



Towards A Greener Future.
Sustainable Innovations
In Fostering Excellence

Sustainability Report
FY 2023-24

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ABOUT US

About Us

Aarti Pharmed Labs Limited (APL) is a prominent player in the global pharmaceutical and specialty chemicals industry. APL, formerly known as Aarti Organics, was established as a wholly owned subsidiary of the renowned Aarti Industries Limited. It was demerged in 2022 into a separately listed entity. With over four decades of experience & renowned legacy of the Aarti group, we strive to become a leader in the pharmaceutical industry. We have carved out a niche as a trusted partner for leading pharmaceutical companies worldwide. With a strong focus on innovation, quality, and sustainability, APL has consistently delivered value to all its stakeholders.

Our mission is simple yet powerful: to provide high-quality pharmaceutical and specialty chemicals that enhance the well-being of people around the world. We are driven by our unwavering commitment to safety, ethics, and environmental stewardship. We have a vision to be recognized as a global leader in our industry, known not only for our innovative solutions but also for our sustainable practices and the value we create for all our stakeholders.

At APL, we operate three major business segments - a) API & Intermediates, b) Xanthine derivatives and, c) CDMO/CMO. Our offerings include Active

Pharmaceutical Ingredients (APIs), New Chemical Entities (NCEs), API intermediates, Regulatory Starting Materials (RSM), Basic Starting Materials, Key Building Blocks, and Xanthine Derivatives for clinical trials and commercial production. In addition to our focus on process research and development, we provide stability studies, scale-up and process optimization, process validations, and commercial manufacturing services.

We have an extensive product portfolio with 270+ high-quality products that cater to a diverse range of therapeutic areas, new chemical entities and xanthine derivatives. Our commitment to excellence and innovation has earned us the trust of more than 500 global clients, reinforcing our position as a key player in the pharmaceutical and specialty chemicals industry.

We drive our research and development efforts through three state-of-the-art R&D centres, which are instrumental in delivering cutting-edge solutions. Our manufacturing prowess is supported by six advanced manufacturing units, three of which are USFDA-approved, ensuring that we meet the highest international standards of quality and safety.

Shri Chandrakant V. Gogri is the founder of Aarti Industries. With unparalleled expertise in chemical industry projects, operations, process development, and marketing, he has played a pivotal role in the expansion of Aarti Group. His financial acumen has been crucial during the group's significant expansion.

In recognition of his significant contributions to the Indian chemical industry, he was awarded the prestigious Lala Shriram National Award for Leadership in the Chemical Industry in 2015 and the ICC's D.M. Trivedi Lifetime Achievement Award in 2019. Moreover, in 2022, he received the Lifetime Contribution Award by FICCI and the Lifetime Achievement Award from the Gujarat Dyestuff Manufacturers' Association.



Shri Chandrakant V. Gogri
Founder

With a strong manufacturing base in India and a global footprint, APL serves clients across 60+ countries around the globe. Our commitment to quality, safety, and sustainability has earned us a reputation as a preferred partner in the industry.

We have 40+ US Drug Master Files (USDMFs) and 20+ Certificates of Suitability (CEPs), which reflects our dedication to regulatory compliance and product quality. With a team of over 2,000 dedicated employees, we are well-equipped to continue our growth journey. Each member of our workforce is a critical part of our success, contributing to our vision.

Our success is anchored in a set of core values that guide everything we do. Innovation is at the heart of our operations, pushing us to explore new ideas and technologies that keep us at the forefront of the industry. Integrity defines how we conduct our business, ensuring that we uphold the highest standards of ethics and transparency in every interaction. Sustainability is a commitment we take seriously, as we strive to minimize our environmental impact and contribute positively to the communities we serve. Our customer-centric approach ensures that the needs and expectations of our clients are always our top priority. Excellence is a standard we set for ourselves, driving us to achieve outstanding results in every aspect of our business.

Environmental Stewardship

We have implemented comprehensive initiatives aimed at reducing our carbon footprint, conserving energy and water, and effective waste management. One of our key environmental goals is to achieve significant reductions in carbon emissions. We are committed to transitioning to cleaner energy sources, enhancing energy efficiency across our operations, & implementing innovative technologies that reduce our reliance on fossil fuels. All our sites have Zero Liquid Discharge Facilities which allow us to reuse water, significantly lowering our water footprint. Recognizing the critical importance of sustainability, we have pledged to align our business operations with the Science Based Targets initiative (SBTi) in the near term. By setting ambitious science-based targets, we aim to

significantly reduce our greenhouse gas emissions, while targeting net-zero emissions in the long term. This means we're dedicated to eliminating our carbon footprint entirely, contributing to a healthier planet for future generations.

Sustainable Product Development

Our commitment to sustainability extends to the products we develop. We are actively engaged in research and development to create innovative, eco-friendly products that meet the highest standards of safety and efficacy while reducing environmental impact. This includes the development of green chemistry solutions and sustainable formulations that minimize the use of hazardous substances and reduce waste in the production process. We have established a system via SOPs to verify and promote adherence of new projects to green chemistry. We also prioritize the use of sustainable raw materials and strive to incorporate circular economy principles into the product life cycle, ensuring that our products are not only effective but also environmentally responsible.

Responsible Sourcing and Supply Chain Management

We believe that our responsibility to sustainability extends beyond our own operations to include the entire supply chain. We are committed to sourcing raw materials in a responsible manner, ensuring that our suppliers adhere to high standards of environmental and social responsibility. This includes working with suppliers who prioritize sustainable practices, such as reducing their own environmental impact, treating their workers fairly, and adhering to ethical business practices.

Community and Social Responsibility

Our commitment to sustainability is also reflected in our dedication to the communities in which we operate. We believe that a sustainable business is one that contributes positively to society. As such, we engage in numerous initiatives aimed at improving the quality of life in our communities, from supporting local education and healthcare programs to promoting economic development and social equity. We work to ensure that our business practices are aligned with the needs and aspirations of our stakeholders, and we are proud to play a role in fostering resilient, thriving communities.

Community and Social Responsibility

APL believes that sustainability is a journey of continuous improvement. We are committed to regularly reviewing and enhancing our sustainability practices, setting ambitious targets, and holding ourselves accountable for achieving them. Transparency is a key aspect of our approach, and we strive to communicate openly with our stakeholders about our progress, challenges, and achievements in sustainability. We believe that by being transparent and accountable, we can build trust and foster stronger relationships with our customers, employees, investors, and the communities we serve.

Aligning with Global Standards

Our sustainability efforts are guided by globally recognized frameworks and standards. We align our strategies with the United Nations Sustainable Development Goals (SDGs), ensuring that our actions contribute to broader global efforts to create a more sustainable and equitable world. Additionally, we adhere to rigorous environmental, social, and governance (ESG) criteria, which help us to measure and manage our impact on society and the environment. By aligning with these global standards, we demonstrate our commitment to sustainability on a global scale.



Our Manufacturing Capability



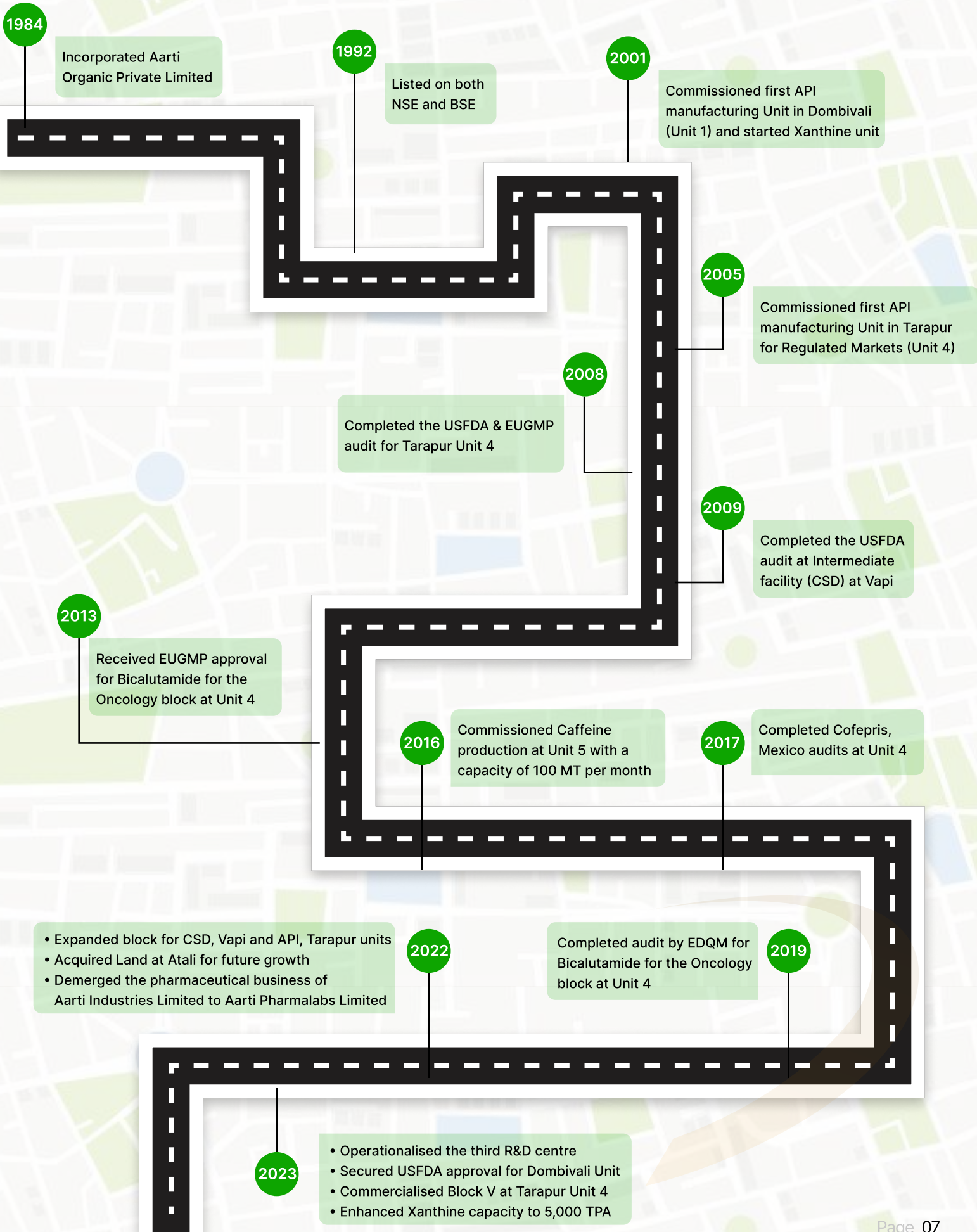
| | | |
|---|----------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Dombivli | Unit -I (API, Intermediates, CDMO) |
| 2 | Vapi | Unit -II (API Intermediates, CDMO & Custom Synthesis Unit) |
| 3 | Tarapur | Unit-III (Xanthine Unit) Unit-IV (API, CDMO-API) Unit -V (Xanthine Unit) Unit -VI (Intermediate Unit Of Xanthine, Specialty & Allied Products) |
| 4 | Atali | New Unit Under Construction (API, CDMO, Intermediates) |

| | |
|--------------------------------------------------------------|----------------------------------|
| Vapi, Gujarat Nerul, Maharashtra Dombivli, Maharashtra | Research And Development Centers |
| Mumbai, Maharashtra | Corporate Office |



OUR JOURNEY

Our Journey





ABOUT THIS REPORT

About This Report

We are dedicated to transparently communicating our sustainability initiatives and performance to our stakeholders at APL. We have established a robust process for sustainability reporting, guided by the principles of stakeholder inclusiveness. This report serves as a means to convey our vision and how we contribute value to society, stakeholders, and the environment through responsible and sustainable practices.

This marks our inaugural annual sustainability report, aligning with the Global Reporting Initiative framework – Sustainability Reporting Standards (GRI Standards). It encompasses data and activities from 1st April 2023 to 31st March 2024, unless otherwise specified, encompassing all aspects of our business operations. This report addresses sustainability topics pertinent to APL and valued by our stakeholders, consistent with GRI reporting principles of inclusiveness and materiality.

We have also mapped our sustainability initiatives and performance against the United Nations Sustainable Development Goals (SDGs). The SDGs provide a universal framework for addressing the world's most pressing challenges, from climate change and environmental degradation to social inequality and economic development. By aligning our efforts with these global goals, we demonstrate commitment towards a more sustainable and equitable future. The data presented in this report originates from various corporate functions within APL. We have provided explanations

for calculations and underlying assumptions where applicable throughout the report. A comprehensive GRI content index is available at the end of this report. Our report has been prepared with reference to the GRI Standards.

This report covers the operations and activities of APL, including all our manufacturing units, R&D centres, and corporate functions. The scope of the report extends to our performance in key areas such as environmental stewardship, social responsibility, governance practices, and economic contributions. We have made every effort to include all relevant information that reflects our sustainability journey during the reporting period.

As this is our inaugural sustainability report, there are no restatements to report. Nevertheless, the report includes forward-looking statements based on our strategies, targets, expectations, rational assumptions, and past performance.

To ensure the accuracy, reliability, and credibility of the information presented in this report, we have engaged SustainEDGE Business Solutions Private Limited (SustainEDGE®) to provide independent external assurance. The assurance process has been conducted in accordance with the AA1000AS v3, a widely recognized standard that focuses on inclusivity, materiality, responsiveness, and impact. SustainEDGE's independent assessment reaffirms our dedication to maintaining high standards of transparency and accountability in reporting.

Scope of reporting and boundaries As an output of stakeholder engagement exercise, following topics were identified to be taken up on priority. Below is their mapping with the relevant GRI material aspects:

| Priority material topic | GRI material aspect |
|-----------------------------------|----------------------------------------|
| Learning and Development | · Training and education |
| Material Sourcing and Efficiency | · Materials · Procurement practices |
| Supplier Environmental Assessment | · Supplier environmental assessment |
| Supplier Social Assessment | · Supplier social assessment |
| GHG Emissions | · Emissions |
| Energy Management | · Energy · Emissions |
| Climate Change | · Energy |
| Economic Performance | · Economic performance |

Further, following is the comprehensive set of sustainability topics, mapped to our value chain. This will help us to identify and address the impact wherever it occurs:

| Our material topic | Upstream | APL | Downstream |
|-----------------------------------|----------|-----|------------|
| Air Quality | | ✓ | |
| Climate Change | ✓ | ✓ | ✓ |
| Energy Management | ✓ | ✓ | ✓ |
| GHG Emissions | ✓ | ✓ | ✓ |
| Supplier Environmental Assessment | ✓ | ✓ | |
| Waste Management | | ✓ | |
| Water Management | | ✓ | |
| Material Sourcing and Efficiency | ✓ | ✓ | |
| Economic Performance | | ✓ | |
| Indirect Economic Impacts | | ✓ | ✓ |
| Business Ethics | ✓ | ✓ | ✓ |
| Compliance | ✓ | ✓ | ✓ |
| Risk Management | ✓ | ✓ | ✓ |
| Access to Healthcare | | ✓ | ✓ |
| Customer Health and Safety | | ✓ | ✓ |
| Diversity and Equal Opportunity | | ✓ | |
| Employee Wellbeing | | ✓ | |
| Learning and Development | | ✓ | |
| Local Communities (CSR) | | | ✓ |
| Non-discrimination | ✓ | ✓ | ✓ |
| Occupational Health and Safety | | ✓ | |
| Supplier Social Assessment | ✓ | | |
| Data Privacy and Security | ✓ | ✓ | ✓ |
| Human Rights | ✓ | ✓ | ✓ |
| Marketing and Labelling | | ✓ | ✓ |
| Product Quality and Safety | ✓ | ✓ | ✓ |

Feedback

We actively seek and value feedback from our stakeholders, aiming for continuous improvement to our systems and strategies. Please share your suggestions and observations with:

Mr. Tanaji Shinde

Sr. General Manager – EHS and Sustainability

Email : tanaji.shinde@aartipharmalabs.com

Aarti Pharmalabs Limited
Goregaon Mulund Link Road, Unit 204, 2nd Floor, Udyog Kshetra, MH 400080

MESSAGE FROM THE LEADERSHIP

Message From The Chairman

Dear Stakeholders,

As the Chairman of Aarti Pharmed Labs Limited (APL), I am deeply delighted to present our first annual sustainability report to reflect on our journey of business growth, ESG practices and sustainability measures for the year 2023-24. As we continue to expand our operations and reach new markets, we recognize that true business growth is not measured by financial performance alone but also by the positive impact we create for our stakeholders, communities, and the environment.

Over the past year, APL has achieved significant milestones that underscore our strategic vision for sustainable growth. We inaugurated a new R&D centre at Nerul, Maharashtra. Equipped with advanced technology, including a process safety laboratory and a dedicated powder safety section segment, this R&D centre is focussed towards our CDMO/CMO segment. Further, the continuous investments in research and development have led to advancements in green chemistry and biotechnology, setting new standards in the pharmaceutical and chemical industry. By developing more efficient and environmentally friendly manufacturing processes, we are positioning ourselves for long-term success with our partners.

From a business perspective, our focus on sustainability is a key driver of growth. In line with our deep focus on sustainability, we are setting up a solar power project in Akola, Maharashtra, expected to get commissioned in the second half of FY25. This project will generate one third of our power requirements, resulting in a reduction of our carbon footprint as well as electricity costs.

