



What We Do Today Enlivens Tomorrow

SUSTAINABILITY REPORT 2019-20

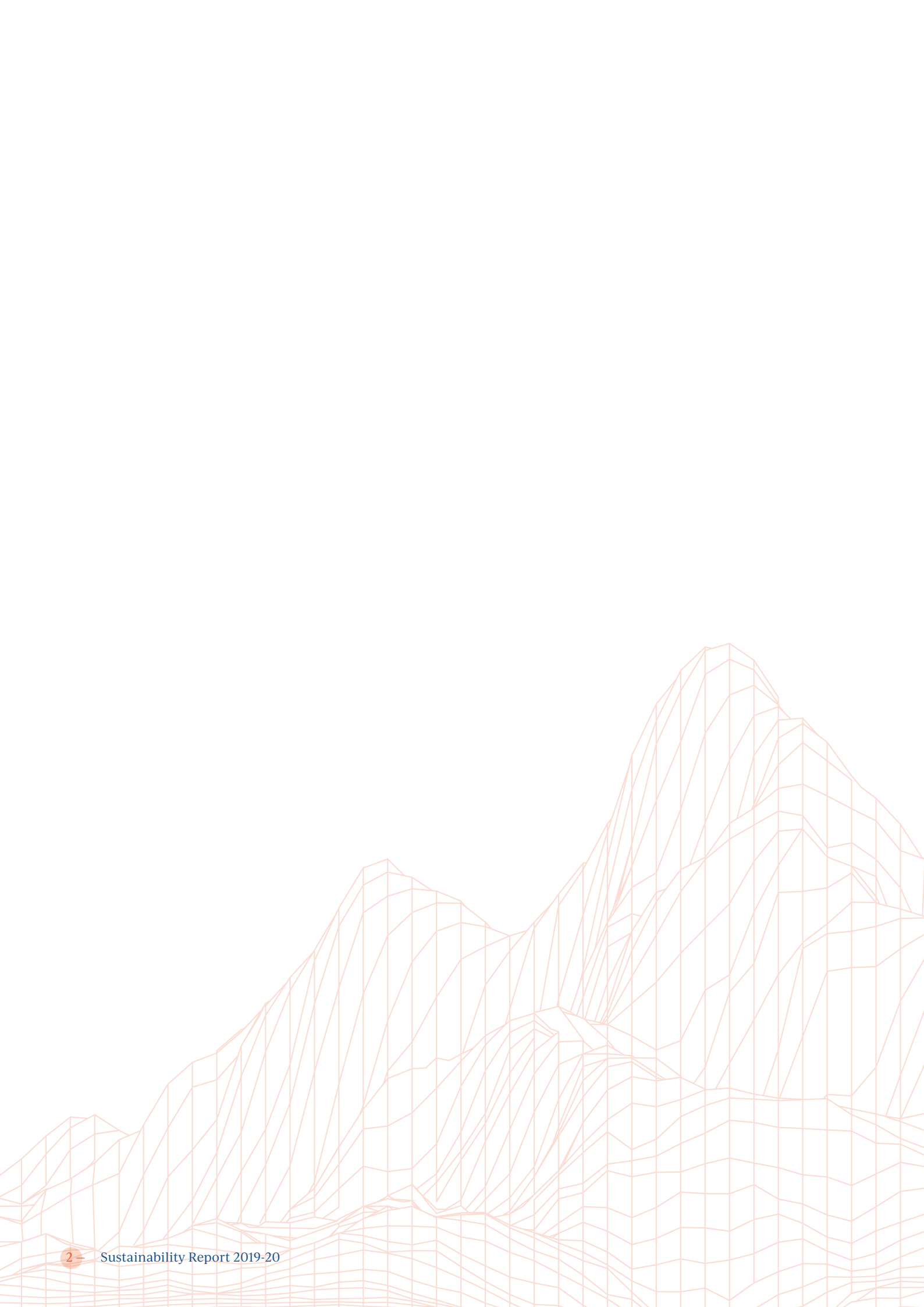


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Executive Chairman's Message



**Dr. Davuluri
Rama Mohan Rao**
Executive Chairman

It gives me immense pleasure to address the first formal communication of our sustainability efforts since the inception of Neuland's operations. I am proud to share that in the journey since 1984, Neuland has established a name that is synonymous with quality and values. Our operations are based on the five pillars of our core values. Through these values we achieved our vision of being a reliable API partner of choice for the long term and became a major technology-based API organisation to support drug discovery pharma companies.

Our belief in sustainability has always been intertwined into our value system. The four pillars of our EHS focus have been Zero Harm to anyone at work, ensuring Legal Compliance at all times, Well-being of the surrounding community and Protection of the Environment in all ways possible.

As an API manufacturer, our focus is on safety by design and process safety management systems. We aim for Zero harm and Zero property loss by developing a process safety culture across the organisation. Unfortunately, we witnessed one fatality during the year 2019. The loss of our member has aggrieved us deeply. We will not let any

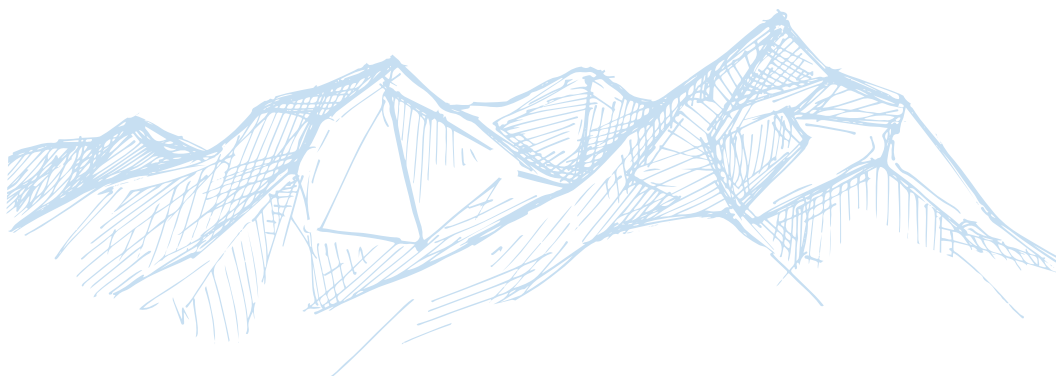
such incident repeat itself in the remotest manner. We as per our process undertook, a thorough, structured incident investigation process and implemented corrective and preventive actions.

The COVID-19 pandemic has had the most significant economic and social impact on the world in recent memory. However, we were steadfast and continued to deliver to our customers undeterred. I am incredibly proud of our people for

We aim for Zero harm and Zero property loss by developing a Process Safety culture across the organisation.

their commitment and contribution in these difficult times. Our priorities remain the safety of our people. We take utmost care for the health and safety of all people working with the Company. In the face of the pandemic as well, we ensured all measures and safety protocols are in place for the wellbeing of our employees and workers and have not witnessed any significant health issues.

As part of our sustainability efforts, the manufacturing units of the Company are



equipped with all required pollution control facilities. These ensure that no adverse impact on air, water and land are made due to our operations. All our manufacturing sites are Zero Liquid Discharge units. We continually invest in pollution control and safety related infrastructure. 70% of our hazardous wastes are being sent as fuel substitutes to the kilns of authorised cement plants to support energy resource conservation and reduce greenhouse gas emissions.

We encourage transparency and continuously communicate the key principles of EHS as well as sustainability to all levels of employees.

Environment and Safety concern start early in our process. At the R&D stage itself, we adopt the concept of “Green Chemistry” and people-friendly processes to minimise operational risk and hazards. We undertake process improvement initiatives to maximise efficiency and reduce the impact on the environment. We always strive to go beyond the minimum regulatory and legal compliance in relation to the environment and safety. In recent years, we have

strengthened the EHS systems by introducing an updated EHS policy and making every employee responsible for EHS performance. Every Neulander is responsible to identify, analyse and mitigate any environmental impacts and safety and health risks arising from our activities, products and services.

Neuland is a quality-driven and first-time quality pass-oriented API manufacturer. We are proud suppliers of APIs to several drug discovery pharma companies, impacting millions of lives where people are using these lifesaving drugs. Thus, our approach to sustainability is also focused on first time right and to do it right always.

We are also a member of the Pharmaceutical Supply Chain Initiative (PSCI), which is embedding PSCI principles for responsible supply chain management through five areas of business practice namely Ethics, Labour, Environment, Health & Safety. We are committed to this initiative as well.

Thus, I see many opportunities for us on the path of sustainability and a method to envision ESG risks and mitigate them by engaging supply

chain, driving digital transformation, skill competency building, etc. We believe in sustainable business continuity and institutionalised practices to give on-time deliveries.

We encourage transparency and continuously communicate the key principles of EHS as well as sustainability to all levels of employees. This sustainability report brings to all stakeholders a consolidated narrative of our sustainability performance.

I congratulate the entire team for the momentum in bringing out our first sustainability report, which reflects our commitment to sustainable growth and how we continue to deliver value to our stakeholders and society.

Vice-Chairman & CEO's Interview



Davuluri
Sucheth Rao
Vice-Chairman &
Chief Executive Officer

What have been the key achievements and failures in business and sustainability recently?

We have been meeting our expectations on a consistent basis over the last few quarters and we have seen good growth driven by both our Custom Manufacturing Solutions (CMS) business as well as the Generic Drug Substances (GDS) business. We have seen our team rise to the challenges of increasing business volumes as well the uncertainties which have arisen due to the external circumstances of the COVID19 pandemic. We have had two successful USFDA inspections during 2019-20, which is again a testament to our commitment to quality. The team has actively worked towards de-risking our Supply Chain, and we have reduced our dependence on a single geography as well as single sources for key Raw Materials. A pilot plant has been commissioned at Unit III, which enables our team to further accelerate the process of development of new products.

There is always room for improvement. However, I would like to draw your attention to two specific areas:

- Scaling products from the R&D to the operating units did not go as per plan in the GDS space.
- CMS business in the European region did not go as per plan

Going forward we have now established a cross functional team which is focussed on the development of the new

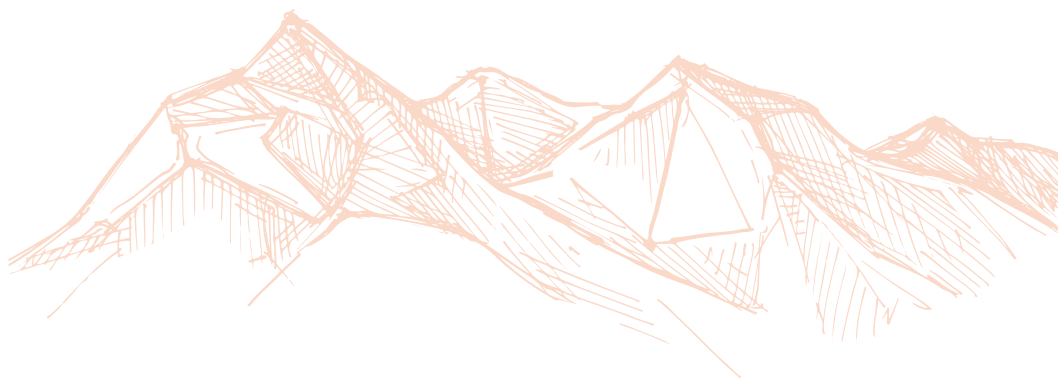
products for the GDS business. This team is working actively to ensure that we meet our new product development goals while anticipating possible issues and resolving them proactively. We are seeing an improvement in this area and the results will be apparent in the medium term. We are continuously monitoring the performance of the business across segments and individual products and taking actions if required. Overall, we see that we have a great portfolio of products which are going to further enhance.

We are strengthening the team with focus on CMS Europe and expect that we will see good traction from Europe in the coming years.

Risk management is an important aspect to which the leadership team at Neuland is committed.

Coming to sustainability, it has always been an underlying theme in all our decision at Neuland over the last 3 decades. However, we are seeing sustainability become a more prominent factor in our business and conversations. Over the last two years, we made significant progress in terms of our people processes. This has resulted in a robust pipeline of professionals who can drive the Company towards its strategic priorities.

Risk management is an important aspect to which the leadership team at Neuland is committed. We have during



the year strengthened the Enterprise Risk Management (ERM) process. We have expanded the sphere of ERM to include several interconnected areas like compliance, data security, supply chain and intellectual capital. We have seen considerable progress in our risk identification and management in certain spheres. We have adopted the Risk Priority Number (RPN) approach to prioritization of risks and are continuing to work on ensuring ERM is effective.

As part of Neuland's commitment to green operations the Board has adopted the Environmental Policy. Neuland has proactively invested in

All our sites have adopted the 'Zero Wastewater Discharge' concept.

green infrastructure. All our sites have adopted the 'Zero Wastewater Discharge' concept. Neuland has also invested in advanced pollution control equipment for handling its solid, liquid and gaseous wastes.

While we championed Health, safety and well-being of people, we unfortunately witnessed one fatality in our operations in 2019. We have promptly analysed, assessed, and implemented measures to prevent such incidents from occurring again.

What are your views on sustainability performance of

the company and what do you see as goals and targets?

Though the formalization on sustainability as per the internal standards has just begun, the company has been committed to sustainability for a long time. This is visible in our approach towards ensuring zero environmental non-compliance, targeting zero waste to incineration, and having adequate training for all on safety.

We are committed to the national goal on climate change, and I can clearly see ourselves investing in reducing our energy footprint. We are also planning for making renewable energy a part of our energy sources.

We are aware of the water challenges that the world and the industrial sector faces. We have been investing significantly on water efficiency and effluent treatment. In the long term, we would like to make our performance on the entire water cycle more efficient and mitigate any risks.

We also strengthened and rolled out new policies related to human resources, sustainable code of conduct for supply chain etc.

The other important pillar in our business are people and the intellectual property we carry. Safety of both is paramount for us. We have initiated the process intend to invest in digitization and automation to achieve our goal of safety.

We want to ensure sustainability across all spheres and one aspect of will be framing our strategies

for enhanced supplier involvement. These are the top priorities which will get translated into numeric and non-numeric KPIs and goals in times to come.

What is the outlook on the organization, its main challenges, and targets for the next year and goals for the coming 3-5 years?

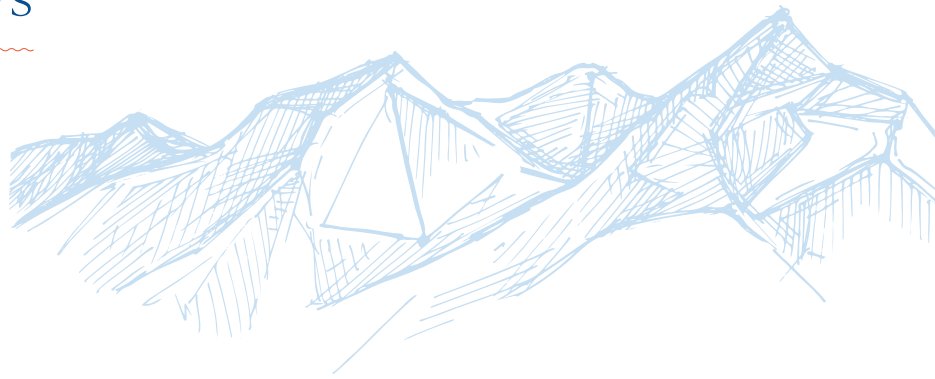
The goal for Neuland is to be the API supplier of choice for the pharmaceutical industry. Towards this ends we are working on various priorities like deepening our competencies in R&D capabilities and having modern manufacturing capabilities which allow for agility in response to customer needs. We would focus on digitizing processes across functions to ensure ready access to information which is also key to monitoring sustainable progress.

We are also working on formalizing and bringing together all the elements of sustainability. We will continue this front, where we will be strengthening our governance structure on sustainability and formalizing the roles and responsibilities. Another key element would be the digital part of the journey and ensuring cyber security through. In the long term, we would have all the elements of Sustainability embedded into the organization's culture from top to bottom.

How do you intend to achieve these items pertaining to the organization's strategic approach?

At Neuland, along with having

Vice-Chairman & CEO's Interview



a strong leadership team we have cultivated a system of Cross Functional Teams (CFTs) comprising of members across the hierarchy who work towards the common objectives of the team. I work with these teams to ensure that they are empowered to meet their specific objectives.

