



Biocon Policy on Corporate Social Responsibility and Environmental, Social & Governance (CSR & ESG Policy)

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Reviewed By : CSR & ESG Committee
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BIOCON POLICY ON

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL, SOCIAL & GOVERNANCE

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INTRODUCTION

Biocon (including subsidiaries and associates, excluding Syngene and Biocon Biologics Limited, hereinafter referred to as “the Company”) is Asia's premier biopharmaceutical company that is driven by the vision to make a difference in global healthcare through improved access to high quality and life-saving bio therapeutics by making them affordable for patients across the world.

The Company’s contributions and initiatives towards social welfare and environment sustainability have been integral to its business. The Company shall continue to pursue Corporate Social Responsibility activities (hereinafter referred to as “CSR”) as one of its fundamental priorities. Further, given the emerging importance of Environmental, Social and Governance (“ESG”) aspects, the Board has delegated oversight over ESG related activities to Corporate Social Responsibility Committee, which is hereby renamed as “Corporate Social Responsibility and Environmental, Social & Governance Committee” (hereinafter referred to as “the Committee”).

CSR & ESG activities of the Company shall continuously evolve for a long-term sustainability of business, society and environment at large. CSR & ESG shall further align and integrate social wellbeing, economic growth and environmental sustainability with the Company’s core values, operations and growth.

In the process of executing CSR, the Committee of the Company shall comply with the statutory requirements of the Companies Act 2013, and the related rules and regulations as may be amended from time to time (hereinafter referred to as “the Act”) under the guidance of this policy.

APPROACH AND DIRECTION

This policy is formulated to meet the CSR objectives set by the Company as well as the applicable statutory requirements notified by the Ministry of Corporate Affairs through the Act This policy shall apply to all CSR activities / projects / programs undertaken by the Company.

This Policy encompasses the philosophy for social responsibilities and lays down the guidelines, mechanism and an action plan for undertaking projects, programs and activities beyond business which include initiatives and endeavours for the benefit and development of the community and society. CSR is the way the company integrates economic, environmental and social objectives while, at the same time, addressing stakeholder expectations and sustaining or enhancing shareholder value. This policy also aims to establish boundaries for acceptable behaviour and guidelines for best practices in CSR & ESG related initiatives as applicable.

VISION, PHILOSOPHY & STRATEGY

Vision: To strive towards developing and sustaining healthy and empowered communities by promoting social & economic inclusion and improving overall quality of life.

Philosophy: The Company shall acknowledge its responsibility towards the environment, its consumers,

employees and other stakeholders. CSR and ESG shall be a commitment and part of business behaviour at the Company. The Company shall make concerted efforts to protect and improve the welfare of the society as it demonstrates sustainable practices.

Strategy: The CSR & ESG strategy shall create long-term and scalable values for communities and society. The Company shall adopt the following strategies in the CSR process:

- Embed CSR & ESG into the business
- Develop action plans
- Mobilise resources and expertise for the initiatives
- Build capacities for CSR & ESG at all levels
- Involve employees to volunteer for CSR & ESG related activities
- Engage stakeholders on a regular basis
- Build partnerships for scale
- Make strategic grants to support worthwhile projects/programs
- Be transparent, consistent and fair in communication
- Carry out periodic reviews and reporting
- Continuous compliance with statutory requirements

GUIDING PRINCIPLES

The Committee may constitute and adhere to the following guiding principles as given below, in connection with the CSR related activities/ projects of the Company:

- **Selection of CSR activities/ project:**
Areas for CSR engagement shall be carefully chosen based on relevancy with regards to the national and local context. Focus on social welfare and environment sustainability will be integral to the selection of CSR activities. CSR domains chosen shall be in convergence with the broader goals of sustainable development.
- **Implementation of CSR activities/ projects:**
CSR programs shall be implemented in an inclusive and equitable manner, focused on data-driven, scalable and sustainable practices. A holistic framework of engagement with community and relevant stakeholders shall ensure transparency, consistency & commitment towards the programs.
- **Monitoring of activities:**
The emphasis shall be on a systematic, objective and iterative framework for review of activities. Periodic reviews of CSR activities shall help inform progress towards objectives, appropriate resource allocation, continued relevance and course correction where required.

