



## Corporate Social Responsibility Policy

## Contents

<b>1. Conceptual framework .....</b>	<b>4</b>
1.1. Title of the policy .....	4
1.2. Applicability/ scope .....	4
1.3. CSR Vision .....	4
1.4. Objectives.....	4
<b>2. CSR Governance.....</b>	<b>5</b>
2.1. Governance mechanism .....	5
2.2. Corporate Social Responsibility Committee (CSRC).....	5
2.3. Powers and duties of the CSRC .....	6
2.4. Implementing and executing bodies .....	7
2.5. Organisational Structure for Programme Implementation.....	7
<b>3. Planning, Strategies and implementation of CSR programmes.....</b>	<b>8</b>
3.1. Outreach strategy and principles .....	8
3.2. Project-based Approach .....	8
3.3. Implementation Mechanism and Principles.....	9
3.4. Focus and major drives of CSR programmes .....	10
3.5. CSR Programme areas and Sectors of interventions .....	10
3.6. Process of implementation .....	12
3.7. Duration and scale of the programmes .....	12
<b>4. Budgeting, Resource Allocation and Disbursement.....</b>	<b>13</b>
4.1. Definition of CSR Expenditure .....	13
4.2. Approvals and disbursement .....	13
4.3. Resource mobilization : rationale and principles.....	13
<b>5. Review and Revision of the Policy .....</b>	<b>14</b>
<b>6. Reporting and Documentation.....</b>	<b>14</b>
6.1. Internal reporting .....	14
6.2. Documentation mechanism and plan .....	14
6.3. Compliance reporting .....	14

*“The Stirring within and my conscience was always telling me, whatever you are, you owe it to the society. I have the conviction that only by doing selfless service to the needy and the poorest of the poor, one can achieve a true sense of satisfaction and happiness; the highest purpose of life.”*

**Dr. Desh Bandhu Gupta,  
Founder Chairman,  
Lupin Ltd.**

## Lupin Corporate Social Responsibility Policy

This document outlines the Corporate Social Responsibility (CSR) Policy of Lupin Limited ("Lupin" or "The Company"). Long before the CSR concept came into vogue, the Company had founded over 25 years ago, its Lupin Human Welfare and Research Foundation (LHWRF), an entity dedicated to rural development, with a sense of social obligation. Hence, this policy document largely articulates the existing CSR policy of Lupin Limited in practice and makes it more congruent with the framework provided by the Section 135 of the Companies Act, 2013.

### 1. Conceptual framework

#### 1.1. *Title of the policy*

This policy, incorporating the philosophy, guidelines and mechanism of Lupin Group of Companies for undertaking social and economic measures for the welfare and sustainable development of the Indian society, is titled as the '**Lupin CSR Policy**'.

#### 1.2. *Applicability/scope*

This policy shall apply to all CSR initiatives and activities taken up at the various work-centers, plant and factory locations of Lupin Ltd as well as in the areas adopted by Lupin Human Welfare and Research Foundation (LHWRF) and other sister organizations, for the benefit of the rural and urban India and particularly the marginalized, deprived and poorer segments of the society.

#### 1.3. *CSR Vision*

Corporate Social Responsibility (CSR) cannot be a mere set of mandatory legal provisions for compliance. It is a moral and social obligation that shoots out from within, as it did 25 years ago, when Dr. Desh Bandhu Gupta established an autonomous foundation dedicated to rural development. The core of Lupin's CSR programme will not be limited to eradication of poverty; it will be for building sustainable models for enhancement in *Human Development Indices (HDI)*. This will be replicated widely through collaborations and partnerships. The programme design of the CSR work of the Company will be guided by the *Millennium Development Goals (MDGs)*, which offers an appropriate framework for the action.

#### 1.4. *Objectives*

The CSR Policy aims at:

- 1.4.1. Building and replicating sustainable, evolving, dynamic models of social, economic, infrastructure and natural resource development models of macro, micro and mini scales through CSR programme in partnership with government bodies and other stakeholders at national, regional, district, block and village level.