On the sustainability front, systematic and regular oversight at all levels is the first step for us. In line with this, we have formulated two sustainability committees, Steering & Core which will institutionalize sustainability at Neuland and assist in ensuring that relevant sustainability items always find place in our strategic decisions.

Neuland has been able to respond to most of the challenges satisfactorily due to the agility and cooperation from the entire team.

I will be actively working with the Steering Committee which will be responsible for making policies, strategies, reporting, and critical decisions related to sustainability reporting.

The Core committee's responsibilities include - implementation of the decisions and strategic directions received from steering committee, maintaining the data points on their action and ground level risk identification. Through these two teams working together we will meet our goals

on the sustainability front.

What is the impact of COVID-19 pandemic on Neuland? Does it change your strategy?

At the onset of the COVID-19 pandemic, Neuland had to deal with the challenges of employee safety, site safety, supply chain disruption, restricted logistics, and cash management.

However, Neuland has been able to respond to most of the challenges satisfactorily due to the agility and cooperation from the entire team. While, our Human Resources and Admin teams ensured employee health & safety are prioritised, the manufacturing team proactively came together to ensure business continuity. Our Regulatory and Quality teams also ensured complete safety in the manufacturing facilities, business processes and ensured a safe work environment for all.

While the vaccination programme is on in full earnest, the world is not yet done either with the pandemic or its economic effects. We are also cognisant that we operate in a competitive and dynamic market and must be prepared for future events. To deal with uncertainties and challenges head-on, Neuland has in place a strong Enterprise Risk Management (ERM) process that is actively managed by the senior management team. We also have a cross-functional team which is constantly updating the risk register and implementing steps to mitigate the impact of these risks. In fact, one of the reasons why Neuland was not significantly impacted by the supply chain disruption is because that risk was included in our risk register and

appropriate response strategies had been formulated and implemented well in advance.

A key impact of COVID-19, across industries has been the drive towards digitization and Digital Transformation. Technology has enabled continuity especially when it comes to Corporate functions and engagement with customers. Even as there are opportunities, there is also the threat of cyber-attack and we are strengthening on our capabilities on that front both from a strategic as well as sustainability perspective.

Do you think that sustainability response will also change in the light of Covid?

COVID-19 has been an unprecedented and unexpected scenario for the world. We have taken a note of this risk and prepared our action plan for it. With this our view towards sustainability has also widened from being a good business practice to be a risk mitigation tool as well. For instance, we were always committed to not just safety but also to health and wellbeing of our employees and workers. This pandemic has made it clear that we were focusing on the right side of the risk. Hence, due to this culture we could quickly put together a robust mechanism of operating under the difficult scenario. Going forward, we will incorporate evaluation of many other sustainability risks more from business continuity point of view.

Vice-Chairman & Managing Director's Interview

What is the overall vision and strategy for the short-term, medium-term, and long-term for the company?

Our vision is to be a leading pure play API partner of choice for the Pharmaceutical industry. We would like to continue our path of growth and profitability with focus on the Custom Manufacturing Solutions (CMS) segment and Specialty GDS (Generic Drug Substances) products which will spearhead this momentum. Operational excellence and quality continue to be the cornerstone of our business and we believe this will bring rewards in the long run.

Our other priorities would be to commercialize our Unit III as per our green infra focus. This will enhance our capability and flexibility in managing larger volumes – both product and projects and also will help us in monitoring environmental protection, occupational health & safety closely. Our outlook for the CMS business remains positive and our opportunity pipeline there looks very promising.

The Generic Drug Substances (GDS) business was largely in line with our plans for the year. We believe that we are well positioned as a standalone pure API player with strong focus in well-established molecules. It will continue to give us stable growth.

We are focussed on building an agile organization that is based on the principles of sustainability with people who will help us achieve our vision of being the leading, reliable, long-term API partner of

choice to the Pharmaceutical Industry.

How do the sustainability aspects of significant economic, environmental, and social impacts due to your business activities get accounted in the strategy?

Our practices of embedding sustainability into our strategic decision-making are evolving, resulting in these aspects getting embedded deeper and deeper into our strategy. One of the outcomes of this practice, is to progress with implementation of any strategic decision only if it fulfils all environmental, health and safety related requirements. The

We have witnessed and foresee sustainability dimensions to become more relevant for our customers and the geographies that we serve in the next few years.

environmental impact is one of the factors of evaluation in the selection of new products as well as in the route selection process. Our R&D team work on Process Safety and carry out studies on long term viability of processes before any technology is transferred to the plant.

Do you extend or intend to extend your sustainability practices to your suppliers, customers and other associations?

Yes certainly. Amongst all the associations our supply chain



Davuluri Saharsh Rao
Vice-Chairman & Managing Director

Vice-Chairman & Managing Director's Interview ~~~~~

is most critical for us from sustainability performance stand point. Supply chain is critical to our operations and we are focused on not only getting quality products at competitive prices but also making sure that our supply chain is resilient. We believe that resilience is a function of good practices which extends beyond financial and operational activities. Right now, we do engage on strategic matters with all external parties, however, our long-term goal is to strengthen our association on the topic of sustainability with all our key stakeholders including suppliers and customers.

We aim for Zero harm and Zero property loss by developing a process safety culture across the organisation.

What are the broader trends (such as macroeconomic or political) affecting the organization and influencing its sustainability priorities?

We have witnessed and foresee sustainability dimensions to become more relevant for our customers and the geographies that we serve in the next few years. While our sustainability policies and strategies are in line with global standards, we are witnessing new dimensions and perspectives evolving. It is and will be our endeavour to continuously imbibe best practices in this field. We have

already established ourselves as an entity that prioritises environmental health and safety. Our stakeholders trust us with all round safety and quality of our process and products. We look forward to continuing this trend in our operations and outlook that is firmly ingrained in our EHS policy to ensure climate safety and environmental protection along with the safety of our people in Neuland. On the front of the stakeholders, we are seeing increasing eagerness on the part of investors who want to ensure companies follow ESG principles and are targeting sustainable growth.

What are the company's strategic business priorities in the short to long term time frames?

The company is focussed on adding depth to our capabilities on the R&D front while building agility as an organization to ensure we are to serve our customers' needs promptly. Our focus is around building in a organization which can serve our quality conscious customers who are innovating to serve patients across the globe, in a manner which ensures that we are their first port of call for any new development. We continue to make specific plans for each of the products in our portfolio. As has been the case since the beginning, all our priorities will be built on top of our culture of quality, ethics and compliance.

How do you intend to achieve these items pertaining to the organization's strategic approach?

We are continuing to actively invest in our R&D capabilities

to build deeper competencies and we have in the past invested in Unit-3 which gives us manufacturing capacity & agility. We have factored resilient service, flexibility in delivery and technical capabilities in our strategy and are working passionately to enrich our product basket.

Our unwavering focus on sustainability through our cost management & process improvement endeavours should help in increasing volumes and improving margins as we move forward. We believe that we are well positioned as a standalone pure API player with strong focus in well-established molecules. It will continue to give us stable growth. We also enjoy a good presence among global formulators for our specialty APIs which, over the medium term, should emerge as an important value-driver for the Company. Going forward, the core strategy for our GDS business is attaining growth by foraying into new markets and building an expanded quality conscious customer base with our extensive portfolio of products.

The CMS business has continued to register good growth over the last few quarters as our project pipeline is now more robust. Nan increasing number of late-stage projects are entering our pipeline with second source opportunity which is very encouraging. We expect that we should be able to commercialise a few of them in the next 2 to 3 years.

As a pharmaceutical

manufacturer, our products originate in the labs. So we have started to instil the framework of sustainability into R&D itself. Creating the awareness, providing the framework, having the right experts and making the necessary investments will ensure that we achieve these goals.

What do you see as the key sustainability challenges for your sector and company?

We operate in a dynamic environment, driven by customer requirements. Hence, our production teams and R&D team are constantly adjusting to new chemicals. This

Our unwavering focus on sustaining our cost management endeavour should help in increasing volumes and improving margins as we move forward.

dynamism in our production sites, keeps throwing at us new challenges in terms of safety, waste, and effluents. Our teams have to constantly innovate by coming up with safe, environmentally safe processes and at a plant scale explore next technologies like flow chemistry that ensure safety while enhancing capacity.

On the other hand, the sector depends on highly skilled and trained manpower. Hence, the flux in human capital is generally high in the sector. The third element is risk reduction in our supply chain,

which we have been actively working on and are in a much better position than a few years ago.

What are you doing to create an impact and how do you involve everyone in the company?

Ans: Over the last few years we have undergone a process of cultural change to ensure all our employees are enabled to participate in the organization and sustainability also falls into this process. We are creating awareness on sustainability across the organization with the leadership team being actively involved in the process. So far, we have conducted various awareness and knowledge building sessions for senior management on different aspects of sustainability that touch their roles and function. This process will roll through

the organization and will be furthermore deeply embedded.

Management reviews involving plant personnel focus on compliance and safety. Over time, we believe every employee and workman will be aligned on sustainable operations by ensuring Zero mistakes in operations, waste reductions, reuse & recycling of wastes, prevention of air, water, and soil contamination.

About This Report

This is the first sustainability report of Neuland Laboratories Limited (Neuland). This report has been prepared to provide stakeholders a comprehensive view of our approach and practices on sustainability.



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

The report has been prepared in accordance with GRI standards – Core option. The material topics for reporting have been chosen through the materiality analysis process carried out as per the GRI guidance. This report has been prepared for the financial year

FY 2019-20 (i.e. 1 April 2019 to 31 March 2020). We have supported the material topics further by providing information for last three years financial years (FY 2017-18, FY 2018-19, FY 2019-20), wherever feasible. Neuland will continue to report sustainability progress annually through sustainability reports.

The report has been externally assured by TUV India Pvt. Limited who 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. We value suggestions and feedback from our stakeholders. Request you to share it by writing to us at: sustainability@neulandlabs.com.



Our Business

Neuland is a leading manufacturer of active pharmaceutical ingredients (APIs) and an end-to-end solution provider for the pharmaceutical industry's chemistry needs.

The company operates in the market using two main business models - Generic Drug Substances (GDS) where we cater to the needs of the Generic players and Custom Manufacturing Solutions (CMS) where we primarily work with innovators by helping them bring critical products to the market. While we primarily have these two businesses, the expertise within them extends to both small molecules as well as peptides.

Business Verticals

GDS: The heartland for many of our customers

The company's core business and operational expertise since inception has been the manufacturing of Active Pharmaceutical Ingredients (APIs). Neuland has earned the identity of a preferred and reliable source in the pharmaceutical industry primarily due to:

- Consistency in product quality
- Knowledge and ability to deal with niche chemistry
- On-time delivery performance

Neuland has 3 US FDA and EU GMP compliant manufacturing facilities with a collective capacity of 731 KL to produce more than 75 APIs across 10 diverse therapeutic areas.

Custom Manufacturing Solutions (CMS):

The fastest growing part of our business CMS derives from the company's proven expertise in chemical process development to manufacturing at varied scales, a deep understanding of complex chemical processes and manufacturing. Its facilities are compliant as per cGMP requirement and meets environment and safety standards.



Peptides: An expression of our expertise

The company is currently a supplier of high-quality Peptide building blocks like Pseudoproline Dipeptides and other complex Fmoc building blocks. The company plans to enter into GMP manufacturing of Peptide APIs in the near future. Our Peptide Synthesis Services include the production of peptides from milligrams to multi-kilogram scale by standard sequential chemical peptide synthesis and segment condensation strategies.



LEGACY

Expertise: 36+ years backed by robust quality systems, regulatory & compliance framework

Generic Drugs Substance (GDS) & Custom Manufacturing Solutions (CMS)



SCALE

Mfg. Facilities: 3 regulator approved with 731 KL capacity

R&D: US FDA approved with best in class infrastructure



CAPABILITY

Product portfolio: 75+ across 10 therapeutic categories

Regulatory filings: 898+

Team: 1000+ incl. ~282 scientists



REACH

Presence: 80+ countries

Export revenues: 75%

Regulated markets revenue: 93%

Our Business Footprint

All our manufacturing and R&D operations are carried out in facilities located in India.

These are world-class facilities close to the city of Hyderabad, capable of handling complex and hazardous reactions. We serve both International as well as Domestic markets with a foothold and presence in more than 80 countries through either sales or alliances. While we deliver products to many countries, nearly 80% of our sale is concentrated in the continents of North America and Europe.

UNIT 1 ~~~~ BONTHAPALLY, HYDERABAD

- Built-up area: 45,325 m²
- 7 production blocks:
3875 m² production area
- 3 Kilo Labs, 4 Warehouses
- Total Reactor volume:
175.47 KL
- Reaction Temperature:
-20°C to 200°C



UNIT 2 ~~~~ PASHAMYLARAM, HYDERABAD

- Built-up area: 36,800 m²
- 6 production blocks:
3250 m² production area
- Mini plant for scaling up
of new products
- Total Reactor volume:
300.10 KL
- Reaction Temperature:
40°C to 150°C

UNIT 3 GADDAPOHARAM, HYDERABAD

- Built up area: m2
- 17226 m2, 4 production blocks:
2022.8 m2 production area
- Kilo Lab for scaling up of new products
- Total Reactor volume: 256 KL
- Reaction Temperature: -40°C to 220°C

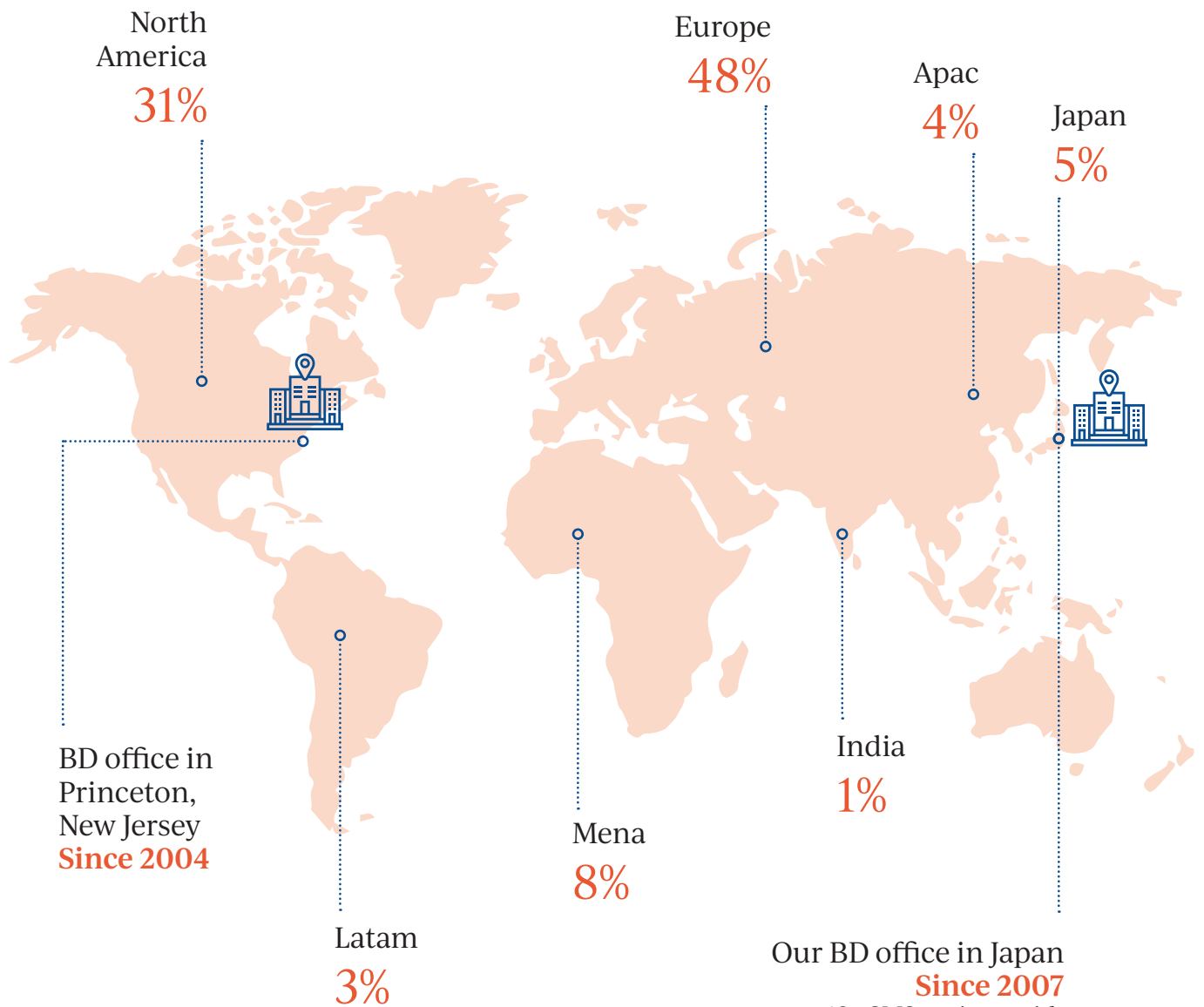


Research & Development Facility: Bonthapally, Hyderabad

- | | |
|--|---|
| <ul style="list-style-type: none"> • Dedicated 40,000 sq.ft. • 12 Development Labs • 60 Fume Hoods • Analytical Lab • Kilo Labs dedicated for scale-up • Dedicated labs for Peptides • GMP pilot plant with 2 production areas • 0.5 -50 kg batch size • Separate facility for D2 analogues | <ul style="list-style-type: none"> • Analytical Infrastructure • 300 MHz FT NMR (Bruker) • LC-MS-MS (Waters) • GC-MS (Perkin Elmer) • XRD (PANalytical) • ICPMS • HPLC with UV/PDA/ RI Detectors (Waters) • FT-IR (Perkin Elmer) • UV Visible Spectrophotometer (Perkin Elmer) • Preparatory HPLC (Waters) • Particle Size Analyzer (Malvern) • DSC (Perkin Elmer) • Digital Polarimeter • TGA (Perkin Elmer) |
|--|---|



