



**Cipla Business  
Responsibility Report  
FY 2014-15**

## Preamble

Cipla is a global pharmaceutical company which uses cutting edge technology and innovation to meet the everyday needs of all patients. For more than 70 years, Cipla has emerged as one of the most respected pharmaceutical names in India as well as across more than 150 countries. Our portfolio includes over 1500 products across wide range of therapeutic categories with one quality standard globally.

Whilst delivering a long-term sustainable business, Cipla recognises its duty to provide affordable medicines. Cipla's emphasis on access for patients was recognised globally for the pioneering role played in HIV/AIDS treatment as the first pharmaceutical company to provide a triple combination anti-retroviral (ARV) in Africa at less than one dollar a day and thereby treating many millions of patients since 2001.

Cipla's research and development focuses on developing innovative products and drug delivery systems and has given India and the world many 'firsts' for instance Triomune. In a tightly regulated environment, the company's manufacturing facilities have approvals from all the main regulators including USFDA, UKMHRA, WHO, MCC, ANVISA, and PMDA which means the company provides one universal standard both domestically and internationally.

Cipla believes that an organization will be able to achieve sustainable economic growth only when it can deliver equitable development for all. Translating this belief into actions, Cipla, continually strives to intertwine Environmental, Social and Governance aspects with all facets of business operations and stakeholder dealings. This is implemented through a comprehensive Corporate Responsibility policy supported by a robust governance structure.

Cipla's corporate responsibility policy considers following corporate responsibility issues among the most important to its core business:

- Practice of ethical standards in business, research & development as well as marketing.
- Production of world-class medicines.
- Addressing challenges of improved access to medicines and affordability.
- Minimizing environmental impacts and waste.
- Helping underprivileged communities to help themselves to become resilient and self-reliant.

This report illustrates Cipla's efforts towards creating enduring value for all its stakeholders in a responsible manner. The Business Responsibility Report (BRR), covers Cipla's India operations and is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, and is in accordance with Securities and Exchange Board of India's (SEBI) Clause 55 of the listing agreement with stock exchanges.

Through this report, Cipla attempts to respond to the key issues that are of material interest to Cipla and its stakeholders. The report is a transparent and balanced disclosure of Cipla's business impacts and performance on each the nine principles as mentioned in National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by the Ministry of Corporate Affairs, Government of India.

## Section A: General Information about the Company

Cipla is one of the world's largest generic pharmaceutical companies. It has over 1500 products across therapeutic categories covering communicable to non-communicable, common as well as emerging and rare 'orphan' diseases. The Company has more than 30 manufacturing locations in India which are in the States of Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh and Sikkim. Most of the company's manufacturing units are approved by reputed international regulatory agencies such as USFDA.

While the Company has presence in over 150 countries across the world, and the main markets in which Cipla has a presence are India, South Africa, US and EU. The Company manufactures an extensive range of pharmaceutical and personal care products.

Cipla is engaged in business activities under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organization, Ministry of Statistics and Program Implementation.

### Other details:

- Corporate Identity Number: L24239MH1935PLC002380
- Registered address: Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai- 400 013, Maharashtra
- Website: [www.cipla.com](http://www.cipla.com)
- Email-id: [csr@cipla.com](mailto:csr@cipla.com)
- Financial year reported: April 1, 2014 to March 31, 2015

## Section B: Financial Details of the Company

S No	Particulars	Details as on March 31, 2015 (INR)
1.	Paid up capital	160.59 crores
2.	Total turnover (Revenue from operations)	10224.72 crores
3.	Total profit after tax	1181.09 crores
4.	Total spending on corporate social responsibility (CSR) by the Company	Cipla spent an amount of 13.43 crores on CSR through Cipla Foundation and CIPLA CANCER & AIDS FOUNDATION (CCAF).
5.	List of activities in which expenditure in 4 above has been incurred	(Refer Principle 8 under Section E below)

## Section C: Other Details

Cipla has several subsidiaries, list of which (including step-down subsidiaries) is provided in the Company's Annual Report. Each of the company's subsidiaries abides by the law of the land and strives to carry out its business in a responsible manner. The Company's Business Responsibility initiatives were not extended to its subsidiaries in the reporting period.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR:

a) Details of the Directors responsible for implementation of the BR policy:
<ul style="list-style-type: none"><li>DIN: 06620380</li><li>Name: Mr. Subhanu Saxena</li><li>Designation: Managing Director and Global Chief Executive Officer</li></ul>
b) Details of the BR Head:
<ul style="list-style-type: none"><li>DIN Number (if applicable): Not Applicable</li><li>Name: Mr. Anurag Mishra</li><li>Designation: Head – Operations, CSR</li><li>Telephone number: 022-23025999</li><li>Email-id: <a href="mailto:csr@cipla.com">csr@cipla.com</a></li></ul>

### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

S No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Yes								
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national /international standards? If yes, specify?	Cipla's Corporate Responsibility Policy is based on the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011. Cipla's Environment Policy is as per the requirements of ISO 14001, Environment Management System.								

