

ARTIFICIAL INTELLIGENCE POLICY

1.Introduction

Granules India Ltd. (Group) is committed to upholding the highest standards of corporate governance, fostering ethical practices, transparency, and accountability across all levels of our organization. We recognize our responsibility to build trust with stakeholders and ensure that our operations reflect integrity, fairness, and sound decision-making. This governance policy aligns with Granules' values of "Guiding with Integrity to Build Trust and Foster Sustainable Growth" and provides a framework for ethical leadership, compliance, and responsible management, guiding our actions toward long-term, sustainable success.

Artificial Intelligence (AI) is revolutionizing industries across the globe, and the pharmaceutical sector stands at the forefront of this transformation. AI offers opportunities to accelerate drug discovery, optimize manufacturing, improve clinical trial design, enhance pharmacovigilance, and strengthen patient care. However, its potential is accompanied by ethical, legal, and operational risks that demand responsible governance.

This **Artificial Intelligence (AI) Policy** has been developed to guide the responsible design, deployment, and monitoring of AI systems within Granules India Ltd. It seeks to:

- Establish a clear framework for the ethical and secure use of AI.
- Safeguard data privacy and ensure cybersecurity.
- Prevent bias and discrimination in AI-driven processes.
- Promote transparency and accountability in decision-making.
- Support the company's Environmental, Social, and Governance (ESG) objectives.
- Align with Indian regulations and global best practices.

This policy reflects our commitment to innovation with responsibility and underscores our role as a trusted healthcare partner.

2.Scope

This policy applies to all locations associated with Granules India Limited including manufacturing facilities, offices, subsidiaries, and supply chain activities

3.Guiding Principles for Responsible AI

The following principles serve as the foundation of our AI approach:

- **Ethical Use of AI:** AI shall always be used to serve human welfare, align with our corporate values, and comply with applicable laws and regulations.
- **Transparency & Accountability:** AI-driven processes should be explainable, traceable, and auditable. Decision-making must be clearly attributable to responsible individuals.
- **Fairness & Bias Avoidance:** AI models must be trained on diverse datasets, tested for bias, and continuously monitored to ensure equitable outcomes.
- **Respect for Human Rights:** Our AI systems will uphold patient rights, data protection rights, labor rights, and community well-being.
- **Sustainability & ESG Contribution:** AI will be harnessed to support environmental efficiency, enhance social impact, and reinforce governance excellence.

4. Our Commitments

4.1 Data Privacy & Protection

- AI systems must comply with the **Digital Personal Data Protection Act, 2023 (India)**, as well as international standards such as GDPR and HIPAA where applicable.
- Personal data will only be collected with informed consent and used for legitimate, clearly defined purposes.
- Sensitive health data will be anonymized or pseudonymized wherever possible.
- Data retention will follow lawful timeframes and secure disposal mechanisms.
- Data access will be restricted to authorized personnel with strict authentication controls.

4.2 Cybersecurity in AI System

- All AI models, platforms, and data repositories will be secured through multi-factor authentication, firewalls, intrusion detection, and regular monitoring.
- Systems will undergo regular penetration testing and vulnerability assessments.
- AI systems will be evaluated for resilience against adversarial attacks, model poisoning, and unauthorized manipulation.
- Cyber incidents related to AI will be reported in accordance with the company's Cybersecurity Incident Response Plan.

4.3 Bias Prevention & Inclusivity

- AI models will be trained on diverse, representative, and high-quality datasets.
- Bias audits will be conducted before deploying AI solutions in patient-facing or compliance-critical areas.
- Identified biases will be corrected through retraining, recalibration, or human intervention.
- AI development teams will receive training in inclusive design and ethical algorithm development.

4.4 Transparency & AI-Generated Content

- Any AI-generated content, reports, analyses, or communications; must be clearly labeled as such.
- Patients, regulators, and stakeholders will be informed when interacting with AI-driven systems (e.g., chatbots, automated assistants).
- For high-stakes applications such as clinical trial data analysis or regulatory filings, AI-generated results will always be reviewed and validated by qualified human professionals.

4.5 Governance & Accountability

- This policy has been endorsed by the Board of Directors and Executive Management.
- The Chief Information Technology & Digital Officer will serve as the policy owner.
- A cross-functional Ethics Committee will oversee compliance, risk assessment, and grievance handling.
- All employees are accountable for adhering to this policy, and violations will be subject to disciplinary action.

4.6 AI for ESG Performance

AI will be used strategically to improve ESG outcomes:

4.6.1 Environmental Applications

- **Energy Optimization:** AI systems to monitor and reduce energy consumption in manufacturing facilities.
- **Water & Waste Management:** Predictive analytics to reduce water usage and minimize pharmaceutical waste.
- **Green Supply Chains:** AI-driven logistics optimization to reduce carbon emissions..

4.6.2 Social Applications

- **Patient Safety:** AI-based pharmacovigilance to detect adverse drug events faster.
- **Accessibility:** Tools to ensure affordable drug availability in underserved regions.
- **Employee Development:** AI-driven workforce training platforms for upskilling and reskilling.

4.6.3 Governance Applications

- **Regulatory Compliance:** Automated monitoring of compliance with CDSCO, FDA, and EMA guidelines, Digital Personal Data Protection Act, 2023 (India).
- **Fraud Detection:** AI tools to detect irregularities in procurement, clinical trials, and distribution.
- **Transparency:** AI-enabled ESG data management for improved reporting accuracy.

5. Integration with Existing Policies

This AI Policy complements and integrates with:

- Data Privacy Policy
- Cybersecurity Policy
- Human Rights Policy
- Code of Ethics and Business Conduct
- Sustainability Policy
- Risk Management Framework

6. Monitoring, Measurement & Reporting

Performance Indicators:

- Energy savings (kWh reduced through AI optimization).
- Water conservation metrics (liters saved).
- Compliance metrics (reduction in regulatory violations).
- Patient safety outcomes (speed of adverse event detection).

Reporting

- Annual ESG & Sustainability Reports.
- Internal dashboards for executive oversight.
- Periodic Board-level updates.

Audits

- Annual independent audits of AI systems for compliance, bias, and cybersecurity.

7. Training & Awareness

- All employees will undergo mandatory training on AI ethics, data privacy, and cybersecurity.
- Specialized training will be provided to R&D, clinical, and IT staff working directly with AI tools.
- Awareness campaigns will highlight responsible use of AI in day-to-day functions.

8. Review & Continuous Improvement

- Alignment with evolving regulations and industry standards.
- Incorporation of new technologies and best practices.
- Stakeholder feedback from employees, patients, and regulators.
- Benchmarking with NITI Aayog's Responsible AI Framework, OECD AI Principles, and WHO AI ethics guidelines for health.