



## **Corporate Social Responsibility Policy**

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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.**

# Lupin Corporate Social Responsibility Policy

This document outlines the Corporate Social Responsibility (CSR) Policy of Lupin Limited ("Lupin" or "Company"). Long before the CSR concept came into vogue, on October 2, 1988, the Company founded Lupin Human Welfare and Research Foundation (LHWRF), an entity dedicated to rural development, with a sense of social obligation. This policy document largely articulates the CSR policy of Lupin Limited in compliance with the framework provided by Section 135 of the Companies Act, 2013 ("Act") and Rules made thereunder.

## 1. Conceptual framework

### 1.1. *Title of the policy*

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

### 1.2. *Applicability/scope*

This policy shall apply to all CSR initiatives and activities taken up at various work-sites, plants and other adopted areas of Lupin as well as in the areas adopted for the benefit of rural and urban India, particularly the marginalized, deprived and poorer segments of the society.

### 1.3. *CSR Vision*

CSR is not a mere set of mandatory legal provisions for compliance. It is a moral and social obligation born when Dr. Desh Bandhu Gupta established LHWRF, an autonomous foundation dedicated to rural development. The core of CSR programmes is not limited to eradication of poverty, but 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 will be guided by the *Millennium Development Goals (MDGs)*, which offer 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 programmes that would benefit the communities in and around various work-sites, plants and other 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, 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.
- 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 operations under its CSR Policy, in compliance with the requirements of Section 135 of the Act and Rules made thereunder.

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

Board-level CSRC has been formed to plan and manage CSR programmes undertaken within and around various work-sites, plants and other adopted areas. The following directors of Lupin are members of the CSRC: -

<b>Sr.</b>	<b>Name</b>	<b>Designation</b>
1.	Mrs. Manju D. Gupta	<i>Chairman</i>
2.	Ms. Vinita Gupta	<i>Chief Executive Officer</i>
3.	Mr. Nilesh D. Gupta	<i>Managing Director</i>
4.	Mr. K. B. S. Anand	<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.
- 2.3.2. The CSRC shall formulate and recommend to the board for its approval an annual action plan which shall include the manner in which such programmes or projects shall be executed, the modalities of utilisation of funds and implementation, monitoring and reporting mechanism and details of impact assessment.
- 2.3.3. CSRC will initiate internal process to develop an annual action plan and Budget in consultation with the implementing bodies to develop a CSR plan and also modify and finalize the same after Board approval.
- 2.3.4. 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.
- 2.3.5. 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.
- 2.3.6. 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.
- 2.3.7. 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.
- 2.3.8. 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.

2.3.9. 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.

2.3.10. The CSRC shall report to the Board on projects or programmes that have been undertaken as Company's CSR activities.

2.3.11. The Board shall monitor that all contributions to the funds are properly utilized and accounted in accordance with applicable laws.

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

2.4.1. LHWRF and Lupin Foundation, the CSR arms of the Company shall carry out all CSR activities of the Company in India.

2.4.2. LHWRF and Lupin Foundation 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 at various work-sites, plants and other adopted areas to carry out the CSR activities.

#### **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. CSRC will be the highest body in the structure.

2.5.1.2. The CSRC will appoint capable and experienced professionals as Head - CSR and Program leads.

2.5.1.3. The Program leads will in turn appoint Centre Heads for each Centre. The Centre Heads will be responsible for effective implementation of the CSR programmes within well-defined operational areas of the Centre.

2.5.1.4. The Head - CSR and Program leads will be responsible for development of organisational structure at the Centre, block and field level for effective implementation of the CSR programmes.

2.5.1.5 Regular internal monitoring, evaluation and documentation of the CSR programmes will be facilitated by Head - CSR and Program leads through Communications and Compliance teams appointed by Lupin.

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

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

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

The Company will adopt a three-pronged or trident strategy for its CSR operations.

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

Company will continue to work in the areas, which are currently adopted or will be adopted through CSRC approval in the future under backward district development approach. 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 and various work-sites of the Company 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. The aim will be to develop a replicable CSR model of engagement for areas near various 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. The aim will be to increase the 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**

Company 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, the Company will implement and execute CSR programmes through internal implementing mechanisms. Where 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

Company 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 the Company's CSR grants.

