



# Draft CSR Policy

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Sun Pharmaceutical Industries Limited

August 12, 2014

## Index

1. CSR vision and mission statement .....	3
1.1. CSR vision .....	3
1.2. CSR mission .....	3
2. CSR policy objectives.....	3
3. Stakeholder Engagement.....	3
4. Process .....	4
4.1 CSR Philosophy .....	4
4.2 Governance Structure .....	4
4.2. 1. Board of Directors .....	5
4.2. 2. CSR Committee .....	6
4.2. 3. Corporate CSR Task Force .....	6
4.2. 4. CSR Department and / or Corporate Foundation .....	6
4.2. 5. Local Unit CSR Teams .....	7
4.2. 6. Social Organisation as Partners.....	7
4.3. Principal causes supported by CSR activities and Proposed Programs .....	7
5. Monitoring plan .....	11
5.1. Targets to be achieved .....	11
5.2. Monitoring Process .....	11
5.3. Impact assessment.....	11
6. Communication and reporting.....	12
7. Surplus arising out of CSR projects .....	12
8. Exclusions.....	12
9. Conclusion.....	12

This policy, which encompasses the company's philosophy towards corporate social responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large, is titled as the 'CSR Policy for Sun Pharmaceutical Industries Limited'.

## **1. CSR vision and mission statement**

### **1.1. CSR vision**

"We will strive to bring about the holistic development of underserved communities in a sustainable and impactful manner."

### **1.2. CSR mission**

"We will leverage our people, expertise and networks to address the needs of the communities that we serve and thereby catalyze overall development."

## **2. CSR policy objectives**

Drawing from the CSR vision and mission statement of Sun Pharmaceutical Industries Limited the CSR policy has been formulated with the following objectives:

- **Serving the community:** Giving back to the community and addressing their needs is a key priority for the company. The company believes that the progress of the local community should go hand-in-hand with the growth of the company. The company therefore intends to concentrate on the communities immediately around its areas of operation and support their upliftment.
- **Focus on quality:** The Company believes in delivering high quality support to meet the needs of the community.
- **Ensuring sustainability:** The company wishes to introduce interventions in the communities that address critical needs and can become sustainable over a period of time.
- **Leveraging resources:** Leveraging the company's internal resources such as research, marketing, financial, human resources and products to maximise impact in social initiatives.

## **3. Stakeholder Engagement**

The Company will impact and engage the following set of stakeholders in their CSR activities. These stakeholders will participate in the CSR initiatives as beneficiaries, participants and/or decision makers.

The following table lists the stakeholders engaged and their roles / functions:

Stakeholder		Role / function of the stakeholder
Internal	Employees	Employees can volunteer for, champion causes and implement the company's CSR initiatives.
	Management	The management will set the vision for all the CSR initiatives. They will ensure compliance and adherence, encourage innovation and oversee the implementation of the CSR activities.
	Shareholders	No active involvement.
External	Community	The community will be the beneficiaries of CSR activities at the initial stage, but, they will be expected to become the owners and drivers of these initiatives over a period of time.
	Doctors	Sun Pharma's network of doctors and hospitals will be encouraged to participate in the CSR initiatives by contributing their time and expertise and encouraging positive healthcare practices amongst patients and the masses.
	Government	Sun Pharma will collaborate with local and national government agencies to implement the programs and could also provide support to existing government schemes within the causes that the company aims to support.
	NGOs and social enterprises	NGOs and social enterprises could help Sun Pharma with conducting community needs assessment studies, feasibility studies, implementing the CSR initiatives as well as providing monitoring and impact evaluation support.

## 4. Process

The salient features of the CSR policy comprises of:

- CSR philosophy of the company
- Governance structure
- Causes that the company plans to support over a period of time
- Specific CSR programs and strategic initiatives

### 4.1 CSR Philosophy

The company intends to undertake its corporate social responsibility in a strategic manner. The company will leverage its financial and human resources, networks and expertise to create maximum impact for its stakeholders.

