



Inspiring Human Belief  
in a Healthier World



*Billion Reach  
Zillion Smiles*

Prescribing change,  
Building a  
**Healthier Tomorrow**

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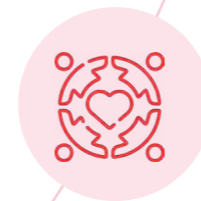
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# About the Report

Hetero Group presents its Sustainability Report for the year 2024–25, outlining ESG performance from April 1, 2024, to March 31, 2025. This report details our actions under the Environmental, Social, and Governance (ESG) pillars, carried out through focused initiatives each year.

This edition continues to reflect our commitment to transparent and detailed disclosure of sustainability progress, enabling stakeholders to gain a clear and comprehensive understanding of our ESG vision, strategy, and results.

## Reporting Period, Scope and Boundary

For the reporting period April 1, 2024, to March 31, 2025, the scope and boundary of the report cover the following subsidiaries of Hetero Group, including fourteen manufacturing units and one corporate office in Hyderabad. Our headquarters are located in Hyderabad, Telangana.

1. Hetero Labs Limited.
2. Hetero Drugs Limited.
3. Hetero Biopharma Limited.
4. Annora Pharma Pvt. Limited.
5. Aspiro Pharma Limited.
6. Corporate Office, Hyderabad

## Reporting Framework and Standards

This Sustainability Report has been:

1. Prepared with reference to GRI 2021 Universal Standards
2. Aligned with UNGC Principles and UN SDGs
3. Aligned to SASB Biotechnology and Pharmaceuticals Sector Guidance

Setting sustainability priorities in accordance with these frameworks enables a structured approach to tracking progress. This alignment ensures that the information shared is both material and relevant to the biotechnology and pharmaceutical sectors. Following sector-specific guidance also strengthens the depth and clarity of disclosures, offering stakeholders a useful resource for industry-relevant insights.

The assumptions and methodologies used to compile data in this report are clearly documented to maintain accuracy and reliability. The ESG report, reflecting our commitment to transparency and active stakeholder engagement, is available on the company website at <https://www.hetero.com/>

## Accountability

Our sustainability disclosures meet both regulatory and stakeholder expectations. These disclosures are reviewed internally and validated by cross-functional teams, ensuring management oversight and providing assurance.

## Forward looking Statements

Forward-looking statements in this report outline the Company's strategies, initiatives, targets, and expected performance. They are based on current estimates and assumptions and involve both known and unforeseen risks and uncertainties.

Terms such as "will," "believes," "estimates," "aims," "anticipates," and "plans" are used to convey these intentions. Actual outcomes may differ from expectations, and the Company is not obligated to revise or update these statements in light of future changes or new information.

## External Assurance

The FY 2024–25 Sustainability Report has undergone external assurance by TUV India following Global Reporting Initiative (GRI) Standards. The assurance statement is included within this report.

## Restatement

This report does not include restatements from previous reports.

## Contact Us

Stakeholder feedback plays a key role in shaping our ESG journey. Suggestions, questions, and input from all stakeholders are encouraged, as they help us refine our ESG initiatives.

Any communication related to this report can be sent to - [sustainability@hetero.com](mailto:sustainability@hetero.com).

## Messages from the Leadership



### Building Tomorrow with Responsibility

Greetings,

We are proud to present Hetero's Sustainability Report for 2024-25, a testament to our steadfast dedication to embedding Environmental, Social, and Governance (ESG) values at the core of our business. We are committed to ensuring affordable, life-saving medicines are accessible to all while promoting sustainable and responsible practices. This report captures our ongoing journey towards sustainable development, one that balances responsible growth, environmental stewardship, and social equity.

Throughout the year, we have deepened our sustainability commitment by integrating long-term, value-driven thinking into every decision and operation. Our approach transcends mere compliance and reporting; it is rooted in the conviction that true progress creates shared value for all stakeholders while protecting the planet and uplifting communities.

This year's report highlights key milestones, the challenges we continue to address, and the opportunities ahead. We have enhanced our disclosures with a robust value creation model, aligned our performance with global and national sustainability frameworks, and provided forward-looking insights on critical topics. These initiatives ensure that our sustainability journey remains transparent, relevant, and aligned with evolving external expectations.

In 2024-25, we made significant progress in our environmental initiatives, demonstrating our strong commitment to sustainability. Moving forward, we aim to reduce our environmental footprint by pursuing goals such as net zero emissions, zero waste to landfill and water efficiency. Through these efforts, we strive to exceed industry standards and contribute to a healthier, more sustainable future for all.

Our focus on social sustainability continues to grow stronger. We prioritize the well-being and development of our people through comprehensive training, digital learning platforms, and inclusive initiatives that promote diversity and equal leadership opportunities. Health, safety, and employee wellness remain foundational to fostering a supportive and resilient workforce.

As part of our CSR initiatives, Sindhu Hospitals, Hyderabad reflects our commitment to delivering accessible and equitable healthcare, with dedicated support for underprivileged communities.

Guided by a strong governance framework rooted in ethics, transparency, and accountability, we build trust with our stakeholders. Looking ahead, Hetero remains focused on advancing sustainable development in alignment with stakeholder needs and our vision to be a responsible, resilient organization, inviting all to join us on this journey toward a sustainable future.

Sincerely,  
**Dr. Bandi Parthasaradhi Reddy**  
 Chairman, Hetero Group of Companies



### Driving Change through Sustainability

Greetings,

We are pleased to present Hetero's Sustainability Report for 2024-25, reflecting our continued commitment to embedding sustainability at the core of our operations and delivering long-term value to all stakeholders. At Hetero, our purpose is to enable affordable and accessible healthcare while safeguarding the environment and contributing meaningfully to society. This report highlights our progress across economic, environmental, and social dimensions as we advance toward becoming a more responsible and future-ready organisation.

Our people remain at the heart of our success. We continue to invest in their growth through structured leadership development programs and comprehensive training across technical, compliance, and behavioural domains. We are equally committed to fostering a diverse, equitable, and inclusive workplace that ensures equal opportunities for all. Health and safety remain a top priority, supported by robust systems and regular emergency preparedness initiatives that help maintain a safe and resilient work environment.

Beyond our operations, we are dedicated to creating a meaningful social impact. Through our CSR initiatives—including health camps, scholarships, and infrastructure support—we have positively impacted thousands of lives. Our efforts are guided by a commitment to drive inclusive

growth and long-term community empowerment through sustained investments in healthcare, education, and livelihoods.

During the year, we strengthened our environmental stewardship by expanding our reporting scope and committing to the Science Based Targets initiative (SBTi), aligning our climate actions with global best practices. We also enhanced supply chain sustainability through audits and capacity-building programs, promoting responsible and transparent practices across our value chain.

Looking ahead, we will continue to leverage data-driven insights and digital tools to enhance ESG performance monitoring and transparency. At Hetero, sustainability is not just a commitment—it is a guiding principle that shapes our strategy, operations, and innovation. We remain focused on setting new benchmarks in the pharmaceutical industry, demonstrating that responsible manufacturing and sustainable growth are inherently interconnected.

We thank our employees, partners, and stakeholders for their continued trust and support, and we invite you to explore this report to learn more about our sustainability journey and progress.

Sincerely,  
**Dr. Vamsi Krishna Bandi**  
 Managing Director, Hetero Group of Companies

# About Hetero



For over 30 years, Hetero has been a prominent global producer of key Active Pharmaceutical Ingredients (APIs) and generic formulations.

Our focus has always been on bringing together science, technology, and well-being to improve health outcomes for the communities we serve. The company supplies nearly 40% of the global demand for Anti-Retroviral (ARV) APIs and Finished Dosage Forms (FDFs) used in HIV/AIDS treatment.

# Our Purpose, Vision and Values

Integrity and transparency are central to our approach, and we aim to be recognized as a trusted and responsible employer that earns long-term stakeholder confidence. We are committed to advancing the goal of good health for all. Every action we take is guided by the belief that life-saving medicines must be accessible and affordable across the world. To reinforce this commitment, we have established a set of core values that serve as guiding principles for both internal conduct and external stakeholder relationships.

### Knowledge

- ▶ We value and respect knowledge as the key enabler in our mission to develop affordable medicines. We cherish knowledge as a quality in our team members, associates, partners, and the medical fraternity.

### Trust

- ▶ We cherish the trust our stakeholders place in us and remain committed to the highest standards in every aspect of our business.

### Integrity

- ▶ We have a deep-rooted sense of integrity in all our commitments to stakeholders, and we strive relentlessly to deliver them.

### Agility

- ▶ We are agile, proactive, and passionate about everything we do.

## Every person at Hetero is committed to our employee tenets:



**We are limitless**  
in pushing the boundaries of science.



**We are committed**  
to pursuing excellence and responding with agility.



**We are believers**  
in developing synergies of trust.



**We are passionate**  
to serve with socio-economic and environmental consciousness.



# Our Products

Hetero's portfolio spans the pharmaceutical value chain, beginning with the development of Active Pharmaceutical Ingredients (APIs) across multiple therapeutic areas. Supplying generic manufacturers worldwide, the company was among the first in India to develop affordable APIs for ARVs. Today, we produce close to 300 APIs, covering a broad spectrum of therapeutic segments.

In the field of biosimilars, continuous research and development, combined with advanced technology, have enabled the launch of cost-effective products, including complex and niche offerings. These are brought to market within short timelines, supported by single-use and advanced manufacturing facilities designed to meet customer needs.

The company's global generics business makes it the largest supplier of antiretroviral drugs in the world. Finished formulations are developed and manufactured in diverse dosage forms, with operations spread across 21 dedicated facilities approved by global regulatory authorities. Hetero is among the first Indian companies to provide

affordable medicines for critical diseases such as HIV/AIDS, Hepatitis C, Bird Flu, Swine Flu, and, more recently, COVID-19. In oncology, the portfolio includes more than 35 products, backed by three dedicated facilities that produce cancer drugs aimed at improving the affordability of cancer care.

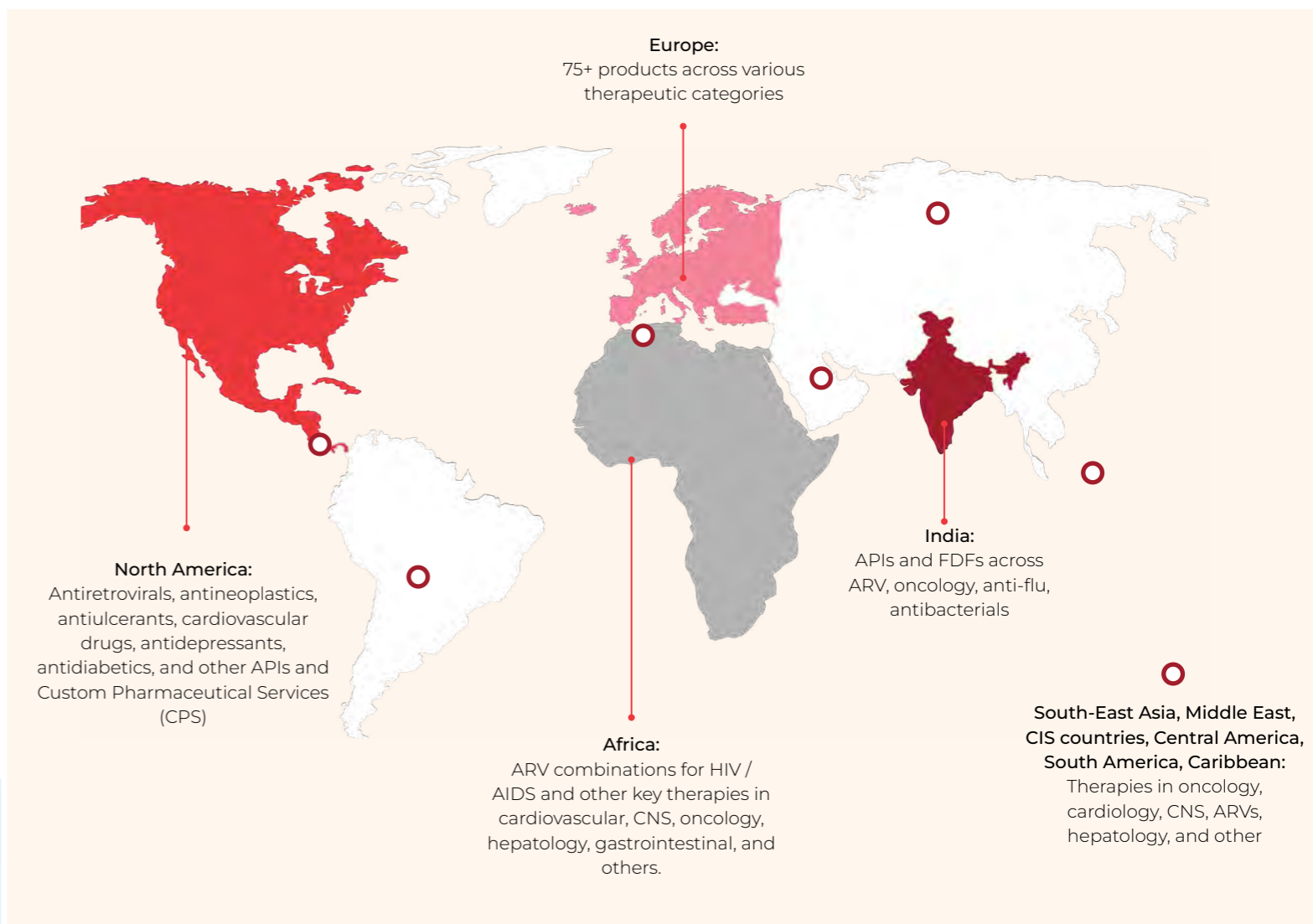
Through our Custom Pharmaceutical Services, Hetero helps clients bring products to market faster. The division offers tailored manufacturing services for APIs, finished dosages, cytotoxic APIs, injectables, and biosimilars. It also provides contract R&D support for clinical supply and commercial scale-up, along with technology transfer for new products, processes, and developments.

The Global Access division focuses on delivering quality medicines to leading global procurement organizations. The portfolio includes about 30 ARV combinations, supporting treatment for roughly 40% of identified HIV/AIDS patients worldwide. Beyond ARVs, there are more than 200 products across various therapeutic categories, making the company one of the largest suppliers of therapeutic drugs to markets in the US, Europe, Africa, CIS countries, the Middle East, and Latin America.



# Our Presence

Hetero's operations extend to more than 145 countries, supported by 15 API facilities, 23 formulation facilities, and 6 R&D centers. The company maintains branch offices and manufacturing sites across Asia, Russia, the Middle East, Europe, Africa, the Caribbean, Australia, North America, Central America, and South America.



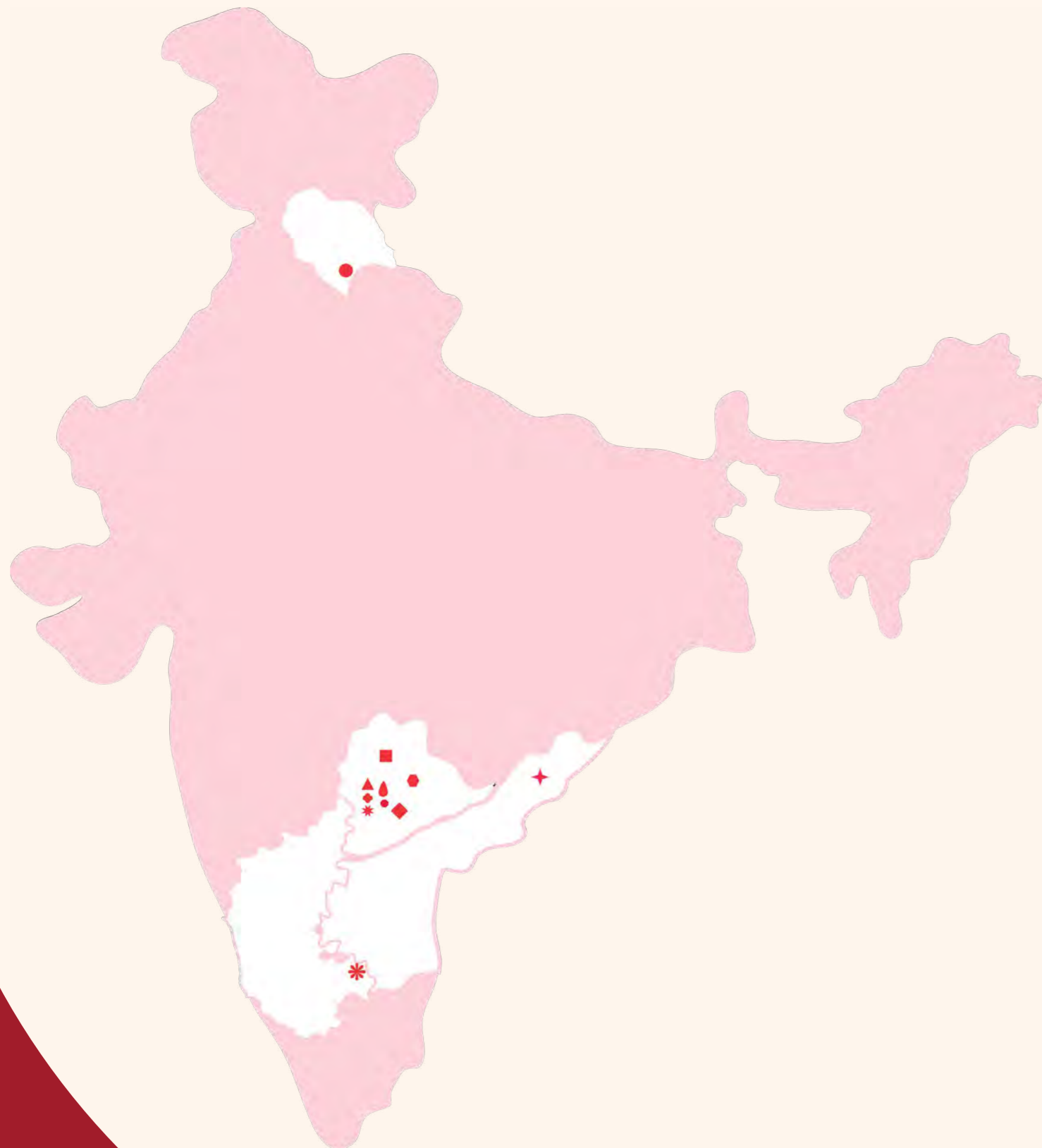
## Research and Development

Hetero's research capabilities are anchored by the Hetero Research Foundation, a dedicated centre supporting API research. This facility brings together over 1,000 experienced scientists with expertise in niche generics, complex APIs, Novel Drug Delivery Systems (NDDS), New Chemical Entities (NCEs), and biosimilar products.

The company also operates three advanced R&D centres, each focused on strengthening product development through:

- ▶ Environment-conscious, safe, and cost-effective technologies and processes
- ▶ Accelerated development of affordable APIs, formulations, and biosimilars
- ▶ Complex and speciality therapeutics designed to reach the market faster and ahead of competitors

# Our Homes in India



## ★ Sanath Nagar, Telangana

Hetero Drugs Limited  
(Head Office)

## ◆ Jeedimetla, Telangana

- ▶ Hetero Labs Limited, Unit-III, (Formulation Facility)
- ▶ Hetero Labs Limited, Unit-VII, (Formulation Facility)

## ◆ Jadcherla, Telangana

- ▶ Hetero BioParma Limited, (Biosimilar Facility)
- ▶ Hetero Labs Limited, Unit-V (Formulation Facility)
- ▶ Hetero Labs Limited, Unit-VI, (Formulation Facility)

## ● Baddi, Himachal Pradesh

- ▶ Hetero Labs Limited, Unit-II (Formulation Facility)
- ▶ Hetero Labs Limited, Unit IV (Formulation Facility)

## ■ Kazipally, Telangana

Hetero Labs Limited, Unit-I  
(API Facility)

## ▲ Bonthapally, Telangana

- ▶ Hetero Drugs Limited, Unit-I (API Facility)
- ▶ Hetero Drugs Limited, Unit-IV (API Facility)

## ✦ Nakkapally, Andhra Pradesh

- ▶ Hetero Drugs Limited, Unit-IX, (API Facility)
- ▶ Hetero Labs Limited, Unit-III (API Facility)
- ▶ Hetero Labs Limited, Unit-IX (API Facility)

## ● Karakapatla, Telangana

Aspiro Pharma Limited  
(Formulation Facility)

## ✦ Vemagal, Karnataka

Hetero Vemgal Unit  
(Formulation Facility)

## ✦ Raidurg, Hyderabad, Telangana, India

Hetero Labs Limited, Corporate office,  
RMZ Nexity

## ● Annaram, Telangana

Annora Pharma  
Private Limited  
(Formulation Facility)

## Membership of Associations

Hetero is actively engaged with a range of associations and networks that reinforce its commitment to sustainability. We proudly participate as members of the UN Global Compact, National Safety Council, TSIIIC, CII, and BDMAI, aligning our efforts with global and national sustainability frameworks.



To effectively minimize our environmental impact, we collaborate with dedicated partners such as Re-Sustainability Pvt. Ltd., Pattancheru Envirotech Limited, Medicare Environmental Management Pvt. Ltd., Jeedimetla Effluent Treatment Plant, Lawn Enviro Associates, and Svethansh Bio, who specialize in environmental stewardship and sustainable solutions.

Furthermore, we partner with esteemed organizations for certifications and sustainability training, including the British Standards Institution (BSI), TÜV India Pvt. Ltd., E-Lifecycle Management Pvt. Ltd., and Recykal St. John's Ambulance, ensuring our practices meet rigorous environmental and safety standards. Through these collaborations, Hetero reinforces its ongoing dedication to responsible and sustainable operations.



Scope 1 & scope 2 intensity is reduced from base year 2022  
**16.6%**

Percentage of women in our employee workforce rose to  
**13.63%**

Performance and career development reviews received by  
**100% of our employees**

Local procurement strengthening regional economies with total spend of  
**81%**

**Zero** confirmed incidents or legal actions related to corruption and bribery

An average of **44.88 hours** of training provided to the employees

Conducted CSR activities with a total spend of  
**Rs. 333.45 Mn**

**100%** sites of the are certified under social responsibility ISO 26000

**Zero** cases of POSH and discrimination

## Performance Delivering Meaningful Outcomes

**20%** of Hetero's total energy consumption was sourced from renewable energy.

**100%** of non-hazardous waste is sent for recycling

Hetero Labs Limited received the **EcoVadis Silver Medal in 2025.**

The energy intensity reduced to **0.024 TJ/million INR**

Achieved waste intensity of **0.15 MT/INR Million**

In FY25 two of our sites received **Zero Waste to Landfill certification**

**100%** of our sites are ISO 14001 certified



### Apex India Platinum Award – OHS Excellence

Annora Pharma, Annaram, has been honored with the prestigious Platinum Award from Apex India for excellence in Occupational Health and Safety practices.



### 12th GSS Awards National OHS Award (Large Enterprises - Pharmaceuticals Sector)

12th Global Safety Summit – organized by Fire and Safety Forum (HQ- World Safety Forum London, United Kingdom) and United Nations Global Compact Network India (SDGs Outreach Partner), & AMITY University Knowledge Partner Congratulating Annora Pharma Pvt Ltd on Winning National OHS Award (Large Enterprises - Pharmaceuticals Sector) in the 12th Global Safety Summit Awards.

## Awards and Recognition



### National HSE Award 2024

We proudly received the National HSE Award for Large Enterprises in the Pharmaceutical Sector by the World Safety Forum, London. This recognition highlights our strong commitment to health, safety, and environmental excellence.



### Best Employer Brand Award 2024

Hetero Labs Limited was recognized as the Best Employer Brand Award 2024, celebrating our inclusive and empowering workplace culture.



### Won Silver Award in CII SR EHS Excellence Awards 2024



### Great Place to Work

Hetero Labs Limited was awarded the Great Place To Work award. This highlights our approach to work with integrity, trust and collaborative efforts.



### Awarded as "Best Workplace & HR Practices" by National Awards for Excellence



### Received CII Golden award for Outstanding Performance in OHS & E



### Organisation with Sustainable Practices 2024

Hetero Labs Limited was honored as the Organisation with Sustainable Practices 2024 at an event in Hyderabad. This award reflects our dedication to sustainability, innovation, and positive environmental impact.



### Gold Award from 17th Exceed OHS& Security Award & Conference 2024

### Ecovadis

Hetero Labs Ltd achieved an Ecovadis score of 73 and Hetero Drugs Ltd achieved an Ecovadis score of 68



# Our Value Creation Model

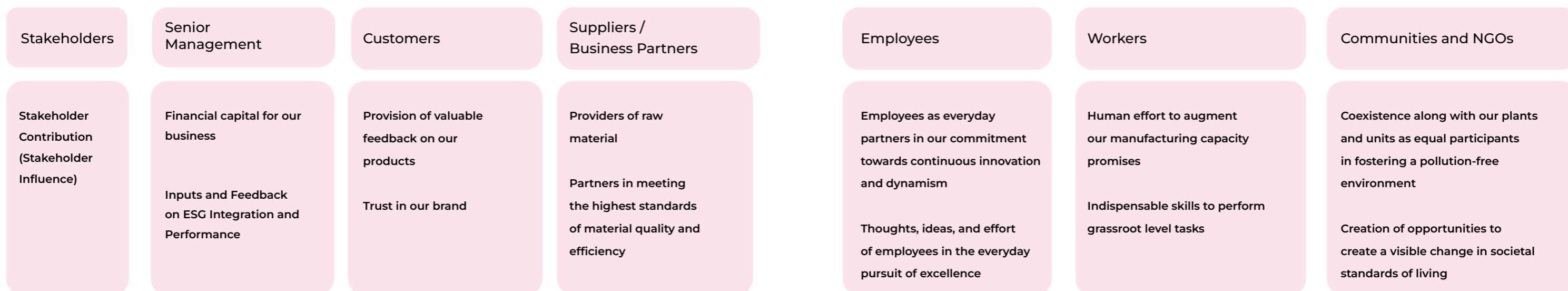


Our Value Creation Model illustrates how we integrate financial, human, environment and social dimensions to deliver sustainable outcomes. By leveraging innovation, responsible practices, and stakeholder collaboration, we convert resources into products and services that enhance healthcare access and community well-being.

Our model highlights how our operations generate long-term economic value while minimizing environmental impact and fostering social progress. It serves as a roadmap linking our purpose with measurable outcomes across the ESG spectrum.



## Value Creation Framework



## Our Efforts

Meticulous and exhaustive financial management in line with leading industry practices

Rigorous monitoring of ESG data at all levels of operations

**Metrics:**  
**Water Intensity – 0.005 million ltr /INR Million**  
**Waste Intensity – 0.15 MT/ INR Million**  
**Energy Intensity – 0.024 TJ/ INR Million**  
**Emissions Intensity 3.09 tCO2 e/INR Million**

Prioritisation of a customer-driven approach as one of our core values.

Commitment to exceptional product quality

Customer service excellence integrated into efforts to strengthen our core

Spontaneity to evolving customer demands

Assessment through external customer audits

Manufacturing excellence with outstanding track record on quality

Leveraging economies of scale to achieve cost efficiency

Promotion of supply security and supply chain resilience through vertical integration of pharmaceutical manufacturing platform

Curation of a dedicated supply chain decarbonization plan to transform our supply chain

Dedicated guidelines on green procurement and launch of specialised supplier sustainability programme to drive sustainability integration

**Metrics: 91.17% of local suppliers out of total number of suppliers**

Employee tenets coupling continuous learning with personal growth to equip employees with tools for climbing the career ladder

Investment in the holistic development of employees

High priority accorded to fostering a diverse and inclusive workplace

Mandatory trainings on code of conduct and POSH guidelines ISO 45001 certified occupational health & safety management system

**Metrics:**  
**16.01% trainings on L&D**

Ample remuneration for workers based on market benchmarks, well above minimum wages

Well-structured training programmes for workers on various topics including safety, quality, etc.

Strong data tracking mechanism for identifying and executing training programmes for workers

Well-equipped occupational health centres at our sites

ISO 45001 certified occupational health & safety management system

Health benefits for workers under the Employee State Insurance Scheme

**Metrics:**  
**10355 contractual workers**  
**29.79% on safety and 54.20% on GMP of the total training hours**

Building harmonious relationships and partnerships on trust as a guiding principle

A dedicated CSR policy and committee that provides a comprehensive framework for monitoring and review

CSR programmes tailored to local community needs, offering a combination of inkind and financial support with handholding

**Metrics:**  
**INR 333.45 Million CSR spend**

## Our Performance

Increased profits after tax

Regular disclosure of ESG

Performance on the public domain

**Metrics:**  
**343849 KL of water recycled**  
**63.03% of wastewater recycled**

Customer loyalty stemming from our 30-year commitment to highest standards of product quality and customer safety

Strengthened market presence and expanded customer share

**Metrics:**  
**0 customer complaints concerning data breach in 2025**

Customers, supply capacity, countries served

Preferred supplier of superior quality pharma products to leading brands across the globe

Improved supplier capacity on ESG adherence and integration

Cost efficiency due to more efficient supply chain management

Enabling employees in the pursuit of individual growth while achieving organisational goals

A healthy, congenial, thriving work culture

Inclusive and safe workplace where all employees feel comfortable

Talented pool of employees who function with enthusiasm and productivity

**Metrics:**  
**13.63% of female employees and 19.28% female contract workers**

Healthy and strong workforce

Spontaneity in handling health issues with efficiency and expertise

**Metrics:**  
**0.044 recordable work-related injuries rate**

Sustained goodwill and trust on among the community

Consistency in investing in long-term CSR projects due to relevance of projects to the local community

## Value created (Our Impact on Stakeholders)

Exceptional year-on-year performance on ESG parameters

**Metrics: EcoVadis rating Hetero Labs Ltd: 73 Hetero Drugs Ltd: 68**

Fortification of our leadership position as one of the key producers of high-quality pharmaceutical products

Improved customer health and wellbeing outcomes

Cleaner and greener environment for those affected by our supply chain

Focus on improving product affordability and accessibility resulting from supply chain efficiency outcomes

World-class standards on ESG adopted by local suppliers that we work with

High employee retention

Significant advancements in the quality and standards of living of employees and their families

**Metrics:**  
**Attrition rate Y-O-Y 16.44%**

Better health and quality of lives of workers and their families

Value addition to goodwill and reputation as a safe place to work

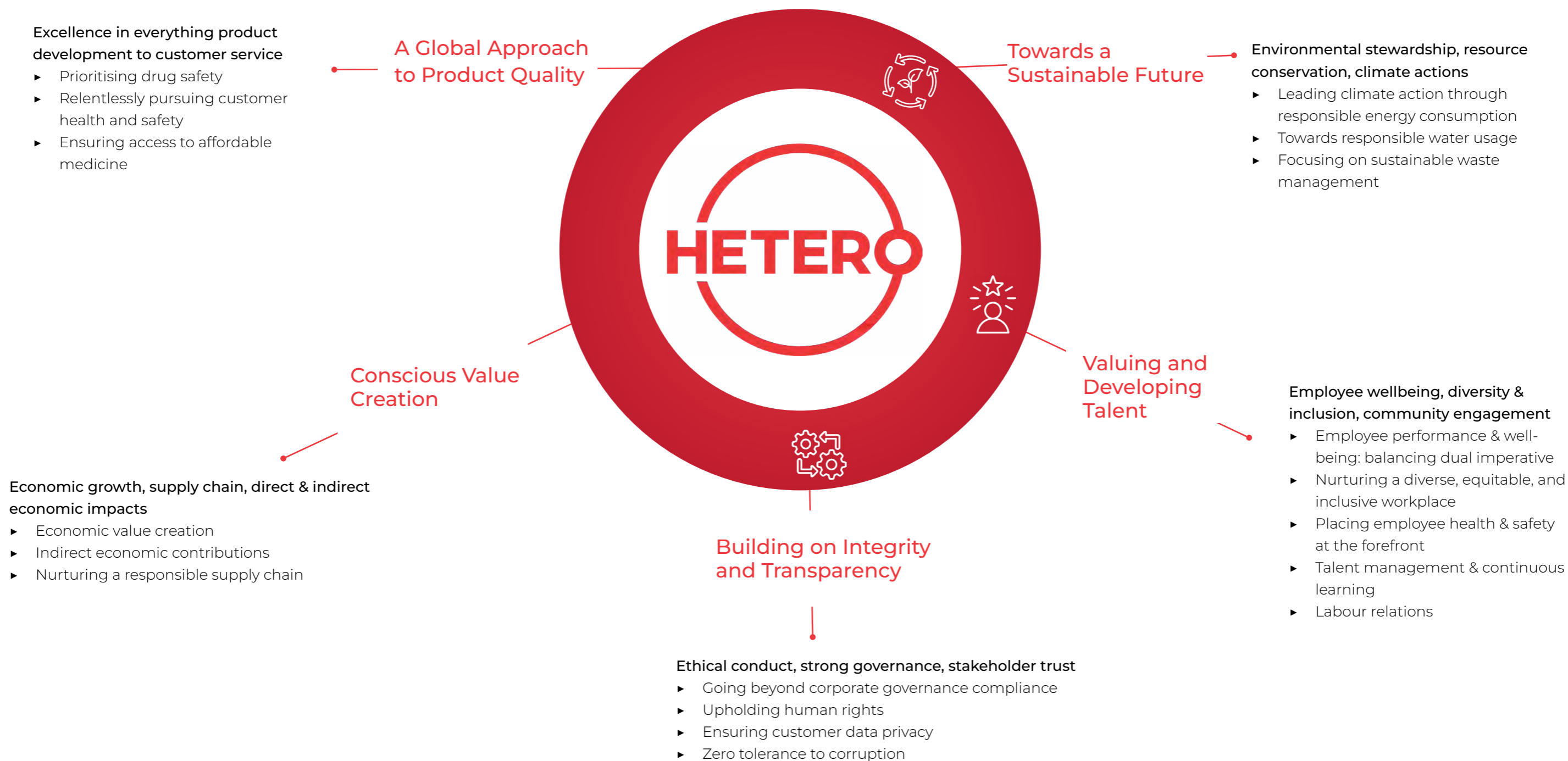
Significant strides in lifting up the standards of living of local communities through better health and wellbeing, more access to education, and creation of a green and clean environment

# Our Pillars of Success

Hetero's ESG approach is founded on the conviction that sustainability is not only a parallel goal but also a core driver powering the company's operations. ESG embodies a set of values that influence decision-making, workplace culture, and overall performance throughout the organization.