- 1.4.2. Providing services and solutions to address social issues with highest social priority for the poor, marginalized and under-privileged in line with the business philosophy of providing affordable medicines for most prevalent diseases.
- 1.4.3. Planning and executing the programmes that would benefit the communities in and around its work-sites, factory and plant locations and LHWRP adopted-areas with low HDI-scores in order to enhance the quality of life of the community in general and the poor in particular.
- 1.4.4. Building, nurturing and reinforcing identity of the Company as a socially and ethically responsible corporate entity through its CSR initiatives for the benefit of diverse stakeholders in the society.
- 1.4.5. Carrying out activities that would create increased happiness and empowerment of the stakeholders.
- 1.4.6. Acting as a catalyst, integrating diverse resources to make things happen at the field level, through direct intervention and social investment, attempt will be made to address the immediate needs of the poor as well as long-term development concerns.
- 1.4.7. Responding to natural and anthropogenic disasters, calamities at global and national levels as well as in the areas of operations to provide relief, reconstruction and rehabilitation support, as and when required.
- 1.4.8. Setting up deeper sustainable institutional projects for the long-term welfare of the nation.

## **2. CSR Governance**

### ***2.1. Governance mechanism***

The Company has established an accountable, robust and transparent governing mechanism to manage the operation under its CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

### ***2.2. Corporate Social Responsibility Committee***

Board-level CSR Committee (CSRC) has been formed to plan and manage CSR programmes undertaken within and around the work-sites, plant and factory locations as well as LHWRP adopted areas. The CSRC consists of:

<b>Sr.</b>	<b>Name</b>	<b>Designation</b>
1	Dr. Desh Bandhu Gupta	<i>Chairman</i>
2	Dr. Kamal K. Sharma	<i>Vice Chairman</i>
3	Mr. Nilesh Gupta	<i>Managing Director</i>
4	Dr. Vijay Kelkar	<i>Independent Director</i>

### **2.3. Powers and duties of the CSRC**

- 2.3.1. CSRC will formulate, review, revise and update Lupin's CSR Policy, which will be approved by the Board of the Company. CSRC will suggest strategies, focus and areas of intervention and operation to the Board as per requirement.
- 2.3.2. CSRC will initiate internal process to develop an Annual Action Plan and Budget (AAPB) in consultation with the implementing bodies to develop a CSR plan and also modify and finalize the same after Board approval, where required.
- 2.3.3. The CSRC will then entrust the responsibility of the execution of the CSR Plan within the specified budgets and time-frames to such persons or bodies, as it may deem fit.
- 2.3.4. The persons/bodies entrusted with the task will implement CSR activities as per the approved plans within the specified budgets and time-frames and report to the CSRC on the progress thereon at such frequency, as decided by the CSRC from time to time.
- 2.3.5. CSRC shall put internal monitoring mechanisms in place to track the progress of each project and monitor, review and evaluate the operations of the CSR Programmes at such frequency as it may deem fit to ensure orderly and efficient implementation of the CSR Programmes in accordance with the CSR Policy.
- 2.3.6. CSRC shall carry out external and independent assessment to review quality of process, project measures and impact at different stages of implementation, as it may deem fit.
- 2.3.7. CSRC shall meet atleast twice a year to review the progress made by various persons and bodies, which are assigned task of implementation of CSR work.
- 2.3.8. At the end of every financial year, all entrusted bodies will submit annual report to the CSRC, which in turn collate and present before the Board.

## ***2.4. Implementing and executing bodies***

- 2.4.1. Lupin Limited has already established and promoted an organization called Lupin Human Welfare and Research Foundation (LHWRF) to carry out CSR activities all over India. This body will continue to be the main executive CSR arm of the Lupin group of companies.
- 2.4.2. LHWRF will be primarily responsible for implementation of the CSR programmes as per approved CSR plan through its employees as well as through persons deputed by Lupin Limited at different work-sites and plants and factory locations to carry out the CSR activities.
- 2.4.3. CSR activities within the Company will be carried out by the employees assigned for the task in consultation with LHWRF.

