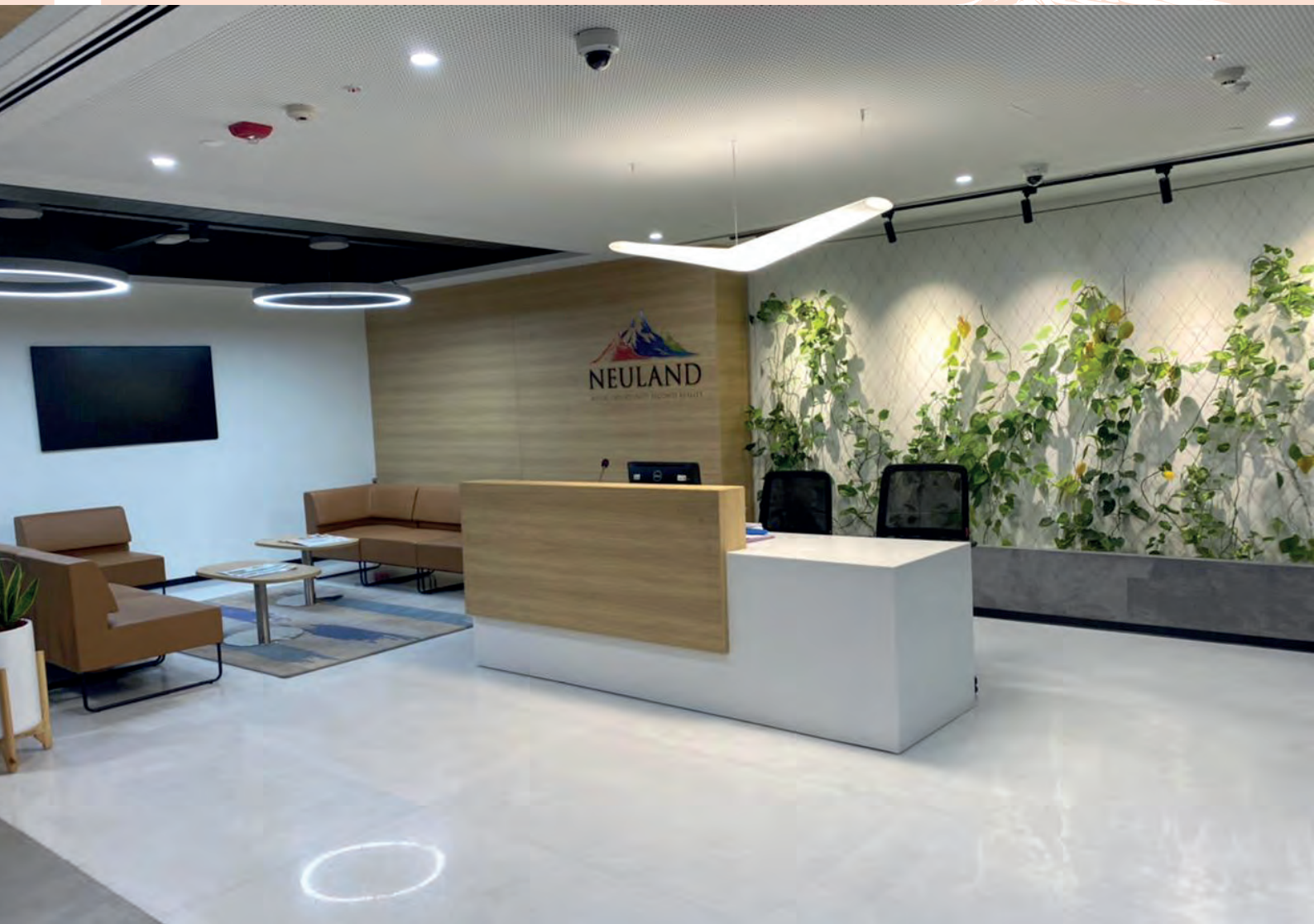
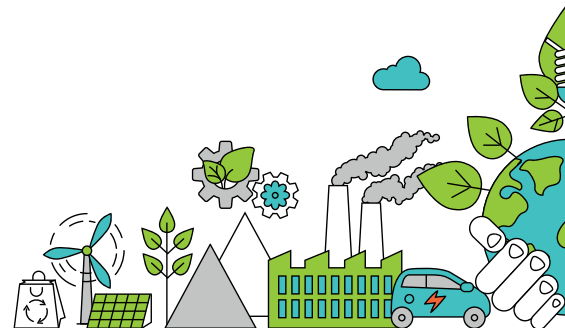




Sustainability Progress Report 2020-21



Sustainability
Progress Report
2020-21.



Content

| | |
|---|----|
| Foreword by CEO | 4 |
| Our Progress on Sustainability | 6 |
| Sustainability Vision | 8 |
| Goals and Targets | 8 |
| Governance | 10 |
| Employee Engagement for employee well-being | 12 |

Health and Safety

Taking the Pandemic
Challenge

Sustainability
Performance in Numbers

Assurance Statement

Page

14

Page

16

Page

18

Page

23

| | |
|---------------------------|----|
| Economic Performance | 19 |
| Environmental Performance | 20 |
| People Performance | 21 |
| About Neuland | 26 |
| About this report | 26 |
| Reporting Boundary | 26 |





Foreword by CEO



It has been an unprecedented and challenging year for the world. The impact of pandemic was evident in our business operations as well.

While our operations continued during the year, we had to manage and respond to issues on employee safety, well-being, supply disruptions, logistic challenges over and above the normal business challenges. The far-reaching impacts of the pandemic on the world and the economy are not yet over. They will continue to surface and reshape the business environment for some more time to come. In these unprecedented times, the resilience of our operational practices was tested. We readjusted and recalibrated resulting in continued business growth. The learnings from the year have been vital. These learnings will remain ingrained in our business conduct in the years to come. Reflecting on the learnings from risk management practices as well as identification of unprecedented or new risks will play an important role in our business. During the year, we have had a deeper organization wide focus on Risk Management as a Cross Functional Team has been working on tracking the risks and expanding the risk register. The criticality of ERM is clear across the organization and we expect to see further progress in the coming year on this front including

aspects such as Business Continuity.

In these difficult times, we undertook a significant step of publishing our first sustainability report for FY2019-20. It provided stakeholders a transparent communication and comprehensive insight into our sustainability performance. Our sustainability progress in the FY20-21, was marked by activities in varied spheres. Strengthening of our systems and process on sustainability has been a stepping stone for triggering long term progress. Our sustainability governance body has been established, followed by development of sustainability manual, articulation of our sustainability goals and targets.

