

ALKEM LABORATORIES LIMITED

CSR Policy

1. Background

- 1.1 Alkem Laboratories Ltd. (hereby referred to as ‘Alkem’ or ‘the Company’) believes that an organization should, besides its financial performances give equal importance to social and environmental factors.
- 1.2 The company understands that its activities have wider ramifications on the society as a whole and as such gives due consideration to all its stakeholders like shareholders, government, suppliers, employees, business patrons and its local communities.
- 1.3 Accordingly, it will try to make efforts to multiply its stakeholder’s wealth by its commitment to implement its business practice in an ethical manner so as to have a positive impact on the society.
- 1.4 These beliefs form the core of the CSR policy of the Company that drives it to focus on holistic development of its host community and communities at large, for development on socio-economic and environmental surroundings qualitatively.

2. Title and Applicability

- 2.1 Alkem has developed this Policy comprising the Company’s philosophy for being a responsible corporate citizen and lays down the principles and mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act 2013 read with Schedule VII and Companies (Corporate Social Responsibility) Rules, 2014 and is titled as ‘Alkem’s CSR Policy’ (“the Policy”).
- 2.2 The Policy shall guide the CSR program and activities undertaken by the Company in the communities in which it operates.

3. CSR Vision Statement

Our CSR vision is to be a deeply committed corporate citizen with its strategies, policies and actions aligned with wider social concerns, through initiatives in education, health, environment and other socially relevant areas in order to make a holistic impact on the communities in which we operate.

4. Validity of CSR Policy

The Board shall review the CSR policy from time to time and may amend it as and when required.

5. CSR Program Areas & Objectives

With an endeavor to achieve our vision and fulfill our commitment to be a socially responsible corporate citizen, we shall focus on the following areas as part of our CSR:

a. Education:

Education is a tool for creating an empowered, enlightened society capable of rising to its full potential. A good quality education helps an individual to achieve their potential and move towards a brighter future. However, quality and access to education is a major concern for the underprivileged in the urban and rural areas. The underprivileged often face problems like lack of funds, availability of study/ learning material and basic infrastructure in schools and colleges to learn and hone their intellect.

Objective:

As part of the company's project and in order to promote and encourage quality education, Alkem will take initiatives for setting-up / developing infrastructure for schools, promoting e- learning and enhancing reading culture, awarding scholarships for meritorious/needy students. The Company will also aid research by setting up funds/scholarships for the under privileged and economically weaker section of the society.

b. Vocational Training:

As of today, there exists a significant gap between supply and demand skilled labor, demand being in excess of supply. According to the Ministry of Human Resources, there exist only 2.5 million seats for vocational training as against approximately 12.8 million new entrants in the work force per annum. This showcases an urgent need for providing vocational training.

Objective:

The Company intends to bridge the gap between demand-supply of skilled labor by providing vocational training to people in the areas around which it operates. Vocational training will help the benefitting individuals in improving their employment prospects.

c. Health:

According to World Health Organization, health is a state of complete physical, mental and social well-being, and not merely the absence of disease or infirmity. A good health is essential for leading a long and happy life. Unfortunately, the incidence of diseases has increased tremendously today. While medical care can be accessed easily in the urban areas, rural areas often struggle to access basic medical care.

Objective:

The company intends to be committed to promoting a healthy life for the communities at large and thereby reduce incidence of disease. This will be done through setting up mobile medical clinics and/or static clinics in urban slums and rural areas, providing training to the community health workers. For making healthcare affordable, subsidies for life saving/life altering treatments will be given as well as equipment will be donated to the doctors, medicines for free will be provided to the needy, treatment for those in need as well as easy access of medical support to vulnerable communities will be provided. For creating health awareness, diagnostic camps, cancer and diabetic checkup camps for patients etc. will be set up.

d. Environment:

Conservation of environment refers to sustainable use of resources by being mindful of the needs for the future. It is essential to do so to maintain an ecological balance and ensure availability of resources for the generations ahead.

Objective:

As part of its environment conservation initiatives, Alkem wants to promote conservation of natural resources and use of renewable energy resources. The company intends to use environment friendly methods for generating and utilizing electricity in order to reduce pollution. In addition, it intends to undertake initiatives to promote greater environmental responsibility as well as encourage the development and usage of environment friendly technologies.

e. Rural Development:

A large population of India resides in the villages. Most of the villages do not have adequate basic infrastructure like water, sanitation facilities, health care centers etc. Majority of the people in India do not have access to adequate sanitation facilities with the rural areas being the most affected. The access to potable water is also limited in the villages. Even health care services are not always easily accessible. The unavailability of the aforementioned infrastructures has a significant impact on the overall health of the villages. It adds to the incidence and spread of disease. Program on Women, Youth and children need social inclusion appropriately. The broader perspective of Rural Development have to be scoped well accordingly as per the need.

Objective:

The Company intends to improve the health of the villages. The company wants to establish a model for providing integrated healthcare services, civic amenities and related infrastructure. This will help in improving the lives of the villagers by plugging the gap in infrastructure. This will in turn have a significant impact in improving the quality of life of the village communities. Further, Alkem will also undertake programs to enhance livelihood and sustainable rural development projects.

f. Any other activities: The Company may undertake any such activity in compliance with schedule VII which would improve the quality of life of the community at large.