## ***2.5. Organizational Structure for Programme Implementation***

- 2.5.1. The operational structure of direct implementation of CSR programmes of the Company will be as follows:
  - 2.5.1.1. The Corporate Social Responsibility Committee (CSRC) will be the highest body in the structure.
  - 2.5.1.2. The CSRC will appoint Executive Management Committee (EMC) for the implementation of the CSR programmes.
  - 2.5.1.3. The EMC will appoint capable and experienced professionals as Chief Programme Managers (CPMs) at the State level.
  - 2.5.1.4. The CPMs at the State level will in turn appoint Centre Heads for each Centre of LHWRF. The Centre Heads will be responsible for effective implementation of the CSR programmes within well-defined operational area of the Centre.
  - 2.5.1.5. The CPMs will be responsible for development of organisational structure at the Centre, block and field level for effective implementation of the CSR programmes.
- 2.5.2. Regular internal monitoring, evaluation and documentation of the CSR programmes will be facilitated by CPMs through Central Support Office appointed by LHWRF at the State level.

### **3. Planning, Strategies and implementation of CSR Programmes**

#### ***3.1. Outreach strategy and principles***

##### *3.1.1. Trident outreach strategy*

Lupin will adopt a three-pronged or trident strategy regarding its CSR operation.

##### *3.1.1.1. CSR Activity for building model of district development:*

Lupin Ltd will continue to work in the areas, which are currently adopted by LHWRP or will be adopted through CSRC approval in the future under backward district development approach. Here emphasis will be on evolving and establishing replicable, sustainable models of development.

##### *3.1.1.2. CSR Activity near the Company operations:*

Developmental work in the areas adjacent to the manufacturing plants, work-sites or factories of Lupin Ltd will be taken up. The size and scale of the operations will be decided according to the strategic needs and the situation of the locations through the CSRC approval mechanism. In this kind of CSR operations, aim will be to develop a replicable CSR model of engagement for areas near work-sites.

##### *3.1.1.3. CSR activity within the Company:*

CSR work will be initiated within the Company among the employees through awareness generation for volunteering, staff contributions and payroll contribution for social causes, crisis and issues. This CSR operation will aim at increasing commitment of the employees for social causes and develop and nurture socially-responsible work-culture and environment within the Company.

#### ***3.2. Project-based Approach***

Lupin will follow a project-based accountability approach to stress on the long-term sustainability of CSR projects, where its project design will have at least the following components:

- 3.2.1.* Objectives,
- 3.2.2.* Time frame,
- 3.2.3.* Implementation strategy,
- 3.2.4.* Action Plan,
- 3.2.5.* Monitoring and Impact indicators,
- 3.2.6.* Monitoring, Evaluation and Impact Assessment plan,
- 3.2.7.* Documentation and communication plan and
- 3.2.8.* Sustainability and exit plan.



### **3.3. Implementation Mechanism and Principles**

#### 3.3.1. Implementation agencies

Primarily, Lupin will implement and execute CSR programmes through internal implementing mechanisms. Where it is considered absolutely necessary, competent implementing partners from outside will be assigned the task of implementing CSR projects.

#### 3.3.2. Participatory process

Effort will be to make implementation as much participatory as possible to enhance quality of the process and sustainability of the results.

#### 3.3.3. Partnership policy

Lupin will forge partnership with various entities to enhance quality of process, infuse technology, widen scale and maximize impacts.

#### 3.3.4. Knowledge Partnership

In order to bring improved technology and innovation in the identified CSR programmes, partnerships may be formed with academic and technical institutes and expert agencies.