People were the focus during the year. Our pandemic response teams focused on health screening protocols, social distancing protocol on and off premises, sanitization and hygiene procedures and extensive awareness campaigns on how Novel Coronavirus infection spreads. Maintaining COVID protocols at work and home as well as vaccination of 100% of our workforce is critical since safety and well-being of employees is our number



We engage with all parts of our workforce and local community to secure their health and sustainability as part of our corporate social responsibility too.



Davuluri Sucheth Rao

Vice-Chairman & Chief Executive Officer,
Chairman of Sustainability Steering Committee

”

one priority. Maintaining productivity and availability of skilled resources in a safe and healthy environment for continuity of our operations is our business priority. We engage with all parts of our workforce and local community to secure their health and sustainability as part of our corporate social responsibility too.

We are committed to a sustainable supply chain. Apart from our comprehensive supply chain de-risking program with an objective of improving the supply chain resilience and reliability, we are also working on other aspects of supply chain sustainability. For example, our digitalization program on the supply side aims at improved inclusiveness, equal opportunity for all eligible suppliers and increased visibility and quick communication across our supply chain. This in turn we expect will keep the entire supply chain efficient and nimble. Keeping the regulatory framework in mind, our supply chain sustainability program is designed to achieve significant progress over the next 5 years..

We continued with our efforts to maintain environmental compliance, performance,

and resource efficiency in our operations. We continue to stress on green chemistry to achieve resource efficiency.

We had to limit some of the sustainability activities, due to the pandemic. As we step into the new year, we plan to enhance the implementation of our sustainability activities. The results of these measures will be visible in the coming years as measures get implemented on ground. We will continue to communicate the progress through our subsequent sustainability reports.

While we are gearing up for enhanced action on sustainability, this sustainability progress report is an attempt to provide an update on our sustainability performance in FY20-21. We have key goals such as reduction in freshwater consumption, Zero land fill of hazardous waste, energy conservation, generation of renewable energy as our pillars for sustainability. We hope that you will find the content of this report satisfactory.

We always welcome and value the suggestions and feedback of our stakeholders.

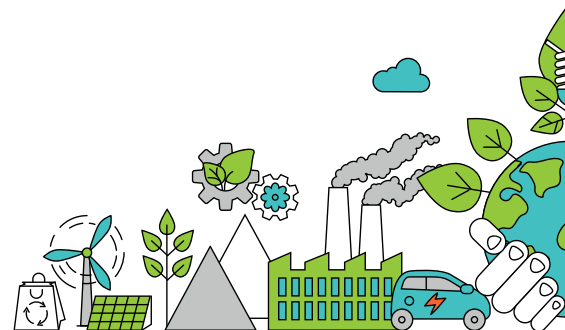




Our Progress on Sustainability

The theme of recompassing our sustainability sphere continued to be in focus during the year.

On the one hand, we learned to operate efficiently despite the pandemic, and on the other hand, we strengthened our sustainability systems and processes. The progress made in the year is expected to set us on a path of accelerated action on sustainability in the years to come. We developed a sustainability manual of Neuland. The manual defines the framework and tools for sustainable decision making at Neuland. It maps specific requirements for investigating and implementing initiatives to improve sustainability in all spheres and business stages. This guiding document is developed to help implement our sustainability strategy and practices.



Sustainability Framework

Enabling a low carbon economy

Climate Change

Reducing greenhouse gases (GHG) emissions intensity and moving towards a balanced portfolio of low-carbon energy management.

Resource Management

Growing and innovating business solutions through R&D and minimize the use of resources.

Local Environmental Protection

Minimizing negative environmental impacts and ensuring the highest standards of EMS



Embedding responsible business practices

Corporate Governance

Maintain an effective governance and decision-making structure

Ethical Business and Compliance

Fostering an ethical culture and conducting business with integrity and ensuring all legal and regulatory compliance.

Risk Management

Ensure effective identification of material risks, adequate & effective risk management and internal control.



Empowering our people and communities

Health & Safety

Making health & safety an integral part of everyday business and culture.

People

Creating value and performance-led culture. Providing work-life balance and engaging employment experience where they can grow and excel.

Community

Contributing to the sustainable development of communities through engagement and partnerships and investing in initiatives that make a lasting positive impact.



Sustainability encompasses a large array of topics and sub-topics. We conducted a materiality assessment in FY19-20 as per the GRI guidelines to know the most relevant sustainability areas for us. However, the priorities of the Company, external factors and performance on a topic can shift with time and impact the priority of the topic. Neuland will conduct an annual materiality assessment to ensure that the topics identified as material are material and have not changed priority. FY20-21 was an exceptional year, where we continue to consider the same topics as material and report on them. However, from FY21-22, we will be conducting an annual materiality assessment.

Material Aspects Material Topics

| | |
|-------------------------------|---|
| Environment | Water, Effluent & Waste, Emissions, and Energy |
| Supply chain | Supplier environmental assessment, Supplier social assessment |
| Local communities | Communities |
| Economic | Economic performance, Anti-corruption, Procurement practices, Market presence |
| Customer and Consumer | Customer Health and Safety, Customer Privacy |
| Human Capital | Occupational Health and Safety, Employment, Training and education |
| Human Rights | Freedom of association and collective bargain |
| Regulatory & Legal | Environmental compliance |

