Enterprise Risk Management (ERM) Policy

Approved by the Board of Directors on August 05, 2025

1. INTRODUCTION

Risk Management is a fundamental component of Lupin's strategic framework and is integrated holistically into the organizational operational processes across the value chain. As a leading global pharmaceutical company, our ability to identify, assess, and respond to risks and opportunities is critical to sustaining innovation, ensuring compliance, and delivering value to patients and stakeholders.

Lupin employs a comprehensive and effective Risk Management Framework founded on six fundamental pillars:

1. Ownership at the apex level - the senior leadership is responsible for risk management by offering guidance and direction throughout the process.
2. Encompasses the entire value chain - the framework ensures comprehensive risk oversight, encompassing the entire value chain and all support systems, thereby establishing risk management as a collective responsibility across the organization.
3. Integral part of organizational culture - risk management and optimization are embedded within the organizational culture, making them fundamental aspects of the company's identity.
4. Technology platforms, to aid in better planning/mitigate risk of failures – implementation of advanced technology platforms, such as those designed for supply chain management, strengthens organizational planning and facilitate effective risk mitigation by addressing operational failures and minimizing opportunity costs.
5. Metrics driven - the risk management approach incorporates quantifiable measurements into the control environment, supporting an objective, evidence-based strategy that enables a more effective management in mitigating potential threats.
6. Optimization of opportunities - the framework is designed to enhance opportunity optimization and support business operations by effectively mitigating the risk of failures, rather than constraining entrepreneurial initiative or risk tolerance.

Lupin's Enterprise Risk Management (ERM) Policy is built to proactively identify and address internal and external risks covering strategic, financial, operational, geopolitical, technological, ESG, climate change, governance, social, cyber security and information security, as well as third-party risks to ensure business continuity and drive sustainable growth.

This Policy is built to establish clear reporting mechanisms and accountability structures, systems and processes for internal control of identified risks, and ensure transparency and responsiveness across all levels of the organization.

Regulatory Alignment: Lupin's Risk Management Policy is in alignment with key regulatory mandates – under:

- Provisions of the Companies Act 2013
- Pursuant to Regulation 21 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('**Listing Regulations**'), the Company is required to formulate a Risk Management Policy, duly approved by the Board of Directors and such policy shall be reviewed by the Risk Management Committee at least once in every two years and updated accordingly.

2. SCOPE

This policy applies to all levels of the organization across Lupin Limited, including our business functions, units, sites, subsidiaries and joint ventures.

3. RISK MANAGEMENT PROCESS

The policy provides an outline to recognize risks inherent in business operations and provides guidelines for defining, measuring, reporting, controlling, and responding to those risks effectively. The process currently being implemented is as follows:

- **Alignment of Business Strategy and Enterprise Risk Management** – The Company's risk management strategy is derived from its overall business strategy. The Board of Directors / Risk Management Committee plays a pivotal role in setting the risk threshold and risk appetite aligned with business expectations.
- **Risk Identification and Prioritization** – The risks identified are evaluated and rated based on their likelihood and impact, in accordance with the risk appetite defined by senior management. To support the internal risk assessment, the Company undertakes an external double materiality exercise once every two years, where material risks are assessed for both financial and impact materiality.
- **Risk Mitigation** – Each of the identified risks and opportunities is mapped to risk owners (Senior Leadership – Lupin Presidents or Business Heads), who develop and implement mitigation plans as necessary, with support from respective functions, business owners, and subject matter experts. By integrating likelihood and impact, the severity of each risk is estimated, and risks are categorized as strategic, operational, emerging, or systemic.
- **Risk Communication** – Risk owners monitor the mitigation plans on a quarterly basis, and the progress and status of risk mitigation are communicated to the Board committee on a bi-annual basis. This process also includes appropriate sensitivity analysis and scenario planning initiatives to evaluate Lupin's readiness to respond to strategic and operational risks.
- **Risk Governance and Control** – The Risk Management Committee is responsible for overseeing the implementation of the risk management framework and the

management of material risks. The responsibilities of the 'three lines of defense' system (Functional and Locational Teams, Risk Management Cross-Functional Teams, Internal Audit) are well defined to strengthen the effective management of risks.

4. GOVERNANCE HIERARCHY

The Chief Risk Officer (Global CFO) is tasked with facilitating the integration of risk management practices across business units and global functions and regularly provides reports to the Risk Management Committee, regarding the effectiveness of risk management processes and internal controls.