To provide structure and focus, key sustainability topics are organized into distinct pillars. These pillars act as guiding anchors for defining responsibilities, establishing performance metrics, and setting clear objectives. This methodical framework empowers Hetero to consistently measure progress and drive meaningful improvements with purpose and clarity.

While all the material topics are interconnected, tailored strategies have been developed for each area, enabling focused action while recognizing their inherent links. Transparent reporting and disclosure remain essential for monitoring advancement and reinforcing accountability in Hetero's sustainability journey.

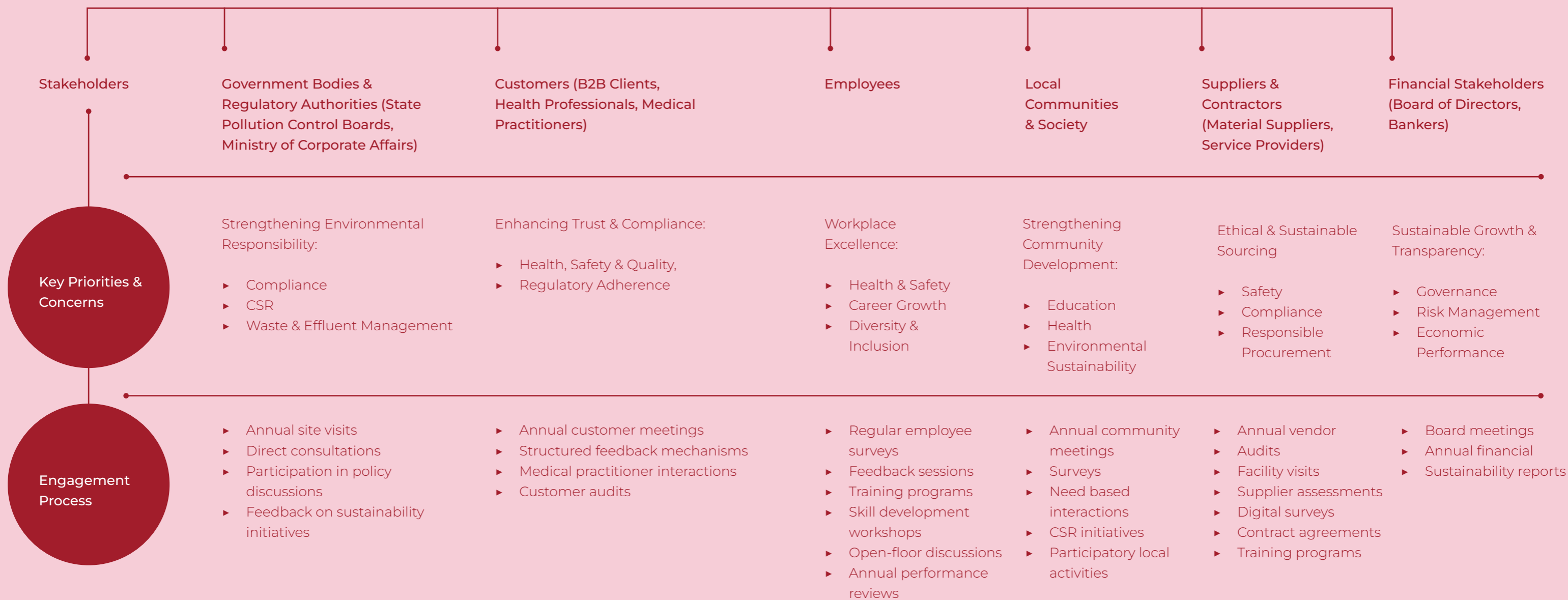


# Stakeholder Engagement

We have a robust approach to addressing sustainability-related issues, with a strong emphasis on incorporating stakeholder perspectives into its ESG strategy. Understanding stakeholder concerns and feedback, and aligning the sustainability approach to reflect these, remains a priority. The engagement strategy includes:

- Stakeholder Identification and Engagement: Key stakeholders are identified across operational locations. Engagement is carried out through one-on-one meetings, stakeholder facility audits, informal discussions and digital interactions.
- Incorporation of Feedback: Feedback is reviewed on an ongoing basis and integrated into operations wherever applicable. Specific sustainability-related concerns are escalated to the EHS Sustainability Committee and the Head of Sustainability.
- Ongoing Dialogue: Hetero maintains regular communication with stakeholders to prioritize their expectations and address them proactively.

## Connecting with Stakeholders:



# Formulating Strategy Guided by Materiality Insights

At Hetero, we are committed to integrating sustainability into our core business strategy by focusing on the issues that matter most, both for our company and for society. For this, we carried out a thorough double materiality assessment to evaluate both the financial and non-financial impacts related to our operations, value chain, and strategic objectives.

This assessment was performed to ensure our sustainability reporting aligns with internationally recognized standards. We adopted the double materiality framework as defined by the European Financial Reporting Advisory Group (EFRAG) and referenced the Global Reporting Initiative (GRI) Standards to maintain a structured and balanced evaluation of both impact and financial materiality.

Through this process, we have been able to pinpoint the sustainability issues that are most significant to our stakeholders and that also affect our enterprise value, long-term resilience, and compliance readiness

## Approach to double materiality assessment

The exercise of Hetero Double Materiality assessment evaluated sustainability topics from two perspectives:

**Impact Materiality:** Understanding how our operations affect the environment, society, and governance.

**Financial Materiality:** Assessing how sustainability-related risks and opportunities influence our financial success and long-term value creation.

**Our double materiality assessment was conducted following a structured, stepwise approach designed to ensure clarity, consistency, and alignment with best practices:**

### Step 1: Defining Impacts



We began by developing a comprehensive universe of actual and potential environmental, social, and governance (ESG) impacts relevant to the pharmaceutical sector. This broad impact landscape was refined using peer benchmarking, internationally recognized sustainability frameworks, and evolving regulatory expectations. This ensured that our assessment was grounded in a robust understanding of sector-specific impacts and emerging trends.

### Step 2: Building the Assessment Framework and Engaging Stakeholders



A comprehensive materiality assessment was conducted using a detailed survey developed from a finalized list of key risks and opportunities. This survey, shared with prioritized internal and external stakeholders, including employees and representatives of customers, suppliers, and community, gathered diverse insights on the significance and priority of these impacts. Categorizing risks and opportunities into potential and actual effects, the assessment focused on capturing stakeholder perspectives to ensure alignment with their concerns and industry best practices. Their input was crucial in accurately identifying material issues and shaping the company's materiality mapping to reflect what truly matters to both the organization and its stakeholders.

### Step 3: Conducting Impact and Financial Materiality Analysis



Each identified topic was evaluated from two perspectives:

- ▶ For impact materiality, we assessed the scale, scope, and irremediability of impacts throughout Hetero's value chain.
- ▶ For financial materiality, the evaluation considered potential revenue implications, cost exposures, compliance requirements, supply chain dependencies, and relevance to our long-term strategic priorities.
- ▶ All topics were scored according to a predefined methodology that ensures consistency, transparency, and objectivity in the analysis.

### Step 4: Prioritizing Topics and Validating Results

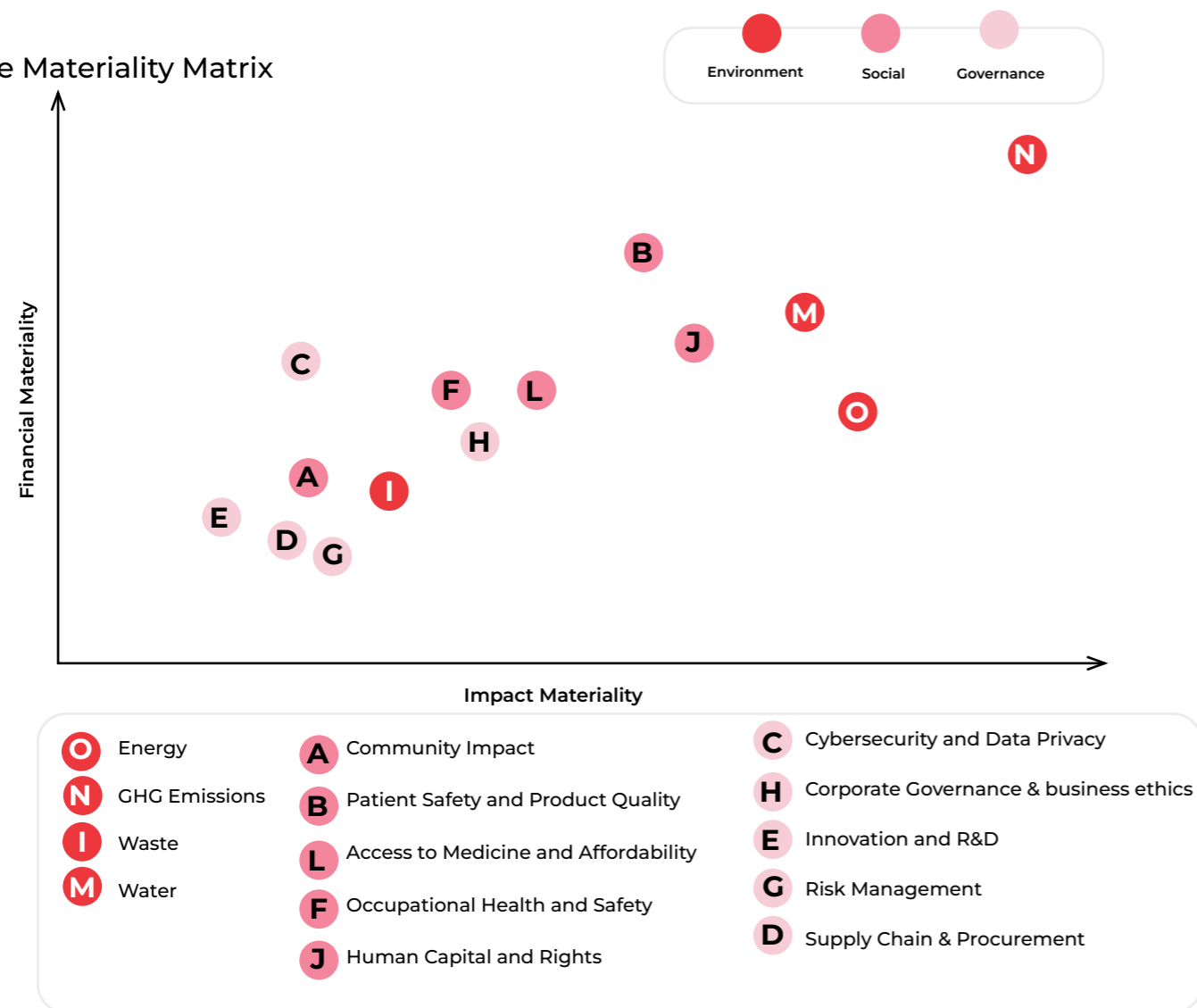


The scoring outputs were analyzed to identify the most significant impacts, which were then grouped into a final list of material topics prioritized for Hetero's sustainability agenda. These topics were plotted on a double materiality matrix illustrating their relative importance across both impact and financial dimensions. The results were reviewed and approved by our senior leadership team, reinforcing alignment between sustainability priorities, business strategy, and governance frameworks.

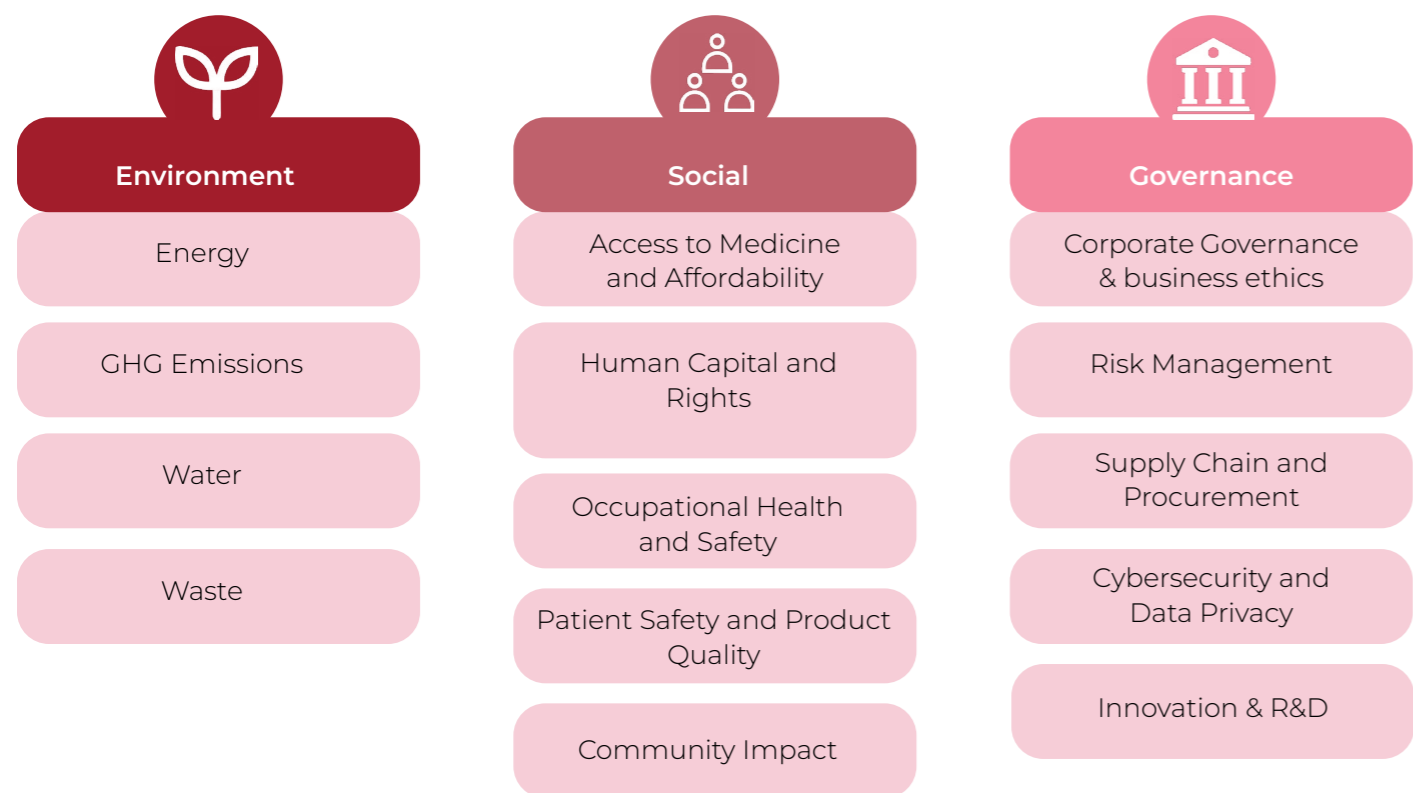
This comprehensive assessment process provides a solid foundation for Hetero's sustainability strategy, enabling us to direct resources and actions towards the ESG issues that present the greatest potential for positive impact and long-term business resilience.



### Double Materiality Matrix












### List of Material Topics



### Key Material Topics:

Material Topic	Energy	GHG Emissions
Risk / Opportunity	Risk & Opportunity	Risk
Rationale for identifying the risk/ opportunity	Efficient energy use and adoption of renewable sources present opportunities for cost savings, reduced environmental impact, and improved reputation, driving innovation and competitiveness.	High greenhouse gas emissions contribute to climate change, regulatory penalties, and reputational damage, posing operational and financial risks.
Adaptation / Mitigation action plan	Hetero focuses on reducing energy risks by diversifying fuel sources with renewables, improving efficiency through technology upgrades, and engaging employees and suppliers in energy-saving practices to ensure sustainable operations.	Hetero mitigates emissions risks by adopting biomass fuel, enhancing energy conservation, increasing renewable energy use, and deploying waste heat recovery systems. Regular monitoring, cleaner fuels, and advanced pollution controls ensure compliance, reduce environmental impact, and embed climate-conscious practices.
Related GRI disclosure	GRI 302	GRI 305
SDGs	SDG 7, SDG 13	







Key Material Topics:

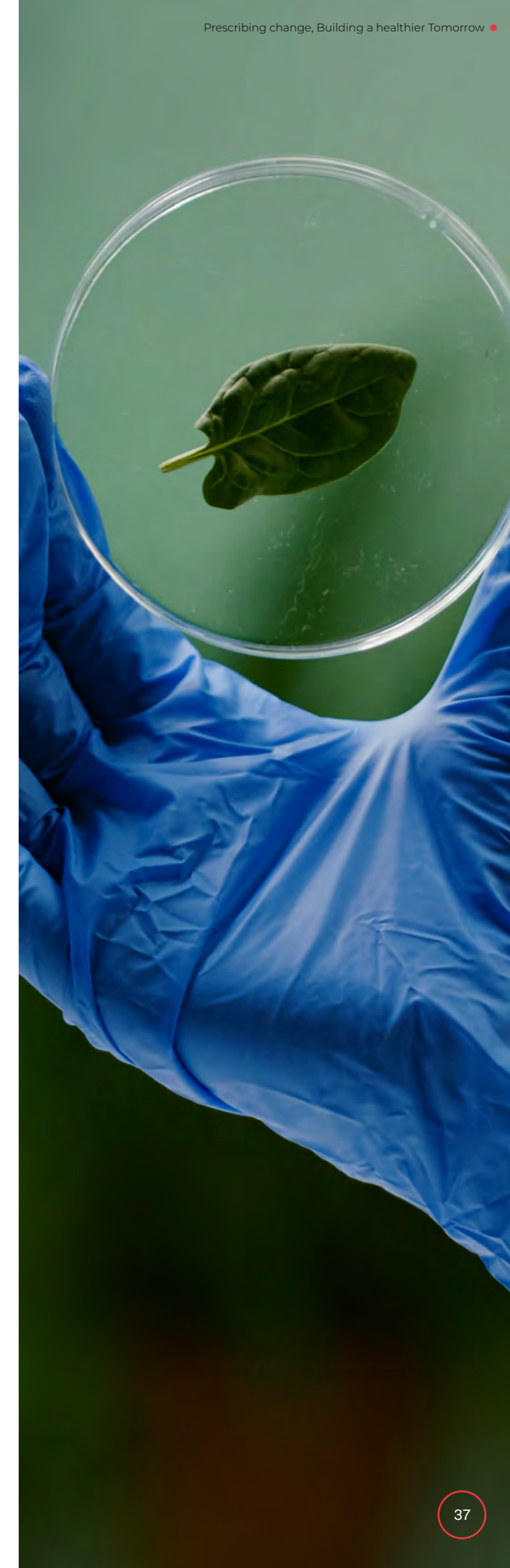
 <p><b>Material Topic</b></p> <p>Water</p>	 <p><b>Material Topic</b></p> <p>Waste</p>	 <p><b>Material Topic</b></p> <p>Access to Medicine and Affordability</p>	 <p><b>Material Topic</b></p> <p>Human Capital and Rights</p>
<p><b>Risk / Opportunity</b></p> <p>Risk / Opportunity</p>	<p><b>Risk / Opportunity</b></p> <p>Risk</p>	<p><b>Risk / Opportunity</b></p> <p>Opportunity</p>	<p><b>Risk / Opportunity</b></p> <p>Risk and Opportunity</p>
<p><b>Rationale for identifying the risk/ opportunity</b></p> <p>Water scarcity and water pollution create risks related to operational disruptions, regulatory compliance, and community relations, affecting long-term business viability.</p>	<p><b>Rationale for identifying the risk/ opportunity</b></p> <p>Improper waste management leads to environmental harm, regulatory fines, and increased disposal costs, posing risks to both compliance and brand image.</p>	<p><b>Rationale for identifying the risk/ opportunity</b></p> <p>Improving access and affordability can expand market reach, enhance brand reputation, and fulfill social responsibility goals, driving growth and stakeholder goodwill.</p>	<p><b>Rationale for identifying the risk/ opportunity</b></p> <p>Investing in workforce development, human capital, and upholding human rights is essential for fostering a productive, innovative, and loyal workforce that strengthens organizational resilience and competitiveness. Failure to respect human rights can result in legal liabilities, reputational damage, loss of stakeholder trust, and operational disruptions. By comprehensively addressing workforce development alongside human rights commitments, the company not only mitigates risks but also creates opportunities to enhance employee well-being, inclusion, fair labor practices, and positive community impact</p>
<p><b>Adaptation / Mitigation action plan</b></p> <p>Hetero addresses water risks by conducting comprehensive water risk assessments and audits to identify efficiency improvements. We invest in advanced treatment technologies, promote rainwater harvesting, and enforce groundwater protection. Our wastewater management includes extensive treatment, and zero liquid discharge systems, ensuring regulatory compliance and minimizing environmental impact while supporting sustainable water use across operations.</p>	<p><b>Adaptation / Mitigation action plan</b></p> <p>Hetero mitigates waste risks by rigorously applying the “3R” principles - reduce, reuse, recycle, and ensuring compliant segregation, storage, and disposal of hazardous and non-hazardous waste. We prioritize safe handling, employee training, and use of authorized treatment and co-processing facilities to minimize environmental impact and prevent contamination. Regular monitoring and expanded waste disclosures strengthen accountability and support continual waste reduction across operations. Top of Form</p>	<p><b>Adaptation / Mitigation action plan</b></p> <p></p>	<p><b>Adaptation / Mitigation action plan</b></p> <p>Hetero is committed to embedding respect for human rights within its workforce and human capital strategies by implementing strong policies on inclusion, diversity, and non-discrimination across all operations and supply chains. The company strictly prohibits child labor, forced labor, and any form of exploitation, ensuring ethical labor practices throughout the value chain. To promote employee well-being and development, Hetero offers continuous training programs, facilitates social dialogue, supports career advancement, and addresses mental health needs. Additionally, Hetero maintains effective grievance mechanisms to enable employees and stakeholders to confidentially raise concerns and seek resolution. Regular monitoring, audits, and third-party assessments are conducted to ensure ongoing compliance with human rights and labor standards</p>
<p><b>Related GRI disclosure</b></p> <p>GRI 303</p>	<p><b>Related GRI disclosure</b></p> <p>GRI 306</p>	<p><b>Related GRI disclosure</b></p> <p>Non GRI Indicator</p>	<p><b>Related GRI disclosure</b></p> <p>GRI 401, GRI 406, 407, 408, 409</p>
<p><b>SDGs</b></p> <p>SDG 6</p> 	<p><b>SDGs</b></p> <p>SDG 12</p> 	<p><b>SDGs</b></p> <p>SDG 3</p> 	<p><b>SDGs</b></p> <p>SDG 8, SDG 10</p>  

### Key Material Topics:

				
<b>Material Topic</b>	Occupational Health and Safety	Patient Safety and Product Quality	Community Impact	Corporate Governance and Business Ethics
<b>Risk / Opportunity</b>	Risk	Risk	Opportunity	Risk
<b>Rationale for identifying the risk/opportunity</b>	<p>Unsafe working conditions increase the likelihood of accidents, regulatory penalties, and workforce dissatisfaction, jeopardizing employee well-being and operational continuity.</p>	<p>Compromises in patient safety and product quality can lead to severe health impacts, legal actions, and loss of market confidence.</p>	<p>Positive community engagement fosters goodwill, supports social license to operate, and can lead to new partnerships and market opportunities.</p>	<p>Strong corporate governance and unwavering commitment to business ethics are foundational to maintaining organizational integrity, stakeholder trust, and long-term sustainability. Weak governance structures and ethical lapses can lead to fraud, corruption, legal penalties, reputational damage, and operational disruptions. By integrating governance and ethics, the company can ensure transparency, accountability, and ethical conduct throughout its operations and supply chain</p>
<b>Adaptation / Mitigation action plan</b>	<p>Hetero fosters a safe workplace by embedding comprehensive health and safety management systems certified to ISO 45001. We prioritize risk prevention through regular training, emergency preparedness, process safety assessments, and hazard monitoring for employees and contractors. Initiatives like mental health support, ergonomic improvements, and robust incident reporting enhance overall wellbeing. Advanced safety technologies and continuous audits ensure compliance, mitigate operational risks, and promote a proactive safety culture across all facilities.</p>	<p>Hetero ensures patient safety by maintaining rigorous quality assurance from raw material sourcing to product delivery, supported by continuous employee training and collaboration with research partners. Accurate labeling and transparent communication provide essential usage information, while robust monitoring enables swift corrective actions. Compliance with regulatory standards and proactive risk management uphold product integrity and patient trust.</p>		<p>Hetero fosters responsible corporate governance by embedding ethical conduct, transparency, and accountability at every organizational level. An expert Board of Directors provides strategic oversight on governance, risk management, and sustainability, supported by multi-level governance committees and robust policies that ensure compliance with applicable laws and uphold integrity. To reinforce business ethics, Hetero maintains a zero-tolerance approach to corruption through strong anti-bribery policies, regular risk assessments, and comprehensive employee training on ethical standards and anti-corruption practices. A secure whistleblower mechanism enables confidential reporting and timely resolution of violations. Ethical expectations extend to suppliers through a strict Supplier Code of Conduct and due diligence processes.</p>
<b>Related GRI disclosure</b>	GRI 403	Non GRI Indicator	GRI 413	GRI 2, GRI 205
<b>SDGs</b>	SDG 8 	SDG 3 	SDG 11 	SDG 16 

Key Material Topics:

	 Risk Management	 Supply Chain and Procurement	 Cybersecurity and Data Privacy	 Innovation & R&D
<b>Material Topic</b>	Risk Management	Supply Chain and Procurement	Cybersecurity and Data Privacy	Innovation & R&D
<b>Risk / Opportunity</b>	Risk	Risk and Opportunity	Risk	Opportunity
<b>Rationale for identifying the risk/opportunity</b>	Insufficient risk management fails to identify or mitigate potential threats, exposing the business to financial, operational, and reputational harm.	Sustainable and responsible sourcing improves supply chain resilience, supports innovation, and enhances stakeholder relationships, creating competitive advantages.	Breaches in cybersecurity or data privacy compromise sensitive information, lead to regulatory penalties, and damage customer trust.	Investing in innovation and research drives new product development, operational efficiencies, and market differentiation, fostering long-term growth.
<b>Adaptation / Mitigation action plan</b>	Hetero embeds a proactive risk management culture through a comprehensive Enterprise Risk Management (ERM) framework that identifies, assesses, prioritizes, and monitors risks across all functions, including ESG factors. Cross-functional collaboration ensures timely mitigation strategies, supported by robust Business Continuity and Emergency Response Plans. Continuous internal audits and adherence to global standards (ISO 9001, 14001, 45001, 50001) reinforce resilience, safeguard operations, and enable informed decision-making for sustainable performance.	Hetero manages supply chain risks and leverages opportunities by embedding sustainability into procurement through rigorous supplier screening, ESG-aligned criteria, and continuous capacity-building. We promote ethical sourcing, local procurement, and material efficiency while enforcing strict compliance and grievance mechanisms. Regular audits and training ensure suppliers uphold environmental, social, and governance standards, driving resilience, transparency, and long-term value across the supply chain.	Hetero strengthens data security and privacy by implementing ISO 27001-certified management systems, conducting regular risk assessments, and enforcing strict third-party due diligence. Comprehensive employee training and robust access controls safeguard sensitive information, while a dedicated Incident Response Plan ensures swift breach management.	At Hetero, we prioritise integrating green chemistry into R&D and manufacturing to minimise environmental impact and enhance safety by reducing hazardous substances and improving energy efficiency.
<b>Related GRI disclosure</b>	Non GRI indicator	GRI 308, 414	GRI 418	Non GRI Indicator
<b>SDGs</b>		SDG 12 		SDG 9 



# Our Goals and Milestones



## Aspiring for Net Zero by 2045

Reduce carbon emissions (Scope 1 & 2) – 25% by 2030 (base year 2022)

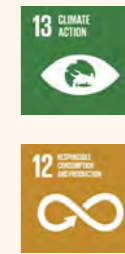
Establish Scope 3 inventory by 2030\*

Increase renewable energy sources by 30% by 2030



## Reduce Waste Generation

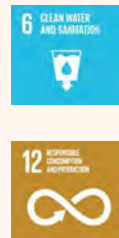
Become Zero Waste to Landfill Company by 2030



## Adopt Responsible Water Management

Undertake water stress and risk assessment by FY 2030

Increase wastewater re-cycling by 5% annually



## Ensure High Occupational Health & Safety Standards

Continue to achieve zero fatality in manufacturing operations



## Ensure Compliance with Ethics

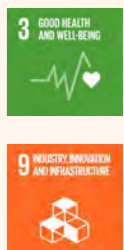
Ensure regulatory compliance through stringent implementation

Set up ISO31000 Risk Management Processes by 2028



## Pursue Product Quality and Safety

Maintain 100% compliance with all regulatory and audit observations within defined timelines



## Build a Diversified Team

Improve the percentage of women employees to 10% by 2026#

Maintain and continue to balance representation of women in contract workers



## Implement Sustainable Supply Chain Practices

Assess 80% critical suppliers for ESG compliance by 2028



\*Scope 3 inventory achieved in FY25.

#Percentage of women employees reached 13.63% in FY25



# Governance and Economic Dimension



Gender Equality



Decent Work and Economic Growth



Responsible Consumption and Production



Peace, Justice and Strong Institutions



Partnerships for the Goals



## Integrity that Inspires Trust

Rooted in transparency, accountability, and structured oversight, our governance framework ensures that strategic decisions are responsible, risks are mitigated, and value is created sustainably. By embedding ethics, compliance and ESG considerations into every level of decision-making, we foster confidence among employees, investors, regulators, and partners. Our governance systems are not merely controls; they are enablers of innovation and long-term organizational growth.

## Director's Message



Sustainability plays a vital role in fostering responsible governance within industries that impact global well-being. By integrating ethical practices and effective resource management, organizations can ensure long-term operational resilience while contributing positively to society and the environment.

Emphasizing responsible governance supports transparency, accountability, and the equitable management of resources, reinforcing the commitment to stakeholders and future generations.

Mr A.V. Narasa Reddy  
Executive Director

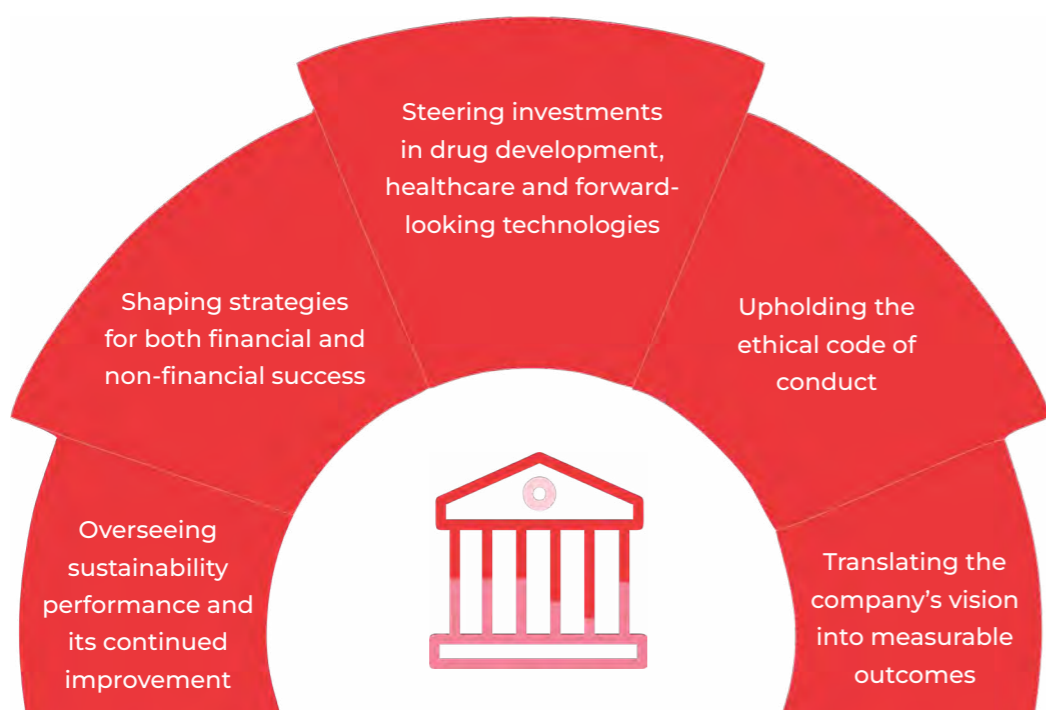
# Responsible Governance

Operating in the healthcare sector carries a responsibility that extends well beyond commercial interests. At Hetero, our governance practices are fundamentally linked to the outcomes for patients who depend on our products. This commitment shapes our decision-making processes, risk management strategies, and the integration of integrity throughout every step of our value chain. Upholding ethical conduct is both essential and non-negotiable in all interactions with our stakeholders. We foster open communication by ensuring transparent and consistent reporting on

our overall performance and sustainability efforts. This dedication cultivates a culture of trust and ensures compliance with regulatory standards.

Our approach centers on implementing practices grounded in a shared set of core principles. These principles guide us at every stage, from product development to end use, reinforcing our belief that a consistent, integrity-driven approach is key to earning lasting trust from stakeholders and ensuring ongoing success.

