



**HETERO**



**DEFINING POSSIBILITIES**  
**ENRICHING LIFE**

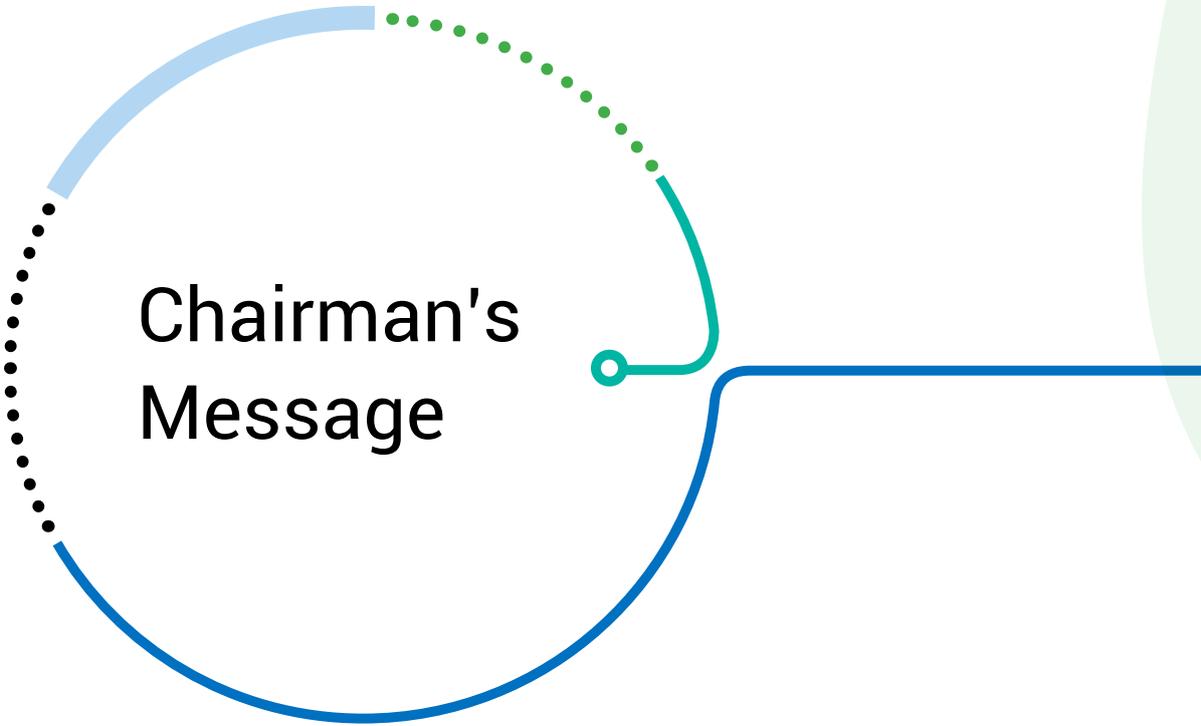


of **GROWTH**  
and **GLORY!**

**25 Now.**  
Good for another

**125** and beyond...





# Chairman's Message

Our greatest strength has been the ability to handle challenges with perseverance, change with a flexible attitude, opportunities with diligence and success with humility. We will continue this rich legacy of Hetero in the future and will keep serving the interests of customers, patients, communities and environment.

Our 25th anniversary year and second cycle of Sustainability Reporting, began with a lot of promise and enthusiasm and stayed throughout with every member of Hetero family by utilising every opportunity that came their way. During this year, we continued to explore new horizons of progress with our expanding global presence to more than one hundred and twenty six countries, partnerships/joint ventures with four different entities and also increased product basket. We remain committed to accelerate access to affordable medicines. Our partnerships with global procurement agencies helps us to increase access to life-saving medicines across the world. The advent of therapy-specific divisions in International Marketing is catalysing our mission and commitment to it.

As, we reach to newer heights, we must remain steadfast in our commitment to quality and focus on furthering our stature as the 'Partner of Choice' for customers worldwide. Sustainability has been an emphasis by our customers, and we have inherent affinity for compliance, latest technologies like Saturated Steam Turbines in process Boilers, innovation and care for environment and communities. Water is an essential shared resource, to maximize use of rain water and minimize pressure on other water resources, we have nearly tripled our rain water use in last three years.

This commitment has been able to assist us meet the growing market demands despite the tightening regulatory norms and increased emphasis on sustainability.

Our people are our strength and we work towards enriching their lives in all ways possible. DARPAN skill development has enhanced social wealth by providing employability skills on national platform for the youth and preparing them for the industry. We go beyond to enrich the lives of community

and society. Our education and health services cumulatively reached out to more than one lakh beneficences directly or indirection in this year.

Further, setting up and improving the processes and systems to enhance the integration of sustainability into company's performance has been the focus this year. As a part of this, we have initiated focused stakeholder engagement on sustainability matters and developed Sustainability guiding principles for the company.

We will continue to work on this aspect in the coming year and strive to make Hetero a force to reckon with in the sustainability in global pharmaceutical industry."

Warm Regards



**Dr. B.P.S Reddy**  
Chairman  
Hetero Group of Companies







## Managing Director's Message

Hetero lays special emphasis on EHS (Environment, Health and Safety), CSR, Learning & Development and Employee Engagement activities. We acknowledge them as essential attributes which complement our quest for global excellence. Accordingly, a wide range of initiatives have been conceived and implemented across our manufacturing facilities and offices to inspire organisational growth, sustainability, social responsibility and employees' safety.

We believe that every member of the Hetero family, communities we interact with and business associates play a vital role in our sustainability journey. The reason why we have enhanced the sustainability dialogue with all our stakeholders.

We have set annual sustainability targets on material issues for Hetero. During the year, we achieved synchrony between various functions for delivering on these targets. And it is reflected in our sustainability performance presented in the report.

Last but not least, it is a delight to share that our efforts have been recognised and we are honoured with several prestigious awards for sustainable performance."



**Dr. Vamsi Krishna Bandi**  
Managing Director

“ Sustainability is not just a function or a vertical at Hetero. It is a shared responsibility and resource. It is a journey in which we are together, with the believe that extraordinary feats can be performed by the same set of people when they work together with firm belief in the goal. With this intend to stand firm and committed on delivering to sustainability. ”



Dr. K. Rathnakara Reddy  
Director



A.V. Narsa Reddy  
Executive Director



Ganesh Karuppannan  
Chief Financial officer



# Working together to make sustainability flourish



K.V. Bhaskara Reddy  
Director - Finance



J. Sambhi Reddy  
Director



Dr. C. Mohana Reddy  
Director



Dr. G. Palleswara Rao  
Director - Formulation  
Operations (Jeedimetla)



P. Bhaskar Reddy  
Vice President - Operations  
(Jadcherla)



B. Murali Krishna Reddy  
Director-Marketing



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## **Creating Economic Value Consistently**

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The image shows two workers in a cleanroom environment, wearing full-body beige protective suits, hoods, and face shields. They are standing in a room with stainless steel equipment and machinery. A decorative graphic overlay is present in the foreground, consisting of overlapping semi-transparent shapes in teal, red, and orange, with a white dotted line forming a partial circle around the text. The text 'OUR PURPOSE & VALUES' is written in white, uppercase letters within this graphic.

OUR PURPOSE  
& VALUES



## Our Purpose

At Hetero, we come to work each day for one reason:

To put science to work for delivering affordable medicines that will help meet the health needs of every person on our planet.

## Our Core Values

Our Core values guide us and serve as the pillars of our internal conduct as well as that of our relationship with customers, partners and shareholders.

### KNOWLEDGE

We value and respect Knowledge as the key enabler in our mission to develop affordable healthcare. We greatly cherish knowledge in our team members, associates, partners and the community at large.

### DYNAMISM

We are agile, pro-active and passionate about each and everything that we do.

### QUALITY FOCUS

We are committed to the highest standards of Quality in every aspect of our business, and work towards raising those standards through continuous improvement.

### RESPONSIBILITY

We have deep-rooted sense of Responsibility towards all our stake-holders - customers, employees, shareholders and each and every associate who partners us.

And we strive relentlessly towards delivering on those responsibilities.



OUR  
BUSINESS

## OUR STRATEGIC BUSINESS VERTICALS

### ACTIVE PHARMACEUTICAL INGREDIENTS (APIS)

- Leading supplier to generics manufacturers
- 15 exclusive facilities for large scale production



### FORMULATIONS

- A world leader in manufacturing of branded and non-branded generics
- Largest global supplier of Anti-Retroviral Drugs
- 21 dedicated facilities



### BIOSIMILARS

- State-of-the-art single-use manufacturing facilities and dedicated R&D wing; designed to meet US FDA and EU standards
- Launched Darbapoetin alfa, Rituximab, Bevacizumab and Adalimumab globally
- 2 biosimilars under clinical trials and 4 in the pipeline



### CUSTOM PHARMACEUTICAL SERVICES (CPS)

- Envisaged to make high quality medicines accessible worldwide
- Established presence in India
- Fast expanding across the world specifically in emerging markets



