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PROJECT

Environmental Initiatives: HSE, CSR and EPR undertaken by the company **Cipla Ltd. Indian Office**, reviewed its sustainability report and compared it with peer group companies- **Sun Pharmaceutical Industries Ltd**

(CIPLA)

Part A: Description of the Company

Established in 1935, Cipla is the third-largest pharma company in India (IQVIA MAT Mar'19), an Indian multinational pharmaceutical and biotechnology company headquartered in Mumbai. Cipla was founded with the aim of self-sufficiency for India in pharmaceutical medicines, on responsible and sustainable growth through deep & wide portfolio and strong customer relationships. The company has completed more than 8 decades in the industry. It has 46 state-of-the-art manufacturing facilities across five countries, including India, South Africa, the US, and other key regulated and emerging markets with a 25,000+ workforce. The company is primarily into developing medicines to treat respiratory disorders, cardiovascular diseases, arthritis, diabetes, weight disorders, depression, and other medical conditions. It has an annual turnover of \$2.3billion.

Products and services: Cipla produce 50+ dosage forms and 1,500+ products using cutting-edge technology platforms to cater to 80+ markets. CIPLA's investments in manufacturing capital include the development of new drug delivery systems, facilitation of infrastructure supporting API (active pharmaceutical ingredients) and formulation developments, and strengthening of platform technologies.

i. Services Offered and Potential Customers

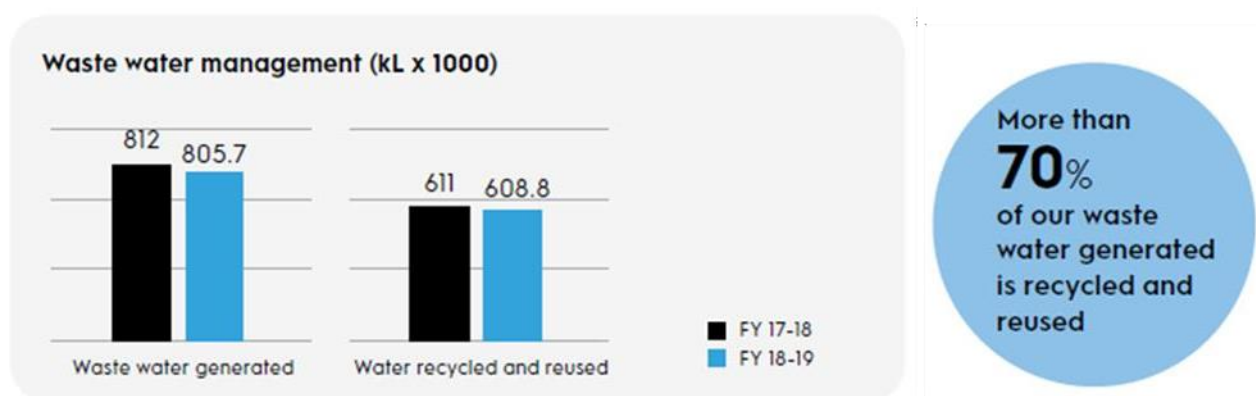
PRODUCTS	ANNUAL PRODUCTION RATE
Tablets and Capsules	34 Billion Units
Aerosols pMDIs (Inhalers)	120 Million Units
Lyophilised Injections	7 Million Units
Pre-filled Syringes	46 Million Units
Repsules	918 Million Units
Nasal Sprays	29 Million Units
Oral Liquids	101 Million Units
Seal Eye Drops	12 Million Units

ii. **Wastewater Treatment, Recycle and Reuse of the Treated Effluents, Air Pollution Control, etc., if any.**

Wastewater Management

All their API manufacturing sites (except Patalganga) are zero liquid discharge (ZLD) sites. At Patalganga, part of the fully treated wastewater is discharged to CETP (Common Effluent Treatment Plant) under the obligation of discharge in line with the agreement. The total wastewater generated in FY 18-19 was 8,05,708.56 kL, of which 1,24,018.40 kL was discharged from Cipla's operations at Patalganga, Baddi, Vikhroli, and overseas sites into common effluent treatment plants (CETP) and publicly-owned treatment works (POTW) in compliance with the consent/permit conditions.