This commitment starts at the top. The Board of Directors, as the highest governing body, is responsible for a range of critical functions such as :



## Board Composition and Governance Structure

The Board of Directors at Hetero provides strategic direction, oversight and accountability, ensuring that our organisation operates in line with its vision and values.

Its structure is designed to balance independence with expertise, enabling effective decision-making across financial operational, environmental and social dimensions.

The Board comprises a mix of executive, non-executive and independent directors supported by specialized committees that focus on governance

priorities such as audit, risk management, remuneration and stakeholder engagement.

To ensure relevance and alignment with company goals, Board composition is reviewed periodically, and changes are made if necessary. During the reporting period, ~5 Board meetings were held. The average tenure served by the directors is ~9 years.

**6 independent directors and 3 women directors**



Details of our Board of Directors as on 31.03.2025 is as follows:

Director Name	HLL	HDL	HBL	Aspiro	Annora
Dr. B. Parthasaradhi Reddy	Director cum Chairman	Director	Director		
Dr. B. Vamsi Krishna	Managing Director	Director	Director	Director	
Smt. B. Kalavathi		Director			
Mr M. Srinivas Reddy	Director				
Mr J. Sambhi Reddy		Whole Time Director			
Mr A.V. Narasa Reddy	Whole Time Director	Director			
Dr. C. Mohana Reddy	Whole Time Director				
Dr. P. R. Bhaskar Reddy					Director
Dr. H. R. K. Mahesh				Director	Director
Dr. G. Palleswara Rao					Director
Mrs Krishnaveni Kura				Director	
Mr A. Sudhakar Reddy				Director	
Mr Bhavesh Pujara			Director		
Dr. K. Rathnakar Reddy	Director	Director			
Mr T. Chandra Sekhar			Director	Director	Director
Mr Sujesh Vasudevan	Director (Independent)				
Mrs G. Bhavani	Director (Independent)		Director		Director
Mr P. R. Sivaprasad				Director (Independent)	
Mr JAS Giri		Director (Independent)			
Justice A. Gopal Reddy (Retd.)		Director (Independent)			
Mr Narsimha Reddy				Director (Independent)	



## Board Responsibility and Oversight

The Board plays a central role in shaping the **organisation's purpose, values and mission by developing, approving and periodically updating strategies, policies and goals related to sustainable development.**

Senior executives are responsible for implementing these directions and ensuring alignment with the corporate vision, regulatory requirements and industry benchmarks. The Board also oversees the organisation's due diligence and related processes to identify and manage impacts on the economy, environment and people. This includes engaging with stakeholders through consultations, sustainability reports and more to support decision-making and reviewing how the outcomes of these

processes are integrated into strategic priorities. Furthermore, the Board is accountable for reviewing the effectiveness of these processes, with evaluations conducted periodically to ensure that risks and opportunities are effectively managed and that sustainability objectives remain on track.

The Board is also responsible for reviewing and approving the reported information, including the organisation's material topics. This process is conducted as part of various agenda items discussed during Committee or Board meetings. These discussions ensure the accuracy, completeness, and alignment of disclosures with regulatory requirements and stakeholder expectations.

## Appointment of Directors and Remuneration

The Nomination and Remuneration framework of the Board is designed to ensure a transparent and merit-based process for appointing directors and determining their compensation. The framework also aligns remuneration with the long-term objectives of the company, linking rewards to performance, accountability and the management of economic, environmental, and social impacts.

The nomination and selection processes for the Board of Directors are overseen by the Nomination and Remuneration Committee. Board members are appointed in accordance with the Companies Act, 2013. Potential candidates are identified and recommended through a rigorous, structured evaluation process, which is followed by approval from both the Board and the shareholders.

Selection criteria for the Board of Directors is guided by the company's values and vision. While technical expertise is essential, emphasis is also placed on values such as ethics, leadership and credibility in senior appointments.

Emphasis on diversity, independence and the right balance of skills and experience to strengthen governance and strategic oversight is paramount to us.

Independence of our directors is assessed in accordance with the requirements as specified by Companies Act 2013.

Remuneration for Directors and Key Managerial Personnel, governed by the Remuneration Policy, developed based on recommendations of the Statutory Committee. The policy framework covers fixed pay and variable pay components, along with provisions for sign-on bonuses, recruitment incentive payments, and termination payments. Mechanisms such as clawback clauses are included to safeguard against misconduct or non-compliance, while retirement benefits are provided in accordance with statutory requirements and, company policies.

The organisation ensures that the views of stakeholders, including shareholders, are taken into consideration while formulating and reviewing remuneration policies for Directors. This is achieved through General Meetings.

Independent Directors are entitled to receive remuneration in the form of commission and sitting fees, determined on the basis of the standalone net profits of the organisation. They are also reimbursed for expenses incurred in attending meetings of the Board and its Committees. Such

## Board Evaluations

Hetero has established processes to evaluate the performance of the highest governance body in overseeing the management of its impacts. These evaluations are conducted through annual performance evaluation of the Board, Committees and individual Directors, and which assess the effectiveness of governance practices, decision-making and alignment with sustainability goals.

## Board Expertise and Competencies

The Board of Directors brings together a diverse range of competencies essential for **steering our organisation in a highly regulated and innovation-driven environment.**

Collectively, the Board possesses deep expertise in regulatory compliance, manufacturing excellence and quality assurance, ensuring robust oversight of core business operations.

remuneration is in line with the provisions of the Companies Act, 2013 and has been duly reviewed and approved by the Board, within the limits sanctioned by the members of the organisation.

The remuneration structure is designed to link pay with both short-term performance and long-term value creation. Through this approach, the organisation reinforces its commitment to responsible leadership and sustainable growth.

The evaluations are independent, ensuring objectivity in the assessment process.

Based on the outcomes, specific actions are taken, including enhanced training, adjustments in Board composition, strengthening of committees). These measures ensure continuous improvement in governance effectiveness and reinforce accountability for managing sustainability impacts.

Members also bring strategic insights in areas such as global market expansion and supply chain resilience. In addition, strong competencies in strategy, corporate governance, finance, risk management, human resource management, science and technology, operations, sustainability and ESG and digital transformation equip the Board to anticipate industry shifts and guide long-term growth. This blend of technical knowledge, strategic vision, and ethical leadership enables the Board to drive innovation while upholding patient safety, regulatory integrity, and sustainable business practices.

## Board-level Committees

To strengthen governance and ensure effective oversight of critical functions, the Board has established various committees with clearly defined roles and responsibilities. Each committee is structured to provide focused guidance on specialized areas. These committees work closely with the Board to enhance transparency, accountability and decision-making, thereby supporting the company's long-term strategic objectives.

The board-level committees play a crucial role in governance and organisational oversight. These include the Audit Committee, the Administrative Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility Committee, dedicated to overseeing the company's social and environmental initiatives. Together, they support effective and transparent management.

The Audit Committee, Nomination and Remuneration Committee, and CSR Committee are chaired by independent directors, ensuring objectivity and oversight in decision-making. The Audit Committee is composed of majority of independent directors, while the CSR Committee and Nomination & Remuneration Committee are led by independent directors.

These committees' function under the terms of reference approved by the Board of Directors the meetings of the Committee are conducted at least once a year. The Company Secretary, in consultation with the Chairman of the Board and respective Committees, prepares the agenda for discussion and approval, enabling effective review, guidance, and monitoring of strategic priorities.

## Sustainability Governance

We ensure that ESG considerations are not peripheral obligations but integral to strategic planning, decision-making, and daily operations. This approach reflects our belief that long-term success is driven by responsible growth, ethical conduct, and meaningful engagement with all stakeholders. Sustainability at Hetero is driven by a structured governance framework comprising three key levels of oversight:



**Sustainability Committee:** Under the Board's oversight, the committee leads Hetero's sustainability policies and initiatives and holds accountability for supervising sustainability matters and also for sustainability disclosures. The Managing Director heads this committee and identifies and mitigates sustainability-related risks at a group and plant level



**Board of Directors:**  
The Board reviews and monitors the sustainability initiatives



**Environment, Health, Safety, and Sustainability Head:**  
The Head of Environment, Health, Safety, and Sustainability plays a pivotal role in driving and monitoring the company's performance against key sustainability indicators, with plant heads submitting regular data updates to ensure transparency and accountability. Department heads are charged with the effective execution of sustainability initiatives on the ground, overseeing daily progress to ensure consistent alignment with organizational goals. At the plant level, dedicated teams from HR & Administration, Engineering, Warehouse, Manufacturing, Learning & Development, Quality Assurance and Quality Control, and Environment, Health, and Safety collaborate to embed sustainability into every aspect of operations.



Industries today face complex challenges such as managing global supply chains and resource-intensive processes, requiring strong responsible governance. Embedding sustainable and ethical principles throughout operations enhances efficiency, reduces risks, and promotes fairness. Sustainable governance integrates environmental care, social responsibility, and transparency, reinforcing trust among stakeholders and supporting long-term value creation. By committing to these principles, organizations uphold their responsibility to their communities and society, driving resilience and positive impact.

**B. Murali Krishna Reddy**  
Director



## Conflict of Interest

The Board has established processes to ensure that conflicts of interest are identified, prevented and mitigated in line with the organisation's governance policies. These processes include annual declarations by directors, disclosure requirements under company law, periodic reviews by the Audit Committee). The organisation reports conflicts of interest to stakeholders through annual report, covering areas such as existence of controlling shareholders, and related

party relationships, transactions, and outstanding balances). These disclosures enhance transparency and reinforce stakeholder trust in the governance framework. The company also has defined protocols for reporting and disclosing conflicts of interest for employees. Each employee is encouraged to first discuss concerns with their supervisor. If unresolved, the HR, legal, or compliance teams may step in to mediate and resolve the issue.

## Regulatory Compliance

The company places the highest importance on compliance with regional, national and international regulations. A strong framework of internal controls and standard operating procedures ensures strict adherence to all applicable laws, minimizing the risk of violations. Our commitment to discipline and transparency is further reinforced by alignment with leading global standards and frameworks.

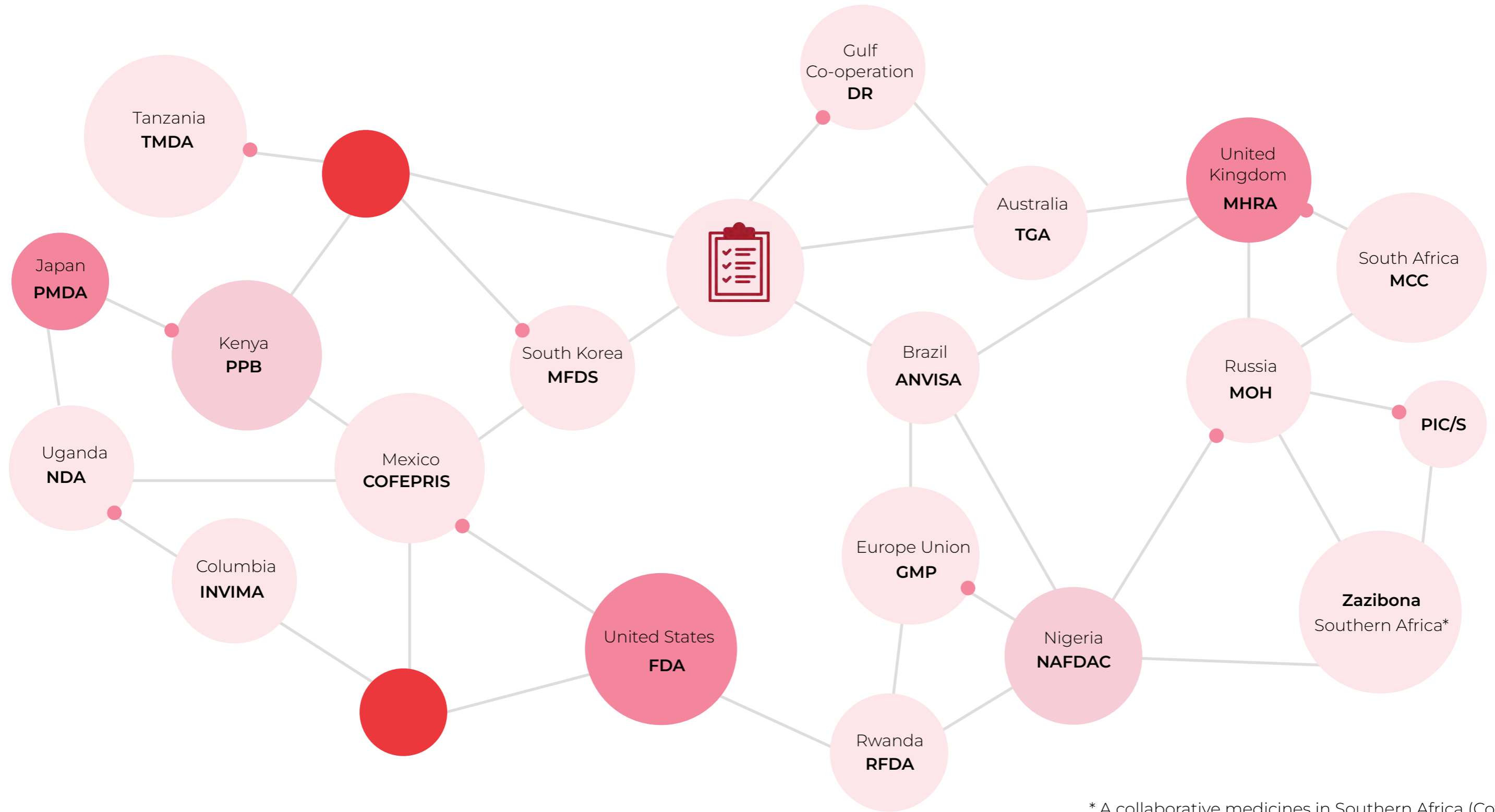
**The compliance framework is underpinned by three core mechanisms:**

- ▶ Well-defined internal controls and SOPs that guide day-to-day operations
- ▶ Regular training and awareness sessions to strengthen compliance culture across the workforce
- ▶ Continuous monitoring, review and enhancement of practices to address emerging regulatory requirements

During the reporting year, the company incurred zero significant fines or penalties from regulatory authorities.



The List of Regulatory requirement we comply with include:



\* A collaborative medicines in Southern Africa (Covers Malawi, Zimbabwe, Zambia, Botswana, Namibia)



## Policy Framework

The organisation has established clear policy commitments for responsible business conduct that guide its operations and relationships with stakeholders. These commitments reference global standards and stipulate the conduct of due diligence across business activities. They also emphasize the application of the precautionary principle in managing environmental and social risks and explicitly require respect for human rights across all operations.

The policy commitments were approved by the Board of Directors/ Managing Director,/ other senior management officials which represents the most senior level of governance, and they apply across all business units, joint ventures, and extended supply chain partners.

To ensure effective implementation, these commitments are communicated to workers, business partners, and other relevant parties through induction programs, training programs, supplier codes of conduct, employee handbooks, and periodic stakeholder-specific communications. These measures ensure that the organisation's commitments are not only adopted internally but also cascaded across its value chain.

Our policies provide a clear governance framework that **strengthens accountability, encourages transparency across operations and ensures that ethical standards are consistently upheld.**

### Governance Policies:

- ▶ Anti-bribery and Corruption Policy
- ▶ Whistleblower Policy
- ▶ Grievance Redressal Policy
- ▶ Policy On Internal Audit
- ▶ Policy Against Remuneration
- ▶ Policy on Sensitive Transactions
- ▶ Policy On Committee and Team
- ▶ Policy On Disciplinary Actions
- ▶ Policy On Communication
- ▶ Anti Money Laundering Policy
- ▶ Nomination and Remuneration Policy
- ▶ Corporate Social Responsibility Policy
- ▶ Risk Management Policy

### Environment Policies:

- ▶ Health, Safety and Environmental Policy
- ▶ Biodiversity Policy
- ▶ Energy Management Policy
- ▶ Policy on Sustainable Procurement Practices

### Social Policies

- ▶ Policy On Human Rights
- ▶ Policy Against Child Labour and Young Workers
- ▶ Policy Against Forced or Compulsory Labour
- ▶ Policy Against Discrimination
- ▶ Policy Against Harassment / Abuse
- ▶ Corporate Social Responsibility (CSR) Policy
- ▶ Policy On Customer Safety
- ▶ Employee Conflict of Interest Policy
- ▶ Policy On Freedom of Association and Collective Bargaining
- ▶ Policy on Information Security
- ▶ Policy On Training
- ▶ Policy On Employee Resignation and Discharge
- ▶ Policy Against Working Hours and Over Time
- ▶ Policy on Expectant Mothers



# Business Ethics

## Anti-Corruption and Anti-Bribery

Corruption poses a serious risk to economic development, public trust and the efficient delivery of healthcare services. As a responsible manufacturer and API leader, Hetero considers its anti-corruption commitment central to business sustainability. A culture of integrity and ethical conduct is embedded across all functions not just to meet compliance obligations but as a fundamental value system.

Hetero maintains a robust suite of anti-corruption policies, which are reviewed and updated regularly. Oversight is jointly managed by the Audit Committee of the Board and the Compliance

There were zero reported instances of corruption or bribery at Hetero Group during FY 2024-25

function, in collaboration with individual business units. Regular corruption risk assessments are carried out across operations to identify vulnerabilities, and audits of internal control procedures are conducted to ensure effective monitoring and continual improvement. We are also a signatory to the United Nations Global Compact, aligning with its ten principles, including those on anti-corruption.



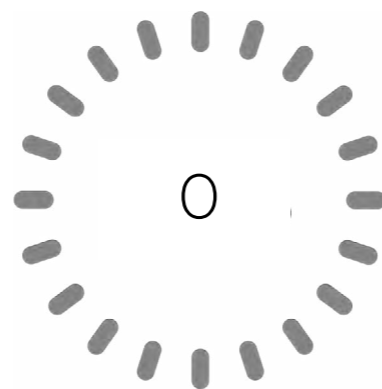
### Ethics and transparency snapshot

#### Key Indicators

- Number of business ethics violations reported through whistleblower procedure
- Number of confirmed corruption incidents reported
- Number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- Number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- Public legal cases regarding corruption brought against the organisation or its employees during the reporting period
- Legal actions related to anti-corruption, anti-trust, or monopolistic practices

Percentage of all sites with an ethics certification (such as 100% of sites certified ISO 27001)

#### Numerical Percentage



100%

## Employee Training and Awareness

To reinforce the company's zero-tolerance stance, annual training sessions are held to raise awareness of ethical conduct and anti-corruption protocols. These sessions, which cover business ethics as well as corruption and bribery prevention, form an integral part of the organisation's Code of Conduct. Training is delivered both during induction for new employees and through regular refresher programs, ensuring that the workforce remains informed and vigilant. Additionally, we have established clear procedures for employees regarding sensitive transactions, including the permission-seeking and escalation processes for reporting such matters. These initiatives are supported by a robust compliance framework that monitors adherence at all levels of the organisation.



### Training and development highlights



## Supply Chain Alignment

Hetero extends its anti-corruption expectations to suppliers through a dedicated Supplier Code of Conduct, which includes explicit clauses on ethics and integrity. Business relationships are maintained only with partners who share the same commitment to anti-corruption standards. Emphasizing this from the sourcing stage helps promote transparency across the value chain. To strengthen prevention measures, an anti-corruption due diligence program has been established for evaluating third parties, suppliers and business partners before engagement.

## Whistleblower Mechanism

The Whistleblower Policy clearly provides all stakeholders with a secure channel and mechanism to report actual or suspected violations or incidents of corruption or bribery. Reports can be submitted directly to the Board of Directors or the Chairman of the Audit Committee and are handled with confidentiality and urgency.

## Anti-competitive and Anti-Trust

We uphold competition and antitrust laws to ensure a fair and transparent marketplace. All employees are required to comply with these principles, avoiding any form of anti-competitive, unethical or corrupt practices. Our Code of Conduct reinforces our commitment to fair competition and expressly prohibits violations. Any suspected breaches can be reported to through the established reporting mechanisms.

## Data Privacy and Information Security

Data privacy holds strategic importance at Hetero, extending beyond regulatory compliance to influencing brand reputation and financial outcomes. The nature of our industry involves handling large volumes of sensitive information, such as patient records, clinical research outcomes, intellectual property and internal operational data. We have ensured to set up strong governance in this area to contribute towards building stakeholder trust and uphold regulatory alignment.

**Data security is embedded across all operational stages and is aligned with ISO 27001 standards.**

Measures are designed to ensure transparency, accountability, and robust protection of information.

- Transparent data collection and storage practices, with user access protocols allowing individuals to view or update their information independently.
- Due diligence program to assess third parties for information security compliance prior to engagement.
- Regular risk assessments to identify potential vulnerabilities, supported by periodic audits of internal controls to validate compliance and strengthen safeguards.
- An active feedback system to ensure openness and responsiveness in data handling practices.
- Whistleblower mechanism is available for stakeholders to confidentially report information security concerns.

Cybersecurity and privacy matters are overseen by a dedicated information technology team. Preventing unauthorized access and breaches is a key objective, supported by routine training that strengthens employee knowledge of data security protocols. An Incident Response Plan (IRP) is in place to manage and mitigate breaches of confidential information swiftly and effectively.

Records retention schedules are implemented to ensure data is stored and disposed of in line with legal and regulatory requirements. Dedicated measures have been adopted to protect third-party data from unauthorized access or disclosure, while explicit stakeholder consent is obtained regarding the processing, sharing, and retention of confidential information, thereby ensuring transparency and trust.

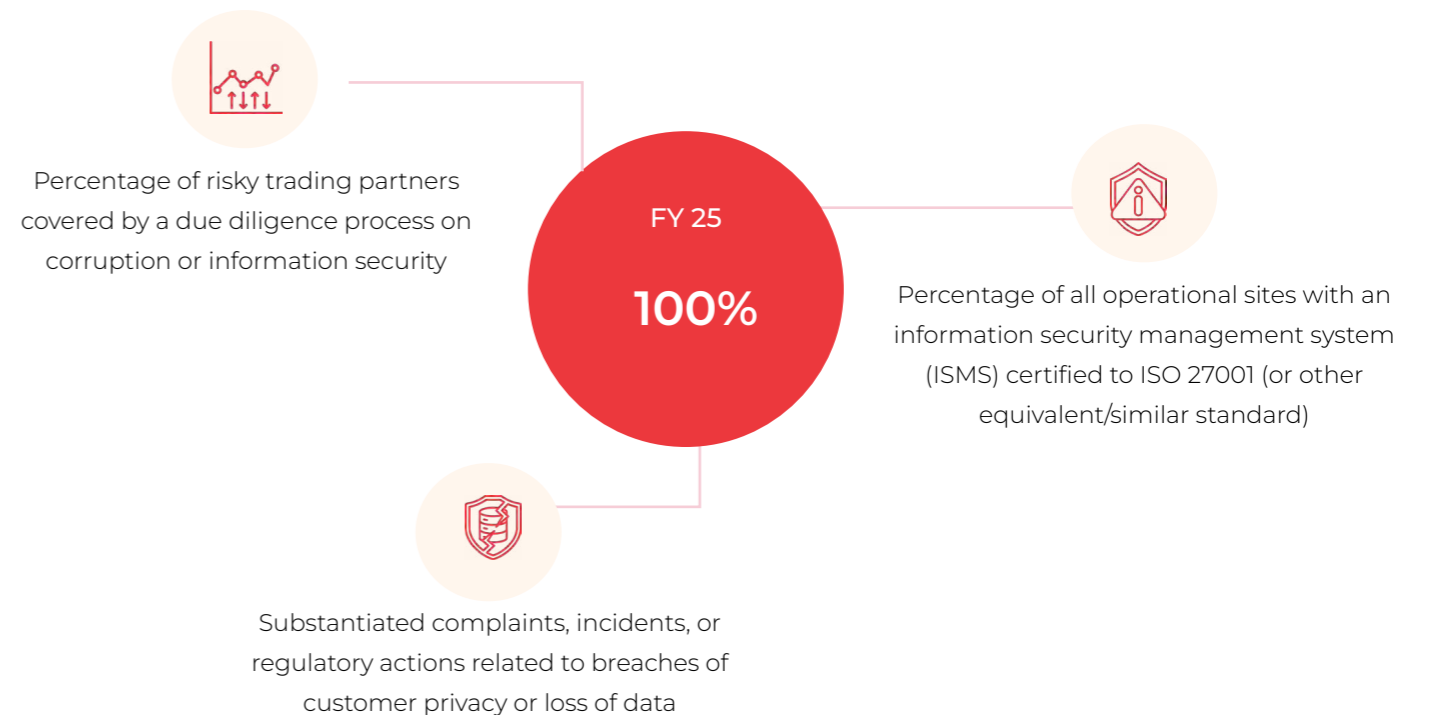
## Internal and External Training

Awareness training for internal stakeholders on information security is conducted regularly to prevent breaches and strengthen employee understanding of confidentiality, data handling and cyber risks. Awareness initiatives for external stakeholders also form part of the broader privacy framework.

**Zero data breaches or confirmed incidents of information security compromises reported during FY 25**

### Information Security in focus

#### Key performance indicators



Hetero places strong emphasis on **protecting the privacy and confidentiality of customer data.**

Our systems and processes are designed to ensure that personal and sensitive information is collected, stored and processed in compliance with applicable data protection laws and internal policies. Employees handling such information are trained on privacy protocols and ethical responsibilities, while technical safeguards are in place to prevent unauthorised access or misuse of data.

## Grievance Redressal for stakeholders

At Hetero, grievance redressal is treated as a core element of the company's governance structure. The Grievance Redressal Committee, comprising six members from both senior management and employee groups, is responsible for addressing employee complaints fairly and promptly. The committee's chairperson is rotated annually to ensure balanced representation.

The Board ensures open communication with stakeholders. Critical concerns are communicated to the Board through, structured reporting mechanisms, whistleblower channels). These mechanisms ensure that material issues related to compliance, ethics, operational risks, environmental and social impacts and stakeholder grievances are escalated in a timely manner for review and action. The organisation also encourages stakeholders, including employees, workers, suppliers and community members, to raise concerns about

the organisation's business conduct through our grievance mechanism. We have a well-structured grievance redressal policy in place which outlines the process for handling employee concerns while maintaining confidentiality.

During the reporting period, a total of zero are reported critical concerns were reported. Each concern was assessed, addressed and monitored to ensure effective resolution and to strengthen organisational resilience.

We ensure active involvement of stakeholders in the review and improvement of our grievance mechanism through grievance committee meeting

This participatory approach ensures that the mechanisms remain accessible, relevant, and trusted by those they are intended to serve.

## Risk Management

At Hetero, a strong risk management culture is integral to operations. Adhering to multiple global quality standards necessitates a proactive and systematic approach to risk identification and mitigation. Our comprehensive risk management framework enables timely and effective responses to emerging risks, with an emphasis on prevention.

In addition to regulatory, reputational, financial, and operational risks, we place high importance on identifying and managing ESG-related risks, recognising that these can significantly disrupt supply chains and impact long-term business resilience.

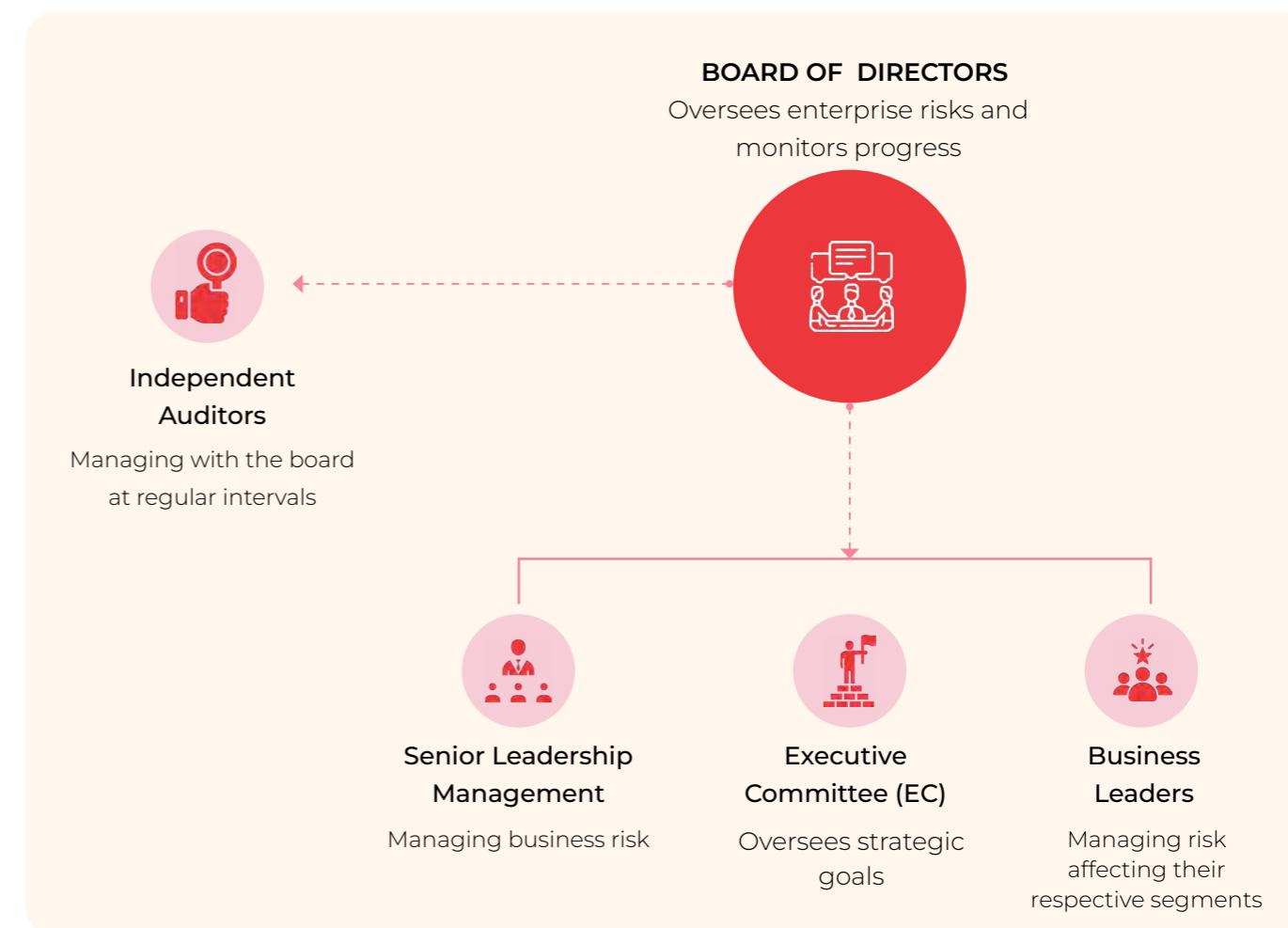
A dedicated Enterprise Risk Management (ERM) function oversees the risk management process, adopting a cross-functional approach that engages the sales, operations, manufacturing, and supply

chain teams. The ERM function also evaluates how identified risks affect both internal and external stakeholders.

### Our multi-stage risk management framework includes:

- ▶ Identification, assessment, mitigation, and ongoing monitoring of risks
- ▶ Development of criteria for risk classification and prioritisation
- ▶ Evaluation of the likelihood and impact of various risks
- ▶ Active involvement of functional heads in risk mapping and strategic response

This integrated and forward-looking approach supports informed decision-making and strengthens our ability to sustain performance in a dynamic operating environment.



To safeguard continuity, comprehensive Business Continuity Plans (BCP) and Emergency Preparedness and Response Plans (EPRP) are firmly in place. Reinforcing our efforts, the organisation has adopted globally recognized standards, including

ISO 45001 for Occupational Safety, ISO 14001 for Environmental Management, and ISO 50001 for Energy Management, demonstrating its commitment to excellence and responsible operations.

### Internal Audits:

We have a dedicated internal audit team which helps us enhance and protect organisational value by providing risk-based objective assurance, advice and insight. The internal audit team prepares annual audit plans based on risk assessment and conducts extensive reviews covering financial, operational and compliance controls. Areas requiring specialised knowledge are reviewed in partnership with external experts or by recruiting resources with specialised skills.

