

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction

Baxalta Bioscience India Pvt. Ltd (**Baxalta**) recognizes that its business activities have direct and indirect impact on the society. Baxalta strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders.

For Baxalta, corporate social responsibility (**CSR**) is the responsibility that goes beyond its legal obligations and integrates social, environmental and ethical concerns into its business processes. A responsible business is expected to not only take care of its stakeholders but also to engage and contribute meaningfully towards improving the quality of life of the communities and environment in which it operates.

CSR is, therefore, closely linked with the practice of Sustainable Development. Baxalta is committed to continuously strive to achieve these objectives.

2. Guiding Principles

Toward this commitment, Baxalta shall:

- I. Act as a socially responsible organization, delivering maximum value to its stakeholders, with which they shall be proud to be associated.
- II. Behave ethically and contribute towards economic development while improving the quality of life of our customers as well as local community and society at large.
- III. Develop strong environment consciousness in its operations and strive towards spreading awareness about the advantages of the focus areas of Shire
- IV. Conduct open and transparent business practices that are based upon ethical values and respect for communities and environment.
- V. Integrate business functions, goals and strategy with planned community development agenda.

3. CSR Committee and CSR Coordinator

- I. Baxalta shall appoint CSR Committee comprising of at least two directors:
 - a. The CSR Committee shall meet at least once in a quarter and minutes of the same shall be recorded.
 - b. The CSR Committee shall monitor the CSR Policy and recommend the proposed interventions as well as CSR expenditure to the Board of Directors of Baxalta for approval. It shall update the Board of Directors on the progress in the CSR initiatives on quarterly basis and shall also place the Annual CSR report before the Board of Directors at the end of the financial year.
- II. The CSR Committee shall appoint a CSR Coordinator from the External Affairs and Communications function for coordination and day to day operations of CSR. The CSR Coordinator shall be responsible for various tasks including without limitation the following:
 - Work with the CSR Committee to recruit and select employee volunteers
 - Ensure successful team functioning by establishing clear roles, expectations, and communication
 - Schedule, facilitate and minute the quarterly CSR meetings or any ad hoc meetings
 - Communicate quarterly with Baxalta's / Shire's Responsibility Team about funding requests/donations
 - Seek approvals in line with Shire's Global Philanthropic Donations policy

4. Areas of CSR Intervention

- I. The areas listed in the Schedule VII to the Companies Act, 2013 (see Annexure I) shall be taken as the guide for Baxalta's CSR initiatives.
- II. Baxalta shall encourage interventions in a manner so as to bring all round development of the communities in which they intervene. Thus, wherever possible, Baxalta shall promote adoption of communities/segments of the society for CSR interventions.

5. Selection of areas for intervention

Each year, the Board level CSR Committee shall select focus areas for CSR intervention from the list and the activities and in line with the Global internal policies to be undertaken in these areas. The Committee shall review the on-going CSR Projects/activities undertaken from time to time, at least on quarterly basis.

6. CSR Budget and Expenditure

- I. Two per cent of Baxalta's average net profit made during the three immediately preceding financial years as per relevant provisions of the Companies Act, 2013 shall be taken as the fund available for CSR activities for the prescribed year.
- II Any surplus arising out of CSR projects/ programmes/ activities shall not form part of the business profit of Baxalta.
- III Baxalta's Board of Directors shall approve the CSR expenditure based on the recommendation of the CSR Committee.

7. Planning

- I. The approach to CSR planning shall be of long-term sustainability. The planning for the CSR initiatives would be an on-going process starting with deliberations at the level of CSR Committee.
- II. The planning shall take care of the following:
 - Requirements relating to baseline survey /need assessment when required
 - Activities/ initiatives to be undertaken
 - Budget
 - Implementing agencies- their selection and terms of engagement
 - Prescribe Time-lines
 - Monitoring mechanisms – procedure and methodology
 - Expected Outcomes.
 - Evaluation – concurrent and final evaluation/impact assessment
 - Develop reports of the progress of the CSR program
- III. CSR Committee shall approve the overall CSR Plan for the year containing list of activities to be undertaken and if necessary, shall revisit the same in quarterly review.

