



## BUSINESS RESPONSIBILITY REPORT

Sustainability is deep-seated in the ethos of Dr. Reddy's. Our consistent efforts to integrate sustainability into all our activities right from discovery to dispatch are helping us add value across environmental, social, cultural and economic bottom lines as well as create long-term consumer, shareholder and employee value.

Disclosures on the nine principles as charted by the Ministry of Corporate Affairs in the “National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business”.



### **Principle 1**

#### Ethics, Transparency & Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability



### **Principle 2**

#### Product Life Cycle Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle



### **Principle 3**

#### Employee Well-being

Businesses should promote the well being of all employees



### **Principle 4**

#### Stakeholder Engagement

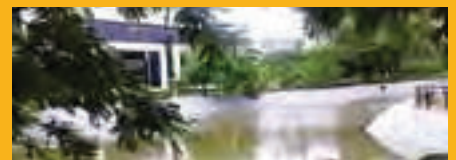
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized



### **Principle 5**

#### Human Rights

Businesses should respect and promote human rights



### **Principle 6**

#### Environment

Businesses should respect, protect, and make efforts to restore the environment



### **Principle 7**

#### Policy Advocacy

Businesses, when engaged in influencing public regulatory policy, should do so in a responsible manner



### **Principle 8**

#### Equitable Development

Businesses should support inclusive growth and equitable development



### **Principle 9**

#### Customer Value

Businesses should engage with and provide value to their customers and consumers in a responsible manner



**I**n our pursuit to deliver better results across all three bottom lines, we listen to stakeholders and to the Earth's biology. We also analyse humanity's social contracts and these combined inputs drive the organisation and shape every decision—right from the policies inked in the boardroom to the practices followed in the manufacturing units.

Sustainability as a business practice is so well-established and well-entrenched in Dr. Reddy's that it is a non-negotiable value.

We have been annually publishing a comprehensive Sustainability report since 2004. The report details our environmental, social, product and economic performance as per the globally recognized GRI guidelines and are replete with performance trends and case studies to help stakeholders make informed decisions. Readers can access these reports by visiting: [www.drreddys.com/aboutus/st-reports.html](http://www.drreddys.com/aboutus/st-reports.html)

## SECTION A

**Corporate Identity Number of the Company** L85195AP1984PLC4507

**Name of the Company**

Dr. Reddy's Laboratories Limited

**Registered address**

8-2-337, Road No. 3, Banjara Hills, Hyderabad 500 034, India.

**Website** [www.drreddys.com](http://www.drreddys.com)

**E-mail id** [shares@drreddys.com](mailto:shares@drreddys.com)

**Financial year reported**

April 2012 to March 2013

**Sector that the Company is engaged in**

"Pharmaceuticals" is the primary reportable segment.

**List three key products/services that the Company manufactures/provides**

Given in financial statements

**Total number of locations where business activity is undertaken by the Company**

Our Manufacturing and Sales & Marketing Operations span around 20 countries. We also serve our API customers who are present across the globe.

■ **Number of International Locations (Provide details of major 5)**

For details refer to *Additional Shareholders' Information*, page 71.

■ **Number of National Locations**

For details refer to *Additional Shareholders' Information*, page 71.

■ **Markets served by the Company –**

**Local/State/National/International**  
Our major markets include United States of America (USA), India, Russia and CIS, Germany, United Kingdom (UK), Venezuela, South Africa and Romania.

We also reach out to patients in various other markets like Brazil, Mexico, Chile, Philippines, Middle East and North Africa through our strategic alliance with GlaxoSmithKline (GSK).

## SECTION B

**Paid up capital**

₹84.92 crores (As on 31 March 2013)

**Total turnover (Standalone)**

₹8,434.01 crores (As on 31 March 2013)

**Total profit after taxes (Standalone)**

₹1,265.47 crores (As on 31 March 2013)

**Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax**

1.33%

**List of activities in which the above expenditure has been incurred**

Refer principle 8

## SECTION C

**Does the Company have any Subsidiary Company/Companies? Yes**

**Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Our Subsidiary Companies are closely integrated with our Corporate BR Initiatives.

**Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?(less than 30%, 30-60%, more than 60%)**

Yes. We have a code of conduct for partners which we expect them to follow.

For more details, please refer to: [http://www.drreddys.com/media/pdf/Supplier\\_CodeofConduct.pdf](http://www.drreddys.com/media/pdf/Supplier_CodeofConduct.pdf)

