



# Zydus Wellness Limited

## CSR Policy

(Revised CSR Policy approved by the Board of Directors at its Meeting held on February 5, 2021 incorporating the amendments made in CSR Rules, 2014)

## A. Concept and Introduction

Zydus Wellness Limited is part of Zydus group which has a legacy of being in the service of the nation through innovation in healthcare and providing novel therapies to bridge unmet healthcare needs. The overarching belief of its Founder Chairman, Late Shri Ramanbhai Patel, an educationist and an entrepreneur, was that education, research and innovation are all inter-linked and one impacted the other. When combined they created a much larger universe of socially committed, purposeful and meaningful contributions to the society. Inspired by his vision and thoughts, the Company through its CSR programme, Zydus Srishti reaches out to make a difference in a myriad ways in the areas of Health – Swaasthya, Education – Shiksha, Research – Shodh and Outreach - Saath. Through these initiatives, the group reaches out to the community that it forms a part of, finding new expressions for its mission to create healthier communities globally.

This policy titled as the ‘Zydus Wellness CSR Policy’ encompasses the Company’s philosophy for CSR, its responsibility as a corporate citizen and provides the broad guidelines and framework for undertaking programmes that can have a meaningful impact on the communities of which the Company forms a part of and the society at large. The policy shall apply to all the CSR initiatives undertaken by the group at various locations in keeping with the guidelines enlisted in the Schedule VII of the Companies Act, 2013 and any amendments thereof.

## B. Zydus Wellness CSR Policy

Zydus’ CSR Policy shall contain the approach and direction given by the Board, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan. Zydus’ approach for CSR activities would primarily focus on 4 broad thrust areas such as Health – Swaasthya, Education – Shiksha, Research – Shodh and Outreach - Saath. These areas are at length in the Policy.

### **The objectives of the Zydus Wellness CSR Policy are:**

- To directly or indirectly take up programmes that can beneficially impact the communities in and around the Company’s manufacturing facilities, work centres, thus enhancing the quality of life and creating healthier communities.
- To ensure commitment and compliance at all levels within the organisation and create meaningful partnerships with stakeholders to achieve desired outcomes of the Policy.
- To create goodwill for the organisation and a continuity of the Zydus legacy through its CSR programme and reinforce the principles of corporate citizenship.

## C. Scope:

In furtherance of its CSR objectives, the following are covered under the CSR Policy:

- i. CSR activities implemented by the Company on its own as a part of its flagship programme, Zydus Srishti.
- ii. CSR activities implemented by the Company through any registered trust, including the Ramanbhai Foundation and Zydus Foundation.

**D. Definitions:**

In this Policy, unless the context otherwise requires:

1. "Act" shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.
2. "Agency" (or Agencies) means any Section 8 Company or a registered trust / society / NGO / institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.
3. "Approved Budget" shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
4. "Board" shall mean the Board of Directors of the Company.
5. "Company" shall mean Zydus Wellness Ltd., and wherever the context requires, shall signify the Company acting through its Board.
6. "CSR Annual Plan" shall mean the annual plan detailing the CSR projects and expenditure towards the respective projects during any financial year.
7. "CSR Committee" shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of three or more directors, out of which at least one director shall be an independent director.
8. "CSR expenditure" means all CSR expenditure of the Company as approved by the Board upon recommendation of the CSR committee, including the following:
  - i. Contribution to CSR Projects which shall be implemented and/or executed by the Company;
  - ii. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by its Trust or Society; and
  - iii. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by an Agency.
  - iv. Any other contributions covered under Schedule VII.
9. A whole time person may be engaged by the Company for activities envisaged in the CSR Policy.
10. "CSR Projects" or "Projects" means Corporate Social Responsibility projects / activities / programs/ initiatives, instituted in India, either new or ongoing, and includes, but is not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company.

Projects / activities / programs / initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.

11. "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
12. "Group Companies" means holding / subsidiaries of the Company, Zydus Wellness Ltd. including their respective holding and subsidiary companies.
13. "Net profit" shall mean the net profit as per the Act and Rules based on which the specific percentage for CSR expenditure has to be calculated.
14. "Ongoing Project" means a multi-year project undertaken by the Company in fulfillment of CSR obligations having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as the multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.
15. "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.
16. "Society" means a Society formed and registered under the Societies Registration Act, 1860 by the Company and includes a society jointly formed and registered by the Company with all or any of its Group Companies.
17. "Thrust Areas" shall have the meaning as ascribed to them as per provision E of the Policy.
18. "Trust" means a Trust created and registered under the India Trusts Act, 1882 by the Company and includes a Trust jointly created and registered by the Company with all or any of its Group Companies.
19. "Unit" shall mean the Company's facilities at Ahmedabad, Sikkim, Sitarganj, Aligarh.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Rules.