### BRANDED GENERICS

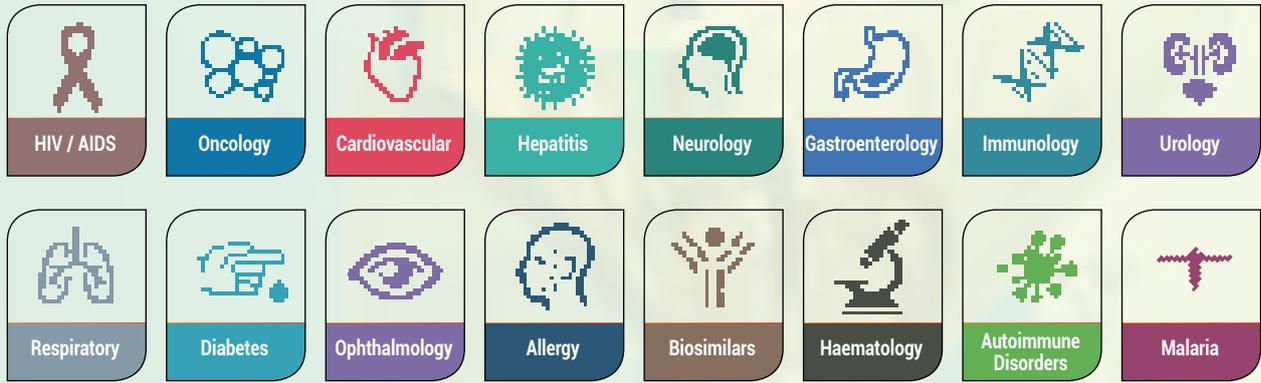
- Significant economies-of-the-scale advantages and backward integration capabilities
- Contract manufacturing of APIs, Finished Dosages, Cytotoxic APIs and Injectables
- Technology transfer projects