Consumers, investors, & partners are increasingly prioritizing companies that demonstrate a commitment to responsible practices. APL's alignment with global initiatives such as the United Nations Global Compact & the Science Based Targets initiative has strengthened our reputation as a leader in ethical business conduct.



This alignment not only enhances our brand value but also opens new opportunities for partnerships and market expansion.

Our corporate social responsibility (CSR) initiatives are another cornerstone of our growth strategy. Projects like the construction of the Tirthankar Mahaveer Jain Hospital and the support for women empowerment through our collaboration with TIDE are examples of how we are fostering a healthier, more educated, and economically empowered society—key elements that contribute to a stable business environment.

Looking ahead, my vision for APL is to continue driving growth through a well-balanced approach that integrates innovation, sustainability, and social responsibility. As we expand our footprint globally, we will remain committed to creating value for all our stakeholders, ensuring that our growth is sustainable, inclusive, and impactful.

Regards,
Shri Rashesh Gogri
Chairman

Message From The Vice Chairperson And Managing Director

Dear Stakeholders,

I would like to begin by thanking all of you for the year-long support. As a responsible corporate entity, we not only realise our responsibility to deliver shareholder value through profitable growth, but we are equally conscious of integrating sustainable practices into business operations. APL has always been more than just a company; it's a vision and a commitment to making a meaningful impact. As I stand here as the Vice Chairperson and Managing Director of this remarkable organization, I am proud of what we have achieved together.

At APL, as we navigate the complexities of the global pharmaceutical industry, our strategic focus remains on driving excellence and fostering collaboration in all areas of operations. Integral to our approach is the integration of safety and protection throughout the entire lifecycle of our products - from design and manufacturing to marketing and distribution. As a result of numerous safety programs at all our facilities, in FY24, we have achieved a reduction in incidents by over 40% YoY.

One of our core strategies has been the integration of green chemistry principles into our research and development processes. This approach has enabled us to develop more greener manufacturing practices, reducing our environmental impact while maintaining the high standards of quality. For example, we are transitioning from conventional boilers at our plants to boilers based on bio-briquettes. This highlights our focus on adopting greener technologies and our efforts to reduce environmental footprint.

We actively engage with industry peers, research institutions, and NGOs to share knowledge and develop best practices. Additionally, we have strengthened our supply chain by implementing rigorous ethical standards, ensuring that our



suppliers also share our commitment to sustainable practices.

Our social responsibility initiatives, led by the Aarti Foundation, are another key aspect of our sustainability approach. We take up CSR projects not for compliance but to create onground impact that can transform people's lives. For example, our contribution to Shri Hirji Bhojraj & Sons Kutchi Visha Oswal Jain Chhatralaya for their scholarship project for students, with a motto that no student has to halt their studies due to financial constraints. Other initiatives include healthcare initiatives, women empowerment, livestock development etc. These initiatives are not only aligned with our sustainability goals but also demonstrate our ability to execute complex projects that deliver value to the community. As we look to the future, APL remains committed to driving innovation, fostering collaboration, and upholding our responsibility to society. By staying true to these principles, we will continue to achieve our purpose and promise of serving people, making a positive difference, and living our values.

Regards,

Smt. Hetal Gogri Gala

Vice Chairperson & Managing Director

Message From The Managing Director

Dear Stakeholders,

At APL, our success is built on the foundation of strong leadership and a commitment to executing our strategic vision with precision and integrity. As the Managing Director, my focus is on ensuring that our strategic initiatives are effectively translated into actionable plans that drive tangible results across our operations.

One of the key pillars of our strategy is the continuous adoption of sustainable practices in plant operations. Taking sustainability to the core of manufacturing processes, we have adopted environment-friendly manufacturing processes. We have made significant progress in embedding green chemistry principles into our R&D processes from the design stage. We are continuously working towards reducing the wastewater generated during product manufacturing. Moreover, our waste water treatment systems have been designed in a manner that reduces the energy consumption. In recent years, we have made significant progress across KPIs such as efficient waste management and energy conservation, increasing workforce diversity, and maintaining a strong commitment to our CSR initiatives in healthcare and education.

At APL, we are proud participants in the United Nations Global Compact (UNGC), one of the largest corporate sustainability initiatives globally, showcasing our commitment to universal ESG principles. We are committed to UNGC principles through our Communication on Progress (COP). As part of this commitment, we have set corporate science-based targets to achieve net-zero emissions, aligning with a 1.5°C pathway. Our goal is to halve our global emissions by 2030 and reach net-zero by 2050. Understanding that climate change mitigation must be fair & equitable,



we are taking concrete actions to ensure a 'Just Transition'. This involves working closely with our employees, unions, communities, and suppliers to address the social impacts of our climate initiatives. Additionally, we are committed to ensuring that 100 percent of our employees earn a living wage by 2030, reflecting our dedication to fair labor practices and social responsibility.

Furthermore, we have made significant strides in enhancing our operational efficiency. The introduction of digital platforms for training and development has streamlined processes, increasing average training hours per employee and boosting overall productivity.

As we move forward, I remain focused on ensuring that APL continues to execute its strategic vision with the discipline and commitment that has driven our success. By maintaining this strong focus on execution, we will continue to achieve our goals, drive growth, and make a lasting impact on the communities and markets we serve.

Regards,
Shri Narendra Salvi
Managing Director

Accreditations & Recognitions

Receiving an accreditation or recognition is a significant and celebratory moment that we are eager to share with our valued customers, stakeholders, and dedicated team members at APL. Sharing these achievements is not only a source of inspiration for our staff but also fills us with deep pride for our company. We have been accredited and recognised with various institutions & organisations.



SDGs Aligned:





BUSINESS HIGHLIGHTS

Business Highlights

At APL, we view our business as a commitment to responsible practices and sustainability. Our success is measured not just in financial terms but also by the positive impact we create on the environment, society, and the quality of life for our stakeholders. We are dedicated to continually elevating our standards in product quality, safety, and ethical sourcing, all while minimizing our ecological footprint. Our sustainability initiatives encompass responsible sourcing of raw materials, reducing waste, and promoting efficient use of resources. We firmly believe that true success lies in aligning our business objectives with our unwavering commitment to a sustainable and equitable future, ensuring that every product we deliver contributes to this vision.

| Particulars | Units | FY 2023-24 |
|----------------------------------------------|------------------------|--------------|
| Economic Performance | | |
| Direct economic value generated (₹ in crore) | ₹ in crore | 1,513.14 |
| Economic value distributed (₹ in crore) | | 1,312.50 |
| Economic value retained (₹ in crore) | | 200.65 |
| Environment Performance | | |
| Total energy consumption | GJ | 12,83,728.34 |
| Energy Intensity | GJ/Tn of production | 46.25 |
| Total GHG Emissions | tCO2e | 3,55,893.62 |
| Emission Intensity | tCO2e/Tn of production | 12.82 |
| Total Waste generated | Metric Tonne | 13,676.33 |
| Total Waste Recycled/Reused/Recovered | Metric Tonne | 3,072.84 |
| Waste Intensity | Tonne/Tn of production | 0.49 |
| Total Water consumption | kL | 3,91,904.00 |
| Water Intensity | kL/Tn of production | 14.12 |
| Social Performance | | |
| Total employees | No. | 1,714 |
| New hires | No. | 385 |
| No. of employees taken parental leave | No. | 5 |
| Return to work rate after parental leave | % | 100% |
| Retention rate | % | 80% |
| Average training hours per employee | Hours/employee | 13.47 |
| No. of fatalities | No. | 0 |

* For more detailed information kindly refer to the Annexure – ESG Data in this report



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder Engagement And Materiality Assessment

Our primary stakeholder groups include Customers, Vendors, Employees, Regulatory authorities, and Investors/Shareholders. We maintain robust and ongoing two-way communication with these stakeholders throughout the year, fostering enduring and sustainable relationships. Below is a table summarizing our key stakeholder groups, areas of focus, and engagement methods.

| Key stakeholders | Key focus areas | Modes of engagement | Frequency of engagement |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------|
| Board and Committees | Oversight of operations, business performance, risks and opportunities, strategy alignment, ESG initiatives, compliance, and crisis management. | Presentations, reports, surveys, awareness sessions | Quarterly and as needed |
| Employees and Workers | Engagement to foster a safe, inclusive workplace, provide updates on company and industry developments, encourage feedback and innovation, and support professional growth. | Email, website, notice boards, training sessions, surveys | Daily |
| Suppliers | Ensure business continuity, quality compliance, address ESG parameters, and resolve product-related issues and feedback. | Supplier audits, meetings, topic-based engagement | Frequent and as needed |
| Customers | Enhance market share, introduce new products, ensure fair business practices, and address customer feedback and queries. | Customer meetings, audits, surveys, structured engagements | Frequent |
| Government and Regulators | Compliance with regulations, facilitate product development and manufacturing, and uphold high standards of operational compliance. | Submissions, meetings, emails, website | Need-based |
| Community | Support sustainable development, address local community needs, focus on health, education, gender equality, afforestation, and infrastructure development. | Physical visits, digital channels | Frequent and as needed |
| Investors/Financial Partners | Provide updates on financial performance, strategic direction, sustainability goals, and significant events impacting the company's performance. | Investor meetings, conferences, earnings calls, press releases | Frequent and as needed |

Our Materiality Assessment

Our material issues are of utmost importance to both our organization and our stakeholders, significantly influencing our capacity to generate value. These topics are shaped by the economic, social, and environmental conditions in which we operate. In compliance with the GRI framework, we initiated impact-based materiality assessment process in 2024 to pinpoint the key sustainability issues relevant to our business and stakeholders. This involved thorough secondary research and active engagement with internal stakeholders to identify and prioritize a shortlist of sustainability topics. Through this comprehensive exercise, we identified 26 sustainability topics of significance. To carry out the materiality assessment, we fostered robust discussions and interactions among our senior management team. All 26 topics were meticulously examined and ranked based on their potential impact on our business operations.

Material topics

- Air Quality
- Climate Change
- Energy Management
- GHG Emissions
- Supplier Environmental Assessment
- Waste Management
- Water Management
- Material Sourcing and Efficiency
- Economic Performance
- Indirect Economic Impacts
- Business Ethics
- Compliance
- Risk Management
- Access to Healthcare
- Customer Health and Safety
- Diversity and Equal Opportunity
- Employee Wellbeing
- Learning and Development
- Local Communities (CSR)
- Non-discrimination
- Occupational Health and Safety
- Supplier Social Assessment
- Data Privacy and Security
- Human Rights
- Marketing and Labelling
- Product Quality and Safety

The collective input from internal stakeholders were combined and consolidated, with each material topic evaluated based on its impact. This process led to the identification of APL's high-impact material topics, outlined as follows. The high-priority topics with significant impact include:



Learning and Development

At APL, we recognize that the key to sustaining our competitive edge in the pharmaceutical and specialty chemicals industry lies in the continuous development of our workforce. Our commitment to Learning and Development is driven by the understanding that a knowledgeable and skilled workforce is essential for innovation and operational excellence. We provide our employees with access to a wide range of training programs, from technical skills enhancement to leadership development. By investing in both in-house training and external certifications, we ensure that our team is well-equipped to tackle current challenges and embrace future opportunities, fostering a culture of continuous improvement across the organization.

Material Sourcing and Efficiency

Efficient and sustainable material sourcing is critical to APL's operational success and environmental responsibility. We understand that the way we source and utilize materials directly impacts our environmental footprint, cost structure, and ability to meet regulatory standards. At APL, we adopt a strategic approach to material sourcing, focusing on optimizing the use of materials to enhance efficiency and minimize waste. Our efforts include partnering with suppliers who adhere to sustainable practices and continuously assessing our supply chain for opportunities to improve material efficiency. This not only reduces our environmental impact but also contributes to the economic sustainability of our operations.

Supplier Environmental Assessment

As a responsible company, APL is deeply committed to ensuring that our environmental standards extend throughout our supply chain. The environmental practices of our suppliers are crucial to the overall sustainability of our operations. We conduct thorough environmental assessments of our suppliers to ensure they meet the high standards we set for ourselves. This includes evaluating their energy use, waste management, and emissions. We also work collaboratively with suppliers to address any gaps and support their efforts to improve environmental performance. By doing so, we ensure that our supply chain contributes positively to our sustainability goals and reduces risks associated with environmental compliance.

Supplier Social Assessment

At APL, our commitment to social responsibility extends beyond our direct operations to encompass our entire supply chain. We believe that ethical business practices are fundamental to building a sustainable and reputable brand. To ensure our suppliers uphold the same social standards that we do, we conduct regular social assessments. These evaluations cover critical areas such as labour rights, non-discrimination, and occupational health and safety. When issues are identified, we collaborate with our suppliers to implement corrective actions, ensuring that their practices align with our values. This rigorous approach helps us maintain an ethical and socially responsible supply chain, safeguarding our reputation and contributing to broader societal well-being.

Greenhouse Gases Emissions

Reducing greenhouse gas (GHG) emissions is a central component of APL's commitment to combating climate change. As a company with a global footprint, we understand the importance of minimizing our carbon emissions to mitigate our impact on the environment. APL actively works to reduce our GHG emissions through a combination of energy efficiency measures, the adoption of renewable energy sources, and process improvements. We regularly monitor and report our emissions to track progress and identify further opportunities for reduction. Our commitment to lowering GHG emissions is part of a broader strategy to align with global climate goals and contribute to a sustainable future.

Climate Change

Climate change presents significant risks and challenges that can impact APL's operations, supply chain, and long-term business viability. Recognizing these risks, we have integrated climate change considerations into our strategic planning and risk management processes. At APL, we conduct climate risk assessments to identify vulnerabilities and develop adaptive strategies to mitigate the impacts of extreme weather events and other climate-related disruptions. In parallel, we are taking proactive steps to reduce our contribution to climate change by lowering our GHG emissions and increasing our use of renewable energy. These efforts are aligned with international climate agreements and demonstrate our commitment to building a resilient and sustainable business.

Energy Management

Effective energy management is vital for APL, not only to reduce our environmental footprint but also to enhance our operational efficiency and cost-effectiveness. Given the energy-intensive nature of our manufacturing processes, optimizing energy use is a priority for us. APL has implemented an advanced energy management system that enables us to monitor, control, and reduce energy consumption across our operations. We invest in energy-efficient technologies and continuously seek ways to improve energy use through process optimization and innovation. Additionally, we are exploring renewable energy options to further decrease our reliance on non-renewable energy sources. These initiatives support our commitment to sustainability while also driving operational excellence.

Economic Performance

At APL, robust economic performance is fundamental to our ability to sustain growth, drive innovation, and support our sustainability initiatives. We understand that financial health underpins our capacity to invest in cutting-edge technologies, enhance our sustainability practices, and deliver value to our stakeholders. APL focuses on achieving strong economic performance through strategic market expansion, operational efficiency, and continuous innovation. Our financial management practices emphasize transparency, risk management, and long-term planning, ensuring that we are well-positioned to navigate market fluctuations and economic challenges. By aligning our economic success with our sustainability goals, we ensure that our growth is both profitable and responsible, contributing positively to society and the environment.



OUR RESPONSIBLE OPERATIONS

Our Responsible Operations

At APL, responsible operations are foundational to our corporate philosophy and strategic direction. We understand that our long-term success and sustainability are deeply connected to how we manage our operations, which is why we are committed to upholding the highest standards of ethics, compliance, risk management, and sustainability in everything we do. Our ethical practices ensure that we conduct business with integrity and transparency, fostering trust among our stakeholders. Compliance with regulatory standards safeguards our reputation and ensures we operate within legal frameworks. Through robust risk management, we proactively identify and mitigate potential challenges, securing the resilience of our business. Sustainability is integrated into our operations to minimize our environmental impact and promote social well-being. By embedding these principles into our daily practices, APL not only creates lasting value for our stakeholders but also contributes positively to the broader society, reinforcing our role as a responsible and forward-thinking industry leader.

SDGs Aligned:



Ethical Business Practices

Ethical business conduct is a core value at APL, underpinning all our interactions with stakeholders, from employees and customers to suppliers and local communities. We believe that integrity is not just a legal obligation but a moral imperative that defines the essence of who we are as a company. To embed ethical practices into our organizational culture, APL has established a comprehensive Code of Conduct that sets clear guidelines for behaviour across all levels of the organization.

Our Code of Conduct covers a wide spectrum of ethical issues, including anti-corruption, anti-bribery, conflict of interest, respect for human rights, and adherence to fair labour practices. It also addresses the importance of diversity, equity, and inclusion in our workplace. All employees, from senior management to entry-level staff, are required to undergo regular training on the Code of Conduct to ensure that they fully understand and comply with these ethical standards.

To reinforce our commitment to ethics, APL has implemented robust mechanisms for reporting and addressing unethical behaviour. We maintain a confidential whistleblower program that allows employees and stakeholders to report any concerns about unethical conduct without fear of retaliation. These reports are taken seriously and are thoroughly investigated by our Ethics Committee, which is responsible for overseeing the implementation of our Code of Conduct and ensuring that appropriate actions are taken in response to any violations.

Moreover, we extend our ethical expectations to our business partners and suppliers. All partners are required to adhere to our Supplier Code of Conduct, which aligns with our own ethical standards. This ensures that our entire value chain operates with the same level of integrity and transparency that we demand of ourselves. By fostering a culture of ethical behaviour, we build trust with our stakeholders and reinforce our reputation as a responsible and reliable partner in the global marketplace.

