



Sustainability

- a quantum change



ESG REPORT
FY 22 & FY 23

Aragen Life Sciences

Together ahead.

At Aragen Life Sciences Limited (Aragen), our purpose is **‘In every molecule is the possibility for better health’**, and we have spent more than 2 decades proving it true. We are a trusted R&D and manufacturing partner that transforms ideas into solutions for the global life sciences industry. At Aragen our experience and expertise ensure that we now provide global resources and proven capabilities at each stage of the biopharma lifecycle, from concept all the way to its final commercialization. And this depth of knowledge, combined with our ethos, ensures that sustainability is a vital and driving component of our business. This report is a reflection of this commitment of ours.

Aligning with UN Sustainable Development Goals

At Aragen, we are committed to contributing to the UN Sustainable Development Goals (SDGs). Our efforts and contributions are given in this report.



Aragen at a glance FY 23



**3700+ Scientists and
450+ PhDs**

A diverse and highly
qualified team



400+ Clients

Across pharma and biotech
companies, globally



4200+ Employees

Globally



**₹17,520.32 Million
Revenue**

YoY growth 24.96%



**₹2198.71 Million
PAT**

YoY growth 11.35%



**₹25.52 Million
CSR spent**



**12.55 %
Net Profit Margin**



**₹5,127 Million
EBITDA**



**CRISIL Rating AA-
(Positive outlook)**

Sustainability - A quantum change

Embedded within Aragen's core values and guided by the purpose "**In every molecule is the possibility for better health**," is an unwavering dedication to customer's scientific innovation and a deep understanding of our potential environmental and societal impact. Our commitment is twofold: driving scientific progress while conducting operations that uphold environmental and social responsibility, aligning with our pursuit of minimal impact today and a sustainable future.

Our focus lies in optimizing resource consumption to achieve our business objectives without increasing our environmental footprint. This approach involves embracing innovative practices and integrating renewable energy sources as integral components of our sustainability strategy. This strategy presents not only opportunities for operational efficiency and cost savings but also mitigates risks associated with resource scarcity and environmental regulations.

As we embark on this ESG reporting journey for FY22 & 23, Aragen is dedicated to using data-driven factors as the driving force behind our efforts. This report encapsulates our strides in promoting sustainability, social responsibility, and strong

governance. It is not merely a compilation of data; it is a testament to our commitment to a better future, where our actions are measured, our progress is evident, and our impact is quantifiable.

Aragen takes proactive steps to mitigate the potential hazards posed by our operations. This responsibility is intrinsic, rooted in our identity, rather than driven solely by external risks. We stand as a responsible organization, fully aware of the risks associated with our operations. Our commitment extends beyond mandated regulations and encompasses comprehensive risk assessment and management.

In striving for sustainability - a quantum change, we acknowledge that change itself carries inherent risks and opportunities. This change, integral to the pursuit of a sustainable future, underpins every facet of this discourse. It's the driving force that propels our commitment to both scientific advancement and responsible operations, embodying our purpose that "**In every molecule is the possibility for better health**."

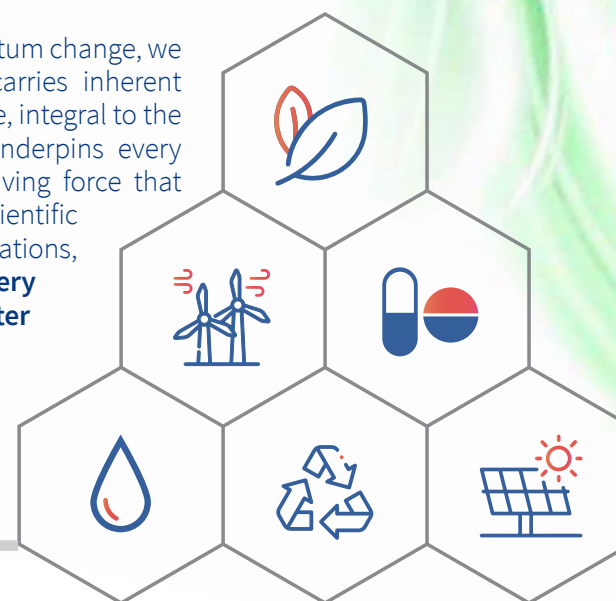


Table of CONTENTS

05	ABOUT THIS REPORT
	Sustainability highlights
	Leadership message

10	COMPANY OVERVIEW
	Our footprint
	Our solutions

18	OUR SUSTAINABILITY STRATEGY
	Stakeholder engagement framework
	Materiality assessment and reporting focus

27	CORPORATE GOVERNANCE
	Our governance
	Ethics
	Compliance
	Enterprise risk management

36	ECONOMIC PERFORMANCE
	Customer relationship management
	Product stewardship
	Supply chain management
	Collaborations and memberships

46	ENVIRONMENT PRESERVATION
	Climate change
	Energy efficiency
	Water
	Wastewater
	Waste management
	Spill Prevention
	Biodiversity

57	CORPORATE SOCIAL RESPONSIBILITY
	Working with our communities
	CSR Focus Areas
	Community development efforts

61	WORKING AT ARAGEN
	Occupational health, and safety and employee wellbeing
	Chemical Process Safety
	Human Capital Management
	Diversity, equity and inclusion
	Protection of human rights and non-discrimination

74	AWARDS AND RECOGNITIONS
----	--------------------------------

77	ESG DASHBOARD 2022 AND 2023
----	------------------------------------

80	ASSURANCE STATEMENT
----	----------------------------

82	GRI CONTENT INDEX
----	--------------------------





Nacharam, Hyderabad Campus

Aragen is highly committed to upholding the highest standards of corporate responsibility and continues to make significant efforts to advance sustainable progress. This is our third sustainability report with our efforts and performance on various environmental, social and governance parameters reported for two consecutive years, FY2021-22 and FY2022-23.

About this Report

Reporting Principles and Framework

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards incorporating the latest updated GRI Standards 2021. Our initiatives are contributing to the UN Sustainable Development Goals (SDGs). The specific standard disclosures and critical issues addressed in this report are based on the material topics and were identified through dedicated engagement with our key stakeholders.

Scope and Reporting Boundary

The data disclosed covers the period from April 1, 2021 to March 31, 2022 and April 1, 2022 to March 31, 2023. Unless stated otherwise, the reporting scope and boundary covers all operations of Aragen including Research & Development (R&D) and Manufacturing locations across India and R&D facility in California (USA). We have our global headquarters located in Nacharam, Hyderabad, India and our R&D and manufacturing facilities are located in India and USA. We use 2021 as the baseline year for comparing all data in the report.

R&D campuses:

- Nacharam, Hyderabad, India,

- Mallapur, Hyderabad, India,
- INTOX, Pune, India
- Bengaluru, India, and
- Morgan Hill, California, USA.

Manufacturing facilities:

- Nacharam, Hyderabad, India,
- Visakhapatnam, India,

Aragen subsidiaries:

- Aragen Bioscience, Inc. – USA. (wholly owned subsidiary)
- Aragen Life Sciences B.V. – Netherlands (wholly owned subsidiary).
- Intox Private Limited – India (subsidiary)
- Aragen Foundation – India (wholly owned subsidiary).

Feedback

We welcome feedback, suggestions, and queries from our stakeholders, which in turn supports us in continually improving the quality of our disclosures. Please share your feedback with:

Mr. Shivaji Jadhav

Head- EHS and Sustainability

Email:

shivaji.jadhav@aragen.com

Sustainability Highlights



Principles of corporate responsibility are entwined within every aspect of Aragen's ethos, working and planning. Our proactive efforts, guided by ESG principles are backed by our leadership team, policies and procedures and critically, a strong governance structure to ensure seamless integration and execution of our sustainability endeavours.

Understanding this, Aragen plans on accomplishing ESG targets as well as executing commitments towards sustainability. Our performance indicators inform how close we are towards fulfilling the ESG targets we have set for ourselves while our awards attest our devotion and resolve to see these targets through.

Commitments

Committed to
Science Based Target initiative (SBTi)

Associate member of
Pharmaceutical Supply Chain Initiative (PSCI)

Member of
GRI South Asia Charter on Sustainability Imperatives

Signatory to the
United Nations Global Compact (UNGC) principles

Submitted our first
CDP disclosure on Climate change and Water Security

Committed to the SBTi's
Net Zero standard by 2050

ESG Targets



Zero
hazardous waste to
landfill organization
by 2025



100%
Renewable electricity
purchase by 2030



Carbon neutral
in our operations
(Scope 1+2) by 2030

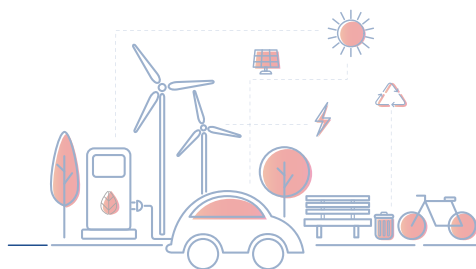


Water neutral
by 2035



Net Zero by 2050

Performance



- Renewable energy consumption **increased from 3.2% in FY 21 to 22.3% in FY 23**
- 21% reduction in GHG emission intensity (MTCO₂e/MnR)** in FY23 compared to base year FY 21.
- 25.6 hrs/employee training hours FY 23** compared to 23.6 hrs/employees in FY 21
- 31.8 MT CO₂e GHG emission intensity** per employee per year in FY 23
- 95.62% Eco disposal index in FY 23.** 2.36% increase compared to FY 21
- 20.5% female employees** contributing to a diverse workforce
- Achieved **0.20 Total Recordable Injury Rate (TRIR)** in FY 23 as compared to 0.25 in FY 22
- Completed **30.76 million-man hours without lost time incident** since 3rd July 2019

Note: 2021 is the baseline year

Awards and Recognition

Aragen awarded **Silver Medal in Sustainability Rating from Ecovadis**

Certified as **“Great Place to Work”** 2023 for the 4th consecutive year

Featured in CEO Insights Magazine in the **“Top 10 Best Companies to Work For 2023”**

The Aragen Vizag unit received **“GreenCo Silver” Rating** by Confederation of Indian Industry (CII)

2022 CDP disclosure ratings

CDP Water Security Rating: “B-”,
CDP Climate Change Rating: “C”

Leadership Message



Manni Kantipudi
Whole-time Director and CEO

Dear Stakeholders,

I am proud and pleased to present you with Aragen's ESG Report for FY 22 & FY 23. The last year has been monumental for Aragen, as can be understood by both, our bottom line and our commitments. This year is the first time that Aragen has participated in the CDP 2022 survey. Last year we also established our SBTi target commitments and we are now the proud member of the GRI South Asia Charter on Sustainability Imperatives and signatory to United Nations Global Compact ten principles. We are also member of Pharmaceutical Supply Chain Initiative. We now have ambitious targets for the future- including achieving carbon neutrality in our operations by 2030, 100% renewable electricity purchase by 2030, attaining water neutrality by 2035 & achieving net zero emissions by 2050. We are planning not only for the near future but for a distant one as well.

Safety is essential

Since our emphasis on safety and compliance is not only from a practical point of view, it is also part of our core beliefs and values, I find it prudent to start with our accomplishments in that category. As a CDMO, safety and compliance is a professional obligation. I am proud to inform you that our manufacturing units and labs are all accredited with the latest ISO standards (14001:2015, 50001:2018 and 45001:2018). In fact, our Vizag Unit has been awarded the International Safety Award from the British Safety Council four times and out of which three times was under merit category for protecting employees from the risk of injury and ill health at work.

Caring for our people

Our work family is our real asset. Each of our collective efforts go into ensuring Aragen keeps to its commitments to customers, investors and all other stakeholders. This is why we believe in a strong work-life balance as well as in constant upscaling. Our employee redressal systems are accessible and



Visakhapatnam Campus, Andhra Pradesh

transparent. We believe in a zero-tolerance policy towards corruption and it pays off in instilling an excellent work ethic in all of us. It also promotes tolerance and equality. Basically, we listen to each other and that helps us personally as well as professionally. We increased the average training hours per employee from 18 hours in FY 22 to 25.6 hours in FY23. We have a 4.3/5 rating on AmbitionBox based on feedback on factors such as job security, skill development, company culture, work satisfaction and the all-important work-life balance.

Increasing renewable energy consumption

Renewable energy consumption increased from 3.2% in FY 21 to 22.3% in FY 23. Replaced coal with bio briquette as boiler fuel at Manufacturing - Hyderabad. This has resulted in 57% and 82% reduction in scope-1 GHG emissions of Unit-1 compared to FY 22 respectively.

Waste minimisation

We reduced our hazardous waste generation, and this is more impressive considering our rapidly

expanding operations. Additionally, we recycled almost 95.62% hazardous waste is recycled in FY 23.

Vision for future

Sustainability is implicitly entwined within Aragen's Purpose and Values. As we discover just how symbiotic the entwining is, the bolder Aragen plans on getting with its sustainability vision. We are now planning for more than profitability; we are now planning for the future we will leave behind.



Company

Overview

Aragen is a privately owned global R&D and custom manufacturing company. We specialize in drug discovery, clinical development, contract manufacturing, formulation and informatics services for industries such as pharma, biotech, animal health, agrochemicals, nutrition and performance chemicals. Headquartered in Hyderabad, India, we operate through six world class facilities, five in India and one in the United States.

Bangalore Campus,
Karnataka

Company Overview

We offer an extensive range of solutions across the biopharmaceutical value chain, encompassing discovery and development of small molecules and biologics, and the manufacturing of small molecules. Our model is based on the strategy of “Following the molecule” from concept to commercialization.

Our Purpose

In every molecule is the possibility for better health.

Our Values

Our values, coined as “ETHICS,” strengthen our operational edifice. It guides our decisions, expresses our beliefs, and defines our culture. It is embedded in our code of conduct that employees across all levels are expected to adhere to. Our code of conduct governs ‘how we do what we do’ for our customers, for each other, and for every stakeholder at Aragen.

Empowerment

Freedom to make a difference.

At Aragen, employees are empowered to lead and make decisions to build a responsive workforce for our customers.

Teamwork

One Team. One Purpose.

We work with agility through cross-functional teams addressing customer concerns. Delivering on our promise ‘Together Ahead’ is essential for us.

Honesty and Integrity

Say what you do. Do what you say.

Our work impacts peoples lives through health outcomes. We focus on providing reliable, consistent, and quality data to our customers.

Innovation

Unlocking our collective genius.

We bring together, industry talent to develop solutions that are effective and commercially relevant.

Customer Focus

Exceed expectation consistently.

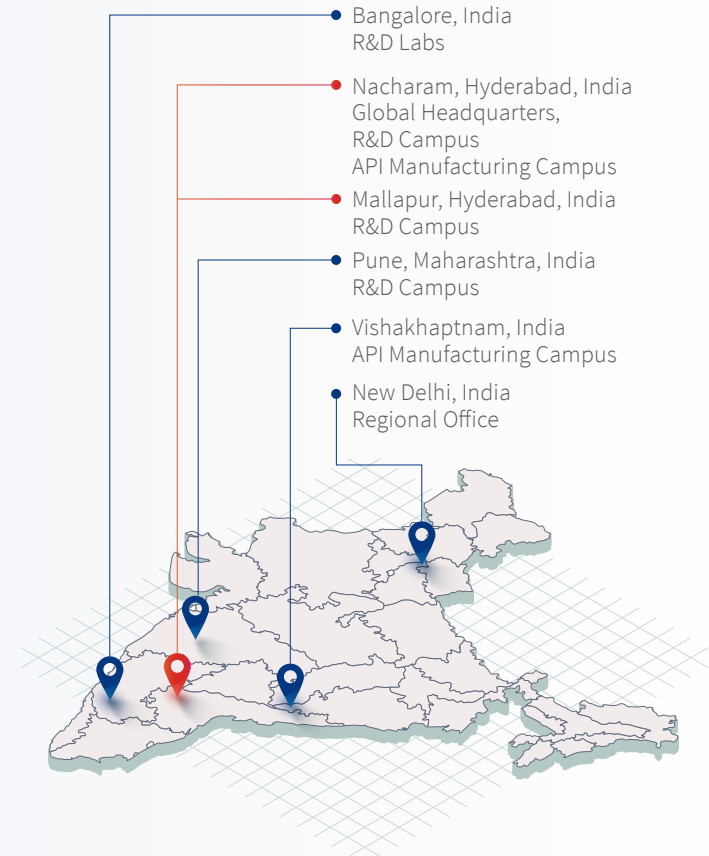
Customer expectations are central to all our decisions by providing flexible, integrated, end-to-end services and maintain a 90%+c customer repeat rate.

Safety and Compliance

First and Always.

We ensure ‘Safety and Compliance Always’ is a way of life at Aragen. Regular reviews, trainings, seminars, and implementation of technologies inculcate safe practices and compliance.

Our Footprint



Industries Served



Pharmaceutical
and Biotech



Nutrition



Agrochemical



Animal Health



Performance
Chemicals

Our Solutions

Our commitment to providing discovery, development and manufacturing services for small and large molecules to pharmaceutical companies has ensured we are a trusted name in the contract development and manufacturing organizations (CDMO) space. Working on the accrued more than two decades of experience that we have painstakingly amassed, Aragen today is valued in the industry for our highly committed, reliable and experienced staff as well as for our state of the art research and development labs and precise instrumentation.

Business Solutions

Small Molecules

Discovery	Development	Manufacturing
<ul style="list-style-type: none"> • Integrated Discovery • Chemistry • Biology • Safety Assessment 	<ul style="list-style-type: none"> • Drug Substance • Drug product • Analytical Development • Performance Chemicals 	<ul style="list-style-type: none"> • Custom Chemical Synthesis • Commercial Manufacturing

Large Molecules

Discovery	Development
<ul style="list-style-type: none"> • Integrated Discovery • Antibody Discovery • Bioproduction • Biology 	<ul style="list-style-type: none"> • Bioproduction • Process Research and Development • Developability and Analytics

Small Molecules

At Aragen, we utilize the collective skills and experiences of our diverse talent pool to continuously keep discovering, developing and manufacturing small molecules. We excel at collaborating with our customers to enable and accelerate their small molecule programs.



Discovery

At Aragen, we provide integrated as well as standalone discovery solutions for small molecules. Leveraging our scientific leadership and global discovery experience, we have established a proven track record that regularly sees our discovery programs transition into clinical trials.

Integrated Discovery

Our dedicated multidisciplinary team comprising talented medicinal, synthetic and computational chemists, biologists, pharmacologists, process development and formulation scientists offers a unified strategy to advance customer programs through critical decision milestones. Speed, scientific rigor, flexibility and data integrity are our key differentiators.

Key highlights

- 25+ recent integrated programs for large, mid-sized and small biotech firms
- 10+ INDs enabled annually
- XLRATE™ proprietary project management platform
- Therapeutic areas including Oncology, Inflammation, Fibrosis, Cardiovascular, Metabolic Diseases, Pain

Chemistry

Over the years, we have become pioneers in providing discovery chemistry solutions by leveraging the strengths of our chemistry services talent pool (which is India's largest talent pool of chemists). Our business model, which includes a fee for service (FFS) or a full time equivalent (FTE) chemistry services approach, enables us to deliver services to our customers based on their specific needs and requirements. Our areas of expertise include medicinal chemistry, synthetic chemistry, peptide platforms, specialty chemistry and analytical chemistry.

Key highlights

- 1,800+ chemists and 300+ PhDs talent pool
- 20+ years of scientific leadership in preclinical discovery
- 37,000+ compounds synthesized at different scale each year
- >95% delivery of designed molecules

Biology

Through our biology services approach, we provide support to our customer's internal R&D teams. We offer guidance through the discovery pathway from study design and execution to interpretation of data and recommendations for the way forward. Our areas of expertise include reagent generation, in vitro pharmacology, drug metabolism and pharmacokinetics (DMPK), in vivo pharmacology, safety pharmacology and protein services.

