

POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

CORPORATE PHILOSOPHY

We support the care of critically and chronically ill patients by manufacturing world- class products that meet the expectations regarding quality, profitability, and service.

In a challenging atmosphere we empower our employees, create a respectful environment, foster workforce diversity, and add value for all our stakeholders. We are committed to ensuring compliance with the laws and code of conduct across India Region.

CSR AT FKOL

At Fresenius Kabi, we believe that a healthy business grows around not only healthy and happy employees but also our immediate environment and community.

For us, at Fresenius Kabi the way we work internally through our values of 'honesty', 'integrity', 'passion' and 'commitment' defines how we approach our business both internally as well as externally.

Being a pharmaceutical company dealing with manufacturing of both Active Pharmaceutical Ingredients (API) and Finished Dosages (Formulations) of cytotoxic generics medicines puts added responsibility on us to ensure that our manufacturing practices are not in any way impacting the human, plant and animal life in their vicinity.

In our case the risks in production of our medicines are closely linked to the environment and discharges of chemical substances in nature. We believe that we should work on initiatives that help us to mitigate these risks.

We strongly believe that making corporate contributions is the best way to show the community that we care about them, their families, and their future.

The vision of this policy is to contribute to the social and economic development of the communities in which we operate.

OBJECTIVES OF CSR POLICY

- a. To ensure that treatment of waste especially water before discharge from the factory and assess the environmental risks associated with discharge directly into soil and water bodies near our premises.
- b. To frame guidelines for carrying out CSR activities of the Company towards sustainable development of the society and the flora and fauna in its vicinity.

- c. To directly or indirectly take up programs that mitigate the possible risks to the wellbeing of our employees as well as the communities nearby.
- d. To lay down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large under umbrella of Corporate Social Responsibility keeping in view the legal environment in which the Company operates.
- e. Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- f. To sustain and continuously improve standards of Environment, Health, and Safety through the collective endeavor of our Company and its employees at all levels.
- g. Protection and safeguard of environment and maintaining ecological balances.
- h. Ensure that our suppliers also meet the social and environmental guidelines.

EFFECTIVE DATE

This policy is applicable from the date of its approval by the Board of Directors of the Company.

CSR BUDGET

Subject to approval of the Board of Directors, the CSR budget of the company shall be decided by the CSR Committee for each financial year.

SCOPE/AREA OF ACTIVITY

The Scope of the CSR policy shall be to operate within the ambit/areas prescribed by the Ministry of Corporate Affairs, Government of India (MCA) or any other empowered Ministry/Authority, as the case may be, from time to time. The Company shall give preference to the local area and areas around which the Company operates in India.

Initially, following general areas have been shortlisted for carrying out CSR activities of the Company:

1. promoting preventive health care and sanitation and making available safe drinking water
2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

3. promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
4. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air, and water.
5. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities, and women.
6. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.

The specific list of CSR projects/ programs, which the Company intends to undertake *inter-alia*, specifying modalities of execution, implementing schedule and monitoring process of such projects or programs shall be discussed and finalized by CSR Committee annually.

The relevant information /modalities for FY 2014-15, are provided in "Annexure – I" to this policy.

COMPOSITION

The constitution /re-constitution of the CSR Committee shall be done by the Board of Directors of the Company from time to time as per the applicable requirements of the Companies Act, 2013, read with rules made thereunder.

In the initial phase, the constitution shall be as below:

- Total three Directors, out of which at least one person shall be the Independent Director.
- Functions of the Committee:
 - i. to recommend to the Board the CSR activities to be undertaken by the company.
 - ii. Recommend the amount to be spent on the specific CSR activities; and
 - iii. Monitor the amount earmarked for the CSR spend.
 - iv. Monitor the Company's CSR policy periodically.
 - v. Providing the quarterly report to the Board on the CSR spend

CSR EXPENDITURE

- a. The CSR expenditure may be incurred through any of the following modes:
 - i. by FKOL on its own or
 - ii. through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under