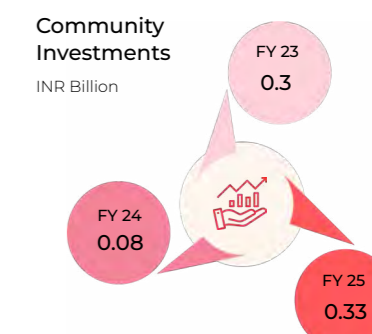
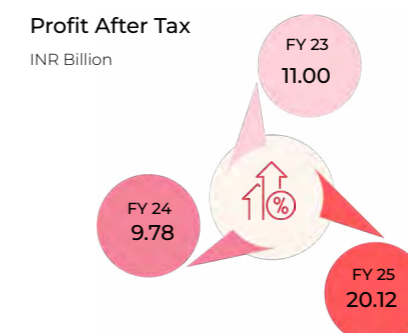
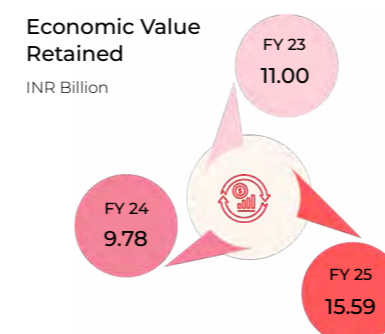
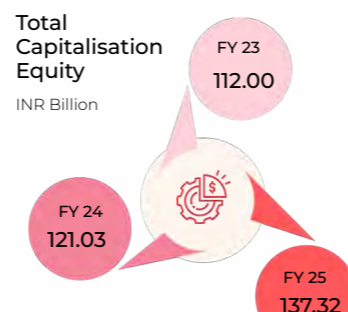
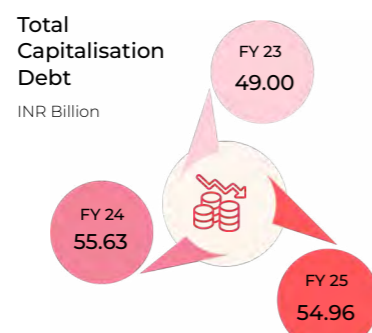
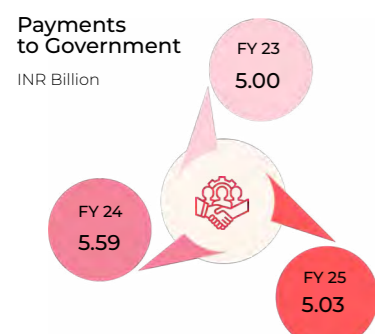
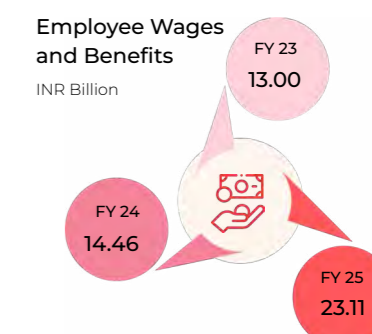
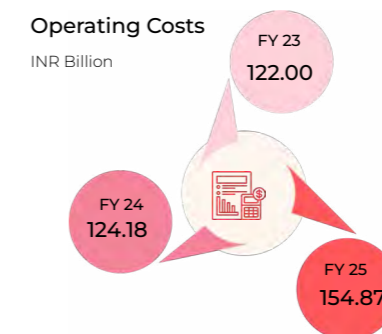
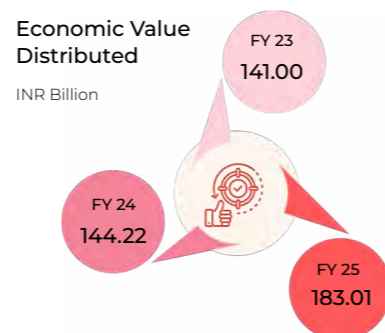
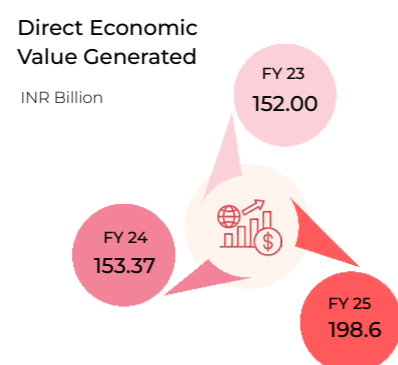
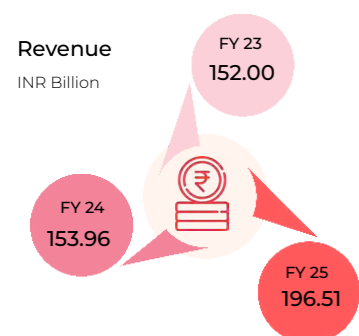
# Economic Value Creation

## Direct Economic Value Generated

We at Hetero aim at maintaining a balance between making medicines **affordable and accessible, and contributing meaningfully to societal and environmental development.**

In parallel, integrating principles of responsible production and consumption is essential to sustaining relevance in evolving markets. We understand that strategic financial decisions, backed by discipline and responsiveness, support continuity and stability in this pursuit.

All financial reporting is carried out in line with Indian Accounting Standards and as mandated by the Companies Act, 2013. Financial statements are prepared, audited, and disclosed according to regulatory requirements. The finance function oversees the monitoring and management of financial performance and coordinates with cross-functional teams to set and track financial targets. Quarterly updates are shared with the Audit Committee and the Board of Directors to review performance.



## Indirect Economic Contributions

At Hetero, economic resilience is understood to be directly linked to the adoption of responsible business practices. Strengthening environmental and social performance across our value chain is increasingly seen integral to long-term financial stability. This includes generating employment, supporting local enterprises, investing in community growth, and following responsible sourcing practices that share economic value fairly.

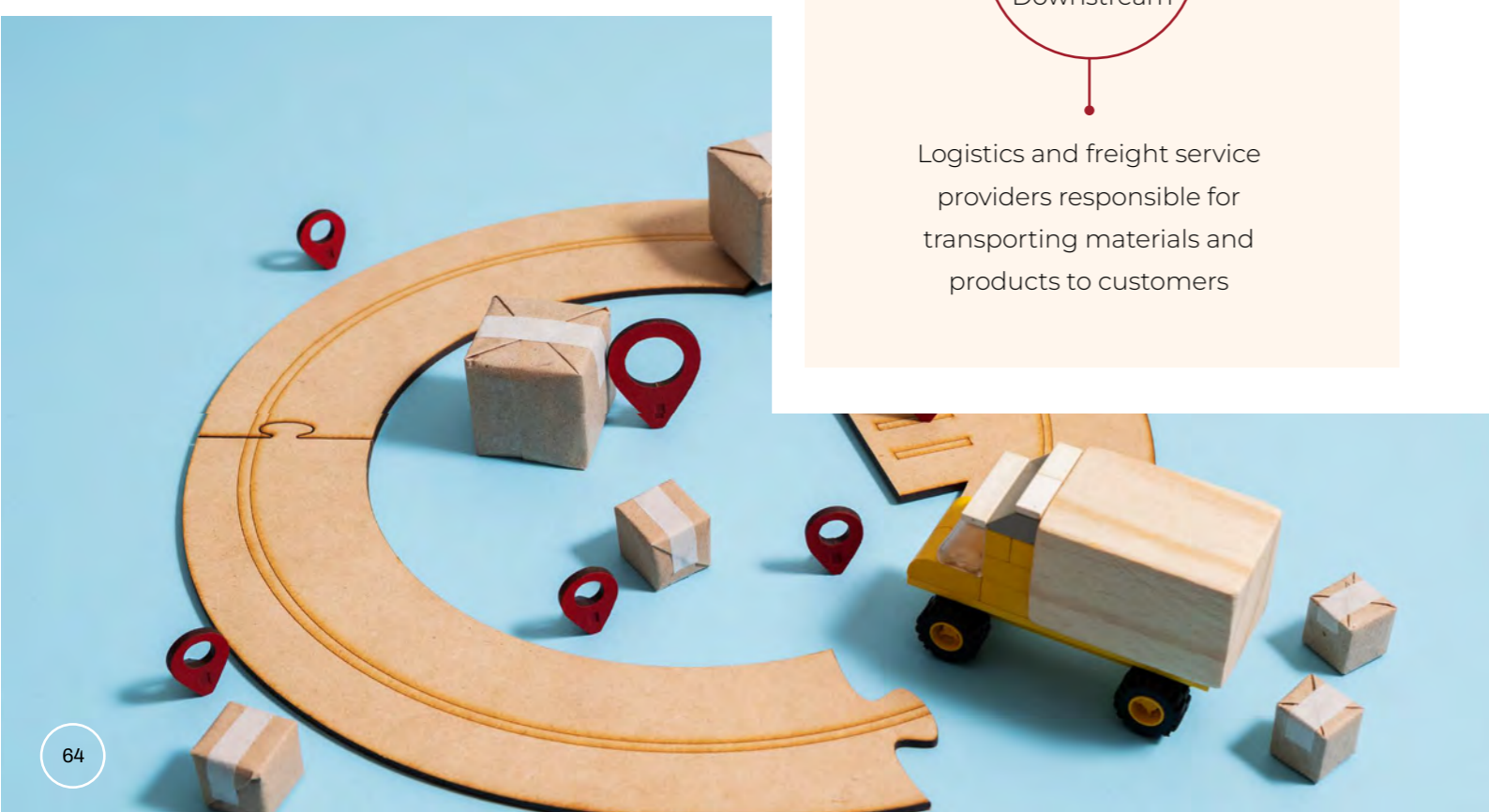
In addition to generating direct financial value, our contributions extend to local infrastructure development, skills training, and support for small and green businesses. We also prioritise environmental considerations, focusing on waste reduction, resource efficiency, and emission reduction. Furthermore, fair trade practices are embedded within our supplier relationships to promote equitable value distribution across all business partnerships.

# Supply Chain and Responsible Procurement

Hetero's supplier base comprises over 6,000 vendors globally. A diversified procurement network allows access to a wide pool of raw materials and inputs. Sustainable procurement and supply chain management form a critical part of the organisation's responsibility towards ethical and resilient business practices.

Our approach goes beyond **cost** and **efficiency** to include **environmental, social, and governance considerations** in sourcing decisions.

By embedding sustainability criteria into vendor selection, monitoring and capacity-building processes, we ensure that suppliers align with Hetero supply chain sustainability program and our values on human rights, labour practices, environmental stewardship, and fair business conduct. This commitment not only reduces risks but also promotes long-term partnerships that contribute to inclusive growth.



Sustainable Procurement	FY 23	FY 24	FY 25
Local Suppliers (Only Active )	5747	5137	6012
Global Supplier	563	519	582
Total Suppliers	6310	5656	6594
% Local vendors	91.08%	90.82%	91.17%
% Global vendors	8.92%	9.18%	8.83%
Monetary value of spent on local suppliers	79%	81%	81%
Monetary value of spent on global suppliers	21%	19%	19%

## Sustainable Procurement at Hetero

**Hetero's procurement practices are closely aligned with ISO 20400:2017,**

the international standard for sustainable procurement. This ensures that every stage of the procurement process, from sourcing active ingredients and packaging materials to onboarding service providers, considers environmental, social, and economic impacts.

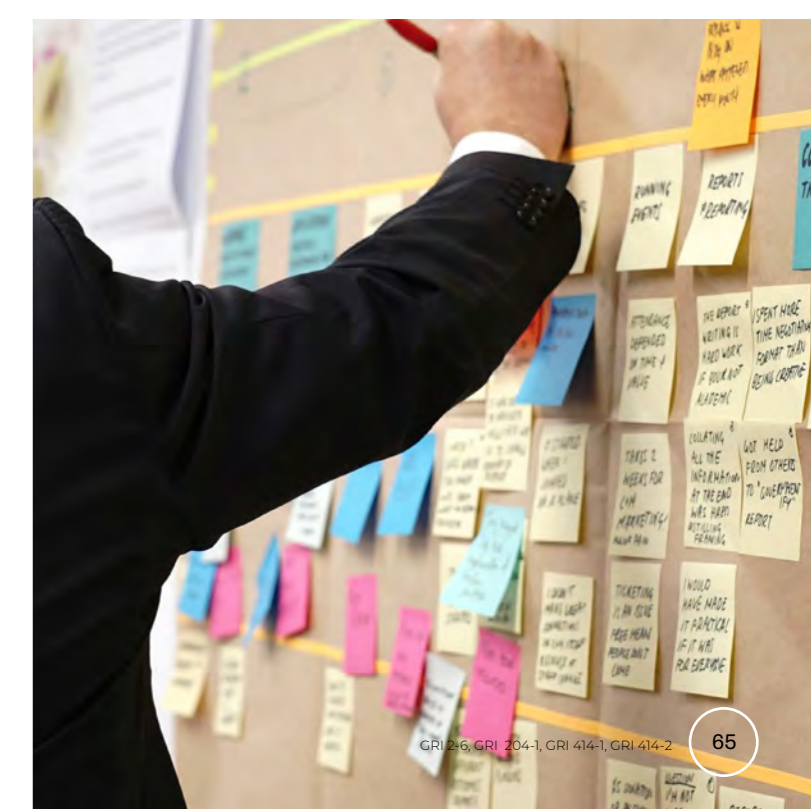
All our suppliers are required to comply with environmental, social, and governance (ESG) criteria, as laid out in the supplier code of conduct. These guidelines address legal compliance, ethical business conduct, safety protocols and environmental standards.

Our Sustainable Procurement Policy integrates with broader ESG objectives to promote responsible sourcing, reduce environmental footprints, and generate long-term value for both the organization and stakeholders.

The procurement function is structured into two verticals:

- ▶ Raw Materials (RM) procurement
- ▶ Engineering and Services procurement for the API and Formulations divisions

This dual structure supports focused expertise, operational efficiency, and alignment with strategic sourcing priorities. Both the RM and Engineering heads report directly to top management.



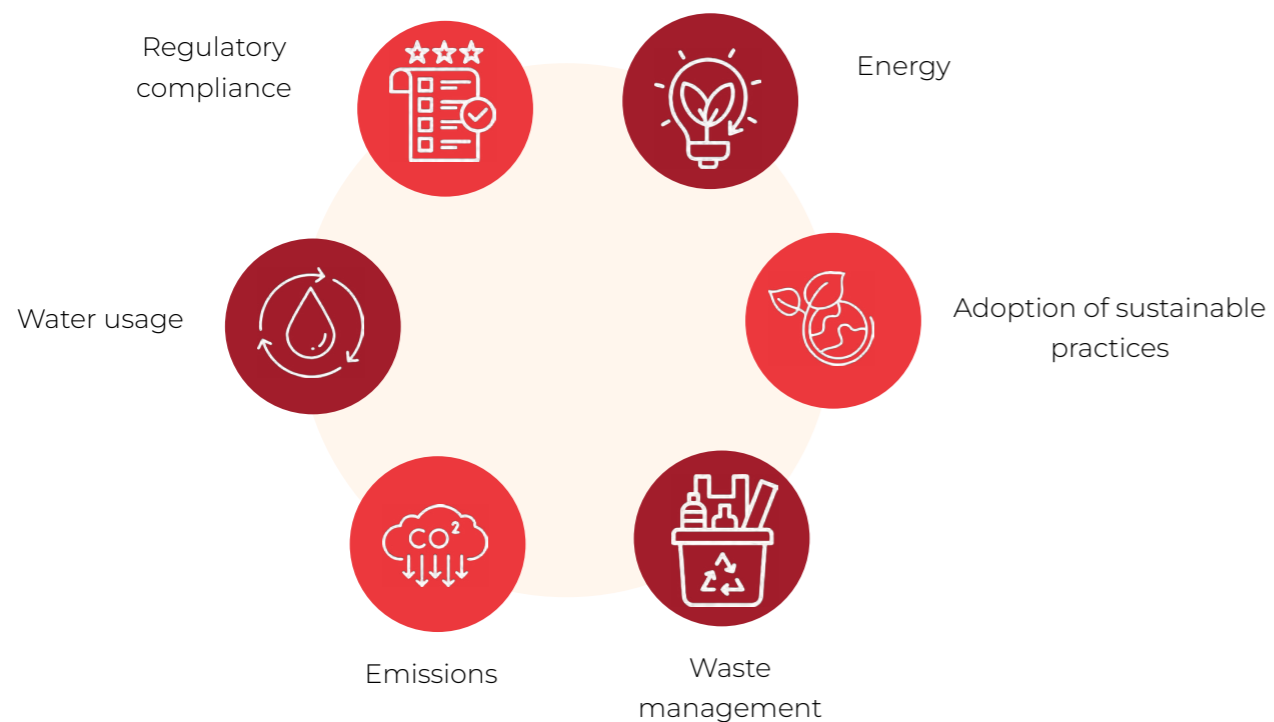
## Supplier Screening

The organisation integrates sustainability into its procurement framework through regular supplier assessments that evaluate environmental and social practices across the value chain. All suppliers are evaluated based on ESG-related parameters, including health and safety practices. Assessments are conducted both on-site and remotely. Digital assessment tools have been introduced to enhance efficiency and accuracy in supplier reviews.

**Hetero integrates social responsibility into supply chain management by evaluating all new suppliers against defined social criteria.**



**Supplier assessment also considers Environmental parameters such as:**



These assessments ensure that vendors align with the company's expectations on ethical, responsible, and sustainable operations. Engagements with suppliers and logistics partners are held regularly to ensure clarity and alignment with expectations. To strengthen this approach, buyers are trained on key social and environmental issues within the supply chain, enabling them to make informed sourcing decisions and actively contribute to responsible procurement.

**During FY 2024–25, critical suppliers were assessed to strengthen accountability and alignment with Hetero's values.**



## Capacity Building

The organization actively engages in capacity-building programs for its suppliers, aiming to enhance awareness and management of risks related to adverse sustainability impacts. These initiatives help suppliers integrate responsible practices into their operations and align with the company's sustainability standards, fostering a culture of accountability and continuous improvement across the supply chain.

### Internal Procurement Training



The organisation actively works with suppliers to strengthen their ability to identify, manage, and mitigate sustainability-related risks across social, environmental, and governance dimensions. These programs are designed not only to raise awareness but also to equip suppliers with practical tools, frameworks, and best practices to integrate responsible operations into their day-to-day business.

### Supplier Development Programs



By engaging suppliers in ongoing learning and development, Hetero fosters long-term partnerships built on accountability, transparency, and shared commitment to ESG goals. This approach helps suppliers enhance operational performance, meet regulatory and corporate standards, and contribute positively to the broader sustainability objectives of the organisation.





# Environmental Stewardship



Clean Water and Sanitation



Affordable and Clean Energy



Responsible Consumption and Production



Climate Action



Life on Land



## Sustaining Nature, Driving Innovation

Our environmental commitment integrates sustainability into operations and products, aiming to reduce impact while creating lasting value. By focusing on resource efficiency, circular practices, emission reduction and biodiversity protection, we align business growth with ecological responsibility. Systematic monitoring, risk management and continuous improvement guide our approach, ensuring that environmental care is embedded in our strategy and daily operations.

## Director's Message



Environmental stewardship remains a cornerstone of our commitment to responsible operations. By minimizing emissions, waste, and resource consumption across all stages of production, we strive to maintain safe, efficient, and high-quality processes that align with our core values.

Dr. C. Mohana Reddy  
Director

# Environmental Dimension

At Hetero, environmental stewardship is considered a core responsibility and an integral part of business sustainability. Pharmaceutical manufacturing requires substantial energy, water and raw materials, while also generating waste and emissions that must be carefully managed. Recognizing these challenges, we have embedded sustainability principles into our operations to reduce impacts, conserve resources and build long-term resilience.

In FY 25, our priorities included advancing energy efficiency, expanding the share of renewable energy, strengthening water stewardship and ensuring the safe treatment and reduction of hazardous waste. We also continued to lower greenhouse gas emissions through operational improvements and investments in cleaner technologies, consistent with national priorities on climate action.

Hetero emphasizes capacity building and systematic oversight to strengthen environmental performance across all operations. Employees receive regular training on specific environmental topics, enabling them to recognize, prevent and manage potential impacts effectively. Operational sites are assessed periodically to identify environmental risks, allowing for timely mitigation measures and continuous improvement. Key facilities maintain recognized environmental certifications, including ISO 14001, and ISO 50001, demonstrating adherence to internationally accepted standards and reinforcing our commitment to responsible operations.

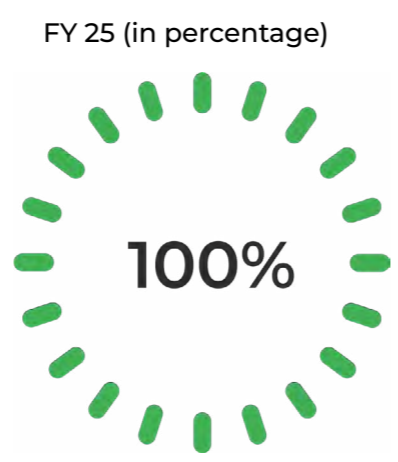
## Sustainability Risk & Performance Indicators

### Key performance indicators

Percentage of employees trained on specific environmental issues

Percentage of operational sites assessed on specific environmental risks

Percentage of operational sites with an environmental certification, such as **ISO 14001, ISO 50001**



Our approach is structured and data-driven, ensuring continuous progress across all facilities. By embedding environmental responsibility into day-to-day decision-making, Hetero seeks to safeguard ecosystems, support communities and pursue responsible growth.

# Energy Stewardship

Energy remains one of the most material environmental inputs in pharmaceutical manufacturing because production relies on controlled environments, uninterrupted utilities and high-performance process infrastructure. In FY25, our energy approach focused on improving the efficiency of key utility systems, reducing avoidable electrical and thermal losses, and steadily strengthening the role of cleaner energy sources within the overall mix. This enabled us to support business continuity while advancing our energy stewardship priorities.

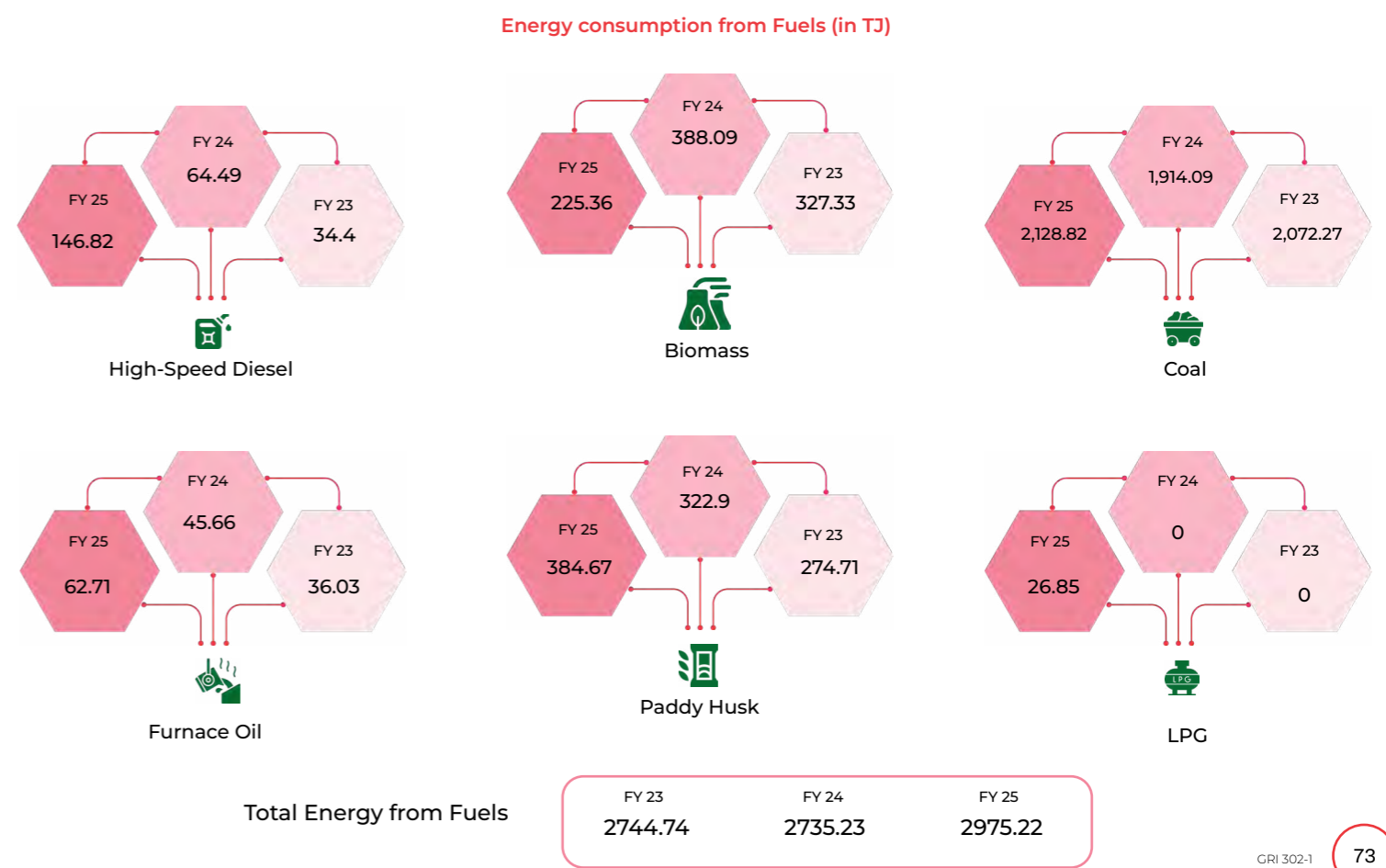
In FY25, our energy profile included High-Speed Diesel, Furnace Oil, Biomass, Paddy Husk, Coal, LPG, purchased steam, grid electricity, wind energy and other renewable power sources.

Total energy consumption for the year stood at 4796.85 TJ, of which 3837.49 TJ was from non-renewable sources and 959.35 TJ from renewable sources. Energy intensity for the year was 0.024 TJ per million rupees of turnover.

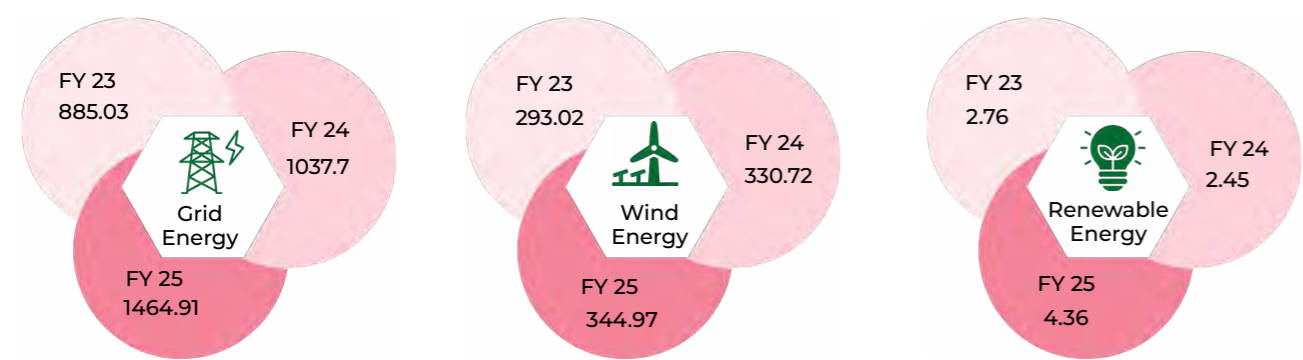
Year-on-year movement in FY25 energy consumption and intensity reflects the level of production during the year and the reporting boundary covered in this report.

Energy use beyond direct operations, including logistics, outsourced services and wider supply chain activities, also contributes to our overall footprint. During FY25, we initiated a more structured approach to identifying and mapping these indirect energy-related impacts so that value-chain energy performance can be progressively assessed over time.

**Our sites are certified with ISO 14001**



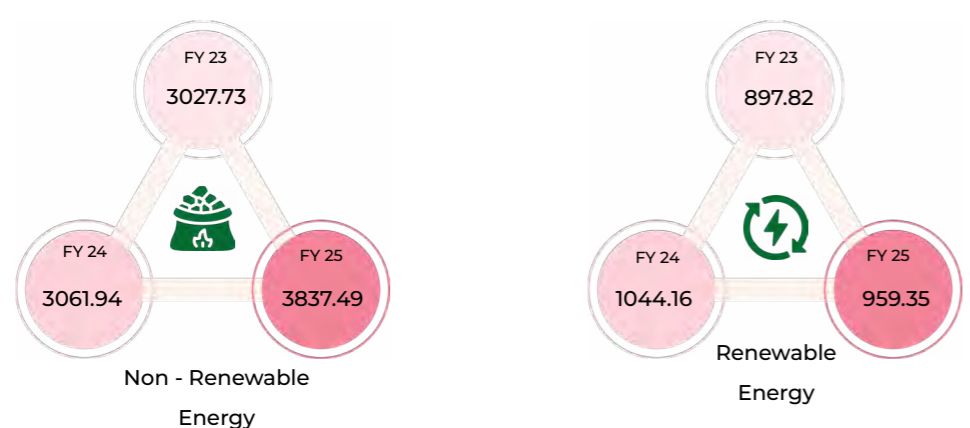
### Energy consumption from Electricity (in TJ)



### Total Energy from Electricity (in TJ)

FY 23	FY 24	FY 25
1180.81	1370.87	1814.24

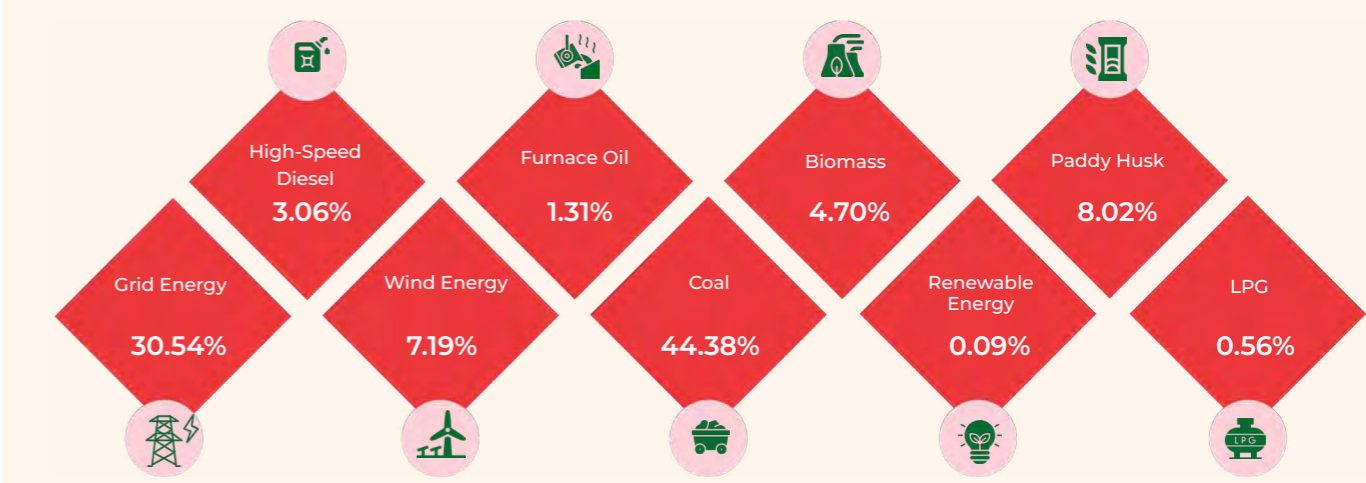
### Energy consumption - (TJ)



### Total Energy Consumption: (TJ)

FY 23	FY 24	FY 25
3925.55	4106.10	4796.85

### Energy Mix



The energy mix clearly reflects a strong commitment to sustainability, with renewable fuels accounting 20.50% and 19.25% for renewable electricity of total fuels and electricity consumed respectively. This significant integration of renewables demonstrates proactive efforts to reduce reliance on fossil fuels, lower greenhouse gas emissions, and promote cleaner, more sustainable energy solutions. Such a balanced approach not only supports environmental goals but also encourages the development of diverse, resilient energy resources for the future. We have also procured steam 6.13 TJ in FY 25.

### Energy Intensity (TJ/ INR million)

Category	FY 23	FY 24	FY 25
Energy Intensity	0.026	0.027	0.024

\*The reporting boundary has increased from the previous reporting year, to Hetero and subsidiaries.

Energy consumption also occurs outside direct operations, including transportation, outsourced services and supply chain activities, which add to our environmental footprint. While detailed measurements across the value chain is not yet fully established, in FY 25 we initiated efforts to map these indirect impacts and develop systems for structured data collection. Engagement with suppliers, logistics partners and external stakeholders is being strengthened to promote responsible practices and the wider adoption of cleaner energy sources.

**All our sites are certified with ISO 50001 for energy management**

## Building Awareness and Accountability Energy Conservation Initiatives

**1. Utility System Optimization**  
Improved plant efficiency by replacing hot well and cold well valves. b. Installed a variable-speed oil-injected screw air compressor in place of multiple conventional compressors to optimize compressed air generation.

**2. Process and Equipment Reliability**  
Strengthened dry-running protection in process pumps to reduce damage risk and improve operational efficiency. b. Replaced capacitors to improve power factor and reduce avoidable electrical losses.

**3. Efficient Cooling and Comfort Systems**  
Installed 5-star split air conditioners in place of older units in identified locations to improve energy performance in occupied spaces.

**4. Lighting Efficiency and Smart Controls**  
Installed LED vessel lamp fittings with timers in place of older fittings. b. Retrofitted clean-room lighting with lower-energy LED systems in place of CFL lamps. c. Replaced metal halide lamps with LED fittings in identified areas to reduce connected load and improve lighting efficiency.

**5. Removal of Obsolete Infrastructure**  
a. Decommissioned unused electrical panels and cables.  
b. Dismantled idle piping across the plant, at utility bridges and block areas.  
c. Removed of idle HDPE piping.

**6. Adoption of Alternative Fuels**  
Replaced coal with rice husk across most manufacturing sites to lower carbon intensity

**7. Energy Recovery and Reuse**  
a. Achieved 100% flash steam recovery through the installation of a flash jet pump and by arresting live steam losses.  
b. Recovered heat from air compressors to preheat water supplied to boilers.  
c. Collected and utilized rainwater for boilers and evaporative condensers at service blocks.  
d. Engaged external experts for high-pressure jet cleaning of evaporative condensers to enhance heat exchange efficiency.

**8. Deployment of Energy-Efficient Equipment**  
a. Installed temperature controllers for cooling tower fans.  
b. Introduced VFD technology for micronizer to reduce energy use.  
c. Installed high-performance e-glass epoxy FRP fans in cooling towers.  
d. Deployed SOPT at the hot water system to eliminate steam trap bypass.  
e. Installed automatic level controllers at steam condensate tanks.  
f. Provided BLDC fans in the new HR hall and canteen.

# Case Study

## Optimizing Utility Systems for Electrical Efficiency



### Our Objective

To reduce electricity consumption in utility-intensive systems by improving the efficiency of chilling and compressed air operations, while strengthening equipment reliability and reducing avoidable energy losses.



### Our Initiative and Impact

During FY25, focused improvements were made in key utility systems at HDL-IX. In the chilling plant, malfunctioning hot well and cold well valves were replaced with new valves to improve plant efficiency and operating stability. In the compressed air system, a variable-speed oil-injected screw air compressor was installed in place of multiple conventional compressors, helping align power draw more closely with operational demand. Together, these measures supported better utility performance and contributed to lower electrical energy consumption across the facility.



