

2014

# CSR Policy

CSR Policy of Lupin Group of Companies

CSR policy in compliance with the Section 135 of the Companies Act, 2013.

Lupin Limited

Mumbai  
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*“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.**

This document outlines a revised CSR Policy of the company. Lupin Ltd had founded an independent entity called Lupin Human Welfare and Research Foundation (LHWRF) dedicated to rural development with a sense of social obligation more than 26 years ago, long before the CSR concept came into vogue. Hence, this policy document largely articulate what was already in action. It only adapts existing CSR policy in action along with some modifications, making it more congruent with the new 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 & 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-centres, plants and factory locations of Lupin Ltd as well as in the areas adopted by Lupin Human Welfare and Research Foundation (LHWRF) and other sister organisations, for the benefit of the rural and urban India and particularly the marginalised deprived and poor segments of the society.

### 1.3. *CSR Vision*

Corporate Social Responsibility (CSR) cannot be mere mandatory legal provision for compliance. It is moral and social obligation that shoots out from within as it did 25 years ago, when Dr. Desh Bandhu Gupta, established an autonomous foundation fully dedicated to rural development. The core of Lupin's CSR work will not be merely limited to eradication of poverty; it will be about building sustainable models for enhancement in *Human Development Indices (HDI)*, which can be replicated widely through collaborations and partnerships. The programme design and timeline of the Foundation's work will be guided by the *Millennium Development Goals (MDGs)*, which offers 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, infra structure and natural resource development models of macro, meso, micro and mini scales through CSR work in partnership with

government bodies and other actors at national, regional, district, block and village level.

- 1.4.2. In line with the business philosophy of providing affordable medicines that would address most prevalent diseases with highest social priority, the CSR work will focus on providing services and solutions to address issues with higher social priority for poor, marginalised and under privileged.
- 1.4.3. Plan and execute programmes that benefit the communities in & around its work sites, factory and plant locations and LHWRF adopted areas with low HDI scores leading to enhanced 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 a corporate entity through its CSR initiatives among different stakeholders in the society.
- 1.4.5. Carrying out activities within company, in vicinity of the worksites, plants and LHWRF adopted areas that would create increase happiness, empowerment of all 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 investments, attempt will be made to address immediate needs of poor along with long term development concerns.
- 1.4.7. Responding to natural and anthropogenic disasters, calamities at global and national level as well as in the areas of operation to provide relief, reconstruction and rehabilitation as and when required.

## **2. CSR Governance**

### **2.1. Governance mechanism**

Lupin group of companies have established an accountable, robust and transparent governing mechanism to manage the operation of our CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

### **2.2. Corporate Social Responsibility Committee (CSRC)**

Board level CSR Committee (CSRC) has been formed to plan and manage CSR programmes undertaken within and around work sites, plant and factory

locations as well as LHWRF adopted areas. The CSR Committee (CSRC) for the year will be as follows:

Sr.	Name	Designation
1		
2		
3		
4		
5		Independent Director

### 2.3. Powers and duties of CSR Committee (CSRC)

- 2.3.1. CSRC will formulate, review, revise and update Lupin's CSR Policy, which will be approved by the Board of Lupin Ltd. 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 implementing bodies to develop a CSR plan and also modify and finalise the same after board approval.
- 2.3.3. The CSRC will then entrust the responsibility of the execution of the CSR Plan within specified budgets and timeframes 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 approved plan within the specified budgets and timeframes and routinely report to the CSRC on the progress thereon at such frequency as decided by the CSRC time to time.
- 2.3.5. CSRC shall establish internal monitoring mechanisms in place to track the progress of each project and monitor, review and evaluate the operation 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 at least 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. As mentioned earlier, Lupin Limited has already established and promoted an organisation called Lupin Human Welfare and Research Foundation (LHWRF) to carry out CSR activities all over India. This body will continue to remain 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 worksites, plant and factory locations to carry out the CSR activities.

2.4.3. CSR activities within company will be carried out by the employees assigned for the task in consultation with LHWRF.

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

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

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

Lupin will adopt 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 currently adopted by LHWRF or will be adopted through CSRC approval in the future under backward district development approach. Here effort will be to evolve, establish model of development that is replicable and sustainable.

##### 3.1.1.2. CSR Activity near company operations:

Developmental work in the areas adjacent to the manufacturing plants, work sites or factories of Lupin Ltd will be taken up. This size and scale of operation will be decided as per strategic need and the situation of the location annually through CSRC approval mechanism. In this CSR

operation, aim will be to develop a replicable CSR model of engagement for areas near work sites.

3.1.1.3. CSR activity within company:

CSR work will be initiated within company among the employees through awareness generation for volunteering, staff contributions, payroll contribution for social causes, crises and issues will be given priority. This CSR operation will aimed at increasing commitment of the employees for social cause and develop and nurture socially responsible work culture and environment.

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 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

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. In rare cases, competent implementing partners will be assigned the task of implementing CSR project.

3.3.2. Participatory process

Effort will be made 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 maximise impacts.



#### 3.3.4. Knowledge Partnership

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

#### 3.3.5. Funding Partnership

As per resource mobilisation policy, partnership will be forged with different funders, donors at various levels to complement Lupin CSR grants.

#### 3.3.6. Implementing partnership

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

- i. The NGO / Agency has a permanent office / address in India;
- ii. The NGO is a registered society under Societies' Registration Act;
- iii. Possesses a valid Income-tax Exemption Certificate;
- 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 Panchayat and other CBOs, would be dovetailed and synergized with the activities taken by Lupin under CSR.

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

3.4.1. LHWRP has evolved over the years certain Programme Areas and within those areas 'sectors of interventions'. These have emerged through holistic development approach that was adopted by Lupin in CSR work for last 26 years.

