Double Materiality Assessment[1]

At Cipla, we recognise the critical role a materiality assessment plays in determining priority sustainability issues that are most significant for our operations and stakeholders. To ensure that we remain aligned with stakeholder expectations and emerging risks and opportunities, we undertake a comprehensive materiality assessment every three years.

During FY 2024-25, we conducted our maiden Double Materiality Assessment ("DMA"). This process involved assessing the impacts of our business activities on the external environment and society, and how sustainability-related risks and opportunities could impact our financial performance, taking into account the views and concerns of key stakeholders including suppliers, customers, investors and employees.

Approach to Double Materiality

In conducting this assessment, we referred to the guidelines provided by the Corporate Sustainability Reporting Directive ("CSRD"), European Sustainability Reporting Standards ("ESRS") 1 and the European Financial Reporting Advisory Group's ("EFRAG") IG 1: Materiality Assessment Implementation Guidance.

We conducted a contextual analysis of our business activities, using the EFRAG IG 1 guidance as a reference. Based on this, and through research using global sustainability frameworks, peer comparisons, and expert input, we shortlisted 17 material topics for further assessment and validation. Through stakeholder mapping and engagement, we prioritised 10 material topics most relevant to our business and value chain. While these 10 topics form our core focus, all 17 identified topics are addressed across our six capitals framework.

The identified topics were reviewed for their associated Impacts, Risks and Opportunities ("IROs") and further discussed with Cipla's Management Council to develop comprehensive financial and impact pathways. Each IRO was then assessed for both impact and financial materiality in line with EFRAG IG 1 including their presence across our operations and upstream and downstream value chain. Identified potential financial risks were also aligned with our Enterprise Risk Management ("ERM") framework, ensuring consistency with the Company's internal risk register and overall risk ratings.

Our DMA approach and process has also undergone third party assurance. The assurance statement is available on page no. 424 of FY 2025-26 Annual Report.

Continuity in FY 2025-26[2]

The material issues identified through our maiden DMA continue to guide our sustainability priorities in FY 2025-26. We continue to monitor our material topics for any significant shifts in our operating context, stakeholder expectations, or regulatory landscape that may warrant an earlier review.

During the current year, we further reviewed our material topics to assess their continued relevance and relative priority in light of evolving business and regulatory context.

Based on this review, we have made the following changes:

- Resource Management (Waste, Water and Land), previously categorised as an important material topic has been elevated to Critical, reflecting its growing significance to our operations and value chain.
- Occupational Health and Safety, previously categorised as Critical, has been recalibrated to important, while continuing to remain a key area of focus for us.
- In the pharmaceutical industry, Product Quality and Safety are non-negotiable. Given Cipla's global footprint highly regulated markets and its complex product portfolio), Product Quality and Safety directly underpins our licence to operate, patient trust and financial continuity, warranting its elevation to Critical.
- Given Cipla's globally distributed and multi-tiered supply chain, any disruption or lapse in supplier performance, traceability, or compliance can directly impact product availability, regulatory standing and reputation. With tightening global regulations,

[1]GRI 2-14, GRI 3-1 and information in line with BRSR Question no. 26 of Section A and Question no. 1 and 2 under leadership indicators of Principle 4
[2]GRI 3-2

vulnerable geopolitical situations, dependence on Active Pharmaceutical Ingredient ("API") and drug suppliers in China and rising stakeholder expectations on ethical and resilient sourcing, Sustainable Supply Chain has been elevated to Critical, reflecting its growing strategic significance.