Compliance and Regulatory Adherence

In the highly regulated pharmaceutical and specialty chemicals industries, compliance with legal and regulatory requirements is not just a necessity—it is a cornerstone of our operations. At APL, we are committed to ensuring that all our activities comply with applicable laws, regulations, and industry standards, both domestically and internationally. This commitment is critical to maintaining our license to operate, protecting our reputation, and ensuring the safety and well-being of our employees, customers, and the broader public.

To manage compliance effectively, APL has established a comprehensive compliance management framework that encompasses all aspects of our operations, from environmental regulations and product safety standards to labour laws, data protection, and anti-corruption measures. This framework is designed to be dynamic and responsive, allowing us to stay ahead of emerging regulatory requirements and industry best practices.

Our compliance framework includes a robust internal audit program, with regular audits across all facilities to ensure adherence to legal, regulatory, and internal standards. Conducted by our compliance team in collaboration with external auditors and regulatory bodies, these audits help promptly identify and address any gaps.

We actively engage with regulators, industry associations, and stakeholders to stay updated on regulatory developments and contribute to industry standards. Additionally, we participate in voluntary certification programs that exceed regulatory requirements, reflecting our commitment to excellence and continuous improvement.

| FY 2023-24 | | |
|-----------------------------------------------------|----------|--------|
| Operational sites audited on business ethics issues | Internal | 100 % |
| | External | 37.5 % |

Our approach to compliance is proactive rather than reactive. We invest in training and development programs to ensure that all

employees, particularly those in roles with compliance responsibilities, are fully aware of the regulatory requirements relevant to their work. This not only helps prevent non-compliance but also empowers our employees to take ownership of compliance in their daily activities. By maintaining a rigorous compliance management system, APL ensures that we operate within the boundaries of the law while upholding the highest standards of quality, safety, and ethical conduct. This commitment to compliance is a key driver of our business sustainability and success.

Risk Management

In today's complex and interconnected world, the ability to anticipate, assess, and manage risks is critical to the long-term success and sustainability of any organization. At APL, we have developed a comprehensive risk management framework that enables us to identify and mitigate risks across all areas our business. This framework is integral to our strategic planning process and is designed to be both systematic and adaptive, allowing us to respond effectively to the dynamic nature of the global business environment.

Our risk management framework encompasses a broad range of risks, including operational, financial, environmental, social, and reputational risks. We take a holistic approach to risk management, recognizing that risks are often interrelated and that managing them requires a coordinated effort across the organization.

One of the central elements of our risk management process is the regular conduct of risk assessments. These assessments are carried out by our Risk Management Committee, which is composed of senior executives from key functions within the company. The committee is responsible for identifying potential risks, evaluating their likelihood and impact, and developing mitigation strategies. This process is informed by both internal data and external intelligence, including insights from industry experts, market analysis, and stakeholder feedback.

Climate change, for example, is a significant risk factor that we closely monitor and address within our risk management

framework. We recognize that climate change can have far-reaching impacts on our operations, supply chain, and markets. To mitigate these risks, we have implemented a range of measures, including climate risk assessments, adaptation strategies, and initiatives to reduce our greenhouse gas emissions. We also engage in scenario planning to explore potential future climate-related challenges and opportunities, ensuring that our business is resilient in the face of environmental changes.

In addition to climate-related risks, we pay close attention to supply chain risks, geopolitical risks, and technological risks, among others. Our risk management framework is designed to be flexible, allowing us to adjust our strategies as new risks emerge and as existing risks evolve.

To ensure that our risk management efforts are effective, we have established a robust monitoring and reporting system. This system enables us to track the status of identified risks, evaluate the effectiveness of our mitigation strategies, and report on risk management activities to our Board of Directors and other key stakeholders. By maintaining transparency and accountability in our risk management process, we build confidence among our stakeholders and enhance our ability to navigate uncertainty.

Through our comprehensive approach to risk management, APL is better equipped to protect

our business from potential disruptions, seize new opportunities, and ensure the continuity of our operations in a rapidly changing world.

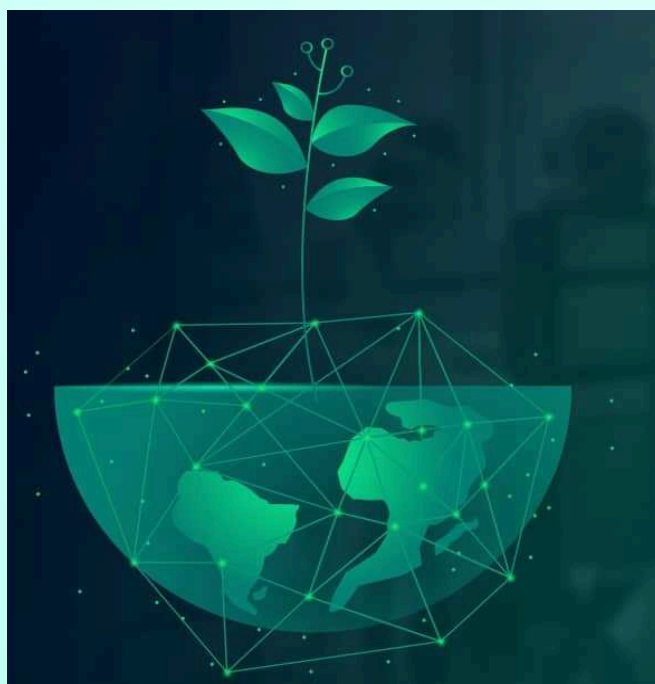
Sustainable Supply Chain Management

APL's commitment to responsible operations extends beyond our own facilities to encompass our entire supply chain. We understand that the sustainability of our supply chain is crucial to the overall sustainability of our business, and we are dedicated to ensuring that our suppliers adhere to the same high standards of environmental and social responsibility that we set for ourselves.

To this end, we have developed a Supplier Code of Conduct that outlines our expectations for suppliers in key areas such as environmental management, labour practices, human rights, and ethical business conduct. This code is aligned with international standards and best practices, ensuring that our suppliers operate in a manner that is consistent with our values & commitments. Supplier environmental assessments are a critical component of our sustainable supply chain management strategy. We conduct regular assessments of our suppliers to evaluate their environmental performance, including their energy use, waste management practices, emissions, and overall impact on the environment. These assessments are carried out by our sustainability team in collaboration with external auditors, & they provide valuable insights into the environmental risks and opportunities within our supply chain.

In cases where suppliers do not meet our environmental standards, we work closely with them to develop and implement improvement plans. This collaborative approach is designed to support suppliers in enhancing their environmental performance while also strengthening our own supply chain resilience. We prioritize long-term partnerships with suppliers who demonstrate a strong commitment to sustainability, and we actively seek out opportunities to work with innovative companies that are leading the way in sustainable practices.

Social responsibility is another key focus of our supply chain management efforts. We recognize that our suppliers' labour practices & human rights



policies have a direct impact on the well-being of their employees and the communities in which they operate. To ensure that our supply chain is socially responsible, we conduct social assessments of our suppliers, focusing on issues such as fair labour practices, non-discrimination, occupational health and safety, and respect for human rights.

These assessments are complemented by training and capacity-building programs designed to help suppliers improve their social performance. We also engage in regular dialogue with suppliers to discuss challenges and share best practices, fostering a culture of continuous improvement throughout our supply chain.

By integrating environmental and social criteria into our supplier selection and evaluation processes, we ensure that our supply chain aligns with our sustainability goals and contributes to our overall business success. Our sustainable supply chain management strategy not only reduces risks but also creates opportunities for innovation, collaboration, and value creation.

Ethical Sourcing and Supply Chain Management

In the pharmaceutical industry, sourcing raw materials involves navigating complex global supply chains. At Aarti Pharmed Labs Limited (APL), we understand that the integrity and sustainability of our supply chain are vital to delivering high-quality and ethical products. Our commitment to ethical sourcing and supply chain management ensures that every step, from sourcing raw materials to delivering finished products, aligns with the highest ethical and sustainability standards.

To uphold this commitment, we have implemented a rigorous supplier assessment program. This program evaluates suppliers on a range of criteria, including fair labor practices, compliance with environmental regulations, and overall corporate responsibility. These assessments provide us with a clear understanding of our suppliers’ practices, allowing us to identify potential risks, address areas for improvement, and ensure that our supply chain is both socially responsible and environmentally sustainable. As part of our dedication to continuous improvement, APL has established a sustainable supplier program that goes beyond compliance.

This initiative is designed to foster long-term partnerships with suppliers who share our values of ethical conduct and sustainability. Through collaboration and capacity-building efforts, we work closely with our suppliers to help them meet our stringent ethical standards.

By holding our suppliers accountable and actively promoting ethical practices, we ensure that our supply chain not only supports our business goals but also contributes positively to the communities and environments in which we operate. APL remains committed to advancing sustainability and ethical conduct throughout its supply chain, creating value for all stakeholders while upholding the highest standards of integrity and responsibility.

| FY 2023-24 | |
|---------------------------------------------|---------|
| Suppliers signed code of conduct | 100 % |
| Suppliers with general contract condition | 100 % |
| Suppliers responded with SAQ | 44.98 % |
| Suppliers undergone onsite audit | 44.59 % |
| Suppliers engaged in corrective actions | 100 % |
| Procurement staff trained on sustainability | 100 % |
| Women owned suppliers (5 of 176) | 2.84 % |



Fair Trade Practices: Supporting Livelihoods and Communities

Engaging in fair trade practices is a core component of APL’s approach to ethical sourcing. We understand that the raw materials we source are often produced by small-scale farmers and communities who rely on these activities for their livelihoods. To support these communities and promote equitable trade, we have established fair trade agreements with our key raw material suppliers.

These fair-trade agreements are designed to ensure that the producers of our raw materials receive fair compensation for their work, allowing them to maintain sustainable livelihoods and invest in their communities. By paying fair prices for raw materials and providing long-term contracts, we help to create a stable economic environment for these producers, enabling them to thrive in a competitive global market.

In addition to fair pricing, our fair-trade practices also involve supporting the social and economic development of the communities where our raw materials are produced. This includes initiatives aimed at improving education, healthcare, and infrastructure, as well as promoting sustainable agricultural practices that protect the environment and preserve natural resources for future generations.

Through our commitment to fair trade, APL not only ensures the ethical sourcing of raw materials but also contributes to the broader goal of social equity and sustainable development. By prioritizing the well-being of raw material producers and their communities, we strengthen our supply chain and reinforce our position as a responsible and ethical leader in the pharmaceutical industry.

At APL, ethical sourcing and supply chain management are integral to our business philosophy and operations. We are committed to ensuring that our supply chain upholds the highest standards of ethics, sustainability, and social responsibility. Through our supplier assessment program and fair-trade practices, we ensure that our suppliers operate in accordance with our stringent ethical standards and that the communities involved in the production of our raw materials are supported and empowered. By fostering a supply chain that is both ethical and sustainable, APL not only enhances the quality and integrity of our products but also contributes to the well-being of the global communities that are essential to our success.

Operational Efficiency and Innovation

Operational efficiency and innovation are key drivers of APL's responsible operations. We are committed to continuously improving our processes, technologies, and products to enhance productivity, reduce waste, and minimize our environmental impact.

This commitment is rooted in our belief that operational excellence and sustainability are mutually reinforcing goals.

At APL, we have implemented a range of initiatives to optimize our manufacturing processes and improve resource efficiency. These initiatives include the adoption of lean manufacturing principles, which focus on eliminating waste, reducing cycle times, and improving overall efficiency. By streamlining our operations, we not only reduce costs but also minimize the environmental impact of our activities.

Energy management is a central component of our efforts to improve operational efficiency. We recognize that energy-intensive processes are integral to our manufacturing activities, and we are committed to optimizing our energy use to reduce our carbon footprint and operational costs. To achieve this, we have implemented an advanced energy management system that allows us to monitor, control, and optimize energy consumption across our facilities. This system is supported by investments in energy-efficient technologies, such as high-efficiency motors, LED lighting, and advanced process control systems.

In addition to energy efficiency, we are focused on reducing water consumption and improving waste management practices. Our water management strategy includes the use of water recycling and reuse technologies, as well as process improvements that reduce water use in our operations. We also implement waste minimization programs that focus on reducing, reusing, and recycling materials wherever possible. These efforts help us conserve resources, reduce our environmental impact, and comply with regulatory requirements.

Innovation is at the heart of our approach to operational efficiency. We invest in research and development to create new products and processes that meet the highest standards of quality, safety, and sustainability. This includes the development of green chemistry solutions that minimize the use of hazardous substances and reduce waste in the production process. We also explore innovative materials and technologies that enhance the sustainability of our products, from raw material sourcing to end-of-life disposal.



Our commitment to operational efficiency and innovation is reflected in our continuous improvement culture, where employees are encouraged to identify and implement improvements in their work processes. We provide training and support to help employees develop the skills and knowledge needed to contribute to our operational excellence goals. By fostering a culture of innovation and efficiency, we ensure that APL remains competitive in the global market while also advancing our sustainability objectives.

Transparency and Accountability

Transparency and accountability are integral to APL's approach to responsible operations. We believe that open and honest communication with our stakeholders is essential for building trust and ensuring that our operations align with their expectations. To this end, we are committed to regularly disclosing information about our operational performance, sustainability initiatives, and compliance with regulatory standards.

Our transparency efforts include the publication of detailed sustainability reports, which provide comprehensive information on our environmental, social, and governance (ESG) performance. These reports are prepared in accordance with globally recognized frameworks, such as the Global Reporting Initiative (GRI) Standards and are independently assured to ensure their accuracy and credibility.

In addition to sustainability reporting, we engage with our stakeholders through a variety of channels, including stakeholder meetings, public consultations, and industry forums. These engagements provide us with valuable feedback on our operations and help us identify opportunities for improvement. We also use these opportunities to communicate our progress, challenges, and future plans, ensuring that our stakeholders are informed and involved in our sustainability journey.

Accountability is a key principle that guides our decision-making processes. We hold ourselves accountable to our stakeholders by setting clear goals, tracking our progress, and reporting on our achievements. This includes setting ambitious targets for reducing our environmental impact, improving our social performance, and enhancing our governance practices. We regularly review our performance against these targets and take corrective actions where necessary to ensure that we stay on track.

To further enhance our accountability, we have established a robust governance structure that includes oversight by our Board of Directors and executive management team. This structure ensures that sustainability is integrated into our overall business strategy and that we remain focused on achieving our long-term goals. By being transparent and accountable, we build confidence among our stakeholders and demonstrate our commitment to responsible business practices.



Innovating for a Sustainable Future: APL's Strategic Vision and Capabilities

At Aarti Pharmed Labs Limited (APL), our transformation from a vendor to a preferred partner in the pharmaceutical industry underscores our commitment to innovation, quality, and sustainability. Our strategic objective is to establish ourselves as a global leader in the production of pharmaceutical APIs and intermediates. To achieve this, we leverage our three state-of-the-art R&D facilities located in Dombivli and Vapi, Gujarat. These facilities are the cornerstone of our innovation ecosystem, where our dedicated teams engage in Route Scouting and Design, New Product Development, Process Optimization and Scale-up, and Life Cycle Technology Management.

Our long-term vision is to embrace open innovation and expand our portfolio into sustainable nutraceuticals, leveraging our deep knowledge, technical expertise, and resource capabilities. We are poised to capitalize on growth opportunities and solidify our presence in the global pharmaceutical sector. Our strategy is underpinned by a commitment to continuous innovation, operational excellence, and sustainability, ensuring that we not only meet but exceed the expectations of our stakeholders.



Cutting-Edge R&D Capabilities

At APL, our R&D capabilities are designed to push the boundaries of what's possible in the pharmaceutical industry. Our facilities are equipped with advanced technologies and staffed by experienced scientists who are adept at developing innovative solutions across various chemical processes. Our R&D efforts span both plant-scale and lab-scale operations, with a focus on a wide array of chemical reactions and process developments.

Plant Scale Operations: Our expertise includes a range of critical processes such as Ammonolysis, Condensation, Chlorination, Bromination,

Halex (Fluorination), Hydrogenation, and Nitration. These capabilities enable us to scale up production efficiently while maintaining the highest standards of quality and safety. Also, we have dedicated plants for CDMO projects at two sites.

Lab Scale Operations: We excel in complex reactions including Asymmetric Hydrogenation, Biocatalysis, Bromination, Cyclocondensation, and Chiral Chemistry. Our lab-scale operations are where innovation meets precision, allowing us to develop and refine processes before scaling them up for commercial production.

Advanced Analytical Capabilities

Our commitment to quality and precision is further reinforced by our state-of-the-art analytical laboratory. Here, a team of highly qualified scientists undertakes critical activities such as Analytical Method Development, Structural Identification and Elucidation, and Stability Studies as per ICH guidelines. Our infrastructure includes specialized equipment like HPLC, GC, LCMS, GCMS, and NMR, ensuring that we meet the most stringent analytical standards.

Intellectual Property and Knowledge Management

At APL, protecting our intellectual property is paramount. Our IP framework is robust, designed to safeguard our proprietary processes and knowledge aligning with ISO 27001:2013 standards. Our Knowledge Management team is well-equipped with the tools and expertise to conduct chemical searches within the context of Freedom-to-Operate and Non-Infringed Process Development. This ensures that our innovations are protected and that we can operate freely in the global market without infringing on existing patents.

Programme Management for Seamless Project Execution

Every R&D project at APL begins with a meticulous programme management system. This system ensures a seamless flow from initial inquiry to commercialization, with careful allocation of resources to various project phases. We anticipate potential challenges and deviations, enabling us to implement timely mitigations and maintain project timelines. This methodical approach not only optimizes our operations but also ensures clear and effective communication with stakeholders throughout the project lifecycle.