WE CAN  
DELIVER

## WIDE RANGING THERAPEUTICS



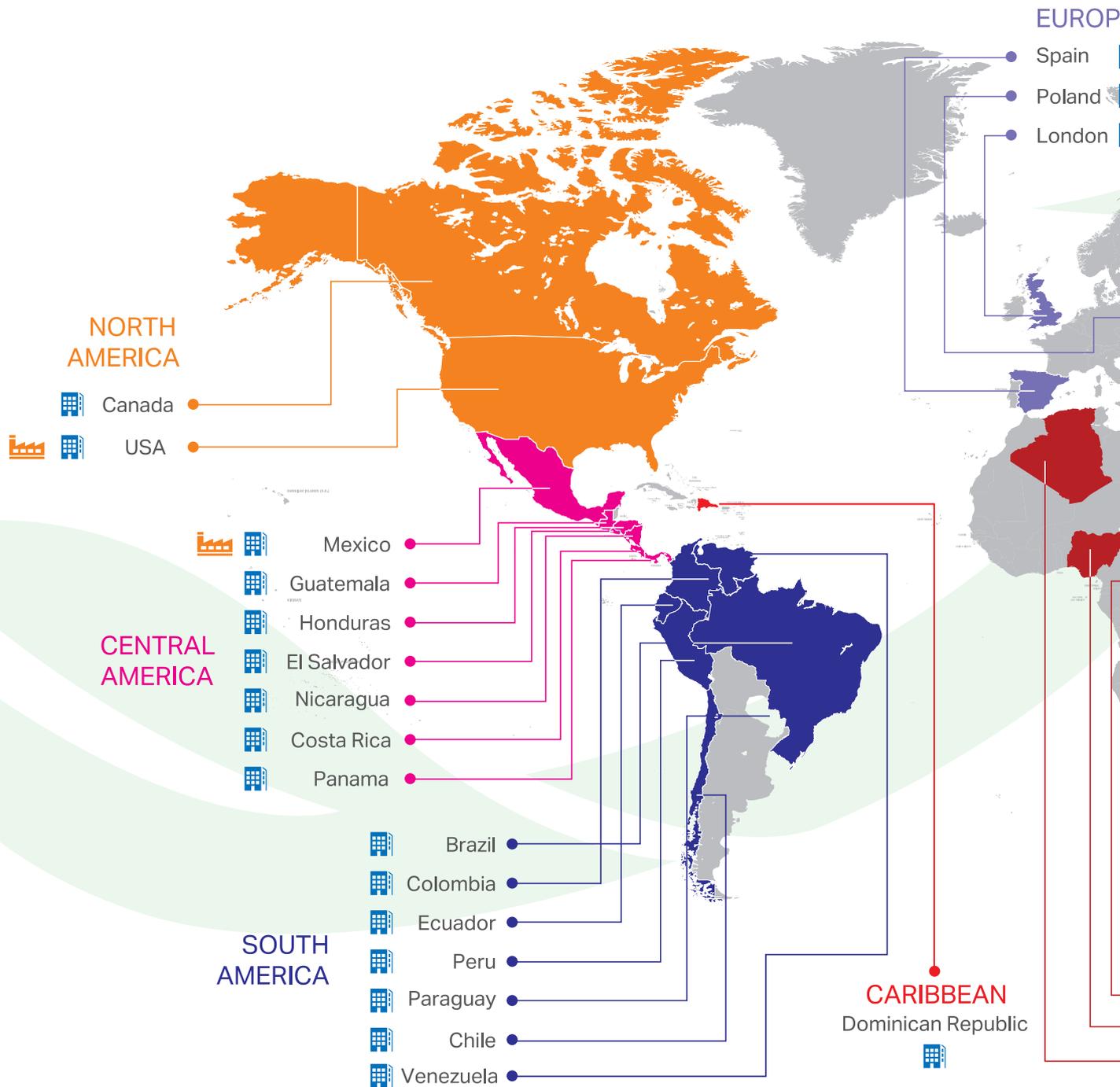
## DIVERSE DOSAGE FORMS

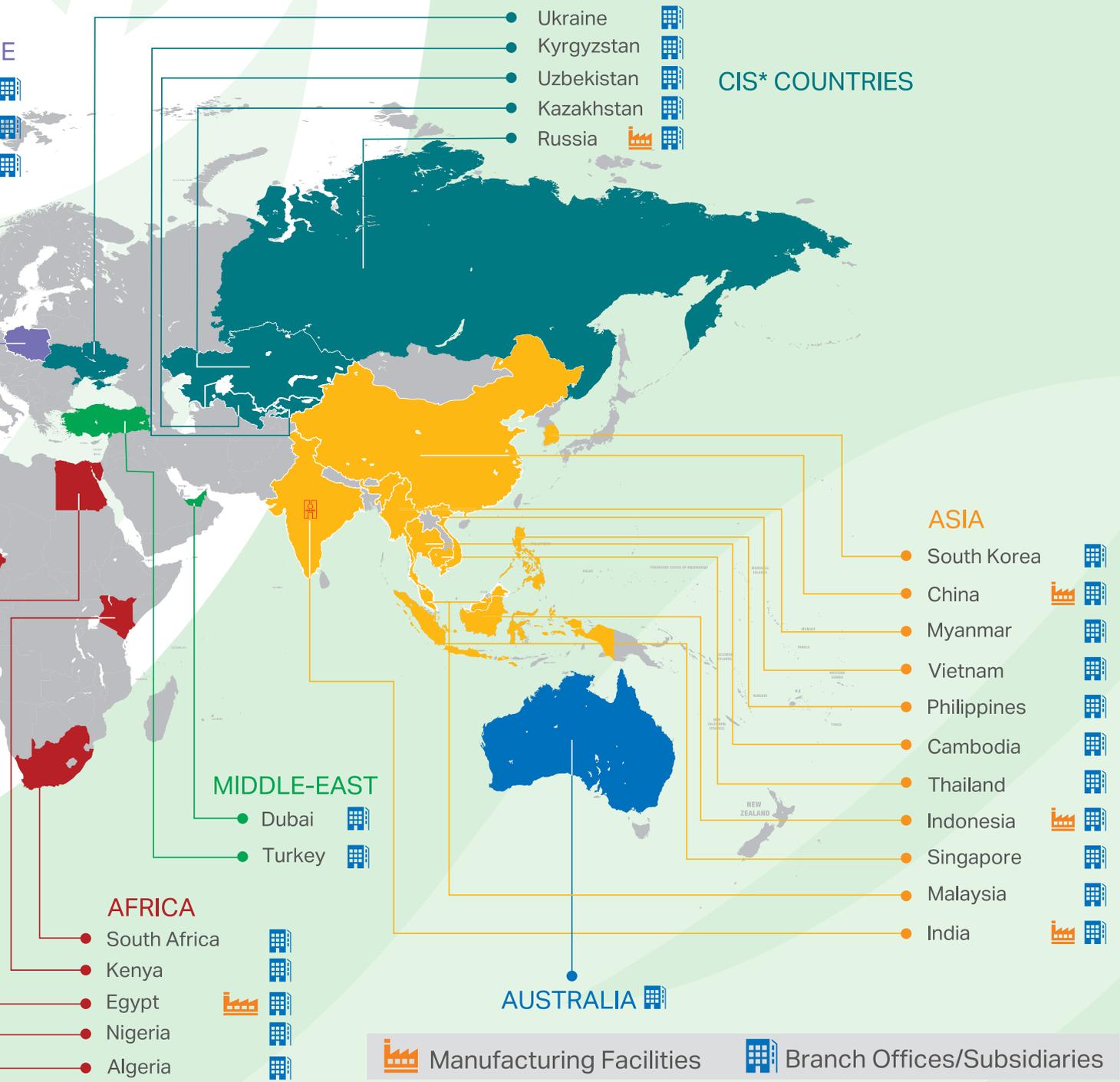


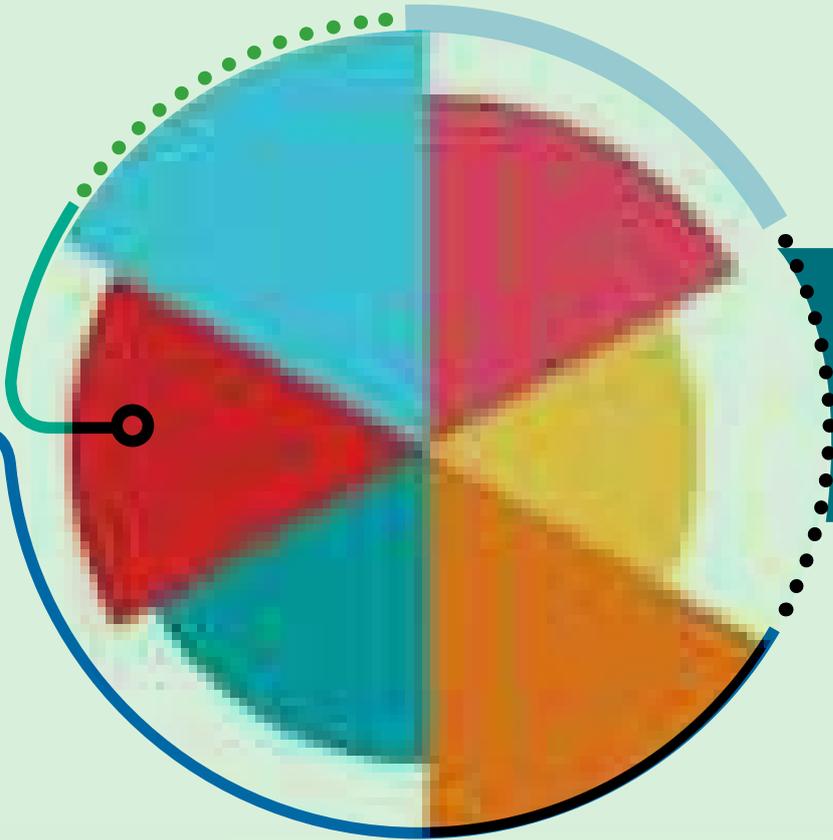
This has been a great year of us, as we have been able to deliver drugs in new areas.

M. Prasad Reddy  
Associate Vice President

# OUR PRESENCE WORLDWIDE

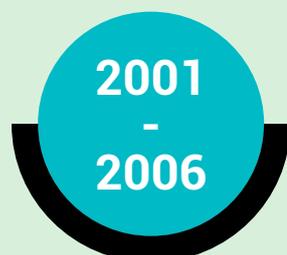
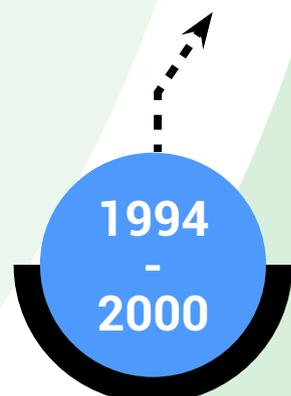




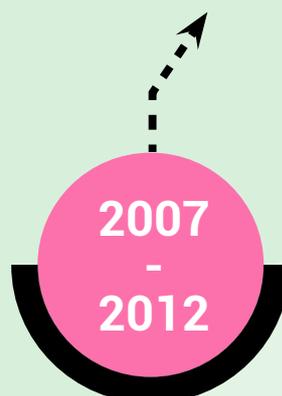


# OUR DEFINING MOMENTS

- ★ Emergence as one of the first Indian companies to offer affordable ARV APIs.
- ★ Hetero R&D acclaimed for developing about 20 APIs within 3 years

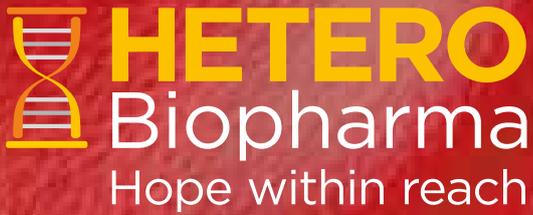


- ★ Established Asia's largest APIs manufacturing complex at Vizag, India.
- ★ Forayed into US generics market.
- ★ Established World class Biologics unit in Hyderabad, India.



- ★ One of the first companies to develop life-saving generic drug 'Oseltamivir' for Bird Flu and Swine Flu.

- ★ Launched the blockbuster Hepatitis C drug 'Sofosbuvir' under in-licensing.
- ★ Expanded our Hepatitis portfolio
- ★ First-to-launch the FDCs of 'Ledipasvir+Sofosbuvir' and 'Sofosbuvir+Velpatasvir' in India and several other markets.
- ★ Advanced our ARV expertise
- ★ Launched the first-ever FDCs 'Darunavir+Ritonavir' & 'Emtricitabine + Tenofovir Alafenamide' in India
- ★ Asserted our place in Biosimilars
- ★ Launched four biosimilar products 'Darbapoetin alfa', 'Rituximab', 'Bevacizumab' & 'Adalimumab' in shortest time.



# BRINGING HOPE WITHIN REACH THROUGH BIOPHARMA

Conceptualized in the year 2009, Hetero's vertically-integrated biologics venture began with focus on key biosimilars through its Hetero Research Foundation (HRF) for some ground breaking results. Hetero's domain expertise combined with cutting edge R&D makes things possible. Hetero Biopharma developed its capabilities across the development, manufacturing, quality, clinical development, regulatory domains and commercialization of biosimilars from bench-to-bedside.

Our Biopharma venture, is steadily establishing itself as a path breaking Biosimilar developer. As a strong R&D driven company, we at Hetero Biopharma are bringing about a paradigm shift in the way patients suffering from various chronic conditions are treated. Hetero Biopharma' products are today available in 15 countries.

For more information <http://www.heterobiopharma.com/index.html>.



Sustainability is integral part of everything we do at Hetero Biopharma. It is immensely helping us to deliver affordable medicines for unmet medical needs.

**B. Bala Reddy**  
Associate Vice President – Biologics

## Journey of Biopharma

2019

- Initiation of clinical trials for Trastuzumab
- Completion of Pre-clinical for Denosumab

2017

- Launch of adalimumab injection - our 4<sup>th</sup> Biosimilar product

2016

- Launch of Bevacizumab Injection - our 3<sup>rd</sup> Biosimilar product
- Received GMP accreditation from PIC/s member country for the Biologics facility
- Entry in to global markets with the launch of Darbepoetin and Rituximab

2015

- Launch of Rituximab Injection - 2<sup>nd</sup> Biosimilar and 1st MAB of Hetero Biopharma
- Expansion of the Biosimilar facility to cater the demands

2014

- Launch of Darbepoetin Alfa - First Biosimilar product of Hetero Biopharma and world's 2<sup>nd</sup> Biosimilar of Darbepoetin Alfa

2011

- Completion of state-of-the-art R&D and Biologics manufacturing facility

2009

- Conceptualized with the identification of Key Biosimilars



Hetero Biopharma – Jadcherla

## Research and Development Capabilities

- Our state-of-the-art R&D Centre is the heart of Hetero Biopharma and is capable of developing three biosimilars simultaneously.
- Latest technologies such as single-use automated process systems, high end analytical tools for different products allow us to develop products ranging from glycosylated proteins to complex monoclonal antibodies and antibody drug conjugates.
- The R&D facility has proven expertise in Upstream process, Downstream process, Formulation development, Analytical development and Bioassays.
- Each offering, each new development of ours has been a profound positive impact on those who need these medications most, and at the earliest. This way, speed and quality has become our defining feature too.

## Clinical Expertise

- The Clinical Development Team, has expertise in the design and execution of various phases of clinical trials, post-marketing surveillance, pharmaco-vigilance studies across the globe as per OECD and GCP guidelines.
- Our Clinical team also works collectively towards the functioning of product development, regulatory compliance and medico-marketing awareness programs.

## Manufacturing Excellence

- The Drug-Substance manufacturing facilities at Hetero Biopharma are truly world-class.
- The multi-product manufacturing facilities deploy single use technologies with process automation tools for process efficiency, enhanced quality compliance and cost effectiveness.
- Our manufacturing facilities and quality operations are cGMP compliant and are approved by both local and renowned International regulatory agencies.
- We also have expertise to scale-up complex processes for various types of biosimilar products including complex monoclonal antibodies.

- Our Fill-Finish manufacturing block has state of the art single-use technologies to execute drug product manufacturing in both sterile liquid formulations and lyophilized formulations.
- The facility and quality operations are cGMP compliant and are approved by both local and renowned global regulatory agencies.
- Our Fill finish manufacturing team has expertise in technologies involving Prefilled syringes, auto-injectors, liquid vials and lyophilized vials.
- The facility is complete with all activities related to formulation, filling, labelling and packing of PFS and vials, at single place.

## Quality Standards

- Quality is the hallmark of all activities performed at Hetero Biopharma.
- All our operations, from product development to the manufacturing and commercial release, are consistent and compliant as per global regulatory requirements.
- Most of all the key operations are automated to ensure quality is achieved by design and therefore complied with highest quality standards.





AWARDS,  
ACCOLADES  
AND  
ASSOCIATIONS

Hetero's Unit V at  
Jadcherla SEZ wins the  
'Golden Peacock Award'  
for Occupational Health  
and Safety



### GOLDEN PEACOCK



### SURAKSHA PURASKAR

Hetero's Unit V, Jadcherla  
received the prestigious  
'Suraksha Puraskar'  
(Occupational Health and  
Safety Award) for the year  
2018 from National Safety  
Council (NSC) of India



Hetero's largest API  
manufacturing facility at  
Nakkapalli, Visakhapatnam  
honoured with 'Excellent  
Energy Efficient Unit' Award  
by Confederation of Indian  
Industries (CII).