## SECTION D

**Details of the Director responsible for the implementation of BR policies**

Mr. Satish Reddy

VICE-CHAIRMAN AND MANAGING DIRECTOR  
DIN NUMBER 00129701

**Details of the BR head**

Mr. Raju Subramanyam

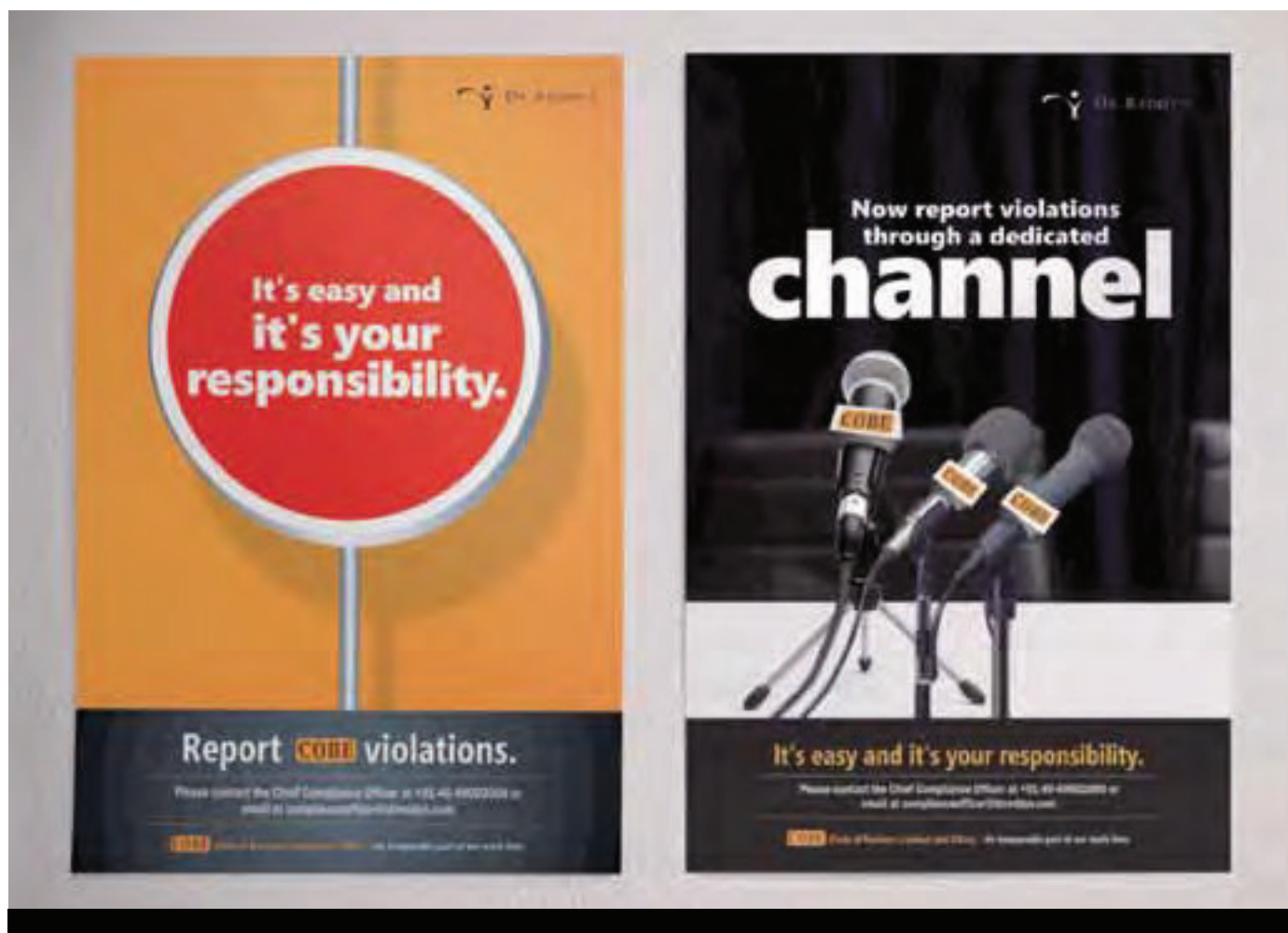
VICE PRESIDENT, SUSTAINABILITY AND SHE  
TEL 040 49002339

E-MAIL [rsubramanyam@drreddys.com](mailto:rsubramanyam@drreddys.com)  
DIN NUMBER NA



**TABLE 1 PRINCIPLE WISE BUSINESS RESPONSIBILITY POLICIES**

	P1	P2	P3	P4	P5	P6	P7	P8	P9
Do you have policies for...	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
Does the policy conform to any national/international standards? If yes, specify?	We abide by all laws of the land and are a signatory to the 10 principles of the UN Global compact. We take into account industry best practices and global benchmarks in defining our policies.								
Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by CEO/MD								
Does the company have a specified committee of the Board/ Director/official to oversee the implementation of the policy?	The responsibility of the implementation policies and their review primarily lies with the respected business/function head.								
Indicate the link for the policy to be viewed online?	<a href="http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf">http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf</a>	<a href="http://www.dirreddys.com/aboutus/pdf/SHE_policy.pdf">http://www.dirreddys.com/aboutus/pdf/SHE_policy.pdf</a>	<a href="http://www.dirreddys.com/aboutus/pdf/SHE_policy.pdf">http://www.dirreddys.com/aboutus/pdf/SHE_policy.pdf</a> , <a href="http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf">http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf</a>	<a href="http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf">http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf</a>	<a href="http://www.dirreddys.com/media/pdf/Supplier_CodeofConduct.pdf">http://www.dirreddys.com/media/pdf/Supplier_CodeofConduct.pdf</a>	<a href="http://www.dirreddys.com/media/pdf/Supplier_CodeofConduct.pdf">http://www.dirreddys.com/media/pdf/Supplier_CodeofConduct.pdf</a>	NA	<a href="http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf">http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf</a>	<a href="http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf">http://www.dirreddys.com/investors/pdf/cobe-booklet-2012.pdf</a>
Has the policy been formally communicated to all relevant internal and external stakeholders?	Employees are required to sign an undertaking, at least annually, stating that they have read the COBE and comply with its principles. New employees are required to sign a similar undertaking at the time of joining. Additionally, all our policies with respect to the nine principles are available on the company website.								
Does the company have in-house structure to implement the policy/policies?	Yes								
Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	We address concerns from our stakeholder's at the respective department level. We have a shareholder's grievance committee to address all shareholder concerns. We also have a dedicated Ombudsperson Procedure to address all concerns related to our Company level policies.								
Has the company carried out independent audits of the working of this policy by an internal or external agency?	We comply to the nine principles broadly through the following policies- Code of Business Conduct and Ethics (COBE), SHE Policy and Principles, Quality Policy, Purchase policy and HR policies. These policies are regularly reviewed by various internal and external agencies, including regulatory agencies. We also proactively follow public advocacy through various forums.								
GOVERNANCE RELATED TO BR									
Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.	The Management Council meets every quarter under the chairmanship of the CEO. It identifies, measures, monitors and controls the risk factors in the business and ensures safe, sound and efficient operation on a regular basis. The Board of Directors/ Committee of Directors also periodically review certain elements of BR performance.								
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	We have been publishing our Sustainability Report every year since 2004.								



