

# Business Responsibility Report: FY 2013-14

## Cipla Limited

### About this Report

Since 1935, Cipla Limited (“Cipla” or “Company”) has shown its commitment to be a responsible corporate citizen through a long history of philanthropic contributions. The understanding of corporate responsibility at Cipla has evolved beyond philanthropy and is seamlessly integrated into products, processes and people - the three key essentials for doing responsible business.

Cipla has put in place a standalone corporate responsibility policy (<http://www.cipla.com/Home/About-Us/Caring-for-the-Environment.aspx>), which is in alignment with the nine principles of National Voluntary Guidelines on Social, Economic and Environmental Responsibilities (NVGs) of Govt of India and ISO 26000, a voluntary international guiding standard on corporate responsibility. The policy considers following corporate responsibility issues to be among the most important to our core business:

- Be compliant and uphold ethical standards in business practice, research & development, and marketing.
- Production of safe 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.

In pursuance of its commitment to responsible business, the Company has prepared this Business Responsibility (BR) Report based on the framework prescribed by SEBI<sup>1</sup>.

### Section A (General Information about the Company)

Cipla Limited is one of the world’s largest generic pharmaceutical companies. The Company has 8 manufacturing locations in India which are in the States of Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh and Sikkim. While the Company has presence in over 170 countries across the world, international business presence of the Company is largely located in the United States of America, Africa, Europe, Central Asia and Australia. The Company manufactures an extensive range of pharmaceutical and personal care products. The key products include Lamivudine, Efavirenz and Fluticasone. Most of the Company’s manufacturing units are approved by reputed international regulatory agencies.

The Company 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.

#### Contact 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, 2013 to March 31, 2014

---

<sup>1</sup> The Securities and Exchange Board of India (SEBI), in its circular dated August 13, 2012, mandated the top 100 listed entities (based on market capitalization at BSE and NSE as on March 31, 2012) to include a Business Responsibility Report (BRR) as part of their Annual Report. The Company continues to feature in the top 100 listed companies by market capitalization on both the stock exchanges.

## Section B (Financial Details of Company)

Sr. No	Particulars	Details as on March 31, 2014 in ₹
1	Paid up capital	160.58 Crores
2	Total turnover (Revenue from operations)	9479.41 Crores
3	Total profit before taxes	1818.34 Crores
4	Total profit after taxes	1388.34 Crores
5	Total spending on corporate social responsibility (CSR) by the Company including through its Foundations/Trusts, namely Cipla Foundation, Cipla Public Charitable Trust and Cipla Cancer and AIDS Foundation	9.98 Crores
6	List of activities in which expenditure in 4 above has been incurred	(Refer Principle 8 under Section E below)

## Section C (Other Details)

The list of subsidiaries (including step-down subsidiaries) of the Company is provided in the Company's Annual Report. 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

- DIN: 00029084
- Name: Mr. M.K. Hamied
- Designation: Vice-Chairman
  
- DIN: 02313000
- Name: Mr. S. Radhakrishnan
- Designation: Whole-time Director

#### (b) Details of BR Head

Sr. No	Particulars	Details
1	DIN Number (if applicable)	Not applicable
2	Name	Mr. Sudhir K Sinha
3	Designation	Corporate Head-CSR/Sustainability
4	Telephone number	022-23025999
5	Email-id	<a href="mailto:csr@cipla.com">csr@cipla.com</a>

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

		Business Ethics	Product Life Responsibility	Employee Well-being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y (It is in alignment with NVGs <sup>2</sup> and ISO 26000)					Y (ISO 14001)	Y (It is in alignment with NVGs <sup>2</sup> and ISO 26000)		
4	Has the policy been approved by the Board? If yes, has it been signed by the MD/Owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="http://www.cipla.com/Home/About-Us/Caring-for-the-Environment.aspx">http://www.cipla.com/Home/About-Us/Caring-for-the-Environment.aspx</a> .								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y, the communication with internal and external stakeholders on such matters is a continuous process.								
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Since the Corporate Responsibility Policy is just one year old and is under implementation, after a review of the evaluation process to be followed, the Company plans to undertake an independent external audit/ evaluation after 5 years and an internal assessment of its implementation would be carried out every two years. Implementation of Environmental Policy (as part of ISO 14001) across all manufacturing site has been carried out by approved agencies.								