ESG Strategy





BEING RESPONSIBLE TOWARDS ENVIRONMENT

Being Responsible Towards Environment

At APL, we deeply understand that the environment, though often referred to as a silent stakeholder, is a critical component of our business's sustainability. Our commitment to environmental protection and conservation is rooted in the belief that these efforts are not only morally necessary but also fundamental to the longevity and success of our operations. As a company, we are driven by the desire to operate responsibly and efficiently, constantly striving to enhance our eco-effectiveness while minimizing our environmental footprint. Guided by the principle of "Right Chemistry for a Healthier Tomorrow," we are dedicated to optimizing the use of resources available to us, thereby contributing to a future where improved quality of life and sustainability are within reach for everyone.

SDGs Aligned:



Environmental Impact Assessments (EIA) and Environment Management Systems (EMS)

Environmental stewardship is an integral part of our production philosophy at APL. Before embarking on any new project, we conduct thorough Environmental Impact Assessments (EIA) to evaluate the potential environmental implications of our proposed activities. These assessments are critical as they enable us to identify, analyse, and mitigate any adverse environmental impacts that may arise from our operations. The insights gained from EIAs guide us in selecting the most appropriate and sustainable technologies during the design phase of our projects, ensuring that our operations have minimal impact on the environment and the communities in which we operate.

Once a project is underway, we implement robust Environmental Management Systems (EMS) to monitor and manage our ongoing environmental performance. These systems are not static; they are regularly evaluated and updated through the Aarti Pharma Management System (APMS) to ensure that we remain in compliance with environmental regulations and continue to improve our environmental impact over time. By embedding these practices into our operational processes, we create a framework that not only meets but often exceeds regulatory requirements, thereby safeguarding the environment while driving operational excellence.

Water Management and Sustainability

Water is one of our most precious resources, and at APL, we recognize that its long-term availability is a critical concern that must be addressed proactively. As part of our commitment to sustainability, we have adopted a comprehensive water management usage and mitigating the risks associated with water

scarcity. Our approach begins with a detailed mapping of water usage across all aspects of our operations, allowing us to identify areas where improvements can be made.

A key aspect of our strategy is the efficient management of water resources through our existing zero-liquid discharge (ZLD) facilities. These facilities ensure that no liquid waste leaves our operations, preventing any potential contamination of local water bodies and conserving water for future use. Our commitment to sustainability extends to maximizing the recycling and reuse of water within our operations, reducing our reliance on fresh water supplies. We have recycled/reused 43.05% of the wastewater generated. Additionally, the water sourced from municipal supplies is utilized efficiently for cleaning, heating, and cooling purposes. We have implemented systems to reuse heated water, conserving both water and the energy required for heating, thereby further reducing our environmental footprint.

Our water management practices are designed to ensure that our operations do not adversely affect local water ecosystems. We do not harvest water directly from any natural source, thereby ensuring that our operations do not disrupt the balance of local water bodies. By taking a proactive and comprehensive approach to water management, we are not only protecting this vital resource but also contributing to the overall sustainability of our operations.

3,91,904

Total Water consumption (KL)

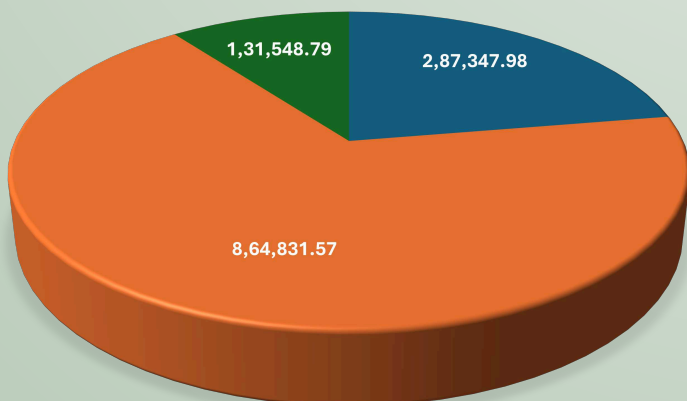
Water Intensity
(KL/Tonne of production)

14.12

Energy Management and Renewable Energy Initiatives

Energy efficiency is a critical aspect of sustainable manufacturing, as energy consumption is a major contributor to greenhouse gas emissions in the pharmaceutical industry. At APL, we are dedicated to reducing our energy consumption by integrating energy-efficient technologies and transitioning to renewable energy sources. Our energy management programs include initiatives to improve power factors, enhance condensate recovery systems, and implement other technologies that minimize energy losses. By focusing on these areas, we not only decrease our greenhouse gas emissions but also lower our operational costs, contributing to the overall sustainability of our manufacturing processes. Additionally, our ongoing efforts to invest in renewable energy sources, such as solar and wind power, further support our goal of achieving a more sustainable and energy-efficient operation.

One of our key initiatives in this area has been the investment in renewable energy sources, particularly the installation of solar panels at Akola, we are currently conducting a pilot project on the same. These efforts are part of our broader commitment to supporting the United Nations Framework Convention on Climate Change (UNFCCC) and its Nationally Determined Contributions (NDCs). We recognize that the burning of fossil fuels and the consumption of energy from the grid are the primary sources of our greenhouse gas emissions, and we are taking active steps to reduce both.



■ Total electricity consumption (in GJ)
■ Total fuel consumption (in GJ)
■ Total energy consumption from other sources (GJ)

During FY 2023-24, our total energy consumption is 12,83,728.34 GJ and energy intensity per tonne of production stands at 46.25.

Carbon Footprint Reduction

Climate change is one of the most pressing global challenges, and at APL, we recognize our responsibility to contribute to its mitigation. Reducing the carbon footprint of our API and intermediates production processes is a critical component of our environmental strategy. We are committed to implementing measures that not only reduce our carbon emissions but also enhance the sustainability of our entire value chain.

Lifecycle Assessment

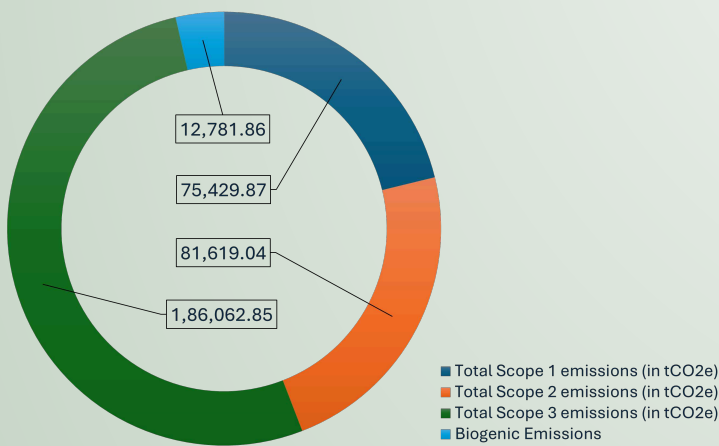
Understanding the full environmental impact of our products is essential for effective carbon management. APL is dedicated to conducting comprehensive lifecycle assessments (LCA) for all major products to identify and mitigate carbon hotspots in our production processes. These assessments provide a detailed analysis of the carbon emissions associated with each stage of the product lifecycle, from raw material extraction to manufacturing, transportation, and disposal. By identifying key areas where carbon reduction efforts can have the greatest impact, we are able to implement targeted strategies that reduce our overall carbon footprint. This proactive approach allows us to not only meet regulatory requirements but also position APL as a leader in sustainable pharmaceutical manufacturing.

Renewable Energy Integration

Transitioning to renewable energy is a cornerstone of APL's carbon reduction strategy. By integrating renewable energy sources such as solar, wind, and biomass into our manufacturing processes, we can significantly reduce our reliance on fossil fuels and lower our greenhouse gas emissions. APL has initiated a major project to install solar panels at a separate location from our manufacturing sites, which is expected to be completed in FY 24-25. This project represents a significant investment in our commitment to renewable energy and reflects our long-term vision of creating a more sustainable and resilient energy infrastructure. As we continue

to expand our use of renewable energy, we expect to see substantial reductions in our carbon emissions, contributing to global efforts to combat climate change.

Our direct emissions primarily stem from the combustion of coal and diesel within our facilities, while our indirect emissions are associated with the electricity we purchase from the grid. To address these emissions, we have implemented a range of energy efficiency measures, including upgrading equipment, optimizing processes, and increasing the use of renewable energy. By reducing our carbon footprint and improving energy efficiency, we are making a significant contribution to global efforts to combat climate change while also ensuring the long-term sustainability of our operations.



Our total GHG emissions are 3,55,893.62 tCO2e and our GHG emissions intensity during stands at 12.82 per tonne of production. We have aligned our emissions calculations as per GHG Protocol and SBTi requirements.

Our efforts align with the Sustainable Development Goals (SDGs) & our national commitment to achieving net-zero emissions by 2070. We have implemented various measures to minimize emissions, energy-efficient practices. These actions exemplify our



unwavering dedication to addressing the challenges posed by climate change and managing our environmental footprint. We continue to prioritize energy efficiency and emission reduction initiatives across all our operational facilities.

Material Efficiency and Waste Management

Effective management of natural resources and the reduction of environmental impact from materials and manufacturing processes are central to APL's commitment to sustainability. We are dedicated to maximizing the efficiency with which we use raw materials, thereby minimizing waste generation and enhancing the sustainability of our operations. Our approach to material efficiency is rooted in innovation, with a strong focus on research and development aimed at optimizing process and design engineering.

Waste generation is a significant concern in pharmaceutical manufacturing, where inefficient processes can lead to the loss of valuable resources and increased environmental impact. At APL, we have adopted a comprehensive waste management strategy that focuses on process optimization, recycling, and the recovery of solvents and other materials. By implementing advanced waste management systems and continuous process improvements, we have developed a roadmap to minimize waste generation across all our operations. This includes optimizing chemical reactions to reduce by-products, enhancing solvent recovery processes, and implementing recycling initiatives that ensure waste materials are repurposed wherever possible. Our commitment to waste minimization is a key component of our broader sustainability goals, enabling us to reduce our environmental impact while improving operational efficiency.

One of the key strategies we employ is the conversion of by-products into marketable products, which not only reduces waste but also adds value to our production processes. This approach exemplifies our commitment to circular economy principles, where waste is minimized, and resources are reused to their fullest potential. Our research and development teams are continuously exploring new ways to improve material efficiency, whether through the development of more sustainable production methods or the identification of alternative materials that reduce environmental impact.



When waste is generated during our production processes, we ensure that it is disposed of in an environmentally responsible manner, fully compliant with all relevant legal requirements. We adhere strictly to the standards set by the Pollution Control Board for air emissions, ensuring that our operations do not contribute to air pollution. Moreover, our manufacturing processes do not involve the use of ozone-depleting substances (ODS), further underscoring our commitment to environmental protection

| FY 2023-24 | |
|-------------------------------------------------------|------------------|
| Total Waste generated (Metric Tonnes) | 13,676.33 |
| Total hazardous waste generated (Metric Tonnes) | 12,808.05 |
| Total non-hazardous waste generated (Metric Tonnes) | 868.28 |
| Total Waste Recycled/Reused/Recovered (Metric Tonnes) | 3,072.84 |
| Total Waste diverted from landfill (%) | 22.47 |
| Waste Intensity (Tonne/Tonne of production) | 0.49 |

Our waste collection plan is fully aligned with the Extended Producers Responsibility (EPR) plan that we have submitted to the Pollution Control Boards. APL has received its EPR targets from the Central Pollution Control Board (CPCB), and we are actively working towards meeting these obligations.

As part of our commitment to responsible environmental stewardship, APL is registered with the CPCB for EPR compliance. This registration underscores our dedication to minimizing the environmental impact of our products throughout their lifecycle, from production to disposal. We are taking proactive steps to ensure that all activities related to EPR implementation are carried out efficiently and in accordance with the guidelines provided by the CPCB.

By aligning our waste management practices with the EPR framework, APL is not only meeting regulatory requirements but also reinforcing our commitment to sustainability and environmental responsibility. We continue to monitor and improve our waste collection and disposal processes to ensure that we fulfil our EPR obligations effectively, contributing to a cleaner and more sustainable environment.

Environmental Governance and Compliance

At APL, our approach to environmental management goes beyond mere compliance with legal requirements. We are committed to adopting best practices in environmental governance and continually seek ways to improve our environmental performance. This proactive approach involves significant investments in new technologies that enable us to exceed regulatory standards and achieve higher levels of environmental stewardship.

Our environmental governance framework is designed to ensure that we meet and surpass all relevant legal requirements, while also driving continuous improvement in our environmental performance. This framework is supported by a culture of accountability, where environmental responsibility is integrated into the decision-making processes at all levels of the organization. By prioritizing environmental governance, we not only protect the environment but also strengthen our business by reducing risks, improving operational efficiency, and enhancing our reputation as a responsible corporate citizen.

APL's commitment to environmental responsibility is evident in every aspect of our operations. From conducting thorough environmental impact assessments and implementing robust water management strategies to advancing energy efficiency and material sustainability, we are dedicated to minimizing our environmental footprint. Our focus on environmental governance ensures that we not only comply with regulations but also set new standards for sustainability in our industry. By embedding these practices into our business model, we are safeguarding the environment, securing the future of our operations, and contributing to a healthier, more sustainable world for all.



EMPOWERING OUR PEOPLE

Empowering Our People

At APL, we view our employees as the cornerstone of our business and the key drivers of our success. As a responsible employer, we are deeply committed to maintaining the highest standards of human resource management, ensuring that we comply with all relevant international and national laws and regulations. Our dedication to upholding human rights is unwavering, and we categorically prohibit any form of verbal or physical abuse within our organization. This commitment extends across all levels of our operations, fostering a work environment where respect, dignity, and equality are paramount.

SDGs Aligned:



Equal Opportunity and Non-Discrimination

As an equal opportunity employer, APL does not discriminate on the basis of race, religion, caste, gender, or ethnicity. We believe that a diverse and inclusive workplace is essential to driving innovation, creativity, and business success. Our hiring practices are guided by a transparent, merit-based process that ensures fairness and equal opportunities for all candidates. We employ a comprehensive talent acquisition strategy that includes both campus recruitment and lateral hiring, designed to attract the best talent while supporting the growth and development of our organization.

Our talent acquisition team meticulously plans and executes sophisticated recruitment programs that take into account organizational growth, promotions, retirements, and attrition. This strategic approach allows us to anticipate future workforce needs and maintain a dynamic and capable team. As of March 2024, APL's workforce includes over 2,000 permanent employees. We are particularly proud of our efforts to increase gender diversity within our workforce. Women's representation, which was less than 1% in FY 2018-19, increased to approximately 6% in FY 2023-24.

Investing in Training and Development

At APL, we believe that continuous learning and development are essential to maintaining a motivated, skilled, and engaged workforce. Our commitment to employee development is reflected in our comprehensive training programs, which are designed to enhance employees' skills, knowledge, and career prospects. By investing in training, we not only improve employee performance and job satisfaction but also drive innovation, reduce turnover, and ensure compliance with various industry standards.



Our training programs are carefully organized and managed by our dedicated people management team, which is responsible for creating an annual training calendar that aligns with the organization's strategic goals. These programs cover a wide range of topics, from technical skills and industry-specific knowledge to leadership development and soft skills training. To facilitate learning and knowledge-sharing across the organization, we also encourage peer learning and the exchange of best practices among employees.

Over the past year, APL has made significant strides in expanding our training programs to ensure that all employees have access to the resources they need to succeed. We have drafted a comprehensive program aimed at increasing the average number of training hours per employee, reflecting our commitment to investing in our workforce. In addition to traditional training methods, we are also in the process of digitizing our training and development platform, which will provide employees with more flexible and accessible learning opportunities. This digital platform will enable employees to engage in continuous learning, stay current with industry trends, and develop the skills needed to meet the challenges of an ever-evolving industry.

Our training and development initiatives are designed to support employees at every stage of their careers, from new hires to seasoned professionals. By providing a structured framework for learning and growth, we empower our employees to take charge of their professional development and achieve their full potential. To ensure the effectiveness of our training initiatives, APL utilizes the Aarti Training Online Management System, a sophisticated platform that allows us to track and manage all training and development activities. This system provides employees with easy access to training resources, helping them to continuously improve their skills and stay current with industry trends.

Average training hours per employee **13.47**

Diversity and Inclusion: Fostering a Respectful and Inclusive Workplace

Diversity and inclusion are core values at APL, and we are committed to creating a workplace where all employees feel valued, respected, and empowered to contribute their best work. We believe that a diverse workforce drives innovation, enhances creativity, and strengthens our ability to meet the needs of our global customer base.

To promote a culture of diversity and inclusion, APL has implemented a range of initiatives designed to increase representation and ensure equal opportunities for all employees. One of our key achievements in this area has been the increase in the representation of women within our workforce. Through targeted recruitment efforts, leadership development programs, and supportive workplace policies, we have made significant progress in promoting gender diversity across the organization.

| | FY 2023-24 |
|------------------------------------|-------------|
| Total employees | 1714 |
| Women employees | 104 |
| Differently abled employees | 02 |

Our diversity initiatives go beyond gender representation, encompassing a broad range of factors including race, ethnicity, age, and background. We are committed to fostering an inclusive environment where every employee feels welcome and supported, regardless of their individual differences. By embracing diversity and inclusion, we create a more dynamic and innovative workplace, where employees are encouraged to bring their unique perspectives and ideas to the table.

