



ZYDUS LIFESCIENCES LIMITED

Tax Policy

1. Introduction

Zydus Group is firmly committed to maintaining the highest standards of corporate governance and recognizes its duty to fulfill tax obligations in all countries where it operates. We are transparent in the management of our tax affairs, reflecting our broader commitment to responsible business conduct and sustainability. The taxes paid by Zydus are a critical component of our economic and social impact, supporting the development of the countries in which we conduct business.

In addition to corporate income taxes, property taxes, and indirect taxes such as customs duties, Value Added Tax (VAT), and Goods and Services Tax (GST), Zydus also collects significant amounts of tax on behalf of governments across the supply chain, including payroll taxes from employees. The Board of Directors ensures that tax strategy is integrated into the decision-making process for all significant business and investment decisions.

Zydus Group's approach to tax risk management is underpinned by the following principles:

- **Compliance with Statutory Requirements**

Zydus ensures full compliance with all statutory tax obligations, including the accurate filing of tax returns and timely payment of taxes across all jurisdictions. Compliance with both local and international tax regulations is a core component of our governance practices. In completing the Group's tax compliance requirements, we aim to apply diligent professional care and judgement, including ensuring all decisions are taken at an appropriate level and supported by documentation that evidences the judgements involved.

- **Compliance with financial and tax reporting norms**

We are committed to ensuring compliance with all relevant financial, legal and tax reporting requirements everywhere we operate. In doing so, we observe and adhere to the tax laws, the underlying tax policy intent and the disclosure and reporting requirements in each jurisdiction.

- **Transfer Pricing and Regulatory Compliance**

Zydus rigorously evaluates the tax implications of transfer pricing and other tax regulations in connection with major business decisions. This ensures both regulatory compliance and the alignment of tax practices with broader business objectives.

- **Optimizing Tax Incentives**

Zydus strategically utilizes government-approved tax incentives and reliefs, which are incidental to its primary business objectives, to manage tax affairs efficiently, always ensuring adherence to applicable laws and policies. This allows the Group to optimize tax efficiencies in a responsible and compliant manner.

- **Tax Risk Awareness**

Zydus fosters an organizational culture where tax risk is actively managed. Employees at all levels are made aware of tax considerations as part of their

roles, ensuring that tax risk is embedded into the broader risk management framework.

- **Collaborative Approach with Tax Authorities**

Zydus engages in constructive and transparent dialogue with tax authorities, adopting a collaborative compliance approach to ensure clear communication, mutual trust and the resolution of tax matters in a timely and efficient manner.

2. Definitions:

- **Tax Compliance:** Adherence to applicable tax laws, ensuring accurate and timely filing of tax returns and payments.
- **Low-Tax Jurisdictions:** Countries with low tax rates or limited reporting obligations, often referred to as "tax havens."
- **Commercial Substance:** Ensuring that tax-related transactions have legitimate business purposes beyond tax savings.
- **Transfer Pricing:** Pricing of transactions between related entities based on the arm's length principle.
- **Secrecy Jurisdictions:** Jurisdictions with laws that obscure financial information, used to avoid tax obligations.

3. Applicability

This policy applies to all Zydus entities, including subsidiaries, joint ventures, and affiliates worldwide. All employees, senior management, and directors are required to adhere to these principles.

4. Policy Commitments

4.1 Compliance with Tax Laws

Zydus is fully committed to meeting its obligations under all applicable tax laws and regulations in the jurisdictions in which we operate. This includes ensuring that all tax filings, declarations, and payments are made accurately, transparently, and on time. We work to ensure that our tax practices are not only legally compliant but also adhere to the ethical standards expected by governments and stakeholders. Tax laws are continually monitored and reviewed to guarantee ongoing compliance and any changes in legislation are promptly incorporated into our practices.

