

CORPORATE SOCIAL RESPONSIBILITY / DONATION POLICY

(Revised CSR Policy incorporating the amendments made in CSR Rules, 2014 approved by the CSR Committee and Board of Directors at their respective meetings, both held on 12th May, 2023)

A. Introduction

Zydus Takeda Healthcare Private Limited ('Zydus Takeda') is committed to advancing healthcare, improving patient outcomes, and making a positive and lasting impact on the well-being of communities. The purpose of this Policy is to set forth Zydus Takeda's key principles and guidelines to ensure Corporate Social Responsibilities ('CSR') are aligned with our Values and comply with all applicable laws, regulations, and industry codes.

This policy titled as the '**Zydus Takeda CSR / Donation Policy**' encompasses the Company's philosophy for CSR, its responsibility as a corporate citizen and provides the broad guidelines and framework for undertaking program that can have a meaningful impact on the communities, of which the Company forms a part of and the society at large. The policy shall apply to all the CSR initiatives undertaken by the Company in line with guidelines enlisted in the Schedule VII of the Companies Act, 2013 and any amendments thereof.

B. Scope

This CSR Policy is a statement containing the approach and direction given by the Board, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action Plan.

This Policy has been formulated in accordance with Section 135 of the Companies Act, 2013 ("Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules") framed thereunder. Every company which meets the criteria detailed in Section 135 of the Act is required to constitute a CSR Committee of its board of directors for implementation of CSR projects or programs or activities.

Limitations

In accordance with Section 135 of the Act and the Rules, the following activities would not qualify as CSR activities:

- (i) activities benefitting 'employees' of Zydus Takeda, as defined in clause (k) of section 2 of the Code on Wages, 2019;
- (ii) activities undertaken in pursuance of normal course of business;
- (iii) One-off events such as marathons/ awards/ advertisement/sponsorship of television programs, etc.;
- (iv) Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (v) any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India; and
- (vii) activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services.

C. Objectives

To take up the CSR Program/ Projects that can enhance the quality of life of the communities and environment in which company operates.

To ensure commitment and compliance at all levels within the organization and create meaningful partnerships with stakeholders to achieve desired outcomes of the policy.

D. Definitions:

In this Policy, unless the context otherwise requires:

1. "Act" shall mean the Companies Act, 2013, including any modifications, amendments or re-enactment thereof.
2. "Affiliate" shall mean Zydus Lifesciences limited or Takeda GmbH or any of their group company / entity which directly or indirectly is in control of, is controlled by or is under common control with such JV companies
3. "Agency" means section 8 company or a registered trust or registered society which is registered under section 12A and 80G of the Income Tax Act, 1961
3. "Board" shall mean the Board of Directors of the Company.
4. "Company" shall mean Zydus Takeda Healthcare Private Limited, and wherever the context requires, shall signify the Company acting through its Board.
5. "CSR Annual Plan" shall mean the annual plan detailing the CSR projects and expenditure towards the respective projects during any financial year.
6. "CSR Committee" shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act.
7. "CSR Team" shall refer to the team duly appointed by the CSR Committee of the Company for the purpose of execution and monitoring of CSR projects of the Company.
8. "CSR Projects" shall mean such projects which are selected by the CSR committee to be pursued by the Company in India for the purpose of compliance of section 135 of the Act.
9. "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
10. "Net profit" shall mean the net profit as per the Act and Rules based on which the specific percentage for CSR expenditure has to be calculated.

Non-ongoing Projects" shall refer to projects or programmes which are expected to be completed in same financial year of initiation.

11. "Ongoing Project" means a multi-year project undertaken by the Company in fulfillment of CSR obligations having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved

as the multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

12. "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Rules.

E. Duties and responsibilities:

Board of Directors

The roles and responsibilities of the Board of Directors towards CSR shall include:

- Provide recommendations and approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of its CSR Policy.
- Ensure that the Company, treats the CSR Spends i.e. CSR surplus, excess expenditure and unspent CSR funds as per the modalities prescribed in the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 .
- Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
- Disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the Company's website, if any, for public access.

The Board shall reconstitute the CSR Committee as and when required inter alia, to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements.

CSR Committee

The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet at least twice a year.

The constitution of the committee shall be reviewed by the Board of Directors from time to time and align to the provisions of the law and requisite threshold.

