



Biodiversity and No-Deforestation Commitment

Version History

Version: R00



Purpose and Introduction

Biodiversity is the variety of different forms of life on earth, including the different plants, animals, micro-organisms, the genes they contain and the ecosystem they form. Therefore, the conservation and preservation of Biodiversity is crucial to the long-term sustenance of our way of life, and this goes hand in hand with ensuring no deforestation. The pressing need for Biodiversity conservation and preservation becomes more critical when we look at the current degradation of natural habitats and economics and the consequent decline of biological diversity. Therefore, it is important to understand the role we play in ensuring biodiversity degradation is mitigated and the steps that need to be taken to ensure this happens.

Lupin is cognizant of this, and the strategic nature of biodiversity on our operations, and has worked towards the development and implementation of a robust biodiversity policy that outlines our key commitments, targets, drivers, systems, and responsibilities with regards biodiversity conservation.

Alignment with Frameworks

Our policy is aligned to the UN Global Biodiversity Framework, India's National Biodiversity Action Plan, and other regional and local laws where we operate.

We promote sustainable forest management and prevent deforestation by utilizing natural resources certified by the Forest Stewardship Council ("FSC") or the Program for the Endorsement of Forest Certification ("PEFC") through our suppliers.

Our efforts align with the UN Global Compact and support our commitment to the Sustainable Development Goal **SDG 15** Life on land, **SDG 12** Responsible consumption and production, and **SDG 13** Climate action.

We support the principles of the UN Convention on Biological Diversity (CBD) and share their 2050 vision of 'Living in Harmony with Nature'.

We are also committed to supporting global progress towards the goals outlined in the Kunming-Montreal Global Biodiversity Framework and aim at:

1. Maintaining, enhancing, or restoring the integrity, connectivity, and resilience of all ecosystems
2. Valuing, maintaining, or enhancing Nature's contributions to people through conservation and sustainable use
3. Sharing the benefits from the utilization of genetic resources fairly and equitably, with a substantial increase in both monetary and non-monetary benefits shared, including for the conservation and sustainable use of biodiversity
4. Investing in capacity building and awareness, technology to implement support restoration of biodiversity



Our Commitment Through Our Operations and Supply Chain Partners

We understand the importance of biodiversity as an important resource for our growth and development. We are committed to conserve and preserve biodiversity, to incorporate biodiversity into our day-to-day operations and promote sustainable business practices that will not harm any species. These objectives are achieved by partnering efforts through NGOs or subject matter experts in the areas of Biodiversity.

Our four main objectives towards biodiversity conservation and no-deforestation include:

- To preserve the diversity of species
- Sustainable utilization of species and ecosystems
- To maintain life-supporting systems and essential ecological processes
- Work towards and achieve deforestation-free sourcing

This policy is intended to establish a reference for integrating the protection and promotion of biodiversity into our Environmental strategy, and to define the principles of conduct for the development of a business model that is sustainable and positive with nature.

Applicability and Scope

The policy is applicable to all our manufacturing facilities, R&D facilities, subsidiaries, JVs, business operations, products, and services. We partner with our suppliers, service providers, and contractors to embrace biodiversity conservation and no deforestation processes for improved performance.

This policy is applicable to all Lupin employees, and contractors. They are expected to comply with the requirements stated in this policy.

Our Biodiversity Target

- Positive impact on biodiversity at all manufacturing sites by 2035
- Explore sustainably sourced agricultural, forestry and marine derived materials and deforestation free efforts through our suppliers by 2035

Institutional Framework

The Corporate ESG Committee oversees progress against our Biodiversity targets. Our President Manufacturing operations and procurement head have key responsibilities to plan the actions and report the progress periodically in their respective functional areas. We are committed to the transparent reporting of data, using internationally recognized protocols and providing this information to employees and stakeholders in a timely manner.