#### 3.3.5. Funding Partnership

As per resource mobilization policy, partnerships will be forged with different contributors and donors from various segments to complement Lupin CSR grants.

#### 3.3.6. Implementing partnership

For certain projects competent and professional organizations may be taken as implementing partners. Though preference will be given to sister organizations that are promoted by Lupin group of companies, implementing partner will have to fulfill the following criteria:

- i. The NGO / Agency has a permanent office / address in India;
- ii. The NGO is a registered society under the Societies' Registration Act;
- iii. Possesses a valid Income-tax Exemption Certificate; and
- iv. The antecedents of the NGO / Agency are verifiable/subject to confirmation.

#### 3.3.7. Convergence

Initiatives of Central and State Governments, District Administration, Local Administration as well as different Government Departments, Agencies, banks, Self-Help Groups, Lupin Gram Vikas Panchayats and other CBOs, would be dovetailed and synergized with the activities taken up by Lupin under its CSR programmes.

### **3.4. Focus and major drives of CSR programmes**

- 3.4.1. The CSR Programmatic interventions of the Company will be designed within a framework congruent with the business philosophy of the organization. Obviously, as a pharmaceutical firm, there will be greater focus on the health sector. In this, tuberculosis eradication in both urban and rural areas will be an important objective of the CSR programmes.
- 3.4.2. As an innovation-led pharmaceutical company, the CSR programme interventions of the Lupin group will have greater component of induction, dissemination, extension or adoption of advanced and appropriate scientific inventions and technologies.
- 3.4.3. Based on the various objectives and focus of the CSR programmes, efforts will be made to have high impact in certain areas so that the CSR work of the Company instantly gets associated with certain activities with its impact and scale of operation. Identity and brand of the CSR programme will be evolved through large-scale implementation of:
- Skill Development
  - Solar energy in the rural areas
  - TB eradication.
- 3.4.4. A programme titled 'Learn and Earn' will be taken up with an aim to provide an opportunity to worthy but financially weak students, particularly from small towns and rural areas for pursuing higher education.

### **3.5. CSR Programme areas and Sectors of interventions**

- 3.5.1. LHWRF has evolved over the years certain Programme Areas and within those areas some 'sectors of interventions'. These have emerged through holistic development approach that was adopted by Lupin in its CSR work for the last 25 years.
- 3.5.2. CSR programmes will be undertaken by implementing and executing bodies to the best possible extent within the defined ambit of the identified programme areas and 'sectors of interventions' in which LHWRF is active since decades.
- 3.5.3. However, the CSR projects and activities will be planned and undertaken according to the need of the time and situation and will not be restricted and limited to these programmes and sectors of interventions. These identified programme areas and sectors of interventions will only provide broad framework for CSR activities to be initiated.

3.5.4. Broad Programme Areas and Sectors of Interventions are as follows:  
*(List of projects or programmes that the Company plans to undertake and are falling within the Schedule VII of the Companies Act, 2013)*

Economic Development Programme

- Agriculture
- Animal Husbandry
- Rural Industries and Skill Development
- Financial Inclusion
- Micro Finance

Social Development Programme

- Women Empowerment
- Health including Awareness and treatment programmes of Tuberculosis in rural and urban areas
- Education
- Social Security
- Local events sponsorship (Sports, Cultural and similar other)

Rural infrastructure Development Programme

- Rural Economic Housing
- Village inroads
- Civic amenities

Natural Resource Management Programme

- Land Development
- Water Resource Development
- Alternate Energy Development

Disaster response and management programme

- Disaster preparedness and prevention
- Relief operations
- Recovery measures
- Rehabilitation
- Awareness and treatment of Tuberculosis in rural and urban areas

Deeper and sustainable projects

- Setting up of Hospitals,
- Setting up Universities and similar premier institutions