Our Global Presence



* % Refers to FY 2020 Sales by end market

Our Journey - Key Milestones

Laying Strong Foundation
1984 - 2003

Deepening Our Capabilities
2004 - 2012

Increased Sustainable Growth
2013 - Today

1984

Incorporated

1986

First API sale of
Salbutamol Sulphate /
Albuterol Sulphate

1994

Neuland
goes public

1997

First
US FDA Audit

2004

USA
Operation

2007

Japan Subsidiary

2008

Seperate R&D Centre
established EDQM Audit of
Unit-1

2009

PMDA, Japan Approval
First NCE Approval

2013

Strategic alignment
of business towards
niche API's & Custom
Manufacturing Solutions

2015

10th
US FDA Audit

2016

R&D Facility approved
by US FDA

2017

Among first 3 API
facilities in India to be
audited by CFDA (Unit-1)
EDQM Audit of Unit-2

2018

Acquisition
of advanced
intermediates & API
Facility

2019

Increased flow of
projects from CMS Japan
Active emphasis on
supply chain de-risking

2020

100 Mn+ Revenue over
75 Live CMS Projects
15th US FDA Audit of
Unit-2



Multiple
audits passed
with no failures

Looking Forward

The management plans to expand the GDS business's global presence with its extensive product portfolio. The team will continue to work towards strengthening the margin profile of the prime products.

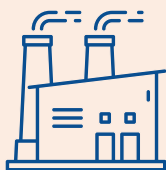
For the specialty segment, the company will focus on foraying deeper into its existing markets and widening its reach in new markets. To accommodate growing volumes, the operations team will focus on commissioning more blocks in Unit III. This will include creating a large block for Levetiracetam. The focus will be on shifting large volume products from Unit

I and II to Unit III to leverage economies of scale which will strengthen its competitive advantage in the global markets. This will also create capacity to accommodate scale-up of products in the pipeline and undertake more CMS projects. The team will sharpen its focus on institutionalising the recently launched 'First Time Right' practice to enhance product quality.



GENERIC DRUG SUBSTANCE (GDS)

We started as a Prime API Manufacturer



Capability

- 3 US FDA and EU GMP compliant manufacturing facilities
- Collective capacity: ~731KL

Business Approach



- Work on molecules either with a business leadership approach or partnership with client on COGS
- Ensure uninterrupted supply with quality commitment

Strategy Forward



- Maintain leadership position in key molecule
- Work on process optimization to improve yields, productivity and thus margins

Added speciality molecules for complex products

Capability

- High end complex chemistry capabilities
- Backend support by R & D department
- Experience of hurdle free scale up

Business Approach

- Work with leading companies and help them to meet their technical requirements while being competitive

Strategy Forward

- Focus on niche API's with complex chemistry
- File IP for non infringing processes

Robust manufacturing base placed on the foundation of quality and pureplay API commitment

ON PATH TO BEING A PREFERRED PARTNER IN CMS



Services

- Manufacturing API to customer specifications
- Designing and developing manufacturing processes
- Process optimization for competitiveness
- Filing of DMF/ CMC for the API
- Patent protection for processes



Business Approach

- Local presence in US and Japan with technical as well as commercial employees
- Consultative approach on customer relationships
- Business targeted on Neuland's technology capabilities and perceived customer needs leading to increased traction



Strategy Forward

- Add depth in technical capabilities
- Investment in QBD labs, process engineering and foray into new areas of customer solutions
- Work effectively on customer relationships and leverage on portfolio expansion
- Targeting molecules in the later stages of the clinical cycle
- Create a sustainable CMS business that is driven by technology and strong customer relationships

SIGNIFICANT R & D ACHIEVEMENTS

- Several NCE API's added in NDA or commercial stage drugs
- Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- Generic API business-
 - 898+ DMFs filed
 - 300+ API processes developed
 - 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate

At Neuland, Opportunities Become Reality: The Neuland Way

Neuland's business is built around its core values known as "The Neuland Way". It defines the ethics and integrity of business conduct of each Neulander.

“



“Being a dedicated API manufacturing company, Neuland believes that the business sustainability & growth is possible with continual improvement of People scalability. Therefore, as company at Neuland, we committed to strengthen the people skill set by mapping various learning needs i.e. Safety, GMP, Behavioural, Leadership & Technical skills through various training modules. The effectiveness of learnings shall be measured through management review process at site leadership as well as senior management level continuously.

M. Suryanarayana Reddy
Vice President – Quality



Our Vision

To be the leading, reliable, long-term API partner of choice to the Pharmaceutical Industry

Our Core Values



Reliability

Reliability whilst delivering the promise consistently is our objective. We ensure we are reliable firstly by being consistently compliant (CGMP, EHS, HR, ISMS) both internally and externally. Secondly, to meet our customer's requirements and deliver on time we bring in place rigorous project planning and execution.

Accountability

Being accountable and working with colleagues to solve problems is an essential part of our role. We all know that success is not built on a complacent business model. We need to be challenging how we do things and improving them to remain competitive. Our actions are always in tune with the environment and customer expectations.

Ownership

At Neuland we encourage all our colleagues to be part of the solution and tackle all obstacles to complete the task at hand. Part of the reality at Neuland is being aware of the opportunity and possibility, then being able to deliver individually as well as in an open teamwork structure.

Openness & Transparency

Our clear, open, and transparent culture at Neuland ensures all colleagues communicate and collaborate in the best possible way to achieve maximum results. We actively encourage the exchange of ideas and thoughts within an HR structure that applauds openness. Our project management models give maximum transparency to our customers.

Customer Centricity

Everything we do at Neuland, revolves around the customer. From understanding their needs thoroughly to going beyond the stated requirements, we strive to ensure that our customers are delighted with our products and services.

MEMBERSHIPS

Neuland is a member of various trade/industry associations such as The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Bulk Drug Manufacturers Association (India) (BDMA), Pharmaexcil, Pharmaceutical Supply Chain Initiative (PSCI), and, Confederation of Indian Industry (CII).



APPROVALS AND CERTIFICATIONS

We operate in a regulated market and hence, certification of our facilities and approval by agencies are essential weapons in business progress and pursuit.

Agency	Geography	Logo
USFDA	USA	
EDQM	Europe	
EMA	Europe	
PMDA	Japan	
TGA	Australia	
BfArM	Germany	
AFSSAPS	France	
ANVISA	Brazil	
COFEPRIS	Mexico	
KFDA	South Korea	
Various ISO certifications	Global	

Our Growth Strategy

Our goal is to continue to invest in the product's lifecycle management, keep growing those products by qualifying new customers and establish ourselves as market leaders globally for all our APIs.

Investment in the product involves studying the market closely and developing an appropriate product strategy.

Every element of our value chain is assessed thoroughly and responded to for consistent delivery. Our focus is to ensure that we engage

systematically across the value chain from supply chain, process (R&D), manufacturing, regulatory to market. Several external factors also continue to impact our strategy. In this section, we provide a brief overview of our growth strategy and the key external factors influencing us and our response.

GROWTH STRATEGY FOR BUSINESS



Business : Extend capabilities to organically build a sustainable GDS and CMS business



Chemistry: Deploy advanced chemistry skills to add differentiated products to its portfolio



Quality: Develop techniques like QBD to stay ahead of the curve and set precedents for “no quality compromise”



Scale: Invest into capacity to augment sales and accelerate business growth



Relationships: Leverage on Long-standing relationships with leading generic and innovator companies



Financials: Re-aligning revenue portfolio for a profitable growth

Create an organization that results in value of all stakeholders

MACROECONOMIC FACTORS INFLUENCING NEULAND

Factors	Impact	Neuland Response
Government regulation: approvals, audits	<ul style="list-style-type: none"> Consistent regulatory audits Increased scrutiny prior to drug approvals 	<ul style="list-style-type: none"> Successfully cleared consecutive USFDA audits since inception Consistent record of new drug approvals
Environmental considerations in drug manufacturing	Government and regulatory monitoring on environmental impact	Effective compliance to all environmental regulations
Crude oil prices	Solvent price volatility	Investing in green chemistry leading to efficient use of solvents
COVID 19 impact	Increased logistics costs	Tactical scheduling optimized channel mix
	IPA availability and pricing fluctuations	Qualifying new IPA manufacturers with increased capacity
China raw material dependence	Geopolitical issues	Alternate India suppliers in place
Human Capital	Competition for talent	<ul style="list-style-type: none"> Capability building through a strong Learning & Development plan Active development of Leadership Pipeline across levels

Stakeholder Engagement

To achieve our goal of being the partner of choice and abide by our value of customer-centricity, hearing the voice of our customers is indispensable for us.

To deliver to customer expectations, we need to ensure that stakeholders in the value chain of business are heard. While we acknowledge the importance of stakeholder perspective, it is also important for us that The Neuland Way of conducting business is understood by stakeholders, and a synergy is created between our actions and those of our stakeholders.

We identify employees, contract/

workers, board members, communities where we operate, suppliers, customers, investors, and regulatory bodies as are key stakeholders. We engage with these stakeholders periodically. Engagement with stakeholder groups take place across functions and levels within the company. Both formal and informal modes of engagement provide us perspectives on varied issues and topics.

Stakeholders	Engagement	Frequency of Engagement
Employees	<ul style="list-style-type: none"> Multi-level and multi-topic engagement based on the employee group Performance feedback Employee surveys Training sessions Several informal modes 	Yearly As and when required
Board	<ul style="list-style-type: none"> Board meetings Specific committee meetings 	At least once a quarter Twice a year
Workers & Contractors	<ul style="list-style-type: none"> Multi-level and multi-topic engagement Training sessions Several informal modes like toolbox talk etc 	Yearly; Based on the requirement, minimum once a year
Suppliers	<ul style="list-style-type: none"> Supplier audits Supplier meets Topic based select supplier engagement 	Yearly; Based on the requirement, minimum once a year
Customers	<ul style="list-style-type: none"> Customer meets and visit by customer to Neuland Customer audits Customer surveys Structured engagement with select customers 	Yearly; Based on the requirement, minimum once a year
Regulators	<ul style="list-style-type: none"> Fillings and submissions to various agencies Engagement during visits to our facilities Structured meetings on defined topics, as needed 	Twice a year; Based on the requirement, minimum once a year
Local communities	<ul style="list-style-type: none"> Neuland Foundation communications Visits to select locations by Neuland team 	Based on the requirement, minimum once a year
Investors	<ul style="list-style-type: none"> Investor relations team regularly engages with them Quarterly Investor communications Investor meets and presentations Annual report and sustainability report 	Quarterly, based on the requirement

“



“Cross Functional Teams (CFT’s) created to improve the operations and structured approach in resolving the issues. Empowering the CFT’s to take decisions had a positive impact on the overall Operations across the departments”

M. Srinivasa Reddy
Vice President –
Manufacturing

Materiality

Identify before acting

Our business and stakeholder expectations are getting revised and re-defined with time. Therefore, we too decided to introspect, understand, identify, and respond to this evolving landscape.

Materiality assessment was the first step in introspection into our practices and understanding the stakeholder’s expectation from the lens of sustainability. Through this exercise, we have been able to identify the most important topics for us and our stakeholders.

Our materiality assessment exercise was based on:

a. Desk based research to identify the sectoral topics considered

by external stakeholders like peers, media research, GRI, and Ecovadis.

b. Internal stakeholder engagement
- Internal stakeholders from various functions/departments and levels in the company interface with all other internal and external stakeholders. Thus, the perceptions and views of these internal stakeholders have been captured for materiality assessment.

IDENTIFYING MATERIAL TOPICS

Materiality assessment was conducted through multiple stakeholder consultations with groups from varied functions. Eight focused group interactions were conducted to capture feedback on two dimensions – the impact of a sustainability aspect on the business and the ability of the business to impact the parameter thereby influencing relevant internal and external stakeholders on the identified parameters. The response was collected through a structured questionnaire where for each question the response was gathered on a five-point scale (1 to 5) – 1 indicating least impact and 5 indicating the highest significance of impact.

It is a new topic, hence we invested in building the capacity of our team on the way to this journey.

Internal Stakeholder Teams Contributing to Materiality Assessment

Supply Chain	Human Resource	Marketing	Communication
Environment, Health & safety		Research & Development	
Secretarial	Legal	Finance	Manufacturing

Process conducted for Identification of Material Topics

Department wise Interaction

- Key departments for sustainability were identified
- Several one-on-one discussions were carried out with identified departments

Development of materiality matrix

- Analysis of feedback to arrive at prioritization matrix for sustainability topics
- Normalization of response where relevant
- Development of materiality matrix

Capacity Building and Awareness Raising

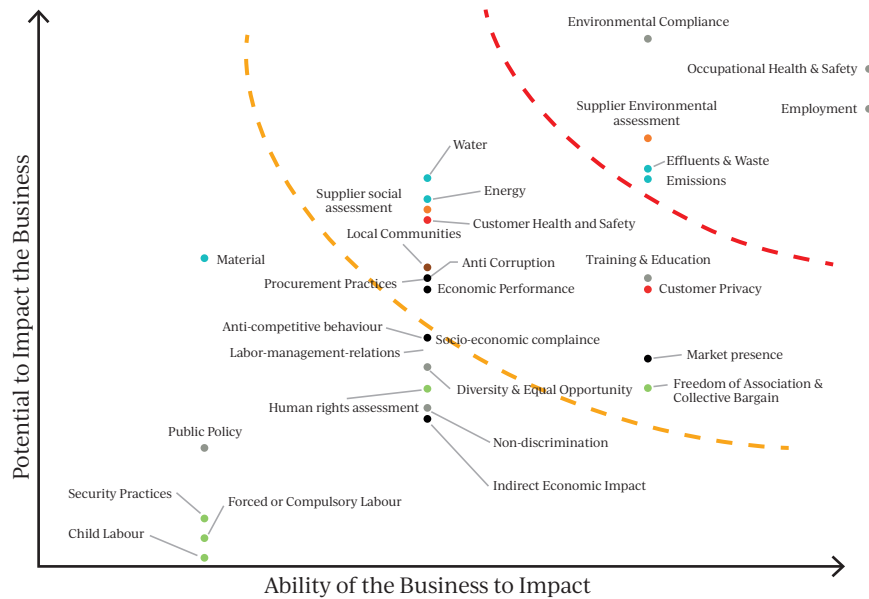
Stakeholder interaction carried out through group stakeholder awareness and consultation. Awareness raising and familiarizing with materiality assessment

Focused group interaction






Aspect based focused group consultation to gather response on materiality assessment questionnaire

OUR MATERIAL FOCUS AREAS AND TOPICS

Based on the materiality assessment we have identified 21 material topics for the company spread across eight focus areas. These topics are relevant to varied stakeholder groups and assist in responding to different UN SDGs.



