

CORPORATE SOCIAL RESPONSIBILITY POLICY AT NATCO PHARMA LIMITED



CSR Policy comprising of objectives, responsibilities, CSR mainstay, CSR activities, CSR Committee, CSR Spend / Sources of funding, Exclusion from CSR, Implementation, Monitoring & Reporting, Disclosures

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Introduction

At Natco Pharma Limited, the Corporate Social Responsibility (CSR) has been an integral part of the way we have been doing our business since inception. For more than 20 years, the Company's CSR initiatives have played pivotal role in improving the lives of the communities and society at large and in and around our manufacturing sites with an objective to facilitate self-sustained development among the communities being served. This has also enabled us to fulfil our commitment to be socially responsible corporate citizens.

Objective

The main objectives of NATCO's CSR Policy are:

- to lay down guidelines to make CSR a key business process for Sustainable development of the society
- to directly / indirectly implement projects / programmes which will enhance the socio economic well-being of the communities surrounding our manufacturing sites and society at large.
- to generate goodwill and recognition among all stakeholders of the Company

Our Responsibilities

A) Towards our communities

We will involve communities surrounding our operations to bring about a positive change in their lives through holistic, sustainable and integrated development.

B) Towards our customers

We will build gainful partnership with the customers to understand their needs and provide right product and service solutions. We will adopt and actively encourage the best and fair business practices and shall endeavour to build solid bonds with them.

C) Towards our Business partners

We will support our suppliers to cultivate ethical and fair business practices and give preference over others to those who demonstrate this.

D) As a corporate citizen

We reaffirm our commitment to conduct our business with Environmental accountability. We will endeavour to adopt environment-friendly technologies and energy efficiency in entire operations while continuously monitoring and reducing emissions that cause pollution.

E) Towards our employees

We will foster a work culture with high ethical principles and standards and encourage our employees to perform with total integrity, commitment and ownership. We will do all we can to support their professional growth and recognise high achievers.

We will continue to raise the bar of our OH & S standard and guidelines. We recognise that our employees and contractors deserve to work in safe and healthy work environment and will make it our responsibility to ensure zero harm to people.

CSR mainstay

CSR activities at Natco shall be carried out through **NATCO Trust**.

NATCO Trust was established way back in 1995 as a social development arm of the company with the mission to provide such support and service to the society which would have long standing impact on improving the lives of the individuals benefitting thereof.

NATCO Trust works exclusively with rural communities on issues related to education, health & livelihoods, and need based community infrastructure.

NATCO Trust works with the rural communities surrounding Natco Manufacturing sites. The Trust is engaged in a variety of people-centric, integrated rural development projects. Since inception, the Trust has expanded its reach and diversified its programmes to include as many members of its stakeholder group as possible. While working with the participation of the people, Natco Trust has held its mission statement central to all its operations. The Trust has presence in 2 states, Telangana and Andhra Pradesh.

CSR Activities

The Scope of the CSR activities of the company will cover the following areas but not limited to the same and may extend to other specific projects/programme as permitted under the law from time to time.

Sl.No	Area	Activities/Initiatives/programme
1a.	Eradicating hunger, poverty and malnutrition	Livelihood programmes both Non- Farm and Farm sector, Nutrition centres for Antenatal and Post natal women for eradicating malnutrition
1b.	Promoting health care including preventive health care and sanitation	Mobile Health Clinics, Rural Sanitation Projects, Special medical camps, Patient counselling, and medicine support to cancer patients. Creating Institutional infrastructure in Govt Hospitals as per the need.
1c.	Providing safe drink water	Community based Safe Drinking water projects and water storage tanks, Drinking water pipelines in rural communities.
2	Promoting education, including special education and enhancing vocation skills especially among children,women,elderly,and the differently abled and livelihood enhancement project:	Supporting Preschool education, primary and secondary education, Creating school infrastructure, repair and renovation. vocational training and special education institutes, providing financial assistance for needy and meritorious students, Career Counselling and Guidance centres
3	Women Empowerment and facilities for senior citizens	Support for setting up centres and institutions for women & senior citizenship. Promoting and supporting SHGs amongst women for undertaking income generating activities
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources	Horticulture plantation agro farm forestry, afforestation, projects on non-conventional energy (Solar),animal husbandry programs, forest conservation projects, water resource management and

	and maintaining quality of soil, air and water	soil conservation, promoting micro-irrigation etc.
5	Promotion and protection of art & culture	Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art: setting up public libraries; promotion and development of traditional arts and handicrafts:
6	Measures for the benefit of armed forces veterans, war widows and their dependents:	Activities/programmes for benefit of armed forces and families depending on need and necessity
7	Training to promote rural sports, nationally recognised sports, para Olympic sports and Olympic sports:	Projects/programs promoting various sports activities
8	Contribution or funds provided to technology incubators located within academic institutions which are approved by the central Government	Projects/programs for the development and training of technology
9	Contribution/Financial Assistance	Contribution to prime ministers National Relief fund or any other fund set up by the central / state Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
10	Rural development projects	Rural Infrastructure projects and agriculture development programs and projects