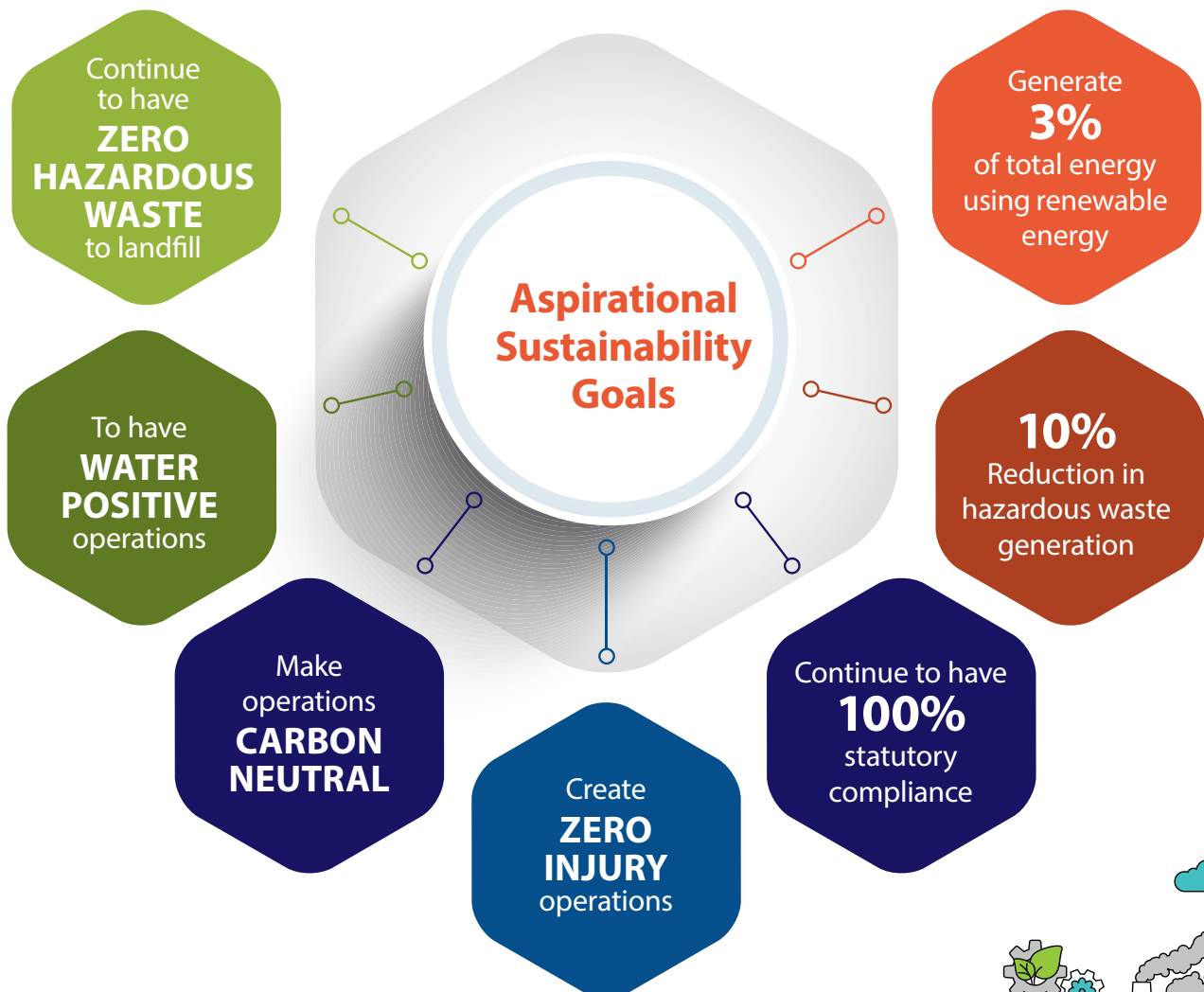


Sustainability Vision

Our longstanding commitment is towards a thriving Global community that inspires us to develop a sustainable environment, fosters and inspires best practices and emphasizes the importance of preparation and contribute to a sustainable future.



Goals & Targets



While we aspire to reach our sustainability goals and firm the goals,

we have set sustainability targets for some of the areas of sustainability performance, which will help us in reaching closer to our goals.

Neuland's yearly target is for the year FY21-22, with FY19-20 as the base year. We intend to re-visit our targets at the end of FY21-22 and set new targets for the coming years.



| Performance Area | Target |
|-------------------------------|---|
| Water and Effluent | Reduce Fresh Water Consumption by 20% |
| Solid Waste | Zero Waste to Landfill from all the manufacturing facilities |
| Energy | Reduction in energy consumption by 3% |
| Green cover | Increasing the tree count by 10% (continuous process) |
| Safety | 50% reduction in first aid cases |
| Human Rights | To conduct Ethics Audit by the third party |
| Supply Chain | 100% of all new suppliers to sign on the sustainable supplier code of conduct |
| Human Capital | Achieve 20 hours of training per employee per year |
| Rating by the external agency | Increase the ECO VADIS score |





Governance

Our governance on topics connected with ethics will be reviewed through a third-party ethics audit for the year FY20-21. The ethics audit will cover our performance on child labour, forced and compulsory labour, freedom of association and collective bargain, discrimination, human rights with respect to working hours, wages etc. It will include a review on implementing an ethical code of conduct and other good corporate governance practices.

Across industries, the drive towards digitisation and Digital Transformation has increased due to COVID 19.

Technology has enabled continuity, especially when it comes to corporate functions and engagement with customers. While it provides opportunities, the threat of cyber-attack

and data security become eminent. Neuland is committed to it. Neuland is already certified for Information security management system (ISMS) – ISO 27001 and General Data Protection Regulation (GDPR) compliant. Based on our future plan of strengthening the system, in FY20-21, we have initiated the process of replacing desktops and laptops across locations with VDI's. Through VDI the data continues to reside in our Data Centres, and the risk for data leakage and other threats is minimised. In the coming year, this system will be further strengthened.

During the year, we continued to perform diligently on regulatory compliance. We have not had any legal or regulatory non-compliance or paid any fines.



Economic Performance

Despite the pandemic, we have been able to increase production and revenue generation. Revenue increased by 24% between FY19-20 and FY20-21. Similarly, our employee base increased by 12%, and expenditure on employee wages and benefits increased by 22%. Despite the increase in employee strength and a marginal increase in workers strength in FY20-21, overall

working hours reduced by about 5% as compared to the previous year. We attribute this trend primarily to multiple COVID related situations like lockdowns in the first half of COVID, leading to lesser working time per worker. Simultaneously, due to the COVID19 pandemic, many of our employee, staff and their families were impacted. This situation prompted to employees staying away from work for long durations.

CSR spent increased by 28% to INR 8.8 million. We continued to contribute to the economic value creation process. Through the expansion of the local supply chain, we have further added to the local economy¹.



Supply Chain

Progress of our sustainable supply chain initiatives has been based on the outlook set out in FY19-20. While the number of local suppliers remained constant, the share of monetary spent on local suppliers increased from 66% in FY19-20 to 74% in FY 20-21. We have designed a supplier code of conduct with sustainability criteria included in it. We have achieved 100% acceptance on the supplier code of conduct by all new suppliers inducted by Neuland in FY20-21. Simultaneously, we are also working with existing suppliers to increase their acceptance of the code of conduct. Currently, 82% of the existing suppliers have signed the same. We still continue to progress on the sustainable supply outlook and intend to achieve significant progress.

