

# **HETERO HEALTHCARE LIMITED**

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

### **1. Objective**

The objectives of this policy are to –

- Demonstrate commitment to the common good through responsible business practices and good governance
- Actively support the state's development agenda to ensure sustainable change and attain development of the nearby society.
- Set high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models
- Engender a sense of empathy and equity among employees of HETERO HEALTHCARE LIMITED to motivate them to give back to the society

### **2. Need for a CSR Policy**

Section 135 & Schedule–VII of the Companies Act, 2013, which is related to CSR activities has been published in the Gazette of India (Ref. No. 27 dt. 30.08.2013). It has been notified on 27.02.2014 by Ministry of Corporate Affairs, to be made effective from 01.04.2014. In view of the above this policy on CSR is prepared.

### **3. CSR Vision**

The Company shall carry its normal business in a manner that is beneficial to society & environment also in addition to propagation of business.

For HETERO HEALTHCARE LIMITED, Corporate Social Responsibility (CSR) means responsible business practices through the involvement of all stakeholders in the decision making process and in operations. It entails having business policies that are ethical, equitable, environmentally conscious, gender sensitive, and sensitive towards the differently abled. In the process, HETERO HEALTHCARE LIMITED commits itself to creating a more equitable and inclusive society by supporting processes that lead to sustainable transformation and social integration.

### **4. Commitment & Involvement of Management & Employees**

The philosophy & spirit of CSR is to be spread across the organization through sensitization & awareness programme for cross-section of employees. The programme would be arranged by HRD Section. The HRD Section shall maintain records of evidence in the form of documents, reports, photographs etc. in respect of internalizing socially responsible policies in the organization. Further, a CSR cell will be constituted by the Committee to co-ordinate the CSR activities.

## **5. Areas of operation**

HETERO HEALTHCARE LIMITED is a fully integrated Pharma Company manufacturing and Marketing of finished dosages. The Company is marketing its branded products in the market throughout India. Therefore, the Company will do preference to all the areas in India for spending the amount earmarked for CSR activities.

## **6. Board Responsibility**

The Board of HETERO HEALTHCARE LIMITED will be responsible for:

- approving the CSR policy as formulated by the CSR Committee
- ensuring that in each financial year the Company spends at least 2% of the average net profit before taxation excluding profits arising from overseas branches made during the three immediate preceding financial years.
- ensuring on regular monitoring that the funds committed by the Company for CSR activities are utilized effectively every financial year
- ensuring timely implementation of the activities
- disclosing the content of the CSR policy, the names of CSR Committee members in the Annual Report of the company
- ensuring that the CSR activities are posted regularly on the Company's website.
- ensuring timely fulfillment of legal obligations of the company in reporting of CSR policy to the Ministry of Corporate Affairs, Government of India, as per the prescribed format as framed from year to year.

As contemplated under Section 135 companies act 2013 the reasons for under spending of the allocated CSR budget shall be specified in the Board's Report.

The surplus arising out of the CSR activities, if any, will not be considered as a part of the business profits of the company.

## **7. CSR Committee**

The CSR committee of HETERO HEALTHCARE LIMITED will consist of three or more directors of which, at least one will be an independent director. The CSR committee will be responsible for:

- formulating the CSR policy in compliance to Section 135 of the Companies Act 2013
- identifying activities to be undertaken as per Schedule VII of the Companies Act 2013 .
- recommending to Board the expenditure to be incurred on CSR activities.
- recommending to Board, modifications to the CSR policy as and when required.
- regularly monitoring the implementation of the CSR policy
- approving the budgetary allocation funds to various units/groups monitoring the CSR activities.

## 8. CSR Projects/Activities

The thrust of CSR shall be in the following areas, with special attention to the development of weaker/marginalized/under privileged sections of the society including SC/ST/OBC/Minorities, women and children, BPL families, old and aged, physically challenged etc.

- a) To employ sustainable methods and assist social welfare groups so as to contribute to the eradication of extreme hunger, poverty and malnutrition, promoting sanitation and making available safe drinking water.
- b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
  - i) Women empowerment/ Livelihood generation center (Stitching & Embroidery training centers for women)
  - ii) Skill development/vocational training
  - iii) Education to under privileged Children
  - iv) Sponsoring infrastructure for schools
  - v) Special research and training to farmers
- c) Environment Protection
  - i) Afforestation/Social Forestry
  - ii) Rain water harvesting system
- d) Upliftment of the Marginalized and Underprivileged Sections of the Society
  - i) Education (Free literacy programme at various centers in slum/backward areas)
  - ii) Aiding Institutions of Differently Abled/Disabled/ Handicapped persons
- e) Community Healthcare
  - i) General /specialized Health camps
  - ii) Specialized Medical treatment for reducing child mortality and improving maternal health.
  - iii) Health Awareness camps (HIV/AIDS, General Health etc.)
- f) Rural Development Projects like adoption of villages and make them as model villages and undertaking complete development

- g) Slum Area Development through participating and sponsoring for Swach Bharat Schemes
- h) Such other activities as may be permitted under the laws.

The CSR activities shall be as per Schedule-VII (notified on 27.02.2014 by Ministry of Corporate Affairs) as part of the Companies Act, 2013 and HETERO HEALTHCARE LIMITED's CSR activities are arranged according to Schedule-VII.

#### **9. Selection & Need Assessment of CSR Projects/ Activities**

All the requests/applications from Villagers/Gram Sabha's/Panchayat/ Ward Members /NGOs / Trusts/ Societies/Beneficiaries etc. shall be scrutinized and screened by CSR Cell and then their need assessment would be arranged.