Mechanism of Stakeholder Engagement

Age Group	Interventions Proposed	Support Activities
0 – 3 years	Being addressed under Health sector w.r.t Child Nutrition Centre	- Antenatal and Post natal Mother's nutrition
3 - 5 years	<ul style="list-style-type: none"> - Bala Vikasa Kendra - Working with Angawadies 	<ul style="list-style-type: none"> - Sensitization for parents on importance of pre-primary education - Establishing Balabadi schools - Measures to strengthen existing Anganwadi parallelly
5– 14 years	<ul style="list-style-type: none"> - Sports for Development Project - Navodaya / Residential Schools Coaching (5 centres) - After School Tutions (6 – 10 years) 	<ul style="list-style-type: none"> - Continue working in 14 Govt Schools - Develop School Play grounds - Facilitate compliance of RTE guidelines - Conduct coaching centres in Govt Schools for entrance into Navodaya Schools - Support the children in govt schools to improve on the fundamentals through, after school tuition centres - Providing services of Vidya volunteers in Govt Schools - Providing sanitation staff in 2 Govt Schools
14-16 yrs	NIOS	- Motivating school drop outs to apply for NIOS
16 – 18 years	Natco Career Counselling and Guidance Centre & Natco Vocational training centres under livelihoods	<ul style="list-style-type: none"> - Pre- Primary Teacher training courses - Skill development programme
18 & above		
B Pharmacy students	<ul style="list-style-type: none"> - Hi-tech Institute of Pharmaceutical Sciences for industry orientation and job placement 	- Established in the year 2005

The following activities shall not form part of the CSR activities of the company:

1. The activities undertaken in pursuance of normal course of business of a company
2. CSR Projects /programs or activities that benefit only the employees of the company and their families
3. Any contribution directly/indirectly to political party or any funds directly towards political parties or political causes.
4. Any CSR Projects/Programs or activities undertaken outside India.

CSR Committee

CSR Committee shall be formed as per the applicable laws and the committee shall be responsible for the implementation/monitoring and review of this policy and various projects/activities undertaken under the policy. The CSR committee shall submit periodical reports to the board of directors.

CSR spend/sources of funding

The committee shall endeavour to spend at least 2% of the average net profit during the preceding 3 financial years on CSR activities as enumerated the Companies (Corporate Social Responsibility) Rules, 2014. The allocation of the fund shall be made as follows:

1. NATCO Trust - such amount as may be sanction by the board of directors based on their annual budget-the amount sanction by the board of Natco will have to be utilised for the projects/programs as specified by the CSR committee of Natco. The unspent amount, if any at the close of the financial year shall be retained by NATCO Trust and shall be spent only on specified projects/programs.
2. Others-as decided by the CSR Committee based on the evaluation of specific projects/activities.

Any surplus arising out of the contribution made for CSR Activities shall not form part of the business profit of the company and redeployed for such activities.

Implementation

Project/programs covered under CSR activities shall be implemented by

- a) Natco Trust, CSR arm of the company.
- b) In collaboration with other like-minded organisations
- c) Any other institutes, NGOs Government, semi-government, autonomous bodies, trusts etc. however any such projects/programs to be undertaking through these entities shall have an established track records of 3 years of undertaking such projects/programs.

The time period/duration of each projects/programmes shall depend on its nature, extent of coverage and intended impact of such activity.

Monitoring & Reporting

The CSR Committee will be responsible for the monitoring CSR activities and report to the board from time to time.

The CSR Committee has the powers to:

- Seek monitoring and implementation report from the organisation receiving funds.
- Delegate a designated company official to co –ordinate with the organisation receiving funds to inspect the activities undertaken and ensure information in a timely manner.

The following processes will be followed:

- a) The activities and budgets for CSR will be presented in details to the committee for NATCO Trust CSR Initiatives

Additionally, the committee may empower the CEO and CFO to spend such amount as they think appropriate for some other strategic CSR contingencies that may arise during any financial year. The amount spent as above shall be put up for ratification of the committee at its next meeting and shall report to the board accordingly.

- b) Continuous Monitoring

- The committee members will receive in a prescribed format, a quarterly report of CSR Spend;
- A presentation on the progress of the CSR projects/activities will be made to the committee by the CSR Executives at the committee meeting held from time to time;
- An annual presentation will be made to the committee which will also include the details of the projects/activities planned for the next year and its respective budgets;
- The Board of Directors of Natco Trust shall review the implementation of CSR every six months;

Disclosures

The Annual Report of the company shall include a section on CSR outlining the details about the policy developed and implemented by the Company on CSR initiatives undertaken by the Company, the CSR spend during the financial year and other information as required by the prevailing law.