

Bayer Zydus Pharma
Private Limited

Corporate Social
Responsibility Policy

Title and Applicability

- I. Bayer Zydus Pharma Private Limited (hereby referred to as “The Company”) Corporate Social Responsibility (CSR) Policy has been developed in accordance with section 135 of the Companies Act 2013 (referred to as the Companies Act in this policy) on CSR and in accordance with the CSR rules (here by referred to as the Rules in this policy) notified by the Ministry of Corporate Affairs, GOI on 27th February 2014 and became effective on 1st April, 2014.
- II. The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the Act.

Vision

Improving quality of life by:

- Fostering Rural Development by promoting health and hygiene, education, skills development, livelihoods and environment protection in select villages.
- Fostering Education with a focus on urban and semi-urban locations in and around our areas of operations.

Objectives of the Company CSR

- I. We see ourselves as a responsible corporate citizen and Sustainable Development forms an integral part of all the work we do.
- II. We are committed to developing socially relevant innovative solutions.
- III. We are committed to improving quality of life of populations in rural India by promoting worthy causes in the areas of education, health, environment and livelihoods.
- IV. We are committed to promoting education in and around our areas of operations as a long-term investment in society’s future viability.
- V. We are committed to the concept of LIFE - which stands for Leadership, Integrity, Flexibility and Efficiency.
- VI. We are committed to balancing economic growth with ecological and social responsibility.

Validity of CSR policy

- I. The Company CSR Policy has been approved by the Board on December 02, 2015.
- II. The CSR policy may be amended as required by the Board.

Maintenance of CSR policy

- I. The CSR policy will be maintained by the CSR Committee constituted by the Board. Further the CSR policy will be reviewed by the Board annually.

CSR Budget

- I. The Board of Directors of the Company shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years.

“Net profit” means the net profit as per the financial statement of the company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise, and
 - (ii) Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.
- II. As per section 135 of the Companies Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done in the Annual Report and signed off by the Board of Directors.
 - III. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company
 - IV. The Company may collaborate or pool resources with other companies and its group companies) to undertake CSR activities, through Bayer Prayas, or any other non-profit organization, if required.

Thematic Focus Areas

The Company will focus primarily on the following thematic areas:

- **Fostering Rural Development** through the promotion of education, skills and / vocational training, health and hygiene, livelihoods and any activities that can help us achieve the overall objective.
- **Fostering Education** in urban and semi urban areas.

How will the Company address this?

I. Fostering Rural development

The Company will identify initiatives based on the needs assessment of the target location. The focus of our programmes will be to improve indicators related to health & hygiene, education, livelihood and environment in rural areas.

Health & hygiene:

The areas of intervention under health & hygiene will include preventive healthcare, awareness & support for maintaining personal hygiene, promoting an understanding and required preparation for achieving balanced nutritional diet and support for curative healthcare. This will also include a holistic initiative to help get rid of addictions.

Livelihood:

The company will design a well-planned initiative to provide vocational and skill development training, support in identifying and adoption of new income generation/ livelihood opportunities, support with the adoption of new technologies to improve agricultural and non-agricultural income, create value-addition opportunities for local commodities and products. The Company will also work towards creating access to markets for local commodities, products and skills.

Education:

The Company will work closely with the Government education system to improve enrollment in local schools, reduce number of out-of-school children, improve the educational delivery process, reduce the drop-out rates, provide financial & material support to underprivileged children as well as young adults to enhance their capacity to access and continue education and support with the improvement of education infrastructure in targeted villages. In addition, the programmes will aim to provide coaching to academically weak children to help them cope with the rigor of mainstream academic schooling.

Environment:

Promote practices that would help conserve natural resources, energy and reduce wastage.

II. Fostering Education in urban and Semi-urban areas:

The Company will run initiatives in governmental and private schools in and around our offices and manufacturing sites to make the educational delivery interesting and productive. We will aim to enhance capacity of advances science literacy among students through hands-on, inquiry-based science learning.