Material Aspects	Material Topics	Stakeholder Group	Boundary	GRI Indicators	UN SDG's
Environment	Water	Business/ Employees, regulatory bodies, government, and local communities	Facilities, Corporate Office	303-3 – Water withdrawal 303-4- Water discharge	
	Effluent & waste			306-1 Water discharge by quality and destination 306-2 Waste by type and disposal method	
	Emissions	Business/ Employees, Government, local communities		305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-4 GHG emissions intensity	
	Energy			302-1 Energy consumption within the organization 302-3 Energy intensity	
Supply chain	Supplier environmental assessment	Suppliers, Customers	Identified supplier group	308-1 New suppliers that were screened using environmental criteria	
	Supplier social assessment			414-1 New suppliers that were screened using social criteria	
Local communities	Communities	Local communities, business	Communities adjoining the facilities	413-1 Operations with local community engagement, impact assessments, and development programs	
Economic	Economic performance	Employees, Board of Directors, Regulatory bodies, Investors, Vendors	India operations	201-1 Direct economic value generated and distributed 201-3 Defined benefit plan obligations and other retirement plans	
	Anti-corruption			205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures	
	Procurement practices			204-1 Proportion of spending on local suppliers	
	Market presence			202-2 Proportion of senior management hired from the local community	

Material Aspects	Material Topics	Stakeholder Group	Boundary	GRI Indicators	UN SDG's
Regulatory & Legal	Environmental compliance	Customers, regulatory bodies, government, investors, Board of Directors	Facilities and corporate	307-1 Non-compliance with environmental laws and regulations	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 
Customer and Consumer	Customer Health and Safety	Customers, regulatory bodies, investors, Board of Directors	Facilities and corporate	Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	3 GOOD HEALTH AND WELL-BEING 
				Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
	Customer Privacy			Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	
Human Capital	Occupational Health and Safety	Employees, regulatory bodies, customers	Facility and corporate	403-1 Occupational health and safety management system 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill-health	3 GOOD HEALTH AND WELL-BEING 
	Employment			401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave	
	Training and education			404-1 Average hours of training per year per employee 404-3 Percentage of employees receiving regular performance and career development reviews	
					8 DECENT WORK AND ECONOMIC GROWTH 
Human Rights	Freedom of association and collective bargain	Employees, customers, regulatory bodies	Facilities and corporate	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 

Governance

Governance at Neuland is based on the principles of integrity and fairness in business. We believe in transparent conduct and disclosures at all levels and are committed to ethically conducting business. The Board of Directors is the highest governing body of the company. It ensures that the company's values are reflected in all stakeholder engagements.

BOARD COMPOSITION

Our board of directors comprise 10 directors out of which six are independent directors. Two out of six independent directors are female directors. We believe in diversity which reflects in the background, experience, and expertise that our board of directors bring in. More details about the board of directors and their roles are provided in our annual report. (<https://www.neulandlabs.com/investors/financial-reports/annual-reports/>).



**Dr. Davuluri
Rama Mohan Rao**
Executive
Chairman



**Mr. Davuluri
Sucheth Rao**
Vice-Chairman &
CEO



**Mr. Davuluri
Saharsh Rao**
Vice Chairman &
Managing Director



**Mr. Humayun
Dhanrajgir**
Non-Executive
Director



**Mr. Parampally
Vasudeva Maiya**
Non-Executive
Director



**Dr. William
Gordon Mitchell**
Non-Executive
Director



**Dr. Christopher
M. Cimarusti**
Non-Executive
Director



Mrs. Bharati Rao
Non-Executive
Director















**Dr. Nirmala
Murthy**
Non-Executive
Director



**Mr. Homi Rustam
Khusrokhhan**
Non-Executive
Director

BOARD COMMITTEES

The board has six committees that provide guidance, oversight, and direction on various areas and ensure implementation of the company's strategy, values, vision, and policy.

COMPOSITION OF BOARD COMMITTEES						
Name	Designation	Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Corporate Social Responsibility Committee	Finance Committee
Dr. Davuluri Rama Mohan Rao	Executive Chairman					
Dr. Davuluri Sucheth Rao	Vice-Chairman & Chief Executive Officer					
Dr. Davuluri Saharsh Rao	Vice-Chairman & Managing Director					
Mr. Parampally Vasudeva Maiya	Independent Director					
Mr. Humayun Dhanrajgir	Independent Director					
Mrs. Bharati Rao	Independent Director					
Dr. Nirmala Murthy	Independent Director					
Dr. Christopher M. Cimarusti	Non-Executive Director					
Dr. Will Gordon Mitchell	Independent Director					
Mr. Homi Rustam Khusrokhan	Independent Director					



Chairman



Member



BOARD POLICIES

Policies and code of conduct serve as a guiding tool for everyone working at Neuland to conduct themselves and their responsibilities in tune with **The Neuland Way**.



Policy	Overview of Policy
Code of Conduct for Board Members and Senior Management Personnel	The objective of the code is to promote honest and ethical conduct and disclose in a transparent manner the values in accordance with which the business of the company will be conducted. To also encourage the observance of those standards to protect and promote the interests of shareholders and all other stakeholders. Compliance with this code is a condition of employment and service for Whole Time Directors and Senior Management.
Ethical Code of Conduct	It lays down a broad policy for conduct in dealing with the company, fellow directors and employees, and the external environment in which the company operates. The company believes in conducting its business with responsibility, transparency, empowerment, honesty, and environmental consciousness.
Board Diversity Policy	To incorporate board members with varied backgrounds and experience.
Corporate Social Responsibility (CSR) Policy	The objective of this policy is to set guiding principles for carrying out CSR activities by the company and to also set up a process of execution, implementation, and monitoring of the CSR activities to be undertaken by the company
Familiarization Program for Independent Directors	It introduces and updates the directors about the company's business, strategy, their roles, rights, and responsibilities.
Nomination and Remuneration Policy	The objective and broad framework of this policy is to consider and determine the remuneration, based on the fundamental principles of payment for performance, potential, and growth. To also provide Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication, and achievement relating to the company's operations.
Whistle Blower Policy	To provide a mechanism for company employees and its subsidiaries to report instances of unethical behaviour, actual or suspected fraud, or violation of the Code of Ethical Conduct in good faith, while safeguarding a Whistle Blower from any unfair or biased practices.

SUSTAINABILITY GOVERNANCE FRAMEWORK

We have a two-tier sustainability governance framework which has been formalized this year. Our sustainability steering committee is the highest governance body on sustainability headed by Vice-Chairman and CEO. AVP EHS is the secretary of the committee and it comprises of 10 members from various functions. The objective of this committee is to provide strategic direction and provide guidance on sustainability initiatives. It also serves as the body for approving key sustainability communications like the sustainability report and providing business approval

on sustainability matters. The committee will meet at least once a quarter.

The second tier is the sustainability core committee which ensures implementation of the sustainability initiatives across functions and operations along with site teams. This committee also holds the responsibility of identifying opportunities for sustainability improvements, tracking performance, and developing sustainability communications. The committee is headed by Vice president – CMS&R&D and has 13 members. The committee meets at once a month.

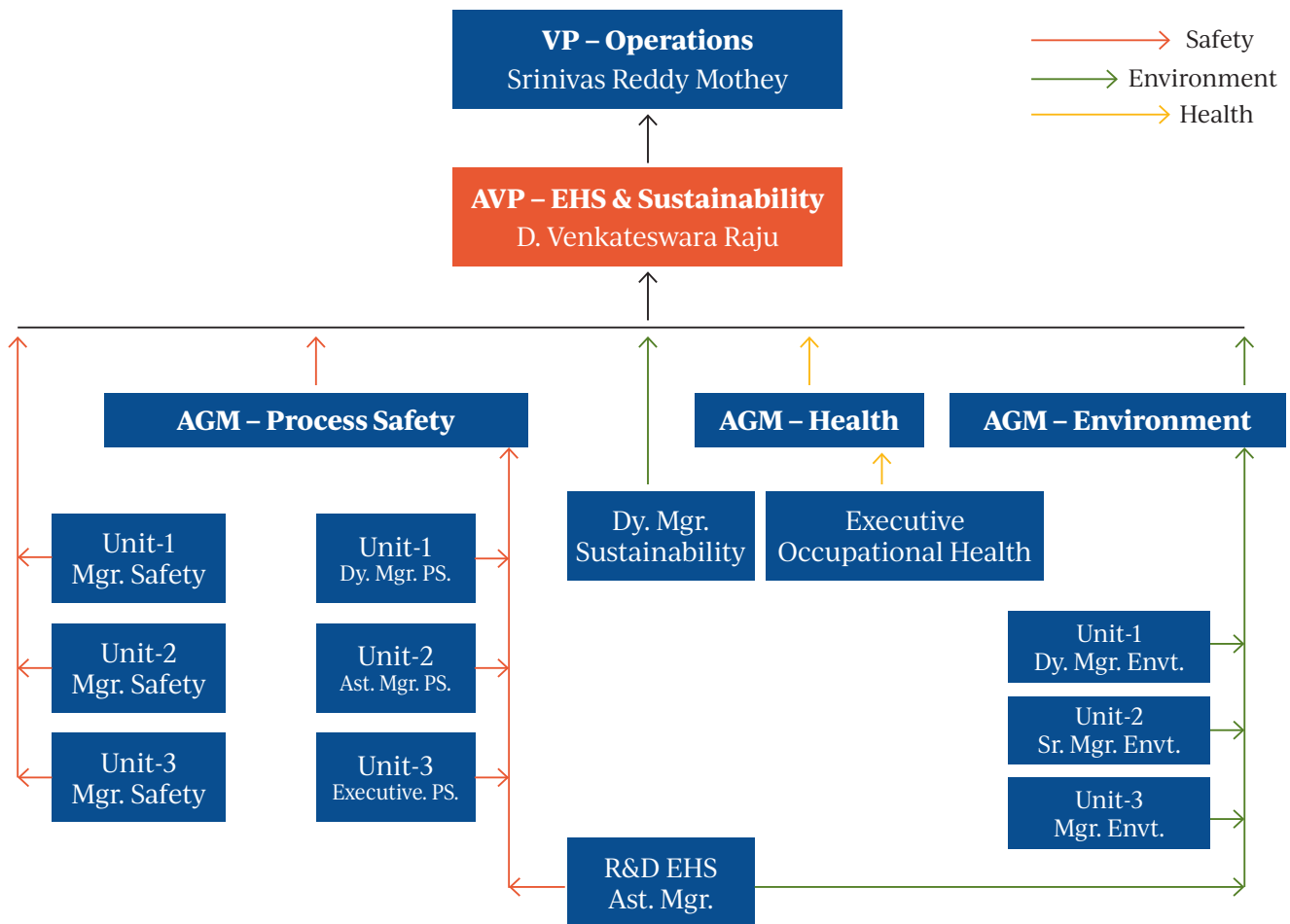
COMPOSITION OF SUSTAINABILITY COMMITTEES

Sustainability Steering Committee	Sustainability Core Committee
Vice Chairman & CEO	Vice President - CMS – R&D
Vice Chairman & MD	Associate Vice President PE
Chief Human Resource Officer - HR	General Manager - SCM
Vice President – QC & QA	Deputy General Manager - HR
Head - Global API Sales - Marketing	Asst. General Manager - Factory Medicals
Senior Vice President - SCM	Asst. General Manager - Environment
President - R&D	Manager- Marketing
Vice President – Manufacturing	Site Head (Manufacturing) from all units
Company Secretary - Finance	Asst. Manager Communications
Asst. General Manager - Business Development	Asst. General Manager - Process Safety
Associate Vice President - EHS	Asst. Manager - Finance
	Deputy Manager - EHS

ENVIRONMENT, HEALTH AND SAFETY (EHS) GOVERNANCE

EHS plays a vital role in the smooth operations and growth of the company. Our CEO provides strategic oversight to EHS, while overall responsibility lies with the Associate Vice-President, EHS. Each site has an environment team, occupational health team, and safety team. The unit and manufacturing heads at each location also share responsibility for ensuring and maintaining EHS standards and practices at their respective sites.

Sustainability, Environment, Health & Safety-Organogram



EHS governance structure

EHS TEAM COMPOSITION

Function	Unit - 1 Team	Unit - 2 Team	Unit - 3 Team	R & D Team
Environment	27 (11+16)	27 (14+13)	10 (4+6)	3 (1+2)
Occupational Health (OH)	7 (3+4)	7 (1+6)	7 (3+4)	
Safety	7 (6+1)	7 (6+1)	6 (4+1)	
TOTAL*	41 (20+21)	41 (21+20)	23 (12+11)	

*Neuland Employee + Contract Team

Risk Management



We view risk assessment and management as a tool to prevent the risk in the business, identify sound business opportunities which equip us to respond and take informed decisions promptly for the benefit of all stakeholders.

The risk management framework has been approved by the Board. The Board oversees the process, and the risk mitigation actions, while our Audit committee has the responsibility to implement the risk management framework. Further, we involve every function at Neuland in the risk

management process. There is a formal monitoring process at the unit and company level, where new risks are identified and categorised as per their probable impact, key responsibilities are handed down to select managers, and finally, appropriate mitigation plans are devised.

OUR RISK MANAGEMENT FRAMEWORK

has strategy and operations related risks as the fundamental element while we keep an eye to identify and assess the existing and emerging risks. Our framework also provides us a system to mitigate the threats at the earliest.

Context
Setting

Risk
Identification

Risk
Prioritization

Risk
Mitigation

Risk
Monitoring

Risk
Reporting

**Risk
Management
Process**

Internal Controls for Effective Risk Management

Over the past few years, we have put dedicated efforts to strengthen our risk management framework and controls for effective risk management. A robust internal control mechanism is an essential business imperative for us considering the landscape of our business. We have developed a risk management activity calendar that lists different activities and schedules for risk management.

Conducting an internal audit by a third party is one of the important elements of the procedure for assessing effectiveness of internal controls. We follow the internal audit process diligently, report and implement them.

Our internal audits process, conducted through in-house teams and by the third party provides us insights that are incorporated into future action items.



Regulatory Compliance

Maintaining regulatory excellence

We operate in highly regulated markets. We are committed to manufacturing products in total compliance with regulatory requirements and customer expectations. To stay ahead of upcoming regulatory changes, we continuously track the expectations of various regulatory bodies worldwide. This translates into a clear understanding of the possible future direction regulations and standards may take, ensuring that we implement appropriate policies and practices ahead of legislation.

We have zero-tolerance for regulatory non-compliance. We have institutionalized the process of regulatory compliance by placing adequate systems of checking the documentation at all levels

to ensure that there are no slips. Regulatory and legal compliance audits are conducted for various functions. Board provides oversight and undertakes a quarterly review of regulatory and legal compliance. The responsibility of ensuring zero non-compliance lies with each department. To further strengthen the process and oversight, we have adopted the digital system called *Legatrics**.

All our processes and manufacturing operations are in accordance with cGMP requirements, US FDA, and ICH guidelines and regulations. We have filled 56 DMFs with the USFDA, over 400 DMFs in Europe, and many more with the various health authorities in Canada, Japan, Korea, and Australia.

*

We have had no instance of environmental non-compliance in last three years, resulting in major fines, penalties or legal proceedings.



57

DMFs with
USFDA



Health
Canada

29

Fillings with
Health Canada

05

Japanese
DMF filed



~403

EUDMF filings across
Germany, France, Poland,
Italy, etc.,



146

Row filings
including Turkey,
Mexico, Brazil, etc.

14

filings with
KFDA Korea



673

Filings to date

SFDA

05

IDLs filed

Data Privacy

We conduct innovation and research, which generates confidential information. We respect our Intellectual Property Rights (IPR) , our customers and our partners.

We view it as an important element of our relationship with business associates and for our business growth. Hence, information security and data privacy are viewed with great importance and we are committed to protecting them.

