CSR POLICY

Eisai Pharmaceuticals India Pvt. Ltd

Draft 1.0

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# Background

Eisai's corporate philosophy includes the realization of human health care (hhc).  
Based on a clear understanding that patients as well as their families and consumers are the key players in healthcare, we seek to have a sense of pride in providing benefits to such persons. This philosophy is summarized by the term “*hhc*.”

We believe that in order to truly consider the perspectives of patients and their families, it is important for each employee to first get close to patients and see the situation through their eyes to learn to pick up on thoughts and feelings that might not necessarily always be expressed in words. It is this concept that is the starting point for all of Eisai's corporate activities. Accordingly, the Eisai Group recommends that all of its employees spend 1% of their working hours with patients.

Our corporate philosophy is understood and internalized by each employee within the Group, both in Japan and overseas. This understanding is then shared and implemented in the daily business activities of all Eisai employees, and serves to effectively transcend nationalities, national borders, and gender and age.

We fulfill our obligation to society by considering the perspectives of patients, their families and the global community overall, developing a response to their needs, verifying the social benefits of this response, and finally by making this response available to the world before anyone else.  
This is the *hhc* that Eisai aims to realize.

In line with this philosophy, Eisai India, as part of its corporate social responsibility (CSR) commitment will make social and environmental investments to build a strong India. The CSR activities of Eisai India are an offshoot from its values of service towards society and empathy towards every individual in the society.

Eisai India is committed to continually improve its CSR and sustainability activities and has formulated and adapted a comprehensive CSR Policy. This Policy will help in driving our business towards sustainability by institutionalizing processes to bring into practice the concept of shared value. This policy includes projects/programmes that are to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

# Purpose

The purpose of this Policy is to:

* + Define Eisai India’s strategic CSR and Sustainability Policy
  + Define the statement of intent reflecting the ethos of the company
  + Define the projects/programmes and specific activities to be undertaken by the Company during the implementation year that are in consonance with the Company’s vision and goals
  + Define the implementation and monitoring process for CSR activities
  + Define the partnership process which will serve as a guiding document (Standard Operating Procedure) for CSR activities
  + Shed light on the manner in which surpluses from CSR projects will be treated

# Policy Statement

"To actively contribute to the social and economic development of the communities in which we operate through the initiatives to build a better and a healthier society thereby help the country in building a strong foundation in the areas which need focus”

# Scope of CSR activities in Eisai India

This Policy applies to all projects/programmes undertaken as part of Eisai India’s CSR initiative, and the policy will be further developed, reviewed and updated by reference to relevant codes of corporate governance and best practices.

In terms of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Policy relates to the CSR activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013, as projects or programs or activities (either new or ongoing) and the expenditure thereon, excluding activities undertaken in pursuance of its normal course of business.

# CSR initiatives of Eisai India

The Company’s CSR Policy contributes to the goals of Eisai India by undertaking projects or programs or activities (either new or ongoing) as specified in Schedule VII:

* Healthcare
* Education
* Rural development projects
* Women’s health
* Environmental sustainability
* And as such any other as prescribed under the Companies Act 2013 from time to time

# Suggested Governance Structure

The Company has constituted a robust and transparent governing mechanism to oversee the implementation of CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

# CSR Committee

To incorporate CSR projects in a corporate structure, the Governing Council has constituted a CSR Committee in terms of Section 135 of the Companies Act, 2013.

# Members of CSR Committee

* + - * Dr. Sanjit Singh Lamba
      * Mr. L.V.Chandrasekhar
      * Mr. Joseph Kiran Kumar

# Responsibilities

* + - * Selecting the organization model for the CSR implementation: in-house versus outsourced and its legal entity (trust, society, company etc)
      * Identifying the implementation model (grant making, direct project execution, etc)
      * Integrating budgeting, procurement, payments and reporting for CSR within the existing finance administration and IT systems
      * Analyzing accounting systems and chart of accounts and making required changes to record all expenses appropriately
      * Establishing a method of allocation for the expenses (or assets created) that are partly for the CSR and partly for business or employee use
      * Ensuring periodic progress reviews

# Task Forces

Project specific task forces will be constituted for implementation of the projects.