Key highlights

- 165+ biologists and 30+ PhDs with specific domain expertise
- 600+ Screening Assays off-the-shelf and custom designed
- 200+ Functional Proteins and Engineered Cell Lines supporting assay development and screening
- 150+ disease models for Oncology, Pain and Inflammation, Autoimmunity, Fibrosis, Cardiovascular, Metabolic Diseases
- 400+ PK, 2500+ ADME and 150,000+ Bioanalysis studies conducted every month

Safety Assessment

Good Laboratory Practices (GLP) safety assessment is an integral part of the drug discovery process. Through Intox Private Limited, our subsidiary, we provide services like safety assessments to our clients to enable them to assess the safety and efficacy of the molecules undergoing development.

Our facilities are certified by The Organization for Economic Cooperation and Development's Good Laboratory Practices (OECD GLP) and the National GLP Compliance Monitoring Authority (NGCMA). Facilities in Bangalore and Pune were audited by AAALAC International and have received accreditation. The assessments undertaken align with global regulatory requirements of the United States, European Union, United Kingdom, Japan, South America, Australia and India among other nations.

Key highlights

- 25 years of experience across diverse team of Diplomate of the American Board of Toxicology (DABT) Certified Toxicologists, Pathologists, Veterinarians, Biologists and Analytical Chemists.
- 15000+ GLP studies conducted for pharmaceuticals, biologics/vaccines, crop protection chemicals, nutraceuticals, industrial chemicals, medical devices.

Development

We offer drug substance, drug product and analytical solutions to customers who are proceeding through the phase of clinical development. We also develop performance chemicals for the agrochemicals and material sciences industry. Our focus on customer centricity backed by the capabilities of our process development team and robustness of our manufacturing potential among other aspects makes us suitable to facilitate progress of drug candidates in clinical trials. We utilise an integrated platform focusing on phase specific development to provide quality solutions to our customers.

Drug Substance

Unified and standalone drug development solutions are provided to clients to suit their needs in the different stages of preclinical and clinical development. We provide non-GMP/ GMP grade key starting materials (KSMs), advanced intermediates and active pharmaceutical ingredients (APIs) in kilogram quantities for pilot scale manufacturing to quantities required for large scale production in plants.

We support customers with solutions that enable them to accelerate drug candidates from the IND-enabling pharm-tox stage to global clinical trials.

- 300+ team members multidisciplinary team comprising chemists in R&D/analytical/process, and process development engineers
- 70+ clinical and commercial programs supported annually.
- 3 multi-accredited independent sites with total reactor capacity of 275 KL

Drug Product

We offer specialised solutions to accelerate candidates through the drug development pathway. In our state-of-the-art formulation and analytical laboratories, we develop technologies and dosage forms suitable for different routes of administration. We are backed by our scientific team equipped with strong capabilities in solid state, formulation, and analytics. They guide difficult-to-develop drug molecules from pre-clinical and clinical phases for consideration to be sold in the market. Our drug product solutions include preformulation, toxicology formulation and clinical formulation.

- 40+ formulations developed across oral, injectable, and semisolid dosage forms
- 100+ analytical methods developed and validated successfully
- 20+ products manufactured

Analytical Development

We provide analytical solutions that are phase appropriate. Our analysts ensure that the data generated will enable customers to promptly submit applications for regulatory requirements like IND/NDA/ANDA. We follow an iterative approach using validated methods focusing on continuous improvement of customer drug candidates.

- 100+ analytical scientists with diverse skillsets and experience
- 21 CFR Part 11 compliant systems maintained under cGMP conditions
- USFDA approved facility
- 10,000 sq. ft analytical laboratory

Performance Chemicals

At Aragen, we provide unified and standalone solutions to meet requirements of the agrochemical and material science industries through infrastructure exclusively established for process engineering, process safety and flow chemistry. We supply key starting materials (KSMs) of varying quantities meeting requirements of kilo labs to plant scale. Driven by operational excellence in EHS, project management, quality control and assurance, regulatory and supply chain management, we ensure on-time supply of performance chemicals.

Our performance chemicals solutions include process research & development and custom manufacturing.

- 100+ multidisciplinary team comprising chemists in R&D/analytical/process, and process development engineers

Manufacturing

At Aragen, we have comprehensive manufacturing, analytical and regulatory experience supported by state-of-the-art infrastructure, quality systems and accreditation from global regulatory bodies. Through our demonstrated capabilities, we manufacture key starting materials (KSMs), advanced intermediates and active pharmaceutical ingredients (APIs) to support our customers in their journey from clinical studies to the commercial supply chain.

Custom Chemical Synthesis

Through our experience in custom chemical synthesis, we support our customers' commercial requirements for key starting materials (KSMs), intermediates and APIs, for industries like innovator and generic pharma, agrochemical and other chemical industries. At Aragen, we have the capabilities to perform unit processes and unit operations under a wide range of reaction conditions at plant scale, allowing us to meet quantity requirements of varying levels. Our facilities are accredited by the Food and Drug Administration (FDA), European Medicines Agency (EMA), Pharmaceuticals and Medical Devices Agency (PMDA), Ministry of Food and Drug Safety (MFDS), World Health Organization's guidelines for Good Manufacturing Practices (WHO GMP).

- 700+ team members multidisciplinary team comprising process chemists and engineers, quality control and assurance experts, EHS and engineering support and business enabling teams
- 15 commercial programs over the last three years
- 3 independent facilities with 275 KL reactor volume capacity
- 9 production blocks including one for highly potent active pharmaceutical ingredients (HPAPI)

Commercial Manufacturing

At Aragen, we have strong capabilities in manufacturing commercial APIs and engage in process development for APIs which are supplied to our customers globally. We satisfy the chemistry manufacturing control (CMC) requirements for our customer projects through the experience gained in process development, validation and preparation of drug master files (DMFs).

We are equipped to handle a wide range of complex chemistries and operating conditions. Through our capabilities in R&D and technology transfer, we ensure that all processes developed at the lab are scaled up to the pilot plant and plant scale.

- 450+ team members multi-disciplinary manufacturing team comprising process chemists and engineers, quality control and assurance experts, EHS and engineering support
- 11 commercial APIs with different grades of pharmacopeia



Large Molecules

At Aragen, we deliver integrated and standalone solutions in research, optimization and development. With experience in the field for over two decades, we have become the partner of choice for enabling concept to regulatory submission. Our expertise in research and development allows us to maximize yield, while reducing processing time. We apply phase appropriate analytical development capabilities throughout development to improve quality, risk mitigation and to quicken timelines.

Discovery

Integrated Discovery

We solve complex large molecule challenges with access to fully integrated discovery-to-development services, delivered with flexibility, speed and quality. Our solutions range from target identification, design and characterization of molecules that interact with targets, through scale-up and preclinical testing.

Bioproduction

At Aragen, we provide a plethora of services under gene-cloning, vector construction and gene expression analysis. Our biologics facility is equipped with high-end instrumentation and is backed by a team with demonstrated capabilities in discovery and early development programs.

Antibody Discovery

We offer multiple options in antibody development projects, from idea to the preclinical stage, with core

technology platforms that execute appropriate assays working in close collaboration with our customers. Our productive protocol enables us to deliver antibodies as quickly as 22 days, from immunization to positive clones. Our antibody discovery solutions include immunization, hybridoma development & screening, subcloning and banking and antibody production and characterization.

Development

Cell Line Development

We offer cell line development services accelerating the speed to filing an investigational new drug (IND) application is critical for producing marketed products. Over the years, Aragen has completed more than 200 cell line development projects, of which 100 are in the clinical phase post submission of an investigational new drug (IND) application.

Developability and Analytics

We offer developability assessment expertise that enables identification of the physical and chemical properties of drug candidates, post translational modifications, stability and solubility among other aspects that can adversely impact its efficacy, potential to be manufactured and its clinical success. Phase appropriate analytical characterization services are provided to clients. These include protein mass, protein titer, protein stability and protein integrity and structure determination among other capabilities.

Process Research and Development

We are cognizant of the complexities and opportunities to accelerate the development of upstream, downstream, and analytical methods. We leverage our experience in accelerating the progression of programs to the clinic and then the market, to drive development solutions and good manufacturing practices that are scalable.

OUR SUSTAINABILITY STRATEGY

Aragen views its sustainability strategy to be both comprehensive as well as profitable. We revisited our Sustainability Strategy in FY2023 and defined 4 focus pillars - Healthy Planet, Healthy Workforce, Healthy Communities and Healthy Organization. This strategy will help us set sustainability goals, and implement efforts, to achieve the same. We believe that our sustainability strategy will be instrumental in building and preserving value over time. Our strategic approach towards corporate responsibility is grounded on our values of 'ETHICS'. Our 'ETHICS' also showcase that our unwavering commitment towards advancing sustainable development is firmly embedded in our core business strategy.



At Aragen, we firmly believe in the critical importance of Environmental, Social, and Governance (ESG) principles to create a positive and lasting impact on our planet and society. We remain committed to driving sustainable practices across our operations and value chain, striving to minimize our environmental footprint, fostering a diverse and inclusive workplace, and upholding the highest standards of corporate governance. Our journey towards sustainability is a collective effort, and we are dedicated to engaging with our stakeholders to ensure transparency, accountability, and continuous improvement. Together, we aim to build a more resilient, equitable, and sustainable future for our communities and the generations to come.



Shivaji Jadhav
Head EHS & Sustainability

Our Sustainability Strategy

Through the 4 aforementioned pillars of sustainability, Aragen has consciously integrated sustainability efforts that are not only geared towards caring for our employees, communities, and the environment at large,

but will also be generating economic value. This strategy will help us set attainable sustainability goals, and simultaneously ensure their implementation from a micro to the macro level.



Sustainability Strategy

Healthy Planet

- Environmental management and compliance
- Energy efficiency and energy management
- Waste and water management
- GHG emissions
- Climate action/climate change

Healthy Workforce

- Employee wellbeing, health, and safety
- Diversity, equity, and inclusion
- Human capital management
- Talent attraction and retention

Healthy Communities

- Stakeholder engagement
- Community engagement and development

Healthy Organization

- Financial performance
- Corporate Governance
- Regulatory compliance
- Data privacy and security
- Business ethics
- Customer management
- Sustainable supply chain management

Healthy Planet



At Aragen, we understand that advancing global health outcomes is heavily dependent on the health of our planet. The implementation of an Environmental Management System (EMS) certified to the international standard ISO 14001 and ISO 50001 underpins our strategic approach towards environmental protection. The scope of our EMS currently covers all Aragen sites, including environmental performance, compliance obligations, and a system for setting environmental targets. In addition to our EMS, we have constituted environmentally focused policies, including an EHS policy, Sustainability policy, Energy policy, and Biodiversity policy.

As we strive towards creating environmental value, we are wholeheartedly committed to the responsible management of emissions, energy, water, biodiversity and waste. Within each focus area, we have designed structured interventions that propel us towards our goals. Our concerted efforts have been strategically developed to cover not only our core business but also our value chain. As we continue to advance our strategy, we aim to position ourselves at the forefront of the transition to a sustainable and green future.

Healthy Workforce



Our work family is our greatest asset. Without a healthy and engaged workforce, we cannot progress on our path towards becoming a global leader in life sciences services. Therefore, the welfare and wellbeing of our workforce is a key ingredient of our overarching people strategy, which is supported by defined governance enablers. This includes a wide suite of employee-centric policies such as our EHS policy, Whistle Blower policy, POSH and Anti-Harassment policy, Equal Opportunity policy. We have implemented ISO 45001: 2018 Occupational Health and Safety management system across all plants. Our strategy to workforce management, is based on the principles of compassion, humility, equity and ethics. We have structured human resource practices geared towards supporting the overall wellbeing and professional growth of our employees along with providing learning opportunities for continual development, driving a culture of safety, and upholding the highest standards of human rights. Our people-centric interventions aim to provide every employee with a rewarding work experience at every step of their journey with Aragen. As we continue to advance in our approach, we aim to foster a culture and working environment that is inclusive, empowering, safe, and inspiring.

Healthy Communities

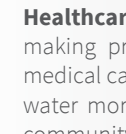


As an organization we strongly believe in engaging with communities where we live and operate in. We believe in “Impacting lives through inclusive growth.” Our interventions are designed in accordance with our thrust areas, as identified through our CSR assessment which include Education, Environment and Healthcare.

CSR Efforts:



Education: Advancing education by supporting differently abled and socially disadvantaged people while promoting education to underprivileged children.



Healthcare: Advancing healthcare by making preventive healthcare, emergency medical care, sanitization, and safe drinking water more accessible to the underserved community; and



Environment: Conserving the environment by ensuring ecological balance, environmental sustainability, better use of natural resources, pollution control, and protection of flora and fauna

Our efforts are grounded and guided by a tailored governance framework, including our comprehensive CSR policy and CSR Committee, tasked with the responsibility of ensuring effective implementation for maximum impact.

Healthy Organization

At Aragen, we recognize that our ability to support sustainable development is dependent on the creation and sustenance of a healthy organization. This is based on the foundation of a robust Corporate Governance framework, which is interwoven with all facets of our business. We are guided by our Board of Directors, represented by a diverse group of thought leaders with extensive experience and expertise in the industry and domain knowledge. As of March 31, 2023, our Board consists of eight members including a Chairman, CEO and Whole-Time Director, and six Directors, including one Woman Director. The Board has been strategically formed to represent an optimum combination of Non-Executive Non-Independent, and Non-Executive Independent Directors, thereby upholding the best interests of the organization through independent judgements on strategic areas. Under the formal approval of the Board, individual Board-level Committees execute various oversight responsibilities. Individually and collectively, these committees represent an instrumental factor in driving industry-leading governance practices in a manner that generates sustainable outcomes across the business.

Aragen ESG policies

To ensure that our principles are embedded and adhered to across the business, we have constituted a clear set of policies, systems, and programs. Collectively, these form the hallmark of our Corporate Governance practices:

[Business Code of Conduct and Ethics](#)

[Non-Disclosure and Confidentiality Policy](#)

[Equal Opportunity policy](#)

[IP Protection](#)

[Anti-Bribery and Corruption Policy](#)

[POSH and Anti-Harassment Policy](#)

[Joining policy](#)

[Whistle Blower Policy](#)

[Social Accountability Policy](#)

[EHS Policy](#)

[Sustainability Policy](#)

[Water Policy](#)

[Biodiversity Policy](#)

[Energy Policy](#)

[CSR Policy](#)

Sustainability Governance

Board of Directors

Board CSR and ESG Committee (Quarterly)

Corporate Steering Committee (Monthly)

Unit ESG Steering Committee (Monthly)

Board ESG and CSR Committee

Our Board CSR and ESG Committee comprises of the Chairman and two Directors, and is responsible for overseeing the ESG strategy and programs with an objective to drive performance towards the organization's targets.

Corporate Steering Committee

The committee was first constituted on 7th December 2021. Currently it has 13 members from different Business Units (BUs) and enabling functions and meets last Thursday of every month. The Objective of the Committee is to assist the CEO in setting the company's strategy with respect to ESG matters along with recommending policies, practices, and disclosures that conform with the strategy. It helps in driving and implementing strategy and taking actions across the organization. It regularly monitors the progress of identified ESG & Sustainability projects.

Unit ESG Steering Committee

To spearhead progress at the individual plant level, we have also formulated Unit ESG Committees. These teams, comprising of employees from Environmental Health & Safety (EHS) and sustainability teams, R&D, manufacturing, site operations and management team. These teams implement and review practices across the Units. The site operations and management team are responsible for the energy & resource efficiency, and reporting the KPIs to the corporate.

Stakeholder engagement framework

Understanding our stakeholders is critical. Aragen believes that only through effective stakeholder engagement we can understand their individual as well as collective priorities and concerns. Furthermore, an effective engagement framework also allows us to address their issues in a systematic manner. We engage with our stakeholders regularly to gain perspective of the evolving needs and expectations of our stakeholders. The engagements help us in aligning our goals with stakeholder expectations, thereby allowing us to work towards a common goal.

Defining Key Stakeholder Groups

Our stakeholder prioritisation is defined by the impact our stakeholders have on our business directly or indirectly and vice versa. However, we constantly take stock of how our stakeholders across the board perceive our activities through a host of processes.

Aragen's Approach to Stakeholder Engagement

Four fundamental elements constitute our approach to stakeholder engagement:

Transparent

Disclose key information in a comprehensive, holistic, honest and timely manner

Engaging

Regular engagement for identifying stakeholder concerns through multi-layered channels

Proactive

Addressing concerns before they cause significant impact

Wide-ranging

Reach out to a diverse set of stakeholders and consider them a part of the company's value system

Stakeholder Engagement

Stakeholders	Prioritization	Engagement method	Engagement platform	Engagement frequency	Expectations	Key topics and Concerns
Customers	↑↓ High	Customer feedback survey	Feedback form	Yearly	Business growth	Competitive pricing, quality, and timely supply
Investors	↑↓ High	Monthly MIS Sharing	Monthly meet	Monthly	Investment for business growth	Profitability and growth, business ethics
Regulators	↑↓ High	Meeting / Inspection/visit	Website	As and when Required	Regulatory compliance	Statutory compliance
Employees (Permanent)	↑↓ High	Employee perception survey	Intranet	Yearly	Safety, quality, and productivity	Ethics, good labour practices, and growth opportunities
Employees (Contractual)	↑↓ Low	Contractor meeting/safety meeting	Newsletter	Quarterly	Safety and productivity	Business ethics
External service providers	↑↓ Low	Meeting	Audit/gap assessment report	As and when required	Improve business processes	Business ethics and timely payment
Suppliers	↑↓ High	Supplier survey/ SRM meet/ Grievance addressal meet	Feedback form	Yearly/ Quarterly/ Weekly	Cost, quality and time of supplies	Business ethics and timely payment
Community	↑↓ High	Social /public Meet	Website	As and when required	Goodwill	Environmental pollution, image, and social impact of the business
NGOs	↑↓ Low	Social /public Meet	Website	As and when required	Goodwill	Environmental pollution and climate impact of business
Media	↑↓ High	Physical/ mail Communication	Magazines/ Newsletter	As and when required	Support in brand Building	Business ethics, environmental impact, and socioeconomic impact on the surrounding community

Materiality Assessment

Aragen has conducted materiality assessment during FY 2022-23, to understand the critical areas that might have a significant environmental, social and economic impact on the Company and directly impact our key stakeholders. It helps break down our sustainability goals in quantifiable terms from the perspective of our organization's current standpoint. Materiality helps us in integrating our business strategy with key sustainability issues and strengthening the Company's ability to address risks and opportunities emerging from these issues.

Materiality assessment approach



We began the materiality assessment process by understanding the organisation, market presence and the supply chain. Potential Material Topics were identified based on an assessment of topics relevant for Aragen's sectors of operation and global sustainability trends. We also covered material issues for the industry considered by ESG Rating agencies – DJSI, CDP, Sustainalytics, and frameworks- GRI Standards, and SASB. The potential material topics were finalized post discussion and feedback

from the management. Key internal and external stakeholders were identified to engage with for the stakeholder feedback round. An online survey questionnaire was designed to collect feedback from all stakeholders. A total of 501 survey responses were consolidated, the outcomes of the secondary research were considered, and an additional consultation with Aragen's top management was held to finalize 18 topics most material to Aragen.