Performance Management and Employee Engagement

A systematic performance management system is crucial for fostering employee engagement, identifying performance gaps, and driving continuous improvement. At APL, we have implemented a performance management system that aligns with industry standards and best practices. This system is designed to set clear, measurable objectives for all employees at the start of each assessment cycle or upon their entry into the organization. By providing employees with well-defined goals and regular feedback, we empower them to take ownership of their performance and contribute meaningfully to the organization’s success.



Employee engagement is a top priority at APL, as we believe that a motivated and emotionally connected workforce is key to achieving our organizational goals. We strive to create a work environment where employees feel valued, supported, and aligned with the company's mission and values. To this end, we have developed a variety of employee engagement initiatives, including the "Aarti's Got Talent" (AGT) program. AGT provides a platform for employees to showcase their talents and interests, fostering a sense of community and belonging within the organization. The Employee Experience Team plays a central role in managing these initiatives, ensuring that they contribute to a positive work environment and enhance overall employee satisfaction.

Comprehensive Employee Benefits

At APL, we are committed to providing our employees with a comprehensive benefits package that meets or exceeds industry standards. We understand that employee well-being is critical to their performance and overall job satisfaction, which is why we offer a wide range of benefits designed to support their health, financial security, and work-life balance. Our benefits package includes health insurance, dependent insurance, group personal accident insurance, employee pension plans, employee provident fund plans, and employee state insurance corporation plans, where applicable. In addition to these benefits, APL upholds international norms for the protection and advancement of human rights. We recognize that our employees are our most valuable asset, and we are dedicated to ensuring

that they are treated with respect and provided with the resources they need to thrive both personally and professionally.

Commitment to Safety: A Core Value

At APL, safety is more than just a priority—it is a core value that guides every aspect of our operations. We are dedicated to creating and continuously improving our safety systems and culture to achieve our goal of becoming the leader in safety within the pharmaceutical industry. Our commitment to safety is rooted in our core values of "Care," "Integrity," and "Excellence," which are reflected in our comprehensive Health, Safety, and Environment (HSE) Policy.

We believe that a healthy workforce is the foundation of a successful organization. At APL, we are deeply committed to the health and well-being of our employees and contractors. "Care" is one of our major values, and we continuously strive to raise health standards across our operations. Our APMS System integrates best-in-class occupational health standards, supported by state-of-the-art medical infrastructure. This includes laboratories equipped for testing methaemoglobin, G6PD, audiometry, and other health assessments, as well as 24×7 occupational health centres staffed by a dedicated medical team. We also maintain modern ambulances and emergency response equipment at all our facilities, ensuring that we are prepared to handle any medical emergency.



In addition to providing high-quality medical care, APL has established partnerships with local and multi-specialty hospitals to ensure that our employees have access to the best possible healthcare services. Our company doctors conduct routine & pre-employment medical exams, offer counselling, & lead health camps to promote awareness of physical, mental, and emotional well-being among our employees and the broader community.

Exceeding Safety Standards: A Commitment to Excellence

At APL, we believe that even achieving "worldclass" safety standards is not enough. We are committed to going beyond industry standards to ensure the safety of our employees, contractors, and the communities in which we operate. Our cradle-to-cradle safety strategy spans the entire value chain, from product development to customer service, ensuring that safety is embedded in every aspect of our operations.

The highest level of management at APL is actively involved in implementing and regularly monitoring a variety of leading and lagging safety indicators. These include safety studies, safety training, audits, Total Recordable Incident Frequency Rate (TRIFR), Lost Time Injury Frequency Rate (LTIFR), Lost Time Injury Severity Rate (LTISR), and Incident of High Consequences Frequency Rate (IHC-FR). Our commitment to safety is further reinforced by our integrated management system certifications for ISO 9001, ISO 14001, and ISO 45001.



Our state-of-the-art Process Safety Laboratory is equipped with cutting-edge tools such as the Thermal Screening Unit (TSU), Advance Reaction Calorimeter (Rc1mx) and powder testing equipment like Minimum Ignition Energy (MIE) Test, Minimum Ignition Temperature (MIT) Test, Layer Ignition Temperature (LIT) Test and Impact sensitivity (by Fall Hammer) Test. These tools enable us to conduct thorough safety studies and assessments, ensuring that our processes are intrinsically safe and reliable. Our experienced and competent professionals carry out safety studies and assessments, including Hazard and Operability (HAZOP) studies, Hazard Identification and Risk Assessment (HIRA), Quantitative Risk Assessment (QRA), Safety Integrity Level (SIL) assessments, and Layer of Protection Analysis (LOPA). These assessments are conducted on a regular basis to validate process safety and ensure that our operations remain safe and compliant.

Fostering a Culture of Safety

At APL, we believe that fostering a culture of safety is essential to reducing workplace accidents and incidents. Safety is a shared responsibility, and we are committed to ensuring that all employees, from senior management to frontline workers, are actively engaged in promoting safety at all levels of the organization. We begin each day with a safety pledge to reaffirm our commitment to maintaining public security and welfare.

We also organize a variety of safety initiatives, drills, campaigns, and training sessions throughout the year, both within and outside the organization. These activities are designed to raise awareness of safety best practices, enhance the skills of our employees, and ensure that we are prepared to respond effectively to any emergency. To improve the expertise of our staff, especially the younger generation, we organize TACIT (Tacit Knowledge Transfer) information sessions with seasoned industry professionals. These sessions provide valuable insights into safety management and help to build a strong foundation of safety knowledge across the organization.



Our infrastructure and qualified personnel are equipped to handle any on-site or off-site emergency. We have established mutual aid agreements with neighbouring industries and actively support other sectors and communities in times of need. To further promote safety and emergency preparedness, we hold awareness meetings with the neighbouring community, ensuring that everyone is informed and prepared in the event of an emergency.

| Particulars | Category | FY24 |
|-------------------------------------------------------------------------------|-----------|-----------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0.00 |
| | Workers | 0.32 |
| | Average | 0.12 |
| Total recordable work-related injuries | Employees | 0.81 |
| | Workers | 2.25 |
| No. of fatalities (safety incident) | Employees | 0 |
| | Workers | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 |
| | Workers | 1 |
| No. of days lost to injuries | Days | 16 |
| Total manhours worked | Workhours | 84,87,526 |

APMS Initiative: A Paradigm Shift in Safety Culture

The APMS initiative represents a significant shift in APL's safety culture. This program empowers employees to take responsibility for safety through their actions in compliance, health, safety, environment, and fire protection. The initiative's goal, "Assurance on Health Cheque of All Facilities - Zero Harm," underscores our commitment to achieving zero harm across all our facilities.

Monthly Learning From Incident (LFI) meeting, held via video conferencing, allows employees from different locations to share knowledge, success stories, and lessons learned from safety incidents. These meetings are an important part of our safety culture, fostering a sense of collective responsibility and continuous improvement.

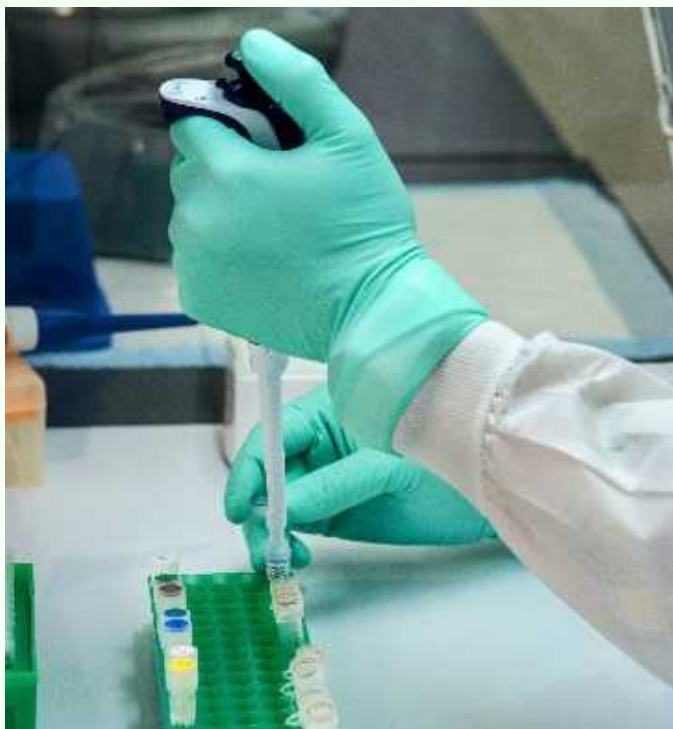
The development, adoption, and review of guidelines and Standard Operating Procedures (SOPs) are critical tools in achieving the intended safety objectives under the APMS Initiative. Additionally, we have implemented corporate guidelines with specific objectives, such as eliminating exposure to hazardous chemicals, laboratory safety, peroxide handlings etc. These initiatives are designed to address key safety challenges and ensure that our processes are inherently safe. All APMS guidelines are mapped through Intellex software and G-suits.



Process Safety and Material Stewardship

At APL, safety is integral to every step of our process development. Our cutting-edge Process Safety Laboratory is equipped with advanced capabilities for identifying and mitigating health, environmental, and chemical reaction hazards. Our in-house capabilities include thermal stability studies, exothermic reaction studies, gas evolution measurements, and more. We also conduct extensive fire and explosion hazard tests, ensuring that our processes are safe for commercialization.

Our commitment to material safety management is reflected in our Safety Data Sheet (SDS) database, which is accessible to all employees and supports our Responsible Care initiatives. This capability ensures that our employees and customers can take appropriate actions when handling chemicals and products, further reinforcing our dedication to product stewardship.



Health and Environmental Hazards

Chemical processing inherently involves risks, and at APL, we take these risks seriously. We have identified four major hazards associated with chemical processing: health hazards, environmental hazards, chemical reaction hazards, and fire and explosion hazards.

✓ Health and Environmental Hazards: We identify health and environmental hazards through in-house Safety Data Sheets (SDS) generated using GHS-compliant software. These SDSs provide critical

information about the potential health and environmental impacts of chemicals used in our processes, ensuring that all employees are aware of the risks and can take appropriate precautions.

✓ Chemical Reaction Hazards: Chemical reaction hazards, such as thermal instability, exothermic reactions, and gas evolution, are thoroughly assessed in our Process Safety Laboratory. Our dedicated team uses advanced laboratory equipment to conduct thermal stability studies, exothermic reaction studies, gas evolution measurements, and vent sizing studies. These assessments are essential for ensuring that our processes are safe and that any potential hazards are effectively managed.

✓ Fire and Explosion Hazards: We conduct thermal stability tests and other fire and explosion tests, particularly for powder safety testing. For quick and accurate results, we have extensive tie-ups with third-party service providers. The data from these tests is assessed in-house in our laboratories, where we are also building additional capabilities and infrastructure for fire and explosion hazard management. This includes equipment for measuring minimum ignition energy (MIE), Minimum Ignition Temperature (MIT) and Layer Ignition Temperature (LIT), which are critical for preventing accidents and ensuring the safety of our operations.

Material Safety Management and Product Stewardship

As part of our commitment to safety and environmental stewardship, APL has developed a comprehensive Safety Data Sheet (SDS) database for all GHS-compliant products and chemicals used within the company. This online database is readily accessible to all employees, ensuring that they have the information they need to handle materials safely and responsibly. Additionally, we have in-house capabilities to retrieve and generate new MSDS for development products, further supporting our commitment to safety and compliance.

As a responsible organization, we take pride in our ability to manage material safety effectively. This capability not only protects our employees and customers but also establishes a culture of product stewardship, where safety and environmental responsibility are prioritized throughout the lifecycle of our products.



COMMITMENT TO COMMUNITY DEVELOPMENT

Commitment To Community Development

Our commitment to social responsibility is deeply rooted in the philanthropic values of our founders and management. We believe that our duty to society extends far beyond compliance with legal requirements; it involves actively contributing to the development and well-being of the communities in which we operate. Guided by this ethos, we engage in a range of Corporate Social Responsibility (CSR) initiatives that align with the national development objectives of India and the Sustainable Development Goals (SDGs) outlined in the United Nations' 2030 Agenda for Sustainable Development. Our CSR efforts are primarily driven by the Aarti Foundation and the Dhanvallah Charitable Trust, which work closely with local communities to identify and address their developmental needs. By partnering with reputable local NGOs, we ensure that our programs are effectively implemented and have a lasting impact. Our focus areas include healthcare, education, and community development—key drivers of community improvement that we believe are essential for creating a healthier, more equitable society.

Caring For Our Communities

Rooted in the philanthropic beliefs of our founders and management, Aarti Pharmalabs' social responsibility interventions reflect our deep commitment to making a positive impact on society. Our efforts go beyond mere legal compliance; we actively engage with local communities and collaborate with prominent NGOs to identify and address developmental needs. Our Corporate Social Responsibility (CSR) programs are closely aligned with India's national development objectives and the United Nations' Sustainable Development Goals (SDGs), ensuring that our contributions support broader societal goals.

The Aarti Foundation leads these initiatives on behalf of Aarti Pharmalabs, driving impactful projects that create lasting change. In FY 2023-24, our total CSR spend amounted to ₹272 Lakhs, a testament to our dedication to giving back to the communities we serve. Through our targeted interventions in healthcare, education, and community development, we have positively impacted the lives of over 48,000 individuals, making a meaningful difference and contributing to the creation of a more sustainable and equitable future.

Education and Skill Development: Empowering Communities Through Knowledge

At APL, we recognize the transformative power of education and skill development in uplifting communities and driving sustainable growth. Our commitment to these areas is reflected in our substantial investments in infrastructure,

scholarships, and training programs, which aim to provide individuals with the tools they need to succeed. In FY 2023-24, APL dedicated ₹89.03 Lakh to education and skill development initiatives, positively impacting the lives of about 1000 individuals.



A strong educational infrastructure is essential for creating an environment conducive to learning and personal growth. At APL, we are committed to supporting schools and educational institutions by funding the construction of new facilities and the improvement of existing infrastructure. Our contributions ensure that students have access to safe, modern, and well-equipped learning environments that support their educational journeys.

Shri Hirji Bhojraj & Sons Kutchi Visha Oswal Jain Chhatralaya

One of our notable contributions was made to Shri Hirji Bhojraj and Sons Kutchi Visha Oswal Jain Chhatralaya, where we supported their scholarship project aimed at ensuring that no student has to discontinue their studies due to financial constraints.

SDGs Aligned:



This initiative, supported by the Aarti Foundation with a total donation of ₹3.60 Crores, including ₹70 Lakhs from APL, provides scholarships and interest-free loans to deserving students. These financial aids are awarded based on a thorough assessment of merit and need, ensuring that the most deserving students can pursue their education without interruption. The scholarships and loans cover all levels of education, from primary to higher education, empowering students to achieve their academic goals.

Vicharta Samuday Samarthan Manch (VSSM)

Since 2017, APL has collaborated with Vicharta Samuday Samarthan Manch (VSSM) to create an empathetic and supportive environment for the inclusive growth of Nomadic and Denotified communities in Gujarat. One of our key initiatives under this partnership is the development of “Vallabh Vidya Vihar,” a Residential Educational and Vocational Training Campus in Pansar village, Gandhinagar District. This campus is designed to provide comprehensive educational and vocational training opportunities for child from Nomadic, Denotified, marginalized, and economically disadvantaged communities.

The Vallabh Vidya Vihar campus will feature hostels accommodating over 900 children, along with schools, a skill development centre, and vocational training facilities. These facilities are aimed at equipping students with the knowledge and skills they need to improve their livelihoods and break the cycle of poverty. In July 2024, the first phase of this project was successfully launched, with over 250 students enrolled. This initiative represents APL’s commitment to creating lasting change by providing educational opportunities to some of the most vulnerable and underserved populations in the region.

Our commitment to education and skill development is an integral part of our broader social responsibility agenda. By investing in educational infrastructure, scholarships, and vocational training, we are empowering individuals and communities to build better futures. Our initiatives in this area are not just about providing financial support; they are about creating opportunities, fostering inclusivity, and ensuring that everyone has the chance to succeed.

As we continue to expand our efforts, APL remains dedicated to making a meaningful impact on the lives of those we serve, contributing to a more equitable and prosperous society.

Healthcare Initiatives: Expanding Access to Quality Medical Care

At APL, we believe that access to quality healthcare is a fundamental human right, and we are committed to making this a reality for the communities we serve. In FY 2023-24, APL dedicated ₹45 Lakhs to healthcare initiatives, directly impacting the lives of 300 individuals. Our efforts in healthcare are focused on building and enhancing medical infrastructure, providing affordable healthcare services, and reaching underserved populations through innovative solutions.



Tirthankar Mahaveer Jain Hospital: Bringing Advanced Healthcare to Nalanda, Bihar

In Nalanda, Bihar, APL is spearheading the construction of Tirthankar Mahaveer Jain Hospital, a state-of-the-art medical facility designed to provide high-quality healthcare to the local community. This 205-bed hospital, spanning over 35,000 square feet, is being equipped with the latest medical technology, including advanced imaging machines, laboratory equipment, and telemedicine capabilities to ensure comprehensive patient care. This facility is currently under construction and planned to be operational by November 2024.