4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director	Yes
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.cipla.com/CiplaSite/Media/PDF/Corporate_Responsibility_Policy.pdf">http://www.cipla.com/CiplaSite/Media/PDF/Corporate_Responsibility_Policy.pdf</a>
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been communicated to employees through the Intranet and external stakeholders through the Company's website (www.cipla.com)
8.	Does the company have in-house structure to implement the policy/policies?	Yes
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Company plans to have an independent assessment carried out in due course of time.

### 3. Governance related to BR:

The BR performance of the Company is regularly monitored by the Company and reviewed by the Chief Executive Officer.

This is Cipla's 3<sup>rd</sup> Business Responsibility Report which is produced annually since 2012-13. The report can be viewed at: <http://www.cipla.com/Home/About-Us/Caring-for-the-Environment.aspx>.

## Section E: Principle-wise performance

### Principle 1 – Corporate Governance

The Company is committed to good corporate governance practices. Cipla's corporate governance policies and practices are an integral element of its culture. Cipla has adopted a Business Code of Conduct which guides its employees and directors to conduct business in an ethical, responsible and transparent manner. The Code of Conduct directs that any director or employee of the Company shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company.

The Code of Conduct lays special emphasis on transparency as it directs all directors and employees of the Company to conduct the business in a totally transparent manner except where the needs of business security dictate otherwise. Further, it prescribes that such transparency shall be brought about through appropriate policies, systems and processes. It expects the conduct to be so transparent that it is perceived to be as such even by third parties.

The corporate governance framework is further supported by a Vigil Policy which serves as a mechanism for its directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal, and hence to help ensure Cipla continues to uphold its high standards.

Cipla received two complaints related to Vigil Policy in FY 2104-15. Both of them have been suitably resolved.

### Principle 2 – Safe and Sustainable Products and Services

Cipla is one of the leading manufacturers of generic pharmaceuticals in the world. As the vision of the company is to provide affordable and accessible medicines to everyone, Cipla has been at the forefront of research & development. Through its persistent efforts, Cipla has been able to bring down prices of some of the world's most expensive medicines which were used for the treatment of cancer, HIV/AIDS, pulmonary and rare diseases etc. Cipla reviews the affordability factor of its products on an ongoing basis and works towards making them as affordable as possible. Few products that testify Cipla's sustained efforts towards providing affordable medicines are:

1. **Iron Chelators** – For Thalassaemia, Cipla is the only company to have both the oral iron chelators (Deferiprone and Deferasirox) at an affordable price.

2. **Trioday** - Continuing its commitment in the field of HIV, Cipla was the first in the world to launch Trioday (2009), which is a cost-effective triple-drug antiretroviral combination widely recommended as first-line therapy option among HIV-infected patients.
3. **Soranib, Gefiticip and Temoside** - In continuation with the Company's commitment to make medicines affordable and accessible, particularly in anti-cancer medication, in May 2012, Cipla announced a price cut up to 76% in above three major anti-cancer drugs.
4. **Bosentas (2008)** - India's first brand for management of PAH (Pulmonary Arterial Hypertension). Also, Cipla reduced Bosentas price by 45% in the year 2010 to enhance its accessibility to more patients in India.

Considering that the Company has a multi-product, multi-facility production system, it is not possible to determine product-wise resource consumption. Nevertheless, Cipla is cognizant of the importance of adopting world-class environmental and social practices at its manufacturing locations. The company has undertaken various measures to create a safe working environment for its workforce, testimony to which is the OHSAS 18001 certification for all its manufacturing units. On the environment front, Cipla has adopted principles of natural resource conservation, reuse, reduce, recycle, waste minimization and renewable energy. All manufacturing units are certified for ISO 14001 as well.

To facilitate local economic growth, Cipla encourages and supports local suppliers in the vicinity of its manufacturing facilities, especially those suppliers who produce unique products such as respiratory products, certain packaging and other supporting materials (linen, printing) etc. Local sourcing also lowers the transportation costs and also helps in the reduction of vehicular air emissions. In the last FY, Cipla procured more than 50% of its required materials from local ('Local' means suppliers based out of India) suppliers.