- **Formulation of the Annual Action Plan:***

The annual action plan shall be created with a definite mechanism by CSR functionaries and document the stated objectives of the CSR programs. It shall clarify the content of relevant interventions as per agreed timelines and budgetary allocations. Based on project timelines, the annual action plan shall undergo periodic review for scope, relevance and timelines of envisaged outcomes.

**Note: Annual Action Plan shall assume the meaning as substantiated under the Companies Act, 2013.*

CONSTITUTION, MEMBERSHIP AND COMPOSITION

The Committee shall consist of minimum of 3 Directors out of which at least one shall be an Independent Director.

- **Chairperson:** The Committee Chairperson shall be appointed by the Board. In the absence of the Committee Chairperson, the members present at any meeting of the Committee shall elect one among them to chair the meeting.
- **Membership** - The members of the Committee shall be appointed by the Board on the recommendation of the Nomination and Remuneration Committee.
- **Invitees:** Only members of the Committee have the right to attend Committee meetings. All Directors may be invited to attend all or part of any meeting as and when appropriate. In addition, other individuals such as Company employees or external advisors may be invited to attend all or part of any meeting as and when appropriate. However, invitees / invitee director(s) do not have any voting rights and may be entitled to sitting fees, if any, as mutually agreed upon by the members of the Board
- **Secretary:** The Company Secretary shall act as the secretary to the committee.

PROCEDURE AND QUORUM

- **Time and frequency of meetings** – The Committee shall meet at least twice a year or as and when the need arises to discharge its roles and responsibilities. Members who are not physically present may attend meeting through video / teleconference.
- **Quorum for meetings** – A minimum of two members shall be present for the meeting including those who attend via video conference. Members attending meeting through teleconference shall be excluded for the purpose of quorum.
- **Onward Reporting** – The draft Minutes of each meeting of the Committee shall be circulated within the statutory time period as stated in the Secretarial Standards as issued by the Institute of Company

Secretaries of India read along with the Companies Act, 2013 or any other applicable law, rules or regulations as applicable from time to time. A copy of the signed minutes, certified by the Company Secretary, shall be circulated within the timelines as stated under the Secretarial Standards, to all the Members as on the date of the Meeting and appointed thereafter, except to those Members who have waived their right to receive the same either in writing or such waiver is recorded in the Minutes.

GOVERNANCE

In line with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board of Directors (herein after referred as 'Board') shall be responsible for:

- Forming a CSR Committee;
- Approving the CSR policy, including periodical review and amendment;
- Adopting the Annual Action Plan, in accordance with the CSR Committee's recommendation;
- Amending the Annual Action Plan, if required, in accordance with the CSR Committee's recommendation and based on reasonable justification;
- Taking note of the certificate with respect to utilization or disbursement of funds for CSR, as certified by the Chief Financial Officer or the person responsible for Financial Management;
- To ensure the disclosure of the composition of the CSR Committee, CSR Policy and the Projects as approved by the Board on the website of the Company;
- Passing a Board resolution towards setting off excess amount spent on CSR activities and to ensure the same is utilised within three succeeding Financial Years;
- Identification of Ongoing Project, its implementation schedule along with the Project Outlay;
- Monitor the implementation of the on-going project¹ with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period;
- Disclosures of reasons in the Board's Report, towards unspent CSR amount and adhere to the necessary compliances as prescribed under the Act;
- Take note of the impact assessment² report, if applicable and ensure the same forms part of the Annual Report on CSR;
- Make disclosures in the Boards' report as specified in the Act and comply with any applicable statutory requirements.
- Provide strategic guidance and oversight over all matters and activities relating to ESG;
- Monitor implementation and execution of ESG related initiatives and policies;
- Assess impact of various ESG initiatives;
- Review disclosure of ESG matters to internal and external stakeholders;
- Identify and recommend to the Board and the Committees of Biocon Limited, the emerging risks related to ESG;

Explanation:

¹ On- going project means a multi-year project undertaken by the Company in fulfilment of its CSR obligation 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 a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification;