### Outcome

The initiative reduced avoidable electrical losses in critical utility systems and demonstrated how targeted upgrades in core infrastructure can improve operational efficiency. The approach also provides a practical model for replication in other areas where chilled water and compressed air systems represent major energy loads.



# Case Study

## Transition to Rice Husk as a Sustainable Fuel Source

2



### Our Objective

We sought to reduce our reliance on coal and adopt a more sustainable, carbon-neutral alternative for steam generation in its manufacturing operations. The initiative aimed to minimize greenhouse gas emissions, lower sulfur and pollutant release, and promote the use of renewable energy sources, while also ensuring cost efficiency and resource availability.



### Our Initiative and Impact

Trial runs using rice husk as a substitute fuel proved successful, demonstrating both technical feasibility and environmental benefits. The adoption of rice husk resulted in a measurable reduction of air pollutants, alongside improved dust control and ash handling systems to ensure compliance with environmental standards. The transition also helped optimize fuel costs and reduce maintenance requirements.



### Outcome

The successful use of rice husk as an alternative fuel has reduced reliance on coal while cutting emissions and operating costs. The initiative demonstrates the feasibility of adopting renewable biomass as a cleaner and more cost effective energy source within manufacturing operations.



# CO<sub>2</sub> Emission Management

Reducing greenhouse gas emissions remains an important part of our environmental strategy because emissions from pharmaceutical manufacturing are closely linked to fuel combustion, purchased electricity and supporting utility infrastructure. In FY25, our approach combined operational efficiency measures, greater use of cleaner energy sources where feasible, and stronger internal awareness on climate-related action. These efforts were supported by continued alignment with the GHG Protocol and by strengthening the systems required for more structured emissions monitoring over time.

Scope 1 emissions in FY25 were 3,12,435 tCO<sub>2</sub>e and Scope 2 emissions were 2,95,020 tCO<sub>2</sub>e, resulting in total Scope 1 and Scope 2 emissions of 6,07,455 tCO<sub>2</sub>e. Emissions intensity for the year stood at 3.09 tCO<sub>2</sub>e per million INR revenue, while biogenic emissions amounted to 72425 tCO<sub>2</sub>e.

Year-on-year movement in FY25 emissions and intensity reflects production levels during the year and the reporting boundary covered in this report. We also continued to strengthen our wider climate programme through employee awareness, participation by EHS and sustainability teams in climate-related capacity-building initiatives, and targeted efforts to build a more structured understanding of value-chain emissions categories.

Air emissions management during FY25 remained focused on preventive maintenance, transition towards cleaner fuels where feasible, and use of pollution control systems to comply with regulatory requirements.

This year marked a significant step in our sustainability journey as we expanded our scope 3 emissions accounting to encompass 13 categories. The total scope 3 emissions were recorded at 12,53,550 tCO<sub>2</sub>e.

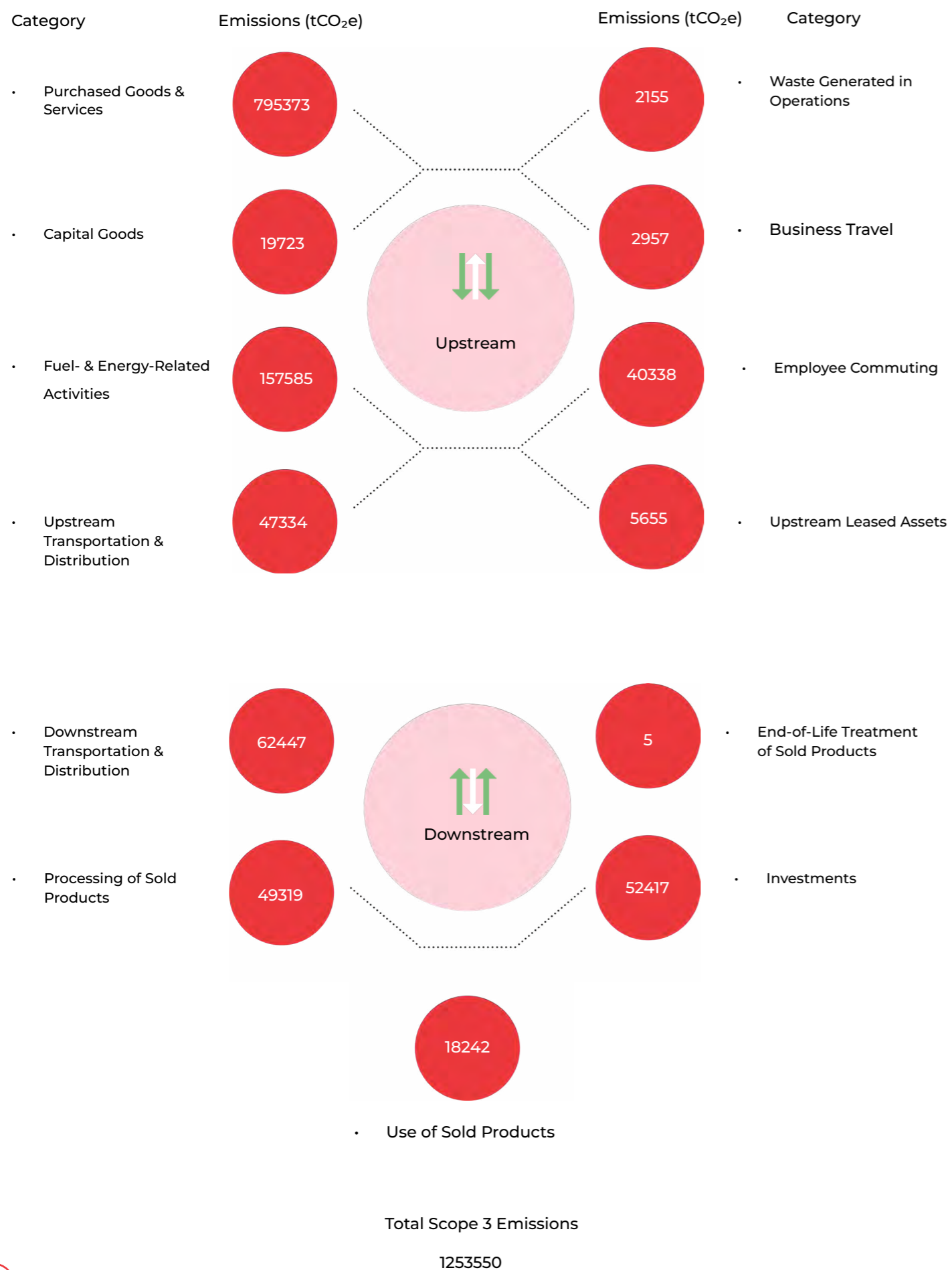
### Snapshot of Scope 1 and Scope 2 emissions over three years

#### GHG emission \*



\*The reporting boundary has increased from the previous reporting year, to Hetero and subsidiaries.

### GHG emissions - Scope 3 overview

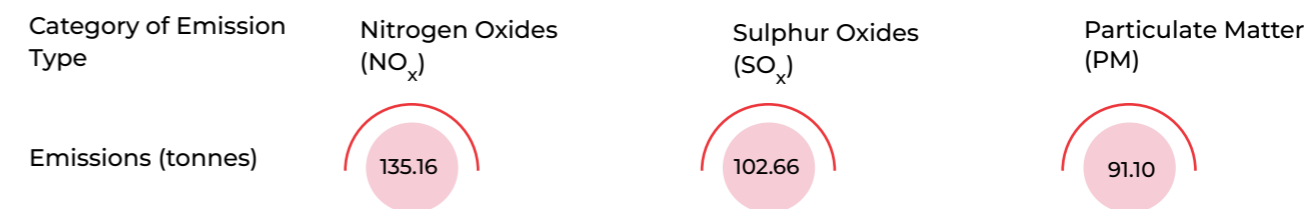


We recognize our responsibility to minimize ozone-depleting substance emissions. While the use of Ozone-Depleting Substances (ODS) in our operations is minimal, some equipment, such as refrigeration and air-conditioning systems, may contain regulated substances. R22 has an ODP equivalent to 98.97 MT of CFC-11e. Phased replacement with eco-friendlier alternatives and monitoring and compliance with statutory requirements are integral to our approach. We continue to strengthen monitoring practices and remain committed to eliminating the use of high ozone-depleting potential materials in future operations.

Air emissions are managed as a priority due to their environmental and regulatory significance. Major emissions include nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>2</sub>), and particulate matter. Key measures include:

- ▶ Regular preventive maintenance of critical equipment to minimize emissions.
- ▶ Transition towards cleaner and low-emission fuels.
- ▶ Deployment of advanced air pollution control technologies to ensure compliance and safeguard air quality.

#### Emission metrics at a glance



Hetero also addresses broader air quality concerns through:

- ▶ Advanced filtration and emission control systems
- ▶ Regular monitoring of VOCs, SO<sub>2</sub>, NO<sub>x</sub>, heavy metals, and particulate matter
- ▶ Structured compliance assessments
- ▶ Boundary monitoring, noise control systems and biofilters for managing noise and odor.



# Water Stewardship

Water is a critical input across pharmaceutical manufacturing, including production, cleaning, sterilization and utility operations. In FY25, our water stewardship approach focused on balancing operational needs with responsible resource management through improved monitoring, conservation measures, treatment controls and site-level assessment of water-related risk.

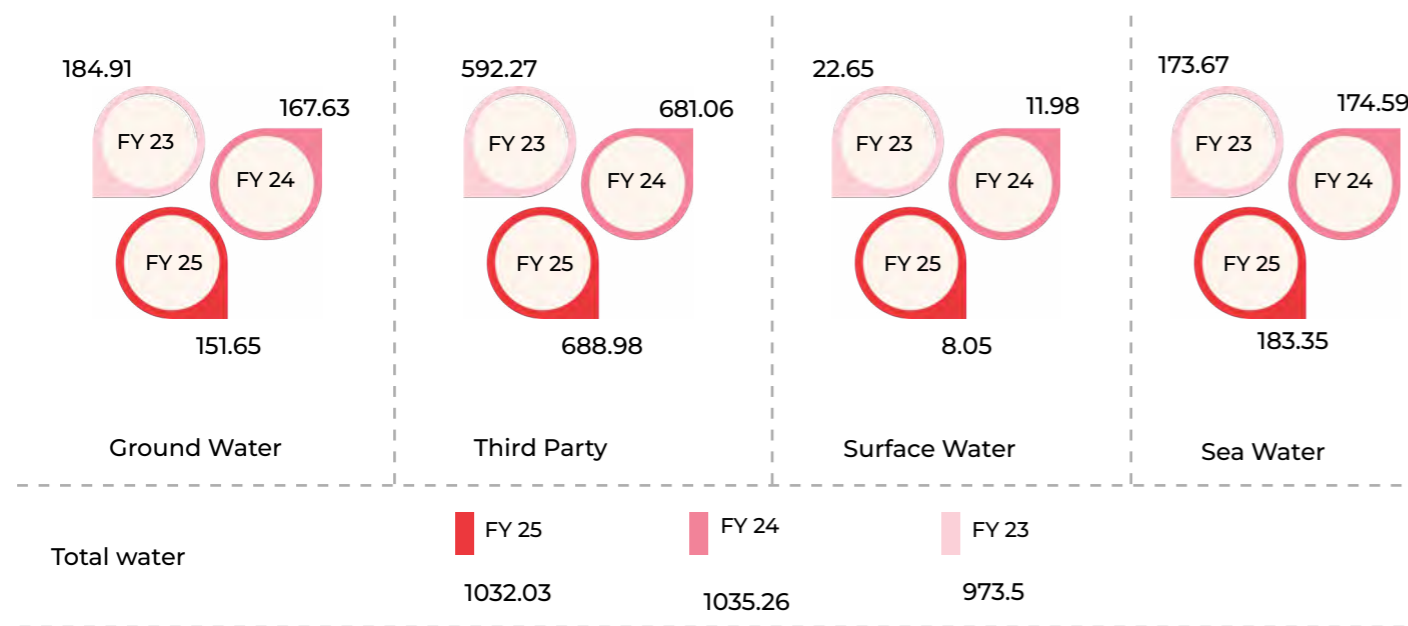
Total water withdrawal for FY25 amounted to 1032.03 million litres and is reported by source in the accompanying chart using Million Litres as the reporting unit. This includes groundwater of 151.65 million litres, third-party water of 688.98 million litres, surface water of 8.05 million litres and seawater of 183.35 million litres.

Year-on-year movement in FY25 water withdrawal reflects operational demand, production levels during the year and the reporting boundary covered in this report.

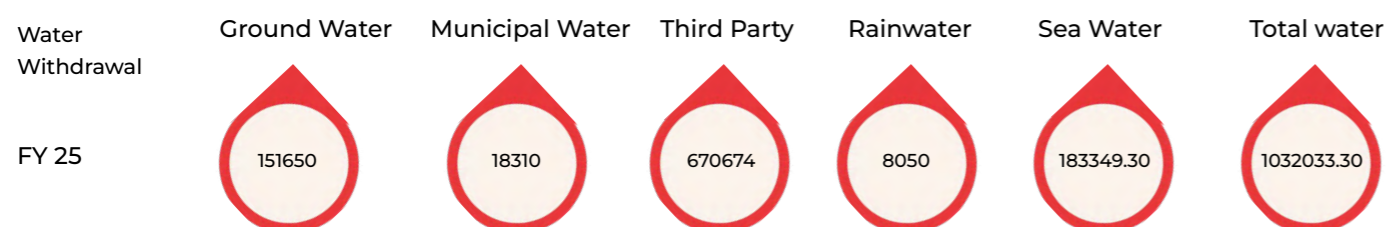
While water demand in FY25 was influenced by operational requirements, our focus remained on improving efficiency and reducing dependence on freshwater sources wherever feasible. We consume the highest amount from third-party sources, followed by seawater, groundwater and municipal water.

To enhance our water stewardship we are shifting towards the use of desalinated seawater for production

## Water withdrawal by Source (in million liters)



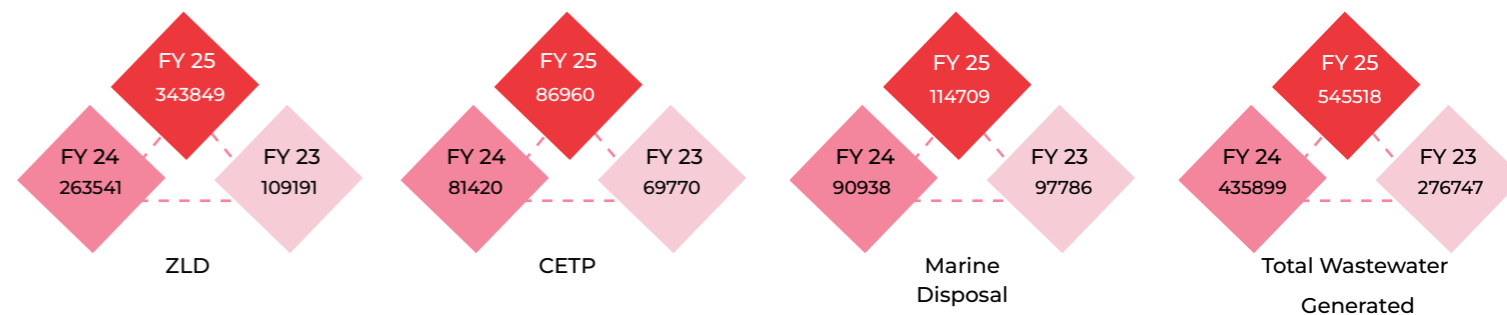
## Water Consumption by Source (in KL)



# Wastewater Management

Wastewater management remained a key priority in FY25 given the importance of effective treatment, reuse and compliant disposal in pharmaceutical manufacturing. All operating sites are equipped with effluent treatment systems, and treated water is subjected to appropriate quality checks before reuse or final routing.

## Waste Water Generation and Disposal (in KL)



During FY25, 63.03% of treated wastewater was managed through Zero Liquid Discharge systems, 15.94% was routed to Common Effluent Treatment Plants and the remaining 21.02% was discharged into marine environments in compliance with applicable regulatory standards. Treated water continued to support non-potable reuse applications such as utilities, landscaping and other process-support needs, contributing to freshwater conservation.



We are dedicated to advancing sustainability through innovation, adopting greener technologies, and improving waste management. These efforts help us address environmental challenges, meet regulatory expectations, and build trust with the communities we serve.

**Dr. P. R. Bhaskar Reddy**  
Director

# Waste Management

Waste management remains a material environmental priority because pharmaceutical operations generate complex waste streams that require disciplined segregation, handling and treatment. In FY25, Hetero continued to manage hazardous and non-hazardous waste through a structured approach based on compliance, traceability and the principles of reduce, reuse and recycle. Hazardous waste was segregated and routed only through authorized treatment, storage and disposal channels, while non-hazardous waste was recycled or reused wherever feasible. Biomedical waste and electronic waste continued to be tracked separately to strengthen accountability and reporting discipline. In FY25 Zero Waste to Landfill certification was received for two sites, Annora and Jeedimetla unit 3

amounted to 18812.19 MT, while non-hazardous waste amounted to 10961.63 MT. Of the hazardous waste generated, 3811.43 MT was routed to landfill, 628.15 MT to incineration and 14372.60 MT to other approved disposal or recovery operations. 100% of non-hazardous waste goes to recycling reflecting continued efforts to strengthen circular waste management practices.

Biomedical waste generated during the year amounted to 71.89 metric tonnes and e-waste amounted to 2.07 metric tonnes. The waste generated intensity reduced to 0.15 MT/INR Million that is 15.82% reduction. The movement in waste generation during FY25 reflects the scale and nature of operational activity during the year rather than a carry-forward of prior-year trends.

100% of unused/expired medicines collected for waste treatment.

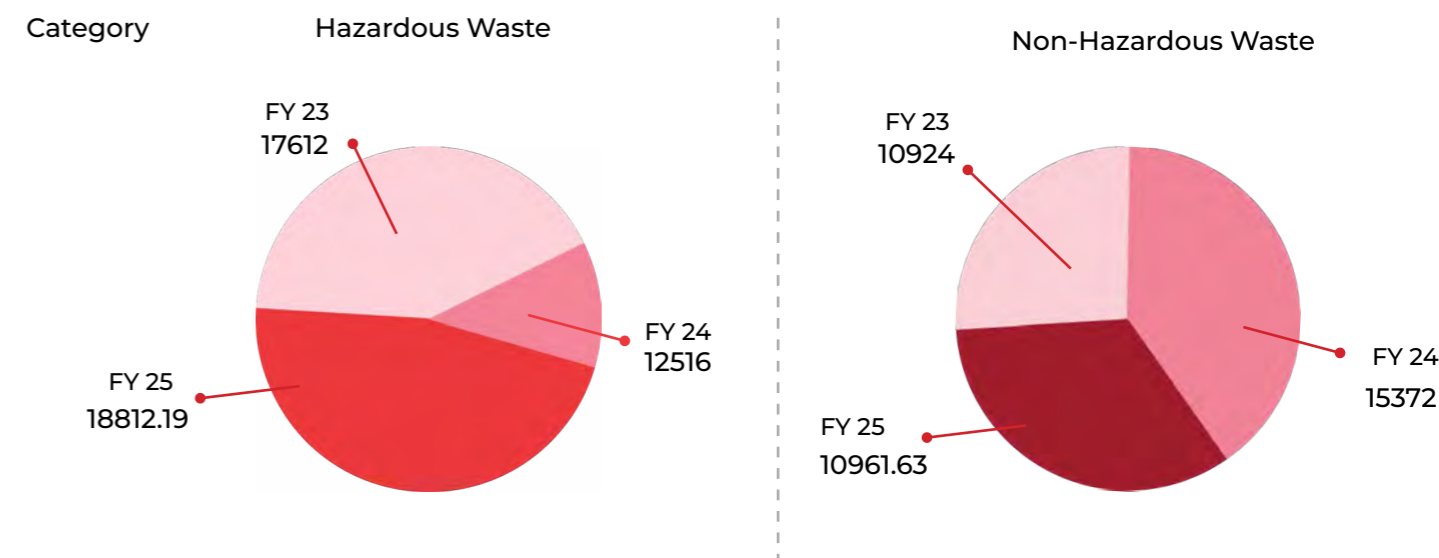
Hazardous waste generated during FY25



**Mr Bhavesh Shah**  
Director

Recognizing the vital connection between environmental health and societal well-being, we prioritize ethical resource use and supply chain management. This approach ensures we can continue delivering essential products responsibly, without compromising the ecosystems and communities that depend on us.

## Waste Generated by Category (MT)



Category	Recycling	Incineration	Cement Plant / Co-processing	Landfill	Total
FY 23	18	53	11337	6258	17666
FY 24	2	845	8249	3420	12516
FY 25	5.67	628.15	14366.93	3811.43	18812.18

**Hazardous Waste Disposal (in MT)**

Hetero Laboratories Ltd Unit III EOU: Formulation Division - achieved compliance with the criteria for Zero Waste to Landfill – Platinum diversion rate for Hazardous Waste and Non -Hazardous Waste .

Annora Pharma Pvt Ltd , (Subsidiary under Hetero Group) (Formulation Unit) - achieved compliance with the criteria for Zero Waste to Landfill – Platinum diversion rate for Hazardous Waste and Non -Hazardous Waste .

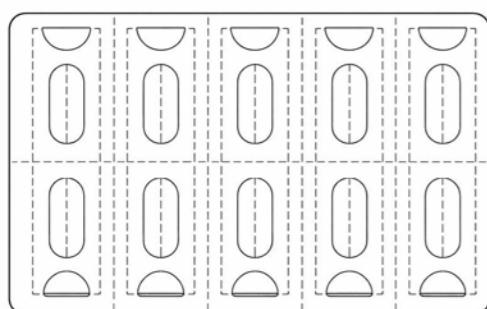
Both the sites went through third party audit by TUV India Private Limited.

# Case Study

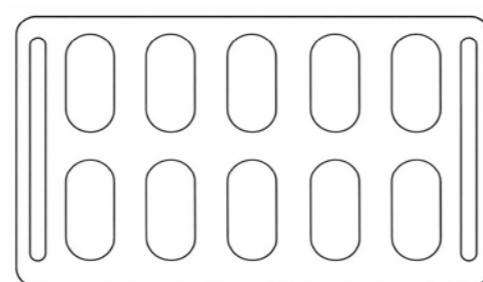
## Sustainable Packaging



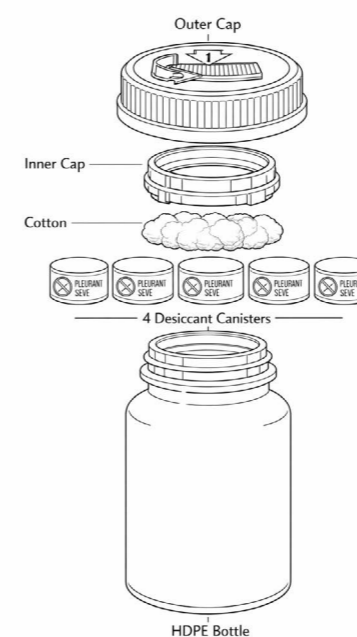
Previous packaging



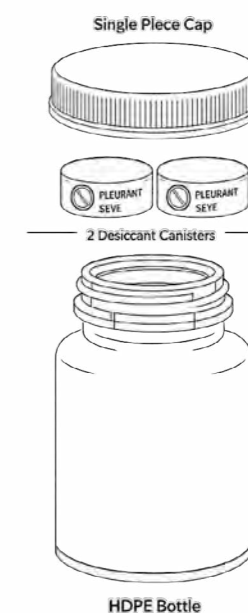
New packaging



Previous packaging



New packaging



### Sustainable packaging

Sustainable packaging is critically important in the pharmaceutical industry due to the dual necessity of ensuring product safety and promoting environmental responsibility. Pharmaceutical packaging must maintain the integrity, quality, and efficacy of sensitive products, all while minimizing environmental impact.

As regulatory requirements become increasingly stringent and healthcare providers demand more eco-friendly solutions, adopting sustainable packaging has become essential. Moreover, sustainable packaging supports waste reduction and aligns with circular economy principles in an industry traditionally reliant on significant single-use materials. This balance between safety and sustainability is vital for advancing environmental goals without compromising public health.

For Hetero, sustainable packaging holds particular significance as the company strives to reduce its environmental footprint across its supply chain. By optimizing packaging design and selecting more efficient materials, Hetero has successfully decreased the use of forming films, foils, and printed materials, resulting in less material consumption and waste generation. The company has also eliminated purified cotton from its packaging, opting instead for more sustainable alternatives that maintain product protection while reducing environmental impact. These efforts demonstrate Hetero's commitment to integrate sustainability deeply into its pharmaceutical packaging practices.

Through its sustainable packaging initiative, Hetero achieved a 64.23% reduction in blister size, significantly saving on forming film, foil, and printed materials. The initiative also saved 1,505 kg of forming foil and 515 kg of printed aluminum foil used in capsules. Furthermore, canister usage per bottle was reduced by 50%, and purified cotton was completely eliminated, saving 747 kg. The redesign of the silica gel canister led to a reduction of 1.48 tons of plastic. Overall, these efforts have resulted in substantial material savings and contributed to a more environmentally friendly packaging approach.

# Case Study

## Green chemistry

At Hetero, our objective is to integrate green chemistry principles into our research, development, and manufacturing processes. We aim to minimize environmental impact, enhance product and process safety, and contribute to sustainable development by reducing hazardous substances, improving energy efficiency, and utilizing renewable materials.

At Hetero, our leadership recognizes the vital role of Research & Development (R&D) in advancing green chemistry. Senior management actively supports integrating sustainable practices from the earliest stages of R&D, focusing on innovation in safer, eco-friendly processes and materials. While formal governance structures are still developing, there is a clear top-down commitment to prioritizing green chemistry. We are exploring incentive and recognition programs for R&D and operational teams that drive resource efficiency and reduce environmental impact. Collaboration between R&D, sustainability, and operations ensures green chemistry principles are embedded early in product development, with plans to strengthen accountability and performance metrics as these initiatives evolve.

Hetero is focused on investing in greener synthesis methods, optimizing processes, and improving resource efficiency. We are exploring the use of renewable feedstocks and biodegradable materials to minimize our environmental impact. Our operations emphasize waste reduction through thoughtful process design and lower energy consumption throughout product development and manufacturing. We are also conducting detailed data collection and analysis to accurately measure these operational enhancements. The efforts made by Hetero are evident, as demonstrated in case studies highlighting our commitment to green chemistry.

## Novel chemistry developed to have an environmentally benign process

The initial development of compound 1 involved a chlorination with phosphorus oxychloride (POCl<sub>3</sub>) and Triethylamine at higher temperature to synthesize compound 1. This method presented several challenges including tedious quenching, isolation, and purification procedures. The reaction cycle was higher, and the process generated hazardous by-products. Additionally, the yields were lower during scale-up.

An improved process was developed that eliminated the use of hazardous reagents and minimized the formation of by-products. The new method simplified the isolation step to a straightforward two-stage filtration, significantly reducing the complexity of work-up and purification. The by-products generated in this improved process were methanol and dimethyl amine, both of which are less hazardous compared to those in the initial method.

Moreover, the improved process shortened the overall reaction time, removing the need for any purification steps and resulting in higher yields. This not only increased the efficiency and safety of the synthesis but also made it more suitable for large-scale production. Overall, the new method offers significant advantages over the initial chlorination approach for the synthesis of compound 1.



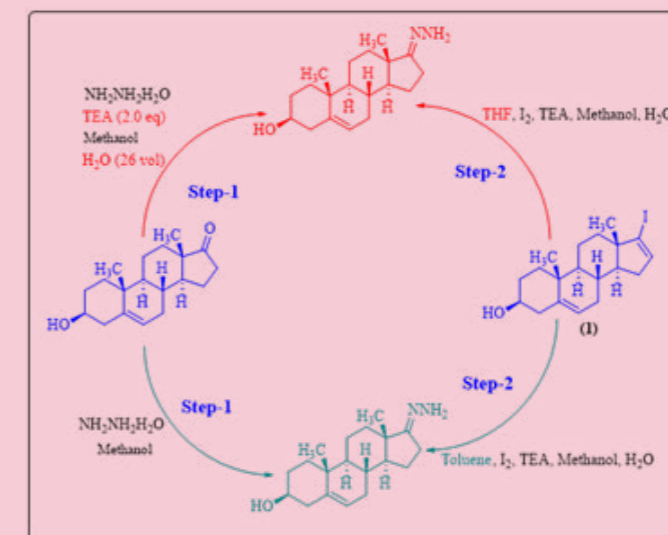
## Solvent Reduction and Green Solvent Change in Synthesis

The existing synthesis process involved Step 1 using triethylamine and a large volume of methanol as the solvent, followed by an extensive water workup. This approach led to higher operational costs, increased consumption of materials, and elevated environmental risks.

In the improved process, triethylamine base was eliminated, and methanol solvent usage was reduced from 5 volumes to 3 volumes. Furthermore, the use of approximately 26 volumes of water in the workup has been eliminated, resulting in a substantial reduction in effluent treatment load and associated expenses.

In Step 2, the hazardous solvent tetrahydrofuran (THF) was substituted with toluene. This change not only enhanced process safety but also improved both the yield and the quality of the product.

Collectively, the modifications made in Step 1 and Step 2 of Comp 1 preparation reduced solvent usage, increased yield from 60% to 90%, and significantly lowered environmental impact. These improvements also decreased production costs and enhanced environmental safety, demonstrating an effective green chemistry approach without compromising product quality.



## Extended Producer Responsibility

Hetero is committed to responsible plastic waste management and compliance with India's evolving regulatory framework on packaging waste. In line with the Plastic Waste Management Rules, 2016, as amended, and the Extended Producer Responsibility Guidelines for Plastic Packaging, the Company is registered as an Importer on the CPCB Centralised EPR Portal.

During FY25, Hetero fulfilled 100% of its Extended Producer Responsibility obligations for plastic packaging.

## Biodiversity

Biodiversity is essential to maintaining healthy ecosystems and supporting the natural resources that sustain our operations and communities. We recognize our responsibility to protect and enhance the habitats where we operate by minimizing ecological impacts, conserving natural resources and promoting sustainable land use.

Hetero integrates greenbelt development and tree plantation drives within and around its facilities.

We comply with all environmental regulations on land use and biodiversity protection, supported by a formal biodiversity policy that guides conservation initiatives. None of our operational sites are located in or near protected areas or areas of high biodiversity value, and no activities have been identified as posing significant risks in such locations.

Beyond compliance, we promote biodiversity conservation through continuous environmental awareness and local community engagement. By integrating plantation activities with water conservation and waste management efforts, the company seeks to create long-term ecological benefits that extend beyond its operational boundaries.



# Social Dimension

- 3 GOOD HEALTH AND WELL-BEING**  
Good Health and Well-being
- 4 QUALITY EDUCATION**  
Quality Education
- 5 GENDER EQUALITY**  
Gender Equality
- 8 DECENT WORK AND ECONOMIC GROWTH**  
Decent Work and Economic Growth
- 10 REDUCED INEQUALITIES**  
Reduced Inequalities

## Empowering People, Enriching Communities

Our social strategy focuses on fostering inclusive workplaces, nurturing talent and creating meaningful impact in the communities where we operate. By promoting safety, well-being, equity, and learning, we ensure that every stakeholder, from employees to local communities, shares in the benefits of our growth. Through structured programs, partnerships, and initiatives, we strengthen human capital, elevate community resilience, and enable long-term social value creation.

## Director's Message



Embracing sustainability within our operations is vital to managing social risks and opportunities in today's evolving landscape. By prioritizing responsible practices, we enhance resilience, foster transparency, and meet the rising expectations of communities, customers, and partners for ethical and inclusive business conduct.

