a fair living wage—well above statutory requirements. Our approach is underpinned by strong governance, independent benchmarking, and data-driven decision-making.

- **Monitor working hours, including overtime, ensuring employees are compensated for overtime work** - At Laurus, we ensure that employees are compensated fairly for overtime work, adhering to regional-specific policies and guidelines. In alignment with all applicable laws, our India operations pay hourly or non-exempt employees twice their ordinary rate for overtime hours. We have a comprehensive overtime policy in place that ensures working hours are monitored and employees are appropriately compensated for any overtime work.

- **Regularly consult with worker representatives regarding working conditions** – At Laurus' we don't practically have the workers' union. However, we do have provisions in place to regularly connect with the workers/contractors to understand any grievance they may have related to working conditions. Our HR systems monitor daily and weekly working hours to ensure compliance and prevent overwork. We continuously train HR and line managers on overtime regulations and ethical scheduling practices. Laurus' approach to working hours and overtime reflects its commitment to employee well-being, legal compliance, and ethical labor practices.

- **Routinely monitor and address the gender pay gap to ensure equal pay for equal work** - We adhere to statutory norms regarding working hours and overtime. The company monitors employee schedules and ensures that any additional work / overtime is both documented and remunerated fairly to ensure compliance with labor laws & our internal policy. We avoid excessive working hours, and this is part of our broader commitment to human rights and workplace safety. Our Human Rights Policy provides our commitment towards freedom of discrimination and right to equality between men and women. The policy can be accessed at https://www.lauruslabs.com/Investors/PDF/Policies/HRP.pdf

- **Provide social protection benefits beyond government-mandated programs** - We extend social protections (life Insurance, health insurance, accident insurance, paid parental leave including both maternity & paternity leave, day-care facilities, sick leave) to our workers, supplementing public programs with company-backed safeguards. As mentioned in our remuneration policy (https://www.lauruslabs.com/Investors/PDF/Policies/Remuneration_Policy.pdf), based on the grade and seniority of employees, benefits that are provided include Health insurance (hospitalization), accident and life insurance and contribution to super-annuation funds.

- **Ensure employees utilize their paid annual leave entitlements** - Our leave policy ensures that employees can fully utilize their paid annual leave entitlements, promoting rest and well-being. It emphasizes the importance of employees taking their paid annual leave entitlements to relax and recharge, ensuring they have ample opportunity to balance their personal and professional lives effectively.

- **Offer training and reskilling opportunities to mitigate the negative impacts of industrial or climate-related transitions** - Recognizing the impact of industrial and climate transitions, Laurus invested in reskilling and upskilling programs to future-proof our workforce around the year. These include Digital literacy and automation training, Sustainability, ESG, Climate awareness modules and transition support for roles affected by decarbonization or process shifts. This ensures employees remain employable and adaptable in a changing business landscape.

Discrimination and harassment (DJSI 3.1.3)

We have a POSH (Prevention Of Sexual Harassment) policy, Non-Discrimination Policy and Human Rights Policy. These ensure appropriate corrective or disciplinary actions are taken in response to any confirmed cases of discriminatory behavior or harassment, reinforcing our commitment to a respectful and inclusive work environment.

Workforce breakdown: Gender (DJSI 3.1.4)

Diversity Indicator	Percentage
Share of women in total workforce (as % of total workforce)	9%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	7.97%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	8.62%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	6.18%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	1.14%
Share of women in STEM-related positions (as % of total STEM positions)	0

Workforce breakdown: Race/Ethnicity (DJSI 3.1.5)

Breakdown	Share in total workforce (as % of total workforce)	Share in all management positions, including junior, middle and senior management (as % of total management workforce)
Asian	100%	100%
Black or African American	0	0
Hispanic or Latino	0	0
White	0	0
Indigenous or native	0	0
Other, please specify	0	0

Gender Pay Indicators (DJSI 3.1.6)

The company monitors and discloses the results of our gender pay gap analysis.

Breakdown	Difference between men and women employees (%)
Mean gender pay gap	20%
Median gender pay gap	25%
Mean bonus gap	1%
Median bonus gap	0%

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Freedom Of Association (DJSI 3.1.7)

Category	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)
Total Permanent Employees			
Male	Nil	Nil	-

Female	Nil	Nil	-
Total Permanent Workers			
Male	Nil	Nil	-
Female	Nil	Nil	-

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Human Rights

Human Rights Commitment (DJSI 3.2.1)

We recognize that our business activities may pose human rights risks with potential impacts on our stakeholders. To address this, we carried out a comprehensive human rights due diligence assessment during the reporting year, conducted by a reputable independent third-party agency.

The assessment covered six units located in Andhra Pradesh and identified and evaluated human rights risks across Laurus Labs' operations, products, services, and supply chains. Our scope included labor practices, health and safety, environmental management, corporate ethics, and specific areas such as freedom of association, safe working conditions, fair wages, prevention of child labor, and non-discrimination. Our approach was aligned with the UN Guiding Principles on Business and Human Rights and the principles of the UN Global Compact. Using a mixed-methods design, the assessment combined quantitative surveys with qualitative data collection. We also conduct regular, systematic reviews to update the risk mapping of potential human rights issues.

Human Rights Due Diligence Process (DJSI 3.2.2)

We recognize that our operations may entail human rights risks with potential impacts on our stakeholders. To manage these risks, we commissioned comprehensive human rights due diligence/assessment from a respected independent third-party agency during the reporting period.