Our Approach to Biodiversity Conservation

At Lupin we are committed to create a positive impact on biodiversity at our owned sites by 2030, with all sites to have biodiversity action plans in place by 2025 and investment in programmes that improve habitats, protect species, and improve soil or water quality. We recognize that investing in biodiversity is good for the bottom line. Therefore, our actions are strategized in the following directions:

- Mainstreaming biodiversity within the pharmaceutical industry, incorporating expertise, environmental analysis, and risk assessment
- Promoting sustainability in the commercialization of natural products
- Specific site-based actions to include tree plantation within and around the facilities, ensuring the preservation of flora, fauna, bird habitat in and around the facilities
- Minimizing the use of fossil fuel and adopting cleaner and greener fuel, adopting new innovative technologies for pollution abatement and promoting sustainable practices in all our units
- Ensuring legal compliance relating to biodiversity management as mandated by regulatory authorities. Disposal of waste through authorized recycling agencies in an environmentally friendly manner
- Identifying, engaging, and collaborating with biodiversity stakeholders to provide robust and comprehensive biodiversity management under their expert direction
- Using fewer toxic products and improve the percentage of co-processing / pre-processing of incinerable wastes

Application of the Mitigation Hierarchy

Our mitigation hierarchy works on the basis that development plans try and aim for as little biodiversity loss as possible. The measurement of biodiversity loss is categorized into the following four stages:

- Complete avoidance
- Minimization, where possible
- Restoration of areas within the development
- Offsetting, either onsite or offsite

Stage 1: Avoid

Avoidance is the first step we take in ensuring that biodiversity loss is as reduced as possible. There are plenty of gains that is achieved with avoidance, as it's the most effective solution ecologically. Not only can a no-net-loss outcome achieved through avoidance, but it also saves money that would otherwise have to be spent on mitigation strategies.

Stage 2: Minimise

We initiate minimization is the next stage in the mitigation hierarchy, applied to situations where complete avoidance is not possible.

If avoidance is impossible, then route we follow as project impact minimization. Minimizing the overall environmental impact can help to adequately manage issues that cannot be avoided. This is being achieved by adapting the project or devising ways to reduce the biodiversity impact.



Stage 3: Restore

Restoration refers to the measures taken to repair degradation or damage to any features of a project. We think of restorative actions are only implemented once an area has been damaged. This is practice, allows us to adequately assess the scale of the restoration required.

Restoration means lots of different things. From the re-establishment of product lands, to enhancing existing habitats, to specific conservation values and maintaining natural habitat connectivity.

Stage 4: Offsetting Biodiversity:

Technical considerations are a key step in delivering biodiversity offsetting. There will be a clear format for how data will be collected and presented as well as how outcomes will be measured to prove overall net gain.

Biodiversity offsetting will impact project management, stakeholders, economical and sustainable considerations as well as local governance considerations. This is why we ensure that the solutions and outcomes are established and proven before the project begins.

Sustainable and Deforestation Free Sourcing

By 2035, we aim to source 100% of our agricultural, forestry, and marine-derived products responsibly and without deforestation. We are cognizant that deforestation is a major contributor to climate change and biodiversity degradation. As a result, we have taken significant steps towards deforestation free sourcing, which include:

- Identifying materials like raw materials and packaging materials that are of strategic importance to our business and ensuring we are working towards ensuring these materials are sourced sustainably.
- Prioritizing creation of sourcing guidelines for palm oil derivatives in accordance with the Roundtable on Sustainable Palm Oil's (RSPO) guiding principles and paper packaging in accordance with Forest Stewardship Council (FSC) regulations (RSPO).
- Working with supply chain partners to improve approach to sustainable sourcing across all materials, including finding deforestation-free solutions, and collaborating with other stakeholders' government, and civil society, to improve sustainable sourcing for the pharmaceutical industry.

Nature-Based Solutions

To further aid in the achievement of our climate and water targets, we aim in the preservation and restoration of land usage throughout our operations and supply chain.

Monitoring and Review

This Policy is approved by (Chief Finance Officer), who is a member of the ESG Committee that reports to the Board and is responsible for making decisions on sustainability-related issues. The ESG committee oversees reviewing the policy and ensures enforcement. When necessary, the Board, ESG Committee, and Sustainability annual strategy meetings will receive reports on the key performance indicators ("KPIs") and status updates pertaining to each commitment listed in this Policy.