## SECTION E

# Principle 1 Ethics, Transparency & Accountability

A business can truly thrive only if its operations are built on a foundation of strong ethics. At Dr. Reddy's, compliance, integrity and transparency are core business requisites and have been deeply embedded into our people, processes and policies. Our responsibility towards a sound and ethical governance system extends beyond the boundary of our business operations and permeates across the organisation's subsidiaries and affiliates.

### HIGHEST STANDARDS OF COMPLIANCE

- We are the first non-Japanese pharmaceutical company from Asia to be

listed on the New York Stock Exchange (NYSE)

- We also have the recognition of being the first manufacturing company in India, and one of the first in Asia, to be Sarbanes-Oxley compliant

- Full compliance with Clause 49 of the Listing Agreement with Indian Stock Exchanges and with the applicable corporate governance standards of the New York Stock Exchange (NYSE)

### RESPONSIBLE AND ETHICAL CONDUCT

An unrelenting thrust on high standards of governance is ever evident at Dr. Reddy's—right from the Board of Directors and management to the employees. A multitude of governance mechanisms helps us achieve the letter in spirit:

- Robust internal control systems which are regularly reviewed by both external and internal auditors

- Our Code of Business Conduct and Ethics (COBE) lays down the principles on ethics, bribery and corruption which applies to not just all our full-time and part-time employees, but also our subsidiaries and affiliates. We have also set forth a 'Supplier Code of Conduct' to guide the conduct of our suppliers, vendors and service providers

- An Ombudsman Procedure has been articulated under COBE to take into account procedures for investigation and communication of any report on any violation or suspected violation of the Code

- All our employees are trained in anti-corruption policies and procedures and undergo a COBE test

### ANTI-CORRUPTION. FREE COMPETITION

- We have created widespread awareness of our whistle-blower policies and procedures. Issues concerning corruption, if any, are looked into and appropriately addressed

■ A policy is in place to discourage the receipt of gifts, entertainment or payments by employees, either directly or indirectly, from parties conducting or seeking to conduct business with Dr. Reddy's

■ We prescribe to free competition and encourage our employees to conduct operations in accordance with all applicable competition laws and regulations that prohibit monopolization

#### **A TWO-PRONGED SUSTAINABILITY APPROACH**

As an organisation committed to responsible business, sustainability is a prime parameter at both levels—

■ Corporate Level where overall policies and strategic direction are set and capital is allocated

■ Business Group Level which generates revenue and where the impact on communities and the environment is most immediate

#### **TRANSPARENCY AND ACCOUNTABILITY**

We have established systems and procedures to disseminate relevant information to our stakeholders, including shareholders, analysts, suppliers, customers, employees and the society at large. The primary source of information regarding our operations is our corporate website 'www.drreddys.com'. Financial data is disbursed via quarterly financial result announcement and annual financial reports, and triple bottom line performance is presented through the Sustainability Report. In addition, various communication channels are deployed to reach out to our varied stakeholders. For detailed information, refer *stakeholder engagement principle*.

## **Principle 2**

### **Products Lifecycle Sustainability**

At Dr. Reddy's, we believe that our products have the power to not only heal lives but also herald sustainable change. We continue to invest time, money and energy in making our products safe, eco-conscious, affordable and efficacious.

In the last two years, we focussed on holistically transforming our operations and embedding 'Responsibility by Design' across every phase of the product lifecycle. Ongoing

mechanisms were strengthened and several new strategic interventions introduced.

Key drivers of our product excellence journey include:

#### **AFFORDABILITY AND ACCESSIBILITY**

Dr. Reddy's was founded with a singular goal—to provide access to affordable medicine. Our focus towards this core purpose is unwavering—at every step, every decision and in every product. From development to distribution, we incorporate the tenets of Availability, Affordability and Accessibility and actualize them through our three core businesses—**Global Generics, Pharmaceutical Services and Active Ingredients (PSAI) and Proprietary Products**.

#### **SAFETY AND EFFICACY**

Health and well-being of patients is our core responsibility, hence product safety reigns paramount at Dr. Reddy's. The thrust is to design out 'quality and safety hazards' through better process engineering, capable machines and better practices.

We are also developing products using the principles of Quality by Design (QbD), which ensures higher manufacturability. A well-organized and alert Pharmacovigilance function tracks and addresses any reported Adverse Drug Reactions (ADRs) across the entire life cycle of our product.

#### **GREEN CHEMISTRY**

We are committed to the principles of Green Chemistry & Engineering (GCE). We have developed a green matrix through which we monitor and manage various aspects like Atom Efficiency, E-factor, Reaction Mass Intensity and Energy Efficiency.