The waste generated in the Company's operations is either recycled or disposed of in a responsible way. All manufacturing facilities have their own effluent treatment plant which ensures zero discharge of waste. The Company strives to recover and reuse the solvents used in the manufacturing process. About 20% solvents were recycled & reused having multi-products facility and small volume products.

### **Principle 3 – Well-being of Employees**

A diverse, vibrant and motivated workforce fuels the growth engine of a Company. Hence, employee well-being and holistic development are at the top of Cipla's Human Resource (HR) agenda. The people policies of the company endeavours to provide an inspiring work environment that is safe, secure, non-discriminatory and rewarding with definitive career paths for everybody. A zero-tolerance approach is adopted towards issues concerning discrimination on the grounds of race, religion, nationality, ethnic origin, colour, gender, age, citizenship, sexual orientation, veteran status or any disability.

The company has adopted a Prevention of Sexual Harassment Policy in accordance with the statutory requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All sexual harassment complaints are diligently reviewed and investigated by an Internal Complaints Committee constituted under the Prevention of Sexual Harassment Policy.

1	Total number of employees	23472
2	Total number of employees hired on contractual/ casual basis	12088
3	Number of permanent women employees.	2626
4	Number of permanent employees with disabilities	11
5	Do you have an employee association that is recognized by management?	Yes, Cipla has three employee associations, one each at Patalganga, Kurkumbh and Bangalore for permanent workmen employed at these locations
6	What percentage of your permanent employees is members of this recognized employee association?	1. Patalganga: 13.43% of total permanent employees at Unit 1 2. Kurkumbh: 6.25% of total permanent employees at Unit 1, 3. Bangalore: 15.97% of total permanent employees at Virgonagar Unit

### Grievances

There were no instances of any child labor, forced / involuntary labor, discriminatory employment during the FY 14-15. A total of 17 cases were reported under the Prevention of Sexual Harassment Policy during FY 14-15, out of which 3 cases were under investigation at the end of financial year. Subsequently, all the cases were satisfactorily addressed and appropriate action was taken.

### Learning & Development (L&D)

The organization believes that continuous knowledge, competency and skill development is vital for its intellectual capital. Employees are trained on skills and competencies required for the current role and developmental interventions required to perform additional duties and assume higher responsibilities. The pursuit of L&D has always been to develop leadership, behavioral and functional competencies of employees. The L&D interventions are broadly classified under Level based and Skill based. Some of the notable interventions under level-based include Leadership for Enhancing Accelerating Performance (LEAP), Global Leadership Council (GLC), 360 degree feedback for CLT etc.

Skill-based interventions include function wise need-based interventions, skill builders, designing tools for standardization in training content and delivery for internal teams. Specific leadership development interventions like coaching the coach, first time manager and manager of manager programs etc. have also been implemented.

Category	Skill-Upgradation Trainings	Safety Trainings
Permanent Employees	14534	15579
Permanent Women Employees	2615	5456
Casual/ Temporary Employees	3095	1796
Contract Workers	1476	6547
Employees with disabilities	1	9

### **Principle 4 – Responsiveness to all stakeholders**

Effective stakeholder engagement is critical to creating an eco-system where the business can prosper and sustainability performance can improve. Stakeholder engagement at Cipla is a continuous process to enable the company to devise strategies that manage stakeholder expectations and address their concerns. The company has adopted customised mechanisms to engage with various stakeholders. Outcome of these engagement mechanisms form a critical input for company’s business planning and improvement. The improvements made are then communicated to the stakeholders, where deemed necessary. The company honours information requirements of its stakeholders as and when they seek information and strive to provide them reliable information. These efforts are in addition to the mandatory disclosures required by law.

The major stakeholders identified by Cipla are Employees, Contract Workers, Customers, Distributors, Stockists, Doctors, Patients, Healthcare Providers, Shareholders / Investors, Local Communities, Business Partners, Contractors / Vendors / Suppliers, Government Bodies etc.

Out of these, Cipla has identified some groups as disadvantaged, vulnerable & marginalized. These include, among others, deprived children who cannot afford quality health & education, communities around Cipla’s plant locations and needy patients. Cipla works with various NGOs to engage with such groups to identify their needs and address them to the extent possible. For example, Cipla, with Stree Mukti Sanghatana, conducted training programmes for educating teenage students on adolescence, stress management, career guidance, de-addiction information, value education and family life education. To date, 806 sessions in 16 different schools have been already completed covering about 8500 students. Similarly, Cipla Palliative Care and Training Centre in Pune provides free of cost palliative care services to cancer patients, who lack access and need specialized palliative care.