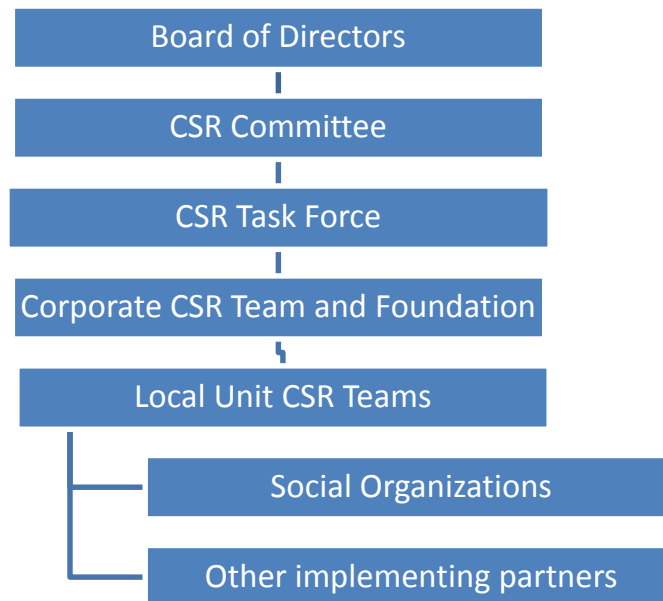
### 4.2 Governance Structure

This sub - section describes the governance structure that the Company will adopt to implement its CSR activities in line with the Companies Act.

For Sun Pharmaceutical Industries Limited, the Governance Structure includes the following –

- Board of Directors
- CSR Committee
- Corporate Foundation (if the company wants to set up a new foundation)
- CSR Task Force
- Local Unit CSR Teams
- Social organizations (SOs)

The governance structure and the team members are given below:



Each of the above constituents has a specific role to play with clearly defined roles and responsibilities. These are as under:

#### **4.2. 1. Board of Directors**

The Board of Directors will be responsible for the following:

- Approve this policy, causes that the company proposes to support, programs to be undertaken by the company, modalities of operation and the budget for the activities.
- Ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act
- Ensure that the activities included in Corporate Social Responsibility Policy of the company are undertaken by the company
- Ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of this policy
- The Board's Report issued under clause (o) of sub-section (3) of section 134 shall include an annual report on CSR containing particulars specified in Annexure to the CSR Rules.
- If the company fails to spend such amount, specify the reasons for not spending the amount in its annual report mentioned above.

#### **4.2. 2. CSR Committee**

The CSR Advisory Committee will consist of:

1. Mr. Dilip Shanghvi, Managing Director
2. Mr. Sudhir Valia, Whole-time Director
3. Ms. Rekha Sethi, Independent Director

The CSR Committee will be responsible for the following:

- Formulating a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII and recommending the same to the Board for approval.
- Recommending the amount of expenditure to be incurred on the activities referred above.
- Monitoring the Corporate Social Responsibility Policy of the company on a regular basis, ensuring that it is updated for any change or enhancement in scope and the same is recommended to the board for approval.
- Defining the modalities and monitoring the progress of the activities being undertaken under the policy.

#### **4.2. 3. Corporate CSR Task Force**

The CSR Committee will appoint a CSR Corporate Task Force which will:

- Be the first point of contact for the operating CSR teams for advice and guidance.
- Provide guidelines and framework for the rest of the organisation to work within.
- Recommend programs, modality of operation and monitoring mechanism.
- Ensure availability of adequate resources.
- Support the CSR committee to ensure full compliance of the regulation.

#### **4.2. 4. CSR Department and / or Corporate Foundation**

All the CSR activities of the company will be overseen by the CSR Department. The company may also choose to implement some or all of its CSR activities through a Corporate Foundation that it may set up. The Corporate Foundation could be registered as a Section 8 company, a Trust or a Society. The company may also implement some initiatives through external partners or may even implement certain interventions directly through its own local team.

The role of the CSR Department / Corporate Foundation will include:

- Helping conceptualize the programs that Sun Pharmaceutical Industries Limited intends to support.
- Executing the programs through its employees or in collaboration with other partners such as NGOs, the government, and community based organizations, sector experts and any other partners as are deemed necessary.
- Collecting and analyzing data for monitoring and reporting of all programs.
- Providing capacity building support to the program team and implementation partners.
- Providing periodic reports to the CSR Task Force and CSR Committee.

#### **4.2. 5. Local Unit CSR Teams**

Every location of the company may have its own CSR team comprising of either dedicated resources or employees fulfilling this role along with their other responsibilities. The responsibility of each such local team will include -

- Collecting requests from the community for CSR programs.
- Verifying the authenticity of these requests.
- Sending proposals to the CSR Department or the Corporate Foundation and other partners for approvals.
- Helping all relevant partners to get requisite permissions from the community and the government to implement the CSR activities.
- Engaging the employees in the CSR initiatives.
- Monitoring the progress and submitting periodic reports to the corporate office

#### **4.2. 6. Social Organisation as Partners**

The company may implement some or all of its CSR programs through social organisations with at least three years of track record. The company may support such organisations in their existing programs or may co-develop new programs with them. Social organizations will help the company in the following ways:

- Assisting the CSR Department, Corporate Foundation and Local CSR teams in conceptualizing and implementing their CSR programs.
- Providing capacity building support to all the partners.
- Providing periodic reports and updates to the company / Foundation.
- Collecting and analyzing data for monitoring and reporting of all programs
- Monitoring the progress made by the program partners.
- Tracking, measuring and communicating the impact that the programs have created to relevant stakeholders.