### EXCELLENT ENERGY EFFICIENT UNIT



### EXCELLENCE IN PHARMA PACKAGING

Hetero Biopharma –  
Awarded in the category  
of "Excellence in Pharma  
Packaging" by Ministry  
of Medical and Health,  
Government of Telangana



'Best HR Practices Award-2018' by Federation of Telangana and Andhra Pradesh Chamber of Commerce for Industries (FTAPCCI)



**BEST HR PRACTICES**



**OUTSTANDING EXPORT PERFORMANCE**



Outstanding Export Performance Award - Silver Star by Pharmexcil in the category of API/Bulk Drugs for the year 2018-19.

Hetero Group of Companies was honoured with Excellence in Corporate Social Responsibility at the 6th Edition of UBM India Pharma Awards 2018



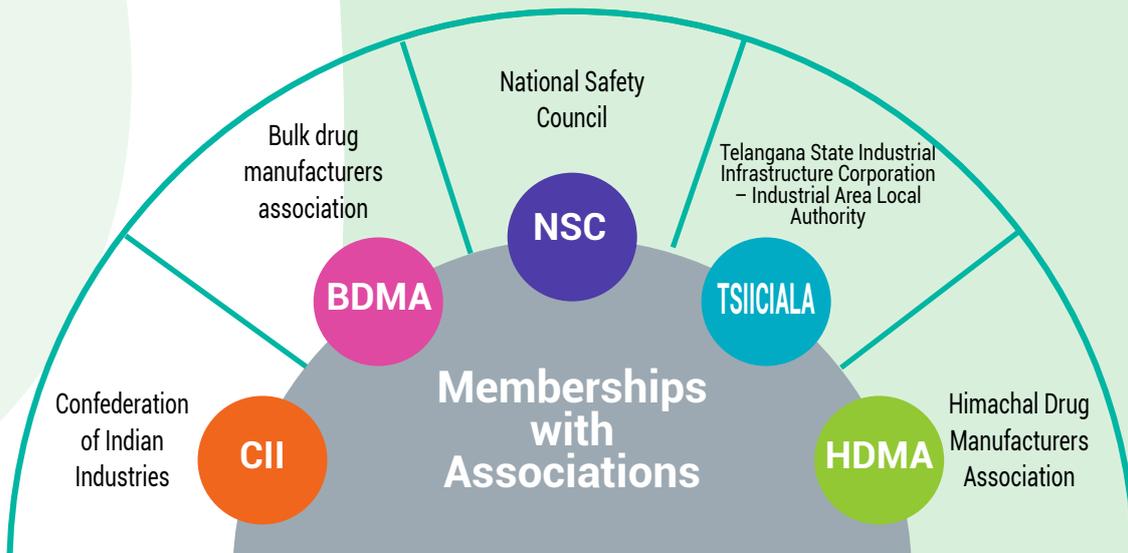
**EXCELLENCE IN CSR**



**CII-SR EHS EXCELLENCE AWARD**



Hetero's Unit VI at Jadcherla SEZ honoured with '4-Star Rating' for its commitment to EHS practices in the CII-SR EHS Excellence Awards



## Our Certifiers and Trainers



**bsi.**

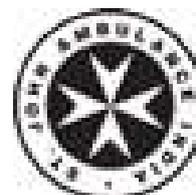
British Standards  
Institutions (BSI)



TUV India Pvt Ltd



DNVGL Business  
Assurance India Limited



St. John  
Ambulance



## Our Partners in Sustainability



**TRUSTED FOR QUALITY**



## **Global Regulatory Approvals**

US FDA | EU GMP | TGA – Australia | PMDA – Japan  
MHRA – UK | MCC – South Africa | ANVISA – Brazil  
IDA | PIC/S | INVIMA – Colombia | COFEPRIS – Mexico  
GCC – DR | MFDS – South Korea | MOH – Russia  
DIGEMID – Peru



A circular graphic with a colorful, abstract background. The background is divided into several segments of different colors: red, blue, orange, yellow, and pink. A white outline of a circle surrounds the graphic, with a small white circle at the top left and a white line extending from it towards the center. The text "ABOUT THIS REPORT" is written in white, uppercase letters in the center of the circle.

ABOUT  
THIS  
REPORT

## About this Report

This is our third sustainability report. This report has been prepared in accordance with global reporting initiatives (GRI) standards (Core Options) and covers period from 1st of April 2018 to 31st of March 2019. Last year, we have transitioned from GRI-G4 to GRI standard (Core Options). Our sustainability reports are based on key reporting principles of inclusiveness, completeness and materiality.

Hetero drugs Ltd., Hetero Labs Ltd., Hetero Biopharma Limited, and Corporate Office, at Hyderabad are covered in the boundary of this report. All our manufacturing operations for the aforementioned companies are in India. Sales and marketing offices are spread across the world and our products are supplied to different parts of the world. This reports boundary is limited to our India operations. All material topics covered in this report have same boundary as mentioned above, unless and until specified otherwise. Hence, the boundary of sustainability reporting has not changed between last year and this year.

Sustainability complements the growth trajectory of our business and to operate hand-in-hand. The purpose of sustainability reporting for Hetero is to share with all interested stakeholders its annual performance on sustainability parameters.

**There are no material re-statements in last year's i.e. FY17-18 report. However, the report has corrections as stated below:**

- The number of active vendors this year includes vendors from other business activities like biosimilars as well, due to which the overall number of vendors has undergone a revision.
- As per GRI 2018: Third-party water includes

municipal water suppliers and municipal wastewater treatment plants, public or private utilities, and other organizations involved in the provision, transport, treatment, disposal, or use of water and effluent. Also, this year all data has been reported in ML.

**This year our sustainability priorities have been aligned not just to our business but also to that of the country's challenges and commitments:**

- Water and Wastewater – We have worked extensively to improve our performance on water recycling and stepped up our water conservation measures.
- Climate change and Energy – We have to curtail our dependence on fossil fuel to reduce carbon footprint while energy conservation compliments the efforts of bringing about this change.
- Process Safety – Safety is uncompromisable. Last few years we have being upping our safety focus. This year we have given enhanced focus to process safety risk mitigation.
- Industrial Hygiene was also taken as a priority for mitigating risks related to various potent molecules

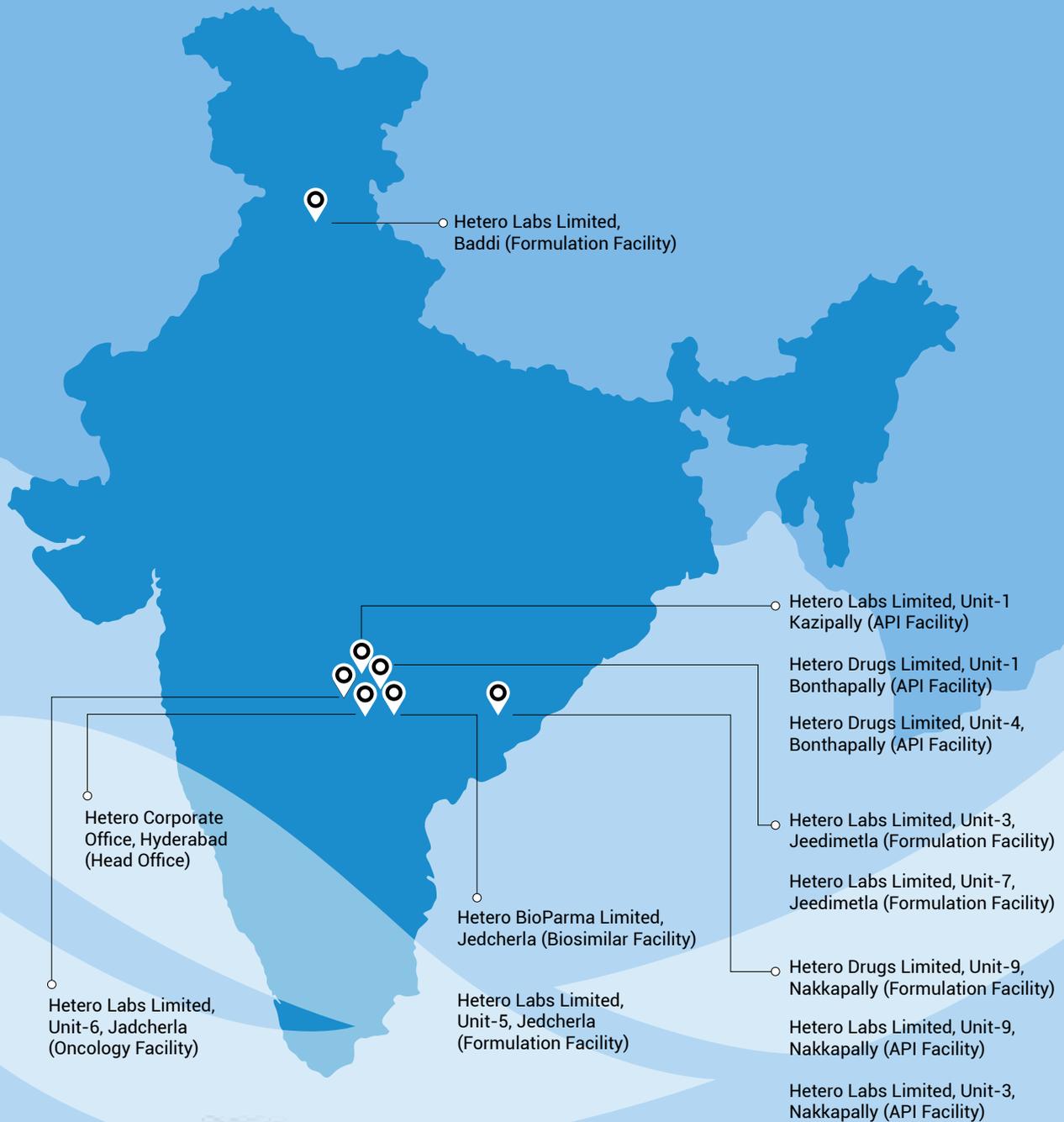
### Assurance

We carry out third party assurance of our sustainability reports. The external assurance of report has been provided by BSI in accordance with the AA1000 assurance standards. The assurance standard is a part of this report.