## **Principle 5 – Human Rights of stakeholders**

Cipla's philosophy towards respecting human rights and upholding the dignity of every individual associated with the company is detailed in its Corporate Responsibility Policy under 'Human Rights' sub-section. The company strives to provide a non-discriminatory and harassment-free workplace for all employees and contract staff. The Constitution of India, the United Nations' Universal Declaration of Human Rights (UNDHR), International Labour Organization (ILO) guidelines and the Indian Factories Act, 1948 provide the overarching framework for the Company's policy on human rights.

All employees and contract staff are empowered to report any incidents of discrimination and harassment. The company does not employ child labour and its recruitment policies ensure that all employees are free to choose to be associated with the firm. Statutory compliance of all contractors on minimum wage payments is reviewed and monitored. Through the induction programme and regular communication regarding Cipla's values, the company sensitises its employees and contractors on aspects of human rights.

During the last FY, no stakeholder complaints pertaining to Human Rights were received.

## **Principle 6 – Protecting the Environment**

Cipla is cognizant of its environmental responsibilities as one of the leading pharmaceutical manufacturing company and as a global corporate citizen. Sustaining an equitable balance between economic growth and environment preservation has always been of paramount importance for the company. The environment management approach has led to efficient and optimum utilization of available resources, minimization of waste which is carried out by the adoption of latest technology.

Some of the key environmental objectives for Cipla are:

- Efficient and optimal utilization of available resources,
- Minimizing waste,
- Maximization of waste materials utilization,
- Comprehensive merging of the local society with support and care for their socio- economic development,
- Adherence to the rules and norms set by the Ministry of Environment and Forests, Government of India, Central Pollution Control Board and State Pollution Control Boards or any other statutory body.

The Company has implemented an Occupational Health, Safety and Environment policy across all its business operations and the same is expected to be followed by its contractors, sub-contractors and transporters as well. Environment Management is a top priority for the company and thus it adopts the best in class technology for pollution abatement. In order to address greater global issues like Global warming and climate change, the Company has adopted environment friendly measures like green chemistry, fuel changeover from non-renewable to renewable and reduction of Ozone Depleting Substances (ODS). Green chemistry is adopted from the product development stage to limit the impact on environment.

The environment risk has been addressed through Aspect Impact Analysis certified by ISO 14001 and Hazard Identification & Risk Assessment by OHSAS 18001.

All manufacturing units follow the International Energy Management Standard Systems in monitoring and controlling the equipment and systems. The Kurkumbh & the Patalganga units are ISO 5000 certified and the remaining sites are in the process of getting certified.

Cipla places great emphasis on optimum usage as well as conservation of energy & to this end the selection & procurement of new equipment and utilities like Air Compressors, Chillers, Pumps and Air handling units are based on life cycle cost. Variable Speed Drives are used where possible to meet partial demand for proportionate reduction in energy. Periodic assessments are conducted to evaluate the energy utilization in order to rectify or address any issues if required. The various measures undertaken for optimal energy utilization are:

1. Regular upgradation of equipment, piping and control systems,
2. Timer operated switches at cafeteria and changing rooms,
3. Sensor switches at Technical areas, meeting rooms and other common areas,
4. LED lights to power new projects and retrofitting of existing with LED,
5. Use of lightning transformers,
6. Use of renewable energy like solar power, Solar lighting , water heater, wind energy as well as natural solar light,
7. Reduction of fossil fuel by the usage of biomass briquettes,
8. Installation of Economizers in the path to recover waste heat,
9. Design of AHU water coils to minimize fuel consumption and increase hold up time,
10. Utilization of compressor evaporated temperature to meet humidity requirement,
11. The effluent generated in the plants is treated and is reused for utilities and the garden areas.

Statutory compliance in respect of Environment Management is of prime importance to the Company. Hence, all emissions/ waste generated by the Company are well within the permissible limits given by CPCB and SPCBs. During the last FY, there were no show cause or legal notices received from CPCB/ SPCBs.

## Principle 7 – Responsible Policy Advocacy

Cipla has representation in multiple national & international industry & trade associations like Indian Pharmaceutical Association (IPA), Federation of Pharma Entrepreneurs (FOPE), Bulk Drug Manufacturing Association (BDMA) India etc. Cipla actively participates in putting forth its views on new standards or regulatory developments pertaining to the pharmaceutical manufacturing industry as well as industry at large, broadly in areas concerning Access to Medicine & Affordability, Economic reforms, Best practices, Corporate Governance, Corporate Social Responsibilities etc.

Cipla endeavours to be involved in making sound policy decisions, to drive change in public policies that are beneficial to the Industry. It endorses the inclusive development policies and sustainable development principles through participating in CSR forums and discourses that discuss or debate such issues.