<sup>2</sup> National Voluntary Guidelines: The BRR framework itself is based on the nine principles of the Ministry of Corporate Affairs (MCA) National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Businesses (NVGs).

### 3. Governance related to BR:

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The CEO discusses and reviews the progress of business responsibility performance with the BR Head on an ongoing basis.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

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

### Section E (Principle-wise performance)

#### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- 1.1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/suppliers/contractors/NGOs/Others?**

The Company has a Business Code of Conduct, which provides an ethical road map to its Directors and senior management. The Code prescribes that all Directors and senior management shall show honesty, integrity, as well as high moral and ethical standards in their work, and shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of the Company. It provides guidance on making the right decisions and doing only the right things. The Code further goes on to state that in order to avoid any kind of ethical violations in the organization, Directors and senior management employees shall also make certain that all their actions in the conduct of business are totally transparent.

The Company is also committed to initiating steps to extend its policy on ethics and transparency to other key stakeholders too.

- 1.2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

No significant complaints from the Company's stakeholders were found to be pending for redressal at the end of the reporting year.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

**2.1 List up to 3 of your products or services whose design has incorporated social and environmental concerns, risks and/or opportunities.**

- a. **Phosome** (Amphotericin B) is a polyene antifungal drug, often used intravenously for systemic fungal infections.
- b. **Trioday** is the cost-effective drug for the treatment of HIV-1 infection in adults.
- c. **Pirfenidone** is manufactured for the treatment of idiopathic pulmonary fibrosis (IPF).

Further, the corporate responsibility objective of the company is to make affordable and accessible medicines. Although Cipla has been reducing prices of the most expensive medicines which are mainly used for the treatment of cancer, HIV/AIDS, pulmonary and rare diseases, etc., the Company keeps on reviewing the affordability factor of its products on an ongoing basis.

**2.2 For each such product, provide the following details in respect of resource use (energy, water, raw material, etc) per unit of product (optional):**

**2.2.1 Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

**2.2.2** Sustainable sourcing, production and distribution practices are followed ensuring quality and safety of raw materials and packaging materials procured from suppliers as well as of products manufactured, stored and distributed throughout the value chain. The Company has in place a robust vendor selection and vendor evaluation mechanism and promotes local suppliers, where adequate. The Company lays emphasis on safe transportation, optimisation of logistics, lowering of transportation costs, reduction of vehicular air emissions, which in turn helps to mitigate climate change.

**2.2.3 Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company strives to improve the energy and water footprints by reducing the power and fuel consumption and has been able to reduce related costs. Considering that the Company has a multi-product, multi-facility production system, it is not possible to determine product-wise energy consumption.

**2.3 Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Sustainable sourcing policies are followed by the Company, including vendor selection and vendor evaluation mechanisms. All the materials, except where the company does not have any control, are sourced sustainably. The sourcing of energy and water is done through some laid down processes and procedures. Similarly, transportation or movement of goods is also done in a manner in which it has minimum impact on the environment.

**2.4 Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company has adopted the lifecycle approach in order to ensure product sustainability across its value chain. In this regard, the Company has promoted local suppliers who produce unique products, such as respiratory products. Certain packaging and other supporting material (linen, printing, etc.) are also sourced from local vendors in the vicinity of the Company's manufacturing facilities, facilitating local economic growth. Local sourcing also lowers the transportation costs and also helps in the reduction of vehicular air emissions.

**2.5 Does the Company have a mechanism to recycle product or waste? If yes, what is the percentage of recycling of products and waste? (Separately as <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.**

The waste generated in the Company's operations is either recycled or disposed off safely. Every manufacturing facility has its own effluent treatment plant which ensures zero discharge of waste. The solvents used in the process are recovered and recycled. About 20% solvent is recycled and reused.