### Reach Out

Any queries, suggestions and feedback about this sustainability report please write to us at [sustainability@heterodrugs.com](mailto:sustainability@heterodrugs.com).

## Location of Hetero's manufacturing facilities:



Owing to diverse product portfolio, category wise quantification of each product is challenging and hence, it has not been captured in this report. However, our production capacities for different types of products are provided below. Any product specific information can be provided on request.

**Reactor Volume**  
(in kl) (per Annum) **7,320**

**Installed Capacity**  
(in MT) (per Annum) **36,878**

**Bulk Manufacturing**  
**120 KL / Annum**  
**200 L to 1000 L**

bioreactors  
(Simultaneous  
manufacturing of  
3 products)

**Formulation Manufacturing**  
**PFS**  
**3 Million / Annum**

**Vials**  
**1 Million / Annum**

**APIs**

**Biosimilars**

## OUR PRODUCTION CAPACITIES

**Formulations**

**Tablets**  
(Billion units) **45.0025**

**Pellets**  
(Tonnes) **360**

**Capsules**  
(Billion units)

**6.7025**

**Liquids**  
(Million units) **22.5**

**Injectables**  
(Million units)  
(includes lyophilised, liquid & powder) **181**



## Our Materiality Process, and Progress

This is our third sustainability report. During the development of our first report for the year 2016-17, an extensive materiality assessment was carried out to identify the material sustainability aspects for Hetero. These were identified through extensive interaction with the internal stakeholders.

We have established stakeholder consultation process with each stakeholder group. Our consultation with each stakeholder group is a reflection of the sustainability aspects relevant in their interface with the company. This year in addition to regular consultations we also developed structured stakeholder specific feedback forms for undertaking stakeholder feedback on sustainability matters. These

feedback forms were deployed through online survey for all employees who are at executive and above levels. While, customer and supplier survey forms were merged with overall customer and supplier feedback process. In addition, regular interactions with stakeholders through sharing of environmental performance reports with Pollution Control Board etc. were carried out. Response received through this mechanism was discussed internally.

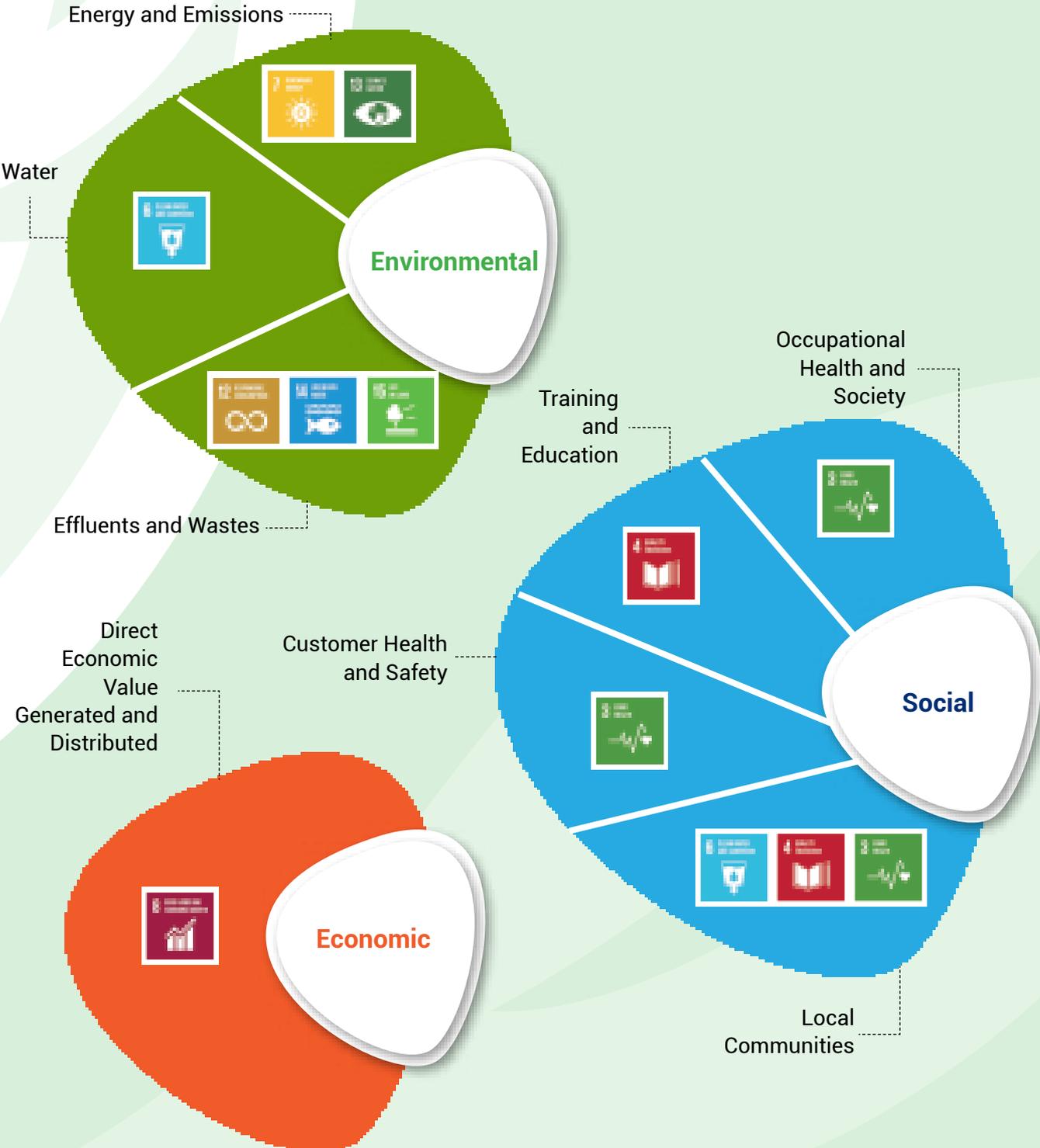
Further, we also continue to review the industry-based drivers like customers' expectations, opinions and trends in sustainability emerging from desk-based reviews to make adjustments in the materiality and indicators being reported.

Stakeholders	Key stakeholder interest and concerns derived from stakeholder engagement	Mode of Engagement	Frequency of engagement
<b>Government organizations:</b> State Pollution Control Board (SPCB), Ministry of Corporate Affairs 	Government – CSR spent, effluent and waste	Site Visits, Personnel interactions, Participation in Meetings, Feedback on Sustainability Report.	Annual
<b>Customers:</b> Business to business customers 	Customer – Health and Safety, Compliance, product quality, reliability	Customer Meets Formal and informal Feedback from Customers /Health Professionals/ Medical Practitioners Customer Audits.	Annual
<b>Employees:</b> Full time and contract employees 	Employees – Occupational health and safety, career progression, non-discrimination, learning	Online Surveys, Feedback forms, Employee Meets, Skills Development programs, Open Floor Suggestions, Annual Performance Management system.	Regular Intervals
<b>Society:</b> Local Communities 	Society – education, contribution to well-being and environmental performance	Village Meetings Community surveys Feedback from Community Participation in local activities.	Annual and also on need basis
<b>Suppliers:</b> Contractors and Material Suppliers in India 	Suppliers – health and safety and ethical procurement practices	Vendor Audits, Facility Visit, Offsite Assessment Online Surveys, Agreements, Suppliers Trainings.	Annual and also on need basis with specific suppliers (with respect to supplier assessments)
<b>Investors:</b> Board of Directors and Bankers 	Investors – Long term sustainability, transparency, compliance, economic value	Directors Meetings Annual Review Meetings Publish Annual Reports.	Once in 3 months

This year we have reviewed material issues internally and did not identify the need for any adjustments or changes in the indicators already being report. Hence, this year we continue to report on the same indicators as last year. We carry out extensive materiality assessment once in three years. In 2019-20, materiality will be revisited extensively and any changes will be reflected accordingly.

Detailed list of indicators reported can be found in the GRI Index at the end of the report. We have mapped our material topics/ action to the United Nations Sustainable development goals (UN SDG). Our sustainability topics align with eight of the SDG goals.