**E. Thrust Areas:**

The Company at present proposes to undertake initiatives in the following thrust areas –

**1.1 Swasthya – Programmes for Health, Safety and Environment including but not limited to:**

- (1) Organizing and implementing healthcare programmes that are need-based, and address healthcare concerns of diverse age groups and economic strata including the grass-root level.
- (2) Providing financial support and other assistance to institutions/organizations involved in preventive healthcare, medical research, public health, nursing etc.
- (3) Providing financial assistance to marginalised and economically weaker sections of the society for medical treatment in medical institutions selected and shortlisted for this aid.

- (4) Initiatives concerning or promoting:
  - a. General healthcare including preventive health care in urban, semi urban and rural areas.
  - b. Healthcare camps including diagnostic and vaccination camps.
  - c. Better hygiene and sanitation.
  - d. Ensuring environmental sustainability through maintenance of soil, air and water.

**1.2 Shiksha and Shodh – Programmes for Education, knowledge enhancement and research including, but not limited to:**

- (1) Creating and managing educational and knowledge enhancement infrastructure.
  - a. Providing financial support and/or other assistance to the existing campuses of the Zydus School for Excellence and the new campuses that the Company or the Trust may choose to set up in due course of time.
  - b. Funding academic and sports scholarships to deserving students including those from economically disadvantaged backgrounds.
- (2) Providing financial support/scholarships to the deserving students from other educational institutions of excellence as may be decided by the Company from time to time.
- (3) Providing financial assistance/support to any institution involved in education, research and knowledge enhancement.
- (4) Facilitating enhancement of knowledge, skill building and creating sustainable livelihood opportunities in partnership with reputed institutions.
- (5) Contribution to the setting up of institutions in PPP model or start-ups in partnership with other institutions for vocational guidance and education.

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(6) Promoting knowledge enhancement and innovation in healthcare and medical science through the biennial symposium, The Ramanbhai Foundation International which brings together the scientific community from across the world, both from academia and industry who deliberate upon unmet medical needs, new research initiatives and some latest advancement in healthcare and medical science.

**1.3 Saath – Social care, concern and outreach programmers in times of emergencies including, but not limited to:**

- (1) Creating public awareness on health concerns such as supporting campaigns to eradicate communicable and non-communicable diseases.
- (2) Protection and upgradation of environment including ensuring ecological balance and related activities.
- (3) Community upliftment through rural development projects
- (4) Supporting the cause of animal welfare in terms of medical aid awareness and

diagnostic camps.

- (5) Championing social causes and providing assistance in programme on women's empowerment, ensuring gender equality etc.

## **F. Duties and responsibilities:**

### **i. Board of Directors**

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules, as amended from time to time.

### **ii. CSR Committee**

- i. The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet at least twice a year.
- ii. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
- iii. The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting in April/May of the following year for Board review and finalization.
- iv. The CSR Committee shall ensure that the CSR Policy and finalized Annual Plan are displayed on the Company's website.
- v. A designated Officer shall be responsible for the proper implementation and execution of CSR Projects of the Company and shall present the CSR report to the Committee.

## **G. Review Periodicity and amendment:**

- i. CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.
- ii. The CSR Committee shall review the Policy every two years unless such revision is necessitated earlier.

## **H. Identification of CSR Projects:**

1. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objectives in other areas, as prescribed under Schedule VII of the Companies Act of 2013 and the amendments thereto.
2. The CSR activities will include Research and Development work for COVID-19 i.e. new drugs, vaccines and medical devices related to COVID-19, for the financial year 2020-

21, 2021-22 and 2022-23, which are carried out in collaboration with the institutes or organizations mentioned in item (ix) of Schedule VII of the Act.

The CSR Projects shall include all the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act and in accordance with the provisions contained in CSR Rules, but shall not include the following:

- i. Activities undertaken in normal course of business,
  - ii. Activities undertaken outside India;
  - iii. Political contribution under section 182;
  - iv. Activities benefiting employees of the Company as defined in section 2(k) of Code of Wages, 2019.
  - v. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
  - vi. Activities carried out for fulfilment of any other statutory obligation.
3. The CSR Projects in Thrust Areas shall be identified on the basis of a detailed assessment survey.