**Principle 3: Businesses should promote the wellbeing of all employees**

The Company does not discriminate, among existing employees or during its hiring process, on the grounds of religion, race, colour, gender and disability. Providing equal opportunities to all is an integral aspect of the Company's responsibility towards its employees. Key employment related data as of the end of the reporting year is provided in the table below:

Sr. No	Particulars	Details
1	Total number of employees (on Company's roll)	22036
2	Total number of employees hired on temporary/contract/ casual basis	8934
3	Total number of permanent women employees	2455
4	Total number of permanent employees with disabilities	23
5	What percentage of under mentioned employees was given safety and skill up-gradation training in the last year?	
	• Permanent employees	82%
	• Permanent women employees	89%
	• Casual/temporary/contractual employees	91%
	• Employees with disabilities	100%

As a testimony to the Management's belief in the freedom of association, the Company has three recognized workers' unions. The Company's Management is accessible at all points of time to redress any employee / worker concerns and complaints as per defined procedures.

There were no complaints relating to child labour, forced labour or involuntary labour or discriminatory employment in the last financial year. There were four complaints relating to sexual harassment received during the financial year and all the complaints have been addressed and disposed off. There are no complaints pending as on the end of the financial year.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**4.1 Has the company mapped its internal and external stakeholders? Yes/No**

The Company has identified stakeholders across its value chain. These include customers, distributors, stockists, civil society organizations, doctors, employees, investors, local communities, patients (and health care providers), regulatory bodies, government and suppliers. The Company continually engages with its stakeholders through various established means in order to understand their respective aspirations, expectations and concerns.

**4.2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

The Company has identified some of the highly vulnerable & marginalized stakeholders, who are essentially disadvantaged women & children, abandoned senior citizens, tribals and poor families living in slums and rural pockets around its manufacturing locations and in Mumbai. Further, poor patients, especially suffering from cancer, HIV/AIDS and Thalassemia are special groups identified for being helped.

**4.3 Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable & marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

In keeping with its commitment to support the vulnerable and marginalized sections of the society, the Company, either by itself or through its foundations/trusts, engage with various NGOs and works through them to undertake initiatives that benefit such communities. Cancer, HIV/AIDS and Thalassemia patients are included as special communities in the plan to be assisted financially for medical treatment. The Cipla Palliative Care and Training Center in Pune offers free of cost palliative care services to cancer patients, who undergo unbearable pain and need specialized palliative care. A special watershed project is under execution to help tribals and villagers around Patalganga of Raigadh district in Maharashtra. HIV positive children and their families are assisted in their health care and education through NGOs - Manavaya and Snehalaya - in Pune and Ahmednagar respectively.

**Principle 5: Businesses should respect and promote human rights**

**5.1 Does the policy of the company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company has a policy on human rights, and it strongly believes in respecting and upholding the human rights of all its internal and external stakeholders. 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. The Company complies with all applicable laws of the land pertaining to human rights.

**5.2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No stakeholder complaints pertaining to violation of human rights were received during the last financial year.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

**6.1 Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/contractors/NGOs/others?**

An Occupational Health, Safety and Environmental Policy is in place at the Company and steps are being taken to extend it to the major contractors and sub-contractors. All the manufacturing units subscribe to the ISO 14001 (Environmental Management System) and OHSAS 18001, an occupational health and safety standard.

**6.2 Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company understands the criticality of consequences of global environmental issues. It is committed to respond to it by undertaking all those measures locally that reduce the Company's impact on the environment, and simultaneously address the issues of global warming and climate change. The Company undertakes a wide range of initiatives such as plantation, use of energy efficient technologies, setting up the state-of-art effluent treatment plants for minimization and recycling of waste, and reduction in the use of energy & water, etc., all of which put together ultimately address the challenges of global warming/climate change locally.

**6.3 Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company identifies and assesses potential environmental risks.

**6.4 Does the Company have any project related to clean development mechanism? Also, if yes, whether any environmental compliance report is filed?**

No. The Company so far has not registered any Clean Development Management project.

**6.5 Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?**

The Company has undertaken initiatives that have some positive impact on savings of conventional energy. The Company buys some wind energy and that's how it reduces requirements for the conventional power. The Company has reduced its energy consumption through implementing various energy conservation measures across its locations. The Company continually identifies and assesses potential environmental risks associated with its operations and complies with applicable environmental regulations.

**6.6 Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The emissions are within the permissible limits given by CPCB/ SPCB and are monitored periodically by MoEF approved laboratories.

**6.7 Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e., Not resolved to satisfaction) as at the end of the financial year.**

Cipla is a compliant company and is vigilant about pollution and environmental compliances too. Notices received, if any, are satisfactorily responded to.