The assessment encompassed six facilities in Andhra Pradesh and identified and evaluated human rights risks across Laurus Labs' operations, products, services, and supply chains. **Our scope covered labor standards, occupational health and safety, environmental practices, corporate ethics, and specific areas such as freedom of association, safe working conditions, fair wages, child labor, and non-discrimination.** Our approach was aligned with the UN Guiding Principles on Business and Human Rights and the UN Global Compact principles. Using mixed-methods research design, the assessment combined quantitative surveys with qualitative data collection. We also conduct ongoing, systematic periodic reviews to update our human rights risk mapping.

Focus of the assessment:

Risk Assessment - Implemented a thorough Human Rights Risk Assessment to detect, evaluate, and address potential human rights impacts linked to Laurus Labs' operations, supply chain, and commercial relationships, in line with international human rights norms and principles.

Compliance Framework - Completed a full-scale evaluation of Laurus Labs' compliance framework to assess alignment with international laws, regulations, and industry benchmarks, emphasizing regulatory obligations (legal, healthcare, labor), the Code of Conduct and ethics, and risk management and internal control mechanisms.

Grievance Redressal Mechanism - Conducted a holistic review of Laurus Labs' grievance process for external stakeholders, gauging its effectiveness in resolving issues raised by customers, vendors, and the community, and its conformance to international standards and regulatory expectations around transparency, accountability, and responsiveness.

Methodology Followed:

Step 1 - Identified the scoping and Human Rights Contexts for Assessment

Step 2 - Prepared a data collection checklist, and identified human rights indicators

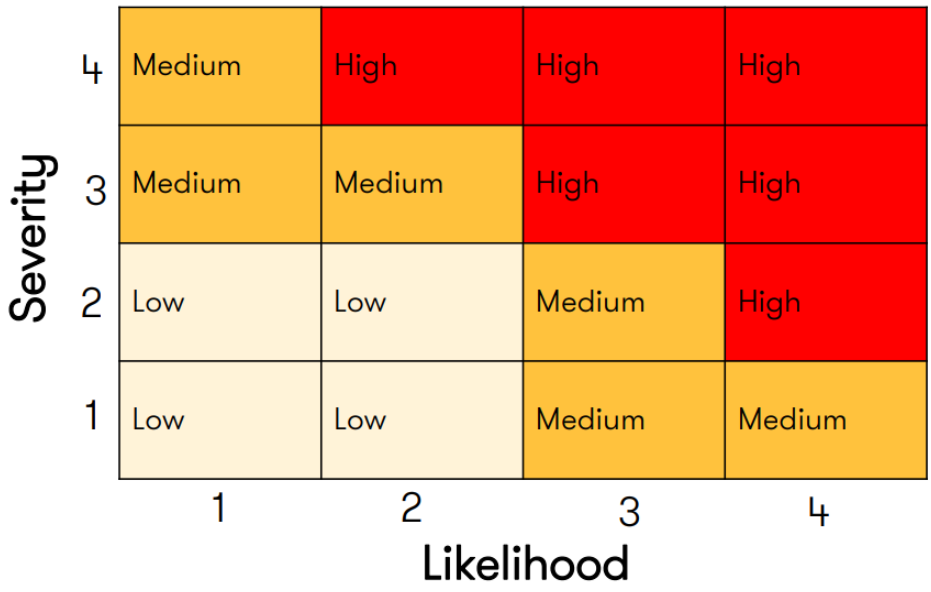
Step 3 - Analyzed salient human rights issues and their subsequent severity

Step 4 - Prepared observations and mitigation plan to address the identified

Risk Assessment Criteria:

With regards to the identification of risks, actual and potential risks may arise in the following areas of business:	In the context of the business, these translate to the following aspects:	Basis an understanding of the key business practices, the following key rights emerge:
1. Freedom of Expression	1. Decent working conditions and safe working environment	1. Right to privacy
2. Freedom of Association and Collective Bargaining	2. OJT training	2. Right to Human Dignity
3. Discrimination basis age, gender, case, religion, class or wages	3. Equal opportunities in recruitment and promotions	3. Right to equality
4. Risk management	4. Discrimination basis age, gender, case, religion, class or wages	4. Right to information
5. Supply chain and procurement	5. Environmental pollution	5. Freedom of speech and expression
6. Anti bribery and corruption	6. Punishment and unfair treatment	6. Freedom of association
7. Human Trials	7. Child/ forced Labour and slavery	7. Freedom of thought and religion
8. Customers	8. Whistleblowing	8. Right to health and safety
9. Security	9. Sexual Harassment	9. Right to fair labour practices
10. Community	10. Maternity Benefits	10. Right to assemble and protest (peaceful and unarmed)
11. Environment		11. Freedom from slavery and forced labour

The human rights risk assessment is conducted using the below 4X4 matrix which maps the severity of the risk and impact with the likelihood of its occurrence to determine the significance of the human right issues-based severity and likelihood.



Severity is further classified into Critical (significant impact to health and safety), High (moderate impact to H&S), Medium (slight impact to H&S) and Low (minor impact to H&S).

Likelihood is classified into Very Likely (occurs all the time), Likely (occurs very often), Unlikely (occurs rarely) and very unlikely (never).

Human Rights Assessment (DJSI 3.2.3)

We are committed to upholding and promoting human rights and fair labor practices across all our activities. Our efforts are anchored in a Human Rights Policy aligned with leading international frameworks, including the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. We apply these expectations throughout our supply chain, working to eradicate child and forced labor and to nurture a culture of respect and dignity.