8. Implementation

- I. The implementation of CSR activities in the identified areas shall at the discretion of Baxalta be undertaken through eligible non-government organisations (NGO), registered trusts, missions, academic institutions, specialised agencies and institutions community-based organisations or self- help groups, registered as trusts or societies or companies registered under section 8 of the Companies Act, 2013.
- II. Implementing agencies shall be selected on the basis of their experience and track record. The prescribed guidelines for selection of NGOs (as per Annexure II of the CSR Policy) and the prescribed guidelines for Unsolicited/Solicited request from an Organization / Requestor (as per Annexure III) shall be used for this purpose.
- III. Physical inspection of the site/facility/service shall be undertaken by the CSR Committee or by CSR Coordinator or persons nominated by them prior to, in between and on completion of project.
- IV. Baxalta shall prepare an agreement/MoU for the implementing agency clarifying the responsibility of Baxalta and the implementing partner, the fund release pattern and the expected outcome from the initiative. The monitoring and evaluation time frame shall also be clearly indicated.
- V. Fund utilization certificate issued by Chartered Accountant shall be obtained from the implementing organization upon completion of project. In case of government bodies, the fund utilisation certificate can be issued by Competent Authority in the organisation. The implementing agencies shall be under obligation to submit audited accounts at appropriate time.
- VI. Baxalta shall generate awareness among the staff about CSR and its activities. The staff involved with CSR activities shall be provided with adequate training and orientation. The training may also be provided to the implementing partner for their capacity building.

9. Procedure for receipt, short listing and approval of proposals

- I. The following procedures shall be followed while considering proposals:
- Baxalta shall consider proposals received from institutions, agencies, associations or groups.
 - Baxalta may develop suitable projects in select focus areas along with non-government organizations, approved third parties, registered trusts, missions, academic institutions, specialised agencies and institutions community-based organisations or self- help groups as defined in section 8, and having expertise in a particular field.
 - The proposals shall be evaluated on the basis of prescribed criteria.
 - The selected organizations shall be informed in advance so as to complete the required formalities and start the work in time.
 - The continuation of ongoing projects shall be communicated to the implementing partner in advance.

II. Approving authority:

a) CSR Committee shall evaluate all CSR proposals before forwarding the same for approval.

b) All CSR proposals shall be approved by below matrix:

Unsolicited Request

<u>CSR contribution value (one tranche)</u>	<u>LOC / Local Community Engagement Team</u>	<u>Approval</u>
More than \$10, 000 (or local equivalent in INR)	Legal, Finance, External Affairs and Communications	Corporate Responsibility Team (CRT)
Less than \$10, 000 or equivalent(or local equivalent in INR)	Legal,Finance, External Affairs and Communications	Regional Donation Committee

Solicited Request

<u>CSR contribution value (one tranche)</u>	<u>LOC / Local Community Engagement Team</u>	<u>Approval</u>
\$10, 000 and above (or local equivalent in INR)	Legal, Finance, External Affairs and Communications	Head Corporate Responsibility, General Manager, Country Compliance
Under \$10, 000 (or local equivalent in INR)	Legal, Finance, External Affairs and Communications	GM, Country Compliance

10. Monitoring and Evaluation

- I. A transparent monitoring mechanism for implementation of the CSR projects or programmes or activities undertaken by Baxalta will be put up for approval of CSR Committee.
- II. Monitoring of CSR projects shall be done by holding quarterly meetings between Baxalta and implementing partners, submission of quarterly progress reports in format Annexure IV by the implementing partners as well as quarterly site visits by Baxalta staff / approved third party.
- III. The quarterly monitoring reports shall be placed before the CSR committee who shall apprise of the progress to Board of Directors.