**Dr. G. Palleswara Rao**  
Director



# Social Dimension

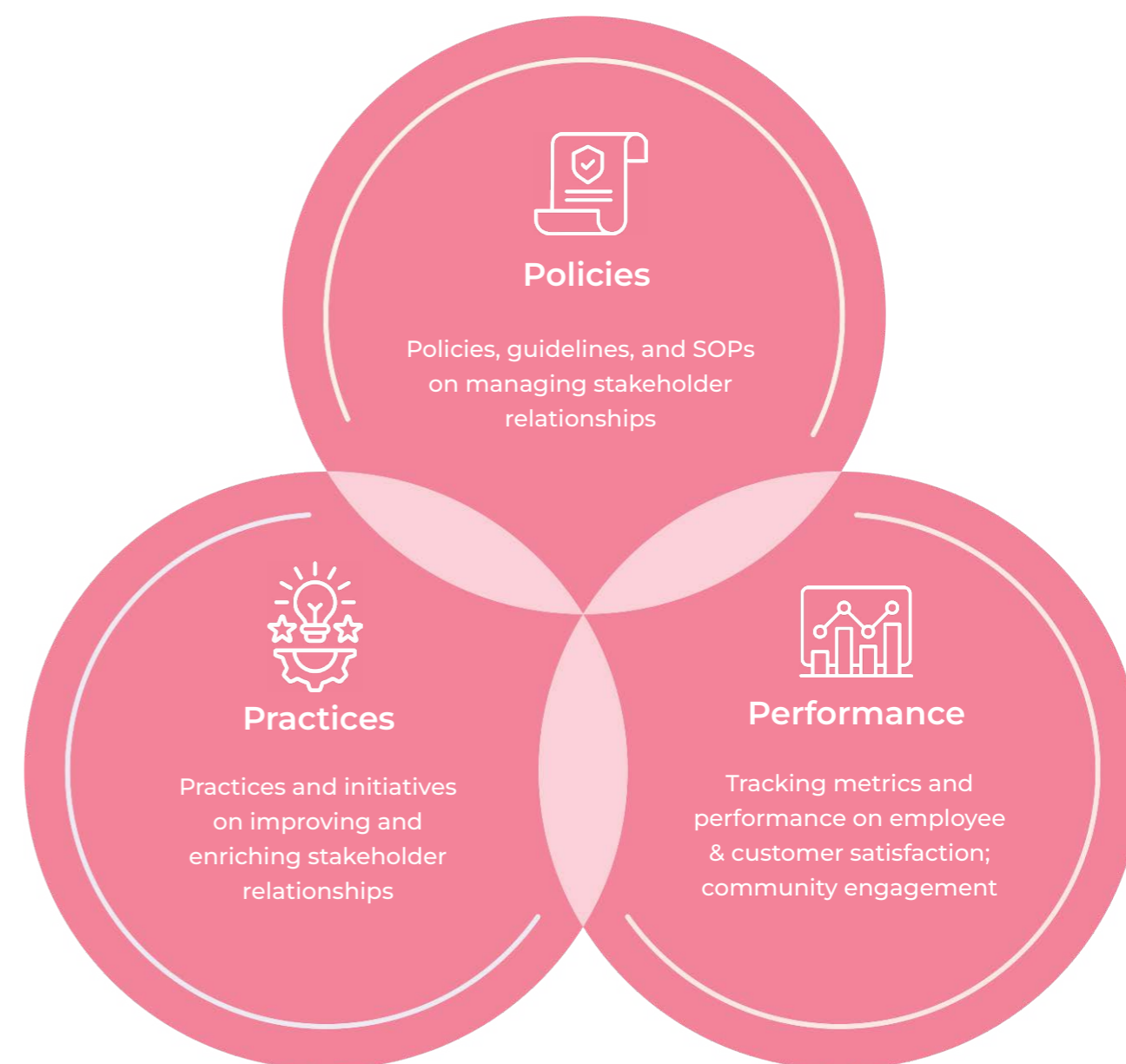
At Hetero, strong people practices remain a priority, with a focus on providing opportunities for growth, fostering workplace wellbeing and creating an environment where diverse groups can thrive. We strive to create an inclusive, safe and empowering workplace while fostering meaningful relationships across our value chain. Our focus areas include employee well-being, diversity and equal opportunity, talent development, occupational health and safety and community engagement.

Through constant engagement with doctors, healthcare professionals, distributors and other partners who connect patients to care we ensure we build a bridge of trust between us and our customers. Measuring health outcomes is an important part of this process, as it reflects the value delivered to patients and the broader healthcare system.

Our commitment includes community development as well as access to healthcare initiatives. During FY 25, the company focused on strengthening healthcare delivery in underserved areas, conducting awareness and outreach activities, expanding learning opportunities for young people and providing targeted support to vulnerable groups. By embedding fairness, respect, and shared growth into every aspect of our operations, we aim to generate lasting positive impact and build a responsible organisation.



# Our Approach to Building and Maintaining Stakeholder Relationships





## Our Sustainability Policies:

Hetero has policies, guidelines, and SOPs in place to manage stakeholder relationships in a fair and transparent manner. A structured grievance mechanism, supported by escalation channels and a whistleblower system, enables timely resolution of concerns. Regular awareness sessions and compliance training help employees and partners understand these processes. Through this framework, we maintain constructive engagement with employees, communities, and business partners, while upholding our commitments to fair labor practices, human rights, and ethical conduct. For example, our Policy on Human Rights ensures respect for fundamental rights across all operations, the Policy Against Child Labour strictly prohibits underage employment, and the Policy on Freedom of Association safeguards employees' right to collective bargaining. Our Health, Safety and Environmental Policy further reinforces safe workplaces and responsible environmental management.



## Our Practices:

Hetero adopts a strategic and structured approach to stakeholder engagement, focusing on initiatives that advance employee development, ensure fair and equitable workplace practices, and strengthen community relationships. Key practices include:

- ▶ **Talent Acquisition and Retention:** Recruitment emphasizes integrity, competence, inclusivity, and fairness. Employees are never required to pay recruitment fees, and equal opportunities are provided, including for persons with disabilities. Initiatives such as the Mahila Abhyudaya Program and Exclusive Female Walk-in Interview Drives promote gender diversity and empower women across operational roles.
- ▶ **Employee Development:** Structured learning programs, mentorship, leadership development initiatives, and partnerships with academic institutions support continuous professional growth. Facilities such as the Darpan Skill Development Centre and Manthan QC Lab provide hands-on exposure to industry practices, bridging the gap between academic knowledge and operational expertise.
- ▶ **Employee Well-being:** Comprehensive health and wellness programs include medical coverage, parental leave, childcare support, flexible work arrangements, and mental health initiatives like Bharosa, which provides confidential counseling and awareness sessions.
- ▶ **Health, Safety, and Labor Rights:** All operational sites comply with national regulations and international standards such as ISO 45001. Process safety protocols, hazard monitoring, emergency preparedness, and regular safety training ensure a safe workplace. Hetero maintains strong labor rights practices, including fair wages, grievance redressal mechanisms, and protection against discrimination, harassment, child labor, and forced labor.
- ▶ **Community and Customer Engagement:** Hetero supports local communities through education, skill development, and social welfare programs. Collaborative platforms like Research Craft align R&D and regulatory teams to drive innovation while meeting customer needs and regulatory compliance.



## Our Performance:

To ensure accountability and drive continuous improvement, Hetero systematically monitors and evaluates the outcomes of its stakeholder engagement, workforce initiatives, and community programs through robust performance metrics:

- ▶ **Employee Metrics:** We regularly track key workforce indicators such as recruitment, retention, and turnover rates, based on gender, age, and employment type, to gain a comprehensive understanding of our talent dynamics and foster a diverse and inclusive workplace. Ongoing monitoring of training hours and employee participation in career development programs helps us enhance skills and promote professional growth. Additionally, parental leave utilization and return-to-work rates are carefully observed to support work-life balance and inclusivity for all employees.
- ▶ **Health and Safety Metrics:** Employee well-being is a top priority, and we measure occupational health and safety performance through indicators including first aid cases, lost-time injury incidents, total man-hours worked, and the results of internal and external safety audits. Regular emergency preparedness drills, process safety assessments, and industrial hygiene monitoring are conducted to maintain a safe working environment and proactively manage risks.
- ▶ **Diversity and Inclusion Metrics:** To advance equity within our organization, we monitor gender pay ratios and track participation in female-focused development programs. Furthermore, representation data across different management levels are reviewed to ensure diverse leadership and equal opportunity, driving a culture that values varied perspectives and experiences.
- ▶ **Community Engagement Metrics:** We assess the reach, participation, and impact of our corporate social responsibility (CSR) initiatives, focusing on sustainable outcomes in the communities where we operate. This includes evaluating skill development programs and local engagement efforts to ensure that our social investments deliver meaningful benefits, support community empowerment, and align with broader social goals.
- ▶ **Customer-Centric Metrics:** Our commitment to operational excellence is reflected in consistent monitoring of project timelines, adherence to quality standards, and compliance with regulatory requirements. These measures help us meet or exceed customer expectations, foster long-term relationships, and maintain a reputation for reliability and integrity in all our services and products.



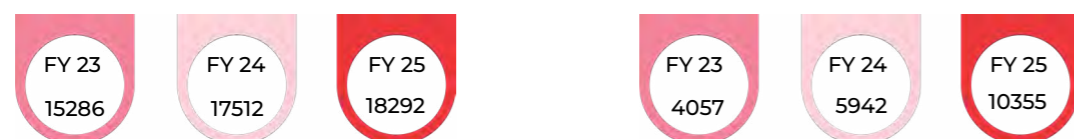
# Our Workforce

People remain the driving force behind progress at Hetero and managing human resources effectively is essential for our sustainable growth. The approach to people management goes beyond filling roles and emphasizes building a workforce that reflects the company's values. We focus on attracting, developing, and retaining talent by fostering an inclusive, safe and growth-oriented workplace. Through continuous learning opportunities, fair employment practices, and well-being initiatives, we empower our people to thrive while contributing to the organisation's long-term goals.

## Our workforce

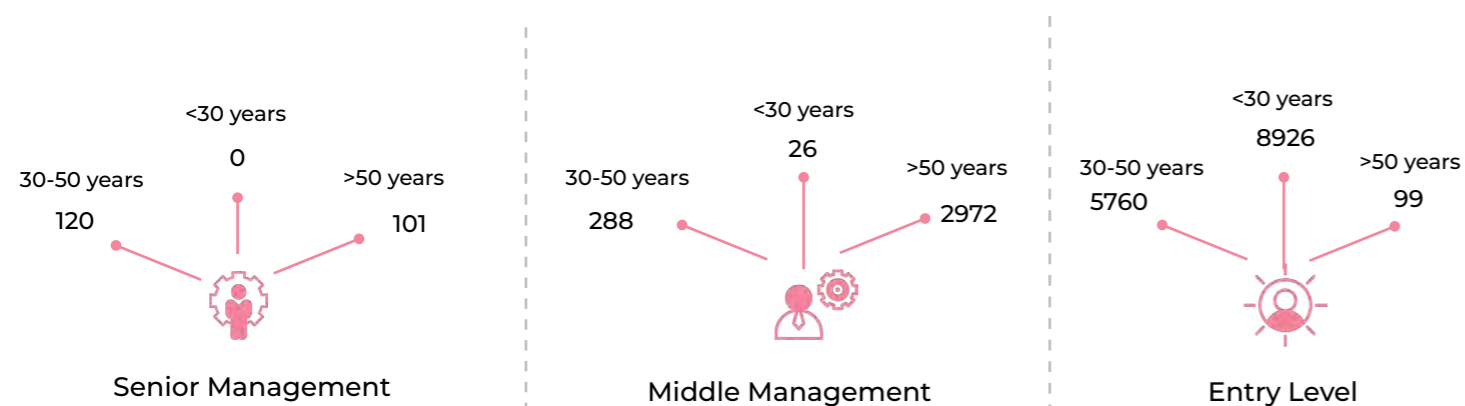
Total Employees

Total Contract Worker



## Workforce Distribution by Age Group

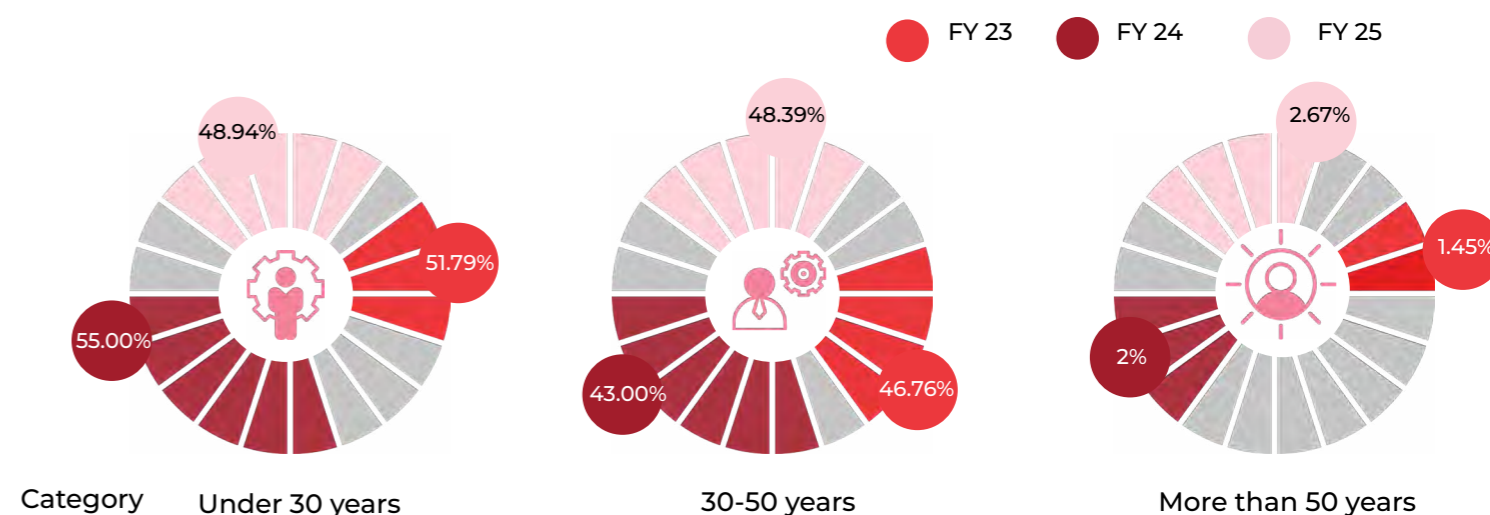
Employee Composition (Age)



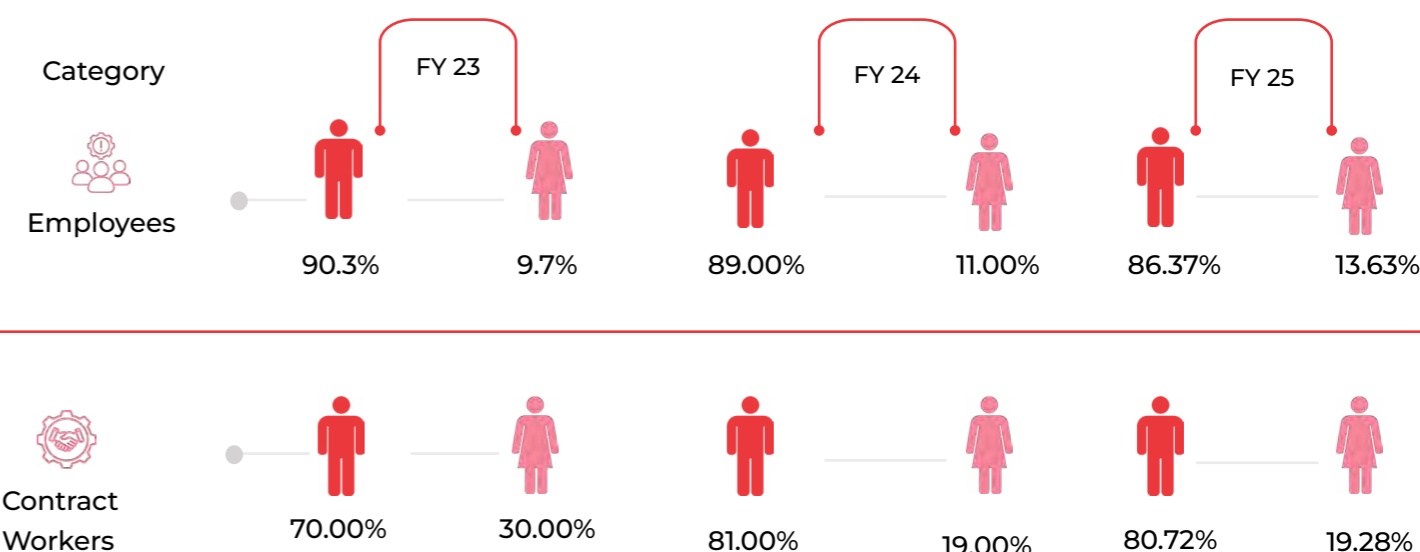
Total	<30 years	30-50 years	>50 years
	8952	8852	488

The majority of our workforce continues to be under 30 or within the 30–50 years age group, reflecting our commitment to hire and retain a young workforce with promising talent.

## Workforce Distribution by Age Group (Percentage)



## Workforce Distribution by gender



During the year, the percentage of female employees and female contract worker increased compared to the previous year.



## Diversity, Equity, and Inclusion

At Hetero, representation goes beyond organisational values.

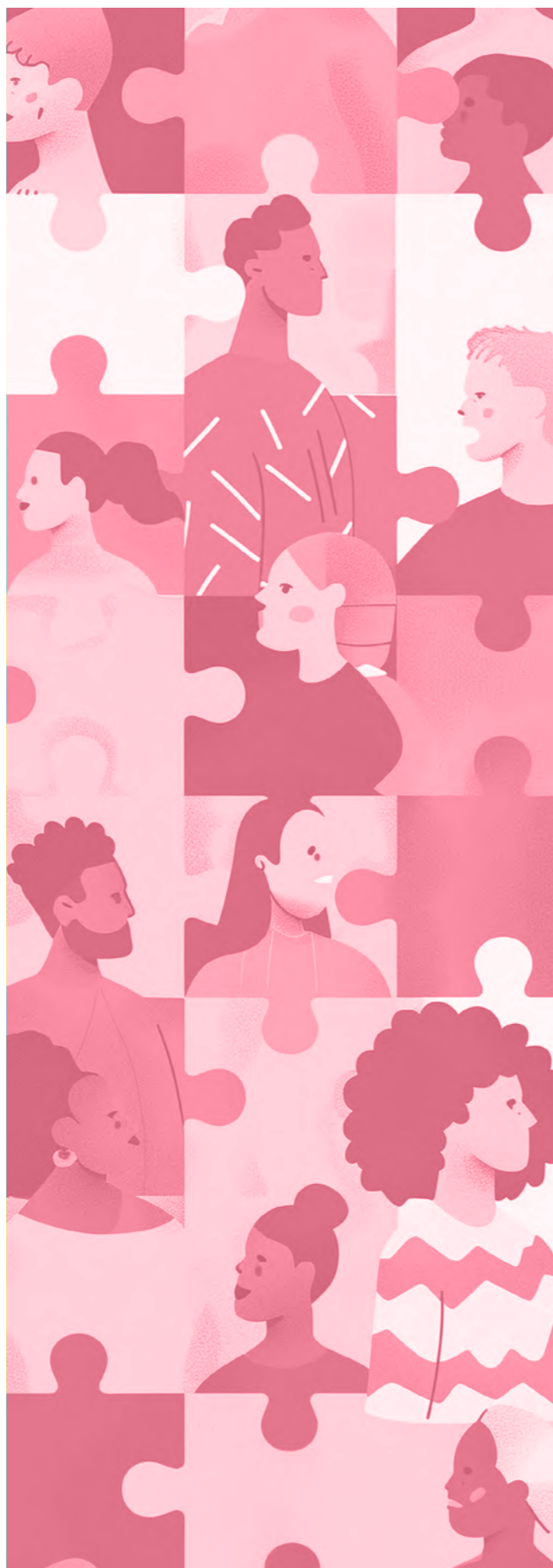
Our workforce brings together people of different **ethnicities, languages, and backgrounds**, with every employee guaranteed **dignity, fairness, and respect**.

An inclusive culture fosters collaboration, innovation, and mutual respect across every level of the organisation. Hetero in its hiring process prioritizes hiring employees from local communities across its operations to strengthen regional engagement. We also ensure that our senior management is a blend of diverse culture, knowledge, expertise, where age and gender are no bars. By promoting leadership opportunities for local talent, including senior roles, we ensure cultural alignment, support community development, and create long-term value through career advancement within the regions where we operate.

100% employees trained (3rd party and workers) trained in POSH Committee, we have systems in place to resolve concerns transparently, promote fairness, and maintain a safe working environment where everyone can contribute with confidence.

**Zero POSH cases received in FY25**

Professional development programs are accessible to all employees, and we place a special emphasis on supporting women in advancing their careers and receiving the fair salary they deserve. We ensure fair pay and professional advancement through skills-based progression and structured salary reviews. Training and awareness programs run by our HR teams ensure that principles of inclusion and anti-discrimination are embedded in daily practice.



## Mahila Abhyudaya – Empowering Women in Production



### Our Objective

Empower women employees by integrating them into production areas, enhancing confidence, breaking stereotypes, and creating equal opportunities.



### Program Details

The Mahila Abhyudaya program by Hetero is a groundbreaking initiative focused on skill development, hands-on training, and exposure to production processes. The program is designed to instill the belief that women can excel in any work, while fostering inclusivity and gender diversity in the workplace. By ensuring women are actively involved in core operations, the initiative promotes equal participation and supports their professional growth in the pharmaceutical sector.



### Impact

The program has enhanced workplace productivity, encouraged a progressive work environment, and created pathways for women to take on leadership roles. By breaking stereotypes, Mahila Abhyudaya is setting a benchmark for gender diversity and inclusion in the industry.

We continue to strengthen a culture of respect and equality across the workforce. Equal access to career development is reinforced by strict anti-discrimination measures. Regular training sessions build awareness and accountability, while grievance channels and employee support groups provide accessible ways to raise concerns. These practices ensure a safe, fair, and diverse workplace for all employees.

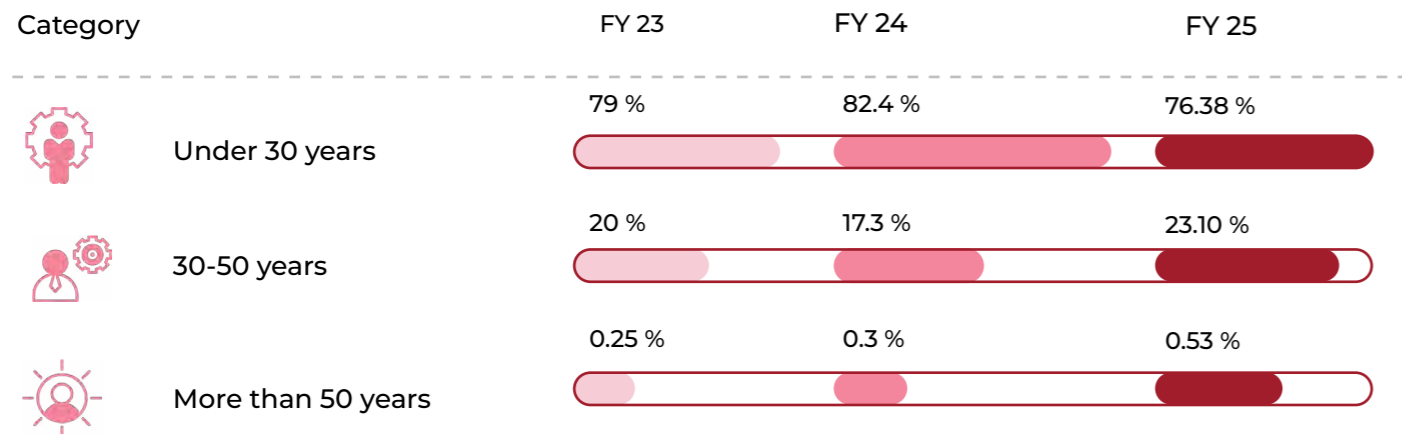
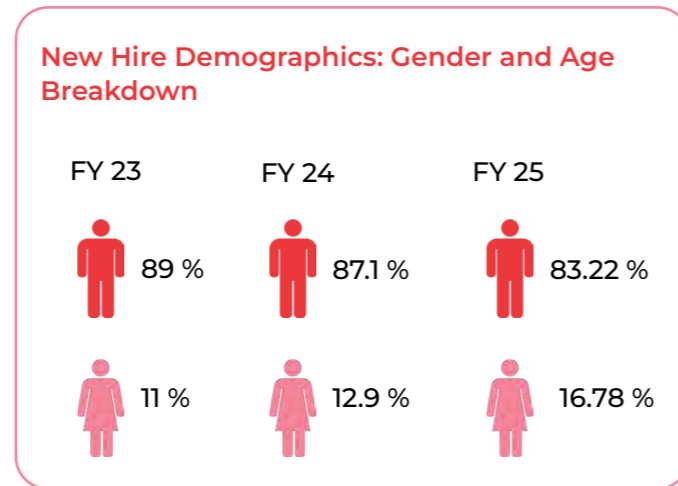
We celebrate festivals and special occasions reflecting the diverse religions and cultures of our employees and mark International Women’s Day annually. Beyond single occasions, we continuously foster a culture of respect for women.

## Talent Attraction and Retention

The recruitment process is designed to bring in individuals who demonstrate integrity and professional competence, creating the foundation for a strong organizational culture. During the reporting year, 7996 new hires were on-boarded, compared to 8384 in the previous year. Of these, 3088 were permanent employees and 4908 were contractual employees. The age and gender composition of new hires has remained broadly consistent over the past three years, with an increase in female hires and in employees between the age of 30-50 years during the current year.

Employee satisfaction is carefully nurtured through three focus areas: **ability, motivation, and opportunity.**

Ability is strengthened through structured training and development programs, motivation is fostered by embedding fairness and transparency in our processes, and opportunity is expanded by ensuring equal access and inclusivity across roles and functions.



To ensure fairness and inclusivity, Hetero's recruitment process is independently audited, with explicit measures to prevent discrimination and promote equal opportunity, including for individuals with disabilities. Importantly, all recruitment-related expenses are borne by the company, ensuring that no employee bears financial costs during hiring.

Supporting policies are detailed in the Human Resources Manual, which provides guidance on communication practices, work-life balance, and

idea-sharing. New employees are introduced to these policies during induction, enabling clarity from the outset. Overtime practices are carefully regulated to protect work-life balance, with clear rules that limit additional hours and safeguard adequate rest. Where employees are required to work on government-declared or weekly holidays, fair compensation mechanisms are in place to ensure equity.

## Fair Compensation

At Hetero, we are committed to ensuring fair and equitable compensation for all employees, whether on direct payroll or engaged through partners. Our Remuneration Policy defines clear principles to guarantee that all employees earn higher than the minimum wage, enabling employees to cover essential needs while supporting the economic wellbeing of surrounding communities.

**The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees is 79:1**

Employee category	Ratio of basic salary of women to men FY 25	Ratio of total remuneration of women to men FY 25
Top Management	0.97:1	0.97:1
Senior Management	0.97:1	0.97:1
Middle Management	0.86:1	0.86:1
Junior Management	0.95:1	0.95:1
Non-management	0.86:1	0.86:1
Contract	1:1	1:1

## Our Practices

**Wage Reviews**

Regular benchmarking, gap assessments, and structured timelines to close identified gaps.

**Grievance Redressal**

Formal mechanism in place to address concerns on working conditions and compensation.

**Equal Pay Assurance**

Transparent salary structures, defined performance indicators, and third-party reviews ensure equal pay for equal work.

**Safeguards**

Whistleblower mechanism and remediation framework to address discrimination, harassment, or unfair treatment. Entry-level wages are regularly benchmarked against industry standards and reviewed to maintain competitiveness while complying with local labor laws

## Employee Well-being and Benefits

At Hetero, we provide a comprehensive suite of employee benefits that prioritizes health, financial security, and work-life balance. Our framework covers medical insurance, retirement plans, flexible leave policies, and performance-linked rewards, reflecting our commitment to employee well-being and long-term career support.

Our commitment to employee welfare extends to comprehensive healthcare benefits. All employees and their families are provided with insurance coverage at a discounted premium, ensuring greater accessibility to medical support. To further strengthen employee welfare, we have introduced family-friendly programs such as childcare support and flexible work arrangements. We also conduct structured employee surveys throughout the employment lifecycle, from onboarding to exit, to capture feedback and strengthen workplace practices.

### Overview of employee benefits

Category	Full-time Employee	Contractual Employee	Full-time Employee	Contractual Employee
Life Insurance				
Health Care	12045	12032	1152	2149
Disability and Invalidity Coverage				

### Parental leave benefits

#### Parental Leave

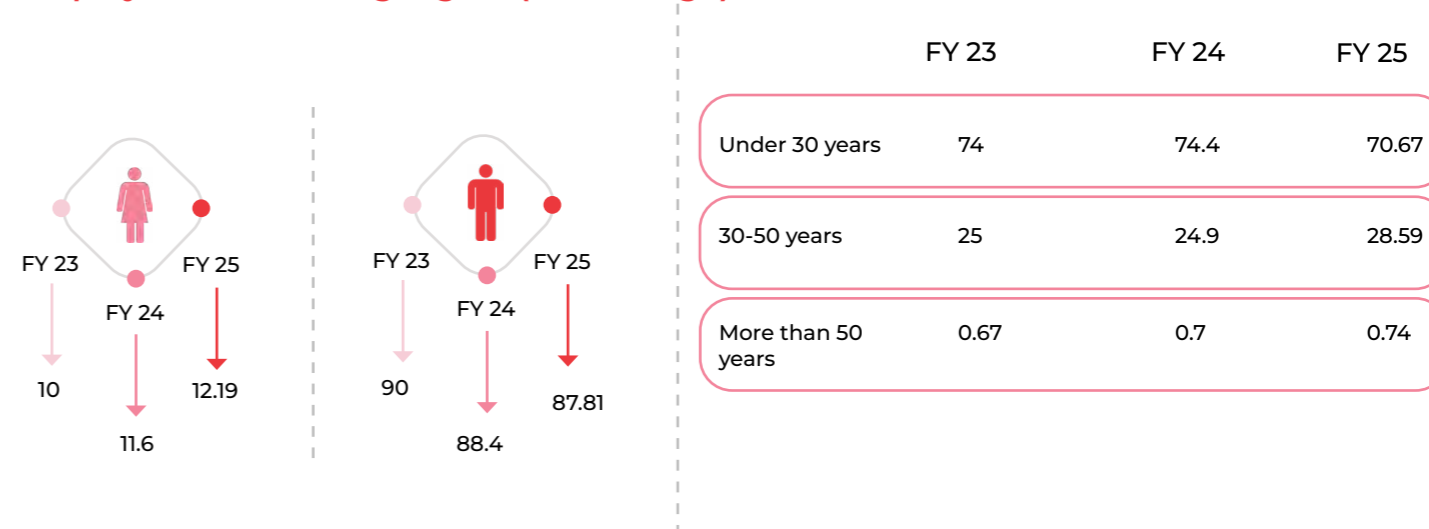
	Male	Female
Number of employees that took parental leave		
Number of employees who returned to work in the reporting period (after parental leave ended in FY 25)	514	64
Number of employees who returned to work after parental leave ended in FY 25 that were still employed 12 months after their return to work		
Return to Work Rate	100%	100%
Retention Rate		

We are committed to fostering an inclusive workplace where both male and female employees have equal access to parental leave. Our policy ensures that 100% of employees are eligible to avail this benefit, supporting them in balancing professional and family responsibilities. During the reporting period, 514 male employees and 64 female employees availed parental leave.

## Employee Turnover

Employee turnover was higher among female employees and those between 30-50 years of age during the year. In contrast, turnover among male employees declined by 0.59 percentage points. A total of 10563 employees left the company during the reporting period, which included 3007 permanent employees and 7556 temporary employees. Additionally, turnover among employees under 30 years of age decreased, while turnover for those aged 30-50 years increased. Turnover among employees over 50 years remained very low but showed a slight rise compared to the previous year.

### Employee turnover highlights (Percentage)



Our approach to addressing turnover is centred on offering competitive benefits and creating a supportive work environment that values employee wellbeing. We place strong emphasis on building careers rather than jobs, ensuring that employees see a clear growth path within the company.



## Training and Development

Hetero recognizes that a skilled and engaged workforce is critical to sustainable growth in the pharmaceutical sector. Training programs are designed to address the diverse needs of employees across technical and non-technical roles, fostering professional growth, engagement, and a strong workplace culture.

Guided by our principle of “Developing Others,” talent development initiatives focus on equipping employees with the skills, knowledge, and competencies required for their current roles and for contributing to the wider pharmaceutical sector.

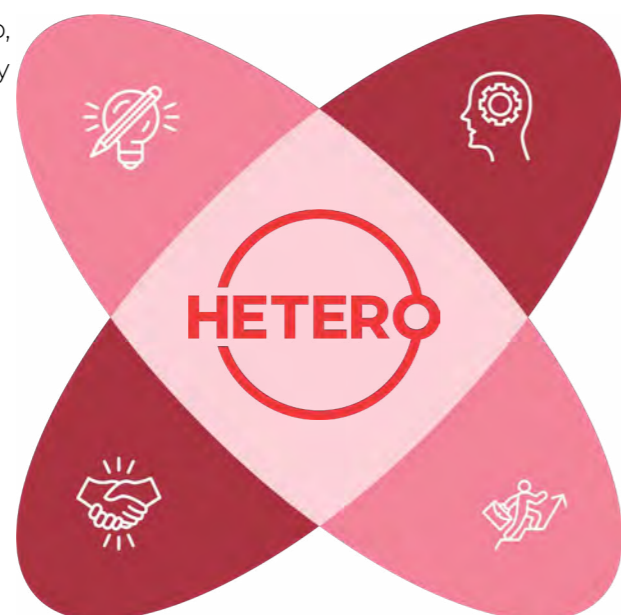
Key aspects of our training approach include:

### Continuous Learning:

Regular programs in behavioural skills, leadership, language proficiency, quality awareness, safety, and audit readiness.

### Inclusive Access:

Training opportunities are available to all employees, with anti-discrimination measures embedded.



### Competence Development:

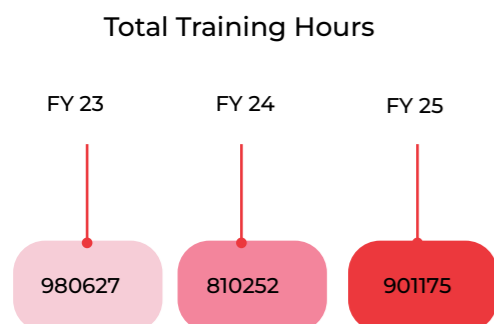
Structured skill-building initiatives aligned with role requirements.

### Career Growth Support:

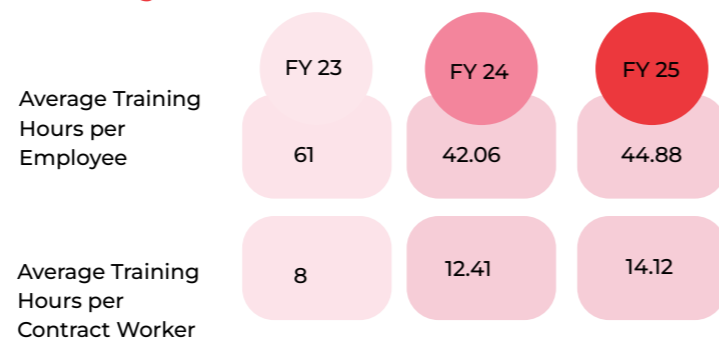
Mentorship, skill development initiatives, and collaborations with academic institutions help employees enhance professional capabilities and advance their careers.