Strategic Stakeholder Engagement for Materiality Assessment

Stakeholder type	Internal	Internal	Internal	Internal	External	External
Stakeholder group	Top management	Middle management	Junior management	Contractors	Customers	Suppliers
Engagement mode	Online surveys, discussions and interviews	Online surveys, discussions and interviews	Online surveys, discussions and interviews	Offline surveys, discussions and interviews	Online surveys	Online surveys

Material Topics



• Climate action/ Climate change	We have all heard of climate change and its drastic consequences on the environment, society, and economy. Climate action refers to efforts that allow us to address these challenges by implementing processes that reduce emissions, build resilience to climate impacts, and finance global climate goals.
• Energy efficiency and management	The use of energy in an optimum manner to reduce energy consumed while providing the same amount of useful output
• Environmental management and compliance	Management of and compliance with environmental laws, regulations, standards, and other legal or regulatory requirements that are applicable to an organization
• GHG emissions	Greenhouse gas (GHG) emissions refer to gases that trap heat within the Earth's atmosphere, thereby strengthening the greenhouse effect and contributing to global warming
• Waste and water management	The streamlined process used by organizations to responsibly manage waste, from generation to final disposal, as well as water resources with respect to both quantity and quality across all water uses

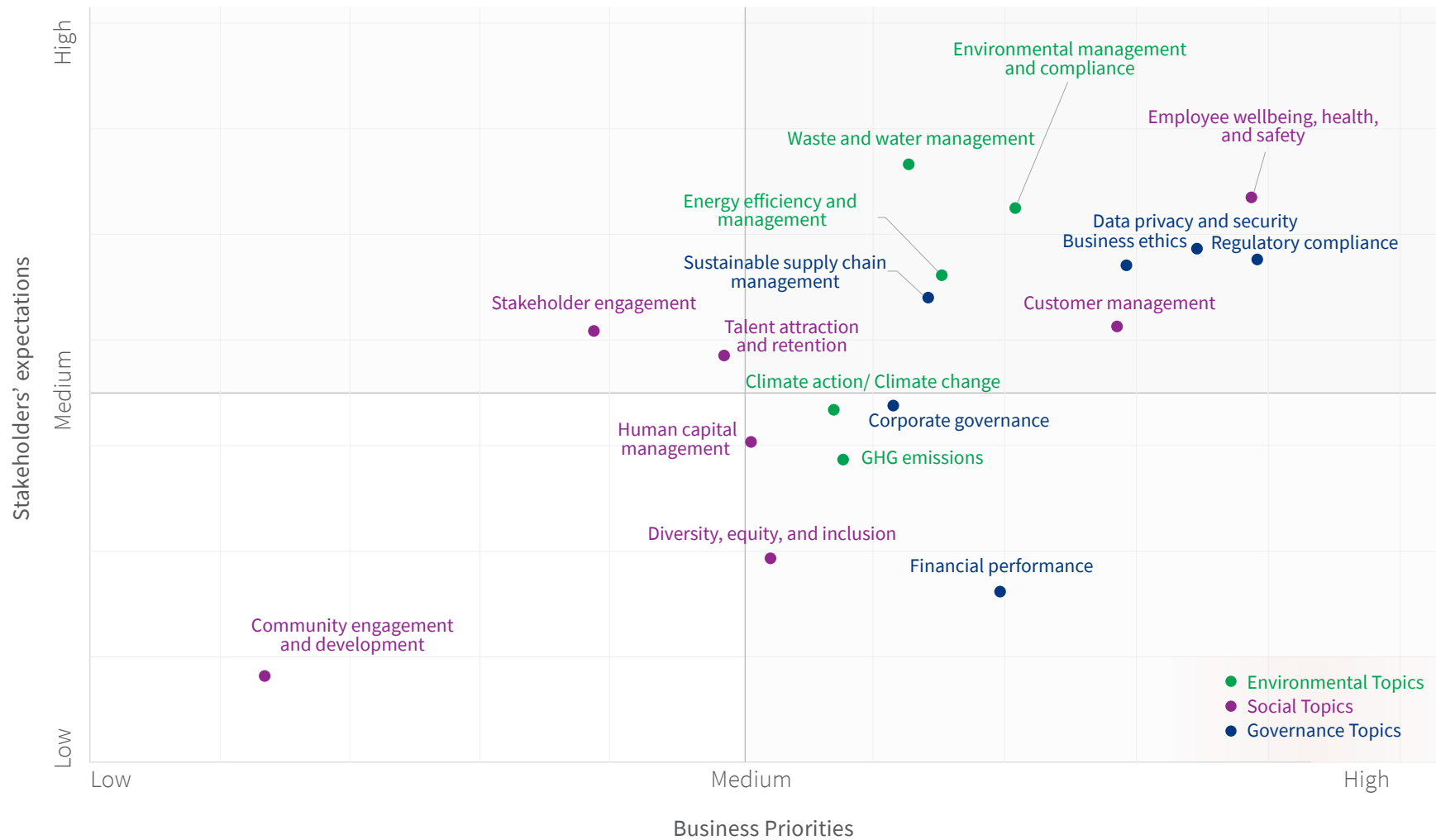


• Community engagement and development	The investment and activities that an organization undertakes to address pressing social challenges and in turn deliver social impact
• Customer management	Organizational practices aimed to enhance customer experience, prioritize customer health and safety, and cultivate customer relationships through consistent engagement
• Diversity, equity, and inclusion	An approach that seeks to promote the representation, participation, and fair treatment of all people irrespective of gender, nationality, race, disability, etc.
• Employee wellbeing, health, and safety	The management of workplace safety and safety standards, with a strong focus on the prevention of hazards. It refers to the physical, mental, and emotional health and wellbeing of employees, both within and outside the workplace
• Human capital management	The administrative and strategic practices and processes related to workforce planning. It aims to increase employee job satisfaction by allowing them to use their skills and knowledge to contribute to organizational objectives
• Stakeholder engagement	The process of active and frequent communication between organizations and their stakeholders
• Talent attraction and retention	Talent attraction refers to attracting and recruiting skilled employees, while talent retention refers to an organization's ability to retain skilled employees



• Sustainable supply chain management	Management of the environmental, social and economic impacts across the supply chain, from raw materials sourcing, to production, storage, delivery, and returns handling.
• Business ethics	The implementation of business policies and procedures concerning moral and ethical issues in a business environment, such as fraud, corruption, bribery, discrimination, etc.
• Corporate governance	The set of rules used to direct, control, and manage an organization
• Data privacy and security	Mechanisms governing the collection, sharing, and usage of data, including practices that protect an organization's private information
• Financial performance	A quantitative measure of the overall financial health of an organization
• Regulatory compliance	An organization's adherence to government regulations, laws, and guidelines as applicable to its business

Materiality Matrix



CORPORATE GOVERNANCE

OUR GOVERNANCE

Aragen prides itself in having an efficient Corporate Governance mechanism. The systems and structures that are in place ensure accountability, promote ethical behaviour and values that endorse integrity, honesty, and fairness. Our mechanism is supplemented by well-defined policies and procedures for managing risk, compliance with laws and regulations, systems for oversight and transparent communication of our activities and decisions. At Aragen, we prioritize good governance practices not only to create value for our shareholders but also to earn the trust and loyalty of all our stakeholders. This ultimately leads to improving our overall performance and ensuring long-term sustainability.



I am delighted to highlight our steadfast commitment to ESG and sustainability.

At Aragen, we firmly believe that financial success and sustainable practices are interconnected. We have integrated ESG considerations into our financial decision-making, aligning our growth with responsible environmental and social stewardship. By proactively addressing environmental impacts, promoting ethical business practices, and valuing our diverse workforce, we strive to create long-term value for all stakeholders. Our dedication to transparency and accountability drives us to share our progress in reducing carbon emissions, advancing responsible sourcing, and fostering a culture of integrity and innovation. Together with our stakeholders, we are resolute in building a future where sustainable financial prosperity and environmental responsibility go hand-in-hand.



Sachin Dharap
Chief Financial Officer

Corporate Governance



The Board of Directors

The Board is responsible for ensuring that we abide by all applicable financial, operational, and labour laws, uphold transparent decision-making procedures and management monitoring. We maintain absolute transparency with respect to the composition, structure, and independence of the board of directors. Aragen handles the structure and amount of compensation given to top executives and ensures its aligned with the company performance, through comprehensive policies, such as Salary Structure and Benefits Policy, Performance Management Policy, etc.

Governance Policies

Non-Disclosure or Confidentiality Policy:

It outlines the conditions and limitations surrounding the disclosure of confidential information by any individual with the aim to protect sensitive information from unauthorized disclosure or use, and to prevent damage to the organization, individuals, or clients.

Business Code of Conduct and Ethics:

The code delineates the ethical and professional expectations from the employees and provides a framework for decision-making in situations where ethical considerations are relevant.

Anti-Bribery and Corruption Policy:

The policy explicitly prohibits bribery and corruption in all aspects of the company's operations, including interactions with government officials, business partners, and suppliers. It also conducts due diligence on third parties, such as agents, contractors, and suppliers, to ensure that they are not engaging in bribery and corruption.

100% of Aragen's operations are assessed for risks related to corruption. There are no significant risks related to corruption identified through the risk assessment. 100% of the Board of Directors (governance body members) have received training on anti-corruption. 29% business partners in the India and 9% in the USA have been communicated the organization's anticorruption policies and procedures. No confirmed incidents of corruptions were reported during the last two years.

Whistle Blower Policy:

Through this policy, we aim to create a safe and confidential environment for our employees to report concerns without fear of retaliation, and to ensure that such concerns are investigated and addressed appropriately.

Grievance Redressal Mechanism

Aragen has established an all-embracing grievance redressal mechanism to promote accountability and transparency in the organization. In line with this we have formed committees and designed following policies and procedures. These formal mechanisms are made accessible and transparent in order to effectively address the grievances and oversee implementation of governance standards.

- Internal Complaints Committee, Safety Committee and Works Committee.
- Grievance Policy to provide employees with clear and transparent process for addressing their concerns and ensuring grievances are handled fairly and consistently. It not only helps to prevent conflicts from escalating but also provides us an opportunity to identify and address systemic areas for improvement.
- Internal Communication Policy to provide clear, consistent, and effective communication mechanisms. It prevents misunderstandings, improves collaboration, and ensures that employees are informed about important developments within our organization.

POSH and Anti-harassment Policy:

We have a comprehensive set of guidelines that outlines our commitment to preventing and addressing all forms of harassment, including sexual harassment at our workplace. Aragen aims to create a safe and respectful work environment for all employees, free from any form of discrimination, bullying, or abusive behaviour.

Non-discrimination Policy:

Our company prohibits discrimination against employees or job applicants based on certain protected characteristics, such as race, gender, age, religion, disability, and sexual orientation. Aragen is committed to comply with all applicable laws and regulations governing discrimination. Moreover, it does not tolerate discrimination in any aspect of employment, including hiring, promotions, compensation, and termination.

Equal Opportunity Policy:

Aragen goes a step further and adheres to an equal opportunity policy. It is a distinct and an equally strong policy that encourages inclusion and diversity in our workplace. Consequently, we have been effectively able to create a workplace

where all employees have the opportunity to succeed, regardless of their background or identity. We are further committed to include measures such as diversity training, affirmative action plans, and outreach programs to under-represented groups.

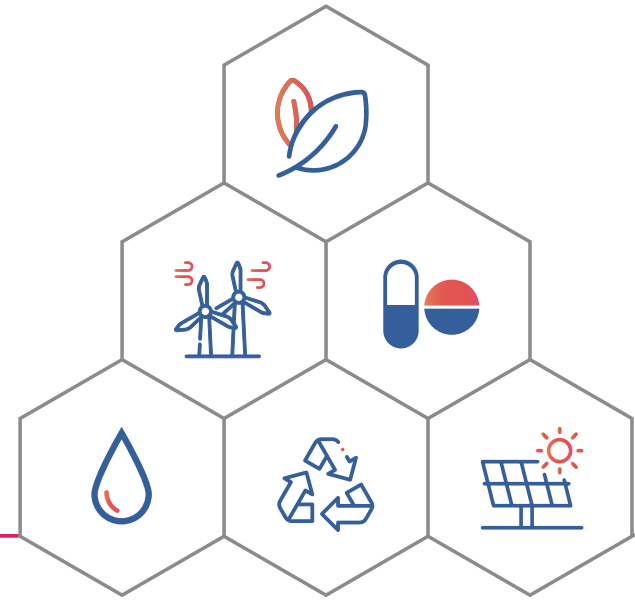
As the business environment is dynamic, Aragen regularly reviews and updates these policies to ensure that these remain effective and relevant in the ever-changing scenarios.

As part of the employee induction program, the Human Resources department at Aragen ensures that the employees understand and accept these governance policies and procedures. Employees are required to sign-off these rules in the company's internal portal as part of their onboarding. Aragen maintains strict vigilance against compliance infringements and guarantees the implementation of remedial action plans.



Ethics

Aragen understands the true potential of a strong value system. We realise how it is singularly the most important asset that we as an organization possess. We define the Aragen value system by the apt acronym ETHICS. This defines our ideology, our governance and our way of work. ETHICS lets us understand, “How we do what we do for our customers, for each other, and for every stakeholder at Aragen”. Our priority is to work for all our stakeholders and deliver long-term value. We believe adhering to ETHICS is the way to do just that.



E

Empowerment

Freedom to make a difference.

T

Teamwork

One team. One purpose.

H

Honesty and Integrity

Say what you do. Do what you say.

I

Innovation

Unlocking our collective genius.

C

Customer focus

Exceed expectations consistently.

S

Safety and Compliance

First and always.

Compliance

As part of our compliance, an independent audit committee is appointed to undertake quarterly audits. To guarantee that compliances are in place across diverse areas in the organisation, an international audit firm collaborates directly with the audit committee. Additionally, we have a separate statutory auditor for assuring our financial reporting compliances.

Environmental Compliance

At Aragen, we ensure that our operations and activities not only comply with environmental laws, regulations, and standards set by the government, but also foray into the best environmental practices in the industry. This is guided and supported by our well-documented policies for Biodiversity preservation, Sustainability, Environment Health and Safety, and Energy efficiency, which collectively form the foundation of our environmental practices.

Our approach to EHS management is further built on the guiding principles of ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018.

We take pride in having all of our manufacturing and R&D facilities certified according to these standards, thereby allowing us to achieve excellence across various safety, health and environmental dimensions.

Aragen is an avid member of the Global Pharmaceutical Supply Chain Initiative (PSCI) and vigorously adheres to the PSCI Principles for Responsible Supply Chain Management.

Social Compliance

At Aragen, we ensure that our operations and activities comply with social laws, regulations, and standards set by the government including environmental laws, labour laws, factory act and SEBI Circulars. These are guided and supported by our well-documented policies for employees and contract workers.

Aragen has also successfully implemented several environmental innovation projects over the years which are illustrated below:

Certifications

- GreenPro
- GreenCo



Environmental Safety

- Low Limits of Aqua Toxicity
- No Eutrophication
- Phosphates and Ammonia Free
- No Hazardous Substances



People Safety

- Low Limits for VOC and Heavy Metals
- No Carcinogens
- No Prohibited Ingredients



Building and Asset Safety

- Non- Flammable
- Safe pH Range



Enterprise Risk Management

Each business venture is exposed to both internal and external risks. The application of an effective Enterprise risk management that has been deeply embedded within Aragen's strategy ensures that we can detect, analyse, mitigate and monitor risks that we may be exposed to. We have a risk management policy in place that details our objectives and principles of risk management. Leading risk management standards and practices were considered while developing our risk management process with a keen focus on relevance to business reality. The key risks we identify are reviewed quarterly by the management committee and the audit committee of the Board. Our three-year risk management framework maturity plan includes the methodology for strategy and objective settings,

performance, review and revision, communication, and reporting. The management committee is responsible for operationalising the risk management framework, including identifying and prioritizing risks, operationalising mitigation strategies and reporting on risk mitigation.

Key Risks Identified for Aragen Lifesciences

The following risks and opportunities are identified through examining our critical business operations and analysing them along with results from the industry as well as peer analysis. The risks are individually mapped based on two attributes – the

severity of their impact, and the probability of their occurrence. The outcome of this assessment in turn shapes our action plan by determining prioritization. Through this structure, the design of our framework enables us to minimize the adverse impact of risks and leverage opportunities, thereby creating incremental value for our stakeholders. The risks are differentiated into two categories basis the timeline in which they become relevant – 1) Key risks and opportunities – Risks that are relevant to the business in the present and needs to be mitigated on the go, and, 2) Emerging risks – Risks that have a good chance of becoming relevant in the next 2-5 years and mitigation needs to be planned in advance to pacify the impact of these risks.

Key risks and opportunities

Risks and Descriptions	Potential Impact	Mitigation and Opportunities
Climate change		
Climate risk encompass a combination of chronic as well as acute physical risks, transition risks, and the failure to mitigate and adapt to climate change	Our company is exposed to physical risks (e.g., flooding, water scarcity, heat, sea level rise, from severe weather events) and transition risks (e.g., carbon pricing, regulatory frameworks, cost of and access to capital), which would vary in impact and magnitude depending on different geographies. These physical risks can lead to business and supply chain disruptions, increased costs, loss of life and facilities as well as disruptions in the healthcare systems. The transitional risks on the other hand can lead to increase in the direct cost of operations and create similar impact in the supply chain.	The Company is focusing on decarbonising operations, reducing Green House Gas (GHG) emissions and utilising renewable energy like solar. Aragen is also focusing and allocating funds on energy efficiency, resource efficiency, green chemistry, low carbon technologies and use of bio briquette /CNG/PNG as a fuel for addressing the climate change and assessing physical climate risk for climate-proofing assets.
Financial risks		
Financial risks arise from occurrences that result in an undesirable financial impact on the company, arising from but not limited to, increased OPEX and CAPEX resulting from investment in environmental management or compliance, delayed payments, etc.	The current and future financial debt can limit the flexibility to plan and react to the changes in the industry or business, this also limits the cash flow to invest in CAPEX or to meet other capital needs. Moreover, the increased expenditure in environmental management, i.e., energy transition, waste management, etc., will also limit the cash flow for investment in R&D or any other function. Due to an unstable financial environment, there is always a possibility of delayed payments from the clients and customers, causing an uncertainty on the flow of cash in the organization.	<ul style="list-style-type: none"> • Continuous benchmarking with peer companies wrt pricing • Work on Operational Excellence / Efficiency to mitigate the price competition risk through cost optimization • M&A prioritization based on Strategic plan of the company • Detailed business case and synergy planning based on due diligence and asset capability • Sensitivity analysis for all key business decisions and building of risk mitigation in these • Proactive cost management in case of anticipated revenue risks • Forward looking and anticipatory planning and monitoring through internal reviews and controls
Supply chain risks		
Supply chain risks include various vulnerabilities that may occur at any stage of the supply chain. This includes events that lead to disruptions such as changing dynamics, inability to maintain continuity or timely supply, risks associated with third parties and failure to maintain governance of such relationships	We are required to plan our production activities in advance due to the inherent complexities of the process and the requirement of highly specialized raw materials. Owing to these factors, any disruption in the supply chain will directly affect the ability to meet the customer and market demands. Moreover, the inability of our suppliers to manage risks can lead to product shortage or shutdown. As our products are meant for the healthcare industry, shortage of any critical product will directly affect our reputation, loss of sales or even potential litigation or allegations.	<ul style="list-style-type: none"> • Supply reliability assessment and audits along with development of secondary source for key materials • Advanced planning for price sensitive materials like solvents, usage of custom bond warehouses for advance purchase and storage of products • Development of own solvent storage facility • Vendor development for project based requirements

Risks and Descriptions

Potential Impact

Mitigation and Opportunities

Data security

Data security risks refer to the risk related to the increased probability of cybersecurity breaches and cyberattacks

Due to the heavy dependence on critical and complex IT systems, we are vulnerable to cybersecurity attacks on our own as well as third party networks. These attacks can impact our key business processes, like our ability to conduct clinical trials and scientific research, submission of information to health authorities, our manufacturing and supply chain processes, customer shipments, legal compliance, and communication between employees and with third parties. Moreover, as we deal with large sets of patients and customer information, illegal use or loss of which can lead to reputational harm, legal obligations, damaged relationships with partners and in some cases, monetary penalties.

- Aragen has employed extensive IT security systems and controls across all processes. These systems are regularly evaluated and upgraded to address new emerging threat scenarios
- Business continuity plan is in place for unavoidable scenarios like network/server attack and closure
- Stress testing of systems, ethical hacking scenarios for identification & corrective actions on possible breaches
- SOPs are in place with mandatory adherence
- Training, CDA's, transfer of rights of inventions, mobile and IT solutions at work to minimize e-theft

Technology risks

Technology risks refer to the various adverse outcomes of technological advancements such as uncertainties of transformational technologies, breakdowns of and disruptions in critical systems, and failure to keep pace with new developments

To operate our complex business systems, we rely on information and other business systems to leverage data. Using these technologies involves certain risks, including a failure to integrate the technology, potential loss of data, compliance issues, cost delays, operational disruptions or failure of the technology to operate as expected. All these risks will impact the effectiveness of the internal controls and operational efficiency.