Implementation

The Company CSR programmes will be identified, implemented and if need be, modified as per the Board approved CSR policy. This CSR Policy builds on the learning and good practices of the ongoing CSR activities initiated by the Company in 2014. To ensure the programmes are in compliance with the Act and Rules, a stocktaking of existing activities has been completed. The scale of the programmes will be revised or new programmes devised to meet the spending requirements as per the new Act. The Company will enhance its monitoring and evaluation mechanism that will ensure every programme has:

- I.** Clearly defined objectives (developed out of existing societal needs determined through baselines/studies/research), targets and time lines.
- II.** a robust progress monitoring system
- III.** Undertake impact assessments as per the evaluation plan developed by the Company.
- IV.** a reporting framework and system aligned with the requirements of the Act

Location:

Rural Development Programmes: The Company will implement its rural development programme in select villages in the states of Andhra Pradesh, Karnataka, Maharashtra, Rajasthan, Tamil Nadu and Gujarat, Chhattisgarh and Odisha.

Education Programme will be implemented in urban, semi-urban locations around the company's offices and manufacturing facilities.

Target population:

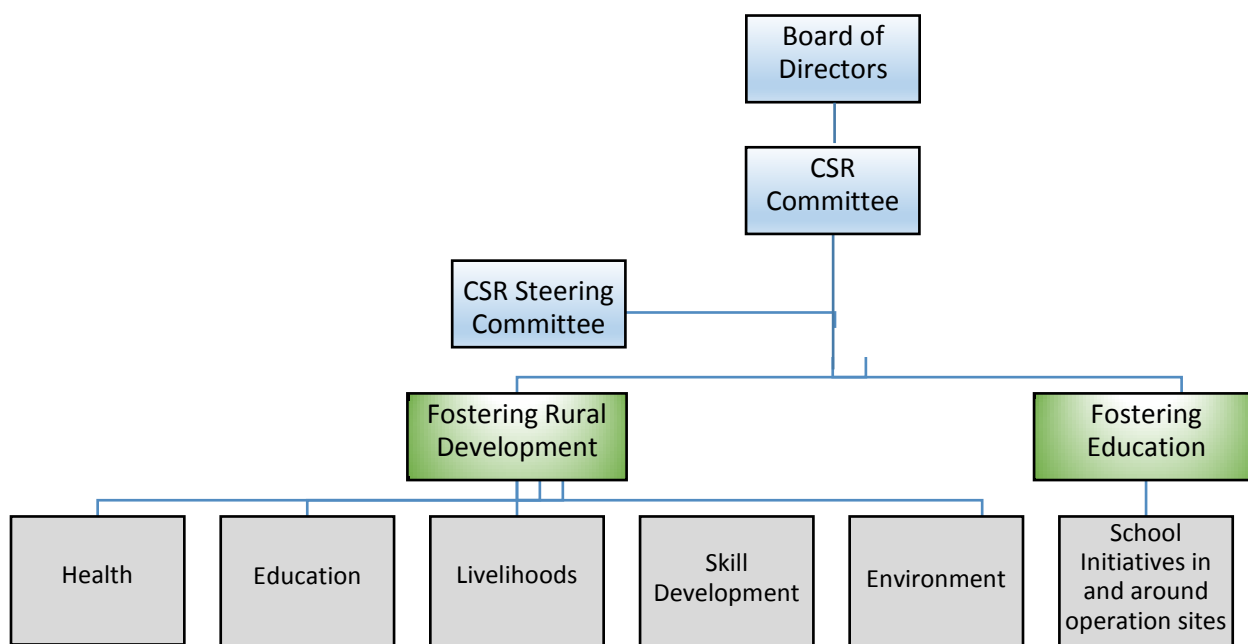
The Company's rural development programme will target all the members of the community in the selected villages with a special emphasis on underprivileged segment.

For the programme related to fostering education, the company will target mainly the governmental schools and schools located in under-privileged areas as well as deserving schools in urban and semi-urban areas.

