



BAYER ZYDUS PHARMA PRIVATE LIMITED

POLICY – CORPORATE SOCIAL RESPONSIBILITY

RESTRICTED

Title and Applicability

- I. Bayer Zydus Pharma Private Limited (hereby referred to as “The Company”) Corporate Social Responsibility Policy (CSR Policy) has been developed in accordance with section 135 of the Companies Act 2013 (referred to as the Act in this CSR Policy) on CSR and in accordance with the CSR rules (here by referred to as the Rules in this CSR Policy) notified by the Ministry of Corporate Affairs, GOI on 27th February 2014 and as amended from time to time.
- II. The Policy shall apply to all CSR projects/programs undertaken by the Company in India as per Schedule VII of the Act.

Vision

The CSR initiatives of the Company are guided by the vision of “**Health for All, Hunger for None**” and fueled by the purpose “**Science for a better life**”. The key objective is to improve quality of life of the communities.

The three value pillars that contribute to the vision are:

- Improving Lives
- Sustainable Development
- Partnerships

Improving quality of life by:

- Fostering Rural Development by promoting alternate livelihoods, empowering women entrepreneurs, and strengthening and nurturing FPOs (Farmer Producer Organizations)
- Preventive Health Care by enabling access to medical services and specialty health care systems, and strengthening community awareness on health, hygiene and nutrition
- Fostering Community Engagement with a focus on science education in and around our areas of operation

Objectives of the Company CSR Policy

- I. We see ourselves as a responsible corporate citizen and Sustainable Development forms an integral part of all the work we do.
- II. We are committed to developing socially relevant innovative solutions.
- III. We are committed to improving quality of life of communities in India by executing projects in the areas of Rural Development and Preventive Health.
- IV. We are committed to promoting community engagement through education and other projects in and around our areas of operations as a long-term investment in society’s future viability.

- V. We are committed to the concept of LIFE - which stands for Leadership, Integrity, Flexibility and Efficiency.
- VI. We are committed to balancing economic growth with ecological and social responsibility.

Validity of CSR policy

- I. The Company CSR Policy has been approved by the Board on December 02, 2015.
- II. The CSR policy may be amended as required by the Board after recommendation by the CSR Committee.

Maintenance of CSR policy

- I. The CSR policy will be maintained by the CSR Committee constituted by the Board. The CSR policy will be monitored by the CSR Committee from time to time.

CSR Budget

- I. The Board of Directors of the Company shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years.

“Net profit” means the net profit as per the financial statement of the Company prepared in accordance with the applicable provisions of the Act, but shall not include the following:

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise, and
 - (ii) Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.
- II. As per section 135 of the Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done in the Annual Report and signed off by the Managing Director & Chief Executive Officer of the Company and Chairperson of the CSR Committee.
 - III. If the Company spends an amount in excess of the requirements provided as per the Act, the Company may set-off such excess amount against the requirement to spend for such number of succeeding financial years and in such manner as may be prescribed by law.
 - IV. In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company

- V. The Company may collaborate or pool resources with other companies and its group companies) to undertake CSR activities, through Bayer Foundation India, or any other non-profit organization, if required.

Thematic Focus Areas

The Company will focus primarily on the following thematic areas:

- Fostering Rural Development by promoting alternate livelihoods, empowering women entrepreneurs, and strengthening and nurturing FPOs (Farmer Producer Organizations)
- Preventive Health Care by enabling access to medical services and specialty health care systems using technology, and strengthening community awareness on health, hygiene and nutrition
- Fostering Community Engagement with a focus on education in and around our areas of operation

Why are the selected thematic areas important?