² Impact Assessment shall be applicable to the Company if the average CSR obligation of the Company is ten crore rupees or more, in three immediately preceding financial years; then such Company shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

- To formulate and recommend a CSR policy to the Board and seek their approval;
- To formulate and recommend to the Board of Directors the activities as mentioned in the Annual Action Plan or modification thereof to be undertaken by the Company as specified in Schedule VII of the Act and the applicable Rules;
- To formulate the CSR Budget and recommend to the Board to seek approval for the amount of expenditure to be incurred on the CSR activities;
- To decide on the locations for CSR activities, though preference be given to the local areas where it operates, for spending the amount earmarked for CSR activities.
- To review, implement and monitor all CSR activities from time to time and regularly report to the Board on the progress;
- To periodically review and assess the adequacy of the existing policy and seek approval from the board for revision(s), if any;
- To ensure that the surplus fund that arises from the CSR activities shall not form part of the business profit and only shall be utilized in accordance with the regulatory provisions of the Companies Act, 2013;
- To ensure that CSR activities undertaken as per the Act only shall account towards CSR expenditure;
- To ensure that any activity that benefits only the employees of the Company and their families shall not be considered as CSR activities;
- To ensure that CSR projects or programmes or activities undertaken in India only shall amount to CSR expenditure however, except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- To undertake self-evaluation of its own functioning and identification of areas for improvement towards better governance;
- To ensure compliance with the requirements of the Act.
- To focus on the macro-level trends and developments in ESG measurement and reporting standards and frameworks, help in creating ESG goals for the Company and periodically reviews the ESG activities and related performance;
- To assist and oversee the Company's ESG program, strategy, initiatives, policies, reporting and disclosures;

- To review the implementation of targets, standards and metrics established to assess and track the Company's ESG performance to ensure that the Company's performance is consistent with the Company's long-term strategic objectives, good corporate citizenship and the Company's ESG strategy;
- To review any statutory reporting relating to sustainability initiatives e.g., Business Responsibility Report (BRR)/ Business Responsibility and Sustainability Report (BRSR);
- To review and evaluate the ESG risks identified by the Company and to collaborate with the Board and its Committees to monitor and establish the mitigation plan for such risks.

CONTRIBUTION

The Company shall spend at least two percent (2%) of its average net profit of the immediately (3) three preceding financial years on CSR activities in accordance with the provisions of the Act. The amount of net profit shall be calculated in accordance with the Act.

Any surplus arising out of CSR activities shall be reinvested into CSR initiatives and this shall be over and above the spending of mandated 2% spend, in pursuance of the Act.

AREAS OF ACTIVITY

The Company shall undertake CSR activities in any of the following core areas:

- I. Eradicating hunger, poverty and malnutrition;
- II. Promoting healthcare including preventive health care;
- III. Sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- IV. Promotion of education, including special education and employment enhancing vocation skills and livelihood enhancement projects;
- V. Ensuring environment sustainability including Sustainable Urban development and Urban Transportation, ecological balance, protection of flora and fauna, animal welfare, agroforestry, 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;
- VI. Rural development projects; &
- VII. 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.*

In addition, the Company may undertake other activities (as listed below) on a need basis, in accordance with the Act:

- I. 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;
- II. 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;
- III. Measures for the benefit of armed forces veterans, war widows and their dependents.
 - IV. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
 - V. 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, Tribes, other backward classes, minorities and women;
 - VI. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies as mentioned under Schedule VII, engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs); &
 - VII. Disaster management, including relief, rehabilitation and reconstruction activities.

However, the following shall not be considered as CSR Activity:

- i. Activities undertaken in pursuance of normal course of business of the company:
Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that:
 - such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
 - details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- ii. Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- iii. Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- iv. Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- v. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- vi. Activities carried out for fulfilment of any other statutory obligations under any law in force in India;

ANNUAL ACTION PLAN AND REPORTING

The committee shall formulate & recommend an annual plan to the Board, which shall inter-alia include the following:

- i. The list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- ii. The manner of execution of such projects or programs;
- iii. The modalities of utilization of funds and implementation schedules for the projects or programs;
- iv. Monitoring and reporting mechanism for the projects or programs;

The details of need and impact assessment, if any, for the projects undertaken by the company. The Board may alter such action plan, anytime during the financial year, based on the reasonable justification and recommendation of the CSR Committee.