The following shall be the role of the committee:

- To formulate and recommend to the Board of Directors, the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act and the applicable Rules;
- To formulate/amend/alter the annual action plan in pursuance of the CSR policy of the Company;

- To ensure that CSR funding must not be done with any intention, actual or perceived, to further Company's commercial interest or in exchange for return or benefit.
- To determine the CSR projects to be undertaken by the Company and determine the mode of execution i.e. either itself or through any implementing agency or any in collaboration with any other company;
- To formulate the CSR budget based on the CSR activities planned for the year;
- Ensure unspent funds, if any, are transferred to specified accounts/funds within the time stipulated in law;
- Ensure that any profit incurred from CSR activities (although not expected however, if any) are not treated as business profits and are either ploughed back in the same project or transferred to specified account/funds;
- To determine whether surplus expenditure of any financial year has to be set off with the CSR obligation of upcoming years;
- To obtain utilization certificates from the Finance Head of the Company and/or the implementing/external agencies executing CSR activities on behalf of the Company;
- To submit reports to the Board of Directors in respect of the CSR activities undertaken by the Company

CSR Team

The CSR Team (representatives of Human Resource, Finance and E&C) shall be responsible for various tasks, including with or without limitation of the following:

- Work with CSR Committee to recruit and select employee volunteers;
- Ensure successful team functioning by establishing clear roles, expectations, and communication.
- Ensure compliance with provisions of this Policy
- To create and effective due diligence and monitoring mechanism for implementation of the approved CSR activities

F. CSR Projects:

The CSR committee shall undertake such CSR activities as is specified in Schedule VII of the Act and shall assess and manage risk to avoid any actual or perceived Conflicts of Interest or Corruption, particularly for higher-risk CSR activities involving company/affiliates products/equipment's or interactions with Government Entities. The aim of the Company is to encourage and adopt communities/segments of the society as a whole to bring all round development of the communities. In this regard, the CSR activities shall not include any activity undertaken by the Company in pursuance of the normal course of business.

The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company operates. However, this shall not bar the Company from pursuing its CSR objectives in other areas, as prescribed under Schedule VII of the Act and the amendments thereto.

The power of recommendation, categorization and selection of the CSR projects remain with CSR Committee with the final approval of the Board of Directors of the Company

G. Statutory Budget and Annual Action Plan

CSR Committee as per statutory provisions and based on confirmation received from Finance Head, will recommend to the Board of Directors, amount to be spend during the financial year however, the same should be at least 2% of the average net profits of immediately three preceding financial year.

CSR Committee shall annually formulate an annual action plan in pursuance to the policy of the Company which shall specifically cover the following and shall present to Board of Directors for their approval.

- a) List of CSR projects to be undertaken for in a financial year with a categorisation of ongoing and non-ongoing projects.
- b) Implementation schedules in alignment with the disbursement matrix for execution of the CSR projects undertaken by the Company
- c) Monitoring and reporting mechanism
- d) Method of impact assessment, if any, to be conducted by the Company

The annual action plan shall also be recommended to the Board of Directors along with the CSR budget for their approval.

H. Manner of selection and execution of CSR project

1. The CSR Team shall identify the list of probable CSR projects basis the CSR policy for each financial year and place before the CSR Committee for approval. CSR Team shall pre-evaluate and screened CSR proposals and conduct appropriate due diligence by gathering all relevant information and facts about beneficiary to determine the eligibility of recipients as provided below and ensure there are no actual or potential conflict of interest with recipient:

- o Background /Overview of the Agency, website, founders, presence
- o The organization's activities (e.g., annual reports, brochures, website, publications, registration with central government/MCA)
- o MNCs/ Pharma companies associated with the NGO
- o Government recognition, if any
- o Spectrum of work, patient/people lives impacted through initiatives
- o Project impact
- o Duration
- o Milestones
- o Funding type
- o Payment terms
- o Governance process
- o Impact measure, if any

2. The list of CSR projects shall be reviewed by the CSR Committee and recommended to the Board of Directors for their approval along with the proposed budget of the financial year.

3. The CSR committee after receiving approval from the Board on the projects and total budget outlay, shall fix target spending for each project and direct the CSR Team for execution of the projects/programs.

4. The CSR Team shall ensure that ongoing monitoring of CSR projects is done by the Company either through holding meetings with the implementing agencies or by obtaining and reviewing progress reports along with supporting documentation in format specified in Annexure III of the Policy or by paying visits to the project site so as to be updated on the status of execution of any project and duly documenting the observations noted during such visits and creating a memo on interactions done along with necessary pictures of the CSR activity.

7. The CSR Team shall obtain utilization certificates/proofs (along with supporting documentation) from the external/implementing agencies executing CSR activities on behalf of the Company and shall present it to CSR committee.

I. Implementation

The Company may implement the Company's CSR Programs through Company's own personnel or in collaboration with other companies or through any external registered implementing agencies, as per the Annual Action plan duly approved by CSR Committee and Board.