¹For more details refer Neuland Laboratories Annual Report FY20-21, available on <https://www.neulandlabs.com/wp-content/uploads/2021/07/Neuland-Annual-Report-FY-2020-21.pdf>





Human Capital

Human capital is the most critical asset. We are in the pursuit to maintain and increase diversity in our workforce. Women representation in the workforce is an important representation of our workforce diversity. In FY20-21, there was no significant change in women representation in our workforce.

We did undertake online Training for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace (POSH) to improve employee understanding of our policy on the prevention of sexual harassment. Two hundred ten employees underwent this training.



The employee hiring rate increased by

3%

The Directors appointed by the Board are being provided with familiarization program as per the Company's Policy with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters, business operations on a one-to-one basis along with detour of the company's.

Induction training is provided to all new employees covering relevant aspects. We had virtual inductions, wherever required, due to the pandemic in the last year.

Setting up an online platform for training has had a positive impact on the ease of imparting several trainings. Due

to this, despite the challenges of COVID, employees could complete their training through live online sessions or through a pre-designed self-paced training program. As a result, the average training hours in FY 20-21 became 5.31 hours/employee as compared to 3.78 hours of training per employee in FY 19-20.

The employee hiring rate increased by 3%, whereas the attrition rate did not change significantly. We have observed that the male attrition rate increased from 29% to 31%, whereas the female attrition rate reduced from 36% to 33%.



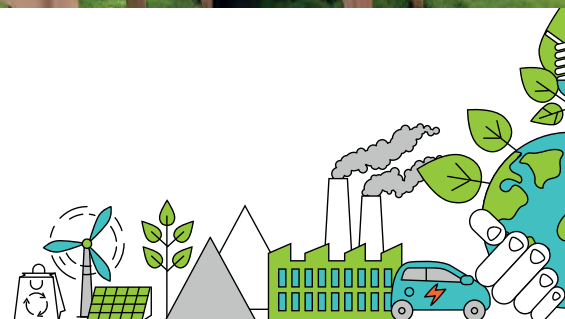


Employee Engagement for employee well-being

The first six months after the onset of the pandemic were the most disrupting time experienced by most people. To understand the impact on the employees and seek feedback on their expectations from Neuland, we conducted an online survey. Nearly 50% of the employees responded to the survey. The survey gathered inputs on the exposure of employees and their near ones to COVID, the impact of the COVID on them, their experience at work and/or work from home during the pandemic, the ease of reaching out to their supervisors and others at Neuland, support from the Company in the current scenario and their fears in reference to COVID. Survey results

provided us with insights on what has been good and where we need to re-plan or re-work to improve employee well-being during the pandemic.

The key outcome and actions taken were in the area of mental well-being support, enhanced technological support, employee transport, canteen functioning, revision in working hours and flexible working hours policy, the introduction of Corona Kavach Insurance Policy for all employees. Likewise, suggestions on contract workers safety and well-being during COVID were also reviewed and updated through enhancing the use and fortnightly refresher training on PPEs, social distancing, and personal hygiene.





Environment

We are committed to the protection of the environment. We undertake infrastructure and technology augmentation as well as conduct activities to encourage awareness and behavioural changes on the topic of the environment to achieve the desired level of environmental performance. Due to the pandemic, Neuland was unable to undertake several activities related to environmental infrastructure and technology upgradation. We intend to conduct these activities in FY21-22, so that specific environment targets (provided above) can be met. We measure our environmental performance based on water, effluent, waste, energy and emissions in the report. Numeric details are available in the numeric performance section later in the report.

Water consumption has increased by about 15% in FY20-21. In FY21, we have included water and effluent related data from our R&D site as well. While water consumption continues to rise, we have made efforts to increase water recycling. All rainwater runoff is diverted to CETP as per the requirement of the pollution control board. From FY20-21, we have expanded the sphere of water reporting by including the R&D unit. The inclusion of the R&D unit and higher rainfall during FY20-21 have been the main contributors to the increase in discharge to CETP. In FY21-22, we have planned to implement measures that will

reduce the water consumption and effluent generations as well, thereby reducing the load on the zero liquid discharge (ZLD) plant as well. We envisage that the cascading effects will be visible in energy consumption as well. In FY 21, we undertook activities to repair and maintain our structures related to water. We also add 250KLD biological ETP with a tertiary treatment system at Unit 1. A new disc membrane RO of 250KLD capacity was also installed at the same location. In FY22, we intend to upgrade 150 KLD bio-ETP and 150KLD RO plant at Unit 2 and add 300 KLD bio-ETP including RO and MEE-ATFD plant at Unit 3.

Despite a substantial increase in production during the year, the focus has been on keeping the overall energy consumption as stable as possible. As the increase in energy requirement was mostly met through grid power, the GHG emission has also increased marginally. On the other hand, the specific energy and emission have also been reduced. We intend to include renewable energy sources in our energy consumption in the coming years. It will further facilitate in reducing the emissions².

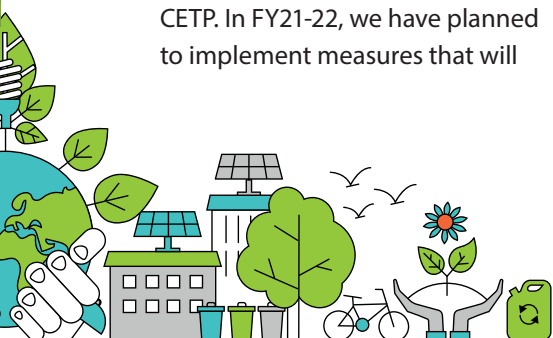
Our waste generation and management were both impacted negatively due to the pandemic. In FY 19-20, only 18% of the hazardous waste was sent to landfills. However, due to the pandemic waste to landfills increased to 30% in FY20-21. However, it is our target

to achieve zero waste to landfills. At the same time, our hazardous waste generation reduced despite an increase in production, our ability to co-process waste was also hampered due to disruption of transport services during the pandemic. We could make a positive contribution and inch closer to our target of no waste to landfill by increasing recycling by 40%. Our current reporting of non-hazardous waste includes empty drums only. These drums form a large portion of non-hazardous waste. Material suppliers, due to the pandemic, supplied many products in smaller capacity fibre containers. This increased the total number of containers disposed of during the year.