#### **I. Implementation of CSR Projects :**

The Company shall implement the identified CSR Projects by the following means:

1. The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The Company may also implement the identified Projects presently through the Ramanbhai Foundation and Zydus Foundation, a section 8 Company incorporated under the Act, which is involved in CSR activities, within the scope and ambit of the thrust areas as defined in the Policy.
3. The Company, may collaborate with other companies, including its Group Companies if required, for fulfilling its CSR objectives provided that the CSR Committees of respective companies are in a position to monitor separately such CSR Projects.
4. On-going projects will be undertaken by the company in fulfilment of its CSR obligations having timelines not exceeding three years excluding the financial year in which it was commenced. It shall seek extension/approval from the Board for a multi-year project that has exceeded beyond one year, based on reasonable justification.

#### **J. Monitoring:**

Monitoring process for CSR Projects shall include the following:

- Evaluation of Planned progress V/s Actual Progress
- Actual expenditure V/s expenditure as per the approved budget

#### **K. Fund allocation and others:**

##### **A. Fund allocation**



1. The Company, in every Financial Year, shall endeavor to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years. However, the aforementioned expenditure in any Financial Year shall be at least 2% of Company's average Net profits for the three immediately preceding Financial Years.
2. The CSR Committee shall prepare a CSR Annual Plan for the above which shall include:
  - a. Identified CSR Projects
  - b. CSR expenditure
  - c. Implementation Schedules
3. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee
4. In case the Company fails to spend the statutory minimum limit of 2% of Company's average net profits of the immediately preceding three years, in any given financial year, the unspent amount, relating to a project, other than ongoing project, shall be transferred to any fund included in Schedule VII of the Act (until a fund is specified in Schedule VII of the Act) within a period of six months from the expiry of the financial year and Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section {3} of section 134.

The unspent amount relating to ongoing project shall be transferred within a period of thirty days from the end of the financial year to a special account which will be opened by the Company in that behalf in that financial year in any scheduled bank to be called 'Unspent Corporate Social Responsibility Account and such amount will 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, failing which the Company will transfer the same to a fund specified in Schedule VII within a period of thirty days from the date of completion of third financial year.

The disbursement of funds shall be submitted to the Board as a part of the review along with the details of how the funds have been utilized, which shall be certified by the Company's CFO.

In case of an ongoing project, the implementation along with the approved timelines and year-wise allocation will be presented to the Company's Board.

#### **B. Others**

1. The CSR Committee shall ensure that major portion of the CSR expenditure in the annual plan shall be for the Projects in the thrust areas. However, beyond any particular thrust area taken up for budgetary allocation, CSR Projects can also be identified on need basis for implementation in a given year.
2. The Company's CSR Committee shall formulate and recommend to the Board, an annual action plan at the beginning of every financial year in pursuance of its CSR Policy, which shall include the following:

- i. The list of CSR projects or programmes that are approved to be undertaken in the areas or subjects specified in Schedule VII of the Act;
  - ii. The manner of execution of such projects or programmes;
  - iii. The modalities of utilization of funds and implementation schedules for the projects or programmes;
  - iv. Monitoring and reporting mechanism for the projects or programmes;
  - v. Details of need and impact assessment, if any, for the projects undertaken by the company
3. The Company may build CSR capacities of their own personnel or personnel of its Trust or Society, as well as those of the Agencies through institutions with established track records of at least three Financial Years but such expenditure shall not exceed 5% of the Approved Budget of the Company in one Financial Year.
4. Expenses incurred by the company shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.
5. Surplus arising out of CSR activities shall not form part of business profits and shall be ploughed back in the same project or shall be transferred to unspent CSR Account and spent in pursuance of CSR policy and annual action plan or transfer such surplus amount to a fund specified in Schedule VII within a period of six months of the expiry of the financial year.
6. An amount spent in excess of the requirements, such excess amount may be set off against the requirements to spend upto immediate succeeding three financial years subject to conditions that:
  - a. The excess amount available for set off shall not include the surplus arising out of CSR activities.
  - b. The Board of the Company shall pass a resolution to this effect.
8. If CSR amount is spent by the company for creation or acquisition of a capital asset, it shall be held by: Section 8 company or beneficiaries of said CSR project in form of self-help groups, collectives, entities or a public authority.

**CSR Reporting:**

Impact assessment, if and when mandated, will be undertaken by an independent agency and such impact assessment report shall be placed before the Board and annexed to the annual report of CSR.

**Display of CSR activities:**

The composition of CSR Committee, and CSR Policy and Projects approved by the Board will be displayed on the company's website, for public access.

**Transfer of unspent CSR amount:**

The unspent CSR amount, if any, shall be transferred by the Company to any fund included in schedule VII of the Act, (until a fund is specified in Schedule VII of the Act).

For **Zydus Wellness Limited**

**Sharvil P. Patel**  
**Chairman**