Green Chemistry has empowered us to develop a number of new products without the use of volatile solvents such as Dichloromethane, Acetone and Ethers. We are also in the process of setting an industry benchmark of reducing the waste to 20–25 kg per kilogram of product vis-a-vis the industry average of producing 25–100 kg waste per kilogram of product.

#### **SUSTAINABLE SOURCING**

We engage with a diverse set of business partners ranging from large organizations to SMEs and nurture relationships with indigenous business partners for key raw material supplies. We strive to enhance their

**We regularly donate our short-dated medicines to the United Nations (UN) which has effective channels and mechanisms to affect drug intervention where it is needed the most.**

**Being a process-driven organization and being involved in the manufacturing of multiple products, we focus on overall environmental management. For details, visit <http://www.drreddys.com/sustainability/environment>**

**We launched the world's first generic darbopoetin alpha in India under the brand name Cresp® in 2010. It provides affordable treatment option for patients in India with savings of upto 28 to 55%. More than 20,000 patients have been treated with Reditux™ —world's first biosimilar monoclonal antibody.**

## Global Workforce in FY2013

16,500+

employees

23+

nationalities

## Training Programs in FY2013

5,250 man days

of training delivered by  
Leadership academy

3,593

Internal Safety programs, equivalent to

15,027 man days

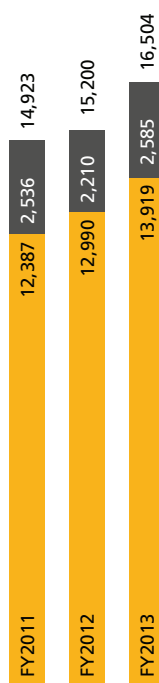
of training

### CHART A

## Diversity Snapshot

MALE EMPLOYEES ■

FEMALE EMPLOYEES ■



capabilities through various training and knowledge sharing practices.

We strive to embed sustainable practices among our raw material suppliers, contract manufacturers and authorised business partners as every action impacts the sustainability of every other member. We focus on three core aspects

### TRAINING

- Mandatory Supplier Induction Training for all new vendors
- Penetration of safety culture among our suppliers
- Periodic trainings on quality excellence

### KNOWLEDGE SHARING

- Sharing of best practices via audits and conferences
- Cascading the Supplier Code of Conduct
- Troubleshooting labs and support labs for vendors

### SUSTAINABLE LOGISTICS

- Focus on shifting vendors near to the manufacturing site
- Increasing sea shipments by 50%
- Introduction of new packaging solutions for cold chain products

### CONSERVATION OF RESOURCES

- Reducing solvent usage and enhancing its recovery
- Cutting down repeated testing of raw materials which have a stable track records
- Adopting Green IT practices for waste minimization and resource conservation

## Principle 3 Promoting Employee Well-being

Transforming an individual's high potential into high performance takes meaningful engagement, strong motivation, equal opportunities, adequate leadership and healthy work-life balance.

While product innovation and customers enable growth, it is our people who actualise it. We hence foster a stimulating work culture that nurtures an atmosphere of encouragement, empowerment and team spirit.

## EMPLOYEE COMPOSITION

Be it culture, age, gender, caste, religion, language or ethnicity, Dr. Reddy's is committed to building a rich and diverse workforce. We regularly enhance this diversity by enhancing our global talent pool, inducting young and fresh talent, employing differently-abled individuals, and enhancing the ratio of female employees.

Employee selection is based on talent and merit. Today, our global workforce comprises 16,500+ employees from over 23 nationalities. In 2013, we made a conscious effort to build diversity in the workforce by recruiting 33% women in our campus recruitments.

### TALENT POOL

We ensure periodic enhancement of our employees' competency, skills and attitudes in tune with the changing times and their growing job profile. We provide training based on the improvement areas identified during our rigorous talent review process. In the reporting year, our Leadership Academy delivered a total of over 5,250 man days of training. Employees also attended over 450 external programs. In addition, multiple technical training programs were conducted at the respective business units.

We have institutionalized a comprehensive Talent Management Process wherein our three-tiered Talent Management Board (TMB) identifies high potential employees and young emerging leaders and grooms them for higher responsibilities.

### PERFORMANCE PERKS

We have institutionalized a host of policies, facilities as well as tangible and intangible incentives which include but are not limited to flexible work timings, sabbatical leave, part-time work, paternity & maternity leave as well as leave for those adopting a child, so that our employees can strike a healthy work-life balance.

### ACTIVE ENGAGEMENT

Employee engagement is a healthy two-way communication system at Dr. Reddy's. We empower each of our employees—from boardroom to shop floor—with ample communication platforms across regions and time zones. Some of them include: quarterly employee communication sessions, open houses at the plants, 360° feedback and focused interviews.





SMT members at our Formulations Baddi plant 1

#### FREEDOM OF ASSOCIATION

In every area of operation, there is a freedom of association for all employees, including contract workmen, to exercise their right to form an association. We respect this right of employees, recognize their associations/ unions through a code of disciplines and negotiate on all matters pertaining to service conditions leading to mutual benefits. We have recognized unions in eight of our manufacturing units in India and all the permanent workmen in these units are members of the union. About 5% of our total workforce are members of the union.

#### BEYOND WORK

We at Dr. Reddy's blend work with play, celebrate achievements and provide platforms for employees to socialize among themselves and reduce stress. Programs like 'Celebrations'—our annual employee event strengthens inclusiveness and fuels team spirit in the organization. Programs are hosted at regular intervals comprising fun games, cultural events and collective celebration of employees' birthdays during the month. A gym at our corporate office and facilities for

playing sports like table tennis, cricket and football at some of our facilities ensures that our employees are fit and healthy.

