CIPLA LIMITED
RISK MANAGEMENT POLICY

[Pursuant to Companies Act, 2013 and Rules made thereunder and Regulation 21 and Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Version 1.0
[Effective 5th August, 2021 as approved by the Board of Directors on 5th August, 2021]

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CIPLA'S RISK MANAGEMENT POLICY

1. BACKGROUND

1.1. Cipla is a purpose-inspired, responsibility-centred, innovation-driven, excellence-focused, integrity and trust-anchored global pharmaceutical company that consistently Cares for Life and delivers on its commitments to all our stakeholders – patients, regulators, customers, partners, employees, investors, and community. We are a global pharmaceutical company with headquarters at Mumbai, India and listed with the national stock exchanges of the country.

1.2. This Policy, after suitably considering, the applicable India Regulations and the organisational context, outlines the company's risk management framework.

1.3. The Company has laid down procedures about risk management framework:

1.3.1. The Board of Directors of the Company shall form an Investment & Risk Management Committee (hereinafter referred to as "IRMC") and may constitute or re-constitute the composition of IRMC, as it may deem fit. The IRMC shall periodically review and evaluate this policy and guide the Management for them to identify and mitigate the risk through properly defined network.

1.3.2. The responsibility for risk and opportunities identification, assessment and management will primarily rest with the management council, business unit and functional line management. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.

2. SCOPE AND AUTHORITY

2.1. This Policy applies to Cipla, its subsidiaries and affiliates (together called as "the Company") and is applicable effective August 5, 2021.

2.2. This Policy shall be under the authority of Cipla's Investment & Risk Management committee (IRMC) of the Board which is constituted to oversee and advise on the Company's key strategic, sectoral, operational, financial, compliance, sustainability, information, and cybersecurity risks. The IRMC is also responsible for monitoring and approving any changes to this Policy. The constitution, responsibilities and functioning of the IRMC can be identified in the committee's Charter, and does not form part of this Policy.

3. GOVERNANCE, RISK ARCHITECTURE AND RESPONSIBILITIES

3.1. The Board, through the IRMC and other Board Committees provides oversight to the Risk Management Framework and evaluates the adequacy of Risk Management systems.

3.2. The Management Council is responsible for the monitoring of major business and strategic risks, and to evaluate the effectiveness of corresponding risk mitigation strategies.

3.3. The Business Unit and Functional line management are accountable for identification of operational risks, appropriateness of their risk decisions as well as implementation of decisions, tracking and reporting of risks in line with this Policy.

3.4. The Corporate Risk management team (ERM team) is responsible for the necessary alignment, coordination and development of the Company's risk management framework. The team maintains guidelines to ensure common terminology, aligned processes and adherence to leading risk management standards. The Global CEO and Global CFO oversee the ERM team reviews.

4. RISK MANAGEMENT PRINCIPLES

1. **Value creation and protection:** Risk management creates and protects value. It contributes to the achievement of objectives, encourages innovation and improves performance.
2. **Integrated:** Risk management is an integral part of all organisational activities, including decision making. It is not a stand-alone activity that is separate from the activities and processes of the organisation. Everyone in an organisation has responsibility for managing risk. Risk management improves decision making at all levels.
3. **Structured:** A systematic and structured approach to risk management contributes to efficiency and to consistent, comparable, and reliable results.
4. **Customised:** The risk management framework and processes should be customised to the organisation's external and internal context and related to its objectives.
5. **Inclusive:** Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management and decision making.
6. **Dynamic and responsive:** Risks may emerge, change or disappear as a result of changes and events in an organisation's internal and external context. Risk management anticipates, detects, acknowledges and responds to those changes and events in a timely manner.
7. **Best available information:** The inputs to risk management are based on historical and current information as well as future expectations, taking into account any limitations and uncertainties associated with the information.
8. **Human and Cultural factors:** Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
9. **Continual improvement:** Risk management improves organizational performance through increasing awareness and developing capabilities based on continuous learning and experience. These activities support organizational learning and resilience.

5. RISK MANAGEMENT PROCESS

5.1. The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

5.1.1. The Company shall have a documented risk prioritisation and risk velocity framework consistent with the organisation context and scope, and with this Policy

5.1.2. Risk assessment shall be conducted systematically, iteratively and collaboratively, drawing on the knowledge and views of stakeholders. In order to meet the purpose of recognising and describing risks that might help or prevent the Company from achieving its objectives, the risk identification exercise should seek relevant, appropriate and up-to-date information

5.1.3. The Company's risk evaluation process should assist in making decisions on prioritisation and treatment of risks, in line with the established Risk Prioritisation Framework. The outcome of risk should be recorded, communicated and confirmed by management

5.1.4. The Company shall adopt a suitable risk response framework that can consistently respond to and mitigate risks. The selection of risk treatment options should be made in accordance with the Company's objectives, risk criteria and available resources. The Risk treatment plan should specify how the chosen treatment options will be implemented so that arrangements are understood by those involved and progress against the plan can be monitored.

5.1.5. Monitoring needs to be an integral part of the risk treatment implementation to give assurance that the treatments remain effective. Early warning indicators of key risks across businesses shall be integrated in business unit and function specific risk dashboards, which shall be monitored on a quarterly basis.

5.1.6. The risk management process and its implementation should be documented and reported, with due consideration applied to their use, information sensitivity, internal and external context.

5.1.7. A quarterly ERM Activity Calendar shall be presented by the ERM team for review and approval by the IRMC at the start of each financial year.

5.1.8. The ERM Team, in coordination with Business and Functional line management, shall be responsible for developing and updating a Business Continuity Plan (BCP) for black swan events and potential crises scenarios.

5.1.9. Any change in Policy shall be approved by the IRMC.

5.2. The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The IRMC and Management Council of the Company/ periodically reviews the risk management framework to maintain its relevance so as to effectively address the emerging challenges in a dynamic business environment.