Any other activities under Section 135 of the Companies Act, 2013

### ***3.6. Process of implementation***

- 3.6.1. Identification of CSR activities under identified programme areas and sectors of interventions at CSRC, LHWRP and work-site levels will be undertaken through internal need-based assessment in consultation with local partners, and for specialized projects suitable external agencies may be hired, if required.
- 3.6.2. The preferable process of project or activity implementation will be as follows:
- Need Assessment
  - Baseline survey/ Feasibility study/ Detailed Project Report (DPR)
  - Project formulation and design
  - Project Execution within approved time-frame and cost-frames
  - Mid-term monitoring and course correction
  - Project closure
  - End line Survey/ Evaluation/ Impact Assessment
  - Documentation of practices, processes and impacts
  - Exit/ withdrawal and post project Plan
  - Learning and modification in design while replication.

### ***3.7. Duration and scale of the programmes***

- 3.7.1. The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.
- 3.7.2. The programmes will be classified as either be of long-term or of short-term nature according to their approved time duration.
- 3.7.3. Typically, long duration programmes will be of 3 to 5 years of time-frame.
- 3.7.4. Short duration programmes will have duration of one year or less.
- 3.7.5. Different programmes will have different scales according to the need of the design to have maximum impact within the cost and time-frame.
- 3.7.6. Each project schedule will have in place well-thought out exit plan, withdrawal strategy and sustainability plan right at the designing and planning stage itself.

## **4. Budgeting, Resource Allocation and Disbursement**

### **4.1. *Definition of CSR Expenditure***

- 4.1.1. CSR expenditure will include all the expenditures, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the approved CSR Plan.
- 4.1.2. Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income, surplus or reserves arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

### **4.2. *Approvals and disbursement***

- 4.2.1. The Board-level CSRC will be the highest body to approve and disburse funds under the annual budget approved by the Board.
- 4.2.2. However, CSRC may delegate authority for approval to different bodies or persons at various levels and areas as it may deem fit for smooth and efficient fund flows to achieve maximum possible effectiveness in implementation.
- 4.2.3. The fund disbursement schedule and cash flow to implementing bodies at different levels will be planned and adhered to as per CSRC approved AAPB.

### **4.3. *Resource mobilization : rationale and principles***

- 4.3.1. Apart from the CSR budget of the Company, additional resource mobilization through local contribution, banks, funding agencies, national and international donors, financial institutions, other CSR firms or networks will be done to have synergy, higher impact and greater scale of operations.
- 4.3.2. The rationale for additional resource mobilization is to have increased coverage and scale which are required to address issues such as poverty alleviation that Lupin alone cannot achieve.
- 4.3.3. The rationale behind mobilizing local, beneficiary or user contribution is to build stakes of the beneficiaries of such activity or project so as to ensure the sustainability of the process even after the withdrawal of Lupin implementing bodies.

## 5. Review and Revision of the Policy

- 5.1. In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference to be made to Corporate CSR Department. In all such matters, the interpretation and decision of the CSRC shall be final.
- 5.2. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Guidelines on the subject, as may be issued from Government, from time to time.
- 5.3. The Company reserves the right to modify, cancel, add, or amend any of these Rules within the framework of relevant and applicable laws.

## 6. Reporting and Documentation

### 6.1. *Internal Reporting*

CSRC will establish mechanism for regular, timely reporting of implementing bodies at different levels and maintain real time dash-board to keep abreast of the status of each CSR programme.

### 6.2. *Documentation Mechanism and Plan*

Apart from earmarking percentage of budget for documentation of best practices, learning, process and impacts of each programme, efforts will be made to build in-house competency and mechanism of development communication for brand-building and visibility.

### 6.3. *Compliance Reporting*

Mechanism will be established to disclose relevant and required information in line with the CSR reporting guidelines. Efforts will be made to go beyond compliance and achieve GRI standards of reporting.

\*\*\*\*\*

This CSR Policy was approved by the Board of Directors of Lupin Limited at its meeting held on February 3, 2015.