#### HEALTH AND SAFETY

■ While the medicines we produce are targeted to save human health, the manufacturing practices and processes we adopt are carefully chosen keeping in mind the safety of our workforce. 'Parivartan'—our operations transformation exercise is driving a new safety paradigm across the organization. The intent is to achieve a 'Safety Cultural Transformation' by demonstrating commitment to safety at all levels, line management ownership of safety, and capability building in the area of safety. This journey has progressed well with standards of safety having shown significant improvement and the awareness and ownership on safety going up considerably across all levels in the organization

■ In FY2013, a total of 3,593 internal safety training programs were conducted equivalent to 15,027 man days of training

■ Employees are provided with a free annual health check-up as well as medical

#### CHART B

#### Contractual Employees

CONTRACT EMPLOYEES IN INDIA ■

CONTRACT STAFF IN NORTH

AMERICA, MEXICO & CHIOTECH ■





**TABLE 2** STAKEHOLDER ENGAGEMENT PLATFORMS

KEY STAKEHOLDERS	KEY ENGAGEMENT PLATFORMS
<b>EMPLOYEES</b>	
The driving force of the organization, our employees deserve a safe, inclusive and empowering workplace with freedom to act, innovate and grow not just as a professional but also as an individual	<p>Organisation Health Index   Employee Communication meets   In-house Publications   Intranet   CEO, MD communication   360 degree feedback   Employee Events   Training Programmes</p> <p><i>For details, refer Dr. Reddy's Sustainability Report's stakeholder engagement section at: <a href="http://www.drreddys.com/sustainability/stakeholder-engagement.asp">http://www.drreddys.com/sustainability/stakeholder-engagement.asp</a></i></p>
<b>INVESTORS AND SHAREHOLDERS</b>	
Our investors and shareholders put trust and financial capital in the organization and expect a steady return on their investment	<p>Analyst Meets   Quarterly Financial Results   Annual Report   Sustainability Report Earning Calls   Email Communication   Press Releases and Presentations</p> <p><i>For details, refer Dr. Reddy's Sustainability Report's stakeholder engagement section at: <a href="http://www.drreddys.com/sustainability/stakeholder-engagement.asp">http://www.drreddys.com/sustainability/stakeholder-engagement.asp</a></i></p>
<b>SOCIETY</b>	
Communities across the world, especially the economically weaker sections of society	<p><b>Dr. Reddy's Foundation (DRF)</b>, the non-profit arm of Dr. Reddy's</p> <p><i>For details, refer principle 8 or Dr. Reddy's Sustainability Report at: <a href="http://www.drreddys.com/sustainability/drfs.asp">http://www.drreddys.com/sustainability/drfs.asp</a></i></p>
Patients and healthcare professionals who rely on today's products and tomorrow's innovations	<p><b>Dr. Reddy's Foundation for Health Education (DRFHE)</b></p> <p><b>Patients</b> Life at Your Doorstep   Living Well programmes   Sparsh</p> <p><b>Health Professionals</b> DRFHE PGDHM   Case Manager's programme for cancer counselling   Inner Circle: Relationship building programmes   Abhilasha: Nursing Efficiency programme   Sarathi: Doctor's Assistant Programme</p> <p><i>For details, refer principle 8 or Dr. Reddy's Sustainability Report at: <a href="http://www.drreddys.com/sustainability/drffe.asp">http://www.drreddys.com/sustainability/drffe.asp</a></i></p>
<b>CUSTOMERS AND PARTNERS</b>	
Insurers, vendors, suppliers, distributors, government, regulators and business partners	<p><b>Customers</b> Customer satisfaction survey   Regular business meetings</p> <p><b>Business Partners-Vendors:</b> Vendor meets   Strategic business partner training and development</p> <p><i>For details, refer Dr. Reddy's Sustainability Report's stakeholder engagement section at: <a href="http://www.drreddys.com/sustainability/stakeholder-engagement.asp">http://www.drreddys.com/sustainability/stakeholder-engagement.asp</a></i></p>

insurance. Beyond employee healthcare, we also extend medical support to employees' parents

■ We have a framework in place to ensure that no complain on harassment goes unheard. Employees can write to the Compliance Officer voicing their concern. In case of complaints pertaining to sexual harassment, employees can reach out to the 'Committee on complaints for sexual harassment'

## Principle 4 Stakeholder Engagement

A business exists for and because of its stakeholders. At Dr. Reddy's, we build lasting bonds with all our stakeholders, internal and external, and engage with them in meaningful two-way communication. It helps us review our actions, rethink our roadmap, redress grievances and recognize new avenues for revenues.

The details of our key stakeholder engagement platforms are given in **Table 2**.

### IDENTIFICATION AND INTERACTIONS

We have invested time and resources in identifying varied clusters of stakeholders that are directly and indirectly affected by our operations and developed targeted engagement mechanisms for each cluster.

A total of 21 shareholder complaints were received and resolved during the year 2012–13.

## Principle 5 Human Rights

We champion meritocracy and strongly support and uphold the execution of fair practices and inclusive growth. In October 2010, we became a signatory to the UN Global Compact, supporting the 10 principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. Our Code of Business Conduct sets forth high standards of human rights. We strictly condemn non-compliance

with any of our principles. This applies to all our Directors, employees, subsidiaries and affiliates. A separate 'Supplier Code of Conduct' has been inked for our suppliers, vendors and service providers.