The summary of their effluents generated and discharged, and water recycled and reused is given below:



Source: Cipla Annual Report 2018-19

Waste Management

Their waste management practice includes regular monitoring, safe disposal, and treatment. Waste solvents generated at API sites are partially recovered and reused, while the rest are sold to authorized recyclers. Formulation waste, which primarily consists of packaging waste, reject materials, and shelf life expired products, are sent to Treatment, Storage, and Disposal Facilities (TSDF) or subjected to thermal destruction in external incinerators/Co-processing.

The summary of waste generated from our operations in FY 18-19 is as below (Source: Cipla Annual Report)

Disposal Means	Unit	Quantity
Secured land-filling (SLF)	MT	1,399
Inclineration/Coprocessing (Solid)	MT	1,576
Inclineration/Co-processing (Liquid)	KL	831
Reprocessing/Recycling (Spent Solvent and Used Oil)	KL	17,065
Reprocessing/Recycling (Containers)	MT	134
Composting	MT	227
Non-Hazardous Waste		
Scrap (PVC shoe covers, paper boxes, wood, glass, metallic waste, etc)	MT	8,062
Scrap (Plastic drum and cans, MS drum and fiber drums)	Nos.	76,227

95%

Of Hazardous waste (KL) Recycled

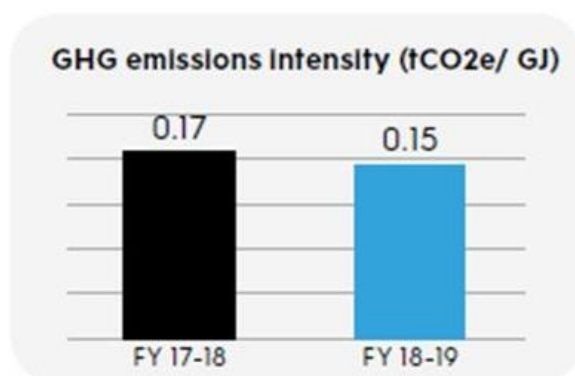
4%

Of Hazardous waste (MT) Recycled

Greenhouse Gas (GHG) Emissions

The major GHG emissions at CIPLA are from Diesel, Natural Gas, Furnace Oil (residual fuel oil), and Electricity consumption. They have used IPCC AR 4 emissions factors for fuels (GWP as per AR 5) and CEA (Central Electricity Authority) emission factor for Grid electricity India. They have also used country-specific emissions factors for electricity used in other countries.

They have aligned their priorities to the global goals and national agenda for reducing GHG emissions.



Source: Cipla Annual Report 2018-19

Part B: Pointers for Developing the Case Studies

i. Initiatives Undertaken by the Indian and Foreign Branch Offices in Health, Safety, and Environment (HSE)

Cipla being a responsible corporate recognizes the importance of managing HSE and it matters effectively as an integral part of their business activities. The company shall take all practicable measures to create a safe & healthy workplace for its employees and a clean environment for its employees as well as the surrounding community.

For effective implementation of the policy, Cipla

1. Took full cognizance of HSE considerations and aim to continually adopt higher standards during the planning of projects, products & processes; and equipment & material procurement.
2. Assessed and seek to minimize the adverse impact of business activities on the environment and communities in which its operations are located.
3. Complied with applicable HSE regulations and participate with government, industry, and others concerned in creating responsible laws, regulations, and standards.
4. Work towards pollution prevention by eliminating and reducing environmental emissions & wastes; and resource conservation, including efficient use of energy and water.
5. They provided effective Occupational Health and Industrial Hygiene programs.
6. Developed and maintain appropriate emergency response procedures & contingency plans.
7. Recorded and investigated all incidents, shared and implemented the learning to prevent re-occurrence.
8. They have informed and trained employees & contractors on workplace hazards, associated risks, and arrangements to mitigate them.
9. Engaged & consulted employees and other stakeholders by fostering open dialogue on EHS matters.
10. Implementation of Occupational Health and Safety (OHS) system at all manufacturing sites in India, covering all their workers. The system is based on recognized risk management system standards.

Environmental Awareness and Employee Engagement

They conducted various employee engagement activities aimed at creating awareness of environment protection amongst the employees. They celebrated 5th June as World Environment Day across all locations. Various

Initiatives like plantation, distribution of recyclable bags, outdoor waste collection, etc., were undertaken.

ii. Initiatives Undertaken by the Indian and Foreign Branch Offices in Corporate Social Responsibility (CSR)

Their CSR initiatives are mainly undertaken through Cipla Foundation. The Foundation works with credible institutions, nongovernmental organizations (NGOs), government agencies, domain experts and visionaries, and other philanthropic foundations to enhance the outreach of their CSR initiatives in line with the CSR policy.

