

Business Responsibility Report: FY 2012-13

Cipla Limited

About this Report

Cipla Limited (“Cipla” or “Company”) has been working with the objective of making medicines affordable. The Company has been undertaking initiatives in this direction and fostering dialogue with concerned stakeholders to make this possible. As a result of the company’s unique humanitarian approach and integrity in functioning, it has emerged as one of the most trusted names across geographies. Social responsibility to communities surrounding its manufacturing units and patients in general is a way of life at Cipla.

In pursuance of its commitment to responsible business, the Company has prepared this Business Responsibility (BR) Report based on the framework prescribed by SEBI¹, which is aligned with the nine principles of the Ministry of Corporate Affairs’ ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Businesses’ (NVGs), released in 2011.

Section A (General Information about the Company)

Cipla Limited is one of the world’s largest generic pharmaceutical companies. The Company manufactures an extensive range of pharmaceutical and personal care products and has presence in over 170 countries across the world. The Company has 8 manufacturing locations in India, and major presence in United States of America, South Africa, Nigeria, Uganda and Germany. Most of the Company’s manufacturing units have been approved by reputed international agencies, and its key products include the following drugs - Escitalopram Oxalate, Lamivudine, Fluticasone Propionate.

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: Mumbai Central, Mumbai- 400 008, Maharashtra
- Website: www.cipla.com
- Email-id: csr@cipla.com
- Financial year reported: April 1, 2012 to March 31, 2013

¹ 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 features in the top 100 listed companies by market capitalization on both the stock exchanges as on March 31, 2012.

Section B (Financial Details of Company)

Sr. No	Particulars	Details as on March 31, 2013 in ₹
1	Paid up capital	160.58 crores
2	Total turnover (Revenue from operations)	8294.58 crores
3	Total profit after taxes	1507.11 crores
4	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	7.65 crores
5	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: Managing Director

- 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
4	Telephone number	022-23025488
5	Email-id	sudhir.sinha@cipla.com

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 ²)					Y (ISO 14001)	Y (It is in alignment with NVGs ²)		
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?	The relevant policies will be uploaded on the Company's website within 6 months from the publication of this report.								
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?	The Company plans to undertake an independent audit/ evaluation within the next one year.								

3. Governance related to BR:

This report is the Company's first Business Responsibility Report and it intends to review the progress of business responsibility performance on an ongoing basis.

² 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).

Section E (Principle-wise performance)

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

The Company has a 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 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 taking steps to extend its policy on ethics and transparency to other key stakeholders. 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

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 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. The waste generated in the Company's operations is either recycled or disposed off safely.

As a further example of the Company's product responsibility, it has reduced the prices of three generic cancer drugs, Erlocip, Docetax and Capegard, by up to 64% with an objective of making these medicines available to patients at affordable prices.

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	27562
2	Total number of employees hired on temporary/contract/ casual basis	7049
3	Total number of permanent women employees	2012
4	Total number of permanent employees with disabilities	3
5	What percentage of under mentioned employees was given safety and skill up-gradation training in the last year?	
	• Permanent employees	77%
	• Permanent women employees	84%
	• Casual/temporary/contractual employees	69%
	• Employees with disabilities	Nil

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.

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

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.

In keeping with its commitment to support the vulnerable and marginalized sections of the society, the Company supports Manavaya, a Pune-based non-governmental organization engaged in caring and rehabilitation of abandoned children infected with HIV/AIDS. The Company supports this initiative by running a mobile health care unit which reaches out to the poor and disadvantaged communities of 10 villages on the outskirts of Pune. Further, the Company also supports Snehalaya, an NGO working with destitute women, including sex workers, and their children living with HIV/AIDS in Ahmednagar, Maharashtra. Financial help has been provided for the construction of an English medium school which will provide education to more than 400 children of marginalized and vulnerable communities including children infected with HIV/AIDS.

Principle 5: Businesses should respect and promote human rights

The Company 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, International Labour Organization guidelines and the Indian Factories Act, 1948 provide the overarching framework for the organization in this regard. The Company complies with all applicable laws of the land pertaining to human rights.

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

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 Occupational Health and Safety standard.

The Company has reduced its energy consumption by approximately 5% by implementing various energy conservation measures across its locations. The water consumption has been reduced by approximately 15% through installation of reverse osmosis plant and waste water recycling at its major manufacturing units. The Company continually identifies and assesses potential environmental risks associated with its operations and complies with applicable environmental regulations.

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

The Company is committed to making medicines affordable and alleviating the suffering of millions in the country. The Company has been regularly undertaking initiatives in this direction and has fostered dialogues with concerned stakeholders to make this a reality.

The Company has successfully set the highest standards at its state-of-the-art manufacturing units and is considered to be one of the most trusted brands in India.

Principle 8: Businesses should support inclusive growth and equitable development

The Company has been generating innovative ideas to incorporate social responsibility by undertaking programmes through in-house team, own foundation and external NGOs, and has invested a total of ₹ 7.65 crores on implementing various Corporate Social Responsibility (CSR) activities. The Cipla Foundation was established with an objective of providing care and financial support to people in need of healthcare and education across India. The Foundation aims to provide humanitarian care and aid to the poor, vulnerable and marginalized sections and has initiated several projects in communities around its manufacturing units located in six states.

Key features of the initiatives undertaken by the Company at its major manufacturing units include:

- Supporting education in schools by providing academic scholarships and awards to meritorious students, upgrading school infrastructure such as science laboratories and toilets, and conducting lectures on hygiene and adolescent health topics etc.
- The Cipla Palliative Care and Training Centre at Pune is a state-of-the-art-centre which provides holistic palliative care to terminally ill cancer patients, so far having benefited over 7700 patients.
- Supporting two non-governmental organizations, Manavaya and Snehalaya, which provide care and support to HIV/AIDS, infected children and destitute women in communities across Maharashtra.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a 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. 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 15, 2013