Unit-1: 250KLD biological ETP with a tertiary treatment system & RO system

² Details of measures are available in annual report FY20-21





Health and Safety

Neuland is committed to Zero harm and Zero property loss by developing a process safety culture across the organisation. We have more than tripled our expenditure in this area in the last four years. We experienced fatality at our premises during FY19-20. The year bygone was exceptional from a health and safety perspective due to the pandemic. We fuelled our focus on

the health and safety of employees to avoid fatality and minimise unsafe incidents as well. Our safety budget was increased by about 80% in FY20-21 as compared to FY19-20 to provide all support needed. As a result of the efforts, a significant decrease of about 37% was noted in the number of recordable injuries. There were no fatalities or loss time injuries in FY20-21.



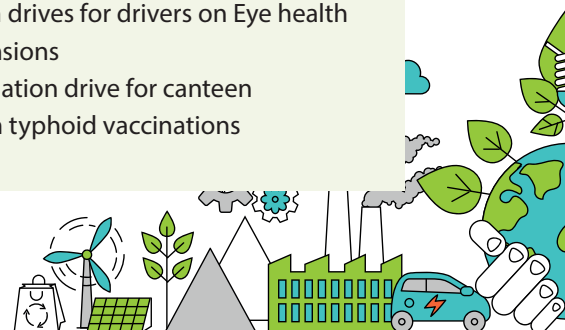
Taking process safety by design a step ahead

As the start of the report reflects, we are in the process of strengthening the systems and processes. We are undertaken similar steps in process safety as well. By the end of next year, i.e. FY21-22, we are documenting the practices into a process safety guideline to assess the molecules in its production cycle, i.e. from the choice of a reaction scheme to commercialization. A program to increase asset reliability is also underway. What we already practice is,

- To control PSM critical process parameters within the range & avoid loss of containment
- Review and assessment of all the process/ process equipment's / process raw materials prior to use.
- Periodic third-party electrical safety audits

Taking occupational health and safety to everyone

- No tolerance for non-compliance on PPE
- Three-week safety challenge program to engage all
- Strengthening of Proactive and reactive controls in fire safety.
- Continuous Safety assessments for all the staff and contract employees
- Identification of occupational exposure band of all molecules and defining containment control strategy.
- We are conducting public safety awareness programs for diseases like COVID-19 etc.
- Special health drives for drivers on Eye health and hypertension
- Special vaccination drive for canteen employees on typhoid vaccinations



IMMUNITY BOOSTING TIPS TO PREVENT CORONAVIRUS INFECTION



1. Avoid consumption of raw meat, eggs, raw vegetables, fruits or salads while eating out.



2. Wash vegetables and fruits with clean water and/or with vinegar at home.



3. Include plenty of Vitamin C rich foods which have anti - oxidant properties such as amla, colored peppers, citrus fruits, guava and broccoli.



4. Consume lot of ginger and garlic as soups or teas. These have anti viral properties. Ginger turmeric water or tea is a great option. Raw garlic or ginger with honey can soothe a sore throat.



5. Fresh or dry turmeric has curcumin which is a great antibiotic and antiseptic. Consume as turmeric milk or tea with a pinch of pepper.



6. A concoction of tulsi, ginger, peppercorn and cloves, boiled with water, and adding pure honey is a good option to boost immunity.



7. Fermented foods such as homemade curd, kimchi, pickled veggies provide probiotics, strengthening our gut and boosting immunity.



8. Cut down foods and drinks laden with sugar as sugars destroy the body's ability to fight infections.



9. Last but not the least, stay well hydrated with water, detox waters, soups, rasams etc and make your body strong to ward off infection.



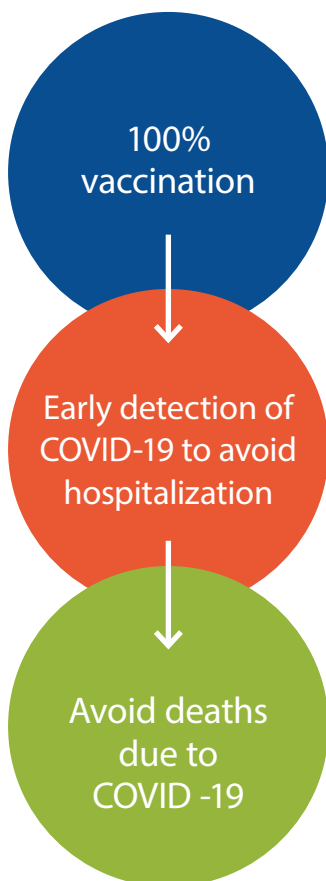


Taking the Pandemic Challenge



Neuland had conducted health camps to ensure vaccination for its workforce. 100% of employees and contract workers have received at least one dose of vaccination, while 70% of the employees and 60% of contract workers have been completely vaccinated.

We intend to achieve 100% vaccination of all employees in the first half of FY21-22. The company has absorbed the financial cost of vaccination.



Covid Management Protocol



Vaccination

- Employee dependents
- Mandatory Vaccination for new joiners
- Filing Certificates
- Herd immunity



Sustainable Health Management

- On-site Yoga
- Psychologist, Cardiologist, Dietician sessions



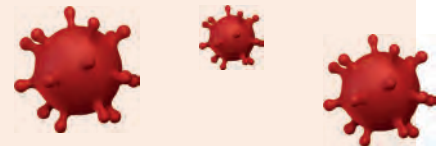
Maintain Covid Protocol

- Awareness sessions on SMS
- Covid testing for new joiner
- Covid testing for those who have Travel history



Co-morbid Health Tracking

- Ensure other applicable vaccinations (Prevenar)
- Track regular medication
- Medical surveillance under My Health Index (MHI)
- Continue identification of High-risk profiles & keep close tracking



3rd Wave Preparedness

- Empanel with Children Hospitals
- Diet plan for Immunity boosting in Children
- Connect with Employee families & create awareness
- Promote & maintain Hygiene Culture strictly
- Encourage employees to cover Children in Corona Kavach





Local Communities

Our community engagement activities continued to be implemented as per our CSR policy and need assessment. Activities like water tank completion and tree plantation continued in the identified areas. Beyond that, considering the COVID scenario, through our partnership with regulatory authorities, the company has supported the government task force with the supply of masks, sanitisers, vitamin supplements, pulse oximeters and oxygen concentration



100 kl capacity water tank at Domadugu



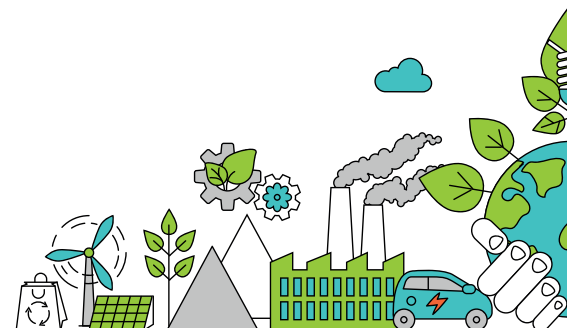
Plantation drive inside the factory premises





Sustainability Performance in Numbers

We measure our performance on material sustainability topics and report on them through numbers. Below is a presentation of our performance for FY 20-21, supported by performance in earlier years.