Rural Development

Agriculture is a key focus area for the organization. As a company, we are deeply committed to food security and work with a focus on providing innovative crop solutions as well as seeds & traits to secure harvests and to increase productivity. Agriculture occupies the core of the economy for rural India. The Company has a wealth of experience of working in villages and with farmers. In addition, for eight years, the Company in India has successfully implemented a farm-based sustainable supply chain program that has worked towards the elimination of child labor. An inspiring outreach of this program has been learning for life that promotes educational and vocational training for underprivileged children. Women empowerment is another key component of our rural development programs. Bayer believes that women need an environment that recognizes their potential and finds ways and means to channelize it for overall development of society. Therefore, our initiatives focus on endeavors that imbue women with confidence through education and training and are aimed at sharpening their entrepreneurial instincts.

Preventive healthcare

India has a population of 1.3 billion people. In India, access to and availability of quality health care, lack of awareness on general health, hygiene and nutrition are some of the key challenges to be dealt with. In addition, maternal and child health have been identified as some of the key aspects to be addressed. In India, 27 per cent of maternal deaths are attributed to lack of awareness about health care during childhood and at reproductive age. The problem is further exacerbated by malnutrition which threatens their survival as well as that of the children. Over fifty per cent of children in rural India are malnourished impacting their cognitive and physical development. This translates to diminished productivity at later stages in life. Preventive and primary health care therefore becomes essential for the community and will help reduce the economic burden on the community.

Bayer will engage in Community Health Programs in an effort to improve health status of the future generation of the country. This includes access to expert medical services and specialty health care systems using technology and build capacity of the community on topics of health, hygiene and nutrition.

In addition, our company will also focus on mental wellbeing with special emphasis on the psychological impact due to offences against children and women.. This connects with our core philosophy of creating a nurturing environment that is safe and healthy .

Community Engagement

Of the 269.3 million people who live below the poverty line in India, 219 million live in rural India. We believe in engaging with the communities and supporting them to improve the quality of life. As part of Community Engagement, emphasis would be on Education.

Limited access to schools, lack of basic amenities and appropriate infrastructure in schools deprives children of basic education. Education is essential to facilitate social and economic progress of the nation. Our education programs are designed in alignment with the purpose of our organization “Science for a better life”.

Our definition of success lies in being accepted as a responsible partner. So we maintain and promote dialogue with the people we work with constantly. Therefore, as a part of our policy we also focus on promoting education in and around areas of operations.

How will the Company address this?

I. Fostering Rural development

The Company will identify initiatives based on the need assessment of the target location. The focus of our programs will be to improve the quality of life of small holder farmers, empower women with entrepreneurial opportunities and support alternate livelihoods for the rural communities.

II. Preventive Healthcare

As a Company, we are firmly rooted in society - as a reliable employer and trainer, as a good neighbor at our locations, as an organization that uses and protects natural resources. For us, it is therefore imperative that we contribute to society’s future viability and create value in diverse ways. The areas of intervention include preventive health care, awareness on personal hygiene, importance of nutrition and balanced diet. In addition, our company also believes in preventive mental health, treating the psychological issues that could potentially result in offences against children and women.

III. Community Engagement

The Company will run initiatives in and around our offices and manufacturing sites including educational activities, to make the educational delivery interesting and productive. We will aim to advance science literacy among students through hands-on, inquiry-based science learning.

Implementation

The Company CSR programs will be identified, implemented and if need be, modified as per the Board approved CSR policy. This CSR Policy builds on the learning and good practices of the ongoing CSR activities initiated by the Company in 2014. To ensure the programs are in compliance with the Act and Rules, a stocktaking of existing activities has been completed. The scale of the programs will be revised or new programs devised to meet the spending requirements as per the new Act. The Company will enhance its monitoring and evaluation mechanism that will ensure every program has:

- I. Clearly defined objectives (developed out of existing societal needs determined through baselines/studies/research), targets and time lines.
- II. a robust progress monitoring system
- III. Undertake impact assessments as per the evaluation plan developed by the Company.
- IV. a reporting framework and system aligned with the requirements of the Act

Location:

Rural Development Programs, Preventive Health Care programs and Community Engagement programs will be implemented across India

Target population:

The Company's rural development program will target all the members of the community in the selected villages with a special emphasis on underprivileged segment, women and children.