- Establish internal 'Scientific Board' to continuously keep a tab on technology development and response plan in different areas
- Partner with Universities and Research institutions on emerging trends
- Work on licencing tie-ups with innovators
- Creation of 'Digital Roadmap' along with AI & ML Platform for strengthening company's position

Market risks

Market risks refer to external factors that impact the performance of financial markets and in turn, organizations. Factors include fluctuations in currency rates, interest rates, inflation and prolonged economic downturns

Significant increases or decreases in our costs, reported sales, and earnings as expressed in US dollars, and in the reported value of our assets, liabilities and cash flows can be a major risk arising due to changes in exchange rates between the US dollar, the reporting currency, and other currencies. Distribution of retained earnings from local affiliates, or to pay intercompany payables due from different countries will become limited due to the currency exchange controls.

- Internal financial controls on proposals and pricing
- Correct assessment of business in terms of targeted mix
- Forward looking and anticipatory planning and monitoring through internal reviews and controls
- Continuous benchmarking with peer companies wrt market scenarios
- Strict adherence to the policies and regular reviews to ensure compliance

Product quality

Risks related to product quality include the inability to ensure adequate product controls in development and manufacturing

The development of our products is complex and highly regulated by the authorities around the world. Failure to meet such expectations may lead to manufacturing suspension, warning letters, product seizures, product recalls, failure to ensure product approvals or even suspension of operating license. The same regulations apply to our suppliers as well and their failure to meet these expectations will result in similar adverse impacts, along with the need to suspend clinical trials, inability to import or ship new products or significant penalties.

We have a Quality Management System (QMS) in place to ensure constant vigilance across the whole supply chain in terms of product quality, supply, and security. A team of quality control professionals leads the QMS, assuring strict checks and controls

Emerging Risks

Risks and Descriptions	Potential Impact	Opportunities and Mitigation
Legal and regulatory non-compliance		
Failure of the organization to meet evolving regulations surrounding issues such as climate change, taxation, and new product registrations, among others	Our business is obligated to the laws of all countries where we operate or sell our products. Some of these regulations can be complex and non-compliance with these laws will lead to reputational damage, monetary penalties or can even lead to litigations or lawsuits. New laws and regulations can also come into effect as a result of changing government, societal expectations or environmental pressure. For example the emerging regulations of the carbon pricing across the globe.	<ul style="list-style-type: none"> Identifying & mapping all compliance requirements & accountabilities through an external tool Keeping track of changes in compliance requirements by individual owners. Continuous focus on Internal control and review framework for various compliance items Compliance culture including proper KRA weightage for compliance Proactively work with local Industry association and Government
Increasing competition		
The increasingly competitive industry landscape often results in companies being forced to adopt more competitive pricing or aggressive marketing tactics, or potentially losing exclusivity of key products	Our ability to grow the business depends highly on how we manage the risk of increasing competition in the market. Customers may choose competitor products instead of ours if they perceive it to be safer, cost effective, convenient, among other reasons. This will directly impact our revenue and the results of our operations. Moreover, competitors may price their product competitively which will lead to the loss of our market share and pricing war will adversely affect our sales and profits.	<ul style="list-style-type: none"> Company adopted strategies such as specialization with a strong focus on a few value chain segments and niche technologies Horizontal consolidation, external growth based on capacity acquisition in the same value chain segment, and vertical integration Backward or forward integration in adjacent value chain segments by acquisition More focus on to acquire business from the big pharma companies than biotech companies
Stakeholder dissatisfaction risk		
Stakeholder dissatisfaction risk arises from high levels of public scrutiny and the failure to meet increasing expectations	Companies are increasingly being judged based on their performance in the environmental, social and governance (ESG) matters, due to which there has been increasing expectations from the stakeholders to perform well in these matters and transparently disclose all aspects of ESG to the public. Failure to meet these expectations will negatively impact our reputation, financials, operations, recruitment and retention. Our ability to collaborate and create industry partnerships will also be adversely affected with high levels of public scrutiny.	<ul style="list-style-type: none"> Periodical stakeholder engagement and consultation process is in place Early involvement of operational team in project evaluation and proposal Project management working as 'challenger' to improve on OTIF Establish industry leading project management group - consolidation of project management teams under one umbrella with Operational Excellence as added KPI Yearly supplier meet to establish close relationship with suppliers
Geopolitical risks		
Geopolitical risks include the threat of international and interstate political conflict	Various parts of the world are experiencing unstable political conditions, including backlash against free trade, global pandemic, social unrest, fear of terrorism, among others. These unstable conditions disturb the international flow of goods and increase difficulty and costs of making transactions internationally. This could significantly impact our ability to supply the products in these parts of the world in a smooth fashion.	<ul style="list-style-type: none"> Strengthening of sales force in the key geographies for addition of new clients Exploring opportunities in other regions Look for key assets near customer to gain from Onshoring/near-shoring of emerging business and niche discovery areas Continuous audit of facilities for identification of gaps & fortification through upgrade Continuous work on operational excellence and cost competitiveness



ECONOMIC PERFORMANCE

From the initial concept, all the way to the final commercialization of small and large molecules in life sciences, our core capabilities are geared to provide protracted economic value to all our stakeholders, in multiple ways. Our businesses continue to expand. We enhance the economic value of our partners and investors through profits. To our work family, we have constantly been awarding fair and equitable compensation and benefits. The government benefits from our timely filing of taxes along with our implicit support for government driven corporate and social initiatives. We offer fair material and service prices to our suppliers and vendors, understanding that our bond grows better and deeper each year we do business with each other. And to our communities, our CSR work speaks for itself. Our robust enterprise risk management framework supports us in both mitigating potential financial risks, as well as identifying opportunities for growth.



As Aragen's Chief Commercial Officer, I am proud to highlight our organization's commitment to ESG and sustainability. Even as we pursue growth and innovation in a global market, we do so with a deep sense of responsibility towards the environment and society. Aragen's business development strategy centers around identifying opportunities that align with our ESG principles, creating value for our stakeholders while also upholding sustainable practices. We actively seek partnerships and collaborations that drive positive social impact and contribute to a greener future. Our dedication to ethical business practices, responsible sourcing, and community engagement form the foundation for our business growth. By fostering relationships built on trust and sustainability, we aim to empower our stakeholders to navigate challenges and thrive in a rapidly changing world. Together, we forge a path towards sustainable business growth, leaving a positive legacy for our stakeholders and the planet.



Ramesh Subramanian, PhD
Chief Commercial Officer

Economic Performance

Performance During FY 23

At Aragen Customer focus and innovation are core values that help us deliver solutions for our clients. During FY23, the Company provided services to 16 of the top 20 global pharma companies amongst an overall client base of 400 + customers in various areas across the Pharma R&D value chain.

FY 23 recorded another year of double-digit growth for Aragen in Revenue, EBITDA, and PAT with a significant momentum in our Drug Discovery and Development operations.

On a standalone basis, the Total Income of the Company during FY 2022-23 was Rs 15813 Mm with a growth of 26.17% and the PAT was Rs 2519 Mm with a growth of 19.41%.

Key Financial Highlights

₹ 1,75,203 Lakhs
revenue

₹ 21,987 Lakhs
profit after tax

₹ 51,274 Lakhs
EBITDA

₹ 1,07,788 Lakhs
net fixed assets

29.27%
EBITDA margin

12.55%
PAT margin

₹ 30,655 Lakhs
profit before tax

Basic EPS **₹10.72**
and diluted EPS **₹10.59**
earnings per share



GRI 201-1: Direct economic value generated and distributed

Parameters (Million INR)	FY 2020	FY 2021	FY 2022	FY 2023
Direct economic value generated in the reporting year (FY23)	9,573.22	11,517.75	14,021.20	17,520.32
"Economic value distributed (e.g., employee wages and benefits, payments to providers of capital, payments to government by country, and community investments etc.)"	8,178.59	9343.07	11,347.54	14,454.82
Economic value retained	1,394.63	2,174.68	2,673.66	3,065.50

GRI 201-4: Financial assistance received from government

Parameters	Year	FY 2020		FY 2021		FY 2022		FY 2023	
		Country		Country		Country		Country	
Financial incentives		India	USA	India	USA	India	USA	India	USA
		72.58	0	30.04	0	25.03	0	38.55	0

Customer Relationship Management

At Aragen, we are proud of the trust and loyalty our customers place in us. We lay a significant emphasis on Customer Relationship Management (CRM). This ensures that we enhance customer experience, build confidence and position ourselves as a strategic partner and not meagerly a service provider. In fact, addressing customer queries promptly and identifying their future requirements proactively and gearing up to fulfill them is an important part of our CRM philosophy.

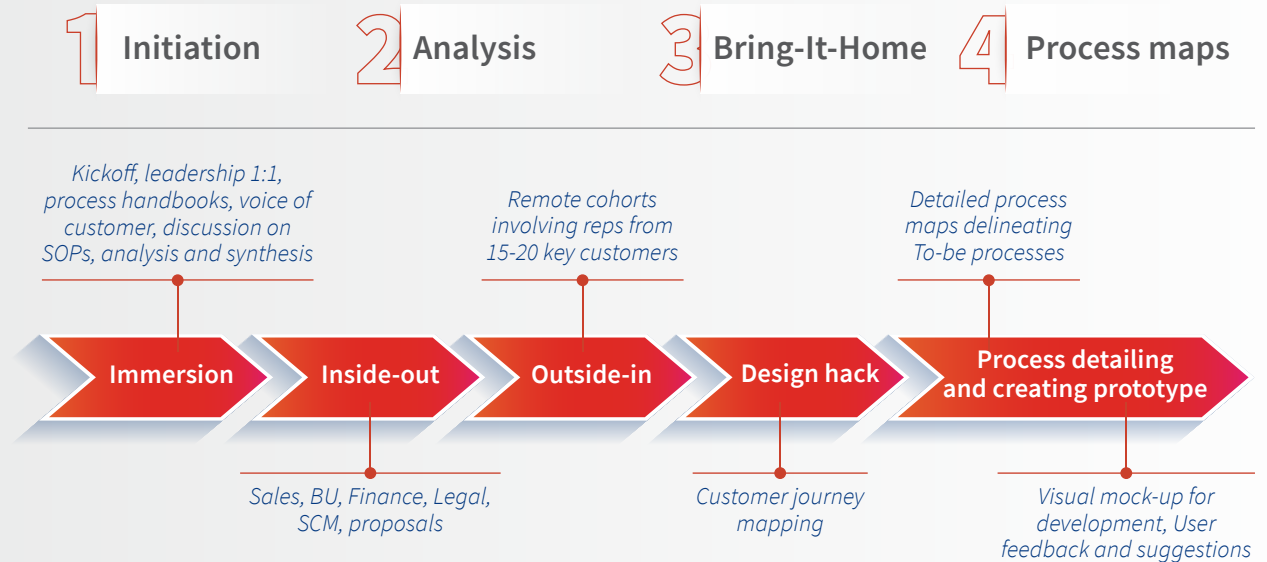
One of the objectives of our continuous process improvement initiatives is to reduce turnaround time on responding to customers' requests for proposals (RFPs) and maintaining a clear and transparent line of communication. To further enhance our customer experience, we are also investing in integrating digital solutions within our CRM process to provide unique and tailored experiences to each of our customers.

Our customer repeat rate of 90%, is a testament of our customer relationship management processes and our successful long-term relationships with the customers. During the reporting period there were no complaints concerning breach of confidentiality or loss of customer data or IP.

"myCule" Customer Enterprise Portal

mycule Customer Enterprise Portal: a digital initiative that helps in enhancing customer engagement and improving customer satisfaction. This portal acts as a centralized platform for customers, streamlining Aragen's product development and increasing

accountability and efficiency of the designated teams for improved responses to the visiting customers. Such efforts have helped us immensely in establishing a strong and transparent relationship with our customers.



Product Stewardship

Aragen takes full accountability and ownership of all its products. Consequently, we must adhere to the very high standards we set for ourselves as well as our products. This is why we focus on sustainable pharmaceutical development and accuracy in marketing. We extensively assess the gaps to formulate interventions to manage and mitigate the key environmental and societal impacts our products and processes may have. This is fulfilled by rolling collaboration between clinical and commercial teams. We use sustainable solutions to address key concerns like sustainable packaging, transparency of logistics, and product disposal while emphasizing the increased use of renewable, plant-based, and biodegradable materials throughout our supply chain. The impacts of such measures reflect across our solutions in the Discovery, Development and Manufacturing verticals.

As part of our product responsibility, we invest in Green Chemistry for the prevention of waste and/or by-products, and reduction of chemical impact on human health and environmental pollution. We adopt technological innovation and ensure continuous product improvement focused on maintaining product safety and sustainability. In addition, we

follow a DMAIC (Define, Measure, Analyze, Improvement and Control) program for operational excellence. There were no incidents of non-compliance concerning product and service information and labelling brought to notice during the reporting period. There were also no critical concerns reported during the period.

Green chemistry is an area of chemistry and chemical engineering focused on the design of products and processes that minimize or eliminate the use and generation of hazardous substances. While environmental chemistry focuses on the effects of polluting chemicals on nature, green chemistry focuses on the environmental impact of chemistry, including lowering consumption of non-renewable resources and technological approaches for preventing pollution.

The overarching goals of green chemistry is the ; more resource-efficient and inherently safer design of molecules, materials, products, and processes

The Green Chemistry principles cover such concepts as:

- the design of processes to maximize the amount of raw material that ends up in the product;
- the use of renewable material feedstocks and energy sources;
- the use of safe, environmentally benign substances, including solvents, whenever possible;
- the design of energy efficient processes;
- avoiding the production of waste, which is viewed as the ideal form of waste management



Process Mass Intensity (PMI) is a key mass-based metric used to evaluate the sustainability of a manufacturing process in the pharmaceutical industry. The American Chemical Society Green Chemistry Institute's Pharmaceutical Roundtable has chosen PMI as the key, high-level metric for evaluating and benchmarking progress towards more sustainable manufacturing. PMI is chosen for its ease in generating, measuring and communicating data and ability to be used quickly to determine an estimation of greenness.

Aragen has integrated green chemistry principles in its research and development activity. The details of which are given below :

a) In product #1, solvent consumption has been reduced by 70% and usage of hazardous chemicals is reduced by 26.8%. Avoided unit operations like distillation, extraction and purification in the new process. This has reduced overall environmental impact in terms of energy consumption, GHG emissions, resources conservation and process optimisation.

b) In product #2, solvent consumption has been reduced by 54.5% and usage of hazardous chemicals is reduced by 26%. The yield has been increased appreciably and at the same time, time cycle, number of stages, number of chemicals reduced considerably.

Product # 1

No.	Comparative parameter	Original Process	New Process
1.	Process Mass Intensity (PMI)	230.5	73.6
2.	Number of unit operations (Nos)	5	2
3.	Reagents and solvents (Nos)	7	6
4.	Quantity of solvent used/Kg (Ltrs)	77.7	23
5.	Quantity of hazardous chemicals used/Kg (Kg)	0.93	0.68
6.	Overall yield (%)	48	56.5

Product # 2

No.	Comparative parameter	Original Process	New Process
1.	Process Mass Intensity (PMI)	155	97
2.	Number of stages	3	1
3.	Solvents (Nos)	4	1
4.	Solvent qty used Lit/Kg	110	50
5.	Quantity of hazardous chemicals used/Kg (Kg)	1.54	1.13
6.	Overall yield (%)	44	47



Supply Chain Management

As a leading R&D and manufacturing services provider we deal with a variety of raw materials which include chemicals, solvents, analytical instruments, lab instruments, fuels and others. We firmly abide by the global principles of responsible supply chain management and encourages all its suppliers and service providers to do the same. We formulated a policy on Green Supply Chain Management (GSCM), in February 2022, to guide our efforts towards engaging with our suppliers for building a responsible supply chain. The policy defines supplier assessment procedures and encourage suppliers to embrace environmental preservation and social efforts. Every year more than 90% of the critical suppliers/vendors are audited for their quality, regulatory compliance, costing, technical aspects, innovation, communication capabilities, responsiveness and environmental and social parameters(ESG Scorecard). We also oversee multiple supplier awareness sessions which are conducted periodically.

We are happy that our efforts towards building a sustainable supply chain management ecosystem has received acknowledgement from various industry forums. In 2023, we received the 'Procurement Team of the Year' award from Inventicon Business Intelligence, the 'Digital

Transformation Awards' at the Procurement Success Summit and the 'Best-in-class Supply Chain Sustainability' award by KamiKaze in 2022 during the Express Logistics and Supply Chain Leadership awards.

Green Supply Chain Management (GSCM)

We aim to minimize negative social and environmental impacts through diligent supplier selection.

Identification of Critical Vendors

Vendors are mapped against critical parameters, such as volume of purchase, distance of supply, category of material sourced, diversity and environmental impact to name a few, and a final critical score is calculated for each vendor.

Vendor Assessment

All critical vendors are assessed by the EHS&S team on an annual basis as per the GSCM checklist and are submitted with recommendations for improvement. Post this, the supply chain team coordinates with vendors for action plans and timelines in reference to the improvements and development recommendations. Every three years, an on-site audit and CSR risk assessment is conducted for suppliers depending on the nature of business and business criticality.

Vendor Development

Training and awareness programs are conducted annually for all suppliers to communicate the Aragen's sustainability expectations and the supplier code of conduct. There is regular communication with the non-compliant suppliers to encourage improvements, defining a roadmap for gradual incorporation of the code and we facilitate them in implementing best practices.

Incentivizing Program

Digital certificates are issued to the suppliers who complete our training on (GSCM). Suppliers who perform well in the assessments and action plan implementation are recognised as green champions - and are given a preferred status. Moreover, vendors completing the desktop assessment are eligible for Capex and Opex procurement orders worth Rs 200 lacs and Rs 50 lacs respectively.

Responsible Supply Chain Targets

To support our continuous improvement initiatives, we have set measurable and time-bound targets for the green supply chain. Our targets include: 1) Increase number of new suppliers signing the supplier code of conduct by 50% by FY2023 (Current Status is 100 % as

the SCC is mandatory as part of Assessment) and by 100% by FY 24 2) Increase 100% of new suppliers trained on sustainable procurements by FY 25 3) Increase share of suppliers evaluated via self-assessment questionnaire by 10% by FY 23 (14% in FY 23 have completed GSCM Assessment), 30% by FY 24 and 50% by FY 25.

81%

of our procurement was done through Local Suppliers.
GRI 204-1: Proportion of spending on local suppliers

43%

of our procurement budget was spent on local suppliers within <250km of our operation.

Suppliers Assessment for Environmental Impacts Using Environmental Criteria

We evaluated 232 suppliers in FY 22 and 303 suppliers in FY23 for their social impacts. There are no negative social impacts in the supply chain. There were no identified incidents of violations involving the rights of indigenous peoples during the reporting period.

GSCM Assessment	FY20	FY21	FY22	FY23
Number of suppliers assessed	144	196	232	303
Suppliers identified as having significant actual and potential negative environmental impacts	0	0	0	0



Green Supply Chain Management (GSCM) Scorecard

Aspect	Criticality Score	Activity	FY 2022	FY 2023
Supplier Management and Collaboration	30%	Diverse suppliers on spend (MSME /Women Enterprise/ Minority Owned)	38%	48%
		Sustainable vendors (Top 80 % Spend)	37%	42%
		GSCM assessment of transacted suppliers (> 3.5 Score in FY22)	NA	25
Operations	35%	Paper consumption (No. of issues / INR Lakhs)	1.49	2.07
		Plastic packaging accumulation in stores (kg)	776	456
		Reuse of chemicals Lac INR	623	918
		Green procurement (% of spend)	-	0.00%
Logistics	25%	Domestic ordering (Local Suppliers)	76%	81%
		<250 Km ordering	32%	43%
		Total IUT shipments per month	15	3.88
		% EV/CNG vehicles shipments of total domestic shipments	-	0.02%
		Return shipments	0.02%	0.00%
Learning and Development	10%	Supplier trainings on (GSCM) (% of Transacted Suppliers)	0%	24%
		Buyer Trainings on GSCM (% of Buyers Trained)	100%	100%
Total	100%			

Pharmaceutical Supply Chain Initiative (PSCI)

The Pharmaceutical Supply Chain (PSCI) is a group of pharmaceutical and healthcare companies who share a vision of better social, health, safety, and environmental outcomes. In 2023, the PSCI Principles were revised and adopted. The additions to the PSCI Principles pertain to Governance and Management Systems which prompt companies to conduct due diligence on risk and impact. Aragen is an associate member of the Pharmaceutical Supply Chain Initiative (PSCI), and is committed to building a responsible supply chain. Our vision is to drive efforts towards safety, environmental, and social outcomes in our supply chain to contribute to the global pharmaceutical and healthcare supply chain. In line with our supply chain initiatives, we collaborate with other PSCI members and our stakeholders to share best practices, knowledge, and experiences related to sustainable supply chain management. This also enables us to mitigate foreseeable risks and contribute to the sustainable development of the industry and the community.