3.4.2. CSR programmes will be undertaken by assigned implementing and executing persons and bodies to the best possible extent within the defined ambit of the identified Programme areas and 'sectors of interventions' in which LHWRP is active since decades.

3.4.3. 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.

3.4.4. Broad Programme Areas and within those sectors of interventions will be as follows.

3.4.4.1. Economic Development Programme

- 3.4.4.1.1. Agriculture
- 3.4.4.1.2. Animal Husbandry
- 3.4.4.1.3. Rural Industries and Skill Development
- 3.4.4.1.4. Financial Inclusion
- 3.4.4.1.5. Micro Finance

3.4.4.2. Social Development Programme

- 3.4.4.2.1. Women Empowerment
- 3.4.4.2.2. Health
- 3.4.4.2.3. Education
- 3.4.4.2.4. Social Security
- 3.4.4.2.5. Local events sponsorship (Sports, Cultural and similar other)

3.4.4.3. Rural Infra structure Development Programme

- 3.4.4.3.1. Rural Economic Housing
- 3.4.4.3.2. Village inroads
- 3.4.4.3.3. Civic amenities

3.4.4.4. Natural Resource Management Programme

- 3.4.4.4.1. Land Development
- 3.4.4.4.2. Water Resource Development
- 3.4.4.4.3. Alternate Energy Development

3.4.4.5. Disaster response and management programme

- 3.4.4.5.1. Disaster preparedness and prevention
- 3.4.4.5.2. Relief operations
- 3.4.4.5.3. Recovery measures
- 3.4.4.5.4. Rehabilitation

### 3.5. *Process of implementation*

3.5.1. Identification of CSR activities under identified programme areas and sectors of interventions at CSRC, LHWRF and work site level will be done through Internal Need Assessment in consultation with local partners and for specialised projects external agencies may be hired if required.

3.5.2. The preferable process of project or activity implementation will be as follows:

- 3.5.2.1. Need Assessment
- 3.5.2.2. Baseline survey/ Feasibility study/ Detailed Project Report (DPR)
- 3.5.2.3. Project formulation and design
- 3.5.2.4. Project Execution within approved timeframe and resources
- 3.5.2.5. Mid-term monitoring and course correction
- 3.5.2.6. Project closure
- 3.5.2.7. End line Survey/ Evaluation/ Impact Assessment
- 3.5.2.8. Documentation of practices, process and impacts
- 3.5.2.9. Exit or withdrawal and post project Plan
- 3.5.2.10. Learning and modification in design while replication

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

- 3.6.1. 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.
- 3.6.2. The programmes will be classified as either be Long term programmes or Short term programmes according to their time duration.
- 3.6.3. Typically long duration programmes will be of 3 to 5 years of timeframe.
- 3.6.4. Short duration programmes will have duration of one year or less.
- 3.6.5. Different programmes will have different scales according to the need of the design to have optimum impact within available resources and time frame.
- 3.6.6. Each project, programme will have well thought out exit plan, withdrawal strategy, sustainability plan in place during the designing and planning phase itself.

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

### 4.1. *Definition of CSR Expenditure*

- 4.1.1. CSR expenditure will include all the expenditure, 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. *CSR Funding & Allocation*
- 4.2.1. For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, Lupin will allocate at least 2% of its previous year's Profit after Tax (PAT), as its Annual CSR Budget.
- 4.2.2. Allocation of the Annual Budget for CSR activities in any given year, will not be less than the CSR allocation for the previous year.
- 4.2.3. From the annual CSR Budget allocation an amount of Rs. ---- or ---- percentage of the budget, whichever will be less, will be earmarked each year, as contribution towards the corpus of the LHWRP, till the corpus reaches a figure of Rs. -----.
- 4.2.4. Allocation of --- % of the CSR budget each year, subject to a maximum of Rs. --- , will be earmarked for ad hoc and non plan expenditure, which may include contribution in the event of calamities or disasters affecting the communities in & around the areas where Lupin has its operations or any other expenditure approved by CSRC or bodies or persons empowered by it.
- 4.2.5. About ---- % of the annual CSR Budget will be earmarked towards cumulative expenditure on Need Assessment, Impact Assessment Studies and documentation as well as communication, publication and dissemination.
- 4.3. *Unutilised amount*
- 4.3.1. Any unutilised/ unspent amount under the annual allocation of a particular year will be carried forward to the next year, i.e., **the CSR budget will be non-lapsable in nature.**
- 4.3.2. Any surplus generated from CSR projects undertaken by us will be tracked and may be channelized into our LHWRP corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

#### 4.4. *Approvals and disbursement*

- 4.4.1. As mentioned before board level CSRC will be the highest body to approve and disburse funds as per the annual budget approved by the board.
- 4.4.2. However, CSRC may delegate powers to approve to different bodies, persons at various levels and areas as it may deem fit for smooth and efficient fund flow to achieve optimum effectiveness in implementation.
- 4.4.3. The fund disbursement schedule and cash flow at each implementing bodies will be planned and adhered to as per CSRC approved AAPB.

#### 4.5. *Resource mobilisation : rationale and principles*

- 4.5.1. Apart from the CSR budget of the company, additional resource mobilisation 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.
- 4.5.2. The rationale for additional resource mobilisation is to have increased coverage and scale which is required to address issues such as poverty and which we believe Lupin alone cannot achieve.
- 4.5.3. The rationale behind mobilising local, beneficiary or user contribution is to build stakes of those who are served in the activity or project to ensure sustainability of the process even after 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 & 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 dashboard 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, effort 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 as per CSR reporting guidelines. Effort will be made to go beyond compliance and achieve GRI standards of reporting.