Eligibility of implementing agencies

In case the CSR committee decides to execute its CSR projects externally, through one or more implementing agencies, the following principles have to be ensured:

The agency should be either a section 8 company or a registered trust or registered society which is registered under section 12A and 80G of the Income Tax Act, 1961 and should be any of the following:

- a. Any of the aforementioned entity which is established by the Company either singly or with other company; or
- b. An of the aforementioned entity having a minimum track record of three years in similar activities; or
- c. An of the aforementioned entity established by Central Government or State Government
- d. An of the aforementioned entity established under the Act of Parliament or a State Legislature

2. The agency should have a valid registration number i.e. CSR Registration Number as allotted by the Central Government i.e. Registrar of Companies.
3. The agency should on regular basis submit utilization/execution reports to the Company through CSR Team.
4. The agency should have a permanent office in India.

Manner of selection of an implementing agencies

Implementing agencies shall be selected on the basis of their experience and track record.

1. The CSR Team shall consider proposals received from institutions, agencies, associations and groups and shall evaluate whether they qualify as an implementing agency.
2. The CSR Team and CSR Committee shall evaluate whether the activities of implementing agency coincide with the CSR projects of the Company and also evaluate the proposal of agency as per internal criteria.
3. Once approved by the CSR Committee, the Company shall enter into agreement with the implementing agency clearly outlining the company responsibility, implementing partner's obligations, CSR fund release pattern and the expected outcome from the CSR project or activity. The agreement shall clearly indicate the monitoring, evaluation and reporting mechanism including, progress report, utilization reporting and audit report, led by the CSR Team.
4. The Company shall also obtain CSR contribution/ fund utilization certificate issued by Chartered Accountant on behalf of the implementing organization upon completion of project. In case the CSR activity involves contribution to any Government organization, the proof of contribution in the form of a receipt shall be considered as a utilization proof.

The Company may take help of International Organizations in designing, monitoring, and evaluating its CSR Projects, and in assisting with capacity building of its personnel. However, it is clarified that such organizations cannot take the responsibility of actual implementation of the CSR initiatives.

J. CSR Expenditure

CSR expenditure shall consist of all expenditure including contribution to the corpus for projects and programmes relating to CSR activities, but does not include any expenditure which is not in conformity with the activities specified in Schedule VII of the Act. In this regard, the expenditure shall also include the administrative overhead incurred for the purpose of execution of CSR activities, however, the same shall be limited to 5% of total CSR expenditure for any financial year.

The disbursement of CSR funds will be either in tranches or a one-time payment depending on the nature of the project as aligned with the implementation schedule of the Company. The method of disbursement and utilisation shall be as may be decided between the Company and the beneficiaries.

The Company shall comply with the following in below mentioned situations:

a) Excess expenditure

If the Company spends in excess of the statutory requirement, in any financial year i.e. the Company has spent more than 2% of average net profits of the last three years, the same can be set off against the CSR spending of immediately three succeeding years. This can be executed only with approval of the CSR Committee and Board of Directors.

b) Deficit expenditure

If in any financial year, the Company could not spend 2% of its average net profits, the Company shall transfer equivalent amount in the following manner:

- a. In case of on-going projects, the funds shall be transferred to the 'Unspent CSR account' of the Company within 30 days of the financial year ended and shall be utilised within 3 years of such transfer
- b. In case of non-ongoing projects, the funds shall be transferred to the funds specified in Schedule VII of the Act.

If in case the Company fails to spend the unspent amount transferred to the Unspent CSR account for the ongoing projects within a period of 3 years, the same shall also be transferred to the funds specified in Schedule VII of Act within 30 days from the date of completion of third year.

Further, the requirement of transferring unspent CSR account/funds specified in Schedule VII shall be applicable only for the purpose of statutory requirement of spending i.e. 2% of average net profits of immediately three years. Any unspent amount lying from the voluntary spending requirement of the Company i.e. above 2% of net profits shall not trigger transfer requirements.

c) Profit/Surplus from CSR expenditure

If any Surplus/Profits arises out of CSR projects, the Company shall not consider the same as business profits. On the other hand, the profits shall either be retained/ ploughed back in the same project or can be transferred to the 'Unspent CSR account' of the Company or any funds specified in Schedule VII of the Act.

In case where the Company utilises its CSR expenditure for the purpose of creation or acquisition of any capital asset, the same shall be held either by a section 8 company or

registered trust or registered society having valid CSR Registration Number or any of the beneficiaries of CSR activities or any public authority. However, in any case, the capital asset shall not be held by the Company.