Economic Performance

We believe that a Company's growth is not limited to its economic performance thus we track several key indicators across our overall contribution towards economic value creation, EHS and value that we create for all our supply chain partners so as to induce integrated and holistic development.



Economic Value Creation (INR Million)

| Particulars | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---------|---------|---------|---------|
| Gross Sales/Revenue | 5,291.6 | 6,668.3 | 7,627.1 | 9369.1 |
| Revenue from financial investments and other sources | 45.3 | 34.9 | 38.9 | 160.95 |
| DIRECT ECONOMIC VALUE GENERATED (A) | 5,337.0 | 6,703.2 | 7,666.0 | 9530.0 |
| Operating costs | 3,437.2 | 4,690.2 | 5,090.7 | 5983.77 |
| Employee wages and benefits | 957.3 | 1,044.7 | 1,184.8 | 1440.22 |
| Payment to providers of fund | 189.2 | 156.6 | 215.7 | 178.98 |
| Other Expenses | 613.8 | 610.1 | 632.0 | 652.07 |
| Payment to Government * | 19.1 | 40.0 | 377.0 | 463.3 |
| CSR spend | 2.3 | 0.2 | 6.9 | 8.8 |
| DIRECT ECONOMIC VALUE DISTRIBUTED (B) | 5,218.9 | 6,541.8 | 7,507.2 | 8727.14 |
| ECONOMIC VALUE RETAINED (A-B) | 118.08 | 161.43 | 158.80 | 802.94 |

Benefit to Employees

| Contribution to defined benefit schemes | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---------|---------|---------|---------|
| Contribution to Provident Fund | 35.54 | 34.58 | 46.83 | 53.76 |
| Contribution to Gratuity Fund | 18.19 | 17.39 | 18.67 | 18.87 |
| Medical Insurance | 10.60 | 14.10 | 16.71 | 16.73 |
| Other benefits like Vehicle, Canteen, etc. | 38.66 | 46.77 | 49.00 | 57.03 |

EHS expenditure (Opex + Capex) (INR million)

| Financial Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-------------------|---------|---------|---------|---------|
| Environment | 190.15 | 114.05 | 57.6 | 81.65 |
| Health and Safety | 13.64 | 17.18 | 23.3 | 42.63 |

Value Creation in Supply Chain

| Financial Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---------|---------|---------|---------|
| Local/Domestic Suppliers (Indian) | 213 | 211 | 236 | 236 |
| International Suppliers | 70 | 70 | 80 | 65 |
| Monetary spent (Local suppliers) (INR Million) | 1554 | 2084 | 2478 | 3310 |
| Monetary Spent (International Suppliers) (INR Million) | 825 | 1377 | 1256 | 1180 |



Environmental Performance

We report the environmental performance of our India operations. Our boundary for all environmental parameters is excluding the corporate office except for the data reported for energy and emissions.



Water

| Parameter | Unit | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-------------------|------|---------|---------|---------|---------|
| Water consumption | KL | 85474 | 81984 | 93093 | 107392 |
| Recycle | KL | 41481 | 37462 | 40918 | 45021 |
| Total Effluent | KL | 46911 | 43341 | 45506 | 45246 |
| ZLD# | KL | 35831 | 35733 | 45063 | 46322 |
| CETP* | KL | 30360 | 26380 | 36200 | 52700 |

(process effluent and wastewater is mixed)- biotreatment,

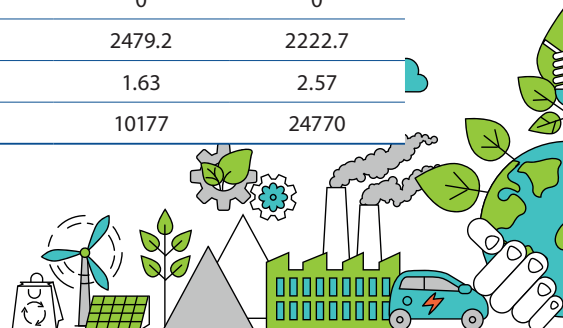
* Rainwater runoff is diverted to CETP as per the Regulatory requirements of pollution control board

Energy and Emissions

| Parameter | Unit | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------|--|---------|---------|---------|---------|
| Power consumption | TJ | 86.04 | 92.88 | 102.96 | 113.74 |
| Fuel consumption | | | | | |
| Diesel | TJ | 6.43 | 8.16 | 6.26 | 6.30 |
| Coal | TJ | 223 | 230 | 277 | 270.58 |
| Total energy consumption | TJ | 315.86 | 330.57 | 386.62 | 390.62 |
| Energy intensity | TJ/Revenue in INR Million | 0.060 | 0.050 | 0.051 | 0.042 |
| Scope 1 GHG emission | tCO ₂ | 21134 | 21714 | 26242 | 25597 |
| Scope 2 GHG emission | tCO ₂ | 19598 | 21156 | 23452 | 25907 |
| Total GHG emission | tCO ₂ | 40732 | 42870 | 49694 | 51504 |
| GHG emission intensity | tCO ₂ /Revenue in INR Million | 6.84 | 6.45 | 7.70 | 5.50 |

Waste Management

| Disposal | Unit | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------------|------|---------|---------|---------|---------|
| TSDF /Landfill | MT | 833.5 | 899.8 | 471.2 | 662.9 |
| Co - Processing | MT | 1929.2 | 853.0 | 1727.9 | 1037.8 |
| Recycling | MT | 0.9 | 133.2 | 280.1 | 519.5 |
| Incineration | MT | 0 | 0 | 0 | 0 |
| Total Hazardous Waste Disposed | MT | 2763.7 | 1886.0 | 2479.2 | 2222.7 |
| Biomedical WASTE | MT | 0.74 | 1.49 | 1.63 | 2.57 |
| Non-Hazardous Waste | No. | 9827 | 9202 | 10177 | 24770 |