Through these efforts, Hetero strengthens employee capabilities, supports long-term career progression, and reinforces a culture of continuous learning and development across the organization. In collaboration with academic institutions, we also provide opportunities for employees with more than two years of service to pursue doctoral programmes. During the reporting period, 100% of employees received a regular performance and career development review.

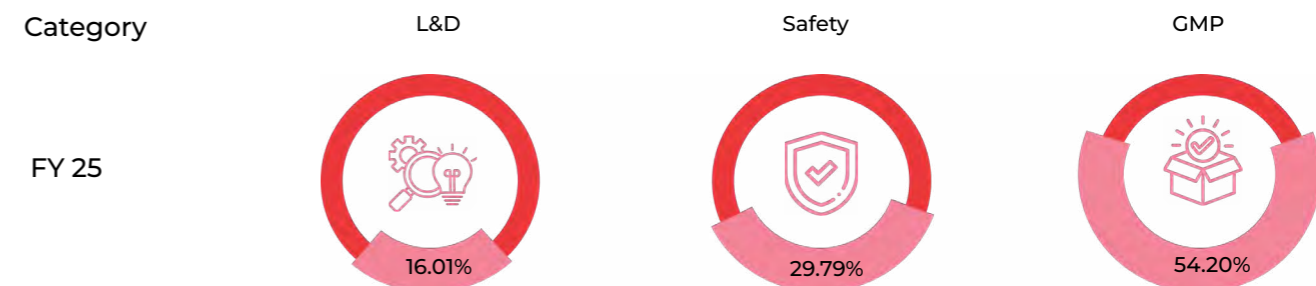
### Learning and development highlights: Total training hours



### Learning and development highlights: Average training hours



## Composition of training programmes for employees



Hetero provides structured training and skill development programs tailored to employee needs through classroom sessions, online platforms, and a dedicated Learning Management System. Competency assessments and feedback guide targeted learning, while the annual performance management system links key responsibilities, behavioural scores, and training to career progression. Internal mobility is supported through transfer policies and job postings.

To support the growth of the Indian pharmaceutical sector, Hetero established the Darpan Skill Development Centre, bridging the gap between academia and industry by training new entrants in pharmaceutical operations.

For senior leadership, tailored programs and self-paced learning modules, including sustainability-focused topics, enhance leadership capabilities and strategic decision-making.

## Learning & Development

At Hetero, our commitment to sustainability extends beyond environmental stewardship to encompass the holistic development and wellbeing of our workforce. Our Learning & Development (L&D) initiatives are thoughtfully designed to empower employees with the knowledge, skills, and behavioral competencies necessary to navigate evolving business priorities while fostering a culture deeply aligned with our core values.

Through continuous learning opportunities, these programs ensure that our talent pool is equipped to contribute meaningfully to the company’s sustainable growth, innovation, and social responsibility.

### Manthan: Skill Development

Manthan centers on enhancing technical and functional capabilities, enabling employees to perform efficiently and innovate responsibly. During the reporting period, 1,098 employees benefited from the Manthan program, which integrates cutting-edge training technologies such as Augmented Reality and Virtual Reality (AR/VR). Our collaboration with Rabindranath Tagore University provides rigorous external assessments, while AI-enabled viva assessments uphold high standards in skill validation. Furthermore, ongoing

performance tracking through mock tests on the Unitol LMS platform supports consistent and progressive skill enhancement.

New Hire Orientation (NHO) New employees receive comprehensive onboarding through our New Hire Orientation program (NHO), with 1,813 new hires trained to establish a strong foundation for their journey at Hetero.



**Pragati:**  
Behavioral Skills

Understanding the critical role of behavioral competencies and leadership in sustainable business practices, our Pragati program develops these skills across all employee levels:

**Level 1:**

**356 leaders** participated in leadership webinars, coaching sessions, and workshops aimed at nurturing visionary thinking and ethical decision-making.

**Level 2:**

**8,078 employees** engaged in training focused on emerging market skills and packaging innovations, fostering agility and responsiveness.

**Level 3:**

**6,832 employees** benefitted from tailored programs driven by performance data, continuously enhancing leadership and professional behaviors aligned with our organizational values.



**Unnati:**  
Talent Development

Unnati initiatives cultivate future leaders while reinforcing our company's commitment to social responsibility. Programs like Coffee with Leaders, Nutri Garden, and social outreach for children affected by HIV/AIDS underscore our dedication to social equity, inclusion, and sustainable community engagement.



**Sammati:**  
Compliance

The Sammati compliance program ensures that employees across all levels adhere to vital safety, environmental, and ethical standards essential to sustainable operations. A total of 2,378 employees completed training on a diverse range of topics, including Artificial Intelligence ethics, Green Chemistry, advanced lab techniques, and social accountability, collectively reaching over 8,000 participants. Additional workshops on ergonomics and family safety reflect our unwavering commitment to workplace wellbeing and responsible business conduct.



**Bharosa:**  
Health & Wellness

Recognizing that employee wellness is a cornerstone of sustainable business, Bharosa empowers 2,878 employees through programs focused on mental health, leadership, and overall wellness. Initiatives such as the Invisible Backpack, Behavioral First Aid, and Women Leadership Program foster a supportive environment that promotes resilience, inclusivity, and long-term health. Moreover, 25 personalized training sessions addressed specific employee health needs, highlighting our tailored approach to wellbeing.

By integrating these comprehensive L&D programs, Hetero ensures the sustainable development of its human capital, fostering a skilled, ethical, and healthy workforce that drives enduring corporate success and societal impact.

## Nipuna

The name "Nipuna," derived from the Sanskrit word meaning skilled, expert, and proficient, perfectly captures Hetero's commitment to fostering expertise and excellence within its workforce. Nipuna symbolizes the organization's dedication to building mastery, competency, and continuous improvement through structured, business-aligned learning programs that prepare employees not only for their current roles but also for future opportunities. The training center features state-of-the-art infrastructure, including advanced training rooms equipped with the latest technology, a dedicated Virtual Reality (VR) suite for immersive hands-on experiences, a fully equipped Quality Control laboratory, a modern computer lab, an extensive library, a counselling room to support well-being, and a professional studio for content creation and digital learning. Designed to create a calm and learner-friendly environment, Nipuna also provides an on-site cafeteria to foster comfort and informal interactions among employees.

The learning programs at Nipuna are driven by expert-led, real-time modules conducted by seasoned industry professionals, ensuring practical and impactful knowledge transfer. In collaboration with prominent universities and leading business schools, Nipuna offers credible assessments and globally recognized certifications tailored to career advancement and business relevance. Hetero's vision through Nipuna is to cultivate a future-ready, high-performing workforce capable of driving business excellence and adapting to the constantly evolving industry landscape. The strategic goals focus on developing a skilled internal talent pool, fostering career growth and job satisfaction, driving quality and innovation in every department, building a robust leadership pipeline, and enabling scalable, sustainable growth to meet future challenges.

For employees, Nipuna is an essential platform that promotes continuous learning and helps bridge skill gaps by building competencies aligned with industry needs. It prepares individuals to thrive at all levels by boosting confidence and unlocking their potential. Moreover, Nipuna supports employee retention, motivation, and performance by fostering engagement, acknowledging that a committed workforce is key to long-term organizational success. Through Nipuna, Hetero reinforces its commitment to excellence, empowering employees to grow professionally and contribute meaningfully to the company's sustained growth and innovation.





# Case Study

## Motivational Training Session – Inspiring Senior Leaders



### Our Objective

To inspire senior-level employees to strengthen leadership, enhance productivity, and foster a positive workplace culture.



### Our Initiative

In November 2024, a Motivational Training Session was conducted at exclusively for senior employees. The session shared insights to empower senior staff in driving team performance, adapting to challenges, and fostering innovation within their departments. Through interactive discussions and practical exercises, participants explored collaboration strategies, resilience techniques, and ways to embrace a growth-oriented mindset.



### Impact

The program motivated senior employees to lead with renewed confidence, inspire their teams, and contribute to a culture of innovation and collaboration. By focusing on leadership behaviors at the senior level, Hetero reinforced its commitment to cultivating strong role models who can drive organisational success.



## Labour Relations

Labour relations emerge as a subject of critical importance. The labour force, particularly in the pharmaceutical sector, faces challenges such as low minimum wages, inadequate working conditions, and gaps in safety infrastructure. Hetero recognizes these complexities and is committed to ensuring fair working conditions and equitable wages for all workers.

Our approach is guided by principles of open communication, fairness, and respect, which extend to all employees and workers. We maintain a safe and healthy work environment, offer competitive wages, and provide targeted training to strengthen workforce capabilities.

Given the diversity of our operations, change management processes are carefully designed to address the specific needs of different functions. Once R&D and regulatory approvals are obtained, changes are introduced gradually and systematically to ensure smooth integration across operations.

Hetero respects the rights of employees to collective bargaining and maintains transparent communication channels with employee representatives. Workplace policies, compensation, and benefits are implemented fairly, supported by formal collective bargaining agreements covering a defined proportion of the workforce. These agreements address working conditions, occupational health and safety, grievance redressal, and other employment matters, aligning with legal requirements and fostering a respectful and collaborative workplace culture.

### Collective bargaining coverage



Employee representative committees, including safety committees and employee bodies, have defined responsibilities with regular documented meetings. Hetero conducts supplier due diligence and audits and engages with NGOs and affected groups where relevant. Collective bargaining practices, including collectively negotiated wages, are supported, and regular dialogue ensures concerns are addressed promptly.

Hetero proudly supports its employees' freedom of association and collective bargaining rights under applicable laws and welcomes the opportunity to engage with recognized associations or trade unions as they form.

A structured minimum notice period policy ensures transparency and fairness during operational changes. Employee receive a notice of 90 days. These procedures are detailed in standing orders and reinforced through consultations with employee representatives, allowing sufficient time

for adjustment and reflecting our commitment to responsible labor practices.

Hetero extends inclusivity by ensuring migrant workers are treated fairly. They receive competitive wages, access to benefits, and opportunities for skill enhancement. Policies on workplace safety, labor rights, and grievance redressal are firmly established, fostering an environment where workers feel valued.

## Human Rights

Access to health is a fundamental right and ensuring it reaches every individual remains a shared obligation. From affordability to the environmental and social impact of operations, every stage affects the human rights of workers, customers, suppliers, and communities. Safeguarding these rights across all business touchpoints is a core responsibility for Hetero, and respect and dignity guide every interaction.

A dedicated human rights policy drives organizational actions, setting clear objectives to foster inclusion, equal opportunity, fair pay, and non-discrimination. These principles are embedded in daily operations and extended to external partnerships. Human rights clauses are included in the Supplier Code of Conduct to ensure responsible practices throughout the supply chain. The company is committed to strengthening working conditions and promoting social dialogue for employee well-being. Career management and training remain priorities, supported by structured learning programs, talent management initiatives, and continuous upskilling. Strong measures are in place to prevent child labor, forced labor, and human trafficking across operations and the supply chain. Community-focused CSR projects also address external human rights concerns.

All employees receive awareness training during induction, acknowledging the company's code of conduct. Internal controls, such as HR verification of age, protection measures for young workers, safeguarding of employee documents, and protocols for security personnel, prevent violations. A whistleblower mechanism and remediation procedure ensure concerns are addressed promptly. Hetero also promotes education in surrounding communities through infrastructure support, scholarships, and resources to discourage child labor and support long-term social development.

Our company ensures comprehensive coverage of labor and human rights practices across operations, with a significant proportion of sites

certified under ISO 45001, ISO 26000, and other equivalent frameworks, demonstrating our commitment to safe working conditions, fair labor practices, and respect for human rights throughout the value chain.

Hetero is committed to respecting the rights, traditions, and cultural heritage of indigenous communities. We ensure that no activity undermines the wellbeing, land rights, or livelihoods of indigenous peoples.

During the reporting year, there was **zero incidents reported** of discrimination of any form, child labor, forced labor reported, sexual harassment or violations of the rights of indigenous peoples.

Hetero monitors employee health and safety through defined KPIs that track performance across EHS, labor practices, human rights, fair business conduct, procurement, and customer safety. These indicators are reviewed monthly at plant level, discussed in sustainability committee meetings, and progress is reported annually.

Hetero ensures that all security personnel deployed across its facilities are trained on human rights policies and workplace conduct. Training programs cover areas such as respect for individual dignity, prevention of harassment, use of force protocols, and grievance redressal mechanisms.

Our Code of Conduct reflects our unwavering commitment to upholding human rights and ethical business practices across all aspects of our operations. It sets clear standards prohibiting discrimination, harassment, forced labor, and any violations of individual dignity, while promoting a safe, inclusive, and respectful workplace for all employees. We require all employees, suppliers, and partners to adhere to these principles, supported by ongoing training and transparent




reporting mechanisms to address concerns responsibly. By embedding these values into our culture and supply chain, we ensure that human rights are respected and protected as a fundamental part of our sustainability journey.


During FY 25, 100% of security personnel received training on human rights practices to ensure that our operations remain safe, respectful, and compliant with global standards.


### Labour & human rights performance


Key performance indicators


FY 25 (in percentage)

 Percentage of operational sites for which an employee health and safety risk assessment has been conducted

 Percentage of employees who received regular performance and career development reviews

 Percentage of employees who received skills-related training

 Percentage of employees trained on discrimination and harassment

 Percentage of operational sites assessed for human rights impact or risks



Our sites are certified with ISO 45001 and ISO 26000



## Case Study 3

### Research Craft – Driving Collaboration in R&D



#### Our Objective

To create a collaborative platform that unites R&D and RA teams across units, fostering innovation, knowledge-sharing, and alignment with strategic objectives.



#### Our Initiative

The Research Craft program at Hetero brings together R&D and RA teams to strengthen cross-functional collaboration. This initiative encourages discussions on emerging industry trends, promotes knowledge-sharing, and aligns research efforts with futuristic objectives. By leveraging collective expertise, the program enhances research efficiency, regulatory compliance and product development strategies. The focus on synergy ensures that teams coordinate seamlessly, accelerating the pace of high-quality innovation.



#### Impact

The program has enabled faster, more efficient innovation cycles, ensuring readiness for future healthcare advancements and driving long-term growth in the pharmaceutical sector.



# Health and Safety

Protecting the health and safety of employees is a core responsibility in the pharmaceutical sector. Given the nature of operations, employees work in environments that involve hazardous substances and sensitive processes. In laboratories and production areas, risks include exposure to flammable or explosive chemicals, biological or radiological agents, excessive heat, high noise levels, and other process-related hazards. For this reason, workplace safety at Hetero is approached as a continuous process that combines prevention, preparedness, and awareness.

All our manufacturing facilities comply with national occupational health and safety regulations and are also certified under ISO 45001, reflecting our commitment to global safety standards. Occupational health and safety form the foundation of our employee well-being framework. All personnel, including direct employees, contract staff, and third-party workers, are covered under our occupational health and safety management system. Safety awareness is embedded in the daily work culture through open communication and collective responsibility. Each plant has its own safety committee that addresses site-specific challenges, ensuring that measures remain relevant and practical to the conditions faced by employees on the ground.

During FY25, we strengthened our Emergency Preparedness System to enhance readiness for unforeseen situations.

Key features include:

- ▶ Clearly defined roles and responsibilities for emergency response teams
- ▶ Detailed guidelines for evacuation, incident management, first aid, process safety, and control functions
- ▶ Regular training programs focusing on critical issues such as leak management and chemical spills
- ▶ Ongoing monitoring and structured reviews to continuously improve workplace safety standards



Mr J. Sambhi Reddy  
Director

Our dedication to sustainability reflects a broader commitment to social responsibility, promoting equitable access, safeguarding health and safety, and supporting the well-being of the people and communities connected to our business. This holistic approach strengthens corporate governance and builds meaningful, lasting relationships with all stakeholders.

Motto:



**Empowering Safety,  
Fostering Health: Hetero's  
Commitment to a Safe and  
Healthy Workplace**



## EHS Key Initiatives FY 24-25

### 1. Engineering Controls

- Elimination of fire risk by replacing SS tubs with 2KI reactors for preparation of Activated carbon slurry.
- Introduction of Rotary Valves with hoppers for charging of Sodium Borohydride (SBH) into reactors thereby eliminating fire hazard.
- Replacement of traditional method of inverting Ammonia Cylinders for feeding chillers by providing fixed stands there by eliminating fall hazard of Ammonia gas cylinders.
- Elimination of open charging of Activated Carbon powder into reactors for carbon slurry preparation by introducing AOD pumps thereby reducing fire risk.

### 3. Emergency Preparedness

- Distribution of Reflective Jackets to all ERT Members.
- Enhancing Fire Fighting capability to night shift employees by providing fire fighting trainings & conducting fire drills to shop floor employees during nights.
- Distribution of Portable Emergency Escape Devices (EVAMASQUE) to service block members to use incase of any Ammonia gas leaks.

### 2. Infrastructure Development

- Installation of Ammonia Detectors with Alarm & Hooters at service blocks of HLL units.
- Installation of Modular Fire Extinguishers at all Process, Powder handling equipments, Diesel circulation pumps, Drum storage sheds & all Warehouses.
- Installation of Fire Suppression systems for all MCC panels at HLL.
- Installation of Water Sprinklers at Solvent tanker loading & unloading bays.
- Installation of Modular Fire Extinguishers on Tray Driers
- Installation of Modular Fire Extinguishers at ANFD Discharge port

### 4. Safety Culture Transformation

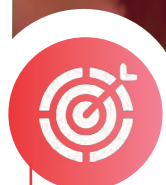
- Display of Safety Signage & Safety precaution boards at all process areas & High Hazard Chemical handling areas.
- Safety Signage Boards near process equipments





# Case Study

## Safety First – Strengthening Workplace Preparedness and Awareness



### Our Objective

To foster a culture of safety by equipping employees with practical knowledge, preventive strategies, and hands-on training for handling potential workplace hazards.



### Our Initiatives

To strengthen awareness and preparedness among employees regarding safety, a series of safety focused programs were conducted across Hetero Units.

- ▶ An Emergency Preparedness Program was organized to train employees on handling fire incidents, chemical spills, and medical emergencies. Expert trainers conducted demonstrations on evacuation procedures, first aid, and the effective use of firefighting equipment, with employees actively participating in hands-on exercises.
- ▶ The Static Electricity Awareness Program focused on educating employees about the causes, effects, and preventive measures of static electricity in industrial environments. Practical strategies such as grounding techniques and the use of anti-static equipment were shared to minimize risks of malfunctions and hazards.
- ▶ A Safety Awareness Week was held featuring interactive sessions, activities, and knowledge-sharing exercises to reinforce safety best practices. Employee participation was encouraged through competitions, and winners were recognized for their commitment to workplace safety.
- ▶ A Safety Awareness Program was conducted to emphasize the organisation's dedication to creating a secure work environment, aligning employees with a culture of vigilance and responsibility.



### Impact

These initiatives collectively enhanced safety preparedness, built employee confidence in handling emergencies, and reinforced awareness of preventive measures. By combining practical demonstrations with interactive learning, we strengthened the safety culture across all units.

### Employee safety overview: Work-related injuries

Category	FY 23	FY 24	FY 25
Man hours worked (in million hours)	52	58	67.4
First Aid cases	443	354	396
Number of lost time incidents	0	2	3
Number of man-days lost	0	6047	18000
Rate of Fatalities as a result of work-related injury	0	0.017	0.044
Rate of high-consequence work-related injuries (excluding fatalities)	0	0.017	0
Rate of recordable work-related injuries	0	0.034	0.044

#### Occupational Health and Safety Mechanisms

- ▶ **Grievance Mechanisms:** Formal channels enable employees to confidentially report occupational health and safety incidents, risks, and concerns for timely resolution.
- ▶ **Preventive Measures:** Ergonomic assessments, workstation improvements, and safe work practice training reduce the risk of repetitive strain injuries.
- ▶ **Psychological Wellbeing:** Stress management workshops, counseling support, and mental health awareness programs promote holistic employee wellbeing.
- ▶ **Safety Audits and Hazard Identification:** Regular audits ensure ongoing adherence to workplace safety standards.

Employees and workers actively contribute to workplace safety through the Corrective and Preventive Actions (CAPA) system, ensuring timely closure of issues. Risk assessment framework including Process Safety, Industrial Hygiene, Hazard Identification, and Machinery Safety Evaluations, guide us in addressing both existing and potential risks.

Annual health check-ups are conducted across facilities through Occupational Health Centres, with specific focus on hearing, vision, and posture assessments. Where health concerns are identified,

work schedules are adjusted and medical support is provided. During the reporting period, no cases of occupational ill health were recorded. Training needs are continuously reviewed, with regular safety and Good Manufacturing Practices (GMP) sessions delivered. Toolbox training before each shift reinforces awareness for both employees and contractors.

Hetero has also invested in advanced hazard screening and engineering capabilities. In-house process safety laboratories assess reaction kinetics and potential hazards to build safety into operations from the design stage. At the Nakkapally site, a Satellite Process Safety Laboratory conducts early-stage chemical reactivity assessments, while a central laboratory at Kazipally standardizes practices across all facilities. Industrial hygiene monitoring, including noise assessments, is carried out not only for employees but also extended to contractors and third-party workers on company premises.

In construction projects, Safety is integrated into construction projects from the design phase, with recommendations from the safety department to mitigate risks. Continuous improvement is ensured through regular upgrades to fire protection infrastructure, detection systems, and process equipment.



# Case Study

## Bharosa – Supporting Employee Wellness and Mental Health



### Our Objective

To provide employees with a confidential and supportive platform to address personal and professional challenges, while spreading awareness and breaking the stigma around mental health.



### Our Initiative

Hetero launched Bharosa, a wellness initiative led by the Learning & Development (L&D) team, to promote emotional well-being among employees. The program provides access to mental health professionals who guide employees in navigating their worries and challenges. By ensuring confidentiality, Bharosa creates a safe space for employees to speak their minds and seek help without hesitation. To make support easily accessible, employees can reach out through a dedicated email ([bharosa@hetero.com](mailto:bharosa@hetero.com)) and a toll-free helpline number. The initiative focuses on spreading awareness across all levels of the organisation.



### Impact

Bharosa has strengthened employee confidence in seeking mental health support, encouraged open conversations, and contributed to reducing stigma.



## Process Safety

Hetero prioritizes the highest standards of process safety across all facilities, focusing on early hazard detection, risk mitigation, and the continual enhancement of safety practices.

Our motto on process safety is



**Building a safer, greener, and more resilient pharma industry through proactive process safety integration.**

To strengthen our approach, Hetero employs the PSI tool to streamline process safety initiatives, enabling timely access to critical information on process and power safety. This system provides multiple advantages, ensuring efficiency, preparedness, and robust risk management across operations.

- Enhances reaction hazard knowledge and process optimisation
- Serves as a training hub for engineers and safety professionals
- Enables real-time decision-making
- Reduces dependency on external labs, promoting internal capability building

Our process safety management framework is aligned with the internationally recognized OSHA Process Safety Management (PSM) model.

### Process Safety Management in Sustainable Manufacturing



In addition to this, we implement a range of specialized activities to strengthen process safety:

- ▶ We conduct reaction calorimetry studies, thermal screening studies, and powder safety studies (including ignition sensitivity, impact sensitivity, electrostatic properties, fire analysis, etc.) using 14 state-of-the-art instruments. These assessments enable us to identify process hazards, introduce necessary engineering controls in the manufacturing of APIs and intermediates, address thermal onset concerns, prevent runaway reactions, and mitigate the risk of dust explosions.
- ▶ We maintain comprehensive records of chemicals, technology, and equipment, thereby ensuring safe design, smooth operations, and informed decision-making at every stage of our processes.
- ▶ Clear and consistent communication of chemical hazards is ensured through proper labelling, Safety Data Sheet (SDS) documentation, and continuous workforce training. All practices are aligned with globally harmonized system (GHS) standards, reinforcing workplace safety and employee awareness.
- ▶ Specialized protocols are strictly followed for hydrogenation processes, including interlocks, inerting procedures, pressure relief system checks, and ignition source control, ensuring safe and reliable operations.
- ▶ Methods such as HAZOP, What-If, and ABRA are applied to carefully identify, evaluate, and address process risks, particularly in high-hazard operations before batches are executed.
- ▶ Every incident and near miss is examined in detail through tools like the 5 Whys, Fishbone Diagrams, and the M1 Method, encouraging continuous learning and corrective measures across the system.
- ▶ Before commissioning any new or modified system, a detailed checklist and functional evaluation are completed to confirm safe start-up conditions.

These measures strengthen supply chain reliability by ensuring safer handling of hazardous materials, conducting process safety audits, and assessing vendor safety practices. This approach helps prevent regulatory interruptions, contamination incidents, and reinforces supplier dependability. Promoting a culture that maintains steady focus on process safety also reduces financial risks linked to equipment damage and production downtime, while integrating sustainability principles into safety practices helps lower environmental impacts.



## Our Customers

### Product Safety and Quality

The safety and reliability of pharmaceutical products is closely linked to the strength of quality assurance systems. Even minor gaps in these processes can have serious consequences for patient safety. Our operations are aligned with global Good Manufacturing Practices (GMP) standards and are designed to meet customer needs as well as regulatory expectations. We are also compliant of the new mandates laid by Government of India for Good Manufacturing Practices and Requirements of Premises, Plant and Equipment of Pharmaceutical Products.

Hetero is fully committed to requirements and maintains strict focus on quality at every step of

the value chain. We uphold the highest standards of quality, safeguard patients, and ensure that medicines remain safe and effective for use. To support this, we operate advanced quality control laboratories equipped with modern technology and carry out comprehensive inspections to ensure consistency in manufacturing.

Our quality framework also includes structured risk management, rigorous assurance protocols, and detailed clinical trial procedures. Transparency remains central to this approach, with clear communication, timely corrective actions, and disclosures made through publicly available channels, including our website.



# Case Study

## Quality Sprint – Building a Culture of Excellence

6



### Our Objective

To strengthen quality culture across all units by fostering collaboration, knowledge-sharing, and continuous improvement among quality teams.



### Our Initiative

The Quality Sprint program at Hetero, brings together quality teams from different locations to exchange best practices, enhance compliance awareness, and discuss innovative approaches to quality management. Through open discussions and problem-solving sessions, the program promotes a deeper understanding of regulatory requirements and encourages collective innovation. By creating a platform for synergy, Quality Sprint aligns with the company's objective of achieving consistency and efficiency in operations.



### Impact

The initiative has reinforced Hetero's commitment to delivering high-quality products while cultivating teamwork and professional growth. By driving consistency and embedding a strong quality culture across all units, Quality Sprint ensures long-term excellence in pharmaceutical manufacturing.



## Patient Health & Safety

Safeguarding patients goes beyond responding to adverse reactions. It requires strong systems for data-driven monitoring, transparent communication and accurate reporting. Providing complete and reliable information on medicines and ingredients is equally important to keep patients, healthcare professionals, and stakeholders well informed.

At Hetero, quality assurance is reinforced year after year through comprehensive checks that extend from the sourcing of raw materials to the delivery of finished medicines. These processes are designed to preserve

product integrity and effectiveness. We also collaborate with academic and research institutions to introduce improvements that respond to patient needs. Continuous training of employees also plays a key role in building awareness and accountability around patient safety.

Clear and accurate labelling remains central to our approach. All product labels and supporting materials are aligned to ensure consistency, while information leaflets provide detailed instructions covering composition, dosage, possible side effects, safe use, and disposal practices. For products requiring additional handling, we share material safety data sheets with healthcare professionals. In cases where any adverse reaction is identified, we take immediate corrective action, including product recall if necessary.

**During FY 25, there were no reported incidents of non-compliance, fines, or penalties relating to health and safety aspects of our products or services.**

**During FY 25, there were no incidents of non-compliance with regulations or voluntary codes concerning labelling, product information, or marketing communications.**

## Access & Affordability

Healthcare can only be meaningful when it is both affordable and within reach of those who need it most. Around the world, large sections of the population still struggle to access essential medicines. We as part of the pharmaceutical sector address this gap by ensuring transparent pricing and fair access policies.

**We adopt a multi-pronged strategy to ensure the affordability and accessibility of our products:**

- ▶ Maximizing production and operational cost efficiency
- ▶ Efforts from R&D team to provide generic alternatives & affordable versions of essential medications
- ▶ Sustainable pricing models through collaborations with academia, government, industry

Hetero continues to advance its commitment in this area by widening access to medicines while maintaining global quality standards. In the previous reporting year, our oral antiviral Nirmatlevir, marketed as NIRMALCOM, received approval under the World Health Organisation Pre-Qualification of Medicines Programme (WHO PQ). Developed as a generic version of Pfizer's PAXLOVID and supplied together with Ritonavir tablets, this approval demonstrates our ability to contribute to global public health by making critical therapies available on a scale and at an affordable cost.





# Community Engagement

Empowering Communities, Enriching Lives

## Director's Message



Integrating sustainability throughout research, development, and operations demonstrates our purpose to advance human well-being while respecting social and environmental boundaries. This focus empowers us to deliver innovative solutions that contribute positively to society today and for future generations.

Dr K. Rathnakar Reddy  
Director



## CSR at Hetero

### Introduction

Hetero's Corporate Social Responsibility (CSR) is driven by a steadfast vision to foster sustainable and inclusive communities by addressing critical developmental challenges with compassion, equity, and service. Our CSR interventions holistically encompass key areas including health, education, environmental stewardship, livelihoods, and cultural heritage.

With over three decades of industry leadership in the pharmaceutical sector, Hetero's impact extends beyond business success to meaningful social transformation. We have cultivated enduring partnerships with communities, government bodies, and stakeholders to ensure that each initiative is meticulously tailored to local needs, deeply participatory, and strongly rooted in sustainability principles.

### CSR Vision and Approach



#### Vision

To exemplify excellence in CSR by nurturing a sustainable environment and enhancing the quality of life across diverse communities.



#### Mission

To design and implement impactful, scalable, and sustainable CSR programs that align with community aspirations and complement national development objectives.

## Key Focus Areas

Our CSR strategy is organized around six comprehensive thematic areas, each aligned with prevailing national priorities, Company Act Section 135 CSR mandates, and the United Nations Sustainable Development Goals (SDGs):



#### Aarogya

Community Health



#### Abhyasa

Education, Art and Culture



#### Swachhata

Water, Sanitation, and Hygiene (WASH)



#### Ajeevika

Livelihoods, Skill Development, and Employment Generation



#### Spandana

Climate Change Response and Disaster Management



#### Susthira

Sustainable Infrastructure Development as a form of social investment

Each thematic pillar is governed by a robust theory of change model that supports comprehensive impact assessment, optimized resource allocation, and continuous program refinement.

# Overview

## FY 2024-25

In FY 2024-25, Hetero successfully executed a wide portfolio of CSR initiatives that significantly improved the socio-economic conditions of diverse communities across multiple states. Key achievements include:

1. Strengthening foundational learning by supporting 82 government schools and 65 Anganwadi centres.
2. Empowering 7,938 students through the distribution of uniforms, school bags, stationery, and notebooks.
3. Deploying 45 Vidya Volunteers to provide academic assistance and mentorship to government school students.
4. Establishing 22 Computer Learning Corners and equipping two government schools with LED TVs linked to a Learning Management System for enhanced digital education.
5. Providing 1,300 students with comprehensive 10th-grade study materials to support exam readiness.
6. Conducting WASH training for 82 teachers and Vidya volunteers, accompanied by the distribution of IEC materials to amplify health education.
7. Upgrading physical WASH infrastructure in three schools, positively impacting hygiene and health outcomes.
8. Constructing a state-of-the-art computer lab at Pragadavaram village, Andhra Pradesh, and a government degree college in Khammam district, Telangana, to expand educational access and quality.
9. Organizing 315 medical camps via mobile medical vans, reaching 12,460 underserved rural patients with preventive and curative healthcare services.
10. Enhancing vision care through provision of diagnostic support to 6,267 patients, distribution of 2,080 spectacles, and facilitation of 249 cataract surgeries.
11. Addressing rural infrastructure gaps by laying 10 km of cement concrete roads across 7 villages and installing 3 km of underground drainage in 3 villages.
12. Constructing 1 Gram Panchayat community building to strengthen local governance infrastructure.
13. Installing 3 RO plants, 2 bore wells, and 50 cement benches to improve access to safe drinking water and community amenities.
14. Supporting women's entrepreneurship by providing 10 sewing machines and conducting operator skills training for Self Help Group (SHG) members.
15. Supporting 18 fishermen families with distribution of fishing nets to bolster livelihoods.
16. Increasing mobility for 12 physically challenged individuals through provision of customized bicycles.
17. Sponsoring 3 athletes to participate at the national and international level, nurturing sports talent in underserved communities.

## Thematic Area-wise Progress



### Health (Aarogya)

Recognizing the persistent challenges of rural healthcare access, Hetero focuses on delivering comprehensive preventive and curative services. With 315 mobile medical camps conducted, the program reached 12,460 patients offering vital health interventions. Eye care remained a priority, with 6,267 patients diagnosed at vision centers, complemented by the distribution of 2,080 spectacles and facilitation of 249 cataract surgeries, thereby significantly reducing visual impairment among marginalized populations.



SDG 3:  
Good Health and Wellbeing





### Education (Abhyasa)

Hetero's educational programs serve as a catalyst for empowerment and long-term community development. Support to 110 schools, 110 Anganwadi centres and 66 Vidhya volunteers provision of essential learning materials and digital infrastructure such as computer labs and Learning Management Systems, fostering enhanced STEM learning environments. The deployment of 45 Vidya Volunteers helped reduce dropout rates and improved academic performance. Cultural stewardship remains integral: partnering with Hyderabad's Sakura Art Society, we promoted traditional Indian art through exhibitions, preserving and celebrating the nation's rich cultural heritage.