**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**7.1 Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:**

We are a member of Confederation of Indian Industries.

**7.2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No. If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food security, Sustainable Business Principles, Others):**

The Company is not directly engaged in lobbying through the above mentioned business association. However, 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: Businesses should support inclusive growth and equitable development**

**8.1 Does the Company have specified programs/initiatives/projects in pursuets of the policy related to Principle 8? If yes, details thereof.**

The company has been implementing social and community development projects for underprivileged communities around its eight manufacturing sites located in six States of India – Maharashtra, Sikkim, Himachal Pradesh, Madhya Pradesh, Goa and Karnataka. A cumulative population of nearly 3 lakh disadvantaged communities is being served directly or indirectly through Cipla's community outreach programs.

All the eight manufacturing sites have initiated social and community development services which include a wide spectrum of development activities. The community projects implemented in the vicinity of the manufacturing sites are done in response to the immediate needs of the communities which are brought forth to the notice of the Company by local stakeholders. Although, the company has not laid down any boundary towards limiting its social commitments and thereby remains flexible in accommodating almost all legitimate requests being made by local stakeholders, CSR initiatives in the company, by and large, are grouped in five broader thematic areas of human development:

- a. Education
- b. Health & hygiene
- c. Development of social infrastructure
- d. Natural resource management & environment
- e. Emergency response

**8.2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/governmental structures/any other organization?**

The Company, through its Trusts/Foundations, is engaged in execution of CSR programs/activities. Cipla Foundation is the leading social vehicle of the Company that undertakes all CSR activities/programs being executed around company's locations. Cipla Cancer and AIDS Foundation is another Trust of the Company that looks after the state-of-art Cipla Palliative Care and Training Centre in Pune, a flagship initiative of Cipla. Although the above two organizations are company's own foundations/trusts, Cipla, as a matter of policy, prefers to work in partnership with NGOs. A clear mandate is given thereby to its Trusts for, as far as possible, forging partnership with NGOs in order to harness the expertise of NGOs towards creating better impact of projects/activities.

The Company however, has established a division of CSR. A CSR team, headed by a senior & experienced CSR professional is committed to driving the CSR agenda of the company. The CSR division of the Company provides professional directions and expertise, and remains overall responsible for the development of policy, strategies and action plans; implementation of programs/activities; monitoring & assessment of CSR initiatives, and CSR reporting.

**8.3 Have you done any impact assessment of your initiative?**

It is planned to undertake impact assessment of all projects/activities.

**8.4 What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?**

The Company, either by itself or through its foundations/trusts, has invested a total of ₹9.98 crores on implementation of various corporate social responsibility (CSR) activities.

In the last one year, the Company offered grants to 23 NGOs, mainly engaged in education and health. The foundation helped with the construction of an English medium school to provide education to more than 400 children of marginalized and vulnerable communities including those living with HIV/AIDS. The Company extended financial support to underprivileged patients, including children with Thalassemia needing bone marrow transplants. The Company employees are encouraged to contribute to society through a voluntary program. Last year, employees helped to rebuild a school and distribute solar lanterns to households in the village of Papra in Uttarakhand. The Cipla Palliative Care and Training Centre in Pune has been offering free palliative care since 1997 and has provided care to more than 8500 patients.

**8.5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Communities are involved and engaged in the process of development, right from conceptualization of project to the implementation of it, and from monitoring to upkeep & maintenance of project or activity. This ensures successful transfer of ownership to the community. Example: A 2+1 storied school building was constructed for children of disadvantaged communities, including children living with HIV, and was handed over to Snehalaya, an NGO working out of Ahmednagar, Maharashtra which is running the school successfully.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**9.1 What percentage of customer complaints/consumer cases are pending as on the end of the financial year?**

Two consumer cases are pending as on the end of the financial year.

**9.2 Does the company display product information on the product label, over and above what is mandated as per the local laws? Yes/No/NA/Remarks (Additional Information).**

The Company follows local laws relating to display of product information on the product label.

**9.3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There is one case before the Competition Commission filed by one of the stockists against the Stockists association where, amongst other pharmaceutical companies, the Company has also been made a party and this case is pending as on the end of the financial year.

**9.4 Did your company carry out any consumer survey/consumer satisfaction trends?**

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. 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).

**July 23, 2014**