People Performance

We report the people demographics data. Our scope for people data includes all locations and includes contract labour



Employee Distribution

| Year | Total Full-Time Employee | | | Age Group <30 yrs | | Age Group (30-50 yrs) | | Age Group >50 yrs | |
|---------|--------------------------|------|--------|-------------------|--------|-----------------------|--------|-------------------|--------|
| | Total | Male | Female | Male | Female | Male | Female | Male | Female |
| 2020-21 | 1427 | 1308 | 119 | 504 | 61 | 696 | 56 | 108 | 2 |
| 2019-20 | 1274 | 1158 | 116 | 383 | 55 | 662 | 59 | 113 | 2 |
| 2018-19 | 1129 | 1036 | 93 | 276 | 35 | 660 | 56 | 100 | 2 |
| 2017-18 | 1133 | 1035 | 98 | 317 | 50 | 633 | 46 | 85 | 2 |

Gender Distribution Across Levels

| Year | Total Full-Time Employee | | Age Group <30 yrs | | Age Group (30-50 yrs) | | Age Group >50 yrs | |
|-------------------|--------------------------|--------|-------------------|--------|-----------------------|--------|-------------------|--------|
| | Male | Female | Male | Female | Male | Female | Male | Female |
| Senior Management | 18 | 0 | 0 | 0 | 10 | 0 | 8 | 0 |
| Middle Management | 198 | 13 | 5 | 0 | 167 | 11 | 26 | 2 |
| Junior Management | 887 | 95 | 428 | 50 | 434 | 45 | 25 | 0 |
| Trainee | 72 | 11 | 71 | 11 | 1 | 0 | 0 | 0 |
| Workers ## | 130 | 0 | 0 | 0 | 82 | 0 | 48 | 0 |

(Shop floor, Supervisors, etc.)

Contract Worker Distribution

| Year | Total Workers | Male Workers | Female Workers |
|---------|---------------|--------------|----------------|
| 2020-21 | 1098 | 1010 | 88 |
| 2019-20 | 1036 | 975 | 61 |
| 2018-19 | 927 | 869 | 58 |
| 2017-18 | 800 | 747 | 53 |



Employee Attrition Rate and Turnover

| Year | 2018-19 | | 2019-20 | | 2020-21 | |
|-----------------|---------|-----|---------|-----|---------|-----|
| Total Employees | 1129 | | 1274 | | 1427 | |
| New Hires | 206 | 18% | 512 | 40% | 610 | 43% |
| Attrition | 206 | 18% | 381 | 30% | 443 | 31% |
| Male | 184 | 18% | 339 | 29% | 404 | 31% |
| Female | 22 | 24% | 42 | 36% | 39 | 33% |
| Age Group <30 | 108 | 35% | 211 | 48% | 267 | 47% |
| Age Group 30-50 | 91 | 13% | 160 | 22% | 157 | 21% |
| Age Group >50 | 7 | 7% | 10 | 9% | 19 | 17% |

Child Care Leave*

| Year | Maternity Leave | Paternity Leave |
|---------|-----------------|-----------------|
| 2020-21 | 5 | 63 |
| 2019-20 | 9 | 96 |
| 2018-19 | 4 | 90 |
| 2017-18 | 11 | 95 |

*Number of employees who took leave

Training Hours

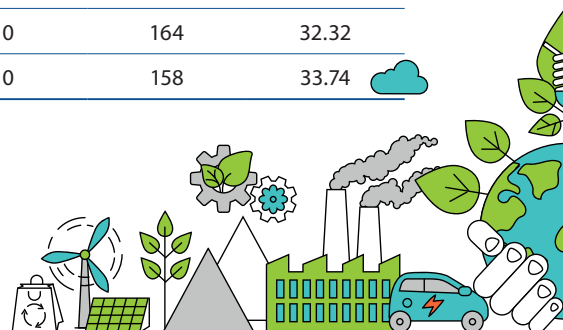
| | 2019-20 | 2020-21 |
|--------------------------------------|---------|---------|
| Employee | | |
| Total number of employees | 1274 | 1427 |
| Total hours of training for employee | 4815 | 7577 |
| Hours of training per employee | 3.78 | 5.31 |
| Workers | | |
| Total number of workers | 1036 | 1040 |
| Total hours of training for worker | 22835 | 34756 |
| Hours of training per worker | 22.04 | 33.41 |

Safety Performance

| Year | Number of hours worked | Number of fatalities + | Rate of fatalities | Number of High consequence work related injuries (excluding fatalities) | Rate of High consequence work related injuries (excluding fatalities) | Number of Recordable work related injuries ++ | Rate of recordable work related injuries |
|---------|------------------------|---------------------------|--------------------|---|---|--|--|
| 2020-21 | 5615554 | 0 | 0 | 0 | 0 | 130 | 23 |
| 2019-20 | 5914486 | 1 | 0.433 | 0 | 0 | 178 | 30.10 |
| 2018-19 | 5074925 | 0 | 0 | 0 | 0 | 164 | 32.32 |
| 2017-18 | 4683101 | 0 | 0 | 0 | 0 | 158 | 33.74 |

+ As a result of work-related injuries

++ First aid injuries are also included in our reporting of recordable injuries



Assurance Statement

To the Directors and Management
 Neuland Laboratories Limited,
 Telangana, India

Neuland Laboratories Limited (hereafter 'NLL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial information disclosed in NLL's Annual Sustainability Progress Report (hereinafter 'the Progress Report') for the period April 1, 2020 to March 31, 2021 period. This engagement comprises a "limited assurance" of NLL's sustainability information for applied reporting period. The Progress Report is based on material disclosure as per GRI Standards and ISAE 3000 standard applied for assurance of the Progress Report.