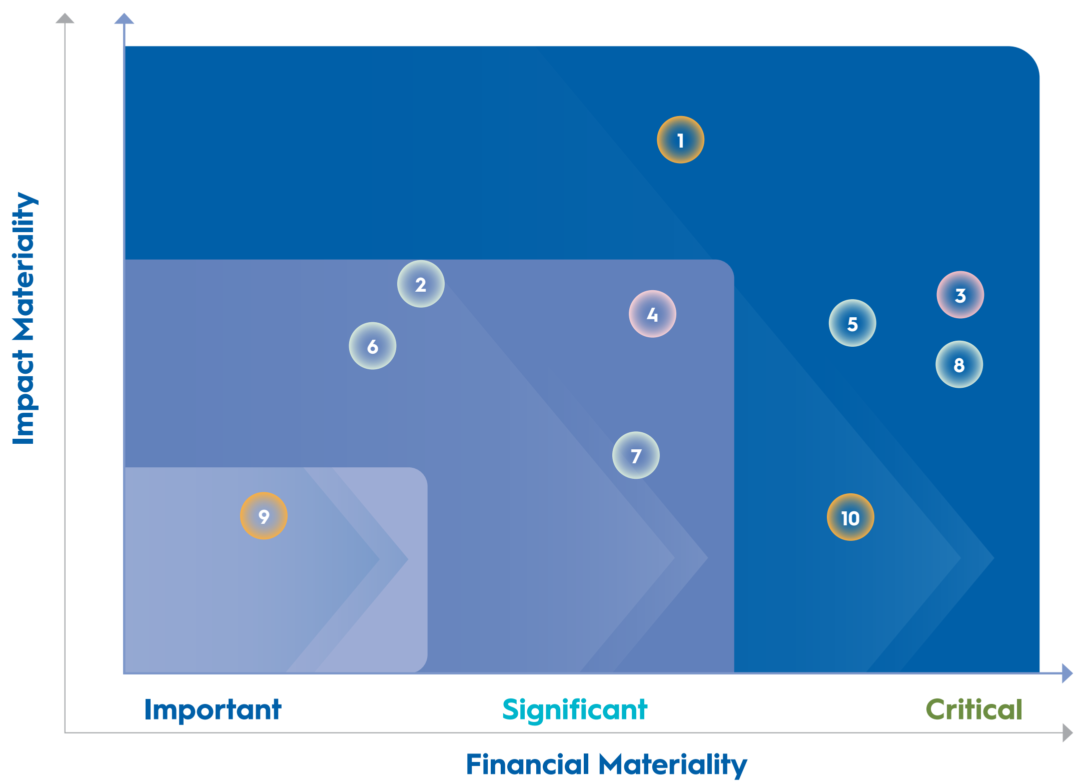
- Corporate Governance remains a foundational pillar at Cipla, supported by a mature Board structure, robust compliance frameworks, and well-institutionalised ethics and disclosure practices, that are deeply embedded in our operating model. Reflecting this maturity and the relative elevation of more dynamic emergent topics, Corporate Governance has been recalibrated to Significant, while continuing to remain a non-negotiable enabler of long-term value creation and stakeholder trust.

These refinements are reflected in the updated materiality matrix below and ensure that our prioritisation remains dynamic and responsive to shifts in our operating context, stakeholder expectations and regulatory landscape.

Outcome of the Double Materiality Assessment

The results of our DMA are closely aligned with our business strategy. As a healthcare provider, we are committed to delivering high-quality, safe, affordable and accessible care. The assessment also highlights potential environmental risks, reinforcing our focus on reducing greenhouse gas emissions and improving resource efficiency through responsible environmental practices. The detailed report on our DMA is uploaded on our website at https://www.cipla.com/sustainability.

Our priority material issues are depicted below:[3]



1	Access and Affordability of Medicines	6	Innovation and Research and Development
2	Technology and Digitalisation	7	Corporate Governance and Business Ethics
3	Resource Management (Waste, Water and Land)	8	Product Quality and Safety
4	Climate Action (Energy and Emissions)	9	Occupational Health and Safety
5	Sustainable Supply Chain	10	Human Resource Development

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[3]GRI 3-2

Material Impacts, Risks and Opportunities

The following table presents the results of the Double Materiality Assessment we conducted in FY 2024-25. It describes the material impacts, risks and opportunities for our top 10 material issues.