Implementation approach/ Partnership:

The overall approach for execution of the programmes will be undertaken either directly through the CSR Steering Committee, by various project teams in the company supported by the CSR Steering Committee or through developing partnerships and sharing expertise with like-minded organizations.

The Company CSR Governance Structure



Roles and Responsibilities

Board:

The Board of Director will be responsible for:

- I. constituting the CSR committee through a Board resolution with the defined composition and tenure.
- II. approve the CSR policy as formulated by the CSR Committee through a Board resolution
- III. ensure that every financial year funds committed by the Company for CSR activities are utilized effectively and will monitor implementation regularly.
- IV. disclose in its Annual Report names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company website.
- V. ensure annual reporting of CSR policy to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.

CSR Committee:

- I. **Composition of the CSR committee:** will consist of three directors or such number of directors as may be prescribed from time to time.
- II. **Responsibility of the CSR committee:**
 - **Identify CSR team for implementation of CSR programmes and Projects**
 - formulate the CSR policy and identify activities to be undertaken as per Schedule VII of the Companies Act 2013.
 - recommend the CSR expenditure to be incurred.
 - report back to the Board of Directors for approval of the CSR policy
 - regularly monitor the implementation of the CSR policy
 - change/modify the CSR policy as per requirement.
 - To form a CSR Steering Committee

CSR Steering Committee* will be responsible for:

- I. **Composition of the Team** will consist of the following :
 1. CSR responsible manager
 2. Business Units Representative
 3. Representative of site services department
 4. Representative from tax department
 5. Representative from Law Patents & Compliance team

The above mentioned personnel/ Committee members may or not may be the employees of the Company, They may include employees of affiliated companies,

II. Responsibility of the CSR Steering Committee:

A. CSR Responsible Manager

- central coordinating point for the delivery of CSR activities.

* The CSR steering Committee is constituted at the group level.

- interface with various organisation units to ensure effective implementation of CSR programmes.

B. Responsibility of the Committee

- responsible to report to the CSR Committee on programme implementation updates.
 - plan annual budgets for CSR activities based on audits (programmatic and financial).
 - Assess the proposals for new CSR initiatives/ Programmes and facilitate review by the Law Patents and Compliance Team to ensure alignment with the Companies Law.
 - Allocate resources for implementation of programmes.
 - Training and capacity building of the implementation teams.
 - identify and manage partners to implement programmes as required.
- any other activities that may be required may be required by the CSR Committee to effectively deliver the CSR programmes

The Company Monitoring and Reporting Framework

In compliance with the Act and to ensure whether funds spent on CSR programmes are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework is being put in place. The monitoring and reporting mechanism is divided into three distinct areas:

- I.** Programme Monitoring:
- II.** Evaluation:
- III.** Documentation and reporting:

Programme Monitoring

- Programme monitoring mechanism will ensure:
- The CSR policy is implemented as per the Act and the Rules.
- The CSR policy is implemented ensuring that all projects/programmes as budgeted are duly carried out.
- A separate budget will be earmarked for set up and implementation of the monitoring system. The cost incurred (will be/Can be) billed to the CSR spend of the Company.
- CSR spends will be audited in an accountable and transparent manner.

Evaluation

- A robust Company mechanism for evaluation will be put in place
- The purpose of the evaluation will be clearly identified with the objective to understand the difference between the achieved outcome and the expected outcome and the reasons behind the difference and corrective steps and any identify any good practices. There shall be clarity about the scope of the programme and the need before evaluations are undertaken.
- CSR Steering Committee will be authorized to decide whether it will be internal, external or third party evaluation.

Documentation and Reporting

- As per compliance of the Act and in preparation of the annual CSR report, The CSR Committee will ensure the following:
 - CSR projects and programmes will be properly documented.
 - An MIS is maintained on spending across sectors geographies and beneficiaries impacted. The MIS structure will be in alignment with the prescribed reporting format
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