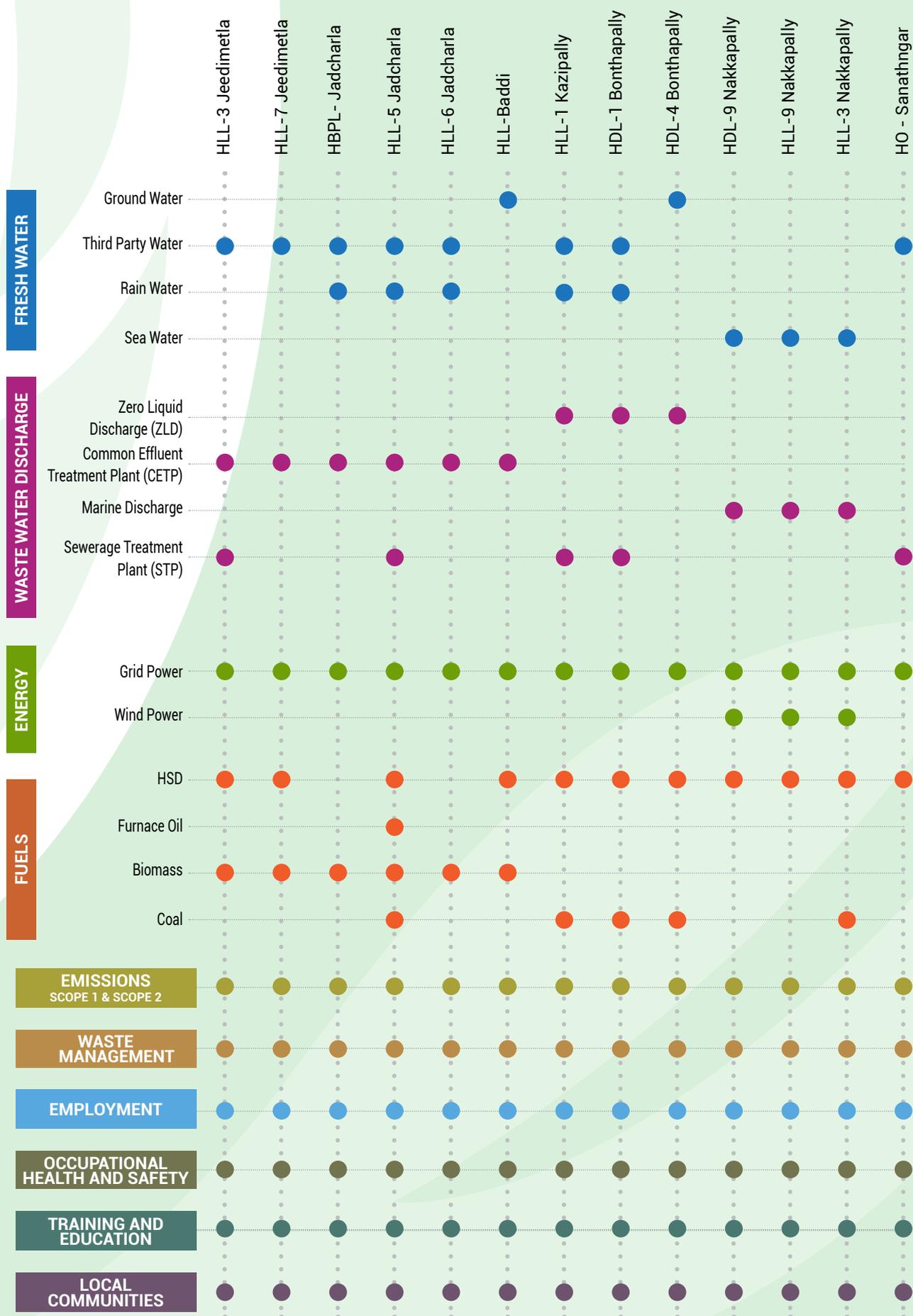
### Material Topics and Aligned UN SDGs





*Hetero Corporate Office, Sanathnagar, Hyderabad*

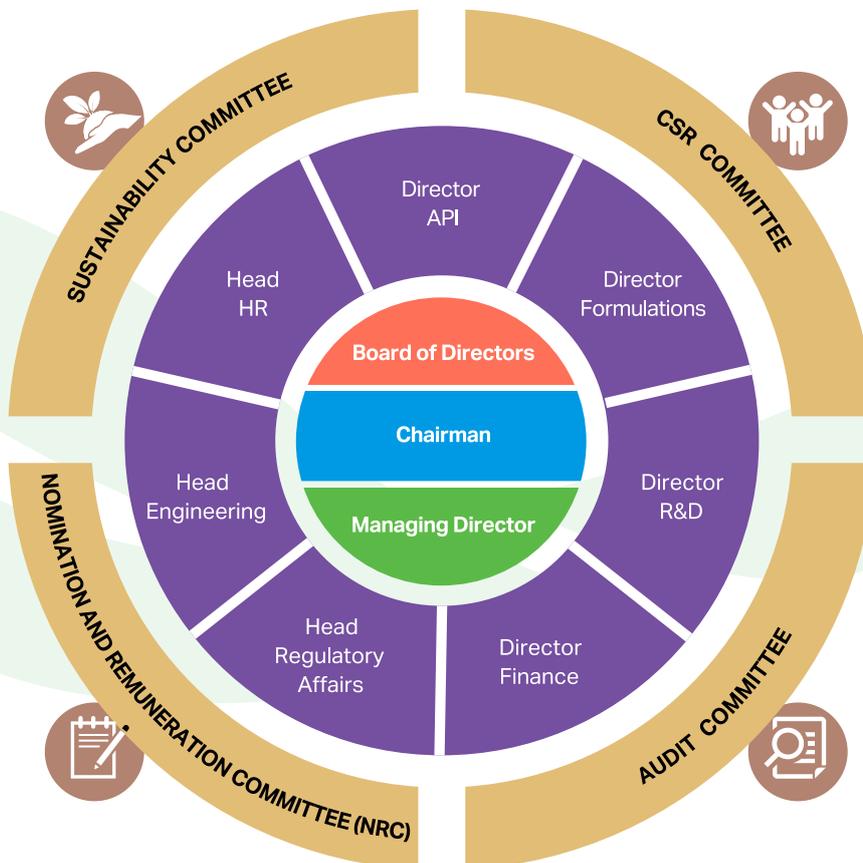
## Material Topics & Boundaries



## Connecting Governance to Sustainability

Hetero Group has always put its best efforts to maintain highest standards of governance in all its transactions. As we grow it becomes essential that we increase our emphasis on practices and systems essential to good governance. Quick and timely action at all levels is also inherent to good governance. At Hetero we act by our core values and amongst them Quality, Dynamism and Responsibility are the values which guide our governance system. This year we have taken steps to enhance our sustainability governance systems through the "sustainability guiding principles".

The Board of Directors is the highest governing body at Hetero. This body steers the company's strategic directions. Our Board of Directors comprises of Executive Chairman, Managing Director, Woman Director, Whole-Time Directors and Independent Directors. Out of 9 directors, we have two independent directors and one female director. Statutory committees which are constituted by the Board of Directors viz., audit committee, nomination and remuneration committee and CSR committee under the chairmanship of Independent directors, assist in providing implementation of strategies and drawing road maps.



Sustainability Governance Structure at Group Level



Sustainability guiding principles development has strengthened our policies and systems on sustainability and proves to be useful in complying with internal policies and external regulations.

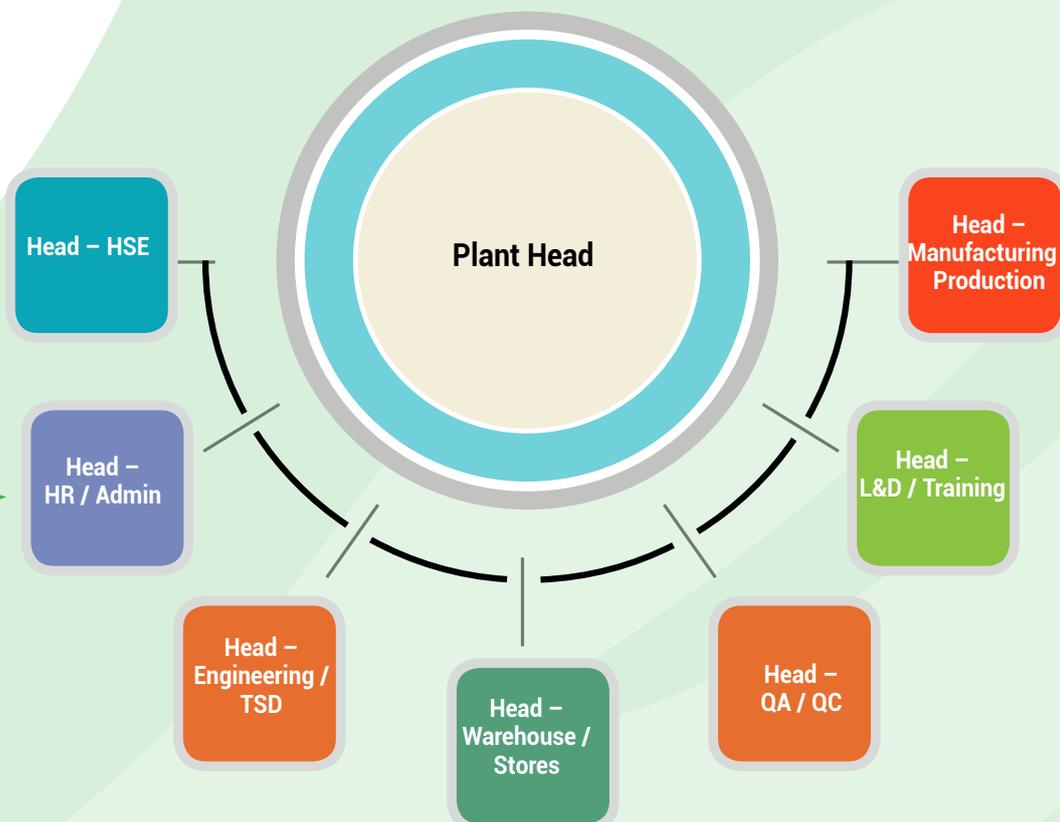
**A. Sudhakar Reddy**  
Vice President - Liaisoning

These committees are governed by the terms of reference as provided under the requirement of the Companies Act, 2013 and meet atleast once in a year. The Company Secretary in consultation with the Chairman of the Board / Committees sets the agenda for relevant items / matters as required to discussed / approved by the Board / committees in the meetings as and when needed.