Material Issue	ESG Dimension	Linkage with the IR	Rationale for Identification	External Impacts	Identified Risk and Opportunity	Financial implications of the risk or opportunity (Indicate positive or negative implications)	Mitigation measures in case of Risk
Access and Affordability of Medicines	S	Relationship Capital	As a generics company, we play a crucial role in enhancing access to life saving medication. This is particularly significant in underserved markets and patient communities. We implement targeted efforts, focusing on areas of therapy where we excel. Our aim is to holistically contribute to a sustainable health ecosystem.	**Positive:** We are among the few exclusive manufacturers of asthma inhalers in emerging markets, including Latin America, and offer affordable oncology, HIV, and rare disease medications in India, Africa, and other low- and middle-income countries, essential for regions where access to innovative drugs is limited due to market size constraints. Further, our expertise in navigating complex regulatory environments ensures smooth approvals and enhances access to essential medicines in underserved regions.	**Risks:** Disruption in supply chain due to manufacturing issues, geopolitical conflicts, natural calamities, quality non-conformance, and failure in anticipating surges in demand can result temporary lack of access to certain medicines in certain geographies.	Negative	Refer Enterprise Risk Management on page no. 48
					Opportunities: Focused efforts to enhance access to affordable healthcare in underserved regions strengthens our brand reputation and equity. It supports demonstration of the commitment to social responsibility, attracting discerning customers and investors who prioritise socially responsible business practices.	Positive	
Technology and Digitalisation	G	All	We actively leverage technology in our organisational processes to optimise our operations, improve patient experiences through digital solutions and expand our reach in delivering healthcare services on a global scale. We continue to invest in technological solutions that support responsible and smooth operations, consequently creating sustainable positive outcomes for all our stakeholders.	**Positive:** We have implemented several technological initiatives that collectively foster a sustainable and efficient healthcare environment. These include implementation of an e-log solution and use of hyperconverged infrastructure, promoting resource conservation. We have also integrated technology into our medical devices, such as metered inhalers and diabetes monitoring tools like HBA1C, further advancing patient wellbeing through accurate drug administration and effective health monitoring	**Opportunities:** Automation enhances operational efficiency, allowing us to focus on innovation, strategic priorities, and customer needs. By embedding technology into our products, we create a distinct competitive edge that sets us apart in the market. Additionally, automation facilitates broader access to new markets and geographies, supporting scalable growth.	Positive	-

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Financial implications of the risk or opportunity (Indicate positive or negative implications

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Resource (Waste, Water and Land) Management	E		We recognise the importance of prioritising resource conservation in our own operations and across the value chain. As a resource intensive industry, we make focused efforts to reduce our water consumption and waste generation, increase water recycling and reuse, ensure safe waste disposal and conserve available natural resources.	**Positive:** Our approach to water conservation strongly supports reduction in consumption, treatment of wastewater, and increasing water availability and quality for local communities. We are increasingly transitioning to the use of water-based binders, in place of solvent based, enabling emissions and hazards reduction. Further, our sustainable packaging efforts prioritise the reduction of waste.	**Risks:** Non-compliance with permissible air emission limits and absence of waste, water and land management, can attract fines, penalties, legal actions and reputational loss. Additionally, limited availability of freshwater can lead to operational disruptions, and hinder business continuity.	−	Refer Enterprise Risk Management on page no. 48
				Negative: Improper treatment and disposal of pharmaceutical waste can contaminate the surrounding environment, posing health threats to local communities. Often, this contains residual antibiotics, which if not properly treated could greatly exacerbate global AMR crises. Additionally, unchecked water consumption in our manufacturing processes in water stressed regions can exacerbate groundwater scarcity. Further, in the absence of effective safeguards, mismanaged manufacturing operations can result in loss of biodiversity and deforestation.	**Opportunities:** Our focused efforts for water stewardship supports business continuity and enables a reduction in operational costs. Further, ensuring Zero Waste to Landfill reduces disposal costs, and enhances competitive advantage. We have also made strategic investments in green chemistry, supporting streamlining of manufacturing processes and cost efficiency. Through effective management of AMR, we can differentiate ourselves in the market. It also supports in encouraging stakeholder collaboration, leading to shared investment costs, access to new markets and enhanced innovation through combined expertise.	+	

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Climate Action (Energy and Emissions)	E	Natural Capital	As a pharmaceutical company, we are cognizant of the potential adverse impact of our operations on global warming and climate change. We strive to maintain responsible and ecofriendly operations. Our efforts are driven by our strategic targets that support a reduced carbon footprint. We have been investing in energy efficient technology, renewable energy and alternative sources of energy.	**Positive:** Increasing use of renewable power through open access plants and installation of solar rooftop panels supports local employment generation and a reduction in carbon emissions, fostering a healthy ecosystem. **Negative:** Increasing reliance on fossil fuels and grid electricity significantly contributes to climate change and rising surface temperatures. Additionally, gas usage in our manufacturing poses a high risk, as leaks can endanger employee and community health and cause environmental harm.	**Opportunities:** Use of sustainable energy sources and investments in initiatives for increased efficiency and reduced emissions, strongly support operational efficiency and reduced costs. Additionally, transition to Green Propellants (with low Global Warming Potential) as compared to traditional propellants, can help us gain greater access to better markets, that are subject to stringent requirements on the environmental impact of products.	Positive	-