#### **4.3. Principal causes supported by CSR activities and Proposed Programs**

This sub – section contains the potential causes the company may take up as a part of its CSR activities. The table also contains the programs that the company is wishes to undertake alongwith the expected objectives of each program.

The company will conduct a pilot for each of the selected programs, identify issues, if any and address them before scaling up to the desired level. All the programs will be implemented by the company in collaboration with program management consultants and vendors for providing products/services.

Sector	Cause	Issue addressed	Proposed Program	Expected Outcomes
Healthcare	Ophthalmology	Lack of treatment seeking behaviour despite high prevalence of eye diseases across the country	School and community eye care program	<ul style="list-style-type: none"> <li>Increased treatment seeking behaviour</li> <li>Better visual health outcomes</li> </ul>
	Oncology	Lack of awareness especially regarding non-medical information, lack of screening	Cancer helpline	<ul style="list-style-type: none"> <li>Increased access to credible information that is not easily available</li> <li>Increased access to referrals of counselling services</li> </ul>
			Clinical breast examination and breast self examination	<ul style="list-style-type: none"> <li>Increased chances of survival due to early detection</li> <li>Increased awareness on breast cancer</li> </ul>
	Neurology: Epilepsy	Lack of diagnosis and social stigma attached to epileptic patients	Epilepsy	<ul style="list-style-type: none"> <li>Increased awareness regarding Epilepsy</li> <li>Better mental health outcomes</li> </ul>
	Psychiatry: mental health	Lack of diagnosis, lack of care giving facilities for patients	Mental health support for children in institutions	<ul style="list-style-type: none"> <li>Better mental health outcomes</li> <li>Increased support to care-givers</li> </ul>
	Primary Health Care Services	Poor infrastructure and healthcare services at PHCs	Strengthening PHC outreach and services	<ul style="list-style-type: none"> <li>Better health outcomes</li> <li>Better healthcare delivery</li> <li>Increased number of institutional deliveries</li> </ul>
	School health services	Poor infrastructure and healthcare services at schools	School health services	Decrease in absentee rate and school dropout rates
	Hygiene and sanitation	High prevalence of open defecation, poor infrastructure to address sanitation issues at the community level	Construction of household toilets and community toilets	<ul style="list-style-type: none"> <li>Decrease in prevalence of open defecation</li> <li>Better health outcomes</li> <li>Increased awareness regarding sanitation issues</li> </ul>
	De-addiction	High prevalence of addiction: substance and / or alcohol abuse	De-addiction	<ul style="list-style-type: none"> <li>Better health outcomes</li> <li>Decrease in unemployment level</li> </ul>



				among youth
	Vector-borne disease	Lack of treatment, timely diagnosis and awareness in the areas of high incidence of malaria	Malaria Eradication Programme	<ul style="list-style-type: none"> <li>Increased awareness regarding vector-borne disease issues.</li> <li>Treatment and examination support for project communities</li> </ul>
Environment	Waste management	Poor waste recycling system and disposal		
	Plantation and Afforestation	Lack of awareness towards environment conservation	Road-side plantation, Green Belt development and Orchard Development	<ul style="list-style-type: none"> <li>Environment Conservation</li> <li>Better greenery in the area</li> <li>Socio-economic development</li> </ul>
Education	School transformation and remedial education	Lack of technology-based learning solutions Poor facilities for slow learners at schools Poor quality of education in government schools Poor enrolment rates	Anganwadi and school transformation	<ul style="list-style-type: none"> <li>Better infrastructure in schools and Anganwadis</li> <li>Holistic development of beneficiaries</li> </ul>
			Remedial education	<ul style="list-style-type: none"> <li>Enhanced support to underperforming students</li> <li>Better performance among students</li> </ul>
Water	Rainwater harvesting, Integrated water management system, provision of water filters	Poor quality of water Poor access to source water and clean drinking water Poor water availability	School based water dispenser	<ul style="list-style-type: none"> <li>Increased availability and accessibility of clean drinking water</li> <li>Decreased water-related health issues</li> </ul>
			Rainwater harvesting (public buildings level and household level)	<ul style="list-style-type: none"> <li>Increased availability of water</li> <li>Increased awareness regarding water conservation methods</li> <li>household water storage methods</li> </ul>
			Integrated water management	<ul style="list-style-type: none"> <li>Increased availability and accessibility to clean drinking water</li> <li>Better health outcomes for the community as a whole</li> </ul>