From clinical trials through product development, we prioritize informed consent, data privacy, and equitable treatment of all participants. Ethical research is central to our approach because it fuels innovation and strengthens trust in our sector. While we do not have formal unions, we protect employees' rights to voice concerns without fear of retaliation, fostering an open and inclusive workplace.

Category	% of total assessed in last three years	% of total assessed where risk has been identified
Own Operations	100	0
Contractors and Tier 1 Suppliers	64	0

Human Rights Mitigation and Remediation (DJSI 3.2.4)

Through the Human Rights Due Diligence process, a range of mitigation and remediation actions were identified and planned.

Labor (child, forced, etc.) rights:

- Explore flexible work scheduling options that align employee preferences with productivity needs.
- Provide management with training on applicable legal obligations.
- Develop a dedicated policy for migrant labour where required.
- Sustain existing safety protocols and conduct routine audits.
- Increase the frequency of supplier site visits and maintain ongoing checks beyond initial onboarding.
- Schedule regular in-person visits and include HR-focused questions in supplier audits.

Employee Health and Safety:

- Continuously monitor and periodically review escalation procedures.
- Maintain current safety standards supported by regular audit cycles.

Environmental Impact:

- Continue existing practices and carry out environmental impact assessments at defined intervals.

Governance Aspects

- Fully integrate human rights criteria into Supplier Code of Conduct evaluations.
- Deliver training on anti-corruption practices and the whistleblower policy.
- Encourage third-party contractors to adopt independent HR policies for their employees.
- Educate employees about their right to form welfare associations while sustaining grievance mechanisms.
- Strengthen awareness of grievance escalation channels and ensure procedural transparency.
- Update the POSH committee structure to comply with regulations and train its members.

Human Capital Management

Training & Development Inputs (DJSI 3.3.1)

Category	FY 2024-25
Average hours per FTE of training and development (hours)	27.03
Average amount spent per FTE on training and development (INR)	1,330

Average training hours

Category	FY 2024-25
Management (Level 1-3)	0.6
Permanent Workforce	2.6
Contract Workers	0.1
Interns	0
Male	2.8
Female	1.1

Employee Development Programs (DJSI 3.3.2)

a. **Learning methods (externally/internally) offered for employee development include:**

- **Coaching or Mentorship:**
  SANCHALAK – The Guide: A mentoring and career coaching initiative to strengthen leadership pipelines and enhance employee growth. It enhances internal communication and foster peer-to-peer engagement.

- **Teams and Networks (e.g. Employee Resource Groups)**
  For the entire year, we conduct training on various topics which are delivered by trainers who have expertise in handling and delivering such sessions, either offline or online. It includes

  Laurus Leadership Development Face to Face Work, and Online Digital Learning (for 12 months) on Conversations and More Elantree Program (Leadership and Communication) and Prabuddha Program (Emotional Intelligence and Inner Being).

  For L1-L4 Employees: The training, Pioneer Program regarding Level 2,3 & 4 comprises 30 members per batch and a two-day workshop every quarter (4 times a year) is conducted, both offline as well as online.

  For L5-L7 Employees: The trainings, Synergy Program regarding Level 5,6 & 7 will comprise of 50 members per batch and one day workshop half yearly, (2 times a year), both offline as well as online. The Pioneer & Synergy workshop at Laurus Labs focused on strengthening vital professional skills, including effective communication, engaging presentation techniques, and collaborative teamwork. The sessions aimed to build core competencies that drive both individual growth and team success, enabling participants to navigate dynamic work environments with greater confidence and cohesion. Additionally, Pioneer and Synergy served as a valuable platform for knowledge exchange and collaborative learning.

b. **Type of program offered for employee development includes:**

- **Leadership development program**
  Leadership Development Program (LDP) - Gearing Up Leaders for Tomorrow. The organization has identified two levels of Leadership – the top 10 who work closely with the current top leadership and the next 40 to 50 critical leaders for whom they wish to plan interventions with a focus on 'Gearing Up for Tomorrow.'

  High Places as a partner is working with the Laurus Leadership team and would like to extend its expertise to help develop these Leaders for Tomorrow. To kick start the initiative, the organisers had a one-on-one talk with the top 5-8 leaders, based on our input and insights through the above engagement, they would structure and design the developmental approach and plan for the select bunch of leaders.

  The approach is being planned as mentioned below:

  - An intervention with current top leadership to define expectations from the next top line and their second line.
  - Few interventions with the next top leadership which may include some inventories/tools, group working and working individuals. It would also include feedback, sharing of expectations from the top and their expectations from the current top and the next line.
  - For the second level of leaders, we presume there could be few sessions that may include behavioral and skill training, feedback, assessment and development plan based on identification of critical competencies. Development of monitoring and guiding mechanisms through assignments and other engagements.

- **Cultural Education:** As part of our commitment to having an inclusive and diverse workforce, we conduct annual refresher training for all our employees on code of conduct and Non-Discrimination policy. All employees are required to be part of the session.

- **Transition program for retiring and terminated employees:** We guide our employees, especially those who are on the verge of getting Retired to focus on what they can do after it. This includes giving them an understanding of Government pension schemes, financial literacy, etc.

- **Digital transition program:**
  MANTHAN and Management Development Programme (MDP): This program is designed to focus on digital transformation, sustainability, and functional excellence, empowering employees with the latest industry insights and best practices.