11. Display of CSR activities on its website

The contents of this CSR Policy shall be disclosed in the Director's report and the same shall be displayed on Baxalta's website once ready.

Annexure I

List of Areas for CSR intervention

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and the 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 centres 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. Protection of national heritage, art and culture including restoration of buildings 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
7. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
8. 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.
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
10. Rural Development projects.
11. Slum area development

Annexure II

Guidelines for NGO selection

- The NGO should be registered under the Societies Registration Act 1860 or Indian Trust Act 1882 or under Section 8 of The Companies Act 2013.
- It should provide a copy of its by-laws or Memorandum/Article of Association, as applicable.
- It should have a permanent office in India and should be working in Delhi/NCR for past three years.
- It should have a governance structure – An apex functional governing body eg. Board, Trustees etc.
- It should have the required manpower and expertise to handle the initiative.
- It should provide information on the projects undertaken by it till date.
- It should have a clean track record. It should not have been blacklisted for unethical work or misappropriation of funds etc. by any of the Government bodies or an ongoing/pending litigation on violation of any legal requirements or bribery and corruption charges
- It should have an established track record of at least three years in undertaking similar successful programs or projects.
- It should have a dedicated bank account
- It should fulfill Income Tax requirements (PAN, 12A)
- It should have Income Tax exemption certificate
- It should provide information on its funding sources
- It should be able to provide a copy of the audited financial statement for the past three years.
- It should provide a copy of the annual report of last three years.

A copy of the relevant documents in support of the above has to be submitted to Baxalta either with the proposal or on approval of the project.

Annexure III

Details of the Organization / Requestor funded for CSR project

1. Name and Title of Organization / Requestor for CSR project (as applicable):
2. Organization's / Requestor Name
3. Organization's Vision/Mission
4. Proof of Charitable Status, attached to email (e.g., charity registration number or 501(c)3 number)*
5. Location of Project
6. Project Timeline
7. Total Support Requested, including cash contributions, employee volunteer time, and in-kind donations
8. Details of any other organizations that would be involved in the project and their roles and responsibilities
9. Project Overview
 - a. What is the objective of the project; what is the group setting out to achieve?
 - b. Who are the primary beneficiaries?
 - c. How does the suggested activity align with one of Shire's two focus areas for local community engagement?
 - d. What activities will be carried out?
 - e. How will the group measure the outcomes and impacts of the project?
10. (If Applicable) All Infrastructure Donations require written documentation demonstrating the requesting healthcare organization's extreme and unavoidable financial distress where the organization is unable to operate and patient care is consequently jeopardized. Financial distress resulting in whole or in part from mismanagement of the healthcare organization's funds or other matters within its control does not qualify the healthcare organization to receive Infrastructure. (A for-profit organization may only submit a request for in-kind donation/infrastructure donation).

Annexure IV

Quarterly Progress Report of the CSR Project

1. **Shire / Baxalta Activity Owner(s) and Contact Information**
2. **Project Title(s)**
3. **Location of Project(s)**
4. **Project Timeline(s)** – including start and finish dates
5. **Description of Beneficiary Organization(s)** – including (a) focus and (b) geographic scope
6. **Brief Project Description(s)** – including (a) project objectives and (b) list of activities carried out
7. **Inputs (if applicable):** Value of Financial Contribution (gross monetary amount paid in support of a community organization/project)
8. **Inputs (if applicable):** Employee Volunteering (number of people taking part and/or total hours volunteered)
9. **Inputs (if applicable):** In-kind Contributions (e.g., used office equipment donations; use of company premises)
10. **Outputs:** Describe activities delivered as part of the project(s) (e.g., numbers reached, activities held)
11. **Impacts:** Describe short and long-term changes for individuals or the partner organization(s) as a result of the project (e.g., greater awareness, increased self-confidence, new skills acquired)