Aragen has a membership of association with the prominent industry bodies in India such as:

1. Confederation of Indian Industry (CII)
2. The Federation of Telangana Chambers of Commerce and Industry (FTCCI),
3. Nacharam Industrial Association, and
4. Bulk Drug Manufacturing Association (BDMA)

PSCI Principles for Responsible Supply Chain Management:



Governance and Management Systems

- Culture, Commitment, and Accountability
- Legal and Customer Requirements
- Risk Management
- Traceability and Control
- Training and Competency
- Documentation
- Continual Improvement
- Emergency Preparedness and Response
- Grievance Mechanisms
- Response and Remediation
- Effective Communication



Ethics

- Patient Safety and Access to Information
- Anti-Bribery and Corruption
- Fair Competition
- Animal Welfare
- Data Privacy and Security
- Avoidance And Management of Conflicts of Interest
- Product Protection and Quality



Human Rights

- Freely Chosen Employment
- Child Labor And Young Workers
- Non-Discrimination
- Fair Treatment
- Wages, Benefits and Working Hours
- Freedom Of Association and Right To Collective Bargaining
- Local Communities



Health and Safety

- Safety Of the Work Environment
- Worker Protection, Health, And Wellbeing
- Process Safety



Environment

- Environmental Authorizations and Reporting
- Management Of Waste and Emissions
- Climate Change
- Resource Efficiency
- Biodiversity Conservation
- Spills And Releases Prevention



Collaborations and Memberships

The fight for sustainability is one where we are all together. Our aims and our goals mirror the collective whole. Thus, at the heart of the ESG worldview is collaboration. Therefore, Aragen utilizes collaborations and memberships as powerful tools to advance sustainability, create positive impacts, and build long-term resilience and competitiveness.

Science Based Targets initiatives (SBTi)

Aragen is a signatory to the Science Based Targets initiatives (SBTi) and to the Net Zero standard by 2050, which requires setting long-term science-based targets to cut all possible emissions before 2050.

Ten Fundamental Principles of UNGC

As part of the global collective efforts towards sustainability, in June 2022, Aragen became a signatory to the United Nations Global Compact (UNGC), providing a clear statement of commitment to all stakeholders. We are committed to the annual submission of communication on the progress of our efforts in achieving the ten fundamental principles of UNGC.

United Nation's Sustainable Development Goals (SDGs)

UNGC is also driving businesses to contribute to the UN's Sustainable Development Goals (SDGs). Keeping up with the UNGC commitment, we have integrated the SDGs into our business strategies, operations, and decision-making. We have also set targets and indicators to measure our progress towards contributing to the goals.

GRI South Asia Charter on Sustainability Imperatives

We are also an active member of GRI South Asia Charter on Sustainability Imperatives. The Charter is created by GRI South Asia Hub and serves as an important stimulus to implement sustainability-oriented imperatives, build transparency and disclosure by GRI Standards, and support the UN Sustainable Development Goals. The charter stands strong on three key pillars of 'Beyond compliance', 'Ethics and governance', and 'Transparency and disclosure'. We adhere to the charter in all forms, starting with effective integration of sustainability practices into our core business processes, including our value chains. Subsequently, engaging in consistent stakeholder meets on sustainability issues and taking actions that are honest, fair, and just. Aragen prides itself on upholding moral and ethical principles and demonstrates professional values such as respect, responsibility, transparency, and accountability. Finally, we comprehensively report on sustainability performance using the GRI Standards, and present our contributions to the SDGs.

ENVIRONMENT

PRESERVATION

As events in the recent past have shown, our environment is precariously balanced. Extreme events happen with regularity highlighting the absolute importance of the preservation of our environment. The government of India is appreciative of this fact and within the perspective of the Paris Agreement, has set a net-zero GHG emission reduction target by 2070 and a 45% energy intensity reduction target by 2030. Aragen firmly believes in environmental preservation and understand how vital it is for companies to contribute to national targets and to climate change mitigation. For this reason, in Feb 2022, we signed our Science Based Target Initiative (SBTi) commitment letter and aim to get its targets vindicated.

Material topics: Our focus areas



Climate Change



GHG emissions



Environmental Management and Compliance



Energy efficiency And energy Management



Waste and water Management

Performance highlights FY 2023

- Renewable energy: **22.3%** of energy generated from renewable energy sources
- Climate change mitigation: **3709 MTCO₂e** GHG emissions (Scope 1) reduction achieved during FY 23 as compared to FY 21
- Freshwater conservation: **61412 KL** fresh water conserved in FY 23 by implementing effective recycling and reuse techniques
- Waste recycling: **4033 MT** hazardous waste recycled by effective implementation of recycling techniques
- Management systems: **ISO 14001** recertification done for all manufacturing and lab facilities in 2022

Contribution to SDGs



Climate Change

Climate change is for real, and we continue to play our role in limiting our emissions.

Our GHG emissions results mainly from combustion processes. The sources include diesel generators, boilers using coal, furnace oil, and HSD. We have been methodically tracking our GHG emissions since FY 17-18, under direct and indirect emissions (Scope 1 and Scope 2) and incorporating practices to curb the emissions.

Our commitments:

- Committed to SBTi and GHG emission reduction targets will be validated by SBTi by 2024

Our targets:

- Carbon neutral in our operations (Scope 1+2) by 2030
- Net Zero by 2050

Our Emissions:



SCOPE 1 GHG EMISSIONS

The direct emissions from sources owned or controlled by Aragen. Emission factors are used for calculating the emissions from fuel consumption for DG's, Boilers, and company owned vehicles. GHG emissions protocols are referred to for estimating the emissions.

Scope 1 emissions FY 22

13252

Metric Tons CO₂e

Scope 1 emissions FY 23

9544

Metric Tons CO₂e

SCOPE 2 GHG EMISSIONS

The indirect emissions from the generation of electricity Aragen purchases. These emissions are calculated based on the emission factors published by IPCC for the Indian scenario for power generation.

Scope 2 emissions FY 22

28770

Metric Tons CO₂e

Scope 2 emissions FY 23

37600

Metric Tons CO₂e

Scope 1 + 2 intensity FY 22

2997

Metric Tons CO₂e

Scope 1 + 2 intensity FY 23

2691

Metric Tons CO₂e

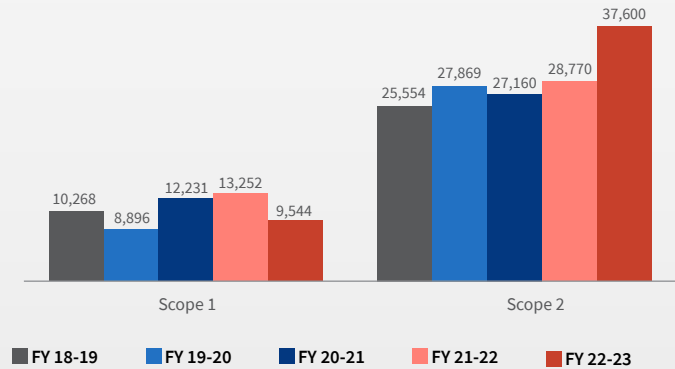
Scope 3 GHG emissions

86543

Metric Tons CO₂e

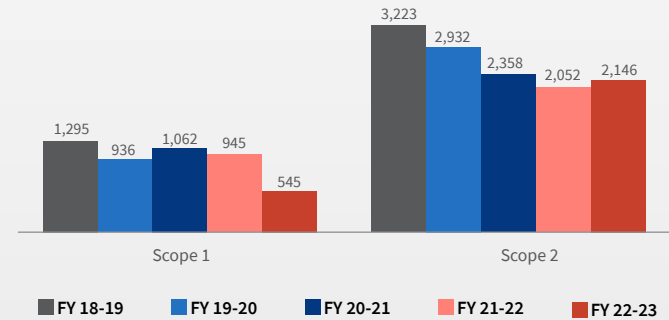
GHG Emissions

Scope 1 and 2 emissions (Absolute) MT CO₂e



GHG Emissions Intensity

Scope 1 and 2 emissions (Intensity)
Tons CO₂e/₹Bn of Revenue



Case story

Towards our carbon neutrality goal – Replacing coal with bio briquettes in boilers

Over the years, energy consumption in India has exponentially increased due to its growing population and rapid industrialisation. As per a study published by the India Energy Outlook (IEA) in 2021, India's demand for energy has doubled since 2000 and over 80% of electricity generation is still dependent on fossil fuels. Such heavy reliance on fossil fuels has also resulted in an increase in the generation of CO₂ emissions, making India the third largest emitter of CO₂ in the world.

At Aragen, we consistently undertake measures to reduce our dependence on fossil fuels. One such method is the use of bio-briquettes. Bio-briquettes are compressed blocks of biomass material which can be used as fuel. The use of biomass briquettes for power

generation has increased worldwide as it is a cleaner fuel resulting in lower emissions. As per the Global Biomass Briquette Market Report, the market size globally is expected to expand at a CAGR of 7.3% between 2021 and 2028.

In FY22, at our facility in Hyderabad, we replaced coal used in the existing boiler (capacity of 5TPH – tonnes per hour) with bio-briquettes. Prior to the step taken, coal consumed by the boiler was 3591 MT and it emitted 8606 MT of CO₂ emissions.

In FY 23, a spark arrestor was installed and the material composition of the bag filters was changed from fibre wool to carbonized special flame and fire-retardant fabric. This initiative has resulted in the following significant improvements:

- **67%** reduction in CO₂ emissions from 8606 MT in FY 22 to 2775 MT in FY 23
- **86%** reduction in SOx emissions
- **63%** reduction in NOx emissions
- **50%** reduction in ash generation
- **29%** reduction in operating cost
- **8.5%** savings on the fuel cost

There are several dangerous occupational hazards associated with coal charging and handling. With the switch to bio-briquettes, any related safety hazards are eliminated.

As we work towards our goal to achieve carbon neutrality in our operations by 2030, our target is to ensure 100% usage of bio-briquettes in the coming years.

Energy Efficiency

Energy efficiency is an area which shows active benefits for the environment and for our profitability as well. In fact, energy efficiency is the core driver in undergoing responsible operations and value-added product delivery to a large number of stakeholders in its value chain. For those reasons, Aragen is committed to ensuring that energy efficiency and energy conservation are important aspects of Aragen's growth strategy and business proposition. This commitment is formalized through a well-documented energy policy that governs the integration of energy efficiency and conservation mechanisms across all of our business operations and equipment, to ensure energy performance improvements in all design activities. This policy organically gives weightage to promoting renewable and green initiatives to reduce GHG emissions impact. Governing the policy is a set of relevant targets to improve energy performance and energy management systems and monitor the progress. Consequently, Aragen is proud to state that we implement several energy conservation measures every year, which help in reducing our energy consumption.

Energy Management System

As a responsible corporate citizen, we are conscious of our responsibilities towards improving energy performance across all areas of our operations and have formulated Aragen Energy policy. We have implemented an energy management system and are certified to ISO 50001:2018- Energy Management System. The execution of the energy management system is monitored by a three-tier Energy Management team, constituted of representatives from all the critical departments and headed by the Plant head, Production and Engineering heads.

The Energy Management team sets short-term and long-term targets for three consecutive financial years in line with the objective of energy efficiency and utilization of renewable energy. An Energy Management system (EMS) utility tool is put in place to monitor, control, and optimize the energy performance, leading to energy savings through synchronization of energy data, review and work towards addressing energy losses and energy savings.

Energy Efficiency Strategies



Equipment monitoring and efficiency improvement



Process improvement



Root cause analysis



Variance analysis

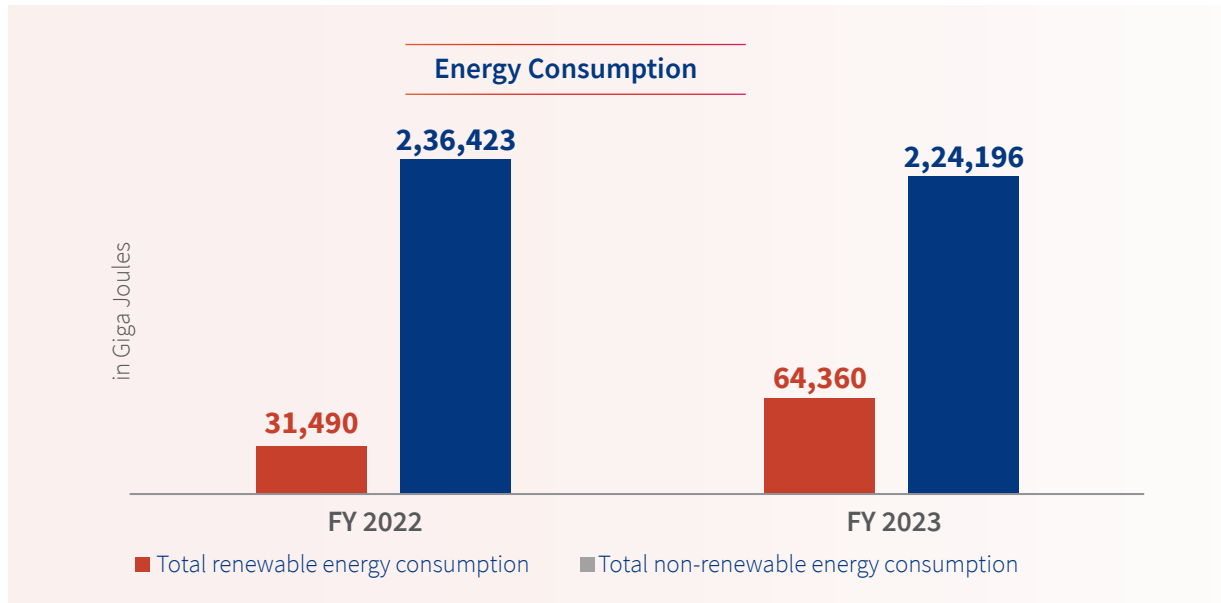


Energy efficient technologies



Renewable energy





We are motivated to evolve our existing practices and implement innovative technologies to enhance energy efficiency at our plants. Aragen gives emphasis to building capacity and awareness to internal and external stakeholders to uptake the energy efficiency and conservation measures. In line with that, Aragen organizes training programs for the identified key suppliers and third-party vendors, discussing topics such as conservation of water, energy, material, selection of raw materials, reusable and recyclable packing materials, efficient transportation, etc.

Aragen has taken various initiatives to increase the usage of renewable energy and reduce its dependency on non-renewable energy. Installation of solar street lights, use of LED light in fume hoods instead of fluorescent lamps, use of bio-briquette as fuel, usage of motion sensors in meeting rooms, conference rooms, corridors and wash rooms, installation of solar streetlights are some of the examples.



Water

One of the most pressing impact of climate change is water scarcity. Therefore Aragen considers building resilience against climate change and water scarcity to be a moral as well as business obligation.

Aragen is committed to reducing our water footprint and preserving the water resources. We have set a target to achieve water neutrality by 2035, and are taking various initiatives consciously towards water management. We are prioritizing efforts to increase water recycling, reuse and monitor water intensity.

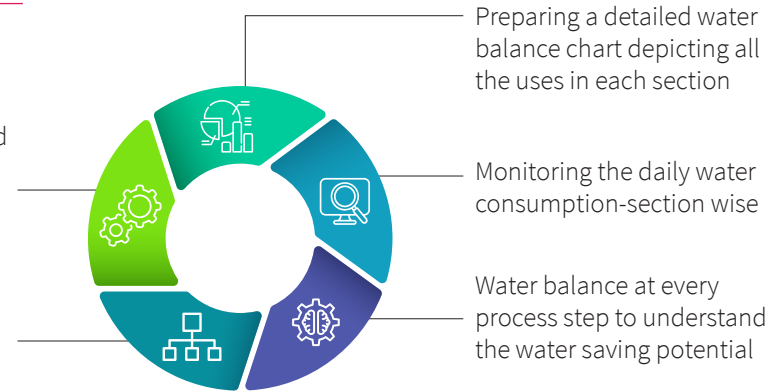
Our Targets

Aragen has sets its long-term target to achieve water neutrality by 2035. We are progressing towards the target through implementation of various water conservation initiatives.

Water Conservation Approach

Working with the process and operations team to improve the water saving options

Implementation of water saving projects and effective wastewater management



Aragen Water Conservations Projects

FY 2021	FY 2022	FY 2023
<ul style="list-style-type: none"> • Reuse of steam condensate water • Installing efficient chiller systems • Using treated domestic water rejects for gardening 	<ul style="list-style-type: none"> • Reactor cleaning with fine spray nozzles • Auto sensor fixtures at washroom and canteen areas • Closed loop treated water circulation in place of purified water for process • Better designed fittings to minimize the freshwater consumption 	<ul style="list-style-type: none"> • Installing efficient and low water consuming chillers • Replacing old RO plants with more robust RO plants • Use of treated water instead of purified water in intermediate areas

Our Performance



Zero liquid discharge

Aragen operates zero-liquid discharge water treatment plants to reduce the company's carbon footprint and increase operational sustainability.



Process water consumption

21.4% reduction in water intensity in FY 23 since FY 19

GRI 303(1). Details of Water Withdrawal and Water Discharge

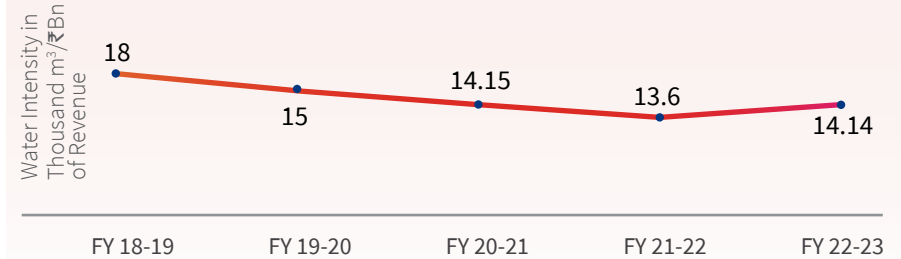
By All Facilities in Water Stress Areas

Total third-party water withdrawal by withdrawal source (Kilo Ltr)	FY 2020	FY 2021	FY 2022	FY 2023
Surface water (total)	1,45,313	1,62,979	1,90,746	2,47,752
Total water withdrawal	1,45,313	1,62,979	1,90,746	2,47,752

GRI 303-5. Details of Water Consumption

Water consumption in KL	FY 2020	FY 2021	FY 2022	FY 2023
Total water consumption	84,082	83,739	1,36,300	1,90,670

Water Intensity



GRI 303(1). Details of Water Discharge (By All Facilities)

Water discharge [Disclosure 303-4]	FY 2020	FY 2021	FY 2022	FY 2023
Third-party water (total)	31,240	43,325	51,330	55,578
Total water discharge	31,240	43,325	51,330	55,578



Wastewater

At Aragen, the treatment of wastewater is given as much impetus as water conservation measures. The wastewater is treated on site and recycled at almost all our plants. In the select few where we don't treat wastewater onsite, we ensure it is sent to a Common Effluent Treatment Plant (CETP) as per the regulatory requirements. Wastewater segregation is effectively implemented in all the units which has helped us to efficiently treat the wastewater resulting from the minimum process upsets and maximum recyclability options.