SDG 4: Quality Education



### Water, Sanitation, and Hygiene (Swachhata)

Improving WASH infrastructure and hygiene education is vital for disease prevention and health promotion. Hetero's efforts included installing three RO purification plants and two bore wells to ensure safe drinking water, upgrading sanitation facilities in three schools, and conducting comprehensive WASH training sessions for 110 teachers and vidhya volunteers. Distribution of Information, Education, and Communication (IEC) materials further enhanced community awareness and the adoption of healthy hygiene practices.



SDG 6: Clean Water and Sanitation





### Livelihoods (Ajeevika)

Supporting inclusive economic development, Hetero empowers marginalized groups, especially women, with tools and training for sustainable livelihoods. The provision of 10 sewing machines and drone operator training enabled Self Help Group women to generate income and achieve financial independence. Fishing nets distributed to 18 families enhanced traditional livelihoods, while mobility support via bicycles improved employment opportunities for 12 physically challenged individuals. Additionally, sponsorship of three athletes signified our commitment to nurturing talent and promoting sports development.



SDG 8: Decent Work and Economic Growth



### Sustainable Infrastructure (Susthira)

Infrastructure development serves as a vital driver of socio-economic advancement. Demonstrating a strong commitment to community upliftment, Hetero has invested in the construction of 10 kilometers of durable cement concrete roads connecting seven villages, the installation of three kilometers of efficient underground drainage systems, and the establishment of a Gram Panchayat community building. Complemented by the deployment of three advanced RO plants, two bore wells, and 50 cement benches, these comprehensive initiatives significantly enhance community well-being, promote healthier living environments, and foster resilient and sustainable rural development. Through this transformative initiative, Hetero has empowered the rural population, enabling greater access to essential resources and improved quality of life.



SDG 1: No Poverty, SDG 11: Sustainable Cities and Communities





### Climate Change Response (Spandana)

Understanding the disproportionate impact of natural disasters on vulnerable populations, Hetero's climate change response initiatives provided timely flood relief and rehabilitation support in flood-affected areas of Khammam (Telangana) and Amaravati (Andhra Pradesh). We supplied essential commodities and facilitated rebuilding efforts, assisting communities in restoring livelihoods and strengthening resilience against future climate risks.



SDG 13: Climate Action



### Sindhu Hospitals, Hyderabad: A CSR-Driven, Not-for-Profit Multi-Specialty Healthcare Institution

Sindhu Hospitals, Hyderabad, is a not-for-profit healthcare institution established under the Sai Sindhu Foundation, a public charitable trust founded in 2014 by Dr. B. Parthasaradhi Reddy, Founder and Chairman of the Hetero Group. Built on a strong CSR-driven philosophy, the hospital embodies a long-term commitment to nation-building through equitable, ethical, and accessible healthcare. Sprawled over a 23-lakh sq. ft. campus, Sindhu Hospitals is envisioned as one of India's largest integrated medical campuses. It offers 1,500 beds providing care from primary to quaternary levels, equipped with advanced clinical infrastructure, including a fully integrated Emergency and Trauma Centre, over 100 ICU beds, multiple operation theatres, and state-of-the-art diagnostic facilities such as PET-CT, MRI, and molecular laboratories.

The hospital houses Centres of Excellence spanning Cardiac Sciences, Oncology, Neurosciences, Gastroenterology, Renal Care and Transplantation, Orthopedics, and more. Its comprehensive oncology services cover medical, surgical, radiation, and nuclear medicine, ensuring holistic cancer care. Central to Sindhu Hospitals' mission is its commitment to social responsibility: up to 20% of treatment costs are waived for underprivileged patients, reinforcing the belief that quality healthcare is a right, not a privilege. By integrating clinical excellence with compassion, Sindhu Hospitals stands as a beacon of accessible, advanced healthcare, dedicated to improving lives and strengthening communities.

# Appendix

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GRI 302: Energy 2016	302-1 Energy consumption within the organisation	73-76
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GRI 303: Water 2016	303-1 Interactions with water as a shared resource	82-83
	303-2 Management of water discharge-related impacts	
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GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	90
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	79-80
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GRI 402: Labour/Management Relations	402-1 Minimum Notice Periods Regarding Operational Changes	112
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	116
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	403-8 Workers covered by an occupational health and safety management system	116
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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	106
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GRI indicator	Indicator details	Page No.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	99
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	113
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	111
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child Labour	113
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory Labour	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	114
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	113
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	130-139
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken	65
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	126

GRI indicator	Indicator details	Page No.
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling 417-2 Incidents of non-compliance concerning product and service information and labelling 417-3 Incidents of non-compliance concerning marketing communications	126
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	58-59

# United National Global Compact (UNGC) Index

Area	Principle	Statement	Page No.
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	113
	Principle 2	Businesses should make sure that they are not complicit in Human Rights abuses	
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	111
	Principle 4	The elimination of all forms of forced and compulsory labour	
	Principle 5	The effective abolition of child labour	
	Principle 6	The elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	70-90
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	56-61

# Annexure

Energy and GHG Emission Quantification GHG calculation and inventorization is based on The Greenhouse Gas Protocol developed by the World Resource Institute (WRI) and World Business Council and Standards Board (WBCSD). The GHG Protocol for Corporate Accounting and Reporting Standard has been applied at Hetero. Global warming potential has been taken as provided by Inter-governmental Panel on Climate Change (IPCC). Three types of emissions have been considered:

### Due to consumption of fuel at site for stationary Combustion

Emission factors provided in the IPCC Guideline for National Greenhouse Gas Inventories of 2006 have been used to calculate GHG emissions from stationary combustion source. (Source: Emission Factors from Cross-Sector Tools). Quantity of various fuel consumed has been multiplied by density and calorific value. The calorific value of coal is based on the GCV provided by the supplier of coal, whereas the calorific value of other fuels is determined based on the data published by Bureau of energy efficiency (BEE) on its website or by the respective fuel provider on their website. Data from BEE is the preferred source. All energy figures are converted into TJ before multiplying with the emission factor.

### Due to consumption of fuel for mobile combustion

Emission factors provided in the IPCC Guidelines for National Greenhouse Gas Inventories of 2006 have been used to calculate GHG emissions from mobile combustion sources. (Source: Emission Factors from Cross-Sector Tools). Mobile combustion sources include company-owned or company-controlled vehicles and transportation equipment. The quantity of various fuels consumed (such as diesel, petrol, and LPG) for mobile combustion has been multiplied by density and calorific value. The calorific value of fuels is taken from the Cross-Sector Tools.

### Fugitive Emissions (Scope 1 Direct emission)

The emission factors provided for each gases in the IPCC Global Warming Potential Values guidelines is used for calculating the emissions due to refrigerants used. [https://assets.publishing.service.gov.uk/media/6722566a3758e4604742aa1e/ghgconversion-factors-2024-condensed\\_set\\_for\\_most\\_users\\_v1.1.xlsx](https://assets.publishing.service.gov.uk/media/6722566a3758e4604742aa1e/ghgconversion-factors-2024-condensed_set_for_most_users_v1.1.xlsx)

The quantity of refrigerants refilled (in kg) in each of our unit is multiplied by the emission factor associated with each of the gases used is used for calcu-

lating the emissions. In some of our locations the breakup for the quantity of refrigerant used is not available.

### Emission due to Purchase of Electricity (Scope 2 or indirect emission)

The grid emission factor is multiplied with the electricity consumed to arrive at the emission due to purchased electricity. The grid emission factor is provided by Central Electricity Authority of India. For this years calculation, emission factors specified in the 'CO 2 Baseline Database for the Indian Power Sector User Guide, Version 21.0, has been applied (Source: [https://cea.nic.in/wp-content/uploads/2021/03/CO2\\_Database\\_Version\\_20.0\\_2023\\_24.xlsx](https://cea.nic.in/wp-content/uploads/2021/03/CO2_Database_Version_20.0_2023_24.xlsx))

### Global Warming Potential

The Global Warming Potential of gases are as per the Second assessment report of IPCC [https://www.ghgprotocol.org/sites/default/files/ghgp/Global-WarmingPotentialValues%20%28Feb%2016%202016%29\\_1.pdf](https://www.ghgprotocol.org/sites/default/files/ghgp/Global-WarmingPotentialValues%20%28Feb%2016%202016%29_1.pdf)

### Scope 3 - Other Indirect (Value Chain) Emissions

Scope 3 emissions have been estimated in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, covering the following relevant categories applicable to Hetero and its subsidiaries:

**Categories 1 & 2 - Purchased Goods and Services & Capital Goods:** Emissions were estimated using the spend-based method, applying US Environmentally Extended Input-Output (EEIO) emission factors to the total expenditure (in USD) on raw materials, packaging materials, services, and capital goods. Spend data was adjusted for inflation to align with the 2022 base year of the EEIO factors.

**Category 3 - Fuel and Energy Related Activities** (not included in Scope 1 or 2): Well-to-tank (WTT) emissions for fuel consumption were calculated using UK DEFRA emission factors. For electricity-related upstream emissions, transmission and distribution (T&D) loss percentages were sourced from the World Bank, while the associated life-cycle emission factors were obtained from the International Energy Agency (IEA) under a purchased license.

## INDEPENDENT ASSURANCE STATEMENT

**Categories 4 & 9** - Upstream and Downstream Transportation and Distribution: Emissions were estimated based on distance travelled and weight of goods transported. Emission factors from UK DEFRA (kg CO<sub>2</sub>e per tonne-km) were applied for air and sea transport, while India GHG Program factors (kg CO<sub>2</sub>e per km) were used for road transport.

**Category 5** - Waste Generated in Operations: Emissions were calculated based on the quantity of waste (in tonnes) multiplied by UK DEFRA emission factors corresponding to the applicable disposal or treatment method (e.g., landfill, recycling, incineration, or composting).

**Categories 6 & 7** - Business Travel and Employee Commuting: Emissions were estimated using distance-based activity data (in passenger-km) and emission factors from the India GHG Program and UK DEFRA for the respective modes of travel.

**Category 8** - Upstream Leased Assets: Emissions from six upstream leased asset sites were estimated based on electricity consumption data, applying the grid emission factor published by the Central Electricity Authority (CEA), India. Where site-specific data was unavailable, an average data method was applied based on available site data.

**Category 10** - Processing of Sold Products: Emissions were estimated based on the sales volume to the top 10 clients of the company. The quantity of products sold to each client was multiplied by their respective publicly reported emissions intensity values to derive the emissions associated with further processing of sold products.

**Category 11** - Use of Sold Products: Emissions were estimated based on the activity data associated with inhaler products sold by Hetero. The emissions were calculated by multiplying the quantity of inhaler units sold by the relevant emission factor.

**Category 12** - End-of-Life Treatment of Sold Products: Emissions were estimated based on the quantity of packaging materials (in tonnes) associated with sold products, applying UK DEFRA emission factors according to the applicable end-of-life disposal method.

**Category 15** - Investments: GHG emissions from subsidiaries, joint ventures, and step-down subsidiaries were accounted for by collating their respective Scope 1, Scope 2, and Scope 3 emissions, estimated using activity data reported by these entities and UK DEFRA emission factors.

### Limitations:

The current GHG inventory may have certain limitations due to the use of estimated data and proxy emission factors where primary data was not available. Some Scope 3 categories may also not be fully captured due to data constraints across the value chain. Hetero is committed to improving its data collection and calculation methods year on year to ensure a more comprehensive and accurate emissions inventory.

To,  
The Directors and Management,  
Hetero Group  
Nexity Tower-30, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> Floor, Sy.No.83/1,  
Hyderabad Knowledge City, Raidurg,  
Hyderabad, Telangana-500081.

Hetero Group (hereinafter referred to as "Hetero" which includes Hetero Labs Limited, Hetero Drugs Limited, Hetero Biopharma and Subsidiaries (Annora Pharma Private Limited & Aspiro Pharma Private Limited)) engaged TÜV India Private Limited ("TUVI") to conduct an independent external assurance of the non-financial Environmental, Social, and Governance (ESG) indicators disclosed in Hetero's Sustainability Report (hereinafter referred to as "the Report") for the reporting period April 1, 2024 to March 31, 2025. The Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards 2021. The scope of the assurance engagement covered independent limited assurance engagement on these ESG disclosures and related performance data for the stated reporting period. TUVI conducted assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, applicable to non-financial and sustainability information.

### Management's Responsibility

Hetero has developed the Report content and is responsible for monitoring its ESG data and identifying material sustainability issues relevant to its operations. This includes the identification, establishment, and reporting of performance management systems, data governance, and quality control measures. The management of Hetero is accountable for the accuracy and completeness of the ESG data, as well as the processes involved in collecting, analysing, and reporting the information disclosed through both web-based and printed formats. This responsibility extends to the maintenance and integrity of the company's website where such information may be presented. Hetero's management is also responsible for preparing the ESG Report with reference to the applied criteria of the Global Reporting Initiative (GRI) Standards. It is incumbent upon Hetero to ensure that the Report is free from any material misstatements, whether intentional or unintentional, thereby maintaining the trust and confidence of stakeholders in the disclosed information. Furthermore, Hetero is responsible for ensuring the archiving and reproducibility of the disclosed ESG data, making it available to stakeholders upon request.

### Scope and Boundary

The reporting criteria is GRI Standards 2021, while the assurance criteria is ISAE 3000 (Revised). The assurance engagement encompasses a review of the evidence (on a sample basis) for identified ESG indicators. The assurance engagement conducted by TÜV India Private Limited covered the following key activities:

- 1. Verification of Report Content and Material Topics**  
Assessed the application of the Report's content in with reference to material topics identified through an applied double materiality approach, and evaluated the quality of information disclosed, as guided by the principles outlined in the Global Reporting Initiative (GRI) Standards, over the defined reporting period.
- 2. Review of Governance Policies and Practices**  
Examined key governance-related policies and practices referenced in the Report, including but not limited to the Code of Conduct, Corporate Social Responsibility (CSR) policy, Prevention of Sexual Harassment (POSH) policy, and the Whistle Blower mechanism, along with related initiatives and performance disclosures.
- 3. Review of GRI Standards Requirements**  
Reviewed the non-financial disclosures presented in the Report for alignment with the applicable requirements of the GRI Standards.
- 4. Verification of Environmental and Social Data**  
As part of this limited assurance engagement, TUVI performed verification procedures on a sample basis, consistent with the requirements of ISAE 3000 (Revised). The nature and extent of procedures included inquiries, analytical procedures, and selective testing of supporting documentation for selected ESG disclosures and KPIs. The sample selection and sample size were determined using professional judgment, taking into account factors such as the nature of the disclosure, data availability, prior-year observations, availability of evidence and perceived risk, within the constraints of a limited assurance engagement. The procedures did not involve testing all data points or all reporting locations included in the reporting boundary. Accordingly, the assurance obtained is limited in nature and provides a lower level of assurance than a reasonable assurance engagement. TUVI verified the reliability of selected disclosures related to environmental and social topics, by sampling and testing supporting data and documentation.
- 5. Assessment of Specified Information for Stakeholder Relevance**  
Evaluated the specified ESG information selected for assurance to ensure it reflects material concerns and is meaningful and relevant to the Report's intended stakeholders.

From the disclosures listed in Annexure 1, selected indicators were verified on a sample basis. The reporting boundaries for the disclosures (refer annexure 1) includes

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Sr	Boundary	Sr	Boundary
1	Hetero Drugs Limited- (Registered Office)- Sanath Nagar, Telangana	2	Hetero Labs Limited, Unit III-EOU (Formulation Facility)- Jeedimetla, Telangana
3	Hetero Biopharma Limited- (Formulation Facility)- Jadcherla, Telangana	4	Hetero labs Limited, Unit VII (Formulation Facility)- Jeedimetla, Telangana
5	Hetero Labs Limited, Unit VI (Formulation Facility)- Jadcherla, Telangana	6	Hetero Labs Limited, Unit V (Formulation Facility)- Jadcherla, Telangana
7	Hetero Labs Limited, Unit I (API Facility)- Khazipally, Telangana	8	Hetero Labs Limited, Unit II (Formulation Facility)- Baddi, Himachal Pradesh
9	Hetero Drugs Limited, Unit IV (API Facility)- Bonthapally, Telangana	10	Hetero Drugs Limited, Unit I (API Facility)- Bonthapally, Telangana
11	Hetero Labs Limited, Unit IX (API Facility)- Nakkapally, Andhra Pradesh	12	Hetero Drugs Limited, Unit IX (API Facility)- Nakkapally, Andhra Pradesh
13	Annora Pharma Private Limited (Formulation Facility)- Annaram, Telangana	14	Hetero Labs Limited, Unit III (API Facility)- Nakkapally, Andhra Pradesh
15	Hetero Vemgal Unit(Formulation Facility), Vemagal, Karnataka	16	Aspiro Pharma Limited (Formulation Facility)- Karkapatla, Telangana
17	Hetero Labs Limited, Unit IV (Formulation Facility), Baddi, Himachal Pradesh	18	Hetero Labs Limited, Corporate office, RMZ Nexity, Raidurg, Hyderabad, Telangana, India

### Onsite Verification was conducted at below mentioned locations on 16/12/2025 to 18/12/2025.

The reporting boundary of the Sustainability Report includes more than eighteen (18) operational sites. Under this limited assurance engagement, onsite verification was conducted at three (03) selected locations, while the remaining sites within the reporting boundary were subjected to desk-based review procedures only. The selection of onsite locations was based on site rotation, professional judgment and practical considerations and did not involve onsite verification of all locations included in the reporting boundary.

The assurance engagement did not include a site-by-site materiality or risk assessment of all locations. For sites not visited, procedures were limited to review of documentation, data submissions, and management representations, which provide a lower level of assurance than onsite verification. Accordingly, the assurance conclusion is based on a combination of onsite and desk-based procedures within the defined scope of this limited assurance engagement.

1. Annora Pharma Private Limited- (Formulation Facility)- Annaram, Telangana. - 16<sup>th</sup> December 2025
2. Hetero Labs Limited, Unit-3- (Formulation Facility)-Jeedimetla, Telangana - 17<sup>th</sup> December 2025
3. Hetero Labs Limited, Corporate office, RMZ Nexity, Raidurg, Hyderabad, Telangana, India: 18<sup>th</sup> December 2025.

The assurance activities were carried out together with a desk review of entire reporting boundary.

### Our Responsibility

The responsibility of TÜV under this assurance engagement is to perform independent limited assurance and to express a conclusion based on the procedures conducted. The engagement was carried out with reference to the agreed scope of work, specifically focused on selected non-financial Environmental, Social, and Governance (ESG) indicators. This engagement did not include an evaluation of the adequacy or effectiveness of Hetero's overall sustainability strategy, governance, or management systems, nor an assessment of the sufficiency of the Report against the overarching principles of the GRI Standards or the ISAE 3000 (Revised) standard, beyond the elements explicitly covered within the defined scope. The ESG data was verified on a sample basis, and the responsibility for the accuracy, completeness, and authenticity of the information remains solely with Hetero. The reporting organization is also accountable for the archiving and retention of all related data for a reasonable period to support transparency and traceability.

TÜV does not assume liability or co-responsibility for:

1. Any inaccuracies or erroneous data reported by Hetero;
2. Any decisions made by individuals or entities based on this assurance statement.

This assurance is provided on the assumption that all data and information made available to TÜV by Hetero were complete, accurate, and true to the best of Hetero's knowledge. The procedures performed were limited in nature and are not intended to support regulatory scrutiny, investor or lender decision-making, capital market transactions, or other high-stakes ESG uses requiring reasonable assurance.

### Verification Methodology

TÜV adopted a risk-based approach, focusing on verification efforts on issues of high material relevance to Hetero business and its stakeholders. During the assurance engagement, TÜV applied a risk-based approach, concentrating verification efforts on the Key Performance Indicators (KPIs) disclosed within the Report. The primary objective was to evaluate the reliability of the reported information and the effectiveness of the underlying data management systems, information flows, and internal controls.

As part of the engagement, TÜV conducted the following activities:

1. Review of Stakeholder Engagement and Materiality Process: TÜV reviewed the approach adopted by Hetero for the stakeholder engagement and double materiality determination process. Assessed Hetero's approach to stakeholder

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engagement and the process for identifying and prioritizing material ESG topics, ensuring alignment with established reporting frameworks and principles.

2. Verification of Disclosures and Internal Controls: Verified selected disclosures and assertions made in the Report, and evaluated the robustness and adequacy of the related data management systems, information flows, and internal control procedures.
3. Document Review and Data Assessment: TÜV examined and reviewed the documents, data, and other information made available by Hetero for the reported disclosures, including the disclosure on management approach and performance disclosures. Examined pertinent documentation, datasets, and other supporting evidence provided by Hetero for all reported KPIs. This review was performed on a sample basis, focusing on non-financial information disclosures.
4. Stakeholder Interviews: Engaged with key personnel, including data owners and decision-makers across relevant functions of Hetero, during the onsite and remote verification phase to gather insights and corroborate information.
5. Assessment of ESG Policy Implementation: Conducted sample-based evaluations of the implementation of ESG-related policies as described in the Report to verify adherence and effectiveness.
6. Verification of Data Generation and Management Processes: Reviewed, on a sample basis, the procedures for generating, collecting, managing, and reporting both quantitative data and qualitative information included in the ESG disclosures for the reporting period.

The Report was evaluated against the following criteria: adherence to the principles of stakeholder inclusiveness, materiality (double), responsiveness, completeness, neutrality, relevance, sustainability context, accuracy, reliability, comparability, clarity, and timeliness, as prescribed in the GRI Standards 2021, and International Standard on Assurance Engagements (ISAE) 3000 (Revised).

### Action Plan

The following improvement areas were identified and communicated to Hetero Group (Hetero). These recommendations are aligned with management's existing objectives and sustainability initiatives, and several have already been recognized by Hetero. The assurance team supports continued management focus on these areas to further advance the organization's sustainability performance:

1. **Smart data acquisition system:** Hetero may further strengthen its internal data management framework by adopting a cloud-based data acquisition system to facilitate periodic monitoring, improve data accuracy, and streamline performance reviews further strengthening data accuracy.
2. **Internal Training:** Internal training programs on sustainability may be conducted to further enhance the knowledge and understanding of data owners further improving reliability, consistency and facilitating audit trail and traceability.

### Our Conclusion

Based on the procedures performed and evidence obtained, and within the scope and limitations of this limited assurance engagement, **nothing has come to our attention that causes us to believe** that the ESG disclosures and related information included in Hetero's Sustainability Report for the reporting period April 1, 2024 to March 31, 2025 have not been prepared, in all material respects, in accordance with the stated criteria of the Global Reporting Initiative (GRI) Standards 2021. This conclusion provides a limited level of assurance, consistent with ISAE 3000 (Revised).

We did not perform assurance procedures on forward-looking statements, targets, forecasts, expectations, or ambitions disclosed in the Report. Accordingly, **nothing can be concluded** on such prospective information.

This conclusion relates only to the subject matter information within the defined scope and boundaries of this limited assurance engagement and does not extend to any other information included in the Report or to the organization's overall sustainability strategy, governance effectiveness, or performance beyond the stated scope. The assurance engagement did not include verification of value chain primary data where estimates or secondary data were used.

### Disclosures Evaluation

TÜV is of the opinion that Hetero's sustainability disclosures generally meet the requirements of the GRI Standards. The following reporting elements have been addressed:

- Universal Standards:
  - 1) GRI 1: Foundation 2021 - Requirements and principles for using the GRI Standards;
  - 2) GRI 2: General Disclosures 2021 - Information on Hetero's organizational profile, strategy, ethics and integrity, governance, stakeholder engagement, and reporting practices;
  - 3) GRI 3: Material Topics 2021 - Information on Hetero's identification and management of material topics.
- Topic-Specific Standards:
  - 1) GRI 300 Series (Environmental topics) and
  - 2) GRI 400 Series (Social topics) - These were applied to report the company's impacts on relevant environmental and social issues. TÜV finds that the material topics and associated Topic-specific Standards are identified and addressed in Hetero's ESG disclosures.

Nothing has come to our attention that causes us to believe that the selected ESG disclosures and Key Performance Indicators (KPIs) subject to this engagement contain material misstatements. The assurance procedures were limited in nature, consisting primarily of inquiries, analytical procedures, and sample-based testing of supporting evidence, and therefore provide a lower level of assurance than a reasonable assurance engagement.

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Nothing has come to our attention that causes us to believe that the processes applied for the collection, aggregation, and reporting of the selected ESG information reviewed under this engagement are inconsistent with the descriptions provided in the Report, within the defined scope and reporting boundaries.

**Principles Observed in the Assurance Process**

- **Independence:** TUVI conducted this engagement in compliance with the International Ethics Standards Board for Accountants (IESBA) Code, which adopts a threats and safeguards approach to independence. The assurance team was selected to avoid risks of self-interest, self-review, advocacy, familiarity, or intimidation, ensuring objectivity throughout the engagement.
- **Quality Control:** TUVI maintains a comprehensive system of quality control, in line with the International Standard on Quality Control (ISQC). The assurance team adhered to the IESBA Code's principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. All procedures were conducted in accordance with applicable ethical and professional standards. This assurance statement was subject to independent technical review prior to issuance.

**Evaluation of the adherence to contemporary Principles**

**Stakeholder Inclusiveness:** Stakeholder identification and engagement is carried out by Hetero on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. Nothing has come to our attention that causes us to believe that the Report does not comply, in all material respects, with the stakeholder inclusiveness requirements

**Sustainability Context:** Hetero established the relationship between ESG and organizational strategy within the Report, as well as the context in which disclosures are made. Nothing has come to our attention that causes us to believe that the Report does not comply, in all material respects, with the requirements of the sustainability context principle.

**Materiality:** As part of this limited assurance engagement, TUVI reviewed the design and documented application of Hetero's double materiality determination process. The review focused on the process structure, stakeholder categories considered, and the methodologies applied, as described in the Report. TUVI did not validate, re-perform, or independently assess the materiality outcomes, scores, or prioritization. Accordingly, assurance is limited to the review of process design and its described application only. The Report brings out the aspects, topics, and their respective boundaries of the diverse operations of Hetero. Nothing has come to our attention that causes us to believe that the Report does not comply, in all material respects, with the requirements of the materiality principle.

**Responsiveness:** TUVI believes that the responses to the material aspects are articulated in the report, i.e., disclosures on Hetero policies and management systems, including governance. Nothing has come to our attention that causes us to believe that the Report does not meet the requirements.

**Impact:** Nothing has come to our attention that causes us to believe that Hetero does not communicate its sustainability performance through periodic internal and external reporting during the reporting period, as described in the Report. Nothing has come to our attention that causes us to believe that sustainability-related information is not reported to the Board of Directors for consideration in relation to sustainability objectives, goals, and targets, within the scope of this limited assurance engagement.

**Completeness:** Nothing has come to our attention that causes us to believe that the selected non-financial KPIs disclosed in the Report have not been prepared, in all material respects, in accordance with the applicable requirements of the GRI Standards 2021.

**Reporting Principles for defining report quality:** The majority of the data and information were verified by TUVI's assurance team during the remote assessment and found to be accurate. The disclosures related to ESG issues and performances are reported in a balanced manner and are clear in terms of content and presentation. Nothing has come to our attention that causes us to believe that the Report does not meet the requirements.

**Reliability:** The majority of the data and information were verified by TUVI's assurance team and found to be accurate. Some inaccuracies in the data identified during the verification process were found to be attributable to transcription, interpretation, and aggregation errors. The errors were not material and these errors have been corrected during the assurance process prior to finalization of the Report. Therefore, in reference to the GRI Standards 2021, TUVI concludes that nothing has come to its attention that causes TUVI to believe that the Report does not meet the requirements.

**Neutrality:** The disclosures related to ESG issues and performance are reported in a neutral tone, in terms of content and presentation. Nothing has come to our attention that causes us to believe that the Report does not meet the requirements.

This assurance statement does not endorse any environmental and social claims (related to the product, manufacturing process, packaging, disposal of product etc.) as well as advertisements by the reporting organization. TUVI does not permit use of this statement for Greenwashing or misleading claims.

**Our Assurance Team and Independence**

TUVI is an independent and neutral third-party organization providing sustainability assurance services through a team of qualified environmental and social specialists. TUVI affirms its independence and impartiality in relation to this assurance engagement and confirms that no conflict of interest exists. During the reporting year, TUVI did not undertake any other engagements with Hetero that could compromise the objectivity, independence, or impartiality of our findings, conclusions, or recommendations. TUVI was not involved in the preparation of any content or data presented in Hetero's Report, with the sole exception of this independent assurance statement. Furthermore, TUVI maintains complete neutrality and impartiality with respect to all individuals interviewed during the course of the assurance process.

For and on behalf of TUV India Private Limited

*M. B. Borkar*

Date: 10-03-2026  
Place: Mumbai, India



Project Reference No: 8124540386

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**Annexure 1 - TUVI has verified the selected disclosures on sample basis.**

Topic	Indicator	GRI Disclosure	
General Disclosures	Organizational details	2-1	
	Entities included in the organization's sustainability reporting	2-2	
	Reporting period, frequency and contact point	2-3	
	Restatements of information	2-4	
	External assurance	2-5	
	Activities, value chain and other business relationships	2-6	
	Employees	2-7	
	Workers who are not employees	2-8	
	Governance structure and composition	2-9	
	Nomination and selection of the highest governance body	2-10	
	Chair of the highest governance body	2-11	
	Role of the highest governance body in overseeing the management of impacts	2-12	
	Delegation of responsibility for managing impacts	2-13	
	Role of the highest governance body in sustainability reporting	2-14	
	Collective knowledge of the highest governance body	2-17	
	Statement on sustainable development strategy	2-22	
	Policy commitments	2-23	
	Embedding policy commitments	2-24	
	Processes to remediate negative impacts	2-25	
	Mechanisms for seeking advice and raising concerns	2-26	
	Compliance with laws and regulations	2-27	
	Membership associations	2-28	
	Approach to stakeholder engagement	2-29	
	Collective bargaining agreements	2-30	
	Material Topics	Process to determine material topics	3-1
		List of material topics	3-2
		Management of material topics	3-3
	Economic	Direct economic value generated and distributed	201-1
		Financial implications and other risks and opportunities due to climate change	201-2
		Ratios of standard entry level wage by gender compared to local minimum wage	202-1
Proportion of senior management hired from the local community		202-2	
Proportion of spending on local suppliers		204-1	
Policies		205-1	
Communication and training about anti-corruption policies and procedures		205-2	
Confirmed incidents of corruption and actions taken		205-3	
Legal actions for anti-competitive behavior, anti-trust		206-1	
Materials		Materials used by weight or volume	301-1
	Recycled input materials used	301-2	
	Reclaimed products and their packaging materials	301-3	
Energy	Energy consumption within the organization	302-1	
	Energy intensity	302-3	
	Reduction of energy consumption	302-4	
Water and Effluents	Interactions with water as a shared resource	303-1	
	Management of water discharge-related impacts	303-2	
	Water withdrawal	303-3	
	Water discharge	303-4	
	Water consumption	303-5	
Biodiversity	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	304-1	
Emissions	Direct (Scope 1) GHG emissions	305-1	
	Energy indirect (Scope 2) GHG emissions	305-2	
	Other indirect (Scope 3) GHG emissions	305-3	
	GHG emissions intensity	305-4	
	Reduction of GHG emissions	305-5	
	Emissions of ozone-depleting substances (ODS)	305-6	
	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	305-7	
Waste	Waste generation and significant waste-related impacts	306-1	
	Management of significant waste-related impacts	306-2	
	Waste generated	306-3	
	Waste diverted from disposal	306-4	
	Waste directed to disposal	306-5	
Employment	New employee hires and employee turnover	401-1	
	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2	
	Parental leave	401-3	

Labor/Management Relations	Minimum notice periods regarding operational changes	402-1
Occupational Health and Safety	Occupational health and safety management system	403-1
	Hazard identification, risk assessment, and incident investigation	403-2
	Occupational health services	403-3
	Worker participation, consultation, and communication on occupational health and safety	403-4
	Worker training on occupational health and safety	403-5
	Promotion of worker health	403-6
	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7
	Workers covered by an occupational health and safety management system	403-8
	Work-related injuries	403-9
	Work-related ill health	403-10
Training and Education	Average hours of training per year per employee	404-1
	Programs for upgrading employee skills and transition assistance programs	404-2
	Percentage of employees receiving regular performance and career development reviews	404-3
Diversity and Equal Opportunity	Diversity of governance bodies and employees	405-1
Non-discrimination	Incidents of discrimination and corrective actions taken	406-1
Freedom of Association and Collective Bargaining	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	407-1
Child Labour	Operations and Supplier at significant risk for incidents of child labour	408-1
Forced or Compulsory Labor	Operations and supplier at significant risk for incidents of forced or compulsory labour	409-1
Security Practices	Security personnel trained in human rights policies or procedures	410-1
Rights of Indigenous Peoples	Incidents of violations involving rights of indigenous peoples	411-1
Local communities	Operations with local community engagement, impact assessments, and development programs	413-1
Customer Health and Safety	Assessment of the health and safety impacts of product and service categories	416-1
	Incidents of non-compliance concerning the health and safety impacts of products and services	416-2
Marketing and Labelling	Requirements for product and service information and labelling	417-1
	Incidents of non-compliance concerning product and service information and labelling	417-2
	Incidents of non-compliance concerning marketing communications	417-3
Customer Privacy	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1
Supplier Assessment	New suppliers that were screened using environmental criteria	308-1
	New suppliers that were screened using social criteria	414-1

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Notes

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