

# BUSINESS RESPONSIBILITY REPORT

## Section A (General Information about the Company)

Ranbaxy Laboratories Limited (Ranbaxy/Company), India's largest pharmaceutical Company, is an integrated, research based, international pharmaceutical Company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies.

The Company is engaged in activities under NIC (National Industrial Classification) Codes given below:

- 2100 (Manufacture of pharmaceuticals, medicinal chemicals and botanical products)
- 4649 (Wholesale of pharmaceuticals and medicinal goods)

Ranbaxy has a presence in all the top 25 pharmaceutical markets of the world. The Company has a direct global footprint in 43 countries, world-class manufacturing facilities in 8 countries and serves customers in over 150 countries. The Company has 8 manufacturing locations in India. The major 5 international locations (by sales) are the U.S.A., Romania, South Africa, Russia and Canada. The top three molecules manufactured by Ranbaxy are Atorvastatin & Combinations, Amlodipine & Atorvastatin and Valacyclovir.

### Contact Details:

Registered Address: A-41, Industrial Area Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali - 160 071 (Punjab), India

Website: [www.ranbaxy.com](http://www.ranbaxy.com)

E-mail id: [secretarial@ranbaxy.com](mailto:secretarial@ranbaxy.com)

Financial year reported: January - December 2012

## Section B (Financial Details of the Company)

1. Paid up Capital (INR): 2,114.57 Million
2. Total Turnover (INR): 61,124.43 Million
3. Total Profit/(Loss) after taxes (INR): (1,623.39) Million
4. Total amount spent on Corporate Social Responsibility (CSR) activities amounts to INR 42.65 Million.
5. List of activities in which expenditure in 4 above has been incurred:-

Ranbaxy Community Healthcare Society (RCHS), Ranbaxy Sanjeevan Swasthya Seva, Maatra Shishu Swasthya Seva and Ranbaxy Science Foundation (RSF) are the main delivery vehicles for CSR initiatives of the Company.

The various CSR activities undertaken are listed hereunder:

- a. RCHS** conducts basic programmes based on an integrated approach of preventive, promotive and curative services spanning areas of maternal child health, family planning, reproductive health, adolescent health, health education including HIV/AIDS awareness.
- b. Ranbaxy Sanjeevan Swasthya Seva**, a public private partnership between Ranbaxy and Government of Punjab focusing on primary healthcare and prevention and early detection of commonly found cancers.
- c. Maatra Shishu Swasthya Seva**, a joint programme between Ranbaxy and Daiichi Sankyo with focus on reducing child mortality, improving maternal health and combating diseases such as HIV/AIDS, malaria and other diseases. The objective is to contribute towards the achievement of the UN Millennium Development Goals 4, 5 and 6 (<http://www.un.org/millenniumgoals/>).
- d. RSF** promotes scientific endeavours in the country by encouraging, rewarding and channelling national and international knowledge and expertise on subjects connected with treatment of diseases afflicting mankind. To achieve these objectives, the RSF conducts Round Table Conferences on topics concerning public health and symposia on subjects at the cutting edge of research in medical sciences to explore the latest in the selected areas of specialty and its potential application for the benefit of mankind.  
  
RSF has also initiated awards for scientists to recognise original research work in the fields of Medical and Pharmaceutical Sciences. The Foundation also presents awards to brilliant and upcoming young researchers with the aim of discovering young talent in scientific research.
- e.** Other contributions are made at various plant locations.

## Section C (Other Details)

Ranbaxy is a global pharmaceutical Company having subsidiaries across the globe. The various sustainability initiatives undertaken are aligned to the Sustainable Development and CSR policy of the Company. Going forward, the Company plans to generate business responsibility awareness among its stakeholders.

## Section D (Business Responsibility Information)

1. Details of Director/Directors responsible for BR
  - (a) Details of the Director responsible for implementation of the BR policy
    - i. DIN: 01929668
    - ii. Name: Mr. Arun Sawhney
    - iii. Designation: CEO & Managing Director

## (b) Details of the BR head

S. No.	Particulars	Details
1.	DIN (if applicable)	–
2.	Name	Mr. T. L. Easwar
3.	Designation	Sr. Vice President – API Manufacturing & Projects
4.	Telephone Number	0172-6678601
5.	e-mail id	tl.easwar@ranbaxy.com

## 2. Principle-wise (as per NVGs) BR Policy/policies

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Ranbaxy's Sustainable Development and CSR Policy, including its governance, is based on the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policy has been signed by the CEO & Managing Director								
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has constituted a Sustainability Committee of the officials headed by the BR head.								
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.ranbaxy.com/csr-ehs/ranbaxy-consumer-healthcare-science/">http://www.ranbaxy.com/csr-ehs/ranbaxy-consumer-healthcare-science/</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Since the Company has recently formulated the Policy, the same would be communicated to all the relevant stakeholders in due course.								
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company has recently embarked on putting together a Sustainable Development and CSR Policy and plans to evaluate its implementation.								