Approach to Wastewater Treatment

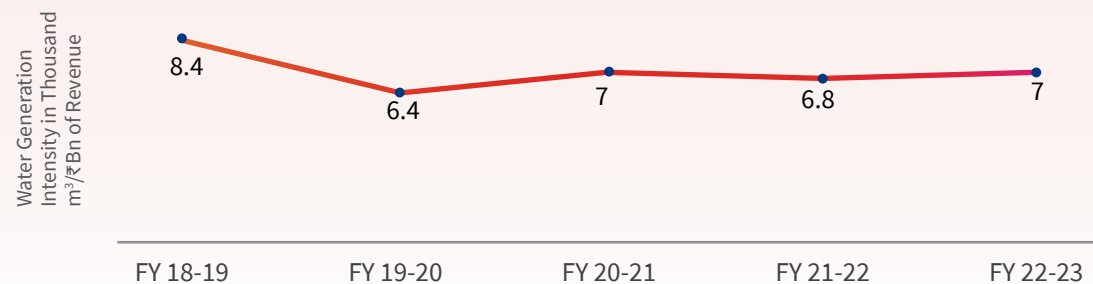
Segregation of wastewaters

Efficient treatment in ZLD – Optimization of pre-treatment, biological and RO membranes

Recycling of treated wastewater for utilities

Recycling of treated sewage for gardening

Wastewater Generation Intensity



Waste Management

Being a CDMO company, we take waste management very seriously. Our waste management practices are well-established and constantly updated. They are uniform across each plant. This helps in enhancing efficiency as well as in reducing the waste generated at our laboratories, manufacturing facilities, and offices.

Our Target:

We are committed to a ZERO Landfill by 2025.

Our performance FY 23

- **7% reduction** in process effluent discharge in FY 23 compared to FY 22
- **8.97% reduction** in waste directed to landfill in FY 23 compared to FY 21
- **38% increase** in hazardous waste diverted to recycle (co-processing) in FY 23 compared to FY 21
- **85.62% reduction** in non-hazardous waste diverted to recycle (coal ash, MS/SS/GI/Plastic scrap) in FY 23 compared to FY 22

Waste Management Approach

To achieve its target of Zero landfill, Aragen has been adopting various waste conservation, reduction and recycling measures. Waste minimization has been identified as a material topic and thus, emphasis is made at different levels to address the waste management in various processes at Aragen. Processes like increasing the recovery of Methanol, Cyclohexane, Toluene and IPA thereby reducing the solvent intake from market and reducing wastage and improving ETP for reducing disposal quantities of ETP sludge and forced evaporation salts are also implemented. With regards to reducing the overall wastage of materials, digitization of facility management checklists with monitoring and tracking of equipment data is adopted at Aragen.

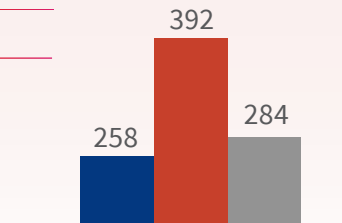
Waste Management



Hazardous Waste Intensity

Waste intensity MT/₹ Bn of revenue

■ FY 20-21 ■ FY 21-22 ■ FY 22-23



GRI 306. Waste Generation and Disposal

Waste type	Units	FY 2020			FY 2021			FY 2022			FY 2023		
		Waste Generated	Waste diverted from disposal	Waste directed to disposal	Waste Generated	Waste diverted from disposal	Waste directed to disposal	Waste Generated	Waste diverted from disposal	Waste directed to disposal	Waste Generated	Waste diverted from disposal	Waste directed to disposal
Non Hazardous waste	MT	1719.23	1711.57	7.66	1408.71	1403.84	4.87	1894.05	1880.16	13.89	1360.25	1359.55	0.7
Hazardous waste	MT	3230	2914	315	3241.15	2918	323	4703.08	4368	335	4326.89	4033	294

Waste Diverted from Disposal by Recovery Operation

Waste diverted from disposal	FY 2020			FY 2021			FY 2022			FY 2023		
	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
Non hazardous waste												
Recycle	0	287.57	287.57	0	322.84	322.84	0	78.16	78.16	0	659.27	659.27
Reused	0	1424	1424	0	1081	1081	0	1802	1802	0	700.28	700.28
Total	0	1711.57	1711.57	0	1403.84	1403.84	0	1880.16	1880.16	0	1359.55	1359.55
Hazardous waste												
Recycle	0	701	701	0	1043	1043	0	1185	1185	0	1128	1128
Reused	0	0	0	0	0	0	0	0	0	0	0	0
Recovered	0	2213.24	2213.24	0	1874.79	1874.79	0	3182.83	3182.83	0	2904.79	2904.79
Total	0	2914	2914	0	2918	2918	0	4368	4368	0	4033	4033

Waste Directed to Disposal by Disposal Operation

Waste directed to disposal (MT)	FY 2020	FY 2021	FY 2022	FY 2023
Non hazardous Waste				
Incineration (with energy recovery)	7.66	4.87	13.89	0.7
Total	7.66	4.87	13.89	0.7

Waste directed to disposal (MT)	FY 2020	FY 2021	FY 2022	FY 2023
Hazardous waste				
Incineration (with energy recovery)	64.43	75.36	39.53	132.81
Landfilling	250.85	247.53	295.51	161.24
Total	315.28	322.89	335.04	294.05

Spill Prevention

At Aragen, we have a mechanism in place to prevent spillage of chemicals based on risk identification. We also implement programmes to constantly improve handling of chemicals at our facilities to mitigate the risk of spills.

GRI 306-3. Details of Significant Spills

Significant spills	FY 2020	FY 2021	FY 2022	FY 2023
Number of spills	0	3	6	1
Volume of spill (L)	0	40	170	50

Air Emissions

At Aragen, we believe in the protection of environment and preserving air quality at our manufacturing facilities. We maintain our process technology and upgrade to limit air emission within permissible range.

FY 2023 Air Emission:

	SOx	NOx	PM
FY 2023	9.13 Kg	654.80 Kg	10.91 Kg



R&D Campus Morgan Hill, California US



Intox Campus Pune, Maharashtra

Biodiversity

Maintaining the ecological balance of the areas in and around our plants is essential for us. We have developed a biodiversity policy, and aim at protecting and promoting biodiversity around our manufacturing facilities. Aragen Biodiversity Policy is designed to integrate our commitment towards convention on biological diversity (CBD, 1992). Through the biodiversity policy, Aragen aims at assessing biodiversity risks from existing and planned activities and develop biodiversity roadmaps and mitigation measures required to mitigate the impacts. We take conscious and informed measures when it comes to operating in critical habitats and ecologically sensitive areas. Emphasis is laid on conducting awareness and training sessions for employees and suppliers towards protection and enhancement of biodiversity.

Case story

“Go Green” for a resilient tomorrow!

In our commitment towards building a greener tomorrow, we at Aragen have implemented a variety of sustainability initiatives across our sites. Our “Go Green” campaigns have been designed to encompass innovative projects aimed at encouraging awareness and action for the protection of our environment, thereby maximizing environmental impact over the long term. In line with this, we celebrated World Environment Day through the launch of our “Go Green Aragen” campaign at the Visakhapatnam site. To commemorate the importance of this day, 160 employees showed their enthusiasm by participating in our tree plantation drive – an activity through which 700 trees were planted, generating the potential to offset 14.7MT tonnes of CO₂ every year.

In celebration of World Ozone Day, a day commemorated to spread awareness

of the depletion of the ozone layer and measures necessary for its preservation, we launched our ‘EACH 1, TEACH 1 to PLANT 1’ campaign. The campaign was developed with the objective of leveraging the power of trees as one of the most impactful nature-based solutions to ozone pollution. By absorbing toxic substances and providing oxygen, tree plantations are often touted as the most effective tool for reducing ground-level ozone pollution that exacerbates climate change. Thus, in honour of this day, 200 trees were planted by employees at our Visakhapatnam site. These trees, when fully grown, will offset 4.2 tonnes of CO₂ annually after 4 years.

Collectively, our tree plantation initiatives are not only addressing the climate crisis through the ongoing sequestration of carbon dioxide but also embedding a culture of environmental responsibility across the organization through active employee engagement.

CORPORATE SOCIAL RESPONSIBILITY

Aragen's CSR vision is "To improve quality of life for all our communities through integrated and sustainable development in every possible way." Community is the bedrock of society, and by creating sustainable and integrated communities, we create an efficient and sustainable society. To do so, Aragen has identified 3 focus areas for our communities which are education, environment and healthcare. This is where we will be concentrating our community efforts.

Material topics: Our focus areas



Community engagement and development



Stakeholder engagement

Our performance highlights FY 2023

- ₹25.52 Million CSR Spent in FY 23
- Skill development center setup and run by Aragen by IICT Habsiguda, Telangana
- IDA Mallapur Park developed by Aragen, will be used by 30 neighbouring colonies for recreational purposes.

Contribution to SDGs



Working with Our Communities

As a pharmaceutical company, the well-being of people and community is a core value for us. In line with our business, we have designed our corporate social responsibility strategy. We aim to contribute to the United Nations Sustainable Development Goals of equitable access to healthcare, education, and conservation of natural resources. We are committed to working towards healthy people, a healthy society, and consequently, a healthy planet.

CSR Focus Areas

Education

Promoting education to the underprivileged children

Healthcare

Making preventive healthcare, emergency medical care, sanitization, and safe drinking water more accessible to the underserved community

Environment

Ensuring ecological balance, environmental sustainability, better use of natural resources, pollution control, and protection of flora and fauna

Board CSR and ESG Committee

We have in place an active CSR and ESG committee of the Board of Directors to guide us in our corporate social responsibility efforts. We have formulated a Corporate Social Responsibility (CSR) policy approval by the Board, indicating the thrust areas to be focused on for undertaking projects towards fulfilling its corporate social responsibility. The committee oversees implementation of the CSR efforts under each focus area, allocation of CSR funds to be spent annually, monitoring and reporting of the programs. It also reviews the CSR policy from time to time and makes necessary recommendations to the Board for any amendments thereof; it identifies CSR policy partners and programs.



Tree Plantation drives at Aragen



Park developed at Mallapur, Telangana by Aragen

Community Development Efforts

Park developed at Mallapur, Telangana by Aragen



Commitment towards environmental restoration

Developing an industrial community park at IDA Mallapur was one of the initiatives undertaken as a part of our environmental sustainability focus. This park is located opposite our Mallapur campus, spanning over an area of 4 acres. The IDA Mallapur Park aims to promote community wellness and conduct programs to educate the public on Zero Budget farming and Miyawaki techniques. Post development, this park will be home to indigenous flora and attract native fauna to the area. The industrial community workers and their families will be able to use this park for recreational purposes and the green space will also help in lowering the temperature of the areas around it. This project will directly impact the immediate residents of the area, providing around 30 neighbouring colonies to use the

park for recreational purposes. Apart from this, Aragen regularly organises tree plantation drives, both in-house as well as in the areas around our campuses, to restore natural tree cover. Few of such major drives are the park development in Begumpet, Hyderabad and Bommasandra, Bengaluru and our contribution to the Haritha Haram tree planting program by Government of Telangana.

Skill Development Centre by Kewaunee India

In order to close the skills gap and enable science graduation students to be career-ready and foster scientific temper amongst the students, Aragen Life Sciences, CSIR- Indian Institute of Chemical Technology (CSIR-IICT), and Kewaunee Labway India Pvt. Ltd., a non-profit based out of Hyderabad, signed an MOU on 20 March 2023. The collaboration aims to conduct a skill development program to train post-graduate students in advanced synthetic organic chemistry and analytical chemistry fields.

The scientific and professional entry-level competency-based training program is designed for a duration of 4 months for 120 students. Eligible students will receive a training certificate at the end of the program upon completion of a mandatory test and will immediately be eligible for a competitive job in the Contract Research Organisation (CRO) or the Pharma industry. The modules also provide for soft

skills training, enabling all-round development for the students.

Furthermore, Kewaunee has proposed to commence a skill development centre aimed to take forward this initiative, focusing on enhanced theoretical and practical knowledge of chemistry. While Kewaunee will invest in Lab Furniture and run the SDC, other peer CROs will support the supply of lab instruments. An initial investment of INR 1.16 Cr. has been laid out for this program, primarily focusing on all lab equipment, such as rotary Evaporators, Purification Systems, Magnetic Stirrers with hotplates and other lab equipment. Additionally, the training program houses labs with 20 FHs, fully equipped training rooms, separate analytical division, and other utilities for operations.

With these initiatives, Aragen hopes to hone students' life skills and improve their confidence to meet future demands of professional careers.



MoU signed between Aragen, CSIR-IICT and Kewaunee Labway

Covid-19 Relief

The team at Aragen effectively managed the COVID-19 outbreak by focusing extensively on employee health and wellbeing. We proactively conducted vaccination drives for our industrial workforce, ensured supply of oxygen concentrators, and donated a fully equipped ambulance (defibrillator, oxygen cylinder, ventilator, multi-channel monitor and humidifier) to Government of Telangana to share the public healthcare burden effectively. Aragen set aside close to INR 64 lakhs to combat COVID through such measures. In recognition of these efforts, Aragen has been awarded consecutively for 3 years in the area of COVID management - Global CSR Award from the World CSR Congress in 2022 Edition, Hero of the Year awarded by Alden Global Value advisors in 2021, and Best of Breed COVID champion award from the National HR Development Network in 2020.



*Vaccination for industrial workmen at
IDA Nacharam/Mallapur*



Ambulance to Government of Telangana

Minor Bridge Connecting Nacharam and Mallapur

In order to contribute to the larger agenda of community development and wellbeing, Aragen has proactively initiated development of a bridge connecting Nacharam and Mallapur. This project is intended to address the recurrent waterlogging during monsoon season and supports the smooth transit of commuters between Nacharam and Mallapur. Aragen has laid out an

investment to implement this construction, including laying of VRCC storm water drain, spot elevation of road and construction of the bridge. This project is expected to impact more than 130 industries in the industrial park of Nacharam, Mallapur and Charlapally, besides easing transportation woes of residents of the 30 neighbouring colonies in and around the two neighbourhoods.



*Minor bridge connecting Nacharam and
Mallapur constructed by Aragen*

WORKING AT ARAGEN

Aragen believes that our main asset is our work family and the growth of the organization is reliant on them individually as well as collectively. Being a CDMO company, the health and safety of our employees is of paramount importance to us. This is why we have a well established occupational health and safety management system. Our EHS policy lays down the fundamentals of providing a safe and healthy workplace for our employees and prevention of work-related injuries and health concerns while eliminating OHS risks.

Material topics: Our focus areas



Employee wellbeing,
health, and safety



Diversity, equity,
and inclusion



Human Capital
Management



Talent attraction
and retention



Human rights

Our performance highlights FY 2023

- **30.76** Million-Man hours completed without Lost time Incident
- **Zero** Lost Time Incident Frequency Rate (LTIFR)
- **12,451** Man hours training imparted to employees
- **20.5%** Women in the workforce
- **25.6** Average hours of training provided per employee

Contribution to SDGs



Occupational Health, and Safety and Employee Wellbeing

Aragen has always prioritised safety at work for the employees and workers. This is why we incorporate OHS as the core element in Aragen's environment, health and safety programs. A systematic and comprehensive approach ensures we have a robust environment, health and safety policy. Our policy is not only committed to provide awareness on EHS, safe and healthy working conditions but also aims at achieving environmental stewardship throughout the product lifecycle to actually reduce environmental impacts as well.

Occupational health and safety (OHS) represents not only a core element of our Environmental, Health and Safety (EHS) programs, but is also a well ingrained principle in Aragen's values. We are focused on creating a safe and healthy working environment across our API manufacturing sites, Research & Development facilities, offices, and shopfloors. Our Environment, Health Safety Policy guides us about the management's approach to safety and is supported by a robust governance mechanism, and OHS management system. Total 2 API manufacturing sites & 3 R&D labs are accredited with ISO 45001:2018.

OHS Management System

Aragen's Corporate Safety Committee comprises members from over 20 Cross Functional Teams (CFTs) and is chaired by our CEO. This committee is tasked with driving occupational health and safety performance and meets quarterly to set objectives, define the agenda, and review any safety-related incidents and inspections.

Aragen's Safety Committee serves as a platform for employees to put forward their opinions and suggestions, we believe that such a structure encourages diversity of thought, active participation and innovation. The dedicated Safety Committee is pivotal in driving focus on our OHS priorities, enabling impactful change through implementation and introducing reform on a need basis.

In addition to Safety Committee, we have formed multiple teams responsible to drive action and ensure compliance across specific EHS aspects:

- An **internal audit team** that aims to achieve the highest degree of compliance with ISO and internal standards.
- An **incident investigation team** responsible for assessing safety incidents and devising CAPAs to mitigate risk.

- A **Process Safety Team** that assesses products and stages to identify and manage hazards while maintaining positive performance of the overall safety system.
- An **Emergency Response Team (ERT)** that organizes training on basic first-aid, firefighting along with mock drills, fire drills and tabletop drills to identify and mitigate hazards as well as developing related Corrective and Preventive Actions (CAPAs).

We have additionally designed a systematic flow of communication to guide the process of reporting instances of near-misses, incidents, or accidents. Counselling and classroom training are regularly conducted to promote best practices in incident reporting. This ensures that employees are equipped to flag any safety issues enabling us to respond and act on an immediate basis.

To drive progress, we have strategically integrated safety parameters under individual Key Responsibility Areas (KRAs) and our Performance Management System (PMS). By directing employees to align their professional goals with the organization's broader objective of promoting an incident-free culture, we build accountability in the workplace that promotes year-on-year performance improvements.

Hazard Identification

We follow a process of managing all operational activities based on their safety impact. This entails the identification and subsequent categorization of all activities as either normal, abnormal, or emergency. The activities are in turn mapped with their related safety hazards, followed by the existing hierarchy of controls (HoC). Every hazard is then evaluated based on their likelihood of occurrence and potential impact, based on which it is further categorized as a Low, Moderate or High risk. This is followed by development of an action plan with requirements for the management of the risk, as well as opportunities.

Safety at the Workplace: Driving a Safety Culture

As a shared collection of values, perceptions and competencies, a culture of safety ties all employees to a common goal in a manner that drives consistent behaviour and best practices. We have therefore invested significantly in building and enhancing this culture as the very foundation of our OHS programs. Our strategy employs different modes of employee communication and engagement. By undertaking regular workshops, our leadership and senior management are responsible for building and maintaining a culture of zero compromise on safety. In addition to strategy formulation and oversight, our

leadership team plays an active and ongoing role in our OHS efforts. Our senior leadership team engages in periodic Gemba walks which covers a tour of the shopfloor with an objective to drive process improvements through observation and engagement with workers. To ensure internal compliance with all regulations and standards, we have strengthened our internal safety audit process which includes audits and inspections conducted by our internal workforce. Similarly, compliance by external parties is managed through quarterly contractor meetings and inductions for all visitors and service providers on arrival to our premises.

Safety Trainings and Awareness

The first step of inculcating a strong culture requires heightened awareness and knowledge on the importance of safety at the workplace, potential risks, hazards, and control measures. To implement this effectively, our approach begins with a 'training need' assessment to identify specific topics that require focused attention. We use a combination of internal training, external training, workshops, and shop floor demonstrations or field training. In line with this, we have designed safety training and awareness programs that have been tailored based on employees' varied nature of work.

We conduct regular toolbox talks prior to work shifts. These talks address topics relevant to the workers in

attendance, such as hazards specific to the jobsite, near misses, or recent incidents that are additionally communicated through emails and our 'Safety Incident Messages' (SIM). These informal sessions provide a platform for employees to speak up and share any questions or concerns they may have. Similarly, our 'Safety Minute' initiative entails a brief, one minute talk on safety prior to every business meeting. Supplementing the training and talks, we hold Friday learning sessions, where learnings from incidents and best practices from peer companies are discussed.



