

ARCO LAB PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY
POLICY

1.	PREAMBLE
	<p>Arco Lab is a Business Service organization (BSO) and is a wholly owned subsidiary of Strides Pharma Science Limited. BSO offers a pool of outsourcing and business support services across different verticals with specific emphasis on pharmaceutical sector.</p> <p>Company’s focus area for CSR initiatives shall be Health and Hygiene, Education, Employability and Disaster Management.</p> <p>This Policy encompasses our philosophy towards CSR and lays down guidelines and mechanisms for undertaking socially beneficial programmes for welfare and sustainable development of the community at large.</p>
2.	DEFINITIONS
a)	“ Act ” shall mean the Companies Act, 2013 read with the relevant Rules framed thereunder and amended from time to time.
b)	“ Board ” shall mean the Board of Directors of the Company.
c)	“ Company ” shall mean Arco Lab Private Limited.
d)	“ CSR Rules ” means The Companies (The Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time.
e)	<p>“Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced;</p> <p>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;</p>
f)	“ Permissible CSR Activities ” means such activities as specified in Schedule VII of the Act, as amended from time to time.
g)	“ Strides Foundation ” is a Trust registered under section 12A and 80 G of the Income Tax Act, 1961 and Rule 4(2) of CSR Rules set up by the Promoters of Strides Pharma Science Limited, Holding Company of the Company, as a not-for-profit organisation.
	<p><i>Note: Terms used in the policy, which are not defined hereinabove, shall have the meaning as defined in Companies Act, 2013 and The Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time.</i></p>

4.	OBJECTIVES
	<p>The following objectives are identified by the Company:</p> <ol style="list-style-type: none"> a) Uplift the communities around its areas of operation, thereby creating a positive impact in the community; b) Identify interventions to ensure sustainable social development after considering the immediate and long-term socio-environmental consequences; and c) Setting high standards of quality in providing interventions and support to meet the needs of the community.
5.	CSR GOVERNANCE STRUCTURE
	<p>CSR activities of the Company shall be administered/ governed by the Board of Directors of the Company.</p> <p>Further, the Company shall implement its CSR activities through Strides Foundation or such other entity/ organisation as approved by the Board.</p>
	<p>Roles and Responsibilities of Strides Foundation are as under:</p> <ul style="list-style-type: none"> • Help in conceptualising the CSR programs for the Company. • Execute the programs through its employees or in collaboration with other partners such as NGOs, the government, community-based organisations, sector experts and any other partners as are deemed necessary. • Collect and analyse data for monitoring and reporting of all programs. • Provide periodic reports to the Board.
6.	FOCUS AREAS OF ENGAGEMENT
	<p>The Company shall carry out Permissible CSR activities as approved by the Board.</p> <p>Focus areas of engagement shall be:</p> <ul style="list-style-type: none"> • Health and Hygiene, • Education, • Employability and • Disaster Management. <p><i>Apart from the above, Company may also spend in areas mentioned in Schedule VII of the Act, subject to approval of the the Board.</i></p>

7.	CSR BUDGET
	<p>1) The Board of Directors of the Company shall ensure that in each financial year, the Company spends at least 2% of the average net profit made during the three immediately preceding financial years.</p> <p><i>Explanation: For the aforesaid purpose, Net Profit shall be calculated in accordance with the provisions of Section 198 of the Act.</i></p> <p>2) In case of any Surplus arising out of CSR projects the same shall not form part of the business profits of the Company and shall be ploughed back into</p> <ul style="list-style-type: none"> (i) the same project or (ii) shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or (iii) transfer such surplus amount to a Fund specified in Schedule VII within a period of six months of the expiry of the financial year. <p>(3) Where the Company spends an amount in excess of requirement provided under Section 135(5), such excess amount may be set off against the requirement to spend under Section 135(5) up to immediately succeeding three financial years subject to the conditions that:</p> <ul style="list-style-type: none"> (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of the CSR Rules. (ii) the Board of the company shall pass a resolution to that effect. <p>3) Unspent amount, if any, for the financial year, unless it is earmarked for an Ongoing Project as approved by the Board, shall be transferred to a Fund as specified in Schedule VII of the Act, within 6 months from the end of the financial year.</p> <p>4) Unspent amount pertaining to an Ongoing Project, shall be transferred to a dedicated bank account to be called as “Arco Lab Unspent CSR Account” for this purpose within 30 days from the end of financial year and spent within a period of three financial years thereon.</p> <p>Any residual unspent amount in such account on expiry of three financial years shall be transferred to a Fund as specified in Schedule VII of the Act.</p> <p>5) Administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.</p>
8.	ANNUAL ACTION PLAN (AAP)
	The Board of Directors shall formulate an AAP in pursuance of its CSR Policy, which shall include the following:

	<p>a) the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;</p> <p>(b) the manner of execution of such projects or programs as specified in sub-rule (1) of rule 4 of CSR Rules;</p> <p>(c) the modalities of utilization of funds and implementation schedules for the projects or programs;</p> <p>(d) monitoring and reporting mechanism for the projects or programs; and</p> <p>(e) details of need and impact assessment, if any, for the projects undertaken by the company:</p> <p>Provided that Board may alter such plan at any time during the financial year, based on the reasonable justification to that effect.</p>
9.	PROJECT MONITORING AND IMPACT ASSESSMENT
	<p>A. Monitoring Process</p> <ol style="list-style-type: none"> 1. For each of the programs, the Company and Strides Foundation shall agree on the plan and budget for the year. 2. Strides Foundation will be required to submit performance reports at agreed intervals. 3. The Board shall review the progress made in the activities during its meetings.
	<p>B. Impact Assessment</p> <p>The Company shall carry out Impact Assessment of the CSR programmes undertaken in a structured manner and in compliance with the CSR Rules.</p>
10.	<p>REPORTING</p> <p>The Company shall report CSR performance in its annual report as per format prescribed in the CSR Rules.</p>
11.	<p>PERIODIC REVIEW OF POLICY</p> <p>This Policy shall be subject to review as may be deemed necessary and by any regulatory amendments.</p>