			Provision of water purifiers (household level)	<ul style="list-style-type: none"> <li>Increased accessibility to clean drinking water</li> <li>Increased awareness regarding water conservation and household water storage methods</li> </ul>
Livelihood	Vocational training to youth, women and children	Lack of facilities for vocational training, high prevalence of youth unemployment	Vocational training to the youth, school students and for women	<ul style="list-style-type: none"> <li>Increased employment rates, enhanced incomes for the community</li> <li>Empowerment of the youth and its positive impact on development of the community</li> <li>Empowerment of school students</li> <li>Empower women to attain self-sufficiency financially</li> </ul>
Disaster Support	Natural calamities like earthquake, landslide, flood situations	Lack of medical treatment, Lack of support towards immediate relief, Lack of important commodities, Lack of drinking water.	Provision of medical –aid including medicines, important commodities, drinking water, relief support items.	<ul style="list-style-type: none"> <li>Relief and support towards community</li> </ul>
Rural Development	Rural Infrastructure Support	Lack of proper and inadequate infrastructure in rural areas	All types of need-based Infrastructural development and upgradation in rural areas	<ul style="list-style-type: none"> <li>Better socio-economic condition</li> <li>Better Rural Infrastructure</li> </ul>
Sports	Training for Sports Promotion	Lack of training for sports	Supporting the cause of training for sports development as per Schedule VII	<ul style="list-style-type: none"> <li>Sports development</li> </ul>

Most of the CSR activities of the company aim to improve the lives of the local community and the company will continue to be responsive to the needs expressed by the community, either explicitly or otherwise. To cater to local, short term and unforeseen needs the company will empower the local CSR team to decide suitable programs. However the local team has to ensure that the programs comply with the following conditions:

- The program has to support the cause, focus areas and address issues listed in clause 4.3, which should always be focused and prioritized, but any other CSR project or programme could also be taken-up on community need-based basis as per items listed under Schedule VII of CSR Rules.
- The cost of each program and such cumulative spend in the financial year cannot exceed pre-determined limits.
- The beneficiaries have to be among the stakeholders mentioned in clause 4.
- The program should not have any conflict with any other CSR program run by the company nor should it duplicate the benefit received by the beneficiaries.

## **5. Monitoring plan**

The monitoring plan for Sun Pharma's CSR programs will include the following:

### **5.1. Targets to be achieved**

The company will decide certain targets to be achieved for impact generation, which will also be in line with the broader company mission and vision.

### **5.2. Monitoring Process**

For each of the programs, the standard monitoring and evaluation framework would be developed. The CSR team would submit monthly performance reports in the format and manner that has been agreed at the beginning of the project execution.

The CSR team will review the reports and engage with the implementing agency, if required to ensure that the programs are on track. The CSR team will submit a quarterly report to the CSR Task Force which in turn will submit it to the CSR Advisory Committee. The report will cover –

- Progress of each program vis-à-vis the timelines, plan and budget
- Beneficiaries covered
- Performance of the external partners
- Problems encountered and solutions if implemented
- Estimated amount that will be spent till the end of the year.

The CSR Advisory Committee will review the progress at least once in 3 months and provide the Board with a report on the CSR initiatives. The Committee will also review the CSR policy and ensure that it is current and relevant. Changes, if any, will be placed before the Board of Directors for approval.

### **5.3. Impact assessment**

The company will ensure that baseline statistics are collected before each program is rolled out and data is collected on an ongoing basis to track impact. The detailed project plan of each program will

also include measuring specific metrics and its comparison with the baseline metrics. All such impact analysis will be reported to the board of directors.

## **6. Communication and reporting**

The company will ensure that it communicates program details and social impact created for the upliftment of the community. CSR program details would be communicated in the public domain through the annual report in the reporting format as mandated by Section 135 of the Companies Act, 2013.

## **7. Surplus arising out of CSR projects**

The programs that the company intends to implement will not give rise to any surplus. However, in case a surplus is earned, then such surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

## **8. Exclusions**

The CSR activities of the company will not include the activities undertaken in pursuance of normal course of business of a company. Any contribution directly or indirectly to any political party or any religious groups will not be considered as CSR activity.

## **9. Conclusion**

Sun Pharmaceutical Industries Limited is committed to ensuring the implementation of the proposed CSR programs in order to bring meaningful and sustainable development of underserved communities. The company will leave no stone unturned in ensuring that it contributes to the society, which is an integral stakeholder for it.