



Abbott India Limited

Corporate Social Responsibility Policy

1. Policy Framework

- i. The President of India on August 29, 2013 provided assent to the Companies Act, 2013 (the “Act”).
- ii. Section 135 of the Act which stipulates the provisions relating to Corporate Social Responsibilities for companies was notified on February 27, 2014 and became effective April 1, 2014 “CSR Provisions”). Abbott India Limited (“Abbott India” or “the Company”) falls within the scope of the aforesaid CSR Provisions.

2. Policy Statement

- i. At Abbott, we are committed to building awareness and improving diagnosis. With relentless focus and efforts, we strive to improve healthcare and drive awareness building and diagnosis improvement through education and diagnostic camps, addressing the need for better healthcare, diagnostic and sanitation facilities.
- ii. Through CSR, we work continuously towards health education, reaching out to the public at large through various channels. These initiatives are part of our continued focus and unflinching dedication to reaching out to the millions of unaware and unsuspecting patients.

3. Company Philosophy

- i. At Abbott, we believe that innovative, responsible and sustainable business plays an important role in building a healthy, thriving society. We leverage our knowledge of science and business acumen to provide lasting solutions to global health challenges. In India, the CSR philosophy of all of Abbott’s businesses, including Abbott India Limited, are aligned to Abbott’s Global Citizenship strategy, which is focused on responsible, sustainable and inclusive business, and addresses three priority areas that are most important to our stakeholders and to our growth:
 - **DELIVERING PRODUCT EXCELLENCE** - We are committed to continuously improve and innovate to address local and global health needs while ensuring high quality and manufacturing standards of our products.
 - **IMPROVING ACCESS** – We seek to work with all stakeholders to help ensure everyone can access and use our products and services improving health outcomes.
 - **SAFEGUARDING THE ENVIRONMENT** - We work to reduce our environmental impacts – from the sourcing of raw materials to the manufacture and distribution of our products, to the use and disposal of our products by patients, consumers and health care providers.
- ii. As part of a global healthcare company, Abbott India continually strives to foster economic, environmental and social well-being as we pursue the work of discovering, developing, manufacturing and distributing products that enhance people’s health. Being a responsible corporate citizen extends beyond philanthropy. We apply our science, expertise and technology to address the urgent and unmet needs in our communities - often through collaborative partnerships. We seek to act responsibly in all of our markets on behalf of our patients, employees, consumers, customers,

communities and all other stakeholders. Abbott India strives to implement sustainable practices to reduce the environmental impact of our products and operations. Every day, we put our unique talents to work toward building a strong business and a healthy, robust society.

- iii. In India, we intend to go about our work in a manner that is responsible, respectful and in keeping with the rich traditions of our operations in the country. At the same time, we look to leverage Abbott's global expertise and resources to steadily improve our product offerings in India, to make critically needed healthcare products and services accessible to more people and to maintain the highest standards of quality and safety. Dialogue and engagement also are vital to ensure our CSR strategy resonates with key external and internal stakeholders. Listening to our stakeholders and responding thoughtfully to their concerns and ideas is vital to our progress as a corporate citizen.

4. Normal Course of Business for the Company

- i. Abbott India's core business is to manufacture, market, sell and distribute pharmaceutical products. Abbott India is one of the leading pharmaceutical companies in India. The Company provides quality healthcare through a mix of global and local products which directly impact the life of the common person in India and believes in enhancing shareholders/stakeholders value.

5. Scope of CSR for the Company

- i. Projects undertaken by the Company over and above normal course of business and within the ambit of core areas are classified as CSR activities/projects.
- ii. Corporate Social Responsibility Projects ("CSR Project") shall mean and include all programs, projects, activities, health camps, contribution to relief funds, charitable donations, and education grants, sponsorships that contribute to the overall sustainable development of local communities and thereby helps in welfare of the society at large.

6. CSR Governance

Role of CSR Committee

The CSR Committee shall carry out the following activities and functions:

- To formulate the Corporate Social Responsibility Policy ("CSR Policy") and recommend the same to Board for approval. Periodical review of the Policy;
- To recommend to the Board of Directors the amount of expenditure to be incurred on the CSR activities, for each financial year of the Company;
- To identify the Corporate Social Responsibility projects/activities/ programs to be undertaken by the Company ("CSR activities"), in alignment with this Policy and Schedule VII of the Act;
- Formulate and recommend to the Board, an Annual Action Plan in pursuance of its CSR policy, which is detailed in **Annexure A**.
- To devise suitable transparent monitoring mechanism for monitoring progress/ status of implementation of the approved CSR Projects as per Annual Action plan.
- Perform screening of the eligible Trust/ Society/ Section 8 Company etc. and advise on the Company executing agreements/ engagements with such entities to undertake CSR activities.
- To monitor CSR Policy from time to time and revise the same as and when needed;

- To carry out such other functions, as may be prescribed by the Act or CSR Rules or as may be delegated by the Board, from time to time.

Board of Directors

- The Board shall approve the Annual Action plan recommended by the CSR Committee
- The Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and monitor the implementation of the project with reference to the approved timelines and year-wise allocation
- The Board is authorized to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

7. Core CSR areas identified by the Company for CSR (“CSR Areas”):

- i. Section 135 of the Companies Act, 2013 and Rules made thereunder stipulates that the CSR Projects must fall within the purview of Schedule VII of the Act.
- ii. In accordance with the statutory requirements and keeping the Company philosophy at priority, the CSR Committee identified the following thrust areas in line with our CSR goals:
 - Enhancing access to healthcare across the country for a healthy society; conducting wellness camps for improving lives of the underprivileged community;
 - Charitable donations and educational grants for serving the underserved sections of society;
 - Reaching out to Government to advance sound public policy and expand patient access to healthcare;
 - Disease awareness projects/activities that support for subsidised screening and treatment;
 - Product donations through trusted partners in the context of Abbott’s global policies and international standards;
 - Extending support to various NGOs through monetary grants for education healthcare and livelihood of underprivileged children and women;
 - Environment protection measures;

Such other projects that fall within the purview of the activities included in Schedule VII of the Companies Act, 2013 and Rules made thereunder, as amended from time to time.