4.2 No Use of Low-Tax Jurisdictions

Zydus does not engage in the artificial transfer of profits to low-tax jurisdictions solely for the purpose of reducing tax liabilities. We ensure that profits are recognized and taxed in the countries where the underlying economic activities occur and where value is created. Our business operations are aligned with this commitment to responsible tax behavior and we avoid transactions or structures that serve no commercial purpose other than tax avoidance. By maintaining full transparency with tax authorities, Zydus upholds its integrity in ensuring fair tax contributions in every country of operation.

4.3 Commercial Substance in Tax Arrangements

Zydus is dedicated to structuring its tax arrangements in a manner that reflects genuine commercial activity. All the transactions and arrangements are grounded in business operations with a clear economic purpose, and we strictly avoid any tax structures designed purely for tax minimization without a legitimate business rationale. This ensures that our arrangements support the sustainable growth of our operations. Any arrangements entered into are reviewed to ensure they reflect the true commercial substance of the transaction and are fully compliant with local laws and international best practices.

4.4 Transfer Pricing

Zydus adheres strictly to the OECD Transfer Pricing Guidelines, with all intercompany transactions following the arm's length principle. This means that the prices set between related parties are equivalent to those that would be agreed upon by independent entities in the open market. Profits are allocated to the territories based on the ownership of business risks and performance of economic activities, ensuring they reflect the value created in those jurisdictions.

To ensure compliance with international guidelines, Zydus conducts a comprehensive economic and functional analysis for each related-party transaction. This includes a detailed assessment of the functions performed, the assets used, and the risks assumed by each entity involved in the transaction. The result is a fair and accurate representation of how profits should be distributed across different jurisdictions.

Zydus actively documents and supports its transfer pricing positions with reports and analysis that are in line with local tax requirements, ensuring transparency with tax authorities and minimizing the risk of disputes or adjustments.

4.5 No Use of Secrecy Jurisdictions

Zydus is firmly opposed to the use of secrecy jurisdictions or tax havens for tax avoidance purposes. We are committed to conducting all business activities transparently, ensuring that tax liabilities are properly reported in the countries where we operate. Zydus does not engage in practices that exploit jurisdictions with weak transparency or reporting standards to shelter profits from legitimate taxation. Instead, we support international efforts to improve tax transparency and align with global standards to combat tax avoidance and harmful tax practices. Through this commitment, Zydus ensures that all taxes due are paid in a fair and transparent manner, contributing to the development of the economies in which we operate.

4.6 Tax organization

Our tax organization consists of experienced professionals who are responsible for staying abreast of applicable tax laws and ensuring that we adhere to these laws in the countries in which we have a presence. We have internal/ external training programs for employees in tax, finance, and other disciplines to ensure that they have the skills, technical expertise and knowledge to effectively and accurately fulfil their tax responsibilities and perform to the best of their abilities. Additionally, these programs create overall awareness of the importance of tax governance, risk management and compliance throughout the company. We also engage experts around the world, as necessary, to assist

in our compliance and interpretation of tax laws in the countries in which we operate.

4.7 Defined roles and escalation policy

The roles and responsibilities for the tax function have been defined within the Group. The Group has an experienced in-house central tax team in India, responsible for managing the wider tax affairs. In the international territories, this is supported by local tax expertise embedded within the Group. Material transactions of local group entities, including significant or recurring new transactions, business structures or operations with other Group affiliates or unrelated parties are brought to the attention of the central tax team for determining tax positions, exposures or actions regarding material, non-routine tax matters. Where there is higher level of uncertainty over the tax treatment of a particular transaction or there is a potentially material impact being perceived, external consultation/ advice is obtained. Matters indicating significant tax exposures are reviewed and closely monitored by the Group senior management including the CFO.

5. Governance and Oversight

The Zydus Board of Directors, alongside senior management, is responsible for implementing and overseeing this tax policy. Periodic reviews are conducted to ensure compliance with evolving global tax regulations and any tax risks are managed as part of Zydus' broader risk management framework. Tax risk areas are subject to independent evaluation by auditors/ consultants and risk committees who periodically review and highlight material risks, if any. Necessary steps are taken towards mitigation of such risks.