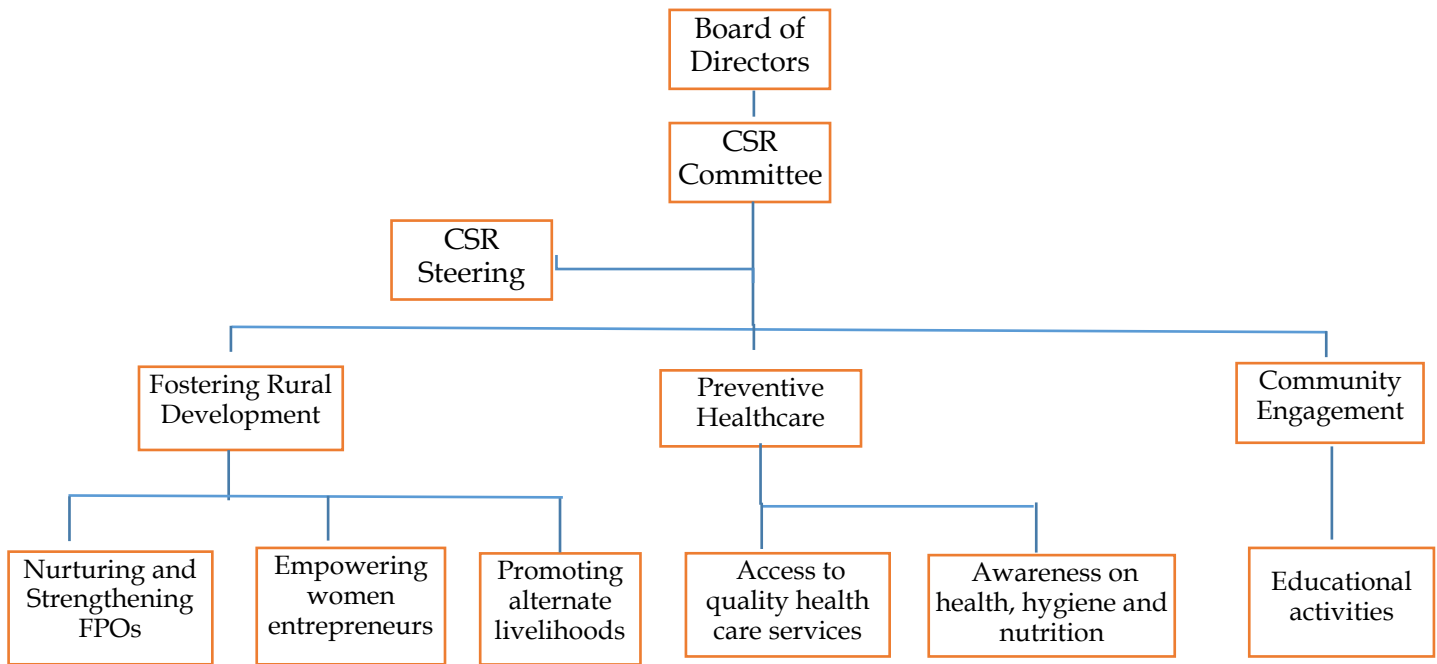
For the programs related to community engagement and therein, education, the company will target mainly the governmental schools and schools located in under-privileged areas as well as deserving schools in urban and semi-urban areas.

Implementation approach/ Partnership:

The mode of implementation of the CSE programs and projects can include either or a combination of any of the following

- Direct implementation by Bayer Foundation, India
- Implementation through partners such as NGOs, registered societies, trust (s) etc. The company may enter into partnerships with like-minded organizations selected through a comprehensive due diligence process

The Company CSR Governance Structure



Roles and Responsibilities

Board:

The Board of Director will be responsible for:

- I. constituting the CSR committee through a Board resolution with the defined composition and tenure.
- II. approve the CSR policy as formulated by the CSR Committee through a Board resolution
- III. ensure that every financial year funds committed by the Company for CSR activities are utilized effectively and will monitor implementation regularly.
- IV. disclose in its Annual Report names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company website.
- V. ensure annual reporting of CSR policy to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.