## 3. Governance related to BR

The Committee would meet once in every six months to review the progress against various Sustainability and CSR initiatives. The Board of Directors of the Company will be apprised from time to time of the progress so made.

The BR Report can be accessed through <http://www.ranbaxy.com/investor-relations/corporate-governance/>

**Section E (Principle-wise performance)**

As stated above, the Company has recently embarked on putting together a Sustainable Development and CSR Policy. Principle wise performance relating to implementation of Policy would be relevant from next year onwards.

**Principle 1 (Ethics, transparency, accountability)**

The Company's Sustainable Development and CSR Policy adequately addresses aspects related to ethics, bribery and corruption. In addition, the Company has a well-defined Code of Conduct (COC), a Whistle Blower Policy and a Pharmacovigilance Policy. The Policies and COC are applicable to all the operations of the Company. Company's stakeholders have no related concerns.

**Principle 2 (Safe and sustainable goods and services)**

In line with the Company's mission, "Enriching lives globally, with quality and affordable pharmaceuticals", Ranbaxy manufactures and markets its products with social considerations as well. The product/product range addressing global social concerns are:

- i. Synriam™ is India's first new drug, a new age anti-malarial. Launched in India in April 2012, Synriam™ is emerging as an effective, well-tolerated, convenient and affordable treatment available today to the under-privileged sections of the Society.
- ii. Generic Antiretroviral (ARV) drugs - Basket of high quality, affordable pharmaceuticals for the treatment of HIV/AIDS.

The Company received the Golden Peacock Award for Synriam™ in the Innovative Product/Service award category for the year 2012.

The key aspect under sustainable sourcing for the Company is the quality of raw materials purchased from its suppliers. The Company has in place a robust mechanism for vendor selection and vendor evaluation. The internal processes and procedures ensure adequate safety during transportation and optimisation of logistics, which in turn helps to mitigate climate change.

Sustainable Development and CSR Policy provides for encouraging the suppliers, transporters and downstream users to adopt good practices for safe handling and to minimise emissions during use and disposal of products and packages. Over 50% of the raw and packaging materials are locally sourced.

### **Principle 3 (Well-being of employees):**

As on December 31, 2012, Ranbaxy had a total of 10,983 (including 723 women) permanent employees and 5,190 contractual employees.

As stated in the COC, Ranbaxy is an equal opportunity employer and does not discriminate on the grounds of race, religion, nationality, ethnic origin, colour, gender, age, citizenship, sexual orientation, veteran status, marital status or any disability not affecting the functional requirements of the position held. Hence, the Company does not record any information regarding employee disabilities.

Ranbaxy is a multi-location organisation. The Company has registered and recognized worker unions at its large manufacturing sites while other sites have well represented Works Committee to handle worker related issues. 20.7% of the permanent employees are a part of the recognised associations. The permanent and contractual employees at the Company's manufacturing sites, R&D and large offices are provided training on relevant Environment, Health and Safety aspects. The employees are also encouraged to undergo relevant training programmes to upgrade their skills.

There were no cases related to Child Labour/ Forced Labour/ Involuntary Labour, Sexual Harassment and Discriminatory Employment during the reporting period.

### **Principle 4 (Responsiveness to all stakeholders):**

The Company has identified its key stakeholders and plans to initiate a formal process of stakeholder engagement. The Company, through its CSR vehicles, works towards the upliftment of under-privileged sections of the society.

The Company recognised that together with the challenges of drug resistance, poor health systems, lack of affordable, safe and convenient treatment options, malaria treatment represents one of the largest unmet medical needs in the developing countries. To cater to the needs of these patients, the Company has developed India's first new drug, Synriam™, for the treatment of uncomplicated malaria in adults. Synriam™ was launched in India in April 2012.

Ranbaxy also offers a wide range of WHO prequalified ARV products that are supplied in over 90 countries in Africa, Latin America, CIS and Asia. Close to a million patients worldwide use Ranbaxy's ARV products to treat HIV/AIDS. The Company is also responsible for making these drugs affordable in order to improve access.

### **Principle 5 (Promoting Human rights):**

Ranbaxy is committed to respecting universal human rights worldwide. To that end, the Company practices and seeks to work with business associates who believe and promote these standards. The Company is committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment.

The Company provides opportunities to all its employees to improve their skills and capabilities. The Company's commitment extends to its neighbouring communities to improve their educational, cultural, economic and social well-being.