# Responsibilities

* + - * Evaluate projects and partners as per the developed framework
      * Build collaborations with other organizations on CSR projects, wherever possible
      * Implement projects based on set targets and action plans
      * Regularly monitor the activities
      * Send quarterly reports to the CSR Committee

1. **CSR Spend**

The CSR Spend of the Company, in every financial year, would be at least 2% of its average net profits during the three immediately preceding financial years as per the guidelines prescribed under Section 198 of the Companies Act, 2013 or such higher amount, if approved by the Company. The total CSR Spends will be decided as a part of the Annual Operating Plans, in accordance with the goals and priorities identified by the CSR Committee.

# Project Life Cycle

The CSR projects of the Company are strategically planned and managed. Following are a few stages of a project:

# Project Selection

The Company would conduct projects in India especially around the areas of operation. The respective task forces in consultation with the CSR committee will undertake a need assessment study to understand the social and environmental needs.

# Project Approval

The projects suggested by the task forces in consultation with the CSR Committee will be presented for the approval of the Board. Budgets will be finalized and disclosed at the beginning of every financial year.

# Implementation

The CSR projects of the Company will be implemented either by itself or with the help of implementation agencies. The final projects approved by the CSR Committee will be handed over to the task forces, who in turn will break down the project into time-bound targets and action plans for the partners and individual divisions. This process will be conducted in consultation with the CSR Committee.

# Monitoring

The task forces would be responsible for executing and monitoring approved projects, which may include site visits, meetings and progress reports etc. This will be done based on the milestones and success indicators, defined for the project, together with the implementing agency. It will be the responsibility of the implementing agency to provide the project progress report on a periodic basis. These will be submitted to the CSR Committee for the quarterly review meetings. Each of these projects will be monitored continuously through IT enabled systems to ensure transparency in the implementation process.

# Reporting

The CSR committee will annually publish a report on the CSR projects and this forms part of the Board’s report. The report will disclose information in the format as prescribed by Section 135 of the Companies Act, 2013.

# Building Partnerships

As mentioned earlier in 8.2, the Company will execute projects by itself and also in partnership with various implementation agencies.

# Partner Qualifications and Due Diligence

The Company will undertake measures to ensure that projects are awarded to certified implementation agencies, be they vocational training institutes, registered trusts, societies or Section 8 Companies operating in India and which are not set up by the Company. The Company will ensure that the implementation agencies have a clearly explained mission/vision and an established track record of three years in undertaking similar projects or programmes. They should be able to produce their latest audit, annual reports and registration forms according to Section 80G/12A.

Potential partner NGOs will undergo thorough due diligence and will be checked to ensure that they fulfill the criteria listed in Section 135. The NGO will need to produce the following documents:

* + - Registration according to Section 80G and 12A
    - Latest Annual Report
    - Latest Audit Report

# Partnership Process

The process to be followed to establish partnership with implementation agencies is as follows:

1. **Identification of implementation partner-** The first step is to identify an implementation agency which may be a vocational training institute, registered trust, society or a Section 8 Company or an NGO.
2. **Due Diligence of partner-** A due diligence exercise is to be conducted to help ascertain the risks as well as the benefits of the partnership, and to determine if the implementation agencies have the reputation, competence and integrity to deliver effective training. As per the due diligence process details submitted by prospective implementation agencies will be verified and due diligence visits will be conducted by the working team.
3. **Signing of Memorandum of Understanding (MOU) and Service Agreements (SLA) -** After a thorough due diligence, an MOU and SLA will be signed so as to enter into a formal arrangement with the implementation agency for a duration of 2 years. The SLA will define the specific terms of the contract and scope of work.

# Treatment of Surpluses

Surpluses generated from CSR activities undertaken by the Company will be tracked and channelized into our CSR corpus. They will be used in the further development of these CSR initiatives, and will not be added to the normal business profits of the Company.