We also believe that information security is one of our prime responsibilities to build trust and confidence in our customers and ensure that all information assets generated by us are managed at the appropriate levels of Confidentiality, Integrity, and Availability.

What we have achieved	What we plan for future
Deployed the Data Leak Prevention System, which triggers alarms when any sensitive data is being drawn from any system.	Plan to equip the Data Leak Prevention System with filters to thwart leakage through emails.
Appropriate certification for Information security management system (ISMS) - ISO 27001 and General Data Protection Regulation (GDPR) compliant.	Implement an Advanced End Point Security solution.
Employees trained through orientation program, refresher training programs on ISMS standards on a regular basis.	Deploy a Security Incident and Event Monitoring Solution, which provides the health, performance, threat perception of all IT infrastructure on a single dashboard with possible solutions.
Institutionalize risk management and audit procedures	Continue to progress on the implementation of the same
We sign Confidentiality Disclosure agreements with all customers, employees, suppliers, and consultants.	Ensure 100% compliance
Grievance mechanism	Strengthen grievance mechanism
No supply of products to geographies with possible conflict with IPR	Continue to follow the same

In the last three years, we have not had any incident of complaints from customers about data security and privacy breach.

DATA LEAKAGE PREVENTION SYSTEM (DLPS)

DLPS was launched to provide control on internet access and raise alarms whenever any sensitive information is drawn out of any system. This system is applicable to all personnel associated with us. DLPS tool has been deployed across the organization and provides specific authorizations and responsibilities to various data owners. Based on sensitivity, information under DLPS is classified into four categories – internal to department, internal, confidential, and public. Sensitivity is also linked to the risk level it may pose due to inappropriate classification.

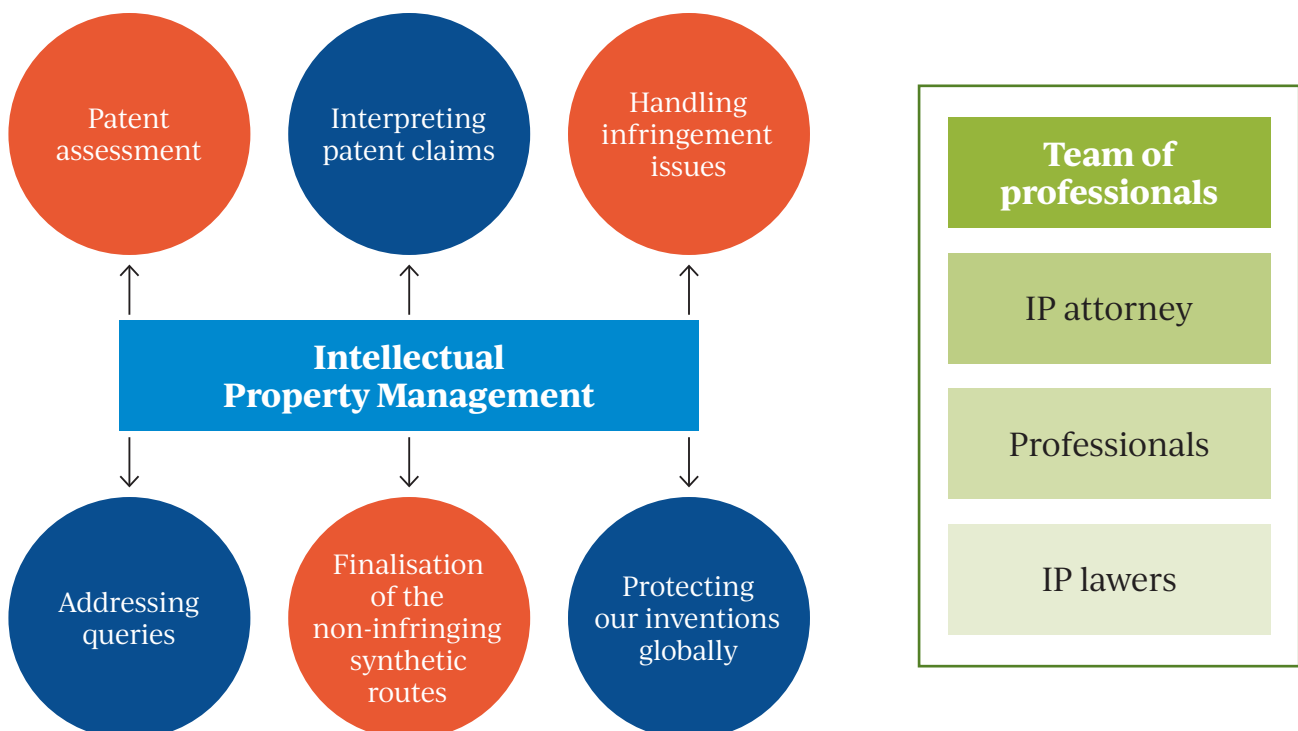
To ensure appropriate implementation of the system and tools associated we undertake the following activities:

- Periodic awareness training programs are carried out for responsible users
- Implement system firewall and restrictions to avoid a breach of privacy
- Incident management and review process as per the defined structure
- Regular audits
- Feedback gathering from users and integrating it in DLPS system updates

INTELLECTUAL PROPERTY MANAGEMENT

Creation and protection of intellectual property has immense significance in our business. Most of our business is in regulated markets such as the United States and the European Union. Hence, our approach to IP management is to ensure that our IP process is robust, cost- effective, compliant with regulatory requirements, and optimized in terms of time as well.

We have set up an Intellectual Property Management Group to achieve the above. We have developed a process and use technology that is innovative and helps us establish a leadership position. We have developed a process for IP management which is supported by the right team of people.



Beyond the Policies of The Board - Policy Landscape

Policy	Overview of Policy
Environment, Health, and Safety Policy	The objective of the policy is to serve as a guiding document for implementation of environment, health, and safety for Neuland
Supplier Code of Conduct	The code defines non-negotiable minimum standards that are to be adhered to by the suppliers when conducting business with Neuland
Prohibition of Child Labour	The policy explicitly states that no child labour should be allowed within the premises
Policy on Grievance Redressal	To provide a mechanism to employees to appeal their grievances, if any, and get the same redressed through a proper channel to facilitate their smooth functioning in the organisation.
Policy on Sexual Harassment	The company firmly believes that every employee has a right to work in an environment free from harassing, intimidating, or offensive behaviour and in which issues of harassment will be resolved without fear of reprisal. The policy is designed to take effective measures in accordance with the applicable law to avoid and eliminate and if necessary, impose punishment for any sexual harassment.
Diversity and Inclusion	To strive to create a diverse and inclusive environment that embraces differences and fosters inclusion. To create unmatched value for our customers, colleagues, business partners, and shareholders.
Learning and Development Policy	To provide a structured and effective learning environment to enhance the capabilities of employees and in turn, contribute to Neuland's growth
Data Leakage Prevention Policy	The objective of this document is to define a process to ensure security of classified Neuland information and its unauthorized distribution through any digital channel.
Information Security Management Systems	The purpose of this policy is to provide the framework for setting information security objectives, ensure commitment to satisfy applicable requirements and continual improvement of the information security management system.

Economic Performance

Our performance is led by the zeal to grow in capacity and achieve optimization at all points. We have achieved financial stability and are on the path of transformation. We are listed with the Indian Stock exchange and follow the guidelines and procedure prescribed by it for financial reporting and governance practices.

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

CONTRIBUTION TO DEFINED BENEFIT SCHEMES	2019-20 (Million INR)	2018-19 (Million INR)	2017-18 (Million INR)
Contribution to Provident Fund	46.83	34.58	35.54
Contribution to Gratuity Fund	18.67	17.39	18.19
Medical Insurance	16.71	14.10	10.60
Other Benefits like Vehicle Support, Canteen, etc.	49.00	46.77	38.66

“



At Neuland, we are conscious of our sustainability commitments. We focus on building a resilient supply chain that focused on supply continuity keeping climatic, socio-political, and regulatory changes. While procuring, we emphasize on the possible impact we create beyond the organization both direct and indirect. We continuously assess operational, financial and regulatory risks governing our key procurement decisions and constantly strive to go beyond compliance in our actions.

N. Sundar
Senior Vice President –
Supply Chain Management

Supply Chain

The global API supply chains extend around the world. This increases the variety of challenges the supply chain can be faced with.

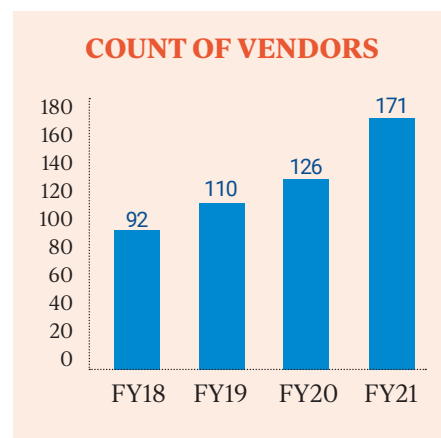
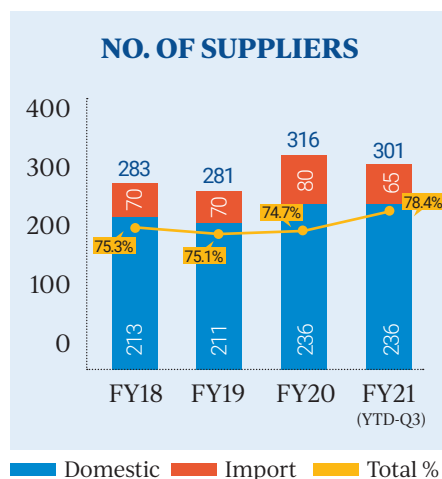
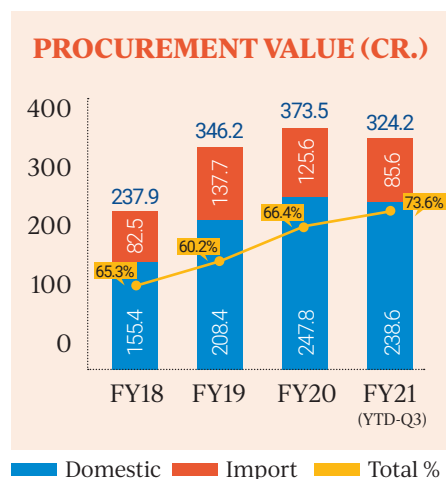
During the pandemic, it has further emerged that a robust supply chain with minimal risk of interruption is one of the most important factors in business continuity. Hence, supply chain security is of great relevance to us.

MAPPING THE LANDSCAPE OF SUPPLY CHAIN

In our business, we procure raw material and other services through multiple vendors in the supply chain. Key starting material (KSM), intermediates, and speciality materials are critical from our business point of view. Due to the importance of these suppliers, we term them as critical suppliers.

Our process for identifying critical supply chain materials is based on the strategic importance of the material in our product and the vendor base available for the same.

72% of our procurement spent is on vendors supplying KSM and other critical materials. In FY 2020 we had 316 material suppliers out of which 126 suppliers were for critical material.



RISK MANAGEMENT IN SUPPLY CHAIN

Our risk management framework guides the risk identification and management process. We have extended our risk management framework for suppliers to go beyond quality and include environment, health, and safety, and regulatory compliance. The

supply risks arise from dependency on a single supplier and heavy dependence on single geography. We have developed a plan to de-risk from both these aspects. This has a direct impact on our ability to focus on minimizing the sustainability risks in our supply chain as well.



Our Approach and Strategy	Initiative and Outcome	Outlook
Reduce geographical dependencies	Reduced our dependency on China to 15% <ul style="list-style-type: none"> Reduced our dependence on Raw Materials from a single geography (from over 50% to less than 30%) 	Developing geographically diverse vendors for critical raw materials
Multiple vendors for critical supplies	<ul style="list-style-type: none"> 48% of the vendor is de-risked by having two or more suppliers Backward integration for key intermediates 	<ul style="list-style-type: none"> Plan for the next two years is under execution commenced the production of key intermediates at the acquired facility
Encourage local procurement	Local supplier base in last 3 years has grown from 210 to 236 suppliers	We intend to further increase the local supplier base and spent on local procurement
Enhance supplier commitment to sustainability	Strengthened the sustainability aspects of supplier code of conduct. 84% of the vendors have signed and agreed to the sustainable supplier code of conduct	<ul style="list-style-type: none"> 100% vendor acceptance 100% of all new suppliers to sign on the conduct
Introduction and integration of sustainability criteria into supplier selection and evaluation	<ul style="list-style-type: none"> Supplier data on ISO certification (ISO9000, ISO14000, ISO45001) collected About 80% of suppliers have at least one of these certifications Regulatory compliance, water, and safety practice included in critical supplier audit and questionnaire 	Strengthening the supplier qualification and audit process systems with environmental and social criteria of sustainability

SUSTAINABLE SUPPLIER CODE OF CONDUCT

Our supplier code of conduct requires all suppliers to adhere to

Ethical principles

- Prohibition of bribes, unlawful payments, and other corrupt practices
- Intellectual Property and Confidential Information

Guidelines to Employment Practices and Human Rights

- No child labour
- No human rights violations

Environment, Health, and Safety

- Make provisions for safe working conditions
- Educate workers on safety practices
- Good environmental practices to be followed

Data Privacy & Personal Data Protection

Compliance to Applicable Laws & Regulations

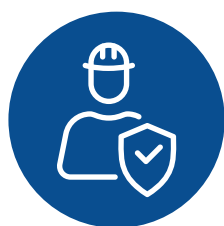
Environment



Environment



Health



Safety

Today, EHS is an integral part of Change Management System to ensure all activities are implemented with EHS consideration

EHS stewardship as an integral part of the system

Environment provides us vital resources to conduct our business. We understand that resources provided by the environment are shared resources and need to be utilized judiciously so that they remain available for others to use. Hence, we are committed to excellence in environment, and consider environmental protection, as an important pillar of our sustainable performance and corporate responsibility.

We have made environmental stewardship an integral part of the business system. Environmental risks are always included in the organizational decision-making process. We follow a lifecycle approach for every product that we manufacture. Environment policy guides our actions. We review and update it periodically to adjust for the changes.

We have implemented environmental management systems at all our manufacturing

and R&D facilities to facilitate the implementation, record keeping, and other management procedures pertaining to environment. Monthly review of environmental concerns and progress is undertaken by senior management.

We undertake EHS management initiatives in areas of resource conservation and pollution prevention. Through effective implementation of the EHS management system, we address topics of freshwater consumption, wastewater generation, waste generation, greenhouse gas emissions, and energy and fuel consumption. We continuously invest in systems which will result in better environmental performance.

Working in conjunction with the environmental policies and systems, it is the responsibility of every “Neulander” to ensure continual implementation and improvement in this sphere.

Yearly Spend on Environment (INR Million)		
FY 2017-18	FY 2018-19	FY 2019-20
190.15	114.05	57.6

WATER

Water is the fundamental need for life and our industrial processes. It is a resource that is increasingly becoming scarce with competing uses. Water stress in India has increased several folds in the last few decades. We completely understand that water scarcity is on the rise and will be further exasperated with climate change.

As a responsible business and to maintain business continuity, we consider water as a resource that requires a holistic approach, as our operations are located in high water stress areas .

Our approach to water management focuses on good water accounting practices to support systematic water footprint



reduction in our operations. We conduct internal water checks and audits regularly and include third-party water audits periodically.

We do not use groundwater in our facilities. We utilize third-party water supplied by private operators. We have state of the art zero liquid discharge effluent treatment plant at our facility for the treatment of effluent generated in our processes. Some of the treated effluent is used for green belt. We do not discharge any effluent outside our premises from all three facilities. At our R&D centre we have a pre-treatment unit for treating the effluent before it is sent to the common effluent treatment plant (CETP). Treated water is used for green belt.

Our production increase and expansion, always include water procurement and effluent treatment as an integral part of the expansion projects.

Commensurate with this philosophy, we will be increasing the treatment capacity at our units in the near future.

Our major water-saving initiatives in the last three years have been:

- 100% recycling of reverse osmosis rejected water into multiple effective evaporator (MEE)
- Recovery of steam condensate water and utilization in the boiler. High pressure pumps have been installed for steam condensate, resulting in a 20% increase in recycling.