At all our campuses every individual is treated with equal dignity, enjoys equal rights and has the freedom to voice his/her mind without any inhibitions.

We do not tolerate any form of harassment in our organisation. We do not employ nor encourage any child or forced labour at any of our locations. Anyone who is found to be engaged in any unlawful discrimination is subject to disciplinary action, up to and including termination. In the reporting year, no serious human rights violations were brought to the organisation's notice.

In case of new investments, we conduct human rights screenings and also have related assessments for strategic suppliers. Anyone who is found to be engaged in any unlawful discrimination is subject to disciplinary action, up to and including termination.



A shareholder speaking at our last AGM

Compliance of HR principles is ensured by conducting regular HR audits. Monthly meeting of HR heads from respective departments provides an ideal platform to flag off concerns, if any, and collectively propose and execute refinements.

However, awareness in the healthcare industry is not just limited to information printed on packages. It also encompasses social perceptions about medical conditions and debunking myths and fears related to them. Hence, we have multiple initiatives that help generate awareness among people.

## Principle 6 Environment

At Dr. Reddy's, we operate on the premise that 'prevention is better than rectification' and hence are committed towards embedding 'conservation by design'. It is our constant endeavour to embed environmental sustainability right at the design and development stage. We regularly assess potential environmental risks posing the organisation and strategize actions to

mitigate the same. This approach helps us champion green endeavors that go beyond regulatory compliance.

We are spearheading the uptake of Green Chemistry not just within the Company, but also within the Indian pharmaceutical industry. Our waste water recycling plant commissioned in 2004-05 holds the distinction of being the first of its kind in the pharmaceutical sector in India.

During the year nine significant environment management projects were initiated with an investment of ₹251 million

Detailed below are few of the initiatives that are helping us raise our green quotient:

### GREEN ROADMAP

We have in place a 'SHE Policy and Principles' to inspire our workforce to reduce environmental stress. The policy and principles are also communicated to all our stakeholders and efforts are being made to make them responsible towards its compliance.

Going further, we have also institutionalized an organization-wide 'Environmental Commitment Statement'

### Conservation Projects in FY2013

₹251 mn

invested in 9 environment management projects

₹156 mn

invested in 29 energy conservation projects



Bio Treatment Facility at our Formulations Hyderabad plant 3

charting ambitious targets and actionable steps for key environmental performance indicators.

Year-on-year, we assess each unit's progress on the said targets and strategize appropriate actions. The objective is to encourage and engage every employee of Dr. Reddy's to contribute towards making the organization greener, cleaner and sustainable.

#### **ACTION AGAINST CLIMATE CHANGE**

We are committed towards managing climate change both within and beyond our sphere of influence. We have embedded 'a culture of conservation' among our employees and business partners.

We continually implement initiatives on several green parameters like clean technology, energy efficiency and renewable energy. Below is a glimpse of some of our key environmentally-friendly projects. For detailed information, please refer Dr. Reddy's Sustainability Report's 'Environment Performance' and 'Sustainable Sourcing' sections.

#### **ENERGY CONSUMPTION**

We are conscious of the fact that 'if more energy goes around, more emissions come around'. Hence, we strive to recreate and redefine processes that help us tread lightly.

- During the reporting period a total of 29 energy conservation projects were identified with total investment of ₹156 million and potential annual savings of ₹77 million. These projects are in various stages of implementation and expected to be completed by middle of FY2014

- The new corporate office of Dr. Reddy's is a LEED certified Gold-rated Green Building

- A 4 kW solar power plant has been installed at our office in Ameerpet, Hyderabad

- Coal is replaced with agri waste briquettes for boilers at two of our manufacturing units

#### **WASTE MANAGEMENT**

- 80% of our organic waste is productively deployed as auxiliary fuel in the cement industry

- Enhanced solvent recovery under our Program to Achieve Cost and Capabilities

Excellence (PACE) has resulted in a saving of ₹500 million

- Vent condensers on process reactors to eliminate fugitive emissions

- Carbon adsorption solvent recovery system has been installed at our Formulations Hyderabad plant 3

- Water Conservation—Water is the single most important nutrient not just for people but also for the planet. Towards conservation of this depleting precious resource, we continue to boost our 3R (Reduce, Recycle, Replenish) water management approach

#### **REDUCE**

- CII water audit with potential savings of 350 kl/d at our API Nalagonda plant

- CHB evaporative condensers to reduce load on cooling towers at our API Srikakulam plant

#### **RECYCLE**

- At our manufacturing facilities, 100% of the wastewater is recycled and utilized for boilers, cooling tower makeup & gardening





SHE members at a monthly review meeting

- At our technology development centers, wastewater is sent to authorized common effluent treatment plants for further treatment & disposal

#### REPLENISH

- Rain water harvesting system at Formulations Hyderabad Plant 1 with a potential to sequester 30,000 kl per annum
- Installation of a rain water harvesting system at our Bachupally, Hyderabad campus

#### AIR QUALITY

Managing air quality is on our development agenda. We already track particulate matter, NO<sub>x</sub> and SO<sub>x</sub> emissions and are closely following evolving norms on other pollutants such as VOCs. Our emissions generated are well within permissible limits given by CPCB/SPCB

#### COMPLIANCE & BEYOND

Four of our units are recipients of the ISO 14001 Environmental Management System certification.