The Cipla Foundation works across the following focus areas:



Source: Cipla Annual Report 2018-19

HEALTH

Cipla Palliative Care (CPC) & Training Centre

A strong multi-disciplinary team of doctors, nurses, social workers, nutritionists, physiotherapists, pain specialists, and volunteers care for patients and their families at the center. They also extend free-of-cost palliative care through home care services in the community and out-patient (OPD) services at hospitals.

Highlights:

Reached out to 4,700+ patients, **3,900+** sessions of home visits for holistic care

Training Palliative Care Professionals:

480+ nurses trained in palliative pain management at the All India Institute of Medical Sciences (AIIMS) in New Delhi

Over **300+** nurses received training on end-of-life nursing at Guwahati, Jodhpur, and Manipur.

Palliative Care to the Community:

240+ Asha workers trained to identify and refer patients

35+ District doctors and medical officers trained in palliative care

Respiratory Health

The India State of Health Report (2017) has shown an alarming increase in both acute and chronic respiratory diseases. To address this issue, the Foundation had brought together institutions like AIIMS New Delhi, PGI Chandigarh, Asthma Bhawan, and Chest Research Foundation (CRF) on a single platform to conduct public health research on the causes and causative factors of asthma in children. They reported that the research findings would be based on data collected from a 160,000+ strong respondent base, and It will be used to understand respiratory conditions and informed health policy. This is the first-of-its-kind study in India to provide evidence to care.

Eliminating Hepatitis

To help realize the WHO's global mandate of eliminating hepatitis by 2030, they have launched Project PRAKASH (Programmed Approach to Knowledge and Sensitisation on Hepatitis) in partnership with the Institute of Liver and Biliary Science (ILBS).

Highlights:

1,200+ paramedics and doctors trained

450+ patients from Purulia district in West Bengal were screened for hepatitis and attended vaccination camps

Supporting Technological innovation for Scalable Health Solution:

Cipla Foundation partnered with Project ECHO to support a guided practice model of medical education. It aims to increase workforce capacity to reduce health disparities. It is a web-based hub-spoke platform where specialists share their knowledge and mentor health care providers in local communities. This exchange helps in better identification, evaluation, and management of diseases.

Maternal & New-born Health

Empowering individuals with disabilities (Aligning with Government of India's commitment)

Over **1,500+** professionals trained at the center reached out to **25,000+** children with disabilities.

SKILLING

Professional Skill Development:

The focus of their unique transformational program in Baddi (Himachal Pradesh) is to provide professional education along with job-linked skills to capable youth from financially challenged backgrounds. The program has been running successfully for few years. Students get an opportunity to pursue a few-year Bachelor of Science (Pharmacy) degree at Baddi University and undergo on-the-job training.

Highlights:

The first batch of **20+** students who completed the course had all been productively employed, while another **40** students are undergoing their studies.

Short-term vocational skilling:

They have partnered with the Skill & Entrepreneurship Development Institute (SEDI) in Baddi and the ITI, Sikkim, to provide opportunities for youth to learn technical and functional skills by trained professionals in areas such as carpentry, electrical, sewing, beautician course, etc.

Highlights:

Over **200+** youth trained in Baddi,

39+ sponsored youth from the first batch in Sikkim successfully completed industrial training.

Ambuja Manovikas Kendra:

The Skill Development & Rehabilitation Centre, which supports together with Ambuja Cement Foundation, imparts relevant vocational skills in areas such as bakery, pottery, and jewelry-making to persons with disabilities (PwD). In addition, they also create awareness and job readiness among PwDs to enable them to gain employment.

18+ trainees successfully completed their training.

EDUCATION

Enhancing Learning Outcomes for Students

Early Childhood Development Centres (ECDs):

They support ECDs in South Africa and India for children in the age group of 3-6 years whose parents are mostly migrant laborers. They strive to provide them with nutrition, education, physical protection, and security from abuse.

Highlights:

1,430+ children benefitted in India and South Africa from the Ajuga and Balvatika initiatives.

Science Education

They promote interest in science among students by supporting a unique hands-on and interactive learning program called Mobile Science Labs (MSL). These labs are equipped with over 100 science models. Each van goes to remote schools, where students have no access to quality learning. In FY 18-19, the four MSLs that they support engaged over 60,000 students in practical science learning.