Surface water runoff during rainy season is collected and sent to CETP as per regulatory requirement defined by pollution control board. Effluent quality is monitored daily and third-party monitoring take place once in every quarter.

Future outlook

- **Unit I** – construction of 250 KLD capacity of bio ETP is under final stage and will be commissioned by June 2021
- **Unit III**- expanding from 100 KLD to 300 KLD by setting up new ZLD based ETP



Parameter	Unit	FY 2017-18	FY 2018-19	FY 2019-20
Water consumption	KL	85474	81984	93093
Recycle	KL	41481	37462	40918
Total Effluent	KL	46911	43341	45506
ZLD (process effluent and wastewater is mixed)- biotreatment	KL	35831	35733	45063
CETP	KL	30360	26380	36200



ENERGY AND EMISSIONS

Climate change is real and has been well documented. India is a signatory to Paris protocol and has committed to reducing its emission intensity by 30-35%. We respect the national targets and intend to contribute towards the same. Energy utilization optimization and minimizing the use of fossil fuel are the key to achieving reduction in greenhouse gas emissions (GHG).

We utilize energy in our operations for steam generation and power for other operations.

We cannot imagine our operations without power. Undoubtedly, energy is a critical input for our business. While we cannot operate without energy, we are aware that emissions due to the use of fossil fuels used for energy generation is the largest contributor of climate change. We are committed towards ensuring that we operate in a manner that the utilization of energy is optimized. It is our endeavour to utilize renewable power in future, depending on the feasibility for the same.

	FY 2017-18	FY 2018-19	FY 2019-20
Power consumption (TJ)	113.88	93.52	86.04
Fuel consumption			
Diesel (TJ)	6.26	8.16	6.43
Coal (TJ)	277	230	223
Total energy consumption (TJ)	397.54	331.21	315.86
Energy intensity (TJ/Revenue in INR Million)	0.052	0.050	0.060
Scope 1 GHG emission (tCO ₂)	26242	21714	21134
Scope 2 GHG emission (tCO ₂)	25939.85	21156	19598
Total GHG emission (tCO ₂)	52182	43015	40732
GHG emission intensity (tCO ₂ /Revenue in INR Million)	6.84	6.45	7.70



Coal and diesel are the two fuels used in our operations. We procure power from the electricity grid. Energy saving measures are identified through internal teams at each site on a regular basis. We periodically undertake third-party energy audits. We have over last three years spent more than 25 million INR on energy saving initiatives like Reduction energy consumption by replacing liquid nitrogen utility to brine compressor and installation of artic master and replacement of instruments in Air Compressor and Drier Replacements, installation and replacement of VFD.

Our boundary for all environmental parameters is excluding corporate office other than energy and emissions

WASTE

We have achieved zero waste to incineration. Our goal is to maintain zero incineration of waste, minimize waste reaching landfill sites and to reduce waste of natural resources by maximizing the reuse and recycling of waste

Waste generation and types of waste generated has increased many folds in India. The government of India has launched several programs like Swachh Bharat Mission to handle waste appropriately at the national level.

We believe that every waste carries value in the ecosystem. Our approach to waste management is embedded in the philosophy of 3 Rs – Reduce, Reuse and Recycle. We implement it by ensuring creation of “Wealth from Waste”. We continuously evaluate the possibility of providing a suitable use to every waste either in our operations or anywhere in the value chain. We forge

partnerships, where necessary, to enable the implementation of waste utilization. Through this practice, we are able to support circular economy and contribute to national objectives of SDG. Simultaneously, we apply resource conservation to reduce waste generation. It is embedded in our lifecycle approach applicable for each product.

Our operations result in hazardous and non-hazardous waste, which can contaminate and add to several types of pollution in long term. We have a robust system to track and record the quantity of waste generated at each site.

Hazardous Waste Types Generated		
Evaporation Salt	Process Salt	Spent Carbon
ETP Sludge	Insulation Waste	Spent Mixed Solvents
Used Oil	E-Waste	Used PPE



Waste Generation and Disposal				
	Units	2017-18	2018-19	2019-20
Total Hazardous Waste - Disposal Wise				
TSDF / Landfill	MT	833.5	899.8	471.2
Co - Processing	MT	1929.2	853.0	1727.9
Recycling	MT	0.9	133.2	280.1
Incineration	MT	0	0	0
Total Hazardous Waste Quantity	MT	2763.7	1886.0	2479.2
Waste Disposal Method -Percentage				
TSDF /Landfill	%	30.16	47.71	19.01
Co - Processing	%	69.81	45.23	69.70
Recycling	%	0.03	7.06	11.30
Incineration	%	0	0	0
NON Hazardous Waste	No.	9827	9202	10177
TOTAL WASTE (HW,& BMW)	MT	3501.928	3380.069	4107.1
HAZ.WASTE	MT	2763.7	1886	2479.2
Biomedical WASTE	MT	0.74	1.49	1.63



WASTE REUSE AND RECYCLING

By implementing appropriate waste disposal practices for E-waste and used oil in last three years, we have from zero moved 11% recycling of hazardous waste.

We have implemented co-processing of certain hazardous wastes as fuel substitutes in kilns at authorized cement plants,

as a substitute to conventional energy sources. This supports energy resource conservation and reduces greenhouse gas emissions. Whereas, spent sulphuric acid generated is sent to a gypsum manufacturing company. Spent solvent generated is sent to a thinner manufacturing industry for use as raw material.

IMBIBING SOLVENT RECOVERY INTO THE SYSTEM

We want to achieve maximum recovery of solvents by inhouse process and utilize it for internal uses. This process leads to two benefits – one reduces the waste being disposed outside our premise and second, it leads to resource efficiency in our operations.

We installed a solvent recovery unit at Unit 1 in FY 2019 with a capacity of 34 KLD resulting in saving of approximately 12500 KL/ annum of solvent recovery. We incorporated this as a good practice in the new unit III by installing two SRS of 16 KLD and 15 KLD capacity and a 16 KLD MDC dehydration column. This reduced our fresh solvent use at Unit III by 85%.

We have over last two years
invested 230 million INR to
achieve this result.

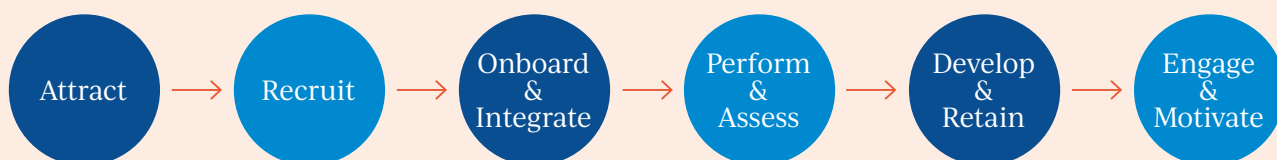


People

People are the most potent molecule of Neuland's chemistry. The success of every step is interlinked with the talent, motivation, well-being, and safety of people that associate with Neuland.

We have restructured our people strategy from recruitment to making people a part of The Neuland Way. It stands on five pillars- Talent acquisition, talent management, learning and development, employee experience, and Neuland culture. Our ultimate objective is to preserve Neuland as "A Great Place to Work", in every situation.

Employee Experience: The Neuland Journey



Talent Acquisition

- The Neuland Work Brand & social media presence
- Research & Vocational skill partnerships
- Campus relations
- Behavioral & Technical assessment
- Diversity & Inclusion strategy
- Onboarding experience
- Neuland Alumni network

Talent Management

- Goal Planning, Performance feedback & assessment
- Organization Design
- High-Potential Pipeline
- N-1, N-2 Succession Planning
- Research, Operations & Management Career pathing
- Talent mobility.
- Diversity & Inclusion strategy

Learn & Develop

- cGMP Process Compliance
- Core technical chemistry
- Quality, Mfg., process & equipment skills
- Delivery & Change Mgt.
- Neuland behavioral competencies
- Leadership Development
- Educational advancement

Employee Experience

- Employee Friendly Policies
- Employee benefits & services
- Rewards strategy
- Career growth & Recognition
- My Neuland (Tools & Technology)
- Health & Well-being
- Neuland employee communication
- Employee Feedback

Neuland Culture

- Culture of Feedback
- Participative decision making
- Breaking hierarchies
- Tensions & SMART proposals
- Ownership at all levels
- Voice for everyone

Neuland Core Values – The Neuland Way





PEOPLE LANDSCAPE IN NUMBERS

We have full-time employees and contractual workers supporting across our operations. Workers form about 50% of our total workforce. We primarily hire contractual workers for non-process/non-production work. They generally, carry out activities in the areas of material handling, housekeeping, maintenance, security, and support staff.

Employee by Gender and Age Group

Year	Total Full-Time Employee			Age Group (<30 years)		Age Group (30 to 50 years)		Age Group (>50 years)	
	Total	Male	Female	Male	Female	Male	Female	Male	Female
FY 2019-20	1274	1158	116	383	55	662	59	113	2
FY 2018-19	1129	1036	93	276	35	660	56	100	2
FY 2017-18	1133	1035	98	317	50	633	46	85	2

Total Workers Breakup

Year	Total Number of Workers	Male	Female
2019-20	1036	975	61
2019-18	927	869	58
2018-17	800	747	53

Gender and Age Wise Distribution Across Levels (FY 2019-20)

	Total Full-Time Employee		Age Group (<30 years)		Age Group (30 to 50 years)		Age Group (>50 years)	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	14	0	0	0	6	0	8	0
Middle Management	173	16	4	0	139	14	30	2
Junior Management	782	86	331	41	422	45	29	0
Trainee	9	0	0	0	7	0	2	0
Workers (Shop floor, Supervisors, etc.)	177	14	48	14	86	0	43	0

DEVELOPING THE NEULAND TEAM



We are focused on building an agile organization with people who will help us achieve our vision of being the leading, reliable, long-term API partner of choice to the Pharmaceutical Industry. The sector directly or indirectly employs over 2.7 million people in India. The employment opportunities in this sector are growing fast. Finding and retaining talent in the industrial sector poses its challenges.

To overcome these challenges, we are focused towards preparing our employees for the next level of roles, and leadership roles, while we also hire new talent across levels. Our focus on internal mobility is supported by capability enhancement

and focused engagement with people within the organization. It has indirectly provided us with greater potential to know our employees better and bridge gaps.

Simultaneously, we continue to acquire entry-level talent from college campuses, vocational training institutes, etc. Often the entry level talent requires more support and grooming. We have partnered with Life Science Skill Development Council (LSSDC) for a three-year road map for every apprentice entering this training program. During the three-year period the apprentices are taken through a structured program of learning and upskilling. All along this period, we have carved out a career progression program as well.

ATTRITION OF EMPLOYEES

Year	2018-19	%	2019-20	%
Total Employees	1129	100	1274	100
New Hires	206	18	512	40
Attrition	206	18	381	30
Male	184	18	339	29
Female	22	24	42	36
Age Group <30	108	35	211	48
Age Group 30-50	91	13	160	22
Age Group >50	7	7	10	9

DIVERSITY AMONG EMPLOYEES BELONGING TO TELANGANA

Age Group	Male	Female	Grand Total
<30	158	25	183
30-50	376	39	415
>50	88	2	90
Total	622	66	688

All employees are covered by the performance management system

NURTURING RELATIONSHIPS

Promoting great employee experience and culture

We are on a continuous path to nurturing relationships, improving employee involvement, and experience. Our performance management system and feedback mechanisms have witnessed major changes in recent times. We have introduced employee

performance management system and promote feedback through structured and unstructured routes at all levels.

Our performance management system utilizes online tools for setting annual goals and targets by employees. Performance is measured along those goals. The employee receives feedback on the goals through one-on-one interactions. The performance management process also serves as a medium to receive feedback from employees.

To build an inclusive structure, we have introduced and encourage feedback through shop floor meetings, weekly and monthly review meetings, and structured surveys. We incorporate the findings into the system and improve the process accordingly.



DIVERSITY

We promote diversity in our team. Women form 10% of our total employees and 6% of our workers. Though our industry type creates some challenges in increasing the women workforce, we are consistently making efforts to increase diversity. We make efforts to ensure that there is no discrimination at our workplace and that includes discrimination with women. We have in the recent times strengthened and introduced policies to make the workplace

more favourable for women like the sexual harassment policy, diversity, and inclusivity policy.

Diversity and inclusivity policy extends beyond women to age, ethnicity, cultural background, intellectual and physical ability, lifestyle, and education. We do not make any distinction in remuneration and employment based on gender.

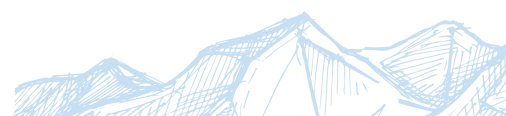
We also provide maternity leave of six months and paternity leave of seven days.

In last three years, the number of women employee has increased by 18%.

FY	Number of Employees Availing Leave	
	Maternity Leave	Paternity Leave
FY 2020	9	96
FY 2019	4	90
FY 2018	11	95
All employees who took maternity and paternity leave have come back to work .		

POLICY AWARENESS

To keep the policy and its attributes imprinted in our work environment, we have initiated a practice of putting up policy and associated information at various places in our facilities and corporate office.



HUMAN RIGHTS POLICY

Neuland as a leading manufacturer of active pharmaceutical ingredients (APIs) with global outreach recognizes that we have our own role to play in upholding human rights and in addressing adverse human rights impacts where we are in a position to influence.

The guiding principles of Neuland's Human Rights Policy are:



Fairness

Committed to providing fair wages/ salary and good working conditions for employment



Health, safety and security

Committed to providing a healthy, safe and secure work environment for all employees and contractors.



Integrity and data privacy

Committed to exercising high standards of integrity in dealing with and protecting privacy of sensitive personal data or information (SPDI) of employees and opposed to discrimination at work.



Dignity

Treat everyone with courtesy, respect and dignity



Commitment to diversity

- Respect and value differences
- Actively supports the attraction, retention, development, promotion of diverse talent
- Create awareness among employees about diversity



Freedom of association

Respectful of the right of employees to join an independent trade union, the right to collectively bargain and freedom of association.



No slavery / child labour

Opposed to all forms of slavery and exploitative child labour and will work with appropriate partners to address this problem responsibly wherever we encounter it.

EMPLOYEE GROWTH

Growing with a culture of learning

We are actively building a learning organization that is responsive to customers' dynamically changing priorities. Our management is continuously evaluating the intellectual capabilities internally while being vigilant about changes in the external environment so that we are an agile team and can capture new opportunities for the long-term. Our employee learning efforts are focused towards providing a structured and effective learning environment to enhance capabilities of

employees such that it provides growth to them and the business as well.

We have developed a structured process for meeting the employee learning objectives. Training and learning on cultural, behavioral, technical, and specific needs are carried out by various internal functions like HR and EHS and supplemented by external specialized trainers or certified training programs.

Most of the corporate learning is delivered through

a combination of digital-learning and in-person sessions (blended) with pre and post assessment. The main objective of a learning journey is to help people develop the required new competencies in the most effective and efficient way to support the transfer of learning to the job.

To further increase focus on knowledge and accurate implementation of policies we initiated a new Learning Management System (LMS).

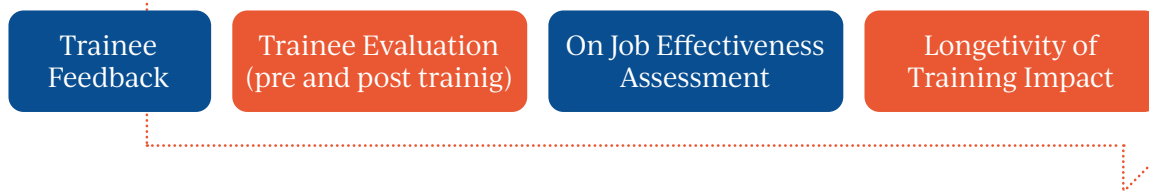
100% of the employees are provided training appropriate for their area of work.