The sustainability committee at Hetero is headed by Managing Director. The committee comprises of heads of Sustainability, regulatory affairs, Corporate Communications, CSR, HSE, Human Resources, Learning and Development, and Engineering. This Committee has the

responsibility of formulating and driving the sustainability initiatives of the company. This Committees meets atleast once in a year or as and when needed. The Sustainability Committee is guided by the policies formulated by Hetero .

Plant level sustainability team headed by Plant Head and comprises of plant level Heads of HSE, HR & Admin, L&D, Training, Engineering, QA/QC, Manufacturing / production, Warehouse / Stores Etc. These committees meet at regular interval and address the plant level sustainability topics. The corporate sustainability team regularly interacts with the plant level team and understands, reviews and undertakes necessary actions where applicable.



**Sustainability Execution Structure at Plant Level**

## Sustainability Guiding Principle

In FY18-19, we took a unique initiative of development and rolling out of a comprehensive document called "Hetero Sustainable Guiding Principles". The document has been prepared with an intention of setting out the requirements; including establishment, documentation, implementation, maintaining and continually improving the effectiveness of current applicable legal and other compliance obligations and complimenting sustainability practices at Hetero.

Dissemination of the sustainability guiding principles document to all employees has been undertaken last year and is an ongoing process.

We utilize mail services, forums, sessions and our L&D portal for dissemination of the guideline and associated information with employees.

Appropriate structure has been developed to facilitate the implementation and use of these policies by employees and external partners as relevant.

In addition, the code of conduct at Hetero defines the personal Conduct & Behaviour, Conduct at Work, Interface with the External world, Integrity in Conduct of Company Business and addresses Conflict of Interest.

## Hetero Sustainable Guiding Principles



# Policies, Conduct and Practice Guidelines that Support Sustainability



- Freedom of Association and the Right to Collective Bargaining
- Policy Against Discrimination
- Policy Against Forced or Compulsory Labour
- Disciplinary Policy
- Working Hours and Over Time Policy
- Remuneration Policy
- Whistle Blower Policy
- Employees Resignation and Discharge Policy
- Grievance Handling Policy
- Policy Against Harassment / Abuse
- Expectant Mothers Policy
- Fair business practices
- Anti-Bribery and Anti-Corruption Policy
- Employee Conflict of Interest Policy
- Anti-Money Laundering Policy
- Responsible Marketing Policy
- Information Security Policy
- Sensitive Transactions Policy
- Sustainable Procurement Policy
- Customer Safety Guidelines
- Hse Policy
- Energy Policy
- Biodiversity Policy



### **Risk Review and Audit Procedures**

Risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and other activities. The board of directors and the audit committee is responsible for overseeing other risk assessment and management policies and processes.

Internal audit and review procedures have been extended to sustainability and elaborately described in the sustainability guiding principle of the company. An elaborate checklist of items which must be assessed in internal audits to capture sustainability practices has been

developed. We have initiated deployment of these practices in our internal audits and intend to make it more rigorous in future.

### **Enhancing Data Integrity**

Reliable, and unambiguous data is an essential pillar of sound sustainability practices and decision making. To support better governance, decision making and improve transparency we updated and improvised on our earlier basic sustainability database to an elaborate sustainability portal. This portal captures most of the material sustainability information. It has additional feature of capturing sustainability related expenses etc. as well. Manual intervention in data capture has been limited through the use of this system and plant and corporate level responsibilities and data ownership have become more pronounced. Complete implementation of the portal will be completed by FY 19-20.



## Our Actions Reflect Customer Expectations

We have always been conscious of sustainability in our operations and imbibe changes in this domain regularly. This approach has led to meeting the customer sustainability expectations, set out by several critical customers. It is also evident in the survey results of EcoVadis, Supplier Sustainability Rating. We participate regularly in the EcoVadis survey.

The EcoVadis rating methodology is based on seven principles:

- It is evidence based. It uses the evidence submitted by a company.
- It considers the material industry Sector issues, the risks present in the country of operation, the size of the company and geographies of operation.
- The rating is based not only on supporting documents provided by the company but also on standpoints published by NGOs, trade unions, international organizations, local

authorities, or other 3rd party organizations (e.g. auditors, CDP, external compliance database).

- It is technology based
- The supporting documents are analysed by a team of CSR experts from around the globe who keep track of the latest best practices in CSR.
- Traceability & Transparency is of utmost importance
- Excellence through Continuous Improvement which has appropriate quality controls, undergoes continuous improvement, and takes stakeholders' feedback. For FY18-19 sustainability performance, Hetero Labs Ltd. has received a silver rating and Hetero Drugs Limited has received Bronze Rating.

Over the years, our focus on making our operations sustainable by focusing on what



Hetero Labs Ltd

76<sup>th</sup> Percentile



Hetero Drugs Ltd

53<sup>rd</sup> Percentile

is under our immediate control has resulted in Hetero Labs achieving substantially higher score than industry average

We reflect on every rating and ranking that is achieved from EcoVadis and plan our way forward.

We have worked extensively on updating and adding policies and implementation of measures across all thematic areas, recommended by Ecovadis through effective implementation of management systems.

Every year, we are growing stronger in sustainability performance, by working together and addressing sustainability issues most relevant to Hetero, its customers and stakeholders.



Sudershan Pallap  
Associate Vice  
President - Legal



Srinivasu Metlapalli  
GM - HSE  
(Formulations) &  
Head - Sustainability



## Sustainability Targets Performance Summary

Employees are our greatest assets and we strongly care for their life. Besides constantly embracing newer technologies and processes for mitigating occupational hazards, we frequently conduct health and safety awareness drives to inculcate safety culture among our employees. We also implement a host of environmental measures that fall within and beyond the fold of our operations. They include utilizing best of available technologies for efficient effluent treatment and waste management, natural resources' conservation, harvesting renewable sources of energy besides tree plantation programs among others.

Meanwhile, we have been on track in achieving the other milestones i.e. setting up of goals and targets, and approach to sustainability themes outline in our first report. In 2017-18 we have through a systematic approach defined goals and targets for selected sustainability indicators. All goals and targets have been set for the target year 2022 with the base year of 2017. We are tracking our progress against these targets and the same is presented in this report.



## Progress Against Targets

### Environment

Targets	Reduce specific fresh water consumption by 5% by 2022 (base year 2017)	Reduction of Greenhouse gas (GHG) emissions by 2% by 2022 (base year of 2017)	Increase in waste water recycling by 5% by 2022 (base year 2017)	Reduction of landfill waste disposal by 10% by 2022 (base year 2017)
Unit	ML/Mn Rs Revenue	tCO <sub>2</sub> e/Revenue from sales in Million Rupees	ML	MT
FY 2016-17	0.0116	4.9	107.48	2213
FY 2017-18	0.0114	4.88	167.96	6163
FY 2018-17	0.0108	4.65	212.26	5533
Progress	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: orange;">●</span>