The need assessment/baseline survey shall be carried out through in-house expertise and resources.

However, in case of specialized CSR projects/activities for which in-house capacity is not available, the baseline survey/need assessment shall be carried out by specialized agencies.

In any case, the Company shall maintain the documentary evidence of having got the need assessment study done through its own expertise and resources, or through some specialized agencies, or having accessed reliable data in this regard from recognized authoritative secondary sources.

#### **10. Approval of CSR Projects/Activities**

All the CSR projects/activities shall be approved by CSR Committee of the Board and ratified by Board of Directors.

#### **11. Allocation of funds**

HETERO HEALTHCARE LIMITED shall spend in each financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years. The total budgetary allocation shall be approved by the Board of Directors

Any unspent/unutilized CSR fund of a particular year, shall be carried forward to the following year, i.e. the CSR budget will be non-lapsable in nature. However, the reason for not being able to spend shall be disclosed.

#### **12. Institutional arrangement**

The implementation and monitoring of the CSR activities shall be overseen by the CSR Committee of the Board. The day-to-day implementation shall be under the overall supervision of a senior level executive, one rank below the Board Level, who shall act as the Nodal Officer.

The Nodal Officer along with the CSR Coordination Cell and a team of officials/employees drawn from different sections covering all levels (called the Executive Committee) shall coordinate & implement the CSR activities.

The above group of officials/employees within the organization who shall execute the CSR activities shall be approved by the CSR Committee.

The CSR Committee and the Nodal Officer's team of officers/ employees together will constitute the two-tier organizational structure to steer the CSR agenda of the company. If required, the consultation/help of State Government/District administration may be taken wherever necessary.

### **13. Planning, implementation & monitoring**

The CSR policy is implemented as per the Act and the Rules. The CSR policy will be implemented ensuring that all projects/ programmes as budgeted are duly carried out. CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans. This may include monthly field visits, comprehensive documentation, and regular interaction with beneficiary communities. Further, CSR spends will be audited in an accountable and transparent manner.

In order to fulfill the objectives, the various CSR activities shall be assigned to different groups, each headed by a Convener along with supporting members. It shall also be ensured to include few local representatives as link-man/coordinator in the sub-committee. For, projects in villages, persons/representatives from Villages/Gram Sabha's/ Ward members shall also be engaged. This will help in achieving the target as well as participation of the local representatives in formulating the various activities to obtain maximum benefit by community.

Activities shall, as far as possible, be implemented in a project mode. For easy implementation, long-term CSR projects shall be broken down into medium-term and short-term plans. Each plan shall specify the CSR activities planned to be undertaken for each year. Accordingly, the budget shall be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.

Projects especially the construction/civil activities and other projects which require specialized knowledge and skills shall be executed by the external specialized agencies. Specialized agencies may include Government departments, semigovernment, or non-government organizations (NGOs), autonomous organizations, professional consultancy organizations, registered Trusts/ Missions, community based organizations, self-help groups, not-for-profit organizations, local bodies such as Panchayat Raj institutions, academic institutes, etc. Engagement of external specialized agencies/NGOs shall be normally from the available panels of such agencies maintained by the Government Ministries/Departments, Planning Commission, autonomous organizations, or the National/Regional CSR Hub or as per the Standard purchase procedure/entering into a MoU.

Further, close co-ordination shall also be done with Central/State/Local Governments/NGO's to synergize the activities with their developmental programmes.

All the CSR activities shall be monitored regularly by Chairman, CSR Committee and In-Charge, CSR Cell. Review discussions shall be held amongst the CSR Cell employees/committee members and suggestions

for further improvements shall be discussed in details. Feedback shall be regularly obtained from local area representative/link-man/coordinator about benefits of various activities and/or their suggestions. The convener of the committee shall also work in close liaison with them and ensure that benefits of all the activities reaches to the total cross section of the community.

#### **14. Reporting**

The Nodal Officer shall regularly submit reports regarding the progress in implementation of CSR activities and utilization of annual budget to the CSR Committee. The CSR Committee will in turn, periodically submit the reports to the Board of Directors for their information, consideration and necessary directions.

The periodicity of submission of reports shall be on quarterly basis for review by the CSR committee and reviewed by the Board. Additionally, with effect from FY 2015–16, an Annual Report on CSR activities shall be included in the Board's Report as per the provisions of the Companies Act, 2013.

#### **15. Documentation**

The CSR Committee will prepare the annual CSR report to be filed by the Company on approval of the Board. This report will ensure:

- CSR projects and programmes are being properly documented.
- An MIS is maintained on expenditure across sectors and geographies and beneficiaries impacted. The MIS structure will be in alignment with the prescribed reporting format.
- Accountability is fixed at each level of CSR process and implementation.
- A repository of case studies and good practices is being maintained.

#### **16. Contingency**

Certain projects/activities which are not approved by CSR Committee but are required to be implemented on an urgent basis in unforeseen circumstances relating to Natural calamity, can be taken up for implementation after approval from Managing Director and/or Vice Chairman. The CSR Committee and Board of Directors would be appraised about such projects/activities during their next meeting.

#### **17. General**

a) The CSR Policy shall be recommended by the CSR Committee to The Board of Directors for its approval.

b) The Company reserves the right to modify, cancel, add, or amend any of the above rules/guidelines, with the approval of CSR Committee & ratification of Board of Directors.

c) Any or all provisions of the CSR policy shall be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government of India, from time to time.

d) In case of doubt with regard to any of the provision of the policy and also in respect of matters not covered herein, the interpretation & decision of the CSR Committee shall be final.

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