The hospital will feature four fully equipped operation theatres, deluxe and super deluxe rooms for enhanced patient comfort, and two mobile hospitals to swiftly reach and serve remote areas. Recognizing the importance of accessibility, we are also incorporating 12 electric autorickshaws and ambulances into our transportation network, ensuring that patients can reach the hospital quickly and safely. In addition to providing medical services, the hospital will host regular health camps and awareness programs to educate the community about available healthcare options and promote preventive care.

Our goal with the Tirthankar Mahaveer Jain Hospital is to offer high-quality medical care at nominal fees, challenging the widespread perception that advanced healthcare is synonymous with high costs. By making healthcare more affordable and accessible, we aim to improve the overall health and well-being of the Nalanda community and surrounding regions.

Shree Shanti Nath Educational Medical Research & Charitable Trust: Enhancing Medical Services for the Community

We are proud to support the Shree Shantinath Educational Medical Research & Charitable Trust, Mumbai in their mission to provide accessible healthcare services. We have contributed to the renovation of their Medical Centre Building, which has significantly enhanced its facilities across a range of medical fields, including pathology, dentistry, sonography, and more.

The redevelopment of the medical centre includes the addition of a fully equipped Pathlab, an Eye OPD with an operating theatre, dental chairs, an OPG facility, stress testing, physiotherapy, ENT, and orthopaedic services. Prior to the renovation, the centre hosted 25 doctors and 5 staff members; however, postrenovation, it will be able to accommodate over 60 doctors, 5 nurses, and 12 support staff. This expansion will allow the centre to increase its daily patient intake from 100 to an expected 250-300 patients.

The services here are offered at prices 40-50% lower than other medical facilities, with special discounts and free treatments available for the extremely poor. This ensures that even the most vulnerable members of the community have access to essential medical

care. Looking ahead, the project is expected to be fully operational by October 2024, with plans to further expand services to include a complete pathology lab testing facility, dialysis, and other specialty outpatient departments (OPDs) at fair prices.

APL's healthcare initiatives are driven by our commitment to making high-quality medical care accessible and affordable for all. Through the construction of the Tirthankar Mahaveer Jain Hospital and the support of the Shree Shantinath Educational Medical Research & Charitable Trust, we are significantly expanding healthcare infrastructure and services in underserved communities. These projects are more than just brick-and-mortar facilities; they are beacons of hope for thousands of individuals who will benefit from improved access to medical care. As we continue to grow our healthcare initiatives, APL remains dedicated to creating lasting, positive impacts on the health and well-being of the communities we serve.



Water Conservation & Environmental Sustainability: Nurturing Our Ecosystems

At Aarti Pharmalabs Limited (APL), we recognize that water conservation and environmental sustainability are essential for the well-being of our communities and the health of our planet. Our commitment to these areas is reflected in our focused initiatives aimed at conserving water resources, enhancing green spaces, and supporting sustainable agricultural practices. In FY 2023- 24, APL dedicated ₹32.52 Lakhs to water conservation and environmental projects, positively impacting the lives of 2,665 individuals.



Green Spaces and Urban Beautification

One of our key environmental initiatives involves the development and maintenance of green spaces along major roadways. In collaboration with Shiv Enterprises, APL undertook the development of a 3-kilometer road divider from MIDC Road Chillar to Nagazari (Chari) in Maharashtra. This project included extensive garden work, featuring the plantation of 3,000 small plants and 100 Supari (areca nut) plants. These efforts not only beautify the urban landscape but also contribute to the local environment by improving air quality, supporting biodiversity, and providing a green space for the community.

To ensure the long-term sustainability and health of these plants, APL has implemented a comprehensive maintenance program. This program includes regular watering, cleaning, weeding, and monitoring of plant health, ensuring that the green spaces remain vibrant and continue to contribute positively to the local ecosystem. By transforming this roadway into a thriving green corridor, we are helping to create a more sustainable and aesthetically pleasing environment for the community.

Shree Siddhivinayak Sevabhavi Sanstha: Water Conservation through Check Dams

Water conservation is a critical challenge in many parts of India, particularly in regions prone to water scarcity and drought. In partnership with Shree Siddhivinayak Sevabhavi Sanstha, APL supported the construction of two check dams in the village of Rui River, located in the Marathwada region. These

check dams are designed to harness and conserve rainwater during the monsoon season, serving multiple purposes that benefit both the environment and the local community.

Water Conservation: The primary function of the check dams is to trap rainwater, allowing it to percolate into the ground and recharge groundwater levels. This is particularly important in areas where water scarcity is a major issue, as the conserved water can be utilized during dry periods, ensuring a more reliable water supply for the community.

Flood Control: By regulating water flow during heavy rainfall, the check dams help to control soil erosion and reduce the risk of flash floods. This not only protects the local landscape but also prevents damage to agricultural land and infrastructure, contributing to the overall resilience of the community.

Agricultural Benefits: The conserved water supports irrigation, which is vital for agricultural activities in the region. By providing a more consistent water supply, the check dams help to increase crop yields and support the livelihoods of local farmers. This, in turn, contributes to food security and economic stability in the community.

APL's water conservation and environmental sustainability initiatives are driven by our commitment to creating a healthier, more sustainable future for the communities we serve. Through projects like the development of green spaces and the construction of check dams, we are making tangible contributions to the conservation of natural resources and the enhancement of local ecosystems. Our efforts not only improve the quality of life for individuals directly impacted by these projects but also contribute to broader environmental partnership with Shree Siddhivinayak Sevabhavi Sanstha, APL supported the construction of two check dams in the village of Rui River, located in the Marathwada region. These check dams are designed to harness and conserve rainwater during the monsoon season, serving multiple purposes that benefit both the environment and the local community. As we continue to invest in these critical areas, APL remains dedicated to nurturing our ecosystems and supporting the long-term well-being of our planet.

Women Empowerment: Empowering Lives, Transforming Communities

At APL, we believe that empowering women is essential to fostering sustainable development and creating resilient communities. Our commitment to women empowerment is reflected in our strategic initiatives aimed at enhancing the socio-economic status of women, particularly in marginalized and tribal regions. In FY 2023-24, APL dedicated ₹50 Lakhs to women empowerment initiatives, directly impacting the lives of over 44,000 women across more than 3,000 villages.



Collaboration with Tribal Integrated Development & Education Trust (TIDE)

One of our most impactful collaborations is with the Tribal Integrated Development & Education Trust (TIDE) on the Tribal & Women Empowerment Welfare Project in Assam and Meghalaya. This partnership is focused on improving the lives of women in these regions by providing them with opportunities for economic independence, education, and improved healthcare.

Key Achievements by TIDE:

Village Coverage: TIDE has successfully covered over 3,700 villages in Assam and 220 villages in Meghalaya, reaching some of the most remote and underserved communities in these states.

Employment Creation: The project has employed 207 staff members in Assam and 14 in Meghalaya, demonstrating a strong commitment to creating jobs and building local capacity.

Microcredit Groups: One of the standout achievements of the project has been the formation of over 14,500 microcredit groups, benefiting more than 1,67,000 women and their families. These groups have played a crucial role in helping women achieve financial independence, with many participants now being debt-free.

Income-Generating Projects: TIDE has initiated various income-generating projects such as agarbatti (incense stick) making, weaving, bamboo craft, mushroom farming, and tailoring classes. These initiatives have provided women with the skills and resources needed to generate income and improve their livelihoods.

Training and Awareness Camps: In Assam alone, TIDE has organized 900 training and awareness camps, with a total of 36,000 participants. These camps focus on critical areas such as hygiene, education, substance abuse prevention, family planning, and organic farming, equipping women with the knowledge and skills needed to lead healthier and more productive lives.

Mental Health Care: Recognizing the importance of mental health, the project has provided care to over 1,250 patients across nine campuses, with plans to expand services to 2,000 patients within the next two years. This initiative ensures that women and their families have access to the mental health support they need to thrive. The Aarti Foundation, which leads APL's CSR efforts, donated ₹1.50 Crores to support this noble cause, including a donation of

₹50 Lakhs from APL. Through this partnership with TIDE, we are making significant strides in empowering women and fostering socioeconomic development in Assam and Meghalaya.



APL's commitment to women empowerment is a testament to our belief in the power of women to drive positive change in their communities. By partnering with organizations like TIDE and investing in initiatives that enhance women's economic opportunities, education, and health, we are contributing to the creation of a more equitable and prosperous society. The impact of our efforts is evident in the thousands of women whose lives have been transformed through these programs. As we continue to expand our initiatives, APL remains dedicated to empowering women, supporting sustainable development, and building stronger communities for the future.

Livestock Development: Caring for Animals, Supporting Communities

At Aarti Pharmed Labs Limited (APL), our commitment to social responsibility extends to the well-being of animals and the communities that depend on them. Recognizing the vital role that livestock plays in rural economies and the environment, we have dedicated significant resources to support livestock development and animal welfare initiatives. In FY 2023-24, APL invested ₹55.45 Lakhs in livestock development projects, contributing to the care and rehabilitation of thousands of animals across India.



Bhagwan Mahavir Pashu Raksha Kendra: Animal Care Centre

One of the cornerstone initiatives of our livestock development efforts is our support for the Bhagwan Mahavir Pashu Raksha Kendra, Anchorwala Ahinsadham, located in the Kutch district of Gujarat. This facility is renowned as one of India's premier veterinary hospitals, dedicated to the care of aged, injured, and disabled animals and birds. The trust currently provides sanctuary and medical care for 2,800 animals and birds, supported by a team of 4 doctors and 100 employees who are dedicated to ensuring the well-being of these creatures.

The hospital at Bhagwan Mahavir Pashu Raksha Kendra includes two of India's largest intensive care units (ICUs) for critically ill animals, with the capacity to treat over 500 animals at any given time. These ICUs are equipped with advanced medical technologies, ensuring that animals receive the best possible care in times of need. The facility's comprehensive approach to animal welfare extends beyond medical care, encompassing a holistic environment that includes the Nandanvan, a sprawling 225-acre sanctuary with 5 Lakhs trees, a bird sanctuary, and the Ahinsa Knowledge City. Spanning over 600 acres, this knowledge city is dedicated to promoting compassion, environmental awareness, and the principles of non-violence.

Through our support for Bhagwan Mahavir Pashu Raksha Kendra, APL is helping to create a safe haven for animals, while also fostering a greater understanding of the importance of compassion and environmental stewardship in the community.

Supporting Cattle Welfare in Gaushalas

In addition to our work in Gujarat, APL has also provided support for various animal welfare activities across different districts of Maharashtra. Our contributions have focused on supporting gaushalas (cattle shelters) and other trusts dedicated to the care and development of livestock. These efforts are crucial in regions where livestock plays a significant role in the livelihoods of rural communities.

Our support for these initiatives ensures that cattle and other livestock receive proper care, including access to adequate food, shelter, and medical attention. By supporting gaushalas and other livestock development activities, APL is helping to improve the health and productivity of livestock, which in turn benefits the rural communities that rely on these animals for their economic well-being.

Our livestock development initiatives are driven by a deep respect for the animals that are integral to rural life and the ecosystems they inhabit. Through our support for facilities like Bhagwan Mahavir Pashu Raksha Kendra and various gaushalas, we are making a meaningful impact on animal welfare and the communities that depend on them. As we continue to expand our initiatives, APL remains committed to promoting compassion, environmental awareness, and sustainable livestock practices that benefit both animals and people.



Supporting Cattle Welfare in Gaushalas





FUTURE OUTLOOK

Future Outlook

As APL looks to the future, our commitment to innovation and sustainability remains at the forefront of our strategic initiatives. We recognize that continued investment in research and development (R&D), along with strong collaborative efforts, are essential to addressing the complex environmental, social, and governance (ESG) challenges facing the pharmaceutical industry today. Our future outlook is centred on driving innovation in sustainable manufacturing processes and products while fostering partnerships that amplify our impact

Innovation and R&D for Sustainable Solutions

At APL, innovation is a key driver of our mission to develop sustainable solutions that reduce environmental impact and enhance the efficiency of our manufacturing processes. We believe that cutting-edge research and development is crucial to staying ahead of industry trends and meeting the growing demand for greener, more sustainable products.

Green Chemistry Innovations

One of our primary focuses in R&D is the development of new, more sustainable chemical processes and catalysts through the principles of green chemistry. Our R&D team is actively engaged in multiple green chemistry projects aimed at reducing the environmental footprint of our operations. These projects involve the exploration of alternative, less hazardous reagents, the development of energy-efficient synthesis methods, and the optimization of catalytic processes to minimize waste and by-products. By prioritizing green chemistry innovations, we are positioning APL as a leader in sustainable pharmaceutical manufacturing, committed to delivering products that are both high-quality and environmentally responsible.

Biotechnology Advancements

Biotechnology is another area where APL is making significant strides toward more sustainable production methods. Leveraging bio-technological advancements, we are developing more efficient and environmentally friendly approaches to manufacturing, particularly in the area of peptide synthesis. Our commitment to biotechnology has recently led to the sanctioning of a new peptide research and development laboratory at one of our key locations. This state-of-the-art facility will enable us to explore novel biotechnological processes that reduce energy consumption, minimize waste, and

utilize renewable resources. By integrating biotechnology into our R&D efforts, we aim to create innovative solutions that contribute to the long-term sustainability of our operations and the broader pharmaceutical industry.

Collaborative Efforts and Partnerships

At APL, we understand that collaboration is essential to overcoming the ESG challenges that our industry faces. By working together with industry peers, research institutions, nongovernmental organizations, and other stakeholders, we can share knowledge, develop best practices, and drive meaningful change.

Industry Partnerships

Collaboration with industry peers and research institutions is a cornerstone of our strategy for advancing sustainability. APL is an active participant in the United Nations Global Compact India Network, where we engage with other leading organizations to promote sustainable business practices. Our commitment to the Science Based Targets initiative (SBTi) reflects our dedication to setting ambitious goals for reducing greenhouse gas emissions in line with climate science. Additionally, our participation in the Pharmaceutical Supply Chain Initiative (PSCI) through our customers demonstrates our commitment to upholding the highest standards of ethics, labour rights, and environmental stewardship throughout our supply chain. Through these partnerships, we are not only aligning our operations with global sustainability goals but also contributing to the development of industry-wide best practices that benefit all stakeholders.

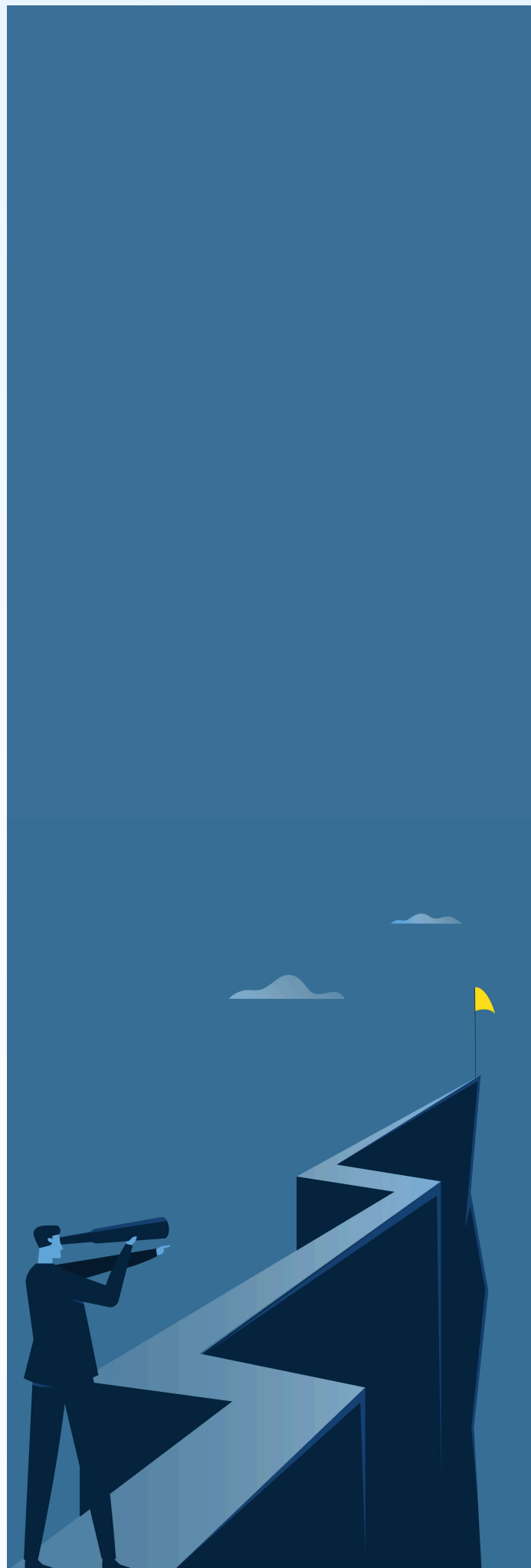
Government and Regulatory Engagement

Engaging with governments and regulatory bodies is another key aspect of our strategy for promoting sustainable practices. APL works closely with regulators to help shape policies that support environmental sustainability and responsible business practices. Recently, we have engaged with the Securities and Exchange Board of India (SEBI) to advocate for policies that encourage corporate transparency and accountability in environmental, social, and governance matters. By participating in these dialogues, we aim to influence the regulatory landscape in a way that fosters sustainable growth and innovation across the pharmaceutical industry.