Our outlook to learning and knowledge growth:

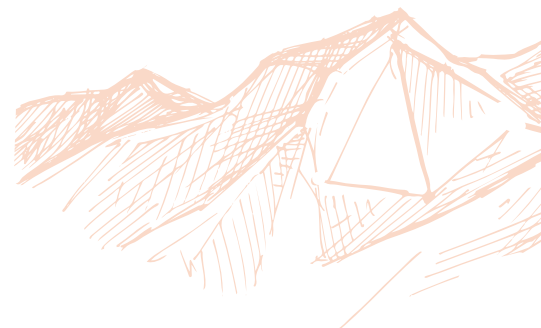
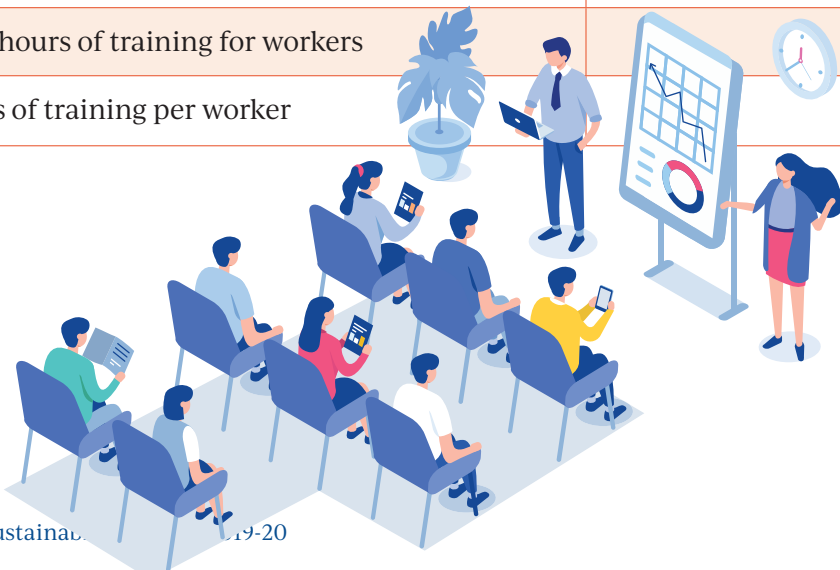
- We intend to increase the rigor in compliance training
- Introduce more third-party training programs for behavioral and skill training
- Introduce certified training programs
- We are under the process of upgrading our training data record keeping process by introducing mechanisms for online recording and tracking system. This will enable us to provide better assessment of training imparted across levels and by gender as well.

Effectiveness Assessment of Training Programs



Training Hours (FY 2019-20)

Total number of employees	1274
Total hours of training for employee	4815
Hours of training per employee	3.78
Total number of workers	1036
Total hours of training for workers	22835
Hours of training per worker	22.04



Well-being and Safety



People are the most invaluable assets. We respect the wellbeing and safety of people in our operations and in the value chain. We take utmost care and are committed to the health and safety of all personnel working with us.



We want to ensure that we learn from our past mistakes and undertake actions that can prevent similar safety incidents from occurring at the same locations or elsewhere at Neuland

We have a well-defined structure in place to constantly analyze, assess and mitigate risks that could affect employees and workers. Frequent communication, webinars, posters, and emails are used to proactively promote awareness of good health, hygiene and safety practices.

Our approach to safety is built on two aspects:

- A culture where each employee and worker are proactive about their safety and take responsibility to act right
- Ensure that adequate safety measures, protective items, and systems to support safety are always available to all.

The first element is safety governance which is supported by our safety committee. Each site has a safety committee which has equal representation of workers and employees. This committee meets once every month. It has representatives from various departments and functions and is chaired by the plant head. The committee plays the role of implementing the safety policy. It evaluates all safety incidents and issues of the site, prepares plans for addressing them, and assesses the financial requirements. Hence, the safety committee has a very important role in ensuring site safety.

All incidents are followed up through a structured incident investigation process and the recommendations

on corrective and preventive actions are shared and implemented in all locations aiming to prevent recurrence of similar incidents.

All our manufacturing facilities are certified with ISO 45001 demonstrating commitment in managing occupational health, and safety risks.

We follow a robust internal audit and reporting system to address compliance issues promptly. We conduct inter-facility safety audits once in six months and external audits once a year.

Making processes safer to reduce health and safety incidents is our endeavour. We continue to automate critical processes on the shop floor as one of the measures to achieve the same.

We conduct awareness and training sessions at various levels and continuously- to keep emphasising on right safety practices and preparing every individual to act appropriately in adverse situations. Incentivizing right behaviour is a must. We have incorporated several awards on safety at various levels. Similarly, those not following safety practices are issued safety challans and defined penalties are imposed.

Celebrating the National Safety Day, and Safety Week are important activities to engage everyone in safety. Awards and recognition are given to workers and employees who follow the best safety

EHS

Wellbeing and Safety Landscape

Our focus areas:

Occupational Health & Well Being

Process Safety

Legal Compliance

Worker Safety

Customer Safety

EHS Philosophy at Neuland

Environment, Safety & Health (EHS) a crucial pillar of Neuland laboratories limited corporate governance. Seeking continual improvement in performance and to become one of the best EHS standard global pharma representative. Integrating Environment, Health & Safety considerations into business planning and decision making to ensure safe working environment.

EHS Management Systems

Hazard identification, training and education, EHS standards and guidelines, inspections and CAPA compliance, legal compliance, PSM implementation, fire preventive and protective measures, contractor safety management, work permit system, internal & costumer audit compliance, ETP operations, air pollution control system, waste management system, occupational health monitoring, accident incident investigation, emergency preparedness

Hazard Identification

- Daily plant rounds by safety team.
- HazOp
- Quantitative Risk assessments
- Safety inspections.
- Identification of unsafe conditions.
- Need based surveys.

Process Safety Management

- Process safety integration to technology transfer and scale-up.
- Reactive and Powder safety hazard assessments.
- Chemical assessment at R&D.
- Use of safer solvent & reagents.
- Process safety guidelines.
- Pre-start-up safety reviews
- Mechanical integrity: URS, machine guarding, thickness test of process equipment's, ERS etc.
- Electrical safety
- Management of change
- Safety instructions in BMS.

Contractor Safety Management System

- General, job specific & refresher Training.
- Worker Periodical evolution.
- Involvement in safety promotional activities.
- Visual displays on EHS information, Dos and Don'ts of critical operations.
- Visual display of critical chemicals (know your chemical)

Training and Education

- Induction training to new employees and contract workers
- Individual training need identification
- Periodical training to all identified employees and contractors
- Periodical trainings to ERT, first aiders
- On the job training - Toolbox - Demonstration
- Audio visual display of safety films and cartoons.
- Chemical awareness
- Counseling to teams/ individuals

Fire Prevention System

- No smoking policy within factory premises
- Hot work permit system.
- Inertization of process equipment
- Earthing and bonding.
- Dip pipes and J pipes
- Physical containment (dykes)
- Use of conductive utensils, Anti- static filter bags, PPEs.
- Material storage as per compatibility and storage conditions. Ensuring zero expired chemicals in site.
- Precautions to handle powders with low MIE.
- Need based surveys.
- Thermography.
- Minimum inventory management programs in plant

Work Permit System

- Handling all critical non regular works with permit system. Hot work, height work, general work, excavation, confined space, LOTO, tanker loading and unloading, heavy equipment handling.
- Continuous monitoring by both safety and user till completion of job.

<p>Occupational Health Monitoring</p> <ul style="list-style-type: none"> • Pre and periodical health check ups • Treating first aid injuries. • awareness & vaccination sessions. • Different deworming drives. • Trend analysis with respect to age wise, gender wise, diseases • Health guidance to employees and contract workers • Identification /characterization of emissions from process areas • Banding of products (OEB fitment) • Covid-19 control & prevention management 	<p>Fire Protection System</p> <ul style="list-style-type: none"> • Early Detection system (Toxic leak detectors, Hydrocarbon sensors, Oxygen gas detectors, Smoke detectors, Heat detectors etc.) • Fire Hydrant and sprinkler system. • Fire Extinguishers (DCP, CO2, M. Foam, D Type, modular fire extinguishers. • Fire Suppression Systems 	<p>EHS Performance Monitoring</p> <ul style="list-style-type: none"> • Establishing corporate SOPs/Guidelines in order to harmonize EHS procedures & practices across sites. • Evaluating EHS performance lag and lead indicators. • Periodic EHS gap analysis & EHS audit by Cross Functional Team for continuous improvement • Monthly review of EHS MIS by the Chief Executive Officer (Board Member) & Head Manufacturing • Site monthly review meeting.
<p>CAPA Management</p> <ul style="list-style-type: none"> • Monitoring & compliance report of corrective and preventive actions. • Hierarchy of controls elimination, substitution, Engineering, admin, PPE. • Periodical Inspections of all equipment • Preparation of budgetary requirements • Sharing CAPAs across all Neuland units 	<p>Incident Investigation</p> <ul style="list-style-type: none"> • Reporting of all near misses, injuries, accidents, dangerous occurrences etc. in EHS tracker. • First information report within 24 hrs. • Detailed Investigation of all accidents and near misses, Root cause analysis. • Learning to be shared across all Neuland sites. 	<p>Emergency Preparedness</p> <ul style="list-style-type: none"> • Mock & fire drills. • Onsite emergency plan • Emergency control room. • Safe assemble points. • Escape routes for Evacuation. • Mutual aid with neighboring industries and hospitals.
<p>Environment Protection</p> <ul style="list-style-type: none"> • Beyond legal compliance. • Zero liquid discharge based ETP's. • Product life cycle review • Adopting pollution prevention and clean manufacturing practices. • Eliminating hazardous emissions and wastes. • Recycling and reusing materials. • Conserving energy, water, and other natural resources 	<p>EHS Standards and Guidelines</p> <ul style="list-style-type: none"> • Implementation of stringent safety norms at Core and noncore activities. • Process safety guidelines. • Central SOPs to harmonize practices across Neuland. • Business continuity plan. • Operational controls 	<p>EHS Alignment</p> <ul style="list-style-type: none"> • Alignment with R&D team for safe process. • Alignment with production dept for continuous safe manufacturing. • Alignment with Process safety lab to generate PSI.

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At Neuland sustainability and EHS is second to none. We firmly believe that all workplace related accidents, illnesses and injuries are preventable. We value & respect life and care for the environment we live in. We promote an incident free work environment through sustainable safety culture, training and predictive assessment of hazards and risks with interdependent approach.

Our prime focus is on process safety culture and robust engineering controls which are instrumental in prevention of incidents in API industry. We aimed to be world class in maintaining highest standards of EHS and our operations to be inline with Global best practices.

D. Venkateswara Raju
Associate Vice President –
EHS and Sustainability

HEALTH & WELL-BEING

Good health contributes to well-being of people. We believe in systematic assessment and management of occupational health. Our approach to health management is based on the premise that “Prevention

is Better than Cure”. We implement our approach through the establishment of adequate infrastructure, onboarding a team of experts, establishment of processes and external collaborations.

Health Check Stages		
Pre-employment health check-up	To ascertain suitability of a candidate for the work through check-ups relevant for the job	100% coverage
Periodic on-job check- up	Regular check-ups as per the schedule to pre-empt any interventions. The minimum frequency of health check-ups for all employees is once a year.	100% coverage
Exposure specific check-up	Based on the product handled by an employee, specific health check-ups are undertaken to observe the impact of exposure on employee	Based on exposure or job-profile

We have established full-fledged occupational health centre with physician, support staff, and required infrastructure at each facility. We have also partnered with several multi-specialty hospitals and diagnostic centres in the proximity of our operations to attend to emergency situations, beyond the capability of site health centres.

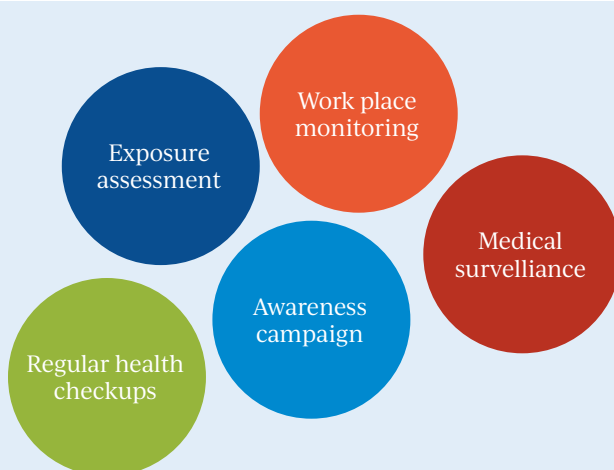
Awareness programs are conducted to emphasise among employees the need for and good practices for stress management, cardiovascular

disease management, diabetes management, and kidney management. Women’s health is given special focus. Expert gynaecologists regularly conduct awareness programs for women employees and workers.

We make observations and record any health issues due to work or occupational conditions. Musculo skeletal disorder of upper extremities, stress, allergic dermatitis and lower back disorders are some of the health impacts which are attributable to occupational conditions.



Making the work environment comfortable, safe and healthy



WORKPLACE MONITORING

We have initiated the concept of monitoring the ambient environment in confined areas on a real-time basis. This enhances the safety of employees performing their duties in these areas. We undertake monitoring of gases like hydrogen, oxygen, nitrogen and volatile organic compounds in indoor environment. We also undertake noise monitoring. With the help of this data, we have better assessment of the health hazard exposure of employees and are able to initiate timely corrective action.

PERSONAL HYGIENE AND SANITATION

Personal hygiene has always been an important element of health and wellbeing at Neuland. We have always had awareness sessions on good personal hygiene practices and encouraged workers to practice them.

The COVID-19 pandemic has only enhanced the need for always maintaining personal hygiene and good sanitation practices.

EMPLOYEE AND WORKER SAFETY

Structured Incident Reporting and Investigation Process with EHS TRACK

We have implemented EHS track, safety observations, and incident management application. The system makes it easy for anyone at site to report an observation or incident pertaining to safety. This ensures that maximum number of incidents and observations are recorded and available for view, review, and action by the concerned team and management decisions can be driven seamlessly.



Raising awareness and connecting on safety through various platforms

Akshaya

Samanvay

NeuLeaders

NeuStars

S-Connect

NeuRisers

NeuExcel-
lence

LEAVING NO STONE UNTURNED FOR CONTINUOUS SAFETY

All contract staff undergo a mandatory 7-day safety training followed by a refresher course once every three months. All staff passes carry date of previous safety training and next safety training date. No contract worker passes are issued without this information. This system ensures that all contract staff receive and continuously undergo safety trainings

Night safety officers to monitor safety during the silent hours.



SAFETY AT EVERY STEP

Automatic fire and smoke detection systems at areas with no manual monitoring or operations specially at night like warehouses

Automation of critical processes at shopfloor reduced the danger of accidents



Driver safety system through driver fitness certificate and alcohol testing before entry and exit from the facility

Reception of safety video at prominent points like entry gate and canteen at the start and end of work shifts.

Everyone and everyday count in keeping work environment safe



100% employees undergo safety training

First aid sessions are conducted once in six months

Mock drills once in three months

Monthly shop floor level EHS circle meeting

Daily block head meetings on safety

Safety Incidents at Neuland

Year	Total number	Number of hours worked	Number of fatalities (As a result of work-related injuries)	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
FY 2019-20	2149	5914486	1	0.433	0	0	178	30.10
FY 2018-19	1833	5074925	0	0	0	0	164	32.32
FY 2017-18	1719	4683101	0	0	0	0	158	33.74

HIRA AND HAZOP STUDY



Hazard & Operability Study (HazOp) and Hazard Identification & Risk Assessment (HIRA) studies are carried out for processes and activities to minimize health and safety risks from processes and activities.

We conduct HIRA and HAZOP studies for all new chemicals. These studies provide us a

systematic approach to assessing hazards, provide objective measures on hazards, and prioritize and compare the same. It provides the likelihood of exposure, the severity or physical outcome of the hazard, resulting in identification of risk to human exposure. Based on the risk level, corrective actions are defined.

PROCESS SAFETY PROCEDURES

Ensuring process safety refers to the prevention of unintentional release of chemicals, energy, or other potentially dangerous materials during chemical processes that can harm workers, equipment, a manufacturing facility, or the environment. Engineers and scientists in the Process Engineering Lab, design, and conduct process safety studies to understand and

assess the potential hazards in processes developed for our Custom Manufacturing Solutions (CMS), Generic Drug Substance (GDS), and Peptide's business units. The results of these studies guide the design and engineering of process controls and the development of a risk mitigation plan to reduce the chances for runaway reactions and ensure inherently safer processes at commercial scale.