The Implementing agency shall report to the Committee twice a year based on the progress of the projects / programs.

In addition, CSR initiatives of the Company shall be reported in the Annual Report including any unspent budget allocated to CSR initiatives.

BENEFICIARY

The target beneficiary of CSR & ESG initiatives may be the communities living around the area of operations of the Company with specific reference to disadvantaged, impoverished, underserved and marginalised sections of the society.

MODES OF IMPLEMENTATION AND EXECUTION

The Company can either partner with external agencies (hereinafter referred to as 'Implementing Agencies') for undertaking various CSR & ESG activities or execute them directly. Such Implementing agencies shall satisfy all requirements as specified in the Act in this regard.

The Committee and the Implementing agencies shall be responsible for strategizing, planning, execution, monitoring and evaluation of the CSR & ESG activities on behalf of the Company, either directly or through meaningful partnerships.

Below are the implementing agencies through which CSR activities may be implemented.

A) Biocon Foundation: Biocon Foundation is one of the Implementing agency for CSR activities. Biocon Foundation shall implement the CSR activities in any of the following modes:

- I. Direct execution of projects/programs.
- II. Partnership - Build fruitful collaborations with like - minded organisations through memorandum of understanding.

III. Grants - provide grants to NGOs, trusts and academic institutions under Grant-in-Aid initiative for innovative and impactful social projects. In such scenario, the Foundation shall employ its expertise to evaluate the proposals of grant seekers and conduct due diligence when necessary before seeking approval from CSR Committee for releasing grants to them. Organisations with an established record of at least three years in undertaking similar initiatives shall be selected to carry out such activities, in pursuance of the Act. The grantees shall share fund utilization and project progress reports with the Foundation.

B) Biocon Academy: Biocon Academy is one of the Implementing agency, which aims to address the skill deficit in the Biopharma sector, by developing high-end talent through advanced learning.

C) Any other implementing agency as specified in the law: CSR activities can be undertaken through any other Implementing agency as specified below:

I. A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 established by the company, either singly or along with any other company, or

II. A company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

III. Any entity established under an Act of Parliament or a State legislature; or

IV. A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

D) The company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with the provisions of the Companies Act, 2013.

Note: The Company may engage international organizations for designing, monitoring, and evaluation of the CSR projects or programs as per the policy as well as for the capacity building of its personnel for CSR.

TREATMENT OF UNSPENT CSR OBLIGATION

If the Company spends less than the amount required to be spent under CSR obligation, the Board shall specify the reasons for not spending such amount, in the Board's report. The Company shall deal with the unspent amount in the following manner:

i. In case of an On-going Project:

As per the provisions of Section 135(6), any amount remaining unspent shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

ii. In case of projects having a tenure of one year or lesser:

As per the provisions of Section 135(5), the unspent amount as on end of financial year shall be transferred to a Fund specified in Schedule VII, as regulated by the Government, within a period of six months of the expiry of the financial year.

EFFECTIVE DATE

This amended policy shall come into force from the date of its approval by the Board of the Company. This policy shall revoke and replace any and all previous policies and understandings that are inconsistent with those contained herein.

The Committee shall amend the policy as necessary or appropriate on the approval of Board. Once approved by the Board, the Committee shall thereafter apprise all the major stakeholders and provide them with a copy of the approved new version. The policy shall be reviewed at least on an annual basis.

In case of any ambiguity or need for clarification, the Company should refer applicable Secretarial Standards, provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Articles of Association of the Company and any other applicable law. Further, in case there prevails any inconsistency between the provisions of this charter and the law, the law shall prevail.

CONTACT

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VERSION HISTORY

- The Charter was first amended on April 28, 2021.
- The Charter was subsequently amended, and the Committee was renamed as the 'Corporate Social Responsibility and ESG Committee' vide Board's circular resolution dated March 25, 2022 approved on March 28, 2022.

- The Charter was subsequently amended/ revised and recommended by the CSR & ESG Committee for Board's approval on October 19, 2022 and further approved by the Board of Directors at their meeting held on November 14, 2022.