Merit Award Scholarships:

Felicitating meritorious students is a long-standing tradition at Cipla. They provide financial support to students from government and government-aided schools who have secured the top three positions in state-level board exams. They have felicitated over 600 students with merit awards, including 44 students with disabilities, in 122 schools across the country.

Infrastructure Support:

To reduce inequities in learning environments, they support schools near their facilities by constructing sanitation blocks, libraries, and science labs. They promote digital literacy by providing computers and projectors apart from books and stationery to schools. The Indian Institute of Science Education & Research (IISER) in Pune has supported the establishment of a 20,000 sq. Feet world-class chemistry laboratory for undergraduate students and will be operational in FY 19-20.

DISASTER RESPONSE

They donated medicines worth Rs. 35 lacs to the Indian Navy and reputed non-profit organizations during the Kerala floods. This benefitted 16,000+ patients. The Indian Navy publicly commended them for their support and urged other corporates to follow suit. They also supported an innovative program that integrated palliative care with disaster response efforts; in addition, they also provided financial assistance to dialysis patients for a period of three months.

During FY 18-19, along with their on-ground partners, they extended immediate relief in the form of hygiene kits, ration, tarpaulin, and medicines to communities affected by the landslide in Manipur, the floods in Kerala, and Cyclone Gaja in Tamilnadu.

iii. Initiatives Undertaken by the Indian and Foreign Branch Offices in Extended Producer Responsibility (EPR)

They have undertaken efforts towards green chemistry through which they have ingrained environmentally friendly manufacturing processes such as recycling and reuse of solvent and reducing the use of toxic and hazardous raw materials.

iv. “Sustainability Reporting” Undertaken by the Indian and Foreign Branch Offices

To fulfill their primary goal of providing superior products, they have identified suppliers across the globe that is able to consistently provide them with key resources essential to their value chain. Their supplier base stands at 1,000+ suppliers and distributors spread across 28 countries today. They have extended their Code of Conduct to all their suppliers and contractual business partners. The Code lays down principles of environmental and social stewardship with a focus on patient centricity.

As a key element of their procurement processes, Cipla has put in place a continuous improvement program to enhance people capabilities and process efficiencies and to deliver cost benefits. Their procurement decisions are closely linked to their resource conservation and waste minimization efforts along with their overall growth and sales needs.

Cipla is reporting their Materiality (such as GHG emissions, water consumption, waste generation, etc.), Impacts, Risks, Mitigation Measures, and sustainable practices along with CSR, EHS, etc., in their annual reports.

Supply-Chain Sustainability

Encouraging local procurement: Their supply chain strategy emphasizes sustainable procurement, and they took efforts to encourage local sourcing of materials. They have over 750 local suppliers, and ~65% of the total procurement spends for their operations are on local sourcing. Their initiatives have helped reduce the carbon footprint of their products and encouraged local economic development. In addition, they also work with small and local producers and provide on-site training on improving process quality and enhancing their awareness of compliances.

Green supply chain mechanisms: As responsible corporate citizens, they make every possible attempt to minimize the environmental impact associated with their logistics. They have introduced flow bundling and load consolidation systems for their operations by opting for bigger vehicles with optimum loads. This has resulted in the deployment of fewer vehicles, thus reducing emissions. Most of their vehicles, especially those of their dedicated service providers, have a vehicle tracking system. Vendors have to comply with safety measures like locking systems and also conduct periodic vehicular checks to reduce emissions.

Network optimization: In order to optimize their network footprint and reduce costs associated with logistics and depot operations, Cipla has initiated steps to review the entire depot network in India. They undertook a feasibility study and rationalized three regional depots in the current year (Baddi, Raipur, and Chandigarh). They continue to consolidate their network footprints in the next year also. This step has resulted in benefits such as:

- Reduction in the weighted average distance leading to a lower carbon footprint
- Lower inventory holding days and reduction in working capital
- Operational expenditure reduction due to reduced inventories, warehouse space manpower optimization, and other Resources
- Better control and focus on services due to reduction of warehouse footprint