We are currently in the process of developing comprehensive internal corporate environmental standards and procedures which shall provide a framework to

- Assess potential environmental risks associated with our operations
- Prevent, mitigate and control environmental damage & possible disasters

#### GREEN VALUE CHAIN

We extend our commitment beyond our premises and encourage our vendors and partners to also adopt environment-friendly practices.

From raising awareness to empowering them through training, we lead and mentor our strategic partners to go green and help them reduce their environmental risks. Programs like the mandatory supplier induction training continue to be implemented for all new vendors to sensitize them to our business processes and culture.

*For information on Green Chemistry and Sustainable Sourcing, refer principle 2*

#### DR. REDDY'S ENVIRONMENT PERFORMANCE REPORT IN A SNAPSHOT:

Please refer to: <http://www.drreddys.com/sustainability/environment-performance.asp> for details on Dr. Reddy's environment performance.

## Principle 7 Policy Advocacy

At Dr. Reddy's, we have always encouraged our employees to share their knowledge and experience through external public forums and thereby impact the overall narrative and influence policy. During the period under review our technical and commercial teams participated in many professional forums including CII, IPA, Chapters of ICAI, and industry round tables, among others.

Membership to some of the industry bodies and Chambers Association:

- Confederation of Indian Industry (CII)
- FICCI

Our social interventions are driven by outcomes. We regularly gauge the impact of our initiatives via formal and informal mechanisms. DRF-Dr. Reddy's social arm releases an Annual Report which charts out measurable impact. Additionally, the company's Sustainability Report also comprehensively presents the social performance

- Indo American Chamber of Commerce (IACC)
- Indian Pharmaceutical Alliance (IPA)
- Pharmexcil
- Bulk Drug Manufacturers Association (BDMA)
- Indian Drug Manufacturers Association (IDMA)
- CII Green Business Centre
- WWF India
- Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI)

## Principle 8 Equitable Development

At Dr. Reddy's, we own social responsibilities with equal passion and professionalism. We leverage our expertise and resources to research community needs, develop and pilot new projects, scale them up, assess its impact and once proven successful, collaborate with the government and various Non-Governmental Organisations (NGOs) to roll them out.

We engage with the community at two levels, one being in and around our campuses with the active involvement of our employees and the other wherein we lend support to Non-Profit Organisations such as Dr. Reddy's Foundation (DRF), Naandi Foundation and the Centre for Social Initiative and Management (CSIM).

While we touch multiple lives in multiple ways, our focus is on three main life-altering areas: Livelihoods, Education and Patient Care.

### LOCAL INTERVENTIONS

#### UPLIFTING THE HEALTH QUOTIENT OF UNDERPRIVILEGED PATIENTS

Our patient care initiatives are geared towards making life more comfortable for patients—financially, physically as well as emotionally. A key focus area is cancer care and we have well-thought-out initiatives which address every facet of the patient care sphere, be it accessing quality medications, emotional support, treatment interventions, awareness camps or free check-up camps.

#### CHANGING THE PARADIGMS OF RURAL EDUCATION

We work to make education more accessible for children in rural India and also aim at improving school infrastructure by key tools

like: Scholarships for Higher Education, Coaching camps, Distributing learning tools.

### EMPOWERING TRANSFORMATIONS THROUGH SMTs

The first pharmaceutical company in India to implement the Self-Managed Team (SMT) initiative, we aim to provide employment to youth from economically disadvantaged communities. The recruitment strategy purely focuses on rural and semi-urban areas where employability is a challenge. These students earn while they learn. All team members are encouraged to pursue higher education on completion of which they take on higher responsibilities and grow in their career be it in our organization, in another organization or as an entrepreneur.

### NATION-WIDE INTERVENTIONS

#### DR. REDDY'S FOUNDATION

Dr. Reddy's Foundation (DRF), the non-profit arm of Dr. Reddy's Laboratories, acts as a change agent in the social sector, by identifying and pursuing new opportunities to serve the community in two core areas:

#### Livelihoods

Our livelihood programs work towards enhancing the employability of urban and rural youth.

■ **LABS** Our Livelihood Advancement Business School programs are developed for youth between the age of 18 to 35 who have limited opportunities and inadequate skill sets. To enable these youth to gain a foothold in today's competitive job market, LABS equips them with job specific skills, soft skills and placement linkages. Currently DRF operates over 100 LABS centers across 21 states and has generated over 2,80,000 livelihoods till date

■ **SRI—Skilling Rural India** An initiative to help rural youth gain skills which translate into employment within the rural milieu, thereby overcome pressing problems such as the need for migration, poor income, isolation from family and village life, the tribulations of adjusting to urban way of life and the poor retention rate

Over and above technical training, the SRI training module also comprises life skills training.

#### Education

DRF strives to provide various opportunities for learning to those who have never been



Students at a Pudami school

to school, or have dropped out of it; it also works to improve the quality of education in schools through diverse initiatives and programs. We work through a well-woven fabric of stakeholders, communities, official institutions and schools to encompass children from all walks of life and to introduce as well as mainstream them in education.

DRF's education initiatives include: Education Resource Centre (ERC) | Pudami Neighbourhood Schools and English Primaries | Kallam Anji Reddy Vidyalaya (KARV) | Special School for Homeless Children | Kallam Anji Reddy Vocational Junior College (KAR-VJR) | Yuva Youth Learning Centres | Non-Residential Bridge Centres (NRBCs) and Residential Bridge Centres (RBCs).