8. Budget Allocation:

- i. The Company will endeavour to spend the following amounts for CSR activities in pursuance of this Policy:
 - a. In every financial year, at least 2(two) per cent of the “average net profits” of the Company made during the 3(three) immediately preceding financial years.
 - b. The “average net profits” shall be calculated in accordance with the provisions of section 198 of the Companies Act 2013.
- ii. Proposals received from various agencies such as NGOs / Govt. / Semi Govt. / Peoples’ representatives/ Trusts/ Societies/ CPSEs/ in-house (“Executing Partners”) meeting the prescribed criteria under the Companies Act, 2013 and Rules made thereunder, shall be evaluated by the CSR Committee and amount as agreed by the CSR Committee, out of the annual budget, will be allocated for such activities which shall be executed in project mode.
- iii. the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a Corporate Social Responsibility project or programme forms part of the project cost.

- iv. Separate account will be maintained for actual spending on each of such CSR Projects.
- v. Any surplus arising out of the CSR activity will not be part of the business profits of the Company and shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account in accordance with section 135 of the Act, and spent in pursuance of this Policy and annual action plan of the Company; or the Company shall transfer such surplus amount to a fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.
- vi. In case the Company spends amount in excess of requirement, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 of the Act up to the immediately succeeding three financial years subject to fulfilment of necessary criteria prescribed under the Act.

9. Identification and Implementation Process:

- i. CSR Projects will be identified to the best possible extent within the ambit of the identified CSR Areas. Appropriate Need Assessment analysis will be done before the project is recommended as a part of annual action plan.
- ii. For each of the CSR Projects, the time period/duration of completion, purpose of Project, nature of spending, extent of coverage, modalities of execution and implementation schedules will be decided and approved in advance by CSR Committee.
- iii. CSR Committee shall have absolute discretion to formulate annual action plan and recommend to the Board for approval. The Committee shall allocate necessary funds to these projects/activities. It shall also have powers to classify or ratify any of the ongoing projects/activities as CSR for the purpose of this Policy and submit the same to the Board for approval. CSR Committee can pass circular resolutions to approve any CSR related matters, on an urgent need basis, as and when required.
- iv. (i) CSR activities may be initiated / implemented/ executed by the Company directly; or through-
 - a. A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company, or
 - b. 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
 - c. Any entity established under an Act of Parliament or a State legislature; or
 - d. A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- (ii) In the event the Company undertakes CSR activities through a third-party entity as set out above, the Company shall ensure that such entities have obtained a unique CSR Registration Number in accordance with the Rules.

- (iii) The Company may also collaborate with other companies for undertaking CSR projects or programs or activities in such a manner that the CSR committees of the respective companies are in a position to report separately on such projects or programs in accordance with the Act and the Rules.
- (iv) The Company may engage International Organizations for designing, monitoring and evaluation of the CSR projects or programs as per its CSR policy as well as for capacity building of their own personnel for CSR.
- v. In case of Ongoing Project, the Board shall monitor the implementation of the project 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.
- vi. CSR Committee shall have full discretion to specify or modify the modalities of execution of CSR projects or programs and to determine implementation schedules.
- vii. Any deviation from the approved activities, change in implementation timelines of the Project or change in intermediaries or any increase in total amount allocated shall be immediately reported to and approved by the CSR Committee and the Board of Directors of the Company.

10. Monitoring and Reporting Mechanism

- i. For ensuring effective implementation of each of the CSR Projects, suitable monitoring mechanism will be put in place.
- ii. A cloud-based IT platform will be used to track and monitor projects in real time.
- iii. For each CSR Project, timelines will be devised at the beginning of each such project.
- iv. Designated team will circulate Report on progress on each CSR Project at the regular intervals determined by the CSR Committee.
- v. Appropriate documentation of each CSR Project, Executing Partners, and expenditure entailed will be undertaken on a regular basis and placed before the CSR Committee regularly at its scheduled meetings.
- vi. Project Completion Report will be prepared and submitted before the next CSR Committee meeting held after completion of each CSR Project.
- vii. Annual CSR Projects undertaken by the Company will be reported in the Annual Report of the Company.
- viii. The Company shall undertake an impact assessment, through an independent agency, of its 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; and the impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

11. Amendments

Any modification/amendment in the Policy may be carried out by the Board on the recommendation of the CSR Committee of the Company. The Policy will be subject to change as per the Act, the Rules, other applicable laws, rules, regulations, and government guidelines.

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Annexure A

In pursuance of this CSR Policy, the CSR Committee of the Company shall formulate and recommend to the Board an Annual Action Plan containing the following items:

- (i) A list of CSR projects approved to be undertaken by the committee -
 - a. Details on focus areas (as in Section IV), target beneficiaries, and project geographical location(s).
- (ii) Modalities of utilization of the funds -
 - a. Details on funds allocation, disbursement, and utilization towards finalized projects.
- (iii) Implementation schedules -
 - a. Details on key milestones for completion of approved project activities within the agreed project duration.
- (iv) Monitoring and reporting mechanisms -
 - a. Details on qualitative and quantitative indicators set for measuring the impact of the project.
 - b. Details on periodic project reviews to assess the progress.
- (v) Details of need and impact assessment plan, if any -
 - a. Details on qualitative and quantitative impact achieved, measured through a study conducted by an independent third-party agency.