- Section 8 of the Companies Act 2013 or otherwise subject to the rules as provided in the Companies (Corporate Social Responsibility Policy) Rules, 2014 or any other rules /regulations as may be applicable from time to time,
- iii. the Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in position to report separately on such projects or Programme in accordance with Companies (Corporate Social Responsibility Policy) Rules, 2014.
 - b. Company will endeavor to build CSR capacities of its own personnel as well as those of its Implementing agencies through Institutions with established track record of at least three financial years, but such expenditure shall not exceed the maximum limit fixed in this regard by the MCA from time to time.
 - c. The CSR Committee shall specify the projects or activities or program to be undertaken as part of CSR activities and decide about the modalities for utilization of funds on such projects or program and the monitoring process and reporting mechanism.
 - d. Any surplus arising out of CSR projects or Programme, or activities shall not form part of the business profits of the company.

COMPLIANCE AND MONITORING PROCESS: -

- a. The CSR committee would meet at least twice in a financial year or at such other frequency as may be decided by the CSR Committee, to recommend and approve the activities and projects to be undertaken by the company to the Board of the company.
- b. CSR Committee shall review the progress and impact of various implemented CSR programs, to determine any further action plans that need to be undertaken.
- c. Appropriate documentation of the CSR Policy, Annual CSR Activities report, Budget & Expenditure incurred on CSR activities will be prepared, reviewed and approved on a regular basis as required by the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended/replaced from time to time, and should be reviewed by CSR Committee.
- d. For CSR spend the preference to be given to the local area and areas around which the company operates.

ENQUIRIES AND SUGGESTIONS

For dealing with enquiries/ suggestions received from public/government authorities related to FKOL's CSR initiatives, the Company Secretary of the Company shall be the nodal officer on behalf of the Company.

“Annexure – I”

List of CSR projects/ programs to be undertake during FY 2014-15

Sr. No.	Activity/Project	Location
1	Education and skill development activities	✓ Kalyani, WB ✓ Baddi, HP ✓ Kishanpura, HP ✓ Delhi NCR
2	Sanitation and safe drinking water	✓ Kalyani, WB ✓ Baddi, HP ✓ Kishanpura, HP
3	Environmental sustainability measures	✓ Kalyani, WB ✓ Baddi, HP ✓ Kishanpura, HP ✓ Delhi NCR
4	Healthcare facilities for underprivileged, which may include: <ul style="list-style-type: none"> ➤ Measures for reducing child mortality. ➤ Safe motherhood initiatives ➤ Medical health checkup services ➤ Providing artificial limbs, free /discounted medicines and medical Equipments to the needy persons etc. 	✓ Kalyani, WB ✓ Baddi, HP ✓ Kishanpura, HP ✓ Delhi NCR
5	Other activities as may be specified from time to time by the CSR Committee	✓ Kalyani, WB ✓ Baddi, HP ✓ Kishanpura, HP ✓ Delhi NCR

Modalities of execution

A CSR Steering Committee shall be constituted, under the supervision of CSR Committee for ensuring proper and timely implementation of CSR activities undertaken by the Company.

Constitution of CSR Steering Committee (Members to be nominated by CMD in consultation with CSR Committee from time to time)

1. One representative from Human Resource Department of Corporate Office,
2. One representative from each Plant
3. One representative from I&D function
4. One representative from finance & accounts function
5. One representative from Legal function.

The Chairman of the CSR Steering Committee to be nominated by the CMD.

Scope of CSR Steering Committee

- ✓ To identify the CSR projects/activities and recommend to the CSR Committee,
- ✓ To prepare the financials of CSR activities,
- ✓ To monitor the progress of CSR projects/activities and report deviations to the CSR Committee
- ✓ To identify the employees of the Company for development of CSR skills,
- ✓ To coordinate with CSR Committee for proper implementation of identified CSR activities.

Meeting of CSR Steering Committee

The Steering Committee shall meet at least once in each month for discussing the progress of CSR project/ activities and report the minutes of the meetings to the Chairman of CSR Committee.

The Chairman of CSR Steering Committee shall be present in the CSR Committee meeting for providing progress reports and taking instructions /advice from Committee members.