For more details please refer: <http://www.dreddysfoundation.org>

#### DR. REDDY'S FOUNDATION FOR HEALTH EDUCATION (DRFHE)

DRHFE works in collaboration with the medical fraternity to facilitate an integrated multidisciplinary approach to good health.

##### Education and Training Initiatives

The aim is to bring about a transformation in patient care by teaching as well as imparting soft skills and life skills training to healthcare stakeholders via focused programs:

- **Abhilasha** Training nurses to sharpen their skills and self-confidence
- **Sarathi** Enhancing the skill-sets of doctors' assistants
- **Inner Circle** Teaching patient- handling skills to young doctors (PGs)
- **Sanjeevani** Helping pharmacists improve their skills and develop empathy towards customers
- **Aakriti** Empowering dental doctors to sharpen their skills
- **Disaster Preparedness Workshop** Training the hospital staff towards efficient crisis management

#### Dr. Reddy's Foundation Operations

100 LABS centres

across 21 states in India

280,000+

livihoods generated since inception





LABS student at work in a private hospital at Karimnagar, Andhra Pradesh, India

## Sales Training Programs in FY2013

20,000 man days

of training provided to trainee  
Professional Sales Representatives

400 man days

of training to Training Managers for On-  
Job training with select PSRs

## Healthcare Awareness

**Awareness for Life:** Aimed at spreading awareness about lifestyle diseases among corporate India.

## Patient Initiatives

■ **Life at Your Doorstep (LAYD)** A well-equipped medical van with a team of doctor, nurse and patient counsellor is dispatched to provide home care for terminally ill patients

■ **Aastha** Sensitizes doctors and nurses to palliative care and increases their awareness levels

For more details, please refer: <http://www.drreddys.com/sustainability/drfhe.asp>

## Principle 9 Customer Value

Every day, our products impact the lives of millions of patients around the world. Hence we remain uncompromising on ensuring 360° customer value—safety, efficacy, cost-

competency, accessibility, transparency and accountability. 'Pharmacovigilance', 'Safety by Design', 'pharmacopeia adherence' and 'bioethics' are active ingredients in our product development formula.

To ensure that we prove worthy of the trust our customers place on us we employ below steps:

## 360° SAFETY COMMITMENT

Be it products or processes—safety comes first at Dr. Reddy's. We adhere to globally-recognized, safety benchmarks like the International Conference on Harmonization (ICH) guidelines and have instituted a comprehensive safety assurance model that weeds out safety and quality hazards from the development stage of a product to its end distribution.

## PHARMACOVIGILANCE

The Pharmacovigilance (PV) and Clinical Management Group are key arms of our organization that guards our medicines against adverse effects, if any. The

Pharmacovigilance team intervenes at an early stage, rather than acting as a watchdog.

We incorporate global Pharmacovigilance mandates across the entire product development lifecycle. Towards this end, we have structured processes in place to monitor signals and events across the globe and identify cause-effect relationships. Toll-free numbers have been set up in various countries to facilitate reporting of adverse events and a Drug Safety Assessment and Reporting team is in place to administer swift action.

#### **ADDRESSING COUNTERFEIT**

Besides sales losses, IP infringements and reputation drain, counterfeit drugs pose one of the biggest risks to a patients' health. At Dr. Reddy's, we have deployed a robust process to prevent counterfeiting of our products. Some of the key systems and initiatives we have instituted to avert this breach include:

- Use of a specific sequence for batch numbering, manufacturing and expiry date
- Use of hologram stickers
- Employment of specialized printing techniques to safeguard products from cheap counterfeits
- Implementation of a coin reactive zone

#### **CUSTOMER AWARENESS**

Medicines are a product category where even a slight misappropriation of information could lead to fatalities. We ensure that this responsibility towards our customers is demonstrated throughout our marketing and promotional material and all information is provided in an unambiguous and precise manner.

At all times we seek to engage with our customers in utmost transparency and accountability. We keep them updated about the composition and effects of our pharmaceutical products. Literature pertaining to promotional content or any Customer Relationship Management activity, scientific seminar, symposium etc. undergoes a stringent authentication process by our Product Management team and Medical Affairs Team. All our Professional Sales Representatives (PSRs) undergo in-depth training, so that they are well versed with product information and communication skills. Our in-house Medical Affairs Team addresses queries from PSRs and doctors, regarding our products, within 48 hours.

During FY2013 over 20,000 man-days of training was provided to trainee Professional Sales Representatives (PSRs). Apart from this, the Training Managers also undertake OJT (On-Job-Training) with select PSRs as joint field work. This amounted to over 400 man-days in FY2013.

However, awareness in the healthcare industry is not just limited to information printed on packages. It also encompasses social perceptions about medical conditions and debunking myths and fears related to them. Hence, we have multiple initiatives that help generate awareness among people.

PromOTE India is one such initiative that promotes early detection, awareness and diagnosis which helps prolong the life of cancer patients. The initiative works by connecting Oncologists and General Practitioners (GPs) which in turn empowers professionals like GPs and other non-oncology doctors to enable early detection of cancer. We also run a program on Lymphoma Awareness—an interactive campaign on radio channels across India where eminent oncologists address listener's queries on the subject.

ROSHINI is an initiative to diagnose all undetected diabetic cases in India. Launched in November 2008, the initiative includes activities like glucose screening camps at a doctor's clinic and talks at schools which give children information about diabetes, obesity, diet pattern and physical activities which help prevent diabetes.