  A batch comprising of 30 to 34 members are being nominated across the organization from Level 3. This program is divided into four phases:
  Step 1: Competency Assessment using 15 FQ to the participant and 360 degree, 10 responses from his peers, cross functional teams and subordinates.
  Step 2: One to one feedback and MyDP, where group feedback session, followed by one-one feedback is assessed to interpret the report. Benchmark capabilities to give actionable feedback and activate employee growth along with Action Plan.
  Step 3: Learning Intervention - A 12 Month comprehensive Intervention with series of 12 sessions (2 days' workshop) in a year (in class, on field, virtual).
  Step 4: Review and Follow-up sessions.
  The details of the same will be shared with the nominees and their reporting managers/HOD

c. **Coverage:** The Pioneer Program and Synergy program extends to contractual or part-time employees as well.

Human Capital Return on Investment (DJSI 3.3.3)

Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
a) Total Revenue (INR)	49,49,15,00,000	60,41,99,00,000	50,61,56,00,000	52,16,98,00,000
b) Total Operating Expenses (INR)	35,13,14,00,000	44,48,36,00,000	42,63,33,00,000	42,72,65,00,000
c) Total employee-related expenses (INR)	4,45,14,00,000	4,96,57,00,000	6,39,93,00,000	6,08,64,00,000
Resulting HC ROI (a - (b-c)) / c	4.22597	4.20928	2.24737	2.55154
Total Employees	4,808	5,753	6,007	6,167

Hiring (3.3.4)

New Hires

Category	Employees	Unit	FY 2024-25
Management	Male	No.	3
	Female		0
	<30		0
	30-50		1
	>50		2
Other employees (non-management staff)	Male	No.	1,013
	Female		92
	<30		904
	30-50		200
	>50		1
Permanent work staff (unionized employees or workmen)	Male	No.	0
	Female		0
	<30		0
	30-50		0
	>50		0
Contract workers	Male	No.	6,159
	Female		7
	<30		2,526
	30-50		3,567
	>50		73
Others (Interns, trainees / apprentices, part time employees etc.)	Male	No.	0
	Female		0
	<30		0
	30-50		0
	>50		0

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total number of new employee hires	No	1,757	1,074	702	1,108
Percentage of open positions filled by internal candidates (internal hires)	%	4.4	10	11	9
Average hiring cost/FTE (INR)	INR	628	877	826	1,091

Employee Turnover Rate (3.3.5)

Category	Employees	Unit	Employee Turnover Nos. FY 2024-25
Management	Male	No.	6
	Female		0
	<30		0
	30-50		2
	>50		4
Other employees (non-management staff)	Male	No.	773
	Female		44
	<30		540
	30-50		267
	>50		10
Permanent work staff (unionized employees or workmen)	Male	No.	0
	Female		0
	<30		0
	30-50		0
	>50		0
Contract workers	Male	No.	4664
	Female		1

	<30		2532
	30-50		2107
	>50		26
Others (Interns, trainees / apprentices, part time employees etc.)	Male	No.	0
	Female		0
	<30		0
	30-50		0
	>50		0

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total Employee Turnover Rate	%	15	19	17	17
Voluntary Employee Turnover Rate	%	15	19	17	17
Data coverage (as % of all FTEs globally)	%	100	100	100	100

Note: the data for both total employee turnover rate and voluntary turnover rate is the same. The company did not do any mass terminations nor was there any involuntary exit.

Employee Support Programs (DJSI 3.3.7)

Employee Benefits:

- **Workplace Stress Management:** At Laurus Labs, we prioritize creating a supportive and stress-free work environment for our employees. As a responsible employer, we emphasize holistic wellbeing, including mental health. To foster this, we regularly organize training sessions, awareness programs and workshops focused on workplace stress management, while also promoting a culture that values work-life balance and minimizes stress.
- **Sports and health initiatives:** At Laurus Labs, we actively promote healthy living through various sports and health initiatives. All employees are covered under medical insurance and receive annual health check-ups to help monitor their fitness and wellbeing. We also encourage participation in sporting events and marathons and organize internal tournaments to inspire and support our employees on their fitness journey.
- **Work Conditions:** At Laurus Labs, we recognize the importance of flexibility in the workplace. As an employer responsible, we offer flexible working hours, along with work from home and part-time working options, enabling our employees to maintain a healthy balance between their personal and professional commitments.
- **Family Benefits:** Laurus Labs is committed to supporting employees through comprehensive family care initiatives. We offer 26 weeks of paid parental leave to the primary caregiver and 1 week to the

non-primary caregiver, ensuring that our employees can spend meaningful time with their families during important life moments. In addition to parental leave, we provide access to childcare facilities or financial contributions toward childcare support, helping employees manage their responsibilities with ease. These benefits reflect our dedication to fostering a family-friendly workplace culture that values both professional growth and personal wellbeing.

Category / types of benefits provided	Unit	Permanent employees	Temporary employees
Life insurance	Yes/No	No	No
Health care	Yes/No	Yes	No
Parental leave (maternity (primary care giver) leave for 26 weeks)	Yes/No	Yes	Nil
Parental leave (paternity (non-primary care giver) leaves for 1 week)	Yes/No	Yes	Nil
Family Care	Yes/No	Yes	Yes
Flexible Working Hours	Yes/No	Yes	Nil
Work from home and Part time arrangements (when applicable)	Yes/No	Yes	Nil
Stock ownership	Yes/No	Yes	No
Transportation	Yes/No	Yes	Yes
Food allowance	Yes/No	Yes	Yes

Types of performance appraisal (DJSI 3.3.8)

Our performance management system now features regular check-ins and flexible goal setting to reflect changing market conditions, enabling timely course corrections and continuous feedback.