## Principle 8 – Inclusive Growth & Equitable Development

Corporate Social Responsibility (CSR) at Cipla is driven by a '*principled approach*'. The principled approach emanates from a working philosophy of the organization to conduct and govern itself in an ethical, transparent and accountable way. The CSR initiatives taken by the Company effectively contribute to developing a sustainable and resilient community.

Cipla has constituted a CSR Policy as required by Section 135 of Companies Act, 2013. The Company has also developed an appropriate organizational structure and positioned senior level/ functional representatives to drive CSR effectively. Through focused interventions, it governs the functioning and implementation of CSR policy.

The CSR initiatives of the Company are implemented through CIPLA CANCER & AIDS FOUNDATION (CCAF), Cipla Foundation and different NGO Partners. Through Cipla Foundation, the Company has built primary partnerships with over 14 NGO's as implementing partners for various CSR initiatives.

Cipla has been taking several community development initiatives for underprivileged communities around its plant locations in six States of India - Maharashtra, Sikkim, Himachal Pradesh, Madhya Pradesh, Goa and Karnataka. The focus areas for the Company's community development initiatives have been Health, Sanitation, Education and Environment. Some of the key initiatives taken under each focus areas are as mentioned below:

1. **Health:** Cipla Palliative Care and Training Centre, SNEHA project for improving child health & nutrition, Developmental Disabilities project with Ummeed, Mobile Health Vans, Initiative with Indian Institute of Cerebral Palsy etc.
2. **Sanitation:** Construction/ renovation of sanitation blocks in the near vicinity of plant locations.

3. **Education:** Bal Vatika & Bal Shiksha Abhiyan, Hole-in-the-wall e-learning project, Jidnyasa, Student excellence awards, Infrastructural support to schools near plant locations etc.
4. **Environment:** Water conservation activities, horticulture plantation, vermi-compost & compost pit, animal husbandry, watershed development, solar lighting, rain water harvesting etc.

For more details on the Company's CSR Initiatives, please refer to the Annual Report 2014-15, available on the Company's website. The Company has spent an amount of 13.43 crores on CSR in the FY 2014-15.

### **Principle 9 – Providing Value to Customer**

Cipla follows a Standard Operating Procedure (SOP) for providing factual information about its products to its customers. Cipla also provides prescribing information for its products and general information for patients is also captured in-order to create awareness with respect to dosage compliances and guidance on taking complete course of prescribed treatment. Cipla has also developed a highly informative website, [www.ciplamed.com](http://www.ciplamed.com), which can be used by medical professionals to get all the required information about its products, dosages, potential side effects and ailments etc. Cipla complies with all the applicable packaging and labeling standards & regulations.

As stated in Cipla's Corporate Responsibility policy, Cipla is committed to deal with its customers in a professional manner and maintain the highest standards of integrity and honesty. Cipla shall never engage in any unfair trading practices, irresponsible advertising or anti-competitive behavior. The Company follows properly laid-down guidelines for producing any promotional material. There is no significant case filed and pending as on the end of FY 2014-15 against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour. There are adequate checks and balances implemented to ensure that the business is done in fair and responsible manner.

Customers are the lifeblood of the Company's business, hence customer focused metrics are of crucial importance. A structured customer complaint redressal system is in place to address any sort of customer concern or grievance. Any customer complaint lodged is passed on to the individual unit for action where a CAPA (Corrective Action Preventive Action) is generated. A strong change management process is in place at the Company through which impact analysis is undertaken before any change is permitted. The customer complaints either pertain to product quality or drug safety. All product quality related complaints received from the customers are acknowledged, investigated and responded to as per the Standard Operating Procedures prescribed by the CQA (Central Quality Assurance). There were 988 such complaints received in FY 2014-15 out of which only 15 are pending as on end of the financial year. All pending complaints are with respect to organoleptic (i.e. Perception of taste/ smell for one product) and appropriate action is being taken to address them. There has been no impact on product quality and patient safety.

Cipla has a strong pharmacovigilance system with detailed standard operating procedures for handling and processing safety related complaints received from consumers, patients, and healthcare professionals. The Company has a dedicated phone line and a dedicated mailbox where safety related complaints are received. Each complaint is diligently followed up with the patient till he/ she completely recovers from the side effects. Cipla's field team, being an important link between Cipla and end-users, is sensitized periodically about importance of pharmacovigilance through appropriate trainings. During FY 2014-15, there were 144 drug safety related complaints received out of which 12 were pending as on end of the financial year. After thorough investigation of all complaints, it was found that there was no concern regarding safety profile of any product.

**Note:** All the facts and figures reported above, unless stated otherwise, pertain to Cipla's India operations.