#### 3.3.6. Implementing partnership

For certain projects, competent and professional organizations may be taken on Board as implementing partners who shall fulfill the following criteria:

- i. They shall have a permanent office/address in India;
- ii. They shall be registered in India under applicable laws;
- iii. Possesses a valid Income-tax Exemption Certificate; and
- iv. The antecedents 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, 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 programmes are designed within the framework of the business philosophy of the Company. There is greater focus on the health sector in both urban and rural areas.
- 3.4.2. The CSR programme interventions have greater component of induction, dissemination, extension or adoption of advanced and appropriate scientific inventions and technologies.
- 3.4.3. Efforts are towards achieving high impact in certain areas so that the CSR work instantly gets associated with certain activities with its impact and scale of operation. Identity and brand of the CSR programmes shall evolve through large-scale implementation of:
  - Livelihoods program including areas of Agriculture, Animal Husbandry, Skill Development and Women Empowerment; and
  - Lives Program focusing on Health care as per need in urban, semi-urban and rural areas.
- 3.4.4. A programme titled 'Learn and Earn' provides 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. CSR activities of the Company have 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 the Company in CSR work.
- 3.5.2. CSR programmes will implement and execute identified programme areas and 'sectors of interventions' in which the Company is active.
- 3.5.3. 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'.
- 3.5.4. Broad programme areas and 'sectors of interventions' shall be as specified in Schedule VII of the Act and as may be notified by the Ministry of Corporate Affairs from time to time.

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

3.6.1. CSR activities shall be undertaken in identified programme areas and 'sectors of interventions' through internal need-based assessment in consultation with local partners and for specialized projects suitable external agencies may be hired.

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

- Need Assessment
- Baseline survey/Feasibility study/Detailed Project Report
- 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 long-term or short-term according to their approved time duration.

3.7.3. Different programmes will have varying scales according to the design to have maximum impact within the cost and time-frame.

3.7.4. 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. *CSR Expenditure***

- 4.1.1. CSR expenditure will include all expenditures, direct and indirect, incurred by the Company on CSR programmes undertaken in accordance with the approved CSR plan.
- 4.1.2. Any surplus arising from any CSR programmes shall be used for CSR activities. 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.
- 4.1.3. Every year the Company shall spend at least 2% of its average Net profits before tax as defined under the CSR Rules during the three immediately preceding financial years on the CSR activities according to the CSR plan approved by the Board.
- 4.1.4. The Board of the Company shall ensure that the administrative overheads shall not exceed 5% percent of total CSR expenditure of the Company for the financial year for computing the limit mentioned in Clause 4.1.3.
- 4.1.5. With the approval of the Board and on the recommendation of the CSRC, if the CSR expenditure in a financial year exceeds the statutory limits, such excess may be set-off against CSR expenditure for the next three financial years.
- 4.1.6. Unspent amount at the end of the financial year, if any, except in case of an ongoing project, shall be transferred to a Fund specified in Schedule VII, within a period of six months of the end of the relevant financial year.
- 4.1.7. Surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of the Company and shall be utilized towards the eligible CSR Activities as per CSR Rules.
- 4.1.8. Any amount remaining unspent pursuant to any ongoing project, undertaken by the Company in pursuance of its CSR Policy shall be transferred by the Company to the unspent CSR Account within a period of thirty days from the end of the financial year.
- 4.1.9. The amount transferred to the unspent CSR account shall be spent by the Company in pursuance of its obligation towards the CSR policy within a period of three financial years from the date of such transfer.

4.1.10. In case, the Company fails to spend the amount within a period of three financial years, it shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

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

4.2.1. The CSRC will be the highest body to approve and disburse funds under the annual budget approved by the Board.

4.2.2. 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 mandated by the CSRC.

#### **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 which the Company alone cannot achieve.

### **5. Review and Revision of the Policy**

5.1. The CSRC shall be responsible for overseeing the planning, coordination and implementation of CSR activities and compliance of the same shall be reported to stakeholders through the Company's Annual Report on CSR.

5.2. The Board may revise the annual action plan at any time during the financial year, as per the recommendation of its CSRC, based on the reasonable justification.

5.3. The Board shall review the status of implementation and fund utilization of the various projects and programmes as per approved CSR plan.

5.4. 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.

5.5. 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.

## **7. Impact Assessment**

Impact assessment shall be undertaken by the Company as prescribed and the impact assessment reports shall be placed before the Board and annexed to the Annual Report on CSR.

## **8. Disclosures**

8.1 The composition of the CSRC, CSR policy and projects approved by the Board shall be displayed on the website of the Company [www.lupin.com](http://www.lupin.com).

8.2 Annual report on CSR activities shall be included in the Board's Report forming part of the Annual Report of the Company.

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**This Policy was approved by the Board of Directors of Lupin Limited at its meeting held on October 27, 2021.**