Management's Responsibility

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

Scope and Boundary

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

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

TUVI has verified the below material disclosures.

| Topic | Indicator | GRI Disclosure |
|--------------------------------|--|----------------|
| Water | Water withdrawal | 303-3 |
| | Water discharge | 303-4 |
| Effluent & waste | Water discharge by quality and destination | 306-1 |
| | Waste by type and disposal method | 306-2 |
| Emissions | Direct (Scope 1) GHG emissions | 305-1 |
| | Energy indirect (Scope 2) GHG emissions | 305-2 |
| | GHG emissions intensity | 305-4 |
| Energy | Energy consumption within the organization | 302-1 |
| | Energy intensity | 302-3 |
| Supply chain | New suppliers that were screened using environmental criteria | 308-1 |
| | New suppliers that were screened using social criteria | 414-1 |
| Environmental compliance | Non-compliance with environmental laws and regulations | 307-1 |
| Occupational Health and Safety | Occupational health and safety management system | 403-1 |
| | Worker participation, consultation, and communication on occupational health and safety | 403-4 |
| | Worker training on occupational health and safety | 403-5 |
| | Workers covered by an occupational health and safety management system | 403-8 |
| | Work-related injuries | 403-9 |
| Employment | Work-related ill-health | 403-10 |
| | 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 |

The reporting boundaries for the above topics include 3 Manufacturing Units, R&D lab and Corporate Office (Neuland Laboratories Limited, Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad, 500034, Telangana, India). Since COVID-19 prevented onsite verification, remote verification (via MS Teams, web-based video conference calls, and telephone calls) was conducted in July 2021. The assurance activities were done together with a desk review carried out for all NLL sites within the reporting boundary. Applicable boundaries for disclosures are explained in the Progress Report.

Limitations

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

Our Responsibility

TUVI's responsibility in relation to this engagement was to perform a limited level of assurance and to express a conclusion based on the work performed. This engagement did not include an assessment of the adequacy or the effectiveness of NLL's strategy or Management of sustainability-related issues or the sufficiency of the Progress Report against principles of GRI Standards and ISAE 3000, other than those mentioned in the scope of assurance. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative information disclosed by NLL. This assurance engagement is based on the assumption that the data and information provided to us by NLL are complete and true.

Verification Methodology

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

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

Opportunities for Improvement

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

- *Recommended for independent Internal Audits within each departments as per manual procedure/GRI standard/data and information*
- *Supply chain can be strategies, management may establish the EHS system to evaluate the supply chain.*
- *NLL can report Non-hazardous waste like MSW, Garden waste, kitchen waste, paper waste*
- *While reporting the GHG emission at organization level, NLL needs to consider Scope 1 –refrigerant used, fire suppression system, LPG used in canteen*
- *Training per year per employee can be improved*
- *Baseline year can be decided to derive the target for future especially for GHG, Energy, Water, Waste, Material*

Our Conclusion

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

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

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to report information on the organization's impacts related to environmental and social topics. *TUVI is of the opinion that the*

reported material topics and Topic-specific Standards that NLL used to prepare its Progress Report are appropriately identified and addressed.

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

Evaluation of the adherence to ISAE 3000 Principles

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

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

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

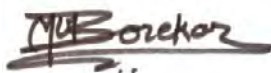
Impact: NLL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, as part of its policy framework encompassing the Environmental, Social, Ethical and other policies. NLL reports on sustainability performance to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

TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. The intended users of this assurance statement are the Management of NLL. The Management of the NLL is responsible for the information provided in the Progress Report as well as the process of collecting, analyzing, and reporting the information presented in web-based and printed Progress Report, including website maintenance and its integrity.

Our Assurance Team and Independence

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

For and on behalf of TUV India Private Limited



Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service



Date: 26-07-2021
Place: Mumbai, India
Project Reference No: 8119424176
www.tuv-nord.com/in

About Neuland

Established in 1984, Neuland Laboratories Limited is a leading manufacturer of active pharmaceutical ingredients (APIs) and an end-to-end solution provider for the pharmaceutical industry's chemistry needs. Supported by our world-class manufacturing facilities and complex chemistry capabilities, we have become a trusted generic and new chemical entity (NCE) API manufacturing partner and supplier to some of the biggest names in the global pharmaceutical industry. Our solutions span the full range of the pharmaceutical industry's chemistry requirements, from the synthesis

of library compounds to supplying NCEs and advanced intermediates at various stages in the clinical life-cycle, as well as commercial launch.

The Company is headquartered in Hyderabad, India, while our manufacturing and research facilities are situated near Hyderabad. Business development offices have been set up in the US and Japan to strengthen our global collaborations.

To know more about Neuland Laboratories and its business, please visit our website: <https://www.neulandlabs.com/>

About this report

Neuland recently published its first sustainability report for the year FY19-20. Neuland intends to continue publishing its comprehensive sustainability report annually from FY21-22. Meanwhile, for FY 20-21, this sustainability progress report has been developed to provide an update on the key figures related to material topics. It also provides our goals and outlook for the coming year. This is not a full sustainability report.

Reporting Boundary

Our manufacturing operations are in India only whereas our sales and marketing offices are spread across the world, and our products are supplied to different parts of the world. This report's boundary is limited to our India operations. This report covers information about our manufacturing, research and development (R&D) operations in India and the corporate office unless specified otherwise.

Reporting Cycle

This report has been prepared for the financial year FY 20-21, following the reporting cycle of 1st of April to 31st of March. The majority of the information reported here is for four years FY17-18, FY18-19, FY19-20, FY20-21. Neuland will continue to report sustainability progress annually, applying the same cycle.

Reporting Standard

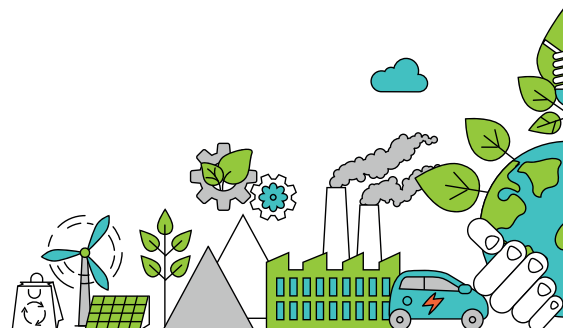
We apply The Global Reporting Initiative (GRI)'s reporting standard for reporting on our sustainability performance. FY19-20 report of Neuland was prepared in accordance with GRI standards – Core option. The Sustainability Progress Report does not represent a complete sustainability report in line with the GRI standards. It finds its basis in the GRI standard and reports on the performance of the material GRI indicators.

Assurance

The key number on material disclosures in the report has been externally assured by TuV India Pvt Ltd. It does not have any financial interest in the operations of the Company other than the assurance of this report. The assurance statement issued has been included in the report.

Contact

Feedback and suggestions from all stakeholders are respected and heard carefully at Neuland. For this report, we welcome stakeholders to share any feedback and suggestion to sustainability@neulandlabs.com.







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