### **Principle 6 (Protecting the Environment):**

Ranbaxy's Environment, Health and Safety (EHS) philosophy prescribes positive conservation efforts and initiatives in the sequential hierarchy - Elimination / Reduction / Reuse / Recycle. This philosophy has been infused into the EHS Management System that drives the resource conservation efforts and initiatives. All the major manufacturing sites in India have established a formal Environmental Management System (EMS), are ISO 14001:2004 certified and plans are in place for covering all manufacturing and R&D sites, in a phased manner. The EMS provides a platform for conducting environmental aspect-impact assessment, developing and executing mitigation plans.

The Company is committed to reducing its overall energy consumption through various energy-efficiency initiatives and making use of renewable energy, wherever possible. One such initiative includes using solar water heaters at a manufacturing site to pre-heat the boiler feed water delivering savings of approximately 565,000 MJ thermal energy which is equivalent to reduction of 43.7 MT of carbon footprint (CO<sub>2</sub> equivalent).

At the API sites, besides conventional biological treatment of the wastewater, it is also subjected to tertiary treatment through state-of-the-art membrane based technologies. The Company's initiatives in water management have resulted in making the key manufacturing sites as "zero liquid discharge sites".

The hazardous wastes are incinerated in the state-of-the-art incinerators that are designed to handle all types of solid, liquid and aqueous wastes, and at the same time maintain emission levels below the statutory requirements, especially related to dioxins and furans.

Resource conservation has been a priority sustainability focus area at Ranbaxy. The resource conservation efforts and initiatives are designed and practiced that result in achieving the end objective of sustainability and constantly reducing the environmental footprints. Many of the Ranbaxy's manufacturing sites as well as corporate office have adopted 'Rainwater Harvesting' initiative, thereby helping to recharge the groundwater strata.

All the steps listed above reflect the environmental performance beyond compliance and our commitment towards sustainability. All sites remained compliant with applicable environmental regulations in the reporting period.

#### **Principle 7 (Responsible policy advocacy):**

Ranbaxy has been an active member of many Trade bodies, Chambers and Associations, working on National and International issues focusing on Pharmaceutical Business, International Trade Policies, Healthcare, Sustainability, Corporate Citizenship and Skill Development.

Ranbaxy is a member of various Chambers and Industry Associations, namely:

- i. Federation of Indian Chambers of Commerce and Industry (FICCI)
- ii. Confederation of Indian Industry (CII)
- iii. The Associated Chambers of Commerce and Industry (ASSOCHAM)
- iv. PHD Chambers of Commerce & Industry (PHD CCI)
- v. Indian Pharmaceutical Association (IPA)
- vi. Organisation of Pharmaceutical Producers of India (OPPI)
- vii. Pharmaceutical Export Promotion Council of India (PHARMAEXCIL)

Ranbaxy has advocated many issues for the improvement of public health. The Company always strives to make high quality pharmaceuticals affordable and accessible to the society. The key issues advocated by Ranbaxy over the years are as under:

- i. Tariff & Non Tariff Barriers
- ii. Research & Development
- iii. Manufacturing
- iv. Corporate Social Responsibility
- v. Sustainability
- vi. Generic Medicines Promotion
- vii. Education & Skill Development
- viii. Visa Policies
- ix. Industry – Academia Partnership
- x. Mutual Recognition of Degrees

#### **Principle 8 (Supporting inclusive development)**

An amount of Rs. 42.65 million was spent on community development and CSR activities during the year. CSR programmes are implemented through in-house teams, foundations, government structures as well as in partnership with NGOs. The details of the activities and projects undertaken have been covered above in Section B.

In line with the Company's mission, "Enriching lives globally, with quality and affordable pharmaceuticals", Ranbaxy manufactures products with inherent social considerations and undertakes CSR programmes with focus on reduction of Infant Mortality Rate (IMR), Maternal Mortality Ratio (MMR) and early detection of cancer.

The various initiatives have led to reduction in IMR and MMR; increased family planning awareness leading to reduction in Birth Rate (BR); increased level of awareness on issues like HIV/AIDS, Reproductive Tract Infections (RTIs)/Sexually Transmitted Infections (STIs), significance of prevention and early detection of cancer.

#### **Principle 9 (Providing value to customer)**

The Company's Sustainable Development and CSR policy provides for mentioning complete factual information about products through adequate labelling in conformance with applicable packaging and labelling standards and regulations. The implementation is ensured through adherence to established systems related to product labelling.

The Company has a well-defined system of addressing customer complaints whereby all complaints are accorded priority, appropriately addressed and resolved. There was an insignificant percentage of customer complaints / consumer cases keeping in view the operations of the Company. The Company's robust governance and commitment on fair trade practices, external communications and fair competition behaviour have proven to be strong with no concerns from stakeholders for the past five years.

During the reporting period, consumer surveys were carried out for two of the Company's OTC products.

**Note:** All the facts and figures reported above, unless stated otherwise, pertain to Ranbaxy India's operations.