We invested in process safety and are working to increase the breadth of our capabilities in both Process Engineering & Process Safety lab.

Systems for Process Safety

Desk Screening

Thermal Screening

Reaction Calorimetry

Parallel Synthesizer

CUSTOMER SAFETY

Our customers are generic pharmaceutical companies. We do not sell the product to end consumer in retail space. Our products are utilized by customers as input material to their production. While the general details about the product are available with the customer, we provide a safety data sheet along with the product, as per the globally harmonized system (GHS). We also provide handling and storage

instructions, to ensure safety at all product stages. The safety data sheet provides the customer with complete description of the product, do's and don'ts, and material handling instructions.

We record the customers safety concerns (if any) through the customer feedback and grievance mechanism. We have not received any customer complaints pertaining to product safety.

Community

Engaging with and conducting activities that address the needs of the community and society at large is an integral part of our culture.



We value our relationship with the community as our business and complement each other. Our community engagement is aimed at common good for all through sustained growth. It is reflected in the business strategies and processes adopted by us. Our community initiatives are mostly focused in the areas of our operations i.e. close to manufacturing facilities.

Our CSR policy serves as the guiding document for execution, implementation and monitoring of community activities. We implement community initiatives through various channels which include Neuland foundation, and partner groups like Sweekaar Academy of Rehabilitation

Sciences. The objective of Neuland foundation is to identify the initiatives that will support our community objectives.

To achieve the objective a CSR committee was formulated in the year 2014. The committee consists of five members with three directors, and it reports to the board of directors. CSR committee is the link between the Board and the implementation teams at sites and corporate office. It oversees the implementation of activities on a day-to-day basis ensuring that the desired results are achieved. The committee meets as needed and submits quarterly reports on the CSR activities.

KEY FOCUS AREA

Education is the key focus area for our community initiatives. We work dedicatedly through long-term programs for enhancing vocation skills especially among children, woman, elderly, and the differently abled. Livelihood enhancement and gender equality through girl child education are prioritized in our

program's outcomes. Beyond the focus areas, the company also carries out activities in the field of Environment Protection / Horticulture, Infrastructure Development, Drinking water/ Sanitation, Healthcare/ Medical facility, and Community Development.

SDG Connect

4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



5 GENDER EQUALITY



EDUCATION AND SKILL DEVELOPMENT

We view quality education as the fundamental for a bright future and a way forward for reducing inequality in the community. We promote education by supplementing infrastructure needs as well as making provisions for strengthening the educator's capacity.

Education Facility Improvement		
Strengthening the library infrastructure	Domadugu village	5000 beneficiaries
Upgrading the IT infrastructure of state government Primary School	Domadugu village	50 child beneficiaries
Vidhya Volunteers – An initiative to promote quality education		
Vidhya volunteers, assist in bringing quality education to villages in schools. We partner in this government initiative by providing financial support for the volunteers.		
We have supported four volunteers in Pashamylaram, Isnapur, Bonthapally, and Domadugu villages		
150 children in these villages are benefited by these volunteers.		

ENHANCING THE EMPLOYABILITY OF RURAL YOUTH THROUGH SKILL DEVELOPMENT

Rural youth have talent which needs to be nurtured and shaped in a structured and focused manner. The pharmaceutical industry is constantly in need of skilled manpower. Realizing the potential and the gap, in 2019 we partnered with the Life Sciences Skill Development council to support training and development of technical skills of rural youth pursuing science, especially the subject of chemistry. We support expenses pertaining to the

training of students, following which we induct them into our manufacturing and R&D facility as an apprentice. After completion of apprenticeship, a large number of youths are employed by the company as full-time employees. Trained apprentices who do not get employed with us, are usually able to utilize the skill in other organizations in the life sciences sector. With time we have strengthened our support to the program.

Rural areas identified for the program	Bonthapally	Pashamylaram	Gaddapotharam
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INFRASTRUCTURE IMPROVEMENT INITIATIVES

Our infrastructure initiatives are driven by the needs of the villagers. Water facility, better road connectivity and associated infrastructure are two of the major items identified and provided by us.

Laying of road	Domadugu Village	250 beneficiaries
Streetlights	Bonthapally Village	5000 beneficiaries
Support for construction of water supply tank of 1,00,000 litres capacity	Jinnaram Village, Domadugu village	3000 plus beneficiaries
Support for park infrastructure	Gaddapotharam Village	1200 plus beneficiaries
Tree guards for protection of new plantations	Sangareddy division	6200 no. of guards for new plants and 3600 No's of plant supports items



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 Report (hereinafter 'the Report') for the period April 1, 2019 to March 31, 2020 period. This engagement comprises a "limited assurance" of NLL's sustainability information for applied reporting period. The Report is based on GRI Standards and ISAE 3000 standard applied for assurance of the Report.

Management's Responsibility

NLL has developed the 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 Reports, including website maintenance and integrity. NLL's Management is also responsible for ensuring the quality and accuracy of the 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 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 April 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 Report.

Limitations

TUVI did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, TUVI draws no conclusion on the prospective information. 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 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 and qualitative 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;
- TUVI reviewed the level of adherence to principles of the GRI standards.

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.

- NLL may adopt International Standards such as ISO 50001 (*Energy Management*), ISO 20400 (*Sustainable Procurement*), ISO 14064 (*Greenhouse Gases*), 46001 (*Water Efficiency Management Systems*);
- NLL may include the responses of external stakeholder for Materiality Assessment.
- Sector specific KPI could be established.
- Due diligence could be carried out for the supply chain, further NLL may perform the due diligence of RFQ and may establish the contract review to access the Risk, if any.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on Sustainability performance disclosed in the Report along with the referenced information provides a fair representation of the material topics, related strategies, and meets the general content and quality requirements of the GRI Standards 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. NLL refers to general disclosure to report contextual information about NLL, while the Management Approach is discussed to report the management approach for each material topic.

Universal Standard: NLL followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management's Approach on reporting information about how an

organization manages a material topic. TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements 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 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 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 Report fairly brings out the aspects and topics and their respective boundaries of the diverse operations of NLL. In our view, the Report meets the requirements.

Responsiveness: TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e., disclosures on NLL policies and management systems, including governance. In our view, the 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 Report as well as the process of collecting, analyzing, and reporting the information presented in web-based and printed Reports, 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 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: 10-04-2021
Place: Mumbai, India
Project Reference No: 8119086487
www.tuv-nord.com/in

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

Our Conclusion

Disclosures

TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements for in accordance with the "Core" option. Neuland refers to general disclosure to report contextual information about Neuland, while the Management Approach is discussed to report the management approach for each material topic.

Universal Standard

Neuland followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management's Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements 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

Neuland used to prepare its Report are appropriately identified and addressed.

Assurance Conclusion

Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. 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 Neuland on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Materiality

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

Responsiveness

TUVI believes that the responses

to the material aspects are fairly articulated in the report, i.e., disclosures on Neuland policies and management systems, including governance. In our view, the Report meets the requirements.

Impact

Neuland 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. Neuland 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. Neuland 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 Neuland. The Management of the Neuland is responsible for the information provided in the Report as well as the process of collecting, analysing, and reporting the information presented in web-based and printed Reports, including website maintenance and its integrity.

GRI Index

GRI Standard	Disclosure Number	Disclosure	Page No (s).	External Assurance	Comment
GRI 102: General Disclosures 2016					
GRI 102: Organizational Profile	102-1	Name of the organization	About this report, 12	Yes	
	102-2	Activities, brands, products, and services	Our business, 13-21	Yes	
	102-3	Location of headquarters	About this report, 12	Yes	Back cover of the report also provides full address of the headquarters
	102-4	Location of operations	Our business footprint, 13-21	Yes	
	102-5	Ownership and legal form	About this report, 12 Economic performance, 37	Yes	
	102-6	Markets served	Our business footprint, 16	Yes	
	102-7	Scale of the organization	Our business footprint and economic performance, 13-21	Yes	
	102-8	Information on employees and other workers	People, 45-50	Yes	
	102-9	Supply chain	Supply chain, 38-39	Yes	
	102-10	Significant changes to the organization and its supply chain	Business and supply chain, 13-21, 38,39	Yes	Unit 3 is a new facility which started operations during the reporting period.
	102-11	Precautionary Principle or approach	Risk Management, 32	Yes	
	102-12	External initiatives	Our business, 21	Yes	
	102-13	Membership of associations	Our Business, 21	Yes	

GRI Standard	Disclosure Number	Disclosure	Page No (s).	External Assurance	Comment
GRI 102: Strategy	102-14	Statement from senior decision-maker	CEO and MD's message, 4-11	Yes	
GRI 102: Ethics & Integrity	102-16	Values, principles, standards, and norms of behaviour	Our business, 20	Yes	
GRI 102: Governance	102-18	Governance structure	Governance, 27-21	Yes	
	102-20	Executive-level responsibility for economic, environmental, and social topics	Governance, 27-31	Yes	
	102-22	Composition of the highest governance body and its committees	Governance, 27-31	Yes	
	102-32	Highest governance body's role in sustainability reporting	Governance	Yes	
GRI 102: Stakeholder Engagement	102-40	List of stakeholder groups	Stakeholder engagement, 23	Yes	
	102-41	Collective bargaining agreements	People, 49	Yes	
	102-42	Identifying and selecting stakeholders	Stakeholder engagement, 23	Yes	
	102-43	Approach to stakeholder engagement	Stakeholder engagement, 23	Yes	
	102-44	Key topics and concerns raised	Stakeholder engagement, 23	Yes	
GRI 102: Reporting Practice	102-45	Entities included in the consolidated financial statements	Details are provided in annual report on page number 42	Yes	
	102-46	Defining report content and topic Boundaries	About this report and materiality assessment, 12, 24-26	Yes	
	102-47	List of material topics	Materiality assessment, 24-26	Yes	
	102-48	Restatements of information	NA		First Report
	102-49	Changes in reporting	NA		First report
	102-50	Reporting period	About this report, 12	Yes	
	102-51	Date of most recent report	About this report, 12	Yes	
	102-52	Reporting cycle	About this report, 12	Yes	

GRI Standard	Disclosure Number	Disclosure	Page No (s).	External Assurance	Comment
	102-53	Contact point for questions regarding the report	About this report, 12	Yes	Also available at the back cover of the report
	102-54	Claims of reporting in accordance with the GRI Standards	About this report, 12	Yes	
	102-55	GRI content index	GRI Index, 66	Yes	
	102-56	External assurance	Assurance, 61	Yes	
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Economic Performance, Annual report		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic performance, 37	Yes	
	201-3	Defined benefit plan obligations and other retirement plans	Economic performance, 37	Yes	
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Corporate governance	Yes	
GRI 205- Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Corporate governance, People, 29, 49		Code of conduct and behavioural training cover ethical practices which includes anti-corruption awareness as well
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Supply chain	Yes	
Procurement Practices	204-1	204-1 Proportion of spending on local suppliers	Supply chain, 38-39	Yes	
Market Presence					
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, People 24-26, 45-50	Yes	
Market presence	202-2	Proportion of senior management hired from the local community	Materiality, People 24-26, 45-50	Yes	

GRI Standard	Disclosure Number	Disclosure	Page No (s).	External Assurance	Comment
Regulatory & Legal					
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Regulatory Compliance, 24-26, 33	Yes	
Regulatory & Legal	307-1	Non-compliance with environmental laws and regulations	Materiality, Regulatory Compliance, 24-26, 33	Yes	
Energy					
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Environment- Energy & Emissions , 24-26, 40-44,	Yes	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy & emissions, 42	Yes	
	302-3	Energy intensity	Energy & emissions, 42	Yes	
Water					
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Environment, water, 24-26, 40-44	Yes	
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	Water , 40-41	Yes	
	303-4	Water discharge	Water , 40-41	Yes	
Emissions					
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Environment- Energy & Emissions , 24-26, 40-44	Yes	
GRI 305: GHG Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy & emissions, 42	Yes	
	305-2	Energy indirect (Scope 2) GHG emissions	Energy & emissions, 42	Yes	
	305-4	GHG emissions intensity	Energy & emissions, 42	Yes	
Effluent and Waste					
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Environment, waste management, 24-26, 40-44	Yes	
GRI 306: Effluents & Waste 2016	306-1	Water discharge by quality and destination	Waste management, 43-44	Yes	
	306-2	Waste by type and disposal method	Waste management, 43-44	Yes	
HUman Capital					
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, People, 24-26, 45-50	Yes	

GRI Standard	Disclosure Number	Disclosure	Page No (s).	External Assurance	Comment
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	People, 45-50	Yes	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People, 45-50	Yes	
	401-3	Parental leave	People, 45-50	Yes	
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, People, 24-26, 45-50	Yes	
GRI 404: Training & Education 2016	404-1	Average hours of training per year per employee	People, 45-50	Yes	
	404-3	Percentage of employees receiving regular performance and career development reviews	People, 45-50	Yes	
Safety and Well being				Yes	
GRI 103: Management Approach 2016	103	Explanation of the material topic	Materiality, Environment, Safety and Well being, 24-26, 40-41, 51-57	Yes	
GRI 403: Occupational Health & Safety 2018	403-1	Occupational health and safety management system	Safety and Well being, 51-57	Yes	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Safety and Well being, 51-57	Yes	
	403-5	Worker training on occupational health and safety	Safety and Well being, 51-57	Yes	
	403-8	Workers covered by an occupational health and safety management system	Safety and Well being, 51-57	Yes	
	403-9	Work-related injuries	Safety and Well being, 51-57	Yes	
	403-10	Work related ill health	Safety and Well being, 51-57	Yes	

GRI Standard	Disclosure Number	Disclosure	Page No (s).	External Assurance	Comment
Customer & customer privacy	416-1	Assessment of the health and safety impacts of product and service categories	Customer safety, 57	Yes	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer safety, 57	Yes	
	GRI 103: Management Approach 2016	Explanation of the material topic	Materiality, Data Privacy, 24-26, 34	Yes	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data privacy, 34	Yes	
Local Communities					
GRI 103: Management Approach 2016	103	Management approach	Materiality, Community 24-26, 58-60	Yes	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Community, 58-60	Yes	
Human Right					
GRI 103: Management Approach 2016	103-1	Management approach	Materiality, supply chain, 24-26, 38-39	Yes	
Freedom of association and collective bargain		407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Materiality, supply chain, 24-26, 38-39	No	
Supply chain					
GRI 103: Management Approach 2016	103-1	Management approach	Materiality, Supply Chain, 24-26, 38-39	Yes	
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	Supply Chain, 38-39	Yes	
Supplier social assessment	414-1	New suppliers that were screened using social criteria	Supply Chain, 38-39	Yes	

Abbreviations

API	-	Active pharmaceutical ingredient
CMS	-	Custom Manufacturing Solutions
CPPs	-	Critical process parameters
CQAs	-	Critical quality attributes
CSTR	-	Continuous stirred tank reactors
DoE	-	Design of Experiments
FBRM	-	Focused beam reflectance measurement
GDS	-	Generic drug substance
MSZW	-	Metastable zone width
NIR	-	Near-infrared
PAT	-	Process Analytical Technology
PSD	-	Particle size distribution
PVM	-	Particle vision and measurement
QbD	-	Quality by Design
R&D	-	Research & Development
TSu	-	Thermal screening unit
GDPR	-	General Data Protection Regulation
USFDA	-	US Food and Drug Administration
EDQM	-	European Directorate for the quality of medicines
EMA	-	European Medicines Agency
PMDA	-	Product Management and Development Association
TGA	-	Therapeutic Goods Administration
BfArM	-	The Federal Institute for Drugs and Medical Devices
AFSSAPS	-	The French Health Products Safety Agency
ANVISA	-	The Brazilian Health Regulatory Agency
KFDA	-	The Korea Food and Drug Administration
INR	-	Indian Rupees
cGMP	-	Current Good Manufacturing Practices
GMP	-	Good Manufacturing Practices
ETP	-	Effluent Treatment Plan
ZLD	-	Zero Liquid Discharge



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