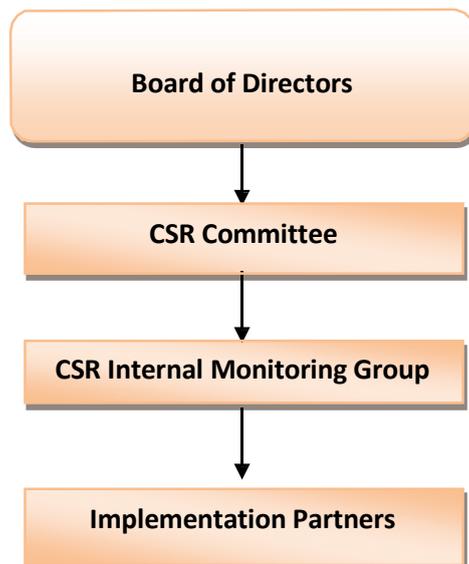
6. CSR Budget

- 6.1 The Board of Company shall ensure that in each financial year, the Company spends at least 2% of the average net profit made during the immediate three preceding financial years.
- 6.2 The Company may collaborate or pool resources with other organizations or companies to undertake CSR activities.
- 6.3 The surplus arising out of the CSR projects or programs shall not form part of the business profit of the Company.

7 Implementation process

- ❖ CSR program will be undertaken by the Company within the defined ambit of CSR policy.
- ❖ The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
- ❖ The Company will enter into partnerships with the government, business partners and communities to create multiplier effect of its social projects.
- ❖ The mode of implementation of CSR programs will include a combination of direct implementation and implementation through partners such as NGOs, business partners, registered societies etc. The Company will select its partners after appropriate due diligence.
- ❖ The Company will use services of expert agencies, consultancy firms etc. wherever required for carrying out surveys, guidance on project design and implementation, impact assessment surveys etc.

8 CSR Governance Structure



9 Roles and Responsibilities

The Board:

The Board of Directors of the Company will be responsible for:

- ❖ approval of the CSR Policy of the Company
- ❖ ensuring that the projects included in the Policy are undertaken by the Company
- ❖ ensuring that the Company spends in every financial year, atleast 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of the Policy.
- ❖ ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects

- ❖ ensuring that it specifies the reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount

CSR Committee:

The Company has constituted the CSR Committee of the Board as per provisions of the Companies Act, 2013.

Responsibility of the CSR Committee:

- ❖ shall regularly report to the Board
- ❖ formulate and recommend the CSR Policy to the Board for approval.
- ❖ annually review the CSR policy and associated frameworks, processes and practices of the Company and recommend changes to the board
- ❖ recommend CSR projects, which are in line with the activities specified in Schedule VII, to be undertaken by the Company.
- ❖ ensure that the company takes appropriate measures to undertake and implement CSR projects successfully
- ❖ coordinate with Alkem Foundation or such other agency for implementing programs and and executing initiatives as per CSR policy and shall review the performance of Alkem Foundation or such other agency periodically
- ❖ recommend the amount of expenditure to be incurred on CSR projects
- ❖ constitute a transparent monitoring mechanism for ensuring implementation of the CSR projects undertaken by the Company
- ❖ may form and delegate authority to subcommittees when appropriate
- ❖ meet at least two times a year. Two members present shall form the quorum for the meeting of the Committee.
- ❖ The committee shall have access to any internal information necessary to fulfill its role. The committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

CSR Internal Monitoring Group:

The CSR Committee shall appoint CSR Internal Monitoring Group (CIMG) of the Company. The CSR Committee shall have the power to decide the composition of the CIGM.

Responsibility of the CIGM:

- ❖ On ground assessment of the project(s), coordination with the NGOs and stakeholders
- ❖ Timely execution and monitoring of the projects.
- ❖ Ensure all background research work and engage with stakeholders either directly or indirectly and prepare project plan for new CSR projects.

- ❖ Plan annual budgets for CSR projects in coordination with the implementing partners and make a proposal to the CSR Committee
- ❖ Report to the CSR Committee the progress on CSR projects and status of CSR expenditure
- ❖ Documentation and reporting of all CSR activities of the Company in pursuit of the Act and the CSR Rules

10 Monitoring and Reporting Framework

Project Monitoring:

The Company will institute a well-defined monitoring and evaluation mechanism to ensure that each CSR program has:

1. clear objectives developed out of the societal needs that are determined through research,
2. clear targets, time lines and measureable parameters wherever possible
3. a progress monitoring and reporting framework that is aligned with the requirements of the section 135 of the Act and the CSR Rules

The CSR progress monitoring authorities and the frequency of review shall be as follows:

S. No.	CSR Progress Review and Monitoring Authority	Frequency of review
1	Board of Directors	Atleast once in a year
2	CSR Committee	Atleast 2 times in a year

The Company will ensure CSR reporting annually in the format recommended in the CSR Rules as part of its annual report.

REVISION HISTORY	
Policy approved by the Board of Directors	16 th March, 2015
1 st Amendment to the policy	29 th June, 2015
2 nd Amendment to the policy	9 th February, 2018