



CSR Policy

Sun Pharma Advanced Research Company
Limited

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Index

1. CSR vision and mission statement.....	2
2. CSR Policy Objectives	2
3. Applicability.....	3
4. Stakeholder Engagement.....	3
5. Process	4
5.1 CSR Philosophy.....	4
5.2 Governance Structure	4
5.2. 1. Board of Directors.....	5
5.2. 2. CSR Committee	6
5.2. 3. Corporate CSR Task Force.....	6
5.2. 4. CSR Department and / or Corporate Foundation	6
5.2. 5. Local Unit CSR Teams.....	7
5.2. 6. Social Organisation as Partners.....	7
5.3. Principal causes supported by CSR activities and Proposed Programs	8
6. Monitoring plan	12
6.1. Targets to be achieved.....	12
6.2. Monitoring Process	12
6.3. Impact assessment.....	13
7. Communication and reporting	13
8. Surplus arising out of CSR projects.....	13
9. Exclusions	13
10. Conclusion	13

Corporate Social Responsibility Policy

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 'Corporate Social Responsibility (CSR) Policy for Sun Pharma Advanced Research Company Limited (SPARC)'.

1. CSR vision and mission statement

Vision

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

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 SPARC (the Company) 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, financial, human resources and products to maximise impact in social initiatives.

3. Applicability

This policy has been formulated in consonance with section 135 of Companies Act 2013 on CSR and the CSR Rules as notified by the Ministry of Corporate Affairs in 2014.

The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the Companies Act, 2013 (the Act). This policy shall be applicable to SPARC.

4. 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. While the CSR initiatives of the Company will focus on engaging its stakeholders, some of the programs may also include beneficiaries other than the stakeholders listed below.

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, may become active participants in some of the initiatives over a period of time.
	Doctors and Patients SPARC'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. Patients are the end consumers and important stakeholders for the Company. CSR initiatives may be directed towards the benefit of this group
	Government SPARC could 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 SPARC could seek help from NGOs and social enterprises with conducting community needs assessment studies, feasibility studies, implementing the CSR initiatives as well as providing monitoring and impact evaluation support.

5. 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

5.1 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.*

5.2 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, 2013 and the relevant rules and regulations.

In addition, the Board of the Company may decide to undertake its approved CSR activities through an eligible Registered Trust or a Society or an Associate Company established under section 8 of the Act by the company either singly or alongwith its associate company or alongwith any other company or holding or subsidiary or associate company of such other company, or otherwise, provided that if such Trust, Society or Company is not established by the company, either singly or alongwith its associate company, or alongwith any other company or holding or subsidiary or associate company of such other company, it shall have an established track record of three years in undertaking similar programs or projects;

SPARC may also collaborate with other Companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective Companies are in a position to report separately on such projects or programs in accordance with these rules.

For SPARC, the Governance Structure may include the following –

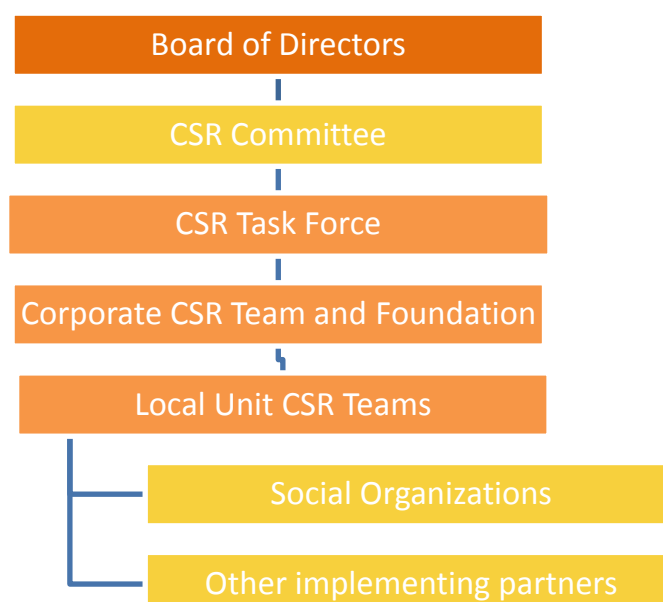
(a) Mandatory Structure

- Board of Directors
- CSR Committee

(b) Need based (Optional) Structure

- 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:

Mandatory Structure:

5.2. 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 the 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 to the extent and in the manner considered appropriate
- Try to ensure that the Company, to the extent possible, 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.
- If the Company fails to spend such amount, specify the reasons for not spending the required amount mentioned above in its annual report.

- The Board's Report issued under clause (o) of sub-section (3) of section 134 shall include the details on CSR containing particulars specified in the above referred section of the Act and Annexure to the CSR Rules.

5.2. 2. CSR Committee

The CSR Committee will initially consist of:

1. Mr. Dilip Shanghvi, Chairman & Managing Director
2. Mr. Sudhir Valia, Whole-time Director
3. Mr. S. Mohanchand Dadha, Independent Director
4. Ms. Bhavna Doshi, 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.

The constitution of the CSR Committee may be changed from time to time by the Board.