Part C: Comparison of Performance with Peer Group

Sr #	Parameter for Comparison	Cipla Ltd. Indian Office	Sun Pharmaceutical Industries Ltd.	Remarks
1	Brief description of the products and services offered by the company, locations as well as salient data on the workforce, annual turnover	<p>PRODUCTS AND SERVICES:</p> <p>Tablets and Capsules, Aerosols pMDIs (Inhalers), Lyophilised Injections, Pre-filled Syringes, Repsules, Nasal Sprays, Oral Liquids, Seal Eye Drops, etc.</p> <p>The company is primarily into developing medicines to treat respiratory disorders, cardiovascular diseases, arthritis, diabetes, weight disorders, depression, and other medical conditions.</p> <p>LOCATIONS: India, USA, South Africa, Europe, and some emerging markets.</p> <p>Work-force: 25,000+</p> <p>Annual turnover: \$2.3 Billion</p>	<p>PRODUCTS AND SERVICES:</p> <p>Tablets and Capsules, Injectables, inhalers, ointments, creams, etc.</p> <p>The therapeutic segments covered include psychiatry, anti-infective, neurology, cardiology, orthopedic, diabetology, gastroenterology, ophthalmology, nephrology, urology, dermatology, gynecology, respiratory, oncology, dental and nutritional, etc.</p> <p>LOCATIONS: India, USA, South Africa, Canada, Brazil, Egypt, Hungary, Israel, Bangladesh, Mexico, Romania, Ireland, Morocco, Nigeria, Malaysia.</p> <p>Work force: 30,000+</p> <p>Annual Turnover: \$4.2 Billion</p>	<p>Sun Pharmaceutical Ltd is a larger company than Cipla Ltd in terms of higher annual turnover, higher workforce, a greater number of locations, and services provided.</p>

Sr #	Parameter for Comparison	Cipla Ltd. Indian Office	Sun Pharmaceutical Industries Ltd.	Remarks
2	Initiatives on Health, Safety, and Environment (HSE)	<p>Environmental awareness and employee engagement</p> <p>They conducted various employee engagement activities aimed at creating awareness of environment protection amongst the employees. They celebrated 5th June as World Environment Day across all locations.</p> <p>Assess and seek to minimize the adverse impact of business activities on the environment and communities in which its operations are located. Work towards pollution prevention by eliminating/ reducing environmental emissions & waste; and resource conservation, including efficient use of energy and water.</p> <p>All their API manufacturing sites (except Patalganga) are zero liquid discharge (ZLD) sites. At Patalganga, part of the fully treated wastewater is</p>	<p>Their HSE Policy provides for the creation of a safe and healthy workplace and a clean environment for employees and the community at large. It aims for the highest international standards in plant design, equipment selection, maintenance, and operations.</p> <p>The policy is a commitment that we will manufacture our products safely and in an environmentally responsible manner. Their plant and processes are continuously upgraded to improve hygiene and health standards.</p> <p>The key processes comprise regular safety surveillance, inspections, and audits; permit to work system for operational/maintenance safety; fire prevention and protection activities; operation of the Effluent Treatment</p>	<p>Both the companies have almost the same HSE. They both can do more for employee's safety.</p>

Sr #	Parameter for Comparison	Cipla Ltd. Indian Office	Sun Pharmaceutical Industries Ltd.	Remarks
		discharged to CETP (Common Effluent Treatment Plant) under the obligation of discharge in line with the agreement.	Plant (ETP)/Incinerator; disposal activities related to hazardous wastes; and regular monitoring of the environment, internally and also through approved laboratories. The state-of-the-art equipment installed at our major facilities for recycling the treated effluent has helped us achieve the status of Zero Liquid Discharge (ZLD).	
3	Corporate Social Responsibility (CSR)	HEALTH EDUCATION SKILLING DISASTER RESPONSE	HEALTH EDUCATION SAFE DRINKING WATER LIVELIHOOD ENVIRONMENT AND DISASTER RELIEF TRAINING IN VOCATIONAL SKILLS	Both companies can do more for the environment, such as organizing plantation drives, implementing green parking, rain harvesting.
4	Extended Producer Responsibility (EPR)	REDUCE, RECYCLE AND REUSE	REDUCE, RECYCLE AND REUSE	

Sr #	Parameter for Comparison	Cipla Ltd. Indian Office	Sun Pharmaceutical Industries Ltd.	Remarks
5	"Sustainability Reporting"	<p>Working towards Green Chemistry</p> <p>Zero Liquid Discharge (ZLD)</p> <p>Encouraging local procurement</p> <p>Green supply chain mechanisms</p> <p>Network optimisation</p>	<p>Solid Waste Management</p> <p>Wastewater recycling</p> <p>Social Infrastructure</p> <p>Rural development</p> <p>Environmental Conservation</p> <p>Zero Liquid Discharge (ZLD)</p>	

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