Safety training



Safety Trainings

Training Hours	FY 20-21	FY 21-22	FY 22-23
Safety-related training	6,920	15,297	18,475
Compliance-related training	6,920	23,432	16,394
Online training	13,884	12,411	10,450
Induction and other competency based training	13,731	22,404	57,913
Total hours of training provided	69,070	73,544	1,03,232
Average training hours (per employee per year)	23.6	22.09	25.6

Safety Performance

GRI 403-9. Details of Work-related Injuries (Employees)

Parameters	FY 2020	FY 2021	FY 2022	FY 2023
The number of fatalities as a result of work-related injury	0	0	0	0
The rate of fatalities as a result of work-related injury (%)	0%	0%	0%	0%
The number of recordable work-related injuries	15	11	4	8
The rate of recordable work-related injuries*	0.61	0.41	0.12	0.19
Main types of work-related injury	FAC, MTC	FAC, MTC	FAC, MTC	FAC, MTC
Number of hours worked in the reporting year	4953048	5399228	6725905	8439282

*The rate calculated as per OHSAS standard is : No. of recordable work injuries * 2,00,000/manhours worked

Parameters	FY 2020	FY 2021	FY 2022	FY 2023
The number of recordable work-related injuries	23	17	8	4
The rate of recordable work-related injuries	1.88	1.42	0.59	0.23
Main types of work-related injury*	FAC, MTC	FAC, MTC	FAC, MTC	FAC, MTC
Number of hours worked in the reporting year	24,52,019	23,99,955	27,26,664	35,11,018

GRI 403-9. Details of Work-related Injuries (Contract Employee)

Parameters	FY 2020	FY 2021	FY 2022	FY 2023
The number of fatalities as a result of work-related injury	1	0	0	0
The rate of fatalities as a result of work-related injury	0.08	0	0	0
The number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0
The rate of high-consequence work-related injuries (excluding fatalities) (%)	0%	0%	0%	0%

GRI 403-10. Details of Work-related Ill Health for all Employees

Parameters	FY 2020	FY 2021	FY 2022	FY 2023
Employees - The number of cases of recordable work-related ill health (Chemical exposure)	8	7	2	4
Contract employee - The number of cases of recordable work-related ill health (Chemical exposure)	17	6	4	1

Case story

360 Safety Training Kiosk

Our '360 Safety Training Kiosk' allows us to take a holistic approach to 'training need' assessment and knowledge-sharing. As a hardware preloaded with training material made accessible to all employees, the system schedules training on a needs-basis for workers across levels. To cover a more diverse set of relevant safety-related topics, we have also partnered with external agencies that work with us to build competencies in areas such as basic First Aid, road safety, electrical safety, incident investigation, awareness on ESG, among others.

Enhancing Employee Wellness

The physical and mental wellbeing of our employees is of utmost importance to us. We have developed various policies covering nearly every aspect essential for employee wellbeing, including a leave policy, insurance policy, compensatory offs, and flexible working policy, among others. With the help of experts, we conduct regular awareness sessions and wellness programs covering topics such as yoga, ergonomics, nutrition, and meditation, thus enabling sharing of skills, experience and knowledge while helping employees stay fit and healthy. Physicians are stationed at each campus for consultations and medical emergencies. We also provide annual health check-ups for all eligible employees. This year, we are also conducting tests such as skin tests, pulmonary function tests and audiometry in partnership with Apollo hospital. Health and wellbeing flyers are frequently distributed in the workplace for building awareness.

Training sessions on positive mental attitude, stress management, and time management are also conducted periodically. During Covid-19, a special policy was also introduced to provide financial aid to affected employees as well as 14 days of additional leave for employees that tested positive.

Aragen has also taken proactive measures to mitigate internal health concerns across areas such as noise, illumination, ergonomics, vibration, heat stress, respirator, ventilation, exposure risks, and biosafety, among others. The EHS & team has assessed these key concerns and formulated methodologies to measure the current state against comfort baselines and develop appropriate mitigation measures.

Aragen also adopted initiatives directed towards the wellbeing of women. Our women wellness program was conducted in 2022, with leading certified wellness coaches and nutritionists to promote awareness on women's health.



Case story

Celebrating Road Safety Week

Road safety has become a growing public concern. Beyond the severe repercussions on human life, the issue represents a broader threat to both social equity and sustainable development. In India, increasing urbanization and motorization have further magnified this challenge. Road crash fatalities have reached nearly 80,000 every year as of 2023, signalling the dire need for greater road safety awareness and education.

As a responsible employer, we strive to not only foster a safe work environment but rather build a culture of safety that extends beyond the workplace. Thus in recognition of the need for greater road safety awareness, we observed road safety week in January 2023. Across sites, 120 employees participated in our online road safety awareness training. Through the interactive session, participants learned about the road safety crisis, common causes of accidents, and measures to practice defensive driving, among other

core topics. To further promote employee engagement, management teams organized a wide variety of road safety awareness competitions including a poster competition, a slogan competition and an online quiz. Through enhanced awareness and capability building, our safety campaigns continue to propel us forward in our journey towards building a culture of safety within the organization.

Process Safety

At Aragen, we understand that every industry comes with its unique set of safety risks. Therefore, our approach to OHS centres around the health hazards that may be distinct to our business operations. With this, chemical process safety has been integrated into our comprehensive risk assessment strategy covering the product life cycle. Our approach entails a combination of techniques, models and technologies that aims to prevent various forms of chemical hazards in the manufacturing of intermediates and pharmaceuticals, including unintentional release of toxic substances into the environment. Our specialized process safety lab staff plays a crucial role in managing chemical safety risks associated with the active pharmaceutical ingredient (API) development process. A series of tests are periodically conducted to

identify chemically unstable reagents, intermediates, solvents, and mixtures.

Integrating Digitization and Innovation

We have adopted a safety desk tool to digitally record data on safety token and training data, Chemwatch to manage safety data sheets while performing dangerous tasks safely, and implementation of iSHIELD One for incident reporting and investigation, monitoring sustainability performance, internal audit, and task management. As automation plays an important role in hazard prevention, we have adopted Pneumatic operated hydrogenator for reducing electricity related risks. We are using Compact

Water-Fueled Hydrogen Generator (H-GENIE) to eliminate hydrogen cylinder handling and prevents incidents, Solvent purification system to eliminate sodium metal in the filtration process, thereby preventing human injuries in handling high risk sodium metal. We have also incorporated dispensing solvent through metering devices - an ergonomically safe practice that eliminates solvent spillages and reduces fire loads in the facility, all scrubber pH meters are integrated with IoT which leads to elimination of manual data monitoring and guarantees data integrity, and fumehood monitoring installed to analyse usage and safety of fumehood and lab. These initiatives strengthen our dedication to provide a safe workplace dedicated to employee well-being.



Charge decay time analyser



Powder resistivity apparatus



Minimum ignition temperature apparatus



BAM fall hammer apparatus

Process Safety Instruments

Human Capital Management

We thrive at what we do because of the people at Aragen. This implies consideration of their wellbeing and welfare, a crucial component in our people strategy. We take pride in our people first culture where we recognize their efforts in driving change and delivering results. Aragen hires people from diverse communities, races, religion, educational background and believes in teamwork, which is imbibed into the very core of our organizational values.

India based
employees
4124

Overseas
employees
81

Employees in
scientific
departments
3838

Employees in
functional
departments
367

Our Workforce

Aragen has a significant presence both in India and overseas. Our people are spread across offices in Hyderabad, Visakhapatnam, Bengaluru, Pune, and New Delhi, while overseas they are based out of US, Europe, Japan and South Korea. As of FY 23, we have a surging number of 4205 employees, which is ever growing.

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"As the Chief Human Resources Officer, I am proud to share Aragen's unwavering commitment to ESG and sustainability. I firmly believe that our employees lie at the heart of our sustainability journey and together, we embrace the responsibility of building a sustainable future. We continuously strive to build a happy, healthy, inclusive and safe workplace by prioritizing employee wellbeing and engagement; involving them in our environmental initiatives and focusing on diversity. By fostering a culture of collaboration and purpose, we aim to create a positive impact on the lives of our employees, customers, partners, and the communities we serve and collectively shape a better and more sustainable world for generations to come."



Suresh Anubolu
Chief Human Resources Officer

Learning and development- FY 23

- Total number of learning hours 103,232 hrs.
- Average employee feedback 4.6/5.0
- Average hours per employee 25.6 hrs.

Types of training

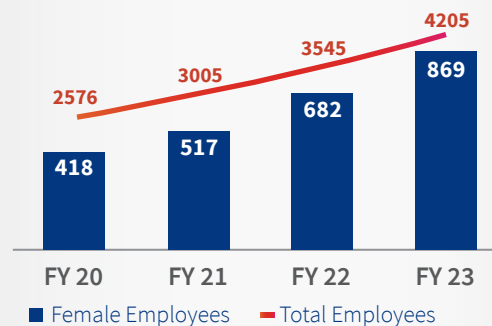
- 18475 hrs, Safety
- 16394 hrs, Compliance
- 10450 hrs, Online learning

Case story

The LEAP training program for leadership is designed to improve all aspects of leadership including self-management, change management, team leadership and project management capabilities, where we recorded an average improvement of 60% across different management skill sets. With a rating of 4.7, the program was a huge success. The participants reported improved strengths in areas of strong leadership skills and collaborative mindset, technically sound strategic thinking abilities, sense of responsibility, accountability, and loyalty to the organization.

Diversity, Equity and Inclusion

We at Aragen consider DEI to be of crucial importance to our cultural values. We encourage giving equal opportunities to women and focus on helping them throughout their professional journey. We are constantly striving to include more female workers in our employee mix. From 418 female employees in FY 20, the number has soared to 869 in FY 23, representing 20% of our employee strength.



We constantly support our female colleagues by providing them with requisite skills and learning opportunities to enhance their competencies. We have an executive development programme designed for women with the sole objective of providing them the right ecosystem, skill, and opportunities to achieve gender diversity and balance. This programme is designed to provide 360-degree feedback and support individuals after every coaching session to make learning immersive while gaining necessary exposure. During and

post their maternity leave, Aragen supports women employees through its “AWE – Accelerating women empowerment” program which has provision of a Creche facility, an external professional and quality childcare service partner, shuttle service in case assistance of a nurse is required, pre-maternity leave wishes, monthly update calls, provision of relaxation in login and logout timings, and a celebration event upon their return.

Employee Rewards and Benefits

Aragen duly recognizes individuals who have put efforts in delivering results and creating a positive impact on the organisation's growth and culture. We have created an equitable Reward and Recognition program to highlight those individuals who have helped us deliver excellence through their sustained efforts. We implement our Reward and Recognition program throughout the year across different time intervals.

Service Award

Outstanding Achiever Award

Value Award

Team Award

EvoWE: Women Executive Development Program @ Aragen

Promoting women's participation and gender equality in leadership roles at mid and senior levels, Aragen has envisaged to develop an internal pool of talent, ready to rise to the top and create an enabling environment for advancing leadership in women. We strongly believed that diverse leadership generates stronger business results and top management must commit in achieving gender diversity goal. Our focus on accelerating Women Empowerment, is central to crafting a comprehensive Executive Development program for Women Managers called “EvoWE”.

The program has 3 elements:

- Leadership development focused on developing personal capacity to pursue career and life goals,
- Mentorship by leaders through learning partnership,
- Peer support by developing open and nurturing relationships

The objective of this program was to improve Women Executive bench at Managerial Band by providing right ecosystem, requisite skills and opportunities which enables the organization to achieve gender diversity and inclusion while balancing leadership energies.

Great Place to Work

We have been certified by the great place to work institute for the 4th consecutive year as a great workplace, achieving an overall trust index score of 83. We have also been recognized amongst Top 5 India's Best Workplace in Biotechnology and Pharmaceuticals by Great Place to Work institute for the 2nd consecutive year. This once again is a validation of our integral employee value proposition ‘We Invest. We Learn. We Grow’.

GRI 2-7: Details of Employees Based on Gender

Employee Category	FY 2020			FY 2021			FY 2022			FY 2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees	2158	418	2576	2488	517	3005	2863	682	3545	3336	869	4205
Total	2158	418	2576	2488	517	3005	2863	682	3545	3336	869	4205

GRI 2-8: Details of Workers

Category	FY 2020	FY 2021	FY 2022	FY 2023
Number of 3rd party workers who are not employees	878	962	1079	1159

GRI 2-21: Annual Total Compensation Ratio

Employee Category	FY 2020	FY 2021	FY 2022	FY 2023
The annual total compensation ratio	53.27%	53.15%	55.88%	56.67%

GRI 2-21: Annual Total Compensation Ratio

S. No.	Employee Category	FY 2023
1.	Percentage increase in annual total compensation for the organization's highest-paid individual	9%
2.	Median percentage increase in annual total compensation for all of the organization's employees excluding the highest-paid individual	3%
3.	The change in the annual total compensation ratio	3%

GRI 2-7- Details of Employees Based on Region

Employee Category	FY 2020			FY 2021			FY 2022			FY 2023		
	Indian	Non-Indian	Total	Indian	Non-Indian	Total	Indian	Non-Indian	Total	Indian	Non-Indian	Total
Number of employees	2511	65	2576	2931	74	3005	3458	87	3545	4124	81	4205
Total	2511	65	2576	2931	74	3005	3458	87	3545	4124	81	4205

GRI 201-3: Defined Benefit Plan Obligations and Other Retirement Plans

Retirement plan	Type of plan	Level of participation	Applicable Jurisdiction/ Country	% salary contribution by employer	% salary contribution by employee
1. Provident Fund	Defined Contribution	Mandatory	India	3.67%	12.00%
2. Pension	Defined Benefit	Mandatory	India	8.33%	0.00%
3. Voluntary Provident Fund	Defined Contribution	Voluntary	India	0.00%	As per Act
4. Gratuity	Defined Benefit	Mandatory	India	4.81%	0.00%
5. ESI	Defined Contribution	Mandatory	India	0.75%	3.25%
6. Premium AOF low,Wko, AWF low and Differentiated premium Whk	Defined Contribution	Mandatory	Netherlands	9.66%	0.00%
7. Employer contribution for healthcare insurance	Defined Contribution	Mandatory	Netherlands	6.68%	0.00%
8. SSC Deduction	Defined Contribution	Mandatory	Italy	26.54%	9.19%
9. SSC Additional Deduction	Defined Contribution	Mandatory	Italy	0.00%	1% of (Gross - cap amt)
10. PREVINDAI	Defined Contribution	Mandatory	Italy	4.00%	4.00%
11. Solidarity contribution	Defined Contribution	Mandatory	Italy	10% of PREVINDAI	0.00%
12. TFR	Defined Contribution	Mandatory	Italy	Gr. Salary/ 13.5	0.00%
13. FASI	Defined Contribution	Mandatory	Italy	EUR 315	EUR 93.33

Case story

Women's Wellness @Aragen

Over the years, employee health and wellness have emerged as a critical focus area for companies to not only enhance productivity but also increase employee satisfaction and retention. While companies worldwide have started to offer employee wellness programs, there is a dearth of initiatives that are tailored to address women-specific needs.

Women experience unique diseases and health issues like breast cancer, ovarian cancer, gynaecological health issues and pregnancy-related issues, to name a few. However, these issues often tend to be overlooked when companies create their wellness programs. Thus, we realize that it is imperative to create an inclusive culture in the workplace, where women's specific wellness needs are addressed and realized.

At Aragen, we place emphasis on the health, safety and well-being of our employees. Several policies are in place to support the physical health and mental wellbeing of our employees and a plethora of activities are conducted every year. We recognize that women have specific healthcare needs and are taking steps to address these needs through our policies and by providing benefits that support women's health and well-being.

In FY22, we observed "Breast Cancer Awareness Month" and organised sessions on diverse topics related to women's health, conducted by experts in the relevant fields. One such session was conducted by Dr. B Radhika MBBS, MD – Consultant Obstetrician and Gynaecologist.

Protection of Human Rights and Non-discrimination

With our values, 'ETHICS,' deeply entrenched in our culture, we wholeheartedly ensure the sanctity of human rights across our value chain. Given our growing influence in global markets, we consider this one of our greatest responsibilities in all countries and regions of operation. This is reflected in our support for the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. Our annual submission of the Communication on Progress (CoP) questionnaire, through which we disclose efforts to integrate the principles into our strategy, culture and operations, reaffirms this ongoing commitment.

Moreover, through stringent onboarding processes and routine third-party assessments, we follow a zero-tolerance approach towards any form of child labour, or forced, contractual or bonded labour in our own operations as well as in that of our business partners.

To ensure compliance with applicable laws as well as our internal values, our pledge has been strategically woven into group-wide policies and processes. Our Non-discrimination Policy, Equal

opportunity Policy and Anti-harassment Policy collectively enforce our standards on maintaining a fair working environment. Through the implementation of these standards, we are proud to announce that we have reported zero discrimination and harassment cases. To further enhance the provision of a safe workplace, our grievance redressal mechanism encourages

employees to report all incidents of violation without fear of reprimand. Allegations are managed with utmost confidentiality by our company's ombudsman and an Internal Complaints Committee which is responsible for undertaking a robust process of investigation followed by corrective action.

Labour and Human Rights

Key performance indicators	FY 2021(Baseline)	FY 2022	FY 2023
% of women in the workforce	17%	19.24%	20.67%
% of women in top executive position	9%	12%	12%
% of women within the organization's board	11%	9%	12.5%
% of employees offered health care coverage	100%	100%	100%
% of employee received regular performance and career development reviews	100%	100%	100%
% of employees received training on preventing discrimination and human rights violation	100%	100%	100%
Average hours of training provided per employee (#)	24	22.1	25.6
Average adjusted gender pay gap	16%	7.1%	7.4%

GRI 401-1. Details of New Employees Hired Based on Region

Employee category	FY 2020	FY 2021	FY 2022	FY 2023
Indian (Nos.)	970	1074	1507	1763
Non-Indian(Nos.)	22	30	42	23
Total	992	1104	1549	1786

GRI 401-1. Rate of New Employees Hired Based on Region

Employee category	FY 2020	FY 2021	FY 2022	FY 2023
Indian (Nos.)	0.39	0.37	0.44	0.43
Non-Indian(Nos.)	0.34	0.41	0.48	0.28

GRI 401-1. Details of Employees Turnover Based on Region

Employee category	FY 2020	FY 2021	FY 2022	FY 2023
Indian (Nos.)	420	455	752	937
Non-Indian(Nos.)	14	17	22	19
Total	434	472	774	956

GRI 401-1. Rate of Employees Turnover Based on Region

Employee category	FY 2020	FY 2021	FY 2022	FY 2023
Indian (Nos.)	0.17	0.16	0.22	0.23
Non-Indian(Nos.)	0.22	0.23	0.25	0.23

Table 401-3. Details of Parental Leaves for Employees

Parental leave overview	FY 2022		FY 2023	
	Male	Female	Male	Female
Employees eligible for parental leave	2352	536	2769	714
Employees who requested parental leave	131	25	219	46
Employees who availed parental leave	131	25	219	46
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work*	131	24	219	NA
Employees who returned to work after completion of parental leave	131	15	219	34
Total number of employees due to return to work after taking parental leave	131	10	219	12
Return to work rate (%)	100%	60%	100%	73.9%
Total number of employees retained 12 months after returning to work following a period of parental leave	131	24	219	NA
Total number of employees returning from parental leave in the prior reporting period(s)	131	25	219	NA
Retention Rate	100%	96%	100%	NA



Talent Attraction and Retention

We encourage talent and institutionalize a workplace which thrives on creating a positive and fulfilling work environment for our employees by helping them grow through our learning and development programs. These programs are designed to support the employees in getting up to date with necessary skills, technologies, and industry knowledge throughout their career journey. Our learning and development programs are inclusive of all employees across management levels, starting from trainees to leadership. Each employee tier has a tailor made program curated for their needs.

For fresh college graduates and campus trainees, we have a “Young Achievers Program” which is a 6-month structured program designed to introduce them to the corporate environment, for our professionals we have “Aspire and Aspire Plus” program to enhance their personal and professional effectiveness and for our Director and Vice-President bands we have a “LEAP and LEAP Plus” transition program. There is a program specific for women executives at Aragen, “EvolWE”, specially designed to contribute to their development and growth journey. These mandatory and optional trainings are facilitated across the scientific and functional departments of the organisation. The Chemistry Solutions and Analytical Solutions have recorded the maximum learning hours among other business units.

