

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, as amended from time to time and is titled as ‘Alkem’s CSR Policy’ (“CSR Policy”).
- 2.2 The CSR Policy shall guide the CSR program and activities undertaken by the Company in the communities in which it operates except those activities as prescribed under Rule 2(d) of the Companies (Corporate Social Responsibility) Rules, 2014 and as amended from time to time.
- 2.3 The CSR Policy is required to be disclosed on the website of the Company.

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. GUIDING PRINCIPLES

With an endeavor to achieve our vision and fulfill our commitment to be a socially responsible corporate citizen, we shall keep in mind the following principles for CSR spending:

- ❖ Strive to provide sanitation and drinking water thereby creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban areas;
- ❖ Be committed to promoting a healthy life for the communities at large and thereby reducing incidence of diseases;
- ❖ Strive towards promoting and encouraging quality education;
- ❖ Strive to promote nationally recognized sports and related activities;
- ❖ Strive to align its business interests with those of the society in general, thereby enhancing its corporate value;
- ❖ Strive towards developing self-reliance of beneficiaries, especially for women;
- ❖ Promote conservation of natural resources and use of renewable energy resources;
- ❖ Strive towards benefitting individuals in improving their employment prospects;
- ❖ Carry on its business in accordance with the principles of sustainability, balance and equity;
- ❖ Strive to enhance environmental and natural capital;
- ❖ To adopt appropriate solutions to make the CSR activities more effective, cost efficient and impactful.

6. CSR BUDGET

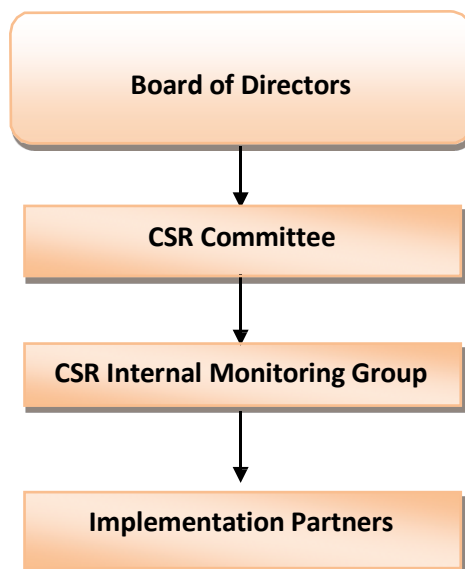
- 6.1 The Board of Company shall ensure that in each financial year, the Company spends at least 2% of the average net profit made during the immediate three preceding financial years.
- 6.2 The Company may collaborate or pool resources with other companies or organizations to undertake CSR activities.
- 6.3 The surplus arising out of the CSR projects or programs shall not form part of the business profit of the Company and shall be dealt with in accordance with the Companies (Corporate Social Responsibility) Rules, 2014 and as amended from time to time.

7. IMPLEMENTATION PROCESS

- 7.1 The CSR Committee of the Company shall formulate and recommend to the Board, an “Annual Action Plan” with respect to the CSR projects or programmes that shall be undertaken by the Company during a financial year. The said Annual Action Plan shall include the following:
 - ❖ the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013;
 - ❖ the manner of execution of such projects or programmes as specified in the Companies (Corporate Social Responsibility) Rules, 2014 and as amended from time to time;

- ❖ the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - ❖ monitoring and reporting mechanism for the projects or programmes; and
 - ❖ details of need and impact assessment, if any, for the projects undertaken by the Company.
- 7.2 The Company may enter into partnerships with the government, business partners and communities to create multiplier effect of its social projects.
- 7.3 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. registered under section 12A and 80 G of the Income Tax Act, 1961. The Company will select its partners after appropriate due diligence.
- 7.4 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

9.1 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 CSR 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 CSR Policy;

- ❖ ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects;
- ❖ ensuring that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect;
- ❖ ensuring that it specifies the reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount;
- ❖ dealing with the unspent amount as below:
 - if the unspent amount relates to any ongoing project, the said unspent amount shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the “Unspent Corporate Social Responsibility Account”; and
 - if the unspent amount does not relate to an ongoing project, transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of six months of the expiry of the financial year.
- ❖ ensuring that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year;
- ❖ monitoring the implementation of the ongoing project with reference to the approved timelines and year-wise allocation and make suitable modifications as may be required for the smooth implementation of the project within the overall permissible time period.

9.2 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 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.

9.3 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:

- 10.1 The Company will institute a well-defined monitoring and evaluation mechanism to ensure that each CSR program has:
- ❖ clear objectives developed out of the societal needs that are determined through research;
 - ❖ clear targets, time lines and measureable parameters wherever possible;
 - ❖ a progress monitoring and reporting framework that is aligned with the requirements of the section 135 of the Act and the CSR Rules.

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

Sr. 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

10.3 Impact Assessment:

- ❖ In the event the average CSR obligation of the Company triggers ten crore rupees or more in the three immediately preceding financial years, the Company shall undertake impact assessment through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study;
- ❖ The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

10.4 The Company will ensure CSR reporting annually in the format recommended in the Companies (Corporate Social Responsibility) Rules, 2014 and as amended from time to time 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	09 th February, 2018
3 rd Amendment to the Policy	05 th February, 2021