Stakeholder Collaboration

At APL, we recognize the importance of aligning our ESG goals with the expectations and needs of our stakeholders, including investors, customers, employees, and communities. Our stakeholder engagement efforts are designed to ensure that we are not only meeting our ESG objectives but also building trust and support among those who are impacted by our operations. Through regular communication, consultations, and collaborative initiatives, we engage with a broad range of stakeholders to gather feedback, share progress, and align on common goals. This collaborative approach enables us to build stronger relationships with our stakeholders and ensures that our sustainability initiatives are both impactful and widely supported.

Looking ahead, APL remains steadfast in our commitment to driving innovation, fostering collaboration, and advancing sustainability in the pharmaceutical industry. By investing in research and development focused on green chemistry and biotechnology, we are creating the foundation for a more sustainable future. Our collaborative efforts with industry peers, regulatory bodies, and stakeholders ensure that we are not only meeting our ESG goals but also contributing to the broader movement toward a more sustainable and equitable global economy. As we continue to innovate and grow, APL is dedicated to being a leader in sustainable pharmaceutical manufacturing, delivering value to our stakeholders while making a positive impact on the world.



ANNEXURE – ESG DATA

Annexure - ESG Data

| Particular | Units | FY 2023-24 |
|---------------------------------------------------------------------------------------------------|----------------------------|---------------------|
| Economic Performance | | |
| Direct economic value generated | ₹ in crore | 1,513.14 |
| Turnover | ₹ in crore | 1,502.13 |
| Other income | ₹ in crore | 11.01 |
| Economic value distributed | ₹ in crore | 1,312.50 |
| Operating cost | ₹ in crore | 1,022.92 |
| Personnel expenses (wages + benefits) | ₹ in crore | 130.33 |
| Interest Charges | ₹ in crore | 16.63 |
| Depreciation | ₹ in crore | 66.01 |
| Taxes and royalties (given to various govt. wherever business units are located) - Taxes expenses | ₹ in crore | 73.87 |
| Community development/CSR investments | ₹ in crore | 2.72 |
| Economic value retained | ₹ in crore | 200.65 |
| Environment Performance | | |
| Sites assessed for environmental risks | % | 100 |
| Total energy consumption | GJ | 12,83,728.34 |
| Total electricity consumption | GJ | 2,87,347.98 |
| Total fuel consumption | GJ | 8,64,831.57 |
| Total energy consumption from other sources | GJ | 1,31,548.79 |
| Energy Intensity | GJ/Tn of Production | 46.25 |
| Total GHG Emissions | tCO2e | 3,55,893.62 |
| Total Scope 1 emissions | tCO2e | 75,429.87 |
| Total Scope 2 emissions | tCO2e | 81,619.04 |
| Total Scope 3 emissions | tCO2e | 1,86,062.85 |
| Category 1: Purchased goods and services | tCO2e | 1,27,911.43 |
| Category 2: Capital goods | tCO2e | 1,251.00 |
| Category 3: Fuel and energy activities | tCO2e | 22,087.00 |
| Category 4: Upstream transportation and distribution | tCO2e | 2,441.07 |
| Category 5: Waste generated in operations | tCO2e | 4,972.84 |
| Category 6: Business travel | tCO2e | 53.08 |
| Category 7: Employee commuting | tCO2e | 388.71 |
| Category 9: Downstream transportation and distribution | tCO2e | 913.59 |
| Category 12: End-of-Life treatment of sold products | tCO2e | 7.83 |

Annexure – ESG Data

| Particular | Units | FY 2023-24 |
|----------------------------------------------------------|------------------------------|--------------------|
| Category 15: Investment | tCO2e | 26,036.31 |
| Biogenic Emissions | tCO2e | 12,781.86 |
| Emission Intensity | tCO2e/Tn of output | 12.82 |
| Total Waste generated | Metric Tonnes | 13,676.33 |
| Total hazardous waste generated | Metric Tonnes | 12,808.05 |
| Total non-hazardous waste generated | Metric Tonnes | 868.28 |
| Total Waste Recycled/Reused/Recovered | Metric Tonnes | 3,072.84 |
| Total Waste diverted from landfill | % | 22.47 |
| Waste Intensity | Tn/Tn of production | 0.49 |
| Total Water consumption | kL | 3,91,904.00 |
| Water consumption from third party water | kL | 3,91,904.00 |
| Water recycled/reused | % | 43.05 |
| Water Intensity | kL/Tn of production | 14.12 |
| Emissions other than GHG | | |
| Sulphur Oxides (SOx) | Tonnes | 320.43 |
| Nitrogen Oxides (NOx) | Tonnes | 122.08 |
| Particulate Matter (PM) | Tonnes | 361.37 |
| Social Performance | | |
| Total employees | No. | 1,714 |
| Women employees | No. | 104 |
| Differently abled employees | No. | 2 |
| New hires | No. | 385 |
| No. of employees taken parental leave | No. | 5 |
| Return to work rate after parental leave | % | 100% |
| Retention rate | % | 80% |
| Average training hours per employee | Hours/employee | 13.47 |
| No. of fatalities | No. | 0 |
| Lost Time Injury Frequency Rate (LTIFR) - Employees | Injuries/10,00,000 workhours | 0 |
| Lost Time Injury Frequency Rate (LTIFR) - Workers | Injuries/10,00,000 workhours | 0.32 |
| Lost Time Injury Frequency Rate (LTIFR) - Average | Injuries/10,00,000 workhours | 0.12 |
| No. of days lost to injuries | Days | 16 |
| Total manhours worked | Workhours | 84,87,526 |

Annexure –ESG Data

Total Number Of Employee By Category, Region, Age, And Gender

| Categorisation | FY 2023-24 | | |
|---------------------------------|--------------|------------|--------------|
| | Male | Female | Total |
| By Employee Category | | | |
| Associates | 590 | 5 | 595 |
| Executive & Dy Manager | 1,303 | 73 | 1,376 |
| GM and Managers | 115 | 6 | 121 |
| Top Management | 4 | 0 | 4 |
| Subsidiary Employee | 1,060 | 27 | 1,087 |
| By Employee Contract | | | |
| Permanent | 2,013 | 84 | 2,097 |
| Contract | 1,060 | 26 | 1,086 |
| By Employee Type | | | |
| Full Time Employees (Headcount) | 3,073 | 110 | 3,183 |
| Part Time Employees (Headcount) | 0 | 0 | 0 |
| By Region | | | |
| Maharahstra | 2,163 | 86 | 2,249 |
| Gujarat | 910 | 24 | 934 |
| By Age | | | |
| <30 | 884 | 44 | 928 |
| 30-50 | 1,096 | 37 | 1,133 |
| >50 | 178 | 5 | 183 |
| Total | 3,072 | 111 | 3,183 |

Annexure –ESG Data

Total Number Of New Employee Hires By Category, Region, Age, And Gender

| Categorisation | FY 2023-24 | | |
|-----------------------------|------------|-----------|------------|
| | Male | Female | Total |
| By Employee Category | | | |
| Associates | 41 | 2 | 43 |
| Executive & Dy Manager | 309 | 20 | 329 |
| GM and Managers | 12 | 1 | 13 |
| Top Management | 0 | 0 | 0 |
| Subsidiary Employee | 0 | 0 | 0 |
| By Region | | | |
| Maharahstra | 228 | 19 | 247 |
| Gujarat | 134 | 4 | 138 |
| By Age | | | |
| <30 | 196 | 16 | 212 |
| 30-50 | 165 | 6 | 171 |
| >50 | 1 | 1 | 2 |
| Total | 362 | 23 | 385 |

Employee Training Information

| Category/ Level/ Grade of Employees | Total No. of Employees per Category | | | No. of Hours of Training per Category | | | Average hours of training per year per employee | | |
|-------------------------------------|-------------------------------------|-----------|--------------|---------------------------------------|--------------|---------------|-------------------------------------------------|--------------|--------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Associates | 517 | 0 | 517 | 5,846 | 0 | 5,846 | 11.31 | -- | 11.31 |
| Executive & Dy Manager | 1,183 | 46 | 1,229 | 18,292 | 1,111 | 19,403 | 15.46 | 24.16 | 15.79 |
| GM and Managers | 78 | 6 | 84 | 614 | 22 | 636 | 7.87 | 3.67 | 7.57 |
| Subsidiary Employee | 228 | 11 | 239 | 1,554 | 460 | 2,014 | 6.82 | 41.82 | 8.43 |
| Total | 2,006 | 63 | 2,069 | 26,306 | 1,593 | 27,899 | 13.10 | 25.29 | 13.47 |

| Particulars | Units | FY 2023-24 |
|---------------------------------|-------|------------|
| Trained on environmental issues | % | 88.69 |
| Trained on social issues | % | 82.79 |

Annexure –ESG Data

Ratio Of Basic Salary And Remuneration Of Women To Men

| Categorisation | FY 2023-24 | | |
|---------------------------------|------------------|-----------------|--------------|
| | Male (₹ Lakh) | Female (₹ Lakh) | Ratio (F/M) |
| By Employee Category | | | |
| Associates | 1,883.37 | 20.89 | 1.11% |
| Executive & Dy Manager | 7,606.83 | 329.49 | 4.33% |
| GM and Managers | 2,521.43 | 94.13 | 3.73% |
| Top Management | 787.94 | 0.00 | 0.00% |
| Subsidiary Employee | 0.00 | 0.00 | -- |
| By Employee Contract | | | |
| Permanent | 12,799.57 | 444.51 | 0.03% |
| Contract | 1,645.68 | 0.00 | 0.00% |
| By Employee Type | | | |
| Full Time Employees (Headcount) | 12,799.57 | 444.51 | 0.03% |
| Part Time Employees (Headcount) | 0.00 | 0.00 | 0.00% |
| By Region | | | |
| Maharahstra | 9,287.20 | 380.59 | 0.04% |
| Gujarat | 3,512.37 | 63.92 | 0.02% |
| By Age | | | |
| <30 | 1,346.78 | 108.19 | 0.08% |
| 30-50 | 9,178.94 | 278.58 | 0.03% |
| >50 | 2,273.85 | 57.75 | 0.03% |
| Total | 12,799.57 | 444.51 | 0.03% |

| Particulars | Units | FY 2023-24 |
|--------------------------------------------------------------------------------------------------------------------------------|-------|------------|
| Ratio of the annual total compensation for the highest paid individual to the median annual total compensation of all employee | % | 25.82 |
| Average unadjusted gender pay gap | % | 2.98 |

GRI CONTENT INDEX

GRI Content Index

| | |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statement of use | Aarti Pharmalabs Limited has reported the information cited in this GRI content index for the period 1st April 2023- 31st March 2024 with reference to the GRI Standards. |
| GRI 1 | GRI 1: Foundation 2021 |

| GRI STANDARD | DISCLOSURE | LOCATION |
|---------------------------------|----------------------------------------------------------------------------------|---------------|
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | BRSR 87 |
| | 2-2 Entities included in the organization's sustainability reporting | 8-10 |
| | 2-3 Reporting period, frequency and contact point | 8-10 |
| | 2-4 Restatements of information | 8-10 |
| | 2-5 External assurance | 8, 76 |
| | 2-6 Activities, value chain and other business relationships | 1-5 |
| | 2-7 Employees | 16, 28, 54-59 |
| | 2-8 Workers who are not employees | 54-59 |
| | 2-9 Governance structure and composition | AR 30 |
| | 2-10 Nomination and selection of the highest governance body | AR 43 |
| | 2-11 Chair of the highest governance body | AR 30 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | AR 28 |
| | 2-13 Delegation of responsibility for managing impacts | AR 67 |
| | 2-14 Role of the highest governance body in sustainability reporting | AR 96 |
| | 2-15 Conflicts of interest | 22-30 |
| | 2-16 Communication of critical concerns | 22-30 |
| | 2-17 Collective knowledge of the highest governance body | AR 66-67 |
| | 2-18 Evaluation of the performance of the highest governance body | AR 44-45 |
| | 2-19 Remuneration policies | AR 46-47 |
| | 2-20 Process to determine remuneration | AR 69-71 |
| | 2-21 Annual total compensation ratio | AR 58 |
| | 2-22 Statement on sustainable development strategy | 11-14 |
| | 2-23 Policy commitments | BRSR 94-96 |
| | 2-24 Embedding policy commitments | BRSR 94-96 |

AR: APL's Annual Report FY2023-24 (<https://www.aartipharmalabs.com/investors/annual-report-2023-24.pdf>)

BRSR: APL's Business Responsibility and Sustainability Report FY2023-24 (<https://www.aartipharmalabs.com/investors/apl-brsr-2024.pdf>)

GRI Content Index

| GRI STANDARD | DISCLOSURE | LOCATION |
|------------------------------------------|---------------------------------------------------------------------------------------|-----------------|
| | 2-25 Processes to remediate negative impacts | AR 39-40 |
| | 2-26 Mechanisms for seeking advice and raising concerns | BRSR 89-90 |
| | 2-27 Compliance with laws and regulations | 22-30 |
| | 2-28 Membership associations | 15 |
| | 2-29 Approach to stakeholder engagement | 18-21 |
| | 2-30 Collective bargaining agreements | AR 47 |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 18-21 |
| | 3-2 List of material topics | 18-21 |
| | 3-3 Management of material topics | 18-21 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 54-59 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | AR 90-93 |
| | 201-3 Defined benefit plan obligations and other retirement plans | 36-42; BRSR 100 |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | BRSR 106 |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 43-50 |
| | 203-2 Significant indirect economic impacts | 43-50 |
| GRI 205: Anticorruption 2016 | 205-1 Operations assessed for risks related to corruption | 22-30 |
| | 205-2 Communication and training about anti-corruption policies and procedures | 22-30 |
| | 205-3 Confirmed incidents of corruption and actions taken | BRSR 98 |
| GRI 206: Anti-competitive Behaviour 2016 | 206-1 Legal actions for anti-competitive behaviour, antitrust, and monopoly practices | BRSR 98 |

GRI Content Index

| GRI STANDARD | DISCLOSURE | LOCATION |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------|
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 54-59 |
| | 302-2 Energy consumption outside of the organization | 54-59 |
| | 302-3 Energy intensity | 54-59 |
| | 302-4 Reduction of energy consumption | 31-35 |
| | 302-5 Reductions in energy requirements of products and services | 54-59 |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 54-59 |
| | 303-2 Management of water discharge-related impacts | 31-35 |
| | 303-3 Water withdrawal | 54-59 |
| | 303-4 Water discharge | 31-35 |
| | 303-5 Water consumption | 54-59 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 54-59 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 54-59 |
| | 305-3 Other indirect (Scope 3) GHG emissions | 54-59 |
| | 305-4 GHG emissions intensity | 54-59 |
| | 305-5 Reduction of GHG emissions | 31-35 |
| | 305-7 Nitrogen oxides (NOx), sulfuroxides (SOx), and other significant air emissions | 54-59; BRSR 110 |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 54-59 |
| | 306-2 Management of significant waste-related impacts | 31-35 |
| | 306-3 Waste generated | 54-59 |
| | 306-4 Waste diverted from disposal | BRSR 112 |
| | 306-5 Waste directed to disposal | BRSR 112 |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 22-30 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 54-59 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | BRSR 100 |
| | 401-3 Parental leave | BRSR 101 |

GRI Content Index

| GRI STANDARD | DISCLOSURE | LOCATION |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 36-42 |
| | 403-3 Occupational health services | 36-42 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 36-42 |
| | 403-5 Worker training on occupational health and safety | 36-42 |
| | 403-6 Promotion of worker health | 36-42 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 36-42 |
| | 403-8 Workers covered by an occupational health and safety management system | 36-42 |
| | 403-9 Work-related injuries | 36-42 |
| | 403-10 Work-related ill health | 36-42 |
| | GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee |
| 404-2 Programs for upgrading employee skills and transition assistance programs | | 36-42 |
| 404-3 Percentage of employees receiving regular performance and career development reviews | | BRSR 102 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 54-59; BRSR 89 |
| | 405-2 Ratio of basic salary and remuneration of women to men | BRSR 106 |
| GRI 406: Nondiscrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | BRSR 107 |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | AR 47 |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labour | BRSR 108 |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour | BRSR 108 |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 43-50 |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 22-30 |

GRI Content Index

| GRI STANDARD | DISCLOSURE | LOCATION |
|------------------------------------------|-----------------------------------------------------------------------------------------------------|----------|
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 36-42 |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 36-42 |
| GRI 417: Marketing and Labelling 2016 | 417-1 Requirements for product and service information and labelling | BRSR 114 |
| | 417-2 Incidents of non-compliance concerning product and service information and labelling | BRSR 114 |
| | 417-3 Incidents of non-compliance concerning marketing communications | BRSR 114 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | BRSR 114 |

SDG Goal



Initiatives

- ✔ **Healthcare Initiatives:** Construction of Tirthankar Mahaveer Jain Hospital and support for Shree Shantinath Educational Medical Research & Charitable Trust.
- ✔ **Mental Health Care:** Providing care to over 1,250 patients through TIDE's initiatives, with plans to expand to 2,000 patients.
- ✔ **Impact:** APL's healthcare initiatives directly contribute to improving access to quality healthcare services, reducing healthcare costs, and promoting mental health and well-being in underserved communities.



- ✔ **Educational Programs:** Investment in educational infrastructure, scholarships, and skill development programs, reaching 997 lives.
- ✔ **Vicharta Samuday Samarthan Manch (VSSM):** Development of the Vallabh Vidya Vihar campus in Gujarat, providing education and vocational training to marginalized communities.
- ✔ **Impact:** APL's educational initiatives enhance access to quality education and vocational training, particularly for marginalized groups, thereby promoting lifelong learning opportunities.