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Sustainable Supply Chain	G S		We rely on a global supply chain and are committed to ensuring its sustainability. We recognise the importance of addressing issues such as working conditions, wages and the impact of climate change in our supply chain, and addressing any risks that we may be exposed to because of supply chain disruptions. Responsible and effective supply chain management is central to our ability to deliver on our commitment to patients.	**Positive:** Our Supplier Code of Conduct and Supply Chain Management Policy sets explicit environmental, social and ethical standards. This strongly supports the creation of a resilient, ecologically, and socially responsible supply chain.	**Risks:** Our dependence on API and drug suppliers in China, along with inhaler valve suppliers in Europe, makes us vulnerable to geopolitical and supply chain disruptions. This may be heightened by a lack of diversified suppliers, especially amid changing global market conditions. Furthermore, ineffective practices can result in financial penalties, increased regulatory scrutiny, diminished brand value and reduced investor confidence.	−	Refer Enterprise Risk Management on page no. 48
				Negative: Concentration risks in our supply base, particularly our dependence on API and drug suppliers may expose us to geopolitical, climate-related, and logistical disruptions that can delay the timely delivery of critical medications to healthcare providers and patients. Additionally, in the absence of safeguards, unsafe environmental practices in our supply chain can result in environmental degradation, such as soil and water contamination, and harm to local communities.	**Opportunities:** Implementing efficient practices can enable cost savings, increased profitability, increased investor confidence, competitive advantage and business continuity. Further, technological integration enables enhanced tracking, monitoring and efficiency, allowing for better inventory management and responsiveness to demand changes, positively impacting our revenue stream and overall financial growth.	+	

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Innovation and Research and Development	G	Intellectual Capital	The generic pharmaceutical industry is facing intense competition and dynamic pricing. It has become highly commoditised and is facing major market erosion. Regulators have significantly tightened guidelines surrounding bio-equivalence and impurities. R&D capabilities are required to build robust and compliant product dossiers that can withstand regulatory scrutiny. The market is also shifting to chronic and lifestyle disease, requiring companies to innovate their pipeline to match changing global healthcare requirements.	**Positive:** Aligned with our mission of 'Caring for Life', our innovation efforts across key therapy areas—such as oncology, respiratory, diabetes, and weight management—aim to improve access to affordable treatments for vulnerable and underserved communities. These scalable solutions not only address widespread healthcare needs but also enhance India's self-reliance in critical therapeutic segments.	**Risks:** Navigating the applicable regulatory requirements for approval of complex products can lead to extended timelines and increased costs. R&D investments are inherently volatile and capital-intensive, with cycles that differ significantly from standard manufacturing operations. They are subject to longer gestation periods, higher litigation exposure, high failure rates, and dependence on availability of specialised talent. Failures in late-stage trials or patent challenges can materially impact returns.	Negative	Refer Enterprise Risk Management on page no. 48
				Negative: The capital-intensive and long development timelines associated with pharmaceutical R&D, particularly for complex molecules and biologics, can involve significant resource commitments with uncertain outcomes. In some cases, late-stage trial setbacks or intellectual property challenges may affect anticipated returns. Additionally, the scientific complexity of biosimilars and novel therapies requires robust quality and regulatory frameworks, as gaps can lead to delays in approvals or impact product outcomes. This may, in turn, affect the timely availability of treatments for patients and influence overall confidence in newer therapies.	**Opportunities:** Robust R&D pipeline can unlock significant long term drive and sustainable margin expansion. Transitioning to biologics, complex generics and New Chemical Entity ("NCE") can provide substantial revenue streams, especially while developing innovative products that address unmet medical needs. It also supports product differentiation by offering innovative therapies not available within traditional pharmaceuticals.	Positive	

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Corporate Governance and Business Ethics	G	CG	Corporate governance and business ethics guide compliance with regulations and ethical standards, vital in an industry where patient safety and drug efficacy are paramount. Ethical practices help mitigate risks of litigation and scandals, protecting the Company's reputation and financial stability.	**Positive:** Adherence to robust ethical standards and governance practices is the cornerstone of a responsible business. It strongly supports sustainable positive value creation for all stakeholders.	**Risks:** Regulatory non-compliance can result in fines, penalties, lawsuits, loss of share value and restricted access to markets. It can also hamper brand reputation, decrease investor and employee confidence.	−	Refer Enterprise Risk Management on page no. 48
				Negative: Non-adherence with the highest ethical standards and corporate governance requirements can lead to poor quality products, which can be detrimental to patient safety. Additionally, it may also result in an unsafe working environment for our employees, disrupt community wellbeing and enable exploitation in our value chain. Further, non compliance with ethical financial standards can further increase economic inequality in society.	**Opportunities:** Ethical business practices strongly support enhanced investor confidence. This can lead to better returns and greater investments in the Company. It also enables attraction of quality talent, creating a workforce that is responsible and supports smooth and transparent relationships with regulators.	+	