Need Based (Optional) Structure

5.2. 3. Corporate CSR Task Force (if formed):

The CSR Committee will decide the composition of the CSR Corporate Task Force depending upon the expectations from that group. The CSR Task Force will work directly under the CSR Committee and support it to ensure full compliance of the regulations. The CSR Task Force will play the following role -

- 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 operations and monitoring mechanism.
- Ensure availability of adequate resources.

5.2. 4. CSR Department and / or Corporate Foundation (if formed):

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 or through any appropriate Corporate Foundation. 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 SPARC 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, any appropriate Corporate Foundation and any other partners as are deemed necessary.
- Collecting and analysing 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.

5.2. 5. Local Unit CSR Teams (if required)

The Company may appoint location-specific CSR teams 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 CSR Task Force.

5.2. 6. Social Organisation as Partners

The Company may implement some or all of its CSR programs through social organisations or the Corporate Foundations with at least three years of track record. The company may support such organisations or the Corporate Foundations in their existing programs or may co-develop new programs with them. Social organizations or the Corporate Foundations 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 analysing 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.

5.3. 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 wishes to undertake along with the expected objectives of each program.

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



S. No.	Sector	Cause	Issue addressed	Proposed Program	Expected Outcomes
1	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"> Increased treatment seeking behaviour Better visual health outcomes
		Oncology	Lack of awareness especially regarding non-medical information, lack of screening	Cancer helpline	<ul style="list-style-type: none"> Increased access to credible information that is not easily available Increased access to referrals of counselling services
				Clinical breast examination and breast self-examination	<ul style="list-style-type: none"> Increased chances of survival due to early detection Increased awareness on breast cancer
		Neurology: Epilepsy	Lack of diagnosis and social stigma attached to epileptic patients	Epilepsy	<ul style="list-style-type: none"> Increased awareness regarding Epilepsy Better mental health outcomes
		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"> Better mental health outcomes Increased support to care-givers
		Primary Health Care Services	Poor infrastructure and healthcare services at PHCs	Strengthening PHC outreach and services	<ul style="list-style-type: none"> Better health outcomes Better healthcare delivery Increased number of institutional deliveries
		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"> Decrease in prevalence of open defecation Better health outcomes Increased awareness regarding sanitation issues

S. No.	Sector	Cause	Issue addressed	Proposed Program	Expected Outcomes
		De-addiction	High prevalence of addiction: substance and / or alcohol abuse	De-addiction	<ul style="list-style-type: none"> ▪ Better health outcomes ▪ Decrease in unemployment level among youth
2	Environment	Waste management	Poor waste recycling system and disposal		
3	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 Remedial education	<ul style="list-style-type: none"> ▪ Better infrastructure in schools and Anganwadis ▪ Holistic development of beneficiaries ▪ Enhanced support to underperforming students ▪ Better performance among students
4	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 Rainwater harvesting (public buildings level and household level) Integrated water management Provision of water purifiers (household level)	<ul style="list-style-type: none"> ▪ Increased availability and accessibility of clean drinking water ▪ Decreased water-related health issues ▪ Increased availability of water ▪ Increased awareness regarding water conservation methods ▪ Increased awareness regarding household water storage methods ▪ Increased availability and accessibility to clean drinking water ▪ Better health outcomes for the community as a whole ▪ Increased accessibility to clean drinking water ▪ Increased awareness regarding water conservation and household water storage methods

S. No.	Sector	Cause	Issue addressed	Proposed Program	Expected Outcomes
5	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"> ▪ Increased employment rates, enhanced incomes for the community ▪ Empowerment of the youth and its positive impact on development of the community ▪ Empowerment of school students ▪ Empower women to attain self-sufficiency financially
6	Others	Any cause covered under Schedule VII of the Companies Act, 2013	Any issue that has not been visualised above but is considered important and urgent for immediate attention including disaster relief	Will depend on the specific program	<ul style="list-style-type: none"> ▪ Will depend on the specific program

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 support this responsiveness, the Company may need to undertake programs or projects not covered under clause 5.3 subclauses 1-5. All such projects will be covered under sub-clause 6 of clause 5.3. Each program or project will be approved by the CSR Task Force and will have to be ratified by the CSR Committee at their next meeting.

Similarly, to cater to local, short term and unforeseen needs of the community 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 5.3 and the beneficiaries have to be among the stakeholders mentioned in clause 4. Any program falling under sub-clause 6 “Others” in clause 5.3, will need an approval of the CSR Task Force.
- The cost of each locally driven program cannot exceed a pre-determined limit
- Each such program that has been approved by the local CSR team or the CSR Task Force will be ratified by the CSR Committee in their next meeting
- 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.

6. Monitoring plan

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

6.1. 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.

6.2. Monitoring Process

For each of the programs, the Company will agree with the implementing agency, a plan and budget for the year. The agency will then submit monthly performance reports in the format and manner that has been agreed with the company at the beginning of the partnership.

The CSR team will review the reports and actively engage with the implementing agency 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 from time-to-time 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.

6.3. 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.

7. Communication and reporting

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.

8. 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 the Company.

9. Exclusions

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

10. Conclusion

SPARC 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.