Category	Available (Yes/ No)	Frequency
Management by objectives	Yes	At least yearly
Multidimensional performance appraisal (e.g. 360-degree feedback)	Yes	At least yearly
Agile conversations	Yes	At least yearly

Trend of employee wellbeing (DJSI 3.3.9)

Core Focus	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	What was your target for FY 2024-25?
Employee Satisfaction	% of employees with top level of engagement, satisfaction, wellbeing, or employee net promoter score (eNPS)	78	84	87	80	95
Data coverage	% of employees who responded to the survey	97	91	98	95	100

We conduct employee wellbeing surveys on an annual basis. These surveys assess various aspects of the employee experience, including levels of motivation, overall job satisfaction, and emotional well-being in the workplace. They provide valuable insights into how engaged and content employees feel, helping organizations identify areas for improvement and foster a more positive and productive work environment.

Occupational Health and Safety

OHS Policy - DJSI (3.4.1)

The company has a policy or commitment on Occupational Health and Safety (OHS). The policy is called Environment, Health, Safety & Sustainability Policy, and the same is publicly available.

The policy is applicable across all facets of the organization, encompassing its operations, employees, contractors, and any individuals working under the company's direction or supervision. It outlines measurable objectives aimed at enhancing Occupational Health and Safety (OHS) performance indicators. Additionally, the policy includes a structured approach for identifying priorities and developing corresponding action plans to address them effectively. Importantly, this policy carries the formal endorsement of the organization's senior leadership and executive management, underscoring its strategic importance and commitment to workplace safety.

OHS Programs - DJSI (3.4.2)

Our workplace OHS risk and hazard assessments entail developing and embedding action plans with measurable targets to mitigate identified risks. Our commitment to safety, health, and environmental stewardship is codified in a comprehensive EHS Policy aligned with Factory Rules and ISO 14001/45001 standards. This applies across all manufacturing sites, R&D, supply chain, and business operations. Qualified EHS professionals are deployed throughout our operations to ensure EHS considerations are integrated into decision-making processes. Risk assessments prioritize identifying and controlling significant environmental, health, and safety hazards, driving residual risk to ALARP levels (as low as reasonably practicable). The assessment approach follows the hierarchy of controls, emphasizing Elimination, Substitution, Engineering, and administrative measures.

To safeguard personnels, we apply multiple risk assessment systems across the lifecycle of activities—covering new product introductions, hazard studies, and containment control strategy assessments—to minimize personnel exposure. We implement targeted engineering controls, operational protocols, and personal protective equipment (PPE) to manage health risks, and we conduct periodic risk-based medical surveillance to evaluate potential health outcomes from occupational exposures.

In FY 2024-25, we targeted zero fatality cases and zero LTIFR and achieved both.

We have identified significant risk areas at our sites, including working at heights, confined spaces, hot work, and excavation. To strengthen controls for these high-risk activities, we updated our Permit to Work procedure across all manufacturing sites in FY 2024-25. The revised procedure sets out detailed safety measures, assigned responsibilities, communication protocols, energy isolation guidelines, and preparation protocols for hot work and confined space entry. We also developed scaffold safety standards that meet Indian and international regulations. Regular, expert-led training promotes workplace safety, providing comprehensive instruction on hazard identification, safe work procedures, self-protection measures, and emergency response protocols. These programs include safety training, process education sessions, awareness campaigns, safety signage, and emergency drills.

In FY 2024-25, we delivered 1,51,125 hours of Occupational Health and Safety (OHS) training. We encourage employees to report unsafe conditions and empower them to stop hazardous activities. Our in-house training professionals, working with external experts, ensure our workforce receives top-quality training.

Evaluation of progress in reducing/preventing health issues/risks against targets: We operate a 'learning from incidents' forum that reviews lessons from all incidents and shares insights from the incident site with other sites, helping prevent the same incident from reoccurring elsewhere.

Internal inspections:

The site EHS Team conducts daily Gemba walks. Monthly planned EHS inspections are carried out by the Leadership Team together with the site head. Line managers and senior staff also perform monthly behavioral observations/inspections. Last year, we launched cross-site audits, with EHS Heads from other sites conducting annual, detailed EHS audits.

Procedures to investigate work-related injuries, ill health, diseases, and incidents:

We promote active reporting by the workforce of incidents and potentially unsafe conditions, regardless of how minor they may appear.

Active Employee Involvement:

Employees are integral to our safety program. They help prepare and review risk assessments, participate in safety committee meetings, investigate accidents, and collect data on work-related hazards and mitigation measures.

Open Communication:

We maintain open channels so workers can prepare and review risk assessments, take part in safety committee meetings, support investigating accidents, and conduct campaigns to gather data on work-related hazards and mitigation measures.

Safety Performance (DJSI 3.4.3), (DJSI 3.4.4), (DJSI 3.4.5)

Category	Unit	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Fatalities (Employees)	No	0	3	0	0
Fatalities (Contractors)	No	0	2	0	0
LTIFR (Employees)	No	0	0.23	0	0
LTIFR (Contractors)	No	0	0	0	0

Note – The data has been externally assured by a third-party agency named NQA Certification Limited (NQA).