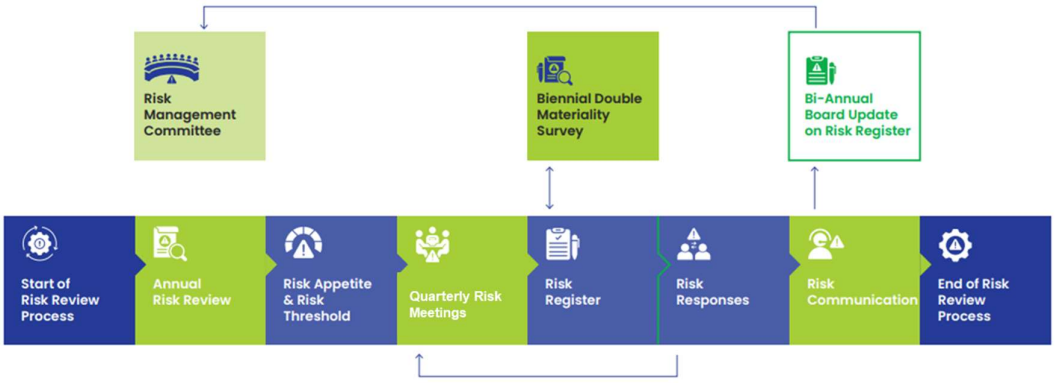
Committee / Department	Roles and Responsibilities
Board of Directors	- Provide strategic direction and guidance to the Risk Management Committee, for the implementation of the Risk Management framework, through monitoring and management of risks.

Risk Management Committee (RMC)	- To formulate a detailed Risk Management Policy including:
	  - a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the RMC;
	  - measures for risk mitigation including systems and processes for internal control of identified risks; and
	  - business continuity plan.
	- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
	- To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems.
	- To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
	- To keep the Board informed annually about the key risks as per the corporate risk register, the nature and content of its discussions, recommendations and mitigation actions to be taken.
	- To discuss and review the status and financial implications of major litigations in India and overseas.

	- To review GMP compliances by manufacturing facilities of the Company in India and overseas. - To review the status of inspections/observations by regulatory bodies and remedial measures taken. - To review the financial impact of hedging, derivatives, forward contracts, etc. entered into by the Company. - To ensure that the Company achieves prudent balance between risk and reward, including appropriate measures of benchmarking where such data is available. - To monitor and evaluate significant risk exposures of the Company including data privacy and cyber security risk. - To co-ordinate with other Committees of the Board, in instances where there is any overlap with activities of such Committees. - To seek information from any employee, seek external, legal or other professional advice and secure the attendance of outsiders with relevant expertise, if considered necessary. - To have access to any internal information necessary to fulfill responsibilities. - To review and update this Charter every two years for approval of the Board. - To perform such functions as prescribed under the Listing Regulations or any other applicable law(s) from time to time; and - To carry out such other functions as may be delegated by the Board from time to time
Risk Owners	- Presidents and respective business leaders are assigned as risk owners. - Risk and mitigation actions related to information security, cyber security, artificial intelligence, resilient digital infrastructure, and global IT operations to be assigned to the Chief Information Officer as the risk owner for the company. - Risk owners assume primary responsibility for identifying, assessing and managing risks within their area of responsibility. - To ensure establishment of resilience through Business Continuity in alignment with internationally recognized standard for Business Continuity Management Systems (BCMS). - To conduct periodic function meetings to monitor the status of implementation and the effectiveness of existing controls.

	- To implement additional measures to reduce risk exposures to an acceptable level. - To collaborate with respective business units/support functions to periodically share the mitigation action progress update, with the Risk Management Committee.

Below is the annual risk process flow for the organization:



5. REPORTING

The Risk Management Committee is scheduled to convene biannually to evaluate the execution of risk mitigation actions and address any evolving/emerging risks related to the business operations that may affect the attainment of organizational objectives.

6. APPROVAL AND POLICY REVIEW

The Risk Management Committee shall review this Policy once every two years, by considering the changing industry dynamics, and evolving complexity and ensuring it reflects evolving regulatory and geopolitical landscapes.

All policy amendments require approval of the Board of Directors based on the recommendation from the Risk Management Committee.

7. REVIEW

This Policy is framed based on the provisions of the Listing Regulations. In the event of any inconsistency between the provisions of this Policy and of the Listing Regulations or any other statutory enactments, the provisions of such Listing Regulations or statutory enactments shall prevail over this Policy. Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall mutatis mutandis apply to /prevail upon this Policy.