



# Corporate Social Responsibility Policy

## Policy

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### Area of Application

- x Applicable for 1046 Merck Ltd
- x Applicable for 1730 Merck Specialties Pvt Ltd
- x Applicable for 1961 Millipore (India) Pvt Ltd
- x Applicable for all Divisions of above entities
- x
- x
- x

Date/Valid from	01.04.2014
Approved by	Claus-D. Boedecker, MD
Reviewed by	L. Ganti, Head MS
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### Rationale and Objective

This policy reflects Merck's corporate culture which has always been characterized by responsible behaviour – whether with respect to our products, our employees, occupational health and safety, the environment or society.

In addition, Merck supports a number of external principals. In 2005, we joined the United Nations Global Compact activity as one of the first companies. In 2006 Merck signed the Code of Responsible Conduct of Business of the International Council of Chemical Associations (ICCA) and in 2010 the Code of Responsible Conduct for Business.

### Executive Summary

Deducted from the corporate policy and aligned with Indian laws this policy describes Merck's contribution to society. By either carrying out programs directly or by engagement of well reputed and recognized organisations

- Public Health
- Environment
- Education

Governance of CSR projects will be managed by a CSR committee.

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### 1. Introduction:

Merck views its corporate responsibility toward society not only in terms of paying taxes and creating or maintaining jobs. Rather, we are convinced that we can make an important contribution to society with our knowledge, our skills and our products. Our corporate social responsibility activities are primarily focused on those areas in which we have specific expertise stemming from our core business.

For that reason we will focus on project related to (1) **Public Health**, protection of the (2) **Environment** and charitable programs related to (3) **Education**.

For us at Merck India reaching out to underserved communities is part of our DNA. We believe in the trusteeship concept. That entails transcending business interest and grappling with the quality of life challenges that underserved communities face and work towards making meaningful difference to them.

### 2. Our CSR Vision

Actively contribute to improve health and enriching life of human beings, saving lives, spreading education and protect our environment. In so doing our CSR programs are designed to build a better, sustainable way of life for weaker sections of the society and raise the country's human development index and contribute creating a healthy environment.

### 3. Scope of CSR Programs

Arising from the above our focus areas for CSR programs that have emerged are Health Care, Environment Protection and Education. Any program which is exclusively for the benefit of employees of the Company or their family members or which is directly related to or supports our businesses are not covered as CSR program within this policy. All CSR programs will be undertaken and executed within India.

#### a. Health

We strive to enhance health and influence community behaviour both through preventive and curative health care for people belonging to weaker sections of the society, combatting human immunodeficiency virus or other diseases. We also focus on health education and creating awareness for healthy environment.

#### b. Environment

We operate our operations particularly manufacturing operations in such manner that meets the highest standards for protection of environment, ensuring environment sustainability, health and safety. We ensure that our plants emit minimum waste and hazardous waste. We strive to use environmental friendly technology, spend on reserach and development to

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improve environment sustainability, to reduce waste surrounding our plants. We collaborate with societies/communities around our operations and strive creating suitable public utilities.

### **c. Education**

Our education initiative focuses on access, equity and quality of education and to create enabling environment for young generation and groom them for being responsible and self dependent citizens. We provide financial support to students from weaker section of the society, who have excelled in their preliminary studies and aspire to pursue higher studies but are constrained due to lack of financial resources.

### **d. Partnerships**

Our CSR programs are generally carried out either directly by the Company or through a special purpose trust, Merck India Charitable Trust'. We may also collaborate with Government, the District Authorities, the village panchyats, gram sabhas, NGOs and other like minded stakeholders for meeting our CSR objectives. The Company may engage or participate in the CSR programs run by well established and recognized programs managed by well reputed organisations such FICCI, CII, ASSOCHAM, etc.

## **4. Selection Process for CSR Programs**

Each CSR activity shall be approved by the Board's CSR Committee. Each business unit or functional unit submits CSR proposal to the CSR committee specifying details of the proposed CSR activity, its impact on society and how the proposed activity meets the company's CSR objectives. CSR committee analyzes each proposal and grants approvals, if the proposed activity meets the CSR policy requirements.

## **5. Governance Framework**

### **a. CSR Committee**

The Board of Directors of the Company has constituted a CSR committee comprising of 3 directors and one senior executive. One of the 3 directors is an Independent director. Overall responsibility for implementation of the CSR policy and supervision of CSR activities rests with CSR Committee. CSR Committee by its resolutions appoints process owners for implementing the approved CSR activities. The Company Secretary of the Company will, generally, act as Secretary to the CSR Committee and will perform duties as such.

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### b. Accountability, Responsibility of the CSR Committee

- to develop and take steps to implement the CSR Policy;
- to approve CSR activities in terms of this policy;
- to approve annual budget for the CSR activities;
- to approve partnerships of Merck or its affiliated trusts with other organisations for CSR activities;
- to prepare annual report of CSR activities and present the same to the Board and shareholders
- to monitor execution of CSR activities and programs
- to incur expenses for CSR activities in terms of this Policy;
- to authorise or delegate any function or duty to any other officer or person to carry out the objectives of this policy;
- to operate bank accounts of trust maintained by the Company for this purpose
- to engage personnel for seeking professional support to meet the objectives of CSR Policy
- to make any change or addition to the CSR Policy

### c. Committee Meetings

CSR Committee meets at regular or ad hoc base but minimum twice a year. Attendance of independent director is mandatory to constitute quorum of the committee meetings.

### d. CSR Budget

The company allocates 2% of average net profits made by the company during block of preceding three years (Annual CSR Budget). Net profit would mean, net profit before tax as per the books of accounts of the Company. Annual CSR Budget does not include any income arising from CSR activities or any surplus of CSR budget from previous years.

Role	Name & Title	Signature
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