Contribution to Societal Healthcare Access to Healthcare Programs

Products and Drugs (DJSI 3.5.1) and Local Capacity Building (DJSI 3.5.2)

Innovation is a cornerstone of our business model. We endeavor to develop and deliver innovative medicines that create positive health outcomes for all our patients, with an unrelenting focus on access and affordability. Since inception, we have commercialized over 60 products across our three business segments: Generics API, Generics FDF and Synthesis. In the past two years, we have launched Oral Disintegrating Films (ODFs) and Trientine HCI.

- **Oral Disintegrating Films (ODFs):** We have undertaken extensive research and made significant investments to develop safer and more efficient drug delivery systems for pediatric and geriatric patients, supporting them to live healthier and longer lives. As a result, we develop Oral Disintegrating Films (ODFs) as an effective and safer alternative for these patient groups. These ODFs support higher patient acceptance and compliance, while also demonstrating higher efficacy and safety as compared to conventional dosage forms.

- **Trientine HCI**: Administration of Trientine HCI is fraught with challenges with respect to its stability with respect to storage conditions. Susceptible to turning into trihydrochloride at room temperature, we have been able to successfully omit this challenge by developing a more resilient form of Trientine HCI. This breakthrough ensures that Trientine HCI can be conveniently stored and transported without the need for strict temperature control, providing greater flexibility and convenience to suppliers and end-users. In FY 2024-25, in partnership with ImmunoACT and backed by cutting-edge research from IIT Bombay we have launched NexCAR19, India's first CAR-t cell therapy. This is a significant step forward in the treatment of relapsed or refractory Bcell lymphomas and leukaemia and has been approved by the Central Drugs Standard Control Organisation (CDSCO). This treatment has shown promising results in clinical trials, offering a substantial overall response rate of approximately 70% and demonstrating a favourable safety profile devoid of common severe side effects like cytokine release syndrome (CRS) and neurotoxicity. With superior efficacy and emphasis on affordability and accessibility, NexCAR19 has made advanced treatment options available in resource-constrained settings.

Customer Relations

Ethical Marketing Commitment (3.6.1)

(As our business operates in a Business-to-Business (B2B) model, we do not generally engage in direct communication with patients, patient advocacy organizations or healthcare professionals. Given the nature of our operations, interactions with such groups fall outside the scope of our business activities.)

- **Commit to providing accurate and non-misleading information about products/services** - In alignment with our Code of Conduct, we are committed to ensuring that all our marketing practices are conducted in an ethical, transparent, and responsible manner. We strive to communicate with honesty and integrity, avoiding any actions or messaging that could be perceived as misleading, coercive, or inappropriate. Our approach reflects our dedication to upholding the highest standards of professionalism and respect in all stakeholder interactions. The business code of conduct can be accessed at:

  https://www.lauruslabs.com/Investors/PDF/Policies/Business_Code_of_Conduct_and_Ethics_Policy.pdf

- **Ensure ethical interactions with both patient groups and healthcare professionals -** We place strong emphasis on maintaining ethical interactions with all our internal and external stakeholders. All interactions are governed by internal codes that strictly regulate the scope of interactions. Interactions with patient groups/ healthcare professionals are conducted with utmost care to maintain their independence. However, due to the nature of the business model (Business-to-Business), our interactions with patient groups/healthcare professionals are very insignificant.

- **Report on all contributions made to healthcare professionals** - We believe in transparent and ethical marketing. This is fundamental to our approach to ethical business. We transparently communicate all relevant information through multiple channels such as websites, annual reports, etc. to all our internal and external stakeholders. However, due to the nature of the business model (Business-to-Business), our interactions with patient groups/healthcare professionals are very insignificant.

- **Engage with patient organizations transparently and ethically, while safeguarding the organization's independence -** We are committed to maintaining ethical engagement with all internal and external stakeholders, guided by stringent internal codes. Interactions with patient groups and healthcare professionals are handled with utmost care to preserve organizational independence. However, given our B2B business model, interactions with patient organizations remain minimal.

- **Mandate approval of all promotional and non-promotional materials prior to their use -** All promotional and non-promotional materials developed by our organization are subject to a rigorous internal review and approval process prior to any form of external dissemination. We are committed to maintaining the highest levels of integrity and transparency in our communications. Accordingly, we strictly adhere to globally recognized industry standards as well as country-specific laws and regulations governing the creation and distribution of promotional and non-promotional content. This ensures that our messaging is accurate, responsible, and compliant across all markets in which we operate.

Ethical Marketing Performance (3.6.2)

Direct-To-Marketing

Laurus Labs is a B2B company. We don't have any products marketed directly to consumers. Hence, Direct-to-Consumer Marketing is not applicable to us.

Complaint type	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25
Incidents of non-compliance concerning product and service information and labelling	0	0	0	0
Incidents of non-compliance concerning marketing communications	0	0	0	0
Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	0	0	0	0

Privacy Protection

Privacy Policy: Systems/ Procedures (3.7.1)

Laurus Labs is committed to conduct its business operations in accordance with the applicable data protection regulations and in line with the highest standards of ethical conduct. We have a dedicated Privacy Policy in place which can be accessed at https://www.lauruslabs.com/Investors/PDF/Policies/LLL_updated-privacy-policy-26.09.2025.pdf.