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Product Quality and Patient Safety	G S	Manufactured Capital	As a healthcare company, our primary commitment is to our patients. We endeavour to provide them with high quality medicines, that positively impact their health and wellbeing.	**Positive:** Patient safety and experience are key priorities for us. We ensure strict adherence to regulatory requirements and internal policies. Additionally, we also implement focused patient education initiatives, further enhancing safety and compliance, thereby improving long term patient outcomes. We also proactively use AI and technology with enhanced precision in manufacturing and testing, supporting delivery of safer, higher-quality products.	**Risks:** Inconsistent or non-compliance with regulatory standards can lead to increased scrutiny during inspections. This could severely hinder the ability to launch new products, affecting market competitiveness and revenue generation. Additionally, poor quality raw materials, sterility issues, human errors and lack of robustness in processes can lead to low quality products and product recalls. This could negatively affect our revenues, brand value and stakeholder trust.	Negative	Refer Enterprise Risk Management on page no. 48
				Negative: Counterfeit products and/or low quality products resulting from contamination could result in harmful medical treatment. This could significantly hinder public health outcomes. It could also result in a loss of patient trust in products. Additionally, any exposure to toxic substances in manufacturing processes can have adverse impacts on the health of our people. Further, the release of hazardous materials from manufacturing processes into the environment can contaminate surrounding ecosystems, leading to long-term ecological damage.	**Opportunities:** The integration of AI, robotics, and advanced analytics can revolutionise the manufacturing and testing processes, supporting enhanced productivity, reduced operational costs, and improved product quality. These technologies can expedite processes, reduce human error, improve data accuracy, and provide deeper insights into production metrics.	Positive	

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Occupational Health and Safety	S	Human Capital	Ensuring a safe and healthy workplace is crucial to protect employees from potential hazards such as exposure to toxic compounds, ergonomic risks, and accidental injuries. Moreover, a robust health and safety programme helps in maintaining regulatory compliance, avoiding legal liabilities, and minimizing operational disruptions caused by safety incidents.	**Negative:** The absence of robust health and safety practices can significantly compromise the well being of our workforce, leading to increased illness and safety incidents. Unsafe working conditions, and potential accidents involving company vehicles could have widespread consequences. Additionally, inadequate safety measures can result in a financial burden due to heightened healthcare costs and insurance premiums following incidents. Furthermore, fire hazards in shared occupancy depots can jeopardize the safety of the workforce, local community, and co-tenant operations if not properly managed. Implementing comprehensive safety protocols is essential to mitigate these risks.	**Risks:** Serious incidents such as personal injuries, process safety events at operational sites or road accidents during the transportation of chemicals and gases pose significant risks to the safety of workers and surrounding communities. These events can lead to legal liabilities, financial losses, and damage to the Company's reputation. Additionally, failure to comply with health and safety regulations may result in substantial fines, legal action and loss of brand reputation.	Negative	Refer Enterprise Risk Management on page no. 48
Human Resource Development	S	Human Capital	Our approach to Human Capital reflects our commitment to fostering a supportive and empowering environment for all stakeholders. We rely on skilled and dedicated individuals who drive positive outcomes for patients and the broader community. To support them, we focus on creating a workplace that enables growth, engagement and wellbeing.	**Positive:** Investing in workforce development and key capabilities is vital to delivering quality patient care and ensuring timely access to the right talent. By offering continuous learning and skill-building opportunities, we are shaping a future ready workforce equipped for both personal and professional growth. These efforts also contribute to strengthening the global healthcare talent pool, aligning skills with evolving patient care needs.	**Opportunities:** We are committed to continuous investment in capability building, contributions to global labour market competitiveness. Led by our Talent Review Board and overseen by the Nomination and Remuneration Committee, our succession planning aims to strengthen our talent pipeline for seamless leadership and business continuity. This further supports the availability of the right talent for the right job.	Positive	Refer Enterprise Risk Management on page no. 48

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