- ✔ **Women Empowerment:** Collaboration with TIDE, benefiting 44,233 women across 3,155 villages through microcredit groups, income-generating projects, and training camps.
- ✔ **Impact:** APL's women empowerment initiatives promote gender equality by providing women with financial independence, education, and leadership opportunities, contributing to their economic empowerment.



- ✔ **Water Conservation Projects:** Construction of check dams in Marathwada to conserve rainwater, recharge groundwater, and support agricultural activities.
- ✔ **Green Spaces Development:** Maintenance of urban green spaces, including the planting of 3,000 small plants and 100 Supari plants.
- ✔ **Impact:** These projects contribute to sustainable water management, flood control, and environmental conservation, ensuring the availability of clean water for agricultural and domestic use.

SDG Goal

Initiatives



- ✔ **Livestock Development:** Support for Bhagwan Mahavir Pashu Raksha Kendra and various gaushalas, improving livestock health and productivity, which supports rural livelihoods.
- ✔ **Women Empowerment:** Formation of microcredit groups and income-generating projects, contributing to local economic development.
- ✔ **Impact:** APL's initiatives support decent work and economic growth by enhancing the livelihoods of rural communities, particularly through sustainable livestock practices and women's economic empowerment.



- ✔ **Green Chemistry Innovations:** Development of sustainable manufacturing processes and products through R&D.
- ✔ **Infrastructure Development:** Support for educational and healthcare infrastructure projects, including the renovation of medical centres and the construction of educational campuses.
- ✔ **Impact:** APL's focus on innovation in sustainable manufacturing and the development of critical infrastructure supports resilient industry practices and promotes inclusive and sustainable industrialization.



- ✔ **Sustainable Manufacturing Processes:** Integration of green chemistry principles, energy efficiency measures, and water management strategies into production processes.
- ✔ **Ethical Sourcing and Supply Chain Management:** Rigorous supplier assessments and fair-trade practices to ensure ethical and sustainable sourcing.
- ✔ **Impact:** These initiatives promote responsible consumption and production by minimizing waste, reducing environmental impact, and ensuring sustainable supply chain practices.



- ✔ **Carbon Footprint Reduction:** Lifecycle assessments, renewable energy integration, and the development of sustainable processes to reduce greenhouse gas emissions.
- ✔ **Environmental Conservation:** Support for the maintenance of green spaces and tree plantations.
- ✔ **Impact:** APL's efforts in reducing its carbon footprint and supporting environmental conservation contribute to global climate action by mitigating the impact of climate change and promoting sustainability.

SDG Goal



Initiatives

- ✔ **Livestock Development:** Care for aged, injured, and disabled animals at Bhagwan Mahavir Pashu Raksha Kendra, and support for environmental conservation projects.
- ✔ **Nandanvan Sanctuary and Ahinsa Knowledge City:** Conservation of biodiversity and promotion of environmental awareness over a 600-acre area.
- ✔ **Impact:** APL's initiatives contribute to the protection of terrestrial ecosystems, sustainable management of forests, and conservation of biodiversity, supporting the overall health of the planet.



- ✔ **Collaborative Efforts:** Participation in the United Nations Global Compact India Network, Science Based Targets initiative, and Pharmaceutical Supply Chain Initiative (PSCI).
- ✔ **Stakeholder Engagement:** Collaboration with industry peers, NGOs, and governments to align on ESG goals and initiatives.
- ✔ **Impact:** APL's collaborative approach to sustainability fosters partnerships that are essential for achieving the SDGs, promoting knowledge sharing, and driving collective action toward global development goals.



UN GLOBAL COMPACT INDEX

UN Global Compact Index

| Particulars | LOCATION |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Human Rights | |
| Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. | 22-29 |
| Principle 2: Businesses should make sure that they are not complicit in human rights abuses. | 22-29 |
| Labour | |
| Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | AR 47 |
| Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor. | BRSR 108 |
| Principle 5: Businesses should uphold the effective abolition of child labor. | BRSR 108 |
| Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation. | BRSR 107 |
| Environment | |
| Principle 7: Businesses should support a precautionary approach to environmental challenges. | 30-33 |
| Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. | 30-33 |
| Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. | 30-33 |
| Anti-corruption | |
| Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | 16-17 |

ACRONYMS

Acronyms

| Acronym | Description |
|----------|----------------------------------------------------------------|
| AA1000AS | AccountAbility AA1000 Assurance Standards |
| AGT | Aarti's Got Talent |
| API | Active Pharmaceutical Ingredients |
| APL | Aarti Pharmed Labs Limited |
| APMS | Aarti Pharma Management System |
| BRSR | Business Responsibility and Sustainability Reporting |
| CDMO | Contract Development and Manufacturing Organization |
| CEPs | Certificates of Suitability |
| COP | Communication on Progress |
| CPCB | Central Pollution Control Board |
| CSD | Custom Synthesis Division |
| CSR | Corporate Social Responsibility |
| EDQM | European Directorate for the Quality of Medicines & HealthCare |
| EHS/HSE | Environment Health and Safety |
| EIA | Environmental Impact Assessment |
| EMS | Environmental Management System |
| EPR | Extended Producer Responsibility |
| ESG | Environment Social and Governance |
| EUGMP | European Union Good Manufacturing Practice |
| GHG | Greenhouse Gases |
| GJ | Gigajoule |
| GRI | Global Reporting Initiative |
| HAZOP | Hazard and Operability Study |

Acronyms

| Acronym | Description |
|--------------------|------------------------------------------------|
| HIRA | Hazard Identification and Risk Assessment |
| IHC-FR | Incident of High Consequence Frequency Rate |
| ISO | International Organization for Standardization |
| KL | Kiloliters |
| LCA | Life Cycle Assessment |
| LFI | Learning from Incidents |
| LOPA | Layer of Protection Analysis |
| LTIFR | Lost Time Injury Frequency Rate |
| NCE | New Chemical Entities |
| NDCs | Nationally Determined Contributions |
| NGOs | Non-Governmental Organizations |
| PSCI | Pharmaceutical Supply Chain Initiative |
| QRA | Quantitative Risk Assessment |
| R&D | Research and Development |
| RSM | Regulatory Starting Materials |
| SBTi | Science Based Targets Initiative |
| SDG | Sustainable Development Goals |
| SDS | Safety Data Sheet |
| SEBI | Securities and Exchange Board of India |
| SIL | Safety Integrity Level |
| SOPs | Standard Operating Procedures |
| tCO ₂ e | Tonnes of Carbon Dioxide Equivalent |
| TRIFR | Total Recordable Injury Frequency Rate |

Acronyms

| Acronym | Description |
|---------|-------------------------------------------------------|
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNGC | United Nations Global Compact |
| USDMF | United States Drug Master File |
| USFDA | United States Food and Drug Administration |
| ZLD | Zero Liquid Discharge |

INDEPENDENT ASSURANCE STATEMENT

Introduction and Engagement

Aarti Pharmed Labs Limited (hereafter referred to as “APL”) assigned SustainEDGE Business Solutions Pvt. Ltd. (hereinafter referred to as “SustainEDGE”) to conduct the independent assurance of non-financial information and key performance indicators (KPI) disclosed in APL’s sustainability report (hereinafter referred to as “the report”) for the reporting period. The Assurance Report covers APL’s sustainability Information for the period of 1st April 2023 to 31st March 2024. This assurance engagement was conducted against the Global Reporting Initiative (GRI) Standards and AA1000AS Protocol (Type 2 Moderate Level) for verification of the Sustainability Report.

Management’s Responsibility

APL developed the Report’s content by monitoring the performance data. APL’s management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in the Report (web-based and print), including website maintenance, integrity, and for ensuring its quality and accuracy in accordance with the applied criteria stated in the GRI Standards, such that it’s free of intended or unintended material misstatements. APL will be responsible for archiving and reproducing the disclosed data for the stakeholders upon request.

Scope and Boundary

In particular, the assurance engagement included the following:

- Verification of the application of the principles as mentioned in the Global Reporting Initiative (GRI) Standards, and the quality of information presented in the ESG data over the reporting period.
- Review of the policies, initiatives, practices and performance described in the Report.
- Review of the non-financial disclosures made in the Report against the requirements of the GRI Standards.
- Verification of the reliability of the GRI Standards Disclosure on environmental and social topics by verifying sample data.
- Specified information was selected based on the materiality determination and needs to be meaningful to the intended users.

SustainEDGE has verified the below-mentioned disclosures given in the Report as per GRI Standard 2021:

- | | |
|---------------------------------------------------|------------------------------------------------------------------|
| ▪ GRI 2: General Disclosures 2021 | ▪ GRI 404: Training and Education 2016 |
| ▪ GRI 3: Material Topics 2021 | ▪ GRI 405: Diversity and Equal Opportunity 2016 |
| ▪ GRI 202: Market Presence 2016 | ▪ GRI 406: Non-discrimination 2016 |
| ▪ GRI 203: Indirect Economic Impacts 2016 | ▪ GRI 407: Freedom of Association and Collective Bargaining 2016 |
| ▪ GRI 204: Procurement Practices 2016 | ▪ GRI 408: Child Labor 2016 |
| ▪ GRI 205: Anti-corruption 2016 | ▪ GRI 409: Forced or Compulsory Labor 2016 |
| ▪ GRI 206: Anti-competitive Behaviour 2016 | ▪ GRI 410: Security Practices 2016 |
| ▪ GRI 302: Energy 2016 | ▪ GRI 411: Rights of Indigenous Peoples 2016 |
| ▪ GRI 303: Water and Effluents 2018 | ▪ GRI 413: Local Communities 2016 |
| ▪ GRI 305: Emissions 2016 | ▪ GRI 414: Supplier Social Assessment 2016 |
| ▪ GRI 306: Waste 2020 | ▪ GRI 415: Public Policy 2016 |
| ▪ GRI 308: Supplier Environmental Assessment 2016 | ▪ GRI 416: Customer Health and Safety 2016 |
| ▪ GRI 401: Employment 2016 | ▪ GRI 417: Marketing and Labelling 2016 |
| ▪ GRI 402: Labor/Management Relations 2016 | ▪ GRI 418: Customer Privacy 2016 |
| ▪ GRI 403: Occupational Health and Safety 2018 | |

The reporting boundaries for the above topics includes,

Plant Locations:

- i. Unit - I, Plot No. D - 53, M.I.D.C., Phase-II, Kalyan Shil Road, Dombivli (East), District: Thane - 421204
- ii. Unit - II, Plot No. D - 55,56,57,59,60, M.I.D.C., Phase-II, Kalyan Shil Road, Dombivli (East), District: Thane - 421 204
- iii. Custom Synthesis Division, Plot No. 22-C/1 & 22-C/2, 1st Phase, G.I.D.C., Vapi 396 195, District - Valsad
- iv. Unit - III, Plot No. K - 17/18/19, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
- v. Unit - IV, Plot No. E - 50, 50/1, 59/1, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
- vi. Unit -V, Plot No. L - 28/29, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
- vii. Unit - I, Plot No. K - 67, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
- viii. Plot No. L - 10, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
- ix. Unit - VI, Plot No. D - 18, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
- x. Unit - VII, Plot No. K - 65, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506
- xi. Unit - VIII, Plot No. K - 14, M.I.D.C., Tarapur, Taluka & District - Palghar - 401 506

R&D Centre:

- i. Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi 396 195, Dist. Valsad, Gujarat
- ii. Plot No. D - 54, M.I.D.C., Phase-II, Kalyan Shil Road, Dombivli (East), District - Thane - 421 204
- iii. Plot No D - 176, 1st & 2nd Floor, TTC Industrial Area, M.I.D.C., Nerul, Navi Mumbai - 400 706

The onsite verification was conducted in July 2024 at CSD, Vapi, Gujarat and Tarapur Unit IV, Maharashtra along with the interviews with APL's Corporate team (Mumbai). Desk review was carried out for all other sites as reported under the sustainability report.

Limitations

SustainEDGE did not perform any assurance procedures on the prospective information disclosed in the Report, including targets, expectations, and ambitions. Consequently, SustainEDGE draws no conclusion from the prospective information. During the assurance process, SustainEDGE did not come across any limitations to the agreed scope of the assurance engagement. SustainEDGE is contracted by APL and answerable to the APL's management only. SustainEDGE verified the data on a sample basis, the responsibility for the authenticity of the data entirely lies with APL. SustainEDGE expressly disclaims any liability or co-responsibility in the case of erroneous data reported or for any decision a person or entity would make based on this assurance statement.

Our Responsibility

SustainEDGE's responsibility in relation to this engagement was to perform agreed 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 APL's strategy, management of sustainability-related issues or the sufficiency of the Report against the GRI Standards and AA1000AS v3 other than those mentioned in the scope of the assurance. SustainEDGE's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information disclosed by APL. This assurance engagement assumes that the data and information provided to us by APL are complete and true.

Verification Methodology

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

- i. SustainEDGE examined and reviewed the documents, data, and other information made available by APL for non-financial KPI's (non-financial disclosures).

- ii. SustainEDGE conducted interviews with key representatives, including data owners and decision makers from different functions of APL.
- iii. SustainEDGE performed sample-based reviews of the mechanisms for implementing the sustainability-related policies and data management (qualitative and quantitative).
- iv. SustainEDGE reviewed the level of adherence to the GRI Standards.

Exclusions

The Assurance scope Excludes the following:

- Our engagement did not include an assessment of the adequacy or the effectiveness of APL's management of sustainability related issues and APL's strategy for sustainability.
- During the assurance process, SustainEDGE did not visit any external stakeholder's premises and even no external stakeholders were interviewed as a part of the sustainability engagement.
- Review of the economic performance indicators included in the Report which, we have been informed by the Company, are derived from the Company's audited financial records only.
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim of future intention

Our Observations

APL's initiatives are closely aligned with several SDGs, reflecting a strategic commitment to sustainable development. The company's efforts span across critical areas such as health, education, gender equality, clean water, economic growth, responsible production, climate action, and partnerships. This comprehensive approach underscores APL's role as a proactive contributor to global sustainability and development agendas.

APL is investing in research and development, particularly in green chemistry and biotechnology. These innovations are not only reducing the environmental footprint of APL's manufacturing processes but are also setting new standards in the pharmaceutical industry for sustainable practices. This forward-thinking approach positions APL as a leader in developing sustainable solutions in a traditionally resource-intensive industry.

APL's CSR initiatives reflect a holistic approach to community development, addressing critical areas such as healthcare, education, women empowerment, and environmental sustainability. The company's involvement in large-scale projects, such as hospital construction, educational infrastructure development, and water conservation, demonstrates a deep commitment to improving the quality of life in the communities where it operates.

APL's engagement with various stakeholders—including industry peers, NGOs, governments, and local communities—emphasizes the importance of collaboration in achieving sustainability goals. By participating in global initiatives like the United Nations Global Compact and working closely with local organizations, APL is leveraging collective expertise and resources to drive impactful change.

While APL's initiatives are extensive and impactful, there may be opportunities to further enhance transparency and communication regarding the measurable outcomes of these initiatives. Additionally, expanding partnerships and collaborations, particularly in global forums and with international NGOs, could further amplify APL's impact and influence in the sustainability domain.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on sustainability performance reported 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.

Disclosures: SustainEDGE is of the opinion that the reported disclosures meet the GRI Standards reporting requirements. APL refers to general disclosure to report contextual information about APL, while the Management Approach is discussed to report the management approach for each material topic.

Universal Standard: APL followed GRI 1: Foundation 2021: Requirements and principles for using the GRI Standards; GRI 2: General Disclosures 2021: Disclosures about the reporting organization. General Disclosures were followed when reporting information about an organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices and reporting process and GRI 3: Material Topics 2021: Disclosures and guidance about the organization's material topics. GRI 3 was selected for Management's Approach on reporting information about how an organization manages a material topic.

SustainEDGE is of the opinion that this report has been prepared in with reference to the GRI Standards.

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 economic, environmental and social topics. SustainEDGE is of the opinion that the reported material topics and Topic-specific Standards that APL used to prepare its Report are appropriately identified and addressed.

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. SustainEDGE found the sustainability information to be reliable in all material respects, with regards to the reporting criteria of the GRI Standards.

In the context of Assurance, the following contemporary principles has been observed:

Evaluation of the adherence to other contemporary Principles

Inclusivity: Stakeholder identification and engagement is carried out by APL 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 APL range of businesses. The Report fairly brings out the aspects and topics and their respective boundaries of the diverse operations of APL. In our view, the Report meets the requirements.

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

Impact: APL communicates its ESG performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Governance and other policies.

Our Assurance Team and Independence

SustainEDGE is an independent, neutral third-party providing sustainability services with qualified environmental and social specialists. SustainEDGE states its independence and impartiality and confirms that there is "No Conflict of Interest" with regard to this assurance engagement. In the reporting years i.e., FY 2023-2024, SustainEDGE did not work with APL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. SustainEDGE was not involved in the preparation of any content or data included in the Report, with the exception of this assurance statement. SustainEDGE maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of SustainEDGE Business Solutions Private Limited


Vidyanath R
Director – ESG and Sustainability
Date: 28 August 2024



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SustainEDGE Business Solutions Pvt. Ltd.



Towards a Greener Future.

Registered Office

Plot No. 22/C/1 & 22/C/2, 1st Phase,
GIDC Vapi - 396195, Valsad, Gujarat

Corporate Office

204, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link
Road, Mulund West, Mumbai - 400080, Maharashtra

Website: <https://www.aartipharmalabs.com>