CSR Committee:

- I. **Composition of the CSR committee:** will consist of three directors or such number of directors as may be prescribed from time to time.
- II. **Responsibility of the CSR committee:**
 - Identify CSR team for implementation of CSR programmes and Projects
 - formulate the CSR policy and identify activities to be undertaken as per Schedule VII of the Companies Act 2013.
 - recommend the CSR expenditure to be incurred.
 - report back to the Board of Directors for approval of the CSR policy
 - regularly monitor the implementation of the CSR policy
 - change/modify the CSR policy as per requirement.
 - form a CSR Steering Committee
- III. **Annual Action Plan:** The CSR Committee shall formulate and recommend to the Board an Annual Action Plan which shall include the following:
 - 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
 - Manner of Execution of such projects or programmes

- Modalities of utilisation of funds and implementation schedules for the projects or programmes
- Monitoring and reporting mechanism for the projects or programmes
- Details of need and impact assessment, if any, for the projects undertaken by the Company

CSR Steering Committee* will be responsible for:

I. Composition of the Team will consist of the following :

1. CSR responsible manager
2. Representatives of business units
3. Representative of site services department
4. Representative from tax department
5. Representative from Law Patents & Compliance team

*The CSR Steering Committee is constituted at the group level.

II. Responsibility of the CSR Steering Committee:

A. CSR Responsible Manager

- central coordinating point for the delivery of CSR activities.
- interface with various organisation units to ensure effective implementation of CSR programmes.

B. Responsibility of the CSR Steering Committee

- responsible to report to the CSR Committee on programme implementation updates.
- plan annual budgets for CSR activities based on audits (programmatic and financial).
- Assess the proposals for new CSR initiatives/ Programmes and facilitate review by the Law Patents and Compliance Team to ensure alignment with the Act.
- Allocate resources for implementation of programmes.
- Training and capacity building of the implementation teams.
- identify and manage partners to implement programmes as required.

any other activities that may be required may be required by the CSR Committee to effectively deliver the CSR programmes

The Company Monitoring and Reporting Framework

In compliance with the Act and to ensure whether funds spent on CSR programs are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework is being put in place. The monitoring and reporting mechanism is divided into three distinct areas:

- I. Program Monitoring:
- II. Evaluation:
- III. Documentation and reporting:

Programme Monitoring

- Program monitoring mechanism will ensure:
- The CSR policy is implemented as per the Act and the Rules.
- The CSR policy is implemented ensuring that all projects/programs as budgeted are duly carried out.
- A separate budget will be earmarked for set up and implementation of the monitoring system. The cost incurred (will be/Can be) billed to the CSR spend of the Company.
- CSR spends will be audited in an accountable and transparent manner.
- Reporting and review by the CSR committee & Board periodically.

Evaluation

- A robust Company mechanism for evaluation will be put in place
- The purpose of the evaluation will be clearly identified with the objective to understand the difference between the achieved outcome and the expected outcome and the reasons behind the difference and corrective steps and any identify any good practices. . There shall be clarity about the scope of the program and the need before evaluations are undertaken.
- CSR Steering Committee will be authorized to decide whether it will be internal, external or third party evaluation.

Documentation and Reporting

- As per compliance of the Act and in preparation of the annual CSR report, the CSR head and CSR Committee will ensure the following:
- CSR projects and programs will be properly documented.
- An MIS is maintained on spending across sectors, geographies and beneficiaries impacted. The MIS structure will be in alignment with the prescribed reporting format

Approval & Amendment

- The CSR Policy was approved by the Board on December 02, 2015.
- The CSR Policy was amended with effect from September 20, 2017 and March 03, 2021.