- **The privacy policy should cover all operations, including suppliers and other third parties** - Laurus Labs' Privacy Policy is uniformly applicable across all facets of its operations, extending to engagements with suppliers and other third-party entities. This ensures that ethical data handling and privacy standards are consistently upheld throughout our business ecosystem.
- **A designated person or department responsible for data privacy issues -** We have appointed a dedicated Data Protection Officer (DPO) who oversees all matters related to data privacy and protection across our organization. The DPO serves as the central point of contact for addressing any concerns, complaints, or issues related to data handling. This role is critical in ensuring that our data practices remain ethical, transparent, and fully compliant with applicable privacy regulations and internal policies.
- **Integration of policy framework into group-wide risk and compliance management -** The Privacy Policy framework at Laurus Labs is fully integrated into our group-wide risk and compliance management system, ensuring consistent and ethical handling of personal and sensitive data across all operations. Oversight of cybersecurity-related issues, including any incidents involving customer data breaches, falls under the purview of the company's Risk Management Committee.
- **Disciplinary actions in case of breach -** We maintain a zero-tolerance policy toward any breach of data privacy and security. In the event of a data breach, we follow a clearly defined and strict protocol to ensure timely action through containment, investigation, and resolution. During FY25, Zero breaches were reported.
- **Compliance with the privacy policy assessed through independent third-party and internal audits -** We conduct regular internal audits as well as third-party audits to proactively identify and address any gaps in our data security framework. These measures are essential to ensure that we consistently uphold the highest standards of data protection across our operations.

Customer Privacy Information (3.7.2)

The company should inform customers regarding privacy protection issues and publicly disclose the relevant information.

The disclosure could cover following aspects related to customer's ability to control how their personal data is collected, used, stored, and processed:

- **Types of information collected -** Our privacy policy clearly mentions and defines the types of information stored and collected by the organization. Our Privacy Policy clearly outlines and defines the specific types of information that are collected, stored, and processed by the organization. This includes both personal and non-personal data, as applicable to our operations.
- **Purposes for which the information is used -** As outlined in our Privacy Policy, we collect, use, and disclose personal information solely to support our legitimate business interests. We are committed to maintaining ethical data practices and ensure that all data collection and usage is carried out transparently and responsibly. Prior to collecting any personal data, we obtain clear and informed consent from individuals, reinforcing our commitment to privacy, trust, and regulatory compliance.
- **Customer choices and rights concerning the collection and use of information -** We ensure that customers have full rights over their personal data. Customer may opt out or withdraw any consent given to us at any time by contacting us. In certain cases, opting out may limit access to specific products or services or be subject to legal or contractual obligations. We will inform you of any implications before proceeding.
- **Duration for which the information retained in company records -** Data is retained strictly for the duration necessary to fulfill its intended purpose. Throughout its lifecycle, the Company implements robust security measures to ensure the information remains protected and handled responsibly.
- **Measures used to safeguard information -** Laurus Labs has implemented a comprehensive set of technical, physical, contractual, and organizational safeguards to protect personal data from risks such as loss, unauthorized access, or misuse. Access to personal data is restricted to employees on a need-to-know basis, and all staff are bound by the company's Code of Conduct and Privacy Policy, with strict disciplinary measures for violations. Additionally, the company uses SSL/TLS encryption to secure data transmission on its website. These measures reflect Laurus Labs' commitment to maintaining ethical and secure data practices across its operations.
- **Policy on disclosures to third parties (both private and public entities) -** As part of an international group, we may transfer your personal data to countries outside your country of residence. These transfers are conducted safely, lawfully, and ethically, in accordance with applicable data protection regulations. While your data may be subject to the laws of the destination country including potential access by government or regulatory bodies, it is ensured that robust safeguards are in place to protect your privacy throughout the process.
- **Customer data used for secondary purposes -** All the data collected by Laurus is used internally solely for the purpose of supporting our legitimate business interests, as outlined in our policy. **No collected data is shared or used for secondary purposes.**

LAURUS Labs
Chemistry for Better Living

Independent Assurance Statement

To

The Management
Laurus Labs Limited, Plot No. 21,
Jawaharlal Nehru Pharma City,
Parawada, Anakapalli-531021.
Andhra Pradesh, India

Laurus Labs Limited (hereafter 'LLL') commissioned NQA Certification Limited (NQA) to conduct independent external assurance of non-financial information disclosed in LLL's "ESG Supplementary Report" (hereinafter 'the Report') for the period April 1, 2024 to March 31, 2025 period. This engagement comprises a "limited assurance" of LLL's sustainability information for applied reporting period. The Report is based on material disclosure as per GRI Standards and ISAE 3000 (Revised) standard applied for assurance of the Report.

Responsibility of the Management
LLL has developed the Report content. Its Management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in web-based and printed Report, including website maintenance and integrity. LLL's Management is also responsible for ensuring the quality and accuracy of the Report in accordance with the applied criteria stated in the GRI standards in such a way that it is free of intended or unintended material misstatements.

Scope and Boundary
The scope of work includes limited assurance of the following non-financial KPI disclosures given in the Report. In particular, the assurance engagement included the following:

- Review of the disclosures submitted by LLL;
- Review of the quality of information;
- Review of evidence (on sample basis) for identified non-financial indicators

NQA has verified the below material disclosures.