K. Disbursement

The disbursement of CSR funds will be either in tranches or a one-time payment depending on the nature of the project as aligned with the implementation schedule of the Company. The method of disbursement and utilisation shall be as may be decided between the Company and the beneficiaries.

In this regard, the Company shall obtain periodic reports on the utilisation of funds from the implementing agencies and the CSR Team of the Company.

In furtherance to this, the Company shall also obtain a utilisation certificate from the Finance Head of the Company at the closure of financial year certifying that the funds shall be utilised for the purpose it was disbursed. Finance Head will provide the relevant certificate after endorsement by CSR Committee on the disbursement of funds.

L. Monitoring

Apart from the committees, the CSR Team shall be responsible on a continuous basis w.r.t. monitoring of CSR activities. Monitoring process for CSR Projects shall include the following:

- Evaluation of Planned progress V/s Actual Progress
- Actual expenditure V/s expenditure as per the approved budget

M. Impact assessment

Impact assessment, if and when mandated, will be undertaken by an independent agency and such impact assessment report shall be placed before the Board and annexed to the annual report of CSR.

N. Reporting

Pursuant to the provisions of section 135 of the Companies Act, 2013, the Company shall disclose such information as mandated by law in the annual report on CSR which shall also be annexed to the Board's Report of the Company.

O. Other donation/funding/contribution

Any donation/funding/contribution to be made by the Company to support local communities, charities or other social cause (other than mandatory CSR contribution), shall be governed and monitored by CSR Committee as per mechanism set out in this policy with prior approval of the Board of Directors of the Company.

P. Amendment

CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.

CSR Team shall propose amendments to the CSR Policy for CSR Committee's consideration as per the provisions of the Act. Any amendments in CSR Policy shall be approved by the Board of Directors of the Company.

For, **ZYDUS TAKEDA HEALTHCARE PRIVATE LIMITED**

Uendra Bahuguna
Managing Director

List of Annexures:

Annexure I - List of Areas for CSR Activities and Projects

Annexure II - Guidelines and Checklist for Implementing Agency selection

Annexure III - Suggestive Quarterly Progress Report format of the CSR Project

REVISION HISTORY:

Version No.	Change Description	Effective Date	Approved By
1.0	CSR Policy	23/09/2014	Approved by Board of Directors in its meeting held on 23/9/2014

ANNEXURE I

List of Areas for CSR Activities and Projects

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care including preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh setup by the Central Government for the promotion of 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
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, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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. a. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
b. Contributions to public funded universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of

Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

10. Rural Development projects;

11. Slum area development ("slum area" shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force);

12. Disaster management, including relief, rehabilitation and reconstruction activities. Further, expenses incurred on research and development activity of new vaccine, drugs and medical devices related to COVID-19 which is in their normal course of business of the Baxalta for F.Y. 2020-21, 2021-22, 2022-23 shall be considered under CSR initiative.

Provided that such research and development activities shall be carried out in collaboration with any of the institutes or organization mentioned under point 9 above of Annexure I.

ANNEXURE II
Guidelines and Checklist for implementing agency selection

1. 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.
2. It should provide a copy of it's by- laws or Memorandum/Article of Association, as applicable.
3. It should have a permanent office in India and should should have an established track record of at least three years in undertaking similar successful programs or projects
4. It should have a governance structure – An apex functional governing body eg. Board, Trustees etc.
5. It should have the required manpower and expertise to handle the initiative.
6. It should provide information on the projects undertaken by it till date.
7. 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
8. It should have a dedicated domestic bank account (No offshore account).
9. It should fulfill Income Tax requirements (PAN, 12A)
10. It should have Income Tax exemption certificate
11. It should provide confirmation of no funding from the sanctioned entity (banned by the Government of India).
12. It should provide a copy of the annual report including the financial statement of past three years.
13. It should also provide a utilization certificate or report evidencing the effective utilization of the amount provided to them, after completion of any CSR project or activity. (In case the CSR activity involves contribution to any Government organization, the proof of contribution in the form of a receipt can be considered)
14. The NGO should submit annual undertaking, duly signed by the Directors/ Trustee, that it has complied with all the relevant laws and that there are no pending cases against any Directors/Trustee, in their individual capacity or as Directors/Trustee of the NGO.

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

Checklist for an Organization / Requestor requesting funding under CSR project for the purposes of internal due diligence.

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. What activities will be carried out?
 - d. How will the group measure the outcomes and impacts of the project?
 - e. What will be the tenure of the project?

ANNEXURE III
Suggestive Quarterly Progress Report format of the CSR Project
(This can be improvised as per internal procedural requirements)

1. Project Title(s)
2. Classification of Project: Ongoing or Non-Ongoing project
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)