GRI 405-1. Details of Diversity of Governance Bodies

No. of directors on board	FY 2020		FY 2021		FY 2022		FY 2023	
	Male	Female	Male	Female	Male	Female	Male	Female
<30 years	1	0	1	0	1	0	0	0
30-50 years	0	0	1	0	3	0	2	0
>50 years	6	1	6	1	6	1	5	1

GRI 405-2. Ratio of Basic Salary and Remuneration of Women to Men (Other than India)

Parameters	FY 2020		FY 2021		FY 2022		FY 2023	
	Men	Women	Men	Women	Men	Women	Men	Women
(Basic Salary/ remuneration)Ratio								
Junior Management	0.74		0.73		0.74		0.78	
Middle Management	0.85		0.81		0.86		0.86	
Senior Management	0.51		0.52		0.68		0.73	
Non- Management	NA		NA		NA		NA	
Contractual (Associate and Partners)	NA		NA		NA		NA	

GRI 2-30: Collective Bargaining Agreements

Employee category	FY 20	FY 21	FY 22	FY 23
Total number of employees reported under 2-7-a (Nos.)	2576	3005	3545	4205
Total employees covered by collective bargaining agreements	0	0	0	0
Percentage of employees covered by collective bargaining agreements (%)	0%	0%	0%	0%

GRI 410-1: Security Personnel Trained in Human Rights Policies or Procedures

Parameters	FY 20	FY 21	FY 22	FY 23
Security personnel that are employees of the organisation	0	0	0	0
Security personnel that are employees of third-party organizations	89	91	101	104
Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security	100%	100%	100%	100%

Awards and Recognitions

Our awards and recognitions serve as proof of our environmental and community centred strategy. It also ensures that we use the awards we win as benchmarks to better ourselves. This enables us to generate a greater positive environmental impact.

Our pursuit of excellence can be gauged at the wide range of categories that we win awards in, from being a great workplace, to being the safest, to one which is efficient and also the happiest!

“CEO of the Year Award” given by CPHI



Awarded the **Silicon India Best Companies** to work for 2022.



Amongst **India's Top 5 Best Workplaces** in Biotechnology and Pharmaceuticals by Great Place To Work, For the 2nd consecutive year.



“Great Place To Work”

certified for the 4th consecutive year



'Most Promising

Outsourcing Pharma Company 2022' at the 20th global edition of the Business Leader of the Year awards



Digital Transformation Award at the Procurement Success Summit (PSS)





“Best-in-class Supply Chain Sustainability Award”

at the 14th Express, Logistics and Supply Chain Leadership Awards



Manufacturing facility in Visakhapatnam received the **“Gold Award”** in the Industrial Best Safety Practices category at the CII Andhra Pradesh Industrial Safety Excellence Awards 2021



Manufacturing facility in Visakhapatnam was recognized for digital innovations under the **“Industrial Safety Innovation”** in the Industrial Best Safety Practices category at the CII Andhra Pradesh Industrial Safety Excellence Awards 2021



“Top Organizations with **Best Workplace Practices**” award at the Asia Pacific HRM Congress



R&D laboratory in Bengaluru received a **“Bronze Award”** for commitment to EHS practices at the CII-SR EHS Excellence Awards, 2021



R&D laboratory in Hyderabad received a **“Silver Award”** for commitment to EHS practices at the CII-SR EHS Excellence Awards, 2021

R&D laboratory in Bengaluru was awarded a **“4 Star”** rating for commitment to EHS practices at the CII-SR EHS Excellence Awards, 2020



INFHRA (The Infrastructure, Facility, Human Resource and Realty Association) Workplace Excellence Award awarded to the MLR-3 facility in Hyderabad under the category **‘Best Project – Corporate’**



“COVID-19 Hero of the Year” by Alden Global Value Advisors for commitment towards COVID-19 safety



Global CSR Excellence and Leadership Award under the category **“Most Innovative COVID-19 Response”** at the World CSR Congress



Manufacturing facility in Visakhapatnam was awarded the **“International Safety Award”** by the British Safety Council for the 4th consecutive year



ESG Dashboard FY22 & FY23

Key Performance Indicators	Unit	FY 22	FY 23
1. # of employees	Nos	3545	4205
Environment			
2. Total energy consumption (Including solar)	KWh	44476392	53584673
3. Total renewable energy consumption	KWh	8747265	6797725
4. Total Scope 1 GHG emissions	metric tons CO ₂ e	13252	9544
5. Total Scope 2 GHG emissions	metric tons CO ₂ e	28770	37600
6. Total Scope 3 GHG emissions	tons CO ₂ eq	*	86543
7. Scope 3 - Purchased goods and services	tons CO ₂ eq	*	60858
8. Scope 3 - Capital goods	tons CO ₂ eq	*	11982
9. Scope 3 - Fuel and energy related	tons CO ₂ eq	*	10462
10. Scope 3 - Upstream transportation and distribution	tons CO ₂ eq	*	390
11. Scope 3 - Waste generation in operation	tons CO ₂ eq	*	169
12. Scope 3 - Business travel	tons CO ₂ eq	*	341
13. Scope 3 - Employee commute	tons CO ₂ eq	*	1633
14. Scope 3 - Downstream transport and distribution	tons CO ₂ eq	*	708
15. Total water consumption	Kilolitres	190746	247752
16. % of sites covered under biodiversity assessment	%	0	0
17. Total weight of waste	ton	6597	5687
18. Total weight of Hazardous waste recovered (recycled/reused/co-processed)	ton	4368	4033.0
19. Total weight of hazardous waste	ton	4703	4327
20. Total weight of non hazardous waste	ton	1894	1360
21. % of employees trained on environmental issues	%	32	39
22. Environmental risk assessment conducted	%	100	100
23. ISO 14001 certified	%	100	100

* Scope 3 has been calculated in FY 23 for the first time.

Labour and Human Rights			
24. Stress-relieving active measures in place	Yes/No	Yes	Yes
25. Health and safety risk assessment conducted	Yes/No	Yes	Yes
26. Compensation for extra or atypical working hours paid	Yes/No	Yes	Yes
27. Additional days leave beyond standard vacation days granted	Yes/No	Yes	Yes

2021 is the baseline year

Key Performance Indicators

Unit

2022

2023

Labour and Human Rights

28. Human rights impact assessment conducted	Yes/No	No	Yes
29. ISO 45001 certified	Yes/No	Yes	Yes
30. % of employees represented in formal joint management-worker health and safety committees	%	100	100
31. % of employees covered by collective agreement	%	0	0
32. % of employees covered by formally-elected employee representatives	%	0	0
33. % of employee received regular performance and career development reviews	%	100	100
34. % of employees received career- or skill-related training	%	37	49
35. % of employees received training on preventing discrimination and human rights violation	%	100	100
36. Average hours of training provided per employee	#	22.1	25.6
37. Average adjusted gender pay gap	%	7.1	7.4
38. % of employees from minority groups employed in organization	%	0	0
39. % of employees from minority groups in top executive position	%	0	0
40. % of women in the workforce	%	19.2	20.5
41. % of women in top executive position	%	12	12
42. % of women within the organization's board	%	9	12.5
43. % of employees with flexible or irregular work arrangements	%	100	100
44. % of employees offered health care coverage	%	100	100
45. Total hours worked company wide	#	9452569	11950300
46. Number of days lost due to injuries	#	0	0
47. Lost time injury (LTI) events	#	0	0
48. LTI frequency rate for direct workforce	#	0	0
49. LTI severity rate for direct workforce	#	0	0

Compliance

50. % of employee trained on business ethics issues	%	100	100
51. Number of whistleblower reports received	#	0	0
52. Number of confirmed corruption incidents	#	0	0
53. Number of confirmed information security incidents	#	0	0
54. Business ethics risk assessment conducted	#	0	0
55. External audit concerning business ethics issues conducted	Yes/No	No	Yes
56. Number of business partners who have undergone the third party anti-corruption due diligence-process	#	0	10

Key Performance Indicators

Unit

2022

2023

Compliance

57. Anti-corruption management system certified	Yes/No	No	No
58. ISO 27001 certified	Yes/No	No	No
59. % of employees who have undergone IT security training	%	100	100
60. % of employee trained on whistle blowing procedure	%	100	100

Procurement

61. % of procurement spend (within India)	%	63	72
62. % of targeted suppliers that have signed the supplier code of conduct	%	100	100
63. % of suppliers with contracts that include clauses on environmental, labor, and human rights requirements	%	100	100
64. % of targeted suppliers covered by a CSR assessment	%	100	100
65. % of suppliers that have gone through a CSR on-site audit	%	0	0
66. % of buyers trained on sustainable procurement	%	100	100
67. Number of suppliers rated by EcoVadis sustainability assessment	#	0	41
68. % of spend delivery in EV/CNG vehicles	%	0	8
69. % of diverse suppliers on spend (MSME/Women Enterprises/Minority owned)	%	38	48
70. % of spend delivery in recyclable packaging	%	0	12
71. Sustainable vendors - spend basis (Top 80 % Spend)	%	37	42
72. GSCM Assessment of transacted suppliers (> 3.5 Score) on FY22 spend base	#	0	25
73. Paper quantity consumed per issue value	(Nos /Lac INR)	1.49	2.07
74. Packaging plastic accumulation in stores	Kgs	776	456
75. Reuse of chemicals value	Lacs	623	918

Assurance Statement

Assurance Statement

Introduction and Engagement

Aragen Life Sciences Limited (hereafter 'Aragen') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial information and key performance indicators (KPI) disclosed in Aragen's Sustainability Report (hereinafter 'the Report') for the period April 01, 2021 to March 31, 2022 and April 01, 2022 to March 31, 2023. The Report is based on the Global Reporting Initiative (GRI) Standards. This assurance engagement was conducted in accordance with ISAE 3000 (Revised) - "Limited Level".

Management's Responsibility

Aragen developed the Report's content by monitoring the performance data. Aragen management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in the Report (web-based and print), including website maintenance, integrity, and for ensuring its quality and accuracy in accordance with the applied criteria stated in the GRI Standards, such that it's free of intended or unintended material misstatements. Aragen will be responsible for archiving and reproducing the disclosed data for the stakeholders upon request.

Scope and Boundary

In particular, the assurance engagement included the following:

- Verification of the application of the principles as mentioned in the Global Reporting Initiative (GRI) Standards, and the quality of information presented in the ESG data over the reporting period;
- Review of the policies, initiatives, practices and performance described in the Report;
- Review of the non-financial disclosures made in the Report against the requirements of the GRI Standards;
- Verification of the reliability of the GRI Standards Disclosure on environmental and social topics by verifying sample data;
- Specified information was selected based on the materiality determination and needs to be meaningful to the intended users.

TUVI has verified the below-mentioned disclosures given in the Report as per GRI Std 2021:

Topic	Indicator	GRI Disclosure
General Disclosure	Entities included in the organization's sustainability reporting	2-2
	Governance structure and composition	2-9
	Communication of critical concerns	2-16
	Remuneration policies	2-19
	Statement on sustainable development strategy	2-22
	Mechanisms for seeking advice and raising concerns	2-26
	Membership associations	2-28
	Approach to stakeholder engagement	2-29
Procurement Practices	Proportion of spending on local suppliers	204-1
	Energy consumption within the organization	302-1
Energy	Energy intensity	302-3
	Water withdrawal, Water discharge,	303-3, 303-4
	Emissions	305-1
	Direct (Scope 1) GHG emissions	305-2
	Energy indirect (Scope 2) GHG emissions	305-2



	GHG emissions intensity	305-4
	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	305-7
Waste	Management of significant waste-related impacts	306-2
Employment	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
Occupational Health and Safety	Parental leave	401-3
	Occupational health and safety management system	403-1
	Hazard identification, risk assessment, and incident investigation	403-2
	Work-related injuries	403-9
	Work related ill health	403-10
Training and Education	Average hours of training per year per employee	404-1
	Programs for upgrading employee skills and transition assistance programs	404-2
	Percentage of employees receiving regular performance and career development reviews	404-3
Diversity and Equal Opportunity	Diversity of governance bodies and employees	405-1
Local Communities	Operations with local community engagement, impact assessments, and development programs	413-1

The reporting boundaries for the above topics includes,

- Global Headquarters and Manufacturing Unit 1, 28 A, IDA Nacharam, Hyderabad, 500 076, India.
- Manufacturing Unit 2, Plot No. 94, JN Pharma City (JNPC), Parwade (M), Visakhapatnam, 531 019, India.
- R&D Campus, Survey No. 125 & 126, IDA Mallapur, Hyderabad, 500 076, India.
- R&D Campus, Plot No. 284 Part A, Bommasandra Jigani Link Road, Jigani, Bengaluru, 562 106, India.
- INTOX Private Limited, 375, Urawade, Tal. Mulshi, Dist. Pune, Maharashtra, 412 115, India.
- R&D Campus, 380 Woodview Avenue, Morgan Hill, CA 95037, USA.

The onsite verification was conducted in July 2023 at Global Headquarters and Manufacturing Unit-1, Nacharam, Hyderabad along with the interviews with Aragen Corporate team (Hyderabad). Desk review was carried out for all other sites as reported under the sustainability report.

Limitations

TUVI did not perform any assurance procedures on the prospective information disclosed in the Report, including targets, expectations, and ambitions. Consequently, TUVI draws no conclusion from the prospective information. During the assurance process, TUVI did not come across any limitations to the agreed scope of the assurance engagement. TUVI is contracted by the Aragen and answerable to the Aragen's management only. TUVI verified the data on a sample basis; the responsibility for the authenticity of the data entirely lies with Aragen. TUVI expressly disclaims any liability or co-responsibility in the case of erroneous data reported or 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 agreed 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 Aragen's strategy, management of sustainability-related issues or the sufficiency of the Report against the GRI Standards and ISAE 3000 (Revised) other than those mentioned in the scope of the 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 Aragen. This assurance engagement assumes that the data and information provided to us by Aragen 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:



- I. TUVI examined and reviewed the documents, data, and other information made available by Aragen for non-financial KPI's (non-financial disclosures);
- II. TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of Aragen;
- III. TUVI performed sample-based reviews of the mechanisms for implementing the sustainability-related policies and data management (qualitative and qualitative);
- IV. TUVI reviewed the level of adherence to the GRI Standards.

Opportunities for Improvement

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

1. Aragen may develop a comprehensive internal online application to monitor the ESG KPI's across all the units.
2. Aragen can conduct Internal audit for all the Environmental KPIs to identify the gaps and improve the data management.
3. Periodic calibration of all water flow meters needs to be maintained for the reporting period.
4. Supplier assessment system can be calibrated with the contemporary best practices example ISO 20400.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on sustainability performance reported 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.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements. Aragen refers to general disclosure to report contextual information about Aragen, while the Management Approach is discussed to report the management approach for each material topic.

Universal Standard: Aragen followed GRI 1: Foundation 2021: Requirements and principles for using the GRI Standards; GRI 2: General Disclosures 2021: Disclosures about the reporting organization. General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices and reporting process and GRI 3: Material Topics 2021: Disclosures and guidance about the organization's material topics. GRI 3 was selected for Management's Approach on reporting information about how an organization manages a material topic.

TUVI is of the opinion that this report has been prepared in reference with the GRI Standards.

Topic Specific Standard: 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 Aragen 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 of the GRI Standards.

Independence: TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the assurance team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The assessment team was safeguarded from any type of intimidation.

Quality control: The Assurance Team complies with the Code of Ethics for Professional Accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In the context of Assurance, the following contemporary principles has been observed:



Evaluation of the adherence to other contemporary Principles

Inclusivity: Stakeholder identification and engagement is carried out by Aragen 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 Aragen range of businesses. The Report fairly brings out the aspects and topics and their respective boundaries of the diverse operations of Aragen. 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 Aragen policies and management systems, including governance. In our view, the Report meets the requirements.

Impact: Aragen communicates its ESG performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Governance and other policies.

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 years i.e., FY 2021-22 and FY 2022-23, TUVI did not work with Aragen 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 TÜV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service



=X=X=

Date: 05-08-2023
Place: Mumbai, India
Project Reference No: 8120814296
www.tuv-nord.com/in

GRI Content Index

Aragen ESG Report FY22 & FY23 has been prepared in accordance with the GRI Standards 2021

GRI Standard	Disclosure	Description	Page No. / Reference Link
GRI 102: GENERAL DISCLOSURES 2016			
GRI 102: GENERAL DISCLOSURES 2016	2-1	Organizational details	2
	2-2	Entities included in the organization's sustainability reporting	5
	2-3	Reporting period, frequency and contact point	5
	2-4	Restatements of information	-
	2-5	External assurance	80
	2-6	Activities, value chain and other business relationships	41
	2-7	Employees	69-70
	2-8	Workers who are not employees	69
	2-9	Governance structure and composition	21
	2-10	Nomination and selection of the highest governance body	21
	2-11	Chair of the highest governance body	21
	2-12	Role of the highest governance body in overseeing the management of impacts	21
	2-16	Communication of critical concerns	39
	2-17	Collective knowledge of the highest governance body	-
	2-18	Evaluation of the performance of the highest governance body	-
	2-19	Remuneration policies	-
	2-20	Process to determine remuneration	-
	2-21	Annual total compensation ratio	69
	2-22	Statement on sustainable development strategy	18-19
	2-23	Policy commitments	44
	2-24	Embedding policy commitments	21
	2-25	Processes to remediate negative impacts	29
	2-26	Mechanisms for seeking advice and raising concerns	28
	2-27	Compliance with laws and regulations	-
	2-28	Membership associations	43-44
	2-29	Approach to stakeholder engagement	22-23
	2-30	Collective bargaining agreements	73

GRI Standard	Disclosure	Description	Page No. / Reference Link
GRI 200: ECONOMIC			
GRI 201: ECONOMIC 2016	201-1	Direct economic value generated and distributed	37
	201-3	Defined benefit plan obligations and other retirement plans	70
	201-4	Financial assistance received from government	37
GRI 202: MARKET PRESENCE 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2	Proportion of senior management hired from the local community	-
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Infrastructure investments and services supported	59-60
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Proportion of spending on local suppliers	42
GRI 300: ENVIRONMENT			
GRI 301: MATERIAL 2016	301-1	Materials used by weight or volume	-
	301-2	Recycled input materials	-
GRI 302: ENERGY 2016	302-1	Energy consumption within the organization	49
	302-2	Energy consumption outside of the organization	-
	302-3	Energy intensity	-
	302-4	Reduction of energy consumption	-
GRI 303: WATER AND EFFLUENTS 2018	303-1	Interactions with water as a shared resource	-
	303-2	Management of water discharge-related impacts	-
	303-3	Water withdrawal	51
	303-4	Water discharge	51
	303-5	Water consumption	51

GRI Standard	Disclosure	Description	Page No. / Reference Link
GRI 200: ENVIRONMENT			
GRI 304: BIODIVERSITY 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
	304-2	Significant impacts of activities, products, and services on biodiversity	-
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	46-47
	305-2	Energy indirect (Scope 2) GHG emissions	46-47
	305-4	GHG emissions intensity	46-47
	305-5	Reduction of GHG emissions	47
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	55
GRI 306: EFFLUENTS AND WASTE 2016	306-1	Waste generation and significant waste-related impacts	53
	306-2	Waste by type and disposal method	54
	306-3	Details of Significant Spills	55
GRI 400: SOCIAL			
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	72
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70
	401-3	Parental leave	72
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	-
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	62
	403-2	Hazard identification, risk assessment, and incident investigation	63
	403-8	Workers covered by an occupational health and safety management system	-
	403-9	Work-related injuries	64

GRI Standard	Disclosure	Description	Page No. / Reference Link
GRI 200: SOCIAL			
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	64
	404-2	Programs for upgrading employee skills and transition assistance programs	73
	404-3	Percentage of employees receiving regular performance and career development reviews	71
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	73
	405-2	Ratio of basic salary and remuneration of women and men (other than India)	73
GRI 406: NON-DISCRIMINATION 2016	406-1	Incidents of discrimination and corrective actions taken	
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	00



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