GRI 3 - Material Topics

GRI 204 - Procurement Practices

GRI 205 - Anti Corruption

GRI 302 - Energy

GRI 303 - Water and Effluents

GRI 305 - Emissions

GRI 306 - Waste

GRI 307 - Environmental Compliance

GRI 308 - Supplier Environmental Assessment

GRI 401 - Employment

GRI 402 - Labour Management Relations

GRI 403 - Occupational health and safety

GRI 404 - Training and Education

GRI 405 - Diversity and Equal Opportunity

GRI 407 - Freedom of Association and Collective Bargaining

GRI 408 - Child Labor

GRI 409 - Forced or Compulsory Labor

GRI 412 - Human Rights Assessment

GRI 414 - Supplier Social Assessment

GRI 418 - Customer Privacy

GRI 405-2 - Gender Pay Gap

The reporting boundaries for the above topics include 6 Manufacturing Units and R&D Facility (Laurus Labs Limited, Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Anakapalli-531021, Andhra Pradesh, India). Onsite verification was conducted in May 2024. The assurance activities were done together with a desk review carried out for all LLL sites within the reporting boundary. Applicable boundaries for disclosures are explained in the Report.

Limitations

NQA did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, NQA draws no conclusion on the prospective information. LLL sustainability report is only cover the data of key material disclosures. During the assurance process, NQA did not come across any limitation to the agreed scope of the assurance engagement. NQA expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

Our Responsibility

NQA responsibility in relation to this engagement was to perform a limited level of assurance and to express a conclusion based on the work performed. This engagement did not include an assessment of the adequacy or the effectiveness of LLL's strategy or Management of sustainability-related issues or the sufficiency of the Report against principles of GRI Standards and ISAE 3000 (Revised), other than those mentioned in the scope of assurance. NQA's responsibility regarding this verification is in

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Provides Certification Process for ISO 9001/14001/ISO 45001/ISO 27001/50001/22000/15378/13485/AS 9100/TS 16949 standards

accordance with the agreed scope of work which includes non-financial quantitative information disclosed by LLL. This assurance engagement is based on the assumption that the data and information provided to us by LLL are complete and true.

Verification Methodology

During the assurance engagement, NQA adopted a risk-based approach, focusing on verification efforts with respect to disclosures. NQA has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

- NQA examined and reviewed the documents, data, and other information made available by LLL for non-financial disclosures;
- NQA conducted interviews with key representatives, including data owners and decision-makers from different functions of LLL.

Opportunities for Improvement

The following are the opportunities for improvement reported to LLL. However, they are generally consistent with the Management's objectives and programs,

- LLL may go for social compliance audit across its facilities to create better impact
- A standard procedure may developed for the external issues reporting apart from whistle blower policy
- As LLL is reporting scope 3 emissions only 4 category may look for other too
- LLL develop the digital tool for data recording and reporting
- LLL can go for Life Cycle Assessment study from external agency to improve the environmental betterment

Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on Sustainability performance disclosed in the Report along with the referenced information provides a fair representation of the material topics, related strategies, and meets the general content and quality requirements of the GRI Standards Core option.

Disclosures: NQA is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements for in accordance with the "Core" option.

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to report information on the organization's impacts related to environmental and social topics. NQA is of the opinion that the reported material topics and Topic-specific Standards that LLL used to prepare its Report are appropriately identified and addressed.

Limited Assurance Conclusion: Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. NQA found the sustainability information to be reliable in all material respects, with regards to the reporting criteria ("Core") of the GRI Standards. This assurance statement has been prepared in accordance with the terms of our engagement. In accordance with the

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ISAE 3000 (Revised) requirements read in conjunction with ISAE 3410, the below principles were adhered ISAE 3000 (Revised)

- **Independence**

NQA follows International Ethics Standards which, adopts a threats and safeguards approach to independence. It is confirmed that the Assurance Team is selected to avoid situations of self-interest, self-review, advocacy, and familiarity. The Assessment Team was safeguarded from any type of intimidation.

- **Quality control**

The Assurance Team complies with the International Ethics Standards, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. In accordance with International Standard on Quality Control, NQA 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.

Inclusivity: Stakeholder identification and engagement is carried out by LLL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Materiality: The materiality assessment process has been carried out based on the requirements of the GRI Standards, considering topics that are internal and external to the LLL range of businesses. The Report fairly brings out the aspects and topics and their respective boundaries of the diverse operations of LLL. In our view, the Report meets the requirements.

Responsiveness: NQA believes that the responses to the material aspects are fairly articulated in the Report, i.e., disclosures on LLL policies and management systems, including governance. In our view, the Report meets the requirements.

Impact: LLL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, as part of its policy framework encompassing the policies Environmental, Social, Ethical and other. LLL reports on sustainability performance to the Board of Directors, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues. LLL initiated the process of establishing goals and targets against which performance will be monitored and disclosed periodically.

NQA expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. The intended users of this assurance statement are the Management of LLL. The Management of the LLL is responsible for the information provided in the

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Report as well as the process of collecting, analysing, and reporting the information presented in web-based and printed Report, including website maintenance and its integrity.

Assurance Team and Independence

NQA is an independent, neutral third party providing sustainability services with qualified environmental and social specialists. NQA states its independence and impartiality and confirms that there is "No Conflict of Interest" with regard to this assurance engagement. In the reporting year, NQA did not work with LLL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. NQA was not involved in the preparation of any content or data included in the Report, with the exception of this Assurance Statement. NQA maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of NQA Certification Limited

Sambasiva Rao Choda (S.R. Choda)
Lead Auditor
QMS, EMS, OHSMS & EnMS
IRCA Regd. No.: A009094