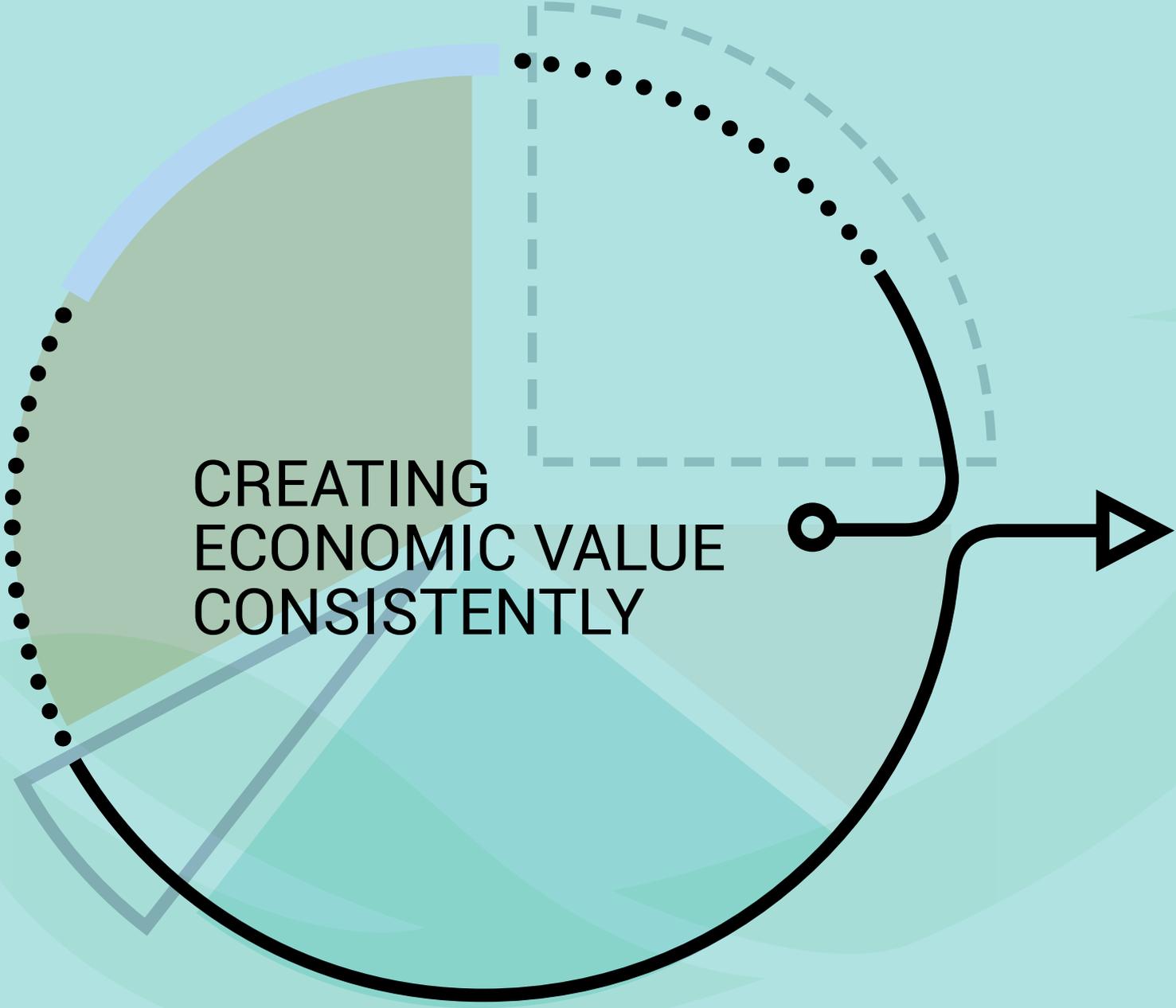
### Health & Safety

Targets	Risk Assessment Review at least 75% of facilities 2022	2 Man day safety training per head per year 2022
Unit	%	Man days
FY 2016-17	Not compiled	Not compiled
FY 2017-18	Not compiled	Not compiled
FY 2018-17	36	1.39
Progress	<span style="color: orange;">●</span>	<span style="color: orange;">●</span>

### Sustainable Procurement

Targets	100% communication of requirements on sustainable practices to vendors 2022	100% vendor qualification audits for raw materials 2022	100% assessment of vendor sustainability practices through Monkey Survey by 2022
Unit	%	%	%
FY 2016-17	0%	-	-
FY 2017-18	60%	Process Initiated	90%
FY 2018-17	90%	Under Trial	90%
Progress	<span style="color: orange;">●</span>	<span style="color: orange;">●</span>	<span style="color: orange;">●</span>

● Achieved ● Under Progress



CREATING  
ECONOMIC VALUE  
CONSISTENTLY

## Economic Performance

We have made substantial inroads in the emerging markets of South-east Asia and CIS countries with our branded generics. Beyond the emerging markets, we are strongly focussing on making forays into the key regulated market like EU with our branded generics. We have forged partnerships and formed JV to further strengthen our position.

Our association with world prominent aid agencies helps in ensuring that we not only make profit but we live our mission of access to affordable life-saving medicines.

Some of the top global aid agencies partnering with us for ensuring access to affordable life-saving medicines:

PEPFAR - SCMS / Chemonics | UNDP | PAHQ | GLOBAL FUND | MAUL | MSF | IDA | CHAI | UNOPS | UNICEF etc

We have for our future works identified anti-cancer and anti-ARV to be the way for creating value for in entire value chain from supplier to customer and consumer.

### OUR KEY FOCUS AREAS



#### Established Leadership in ARV

- Committed towards HIV/AIDS treatment since 1997
- Catering to 40% of existing global HIV/AIDS treatment\*
- Strong portfolio of over 30 ARV combinations and counting
- Strong distribution network in 120 countries and 2000 product registrations with local regulatory authorities
- Leading supplier of ARV APIs to renowned ARV finished dosages' manufacturers
- Partner of choice for renowned global procurement agencies

#### Expanding Expertise in Oncology

- Offering anti-cancer products at affordable prices
- 3 dedicated state-of-the-art finished dosage facilities in India and China.
- 35+ world class products in portfolio for various types of cancers
- Delivering to different dosage forms including injectables



\*Ref: 1.UNAIDS Data 2017 | 2. Global AIDS Update 2017 | 3. UNAIDS.org | 4. Either API or FDF. Data on file.

Over the years our revenues have consistently increased. This year we achieved revenue growth of 14% with reduction in operating cost by 5%. We always hold people in high stead and our spend on employees this year has increased by 14%. Similarly, CSR spend is defined by community needs and complemented by company's growth. In this year our CSR spend tripled from last year. No environmental fines and penalties were applicable for the FY18-19.

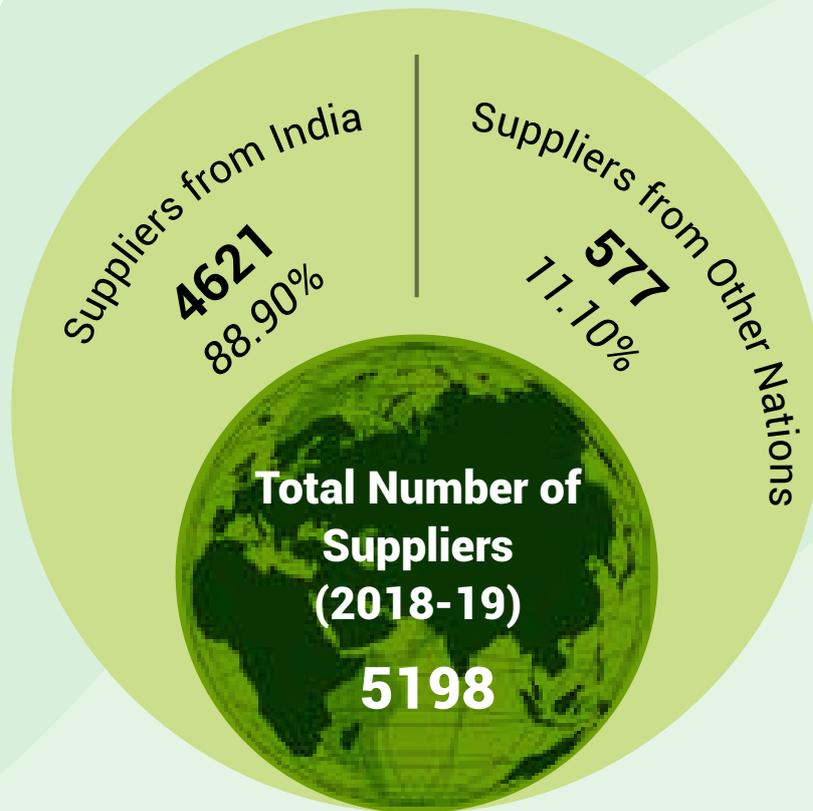
Valsartan API is identified N-Nitrosodimethylamine (NNDMA) as a possible process impurity or contaminant in the drug substance Valsartan manufactured by Hetero Labs Limited. Regarding the manufacturing and analysis of Valsartan drug substance does requires no existing control method or acceptance limit for the impurity N-Nitrosodimethylamine (NNDMA) as part of specification in the approved registration for Valsartan drug substance. Hence, the API manufacturer has initiated a voluntary recall for the supplied API batches. We have destructed the WIP / FG batches of valsartan from the plant. Product Recalled from various countries to their respective HETERO / sister-concerns and destructed.

Revenues		86,459 INR Millions
Direct Economic Value Generated		86,459 INR Millions
Operating Costs		68,133 INR Millions
Employee Wages and Benefits		7,386 INR Millions
Payments to Government		7,157 INR Millions
Community Investments		209 INR Millions
Profit After Tax		4,991 INR Millions
Economic Value Distributed		81,514 INR Millions
Total Capitalization Debt		42,003 INR Millions
Total Capitalization Equity		60,848 INR Millions
Net Sales		81,698 INR Millions
Payments to Providers of Capital		45 INR Millions
Economic Value Retained (Direct economic value generated' less 'economic value distributed')		4,945 INR Millions



### Creating value for local businesses

Our supply chain also depicts our business footprint. India has been our manufacturing hub and hence, most of our supply chain is spread within India. It is also imperative that we meet some of our requirements through suppliers from other nations. Our increasing business footprint in other countries also contributes towards the same. We have a balanced local (refers to Indian suppliers) and non-local (refers to other than India) supply chain of about 89% and 11% respectively.



Supply chain considered is gate to gate hence including Raw materials, Service providers etc...



KEEPING  
ENVIRONMENTAL  
FOOTPRINT GREEN  
AND CLEAN

Environment is a shared resource. It requires responsible approach. Being responsible is a core value of Hetero. We extend this core value to environment and take responsibility of the impact of our operations on the environment and make efforts on effective utilization of natural resources. It is our endeavour to operate in a manner that the environmental footprint remains minimal, green and clean.

### **Our strategy and approach to environment**

- Systematic approach to environmental management through implementation of international environmental management systems
- Have an annual dedicated budget for environment to ensure timely implementation of environmental measures
- To always learn and incorporate good environmental practices
- Always comply with local regulatory requirements
- To make environment everyone's responsibility in the organization and over the years extend it in our supply chain.

### **Water Resource Protection and Water Use**

We acknowledge that water is a shared resource with competing demands. Fresh water, specifically, though replenishable is limited and essential for human life. We operate in fresh water stressed areas. Hence, our approach to water is to always evaluate water use and reduce our consumption of fresh water. We have been sensitive to the community needs and constantly work towards ensuring they are met. We have been working with communities to supply safe drinking water. In view of the importance of freshwater, we have recognized water as our key sustainability priority for the

year. While setting the targets last year, we have decided to reduce our specific freshwater consumption by 5% by 2022 over a base year of 2017. We intend to achieve this target by:

- Increasing our water use efficiency through regular internal water monitoring system
- Significantly increase rainwater harvesting and use of rain water
- Significantly increase the share of recycled water in our production process, utilities and to continue efforts in finding ways to utilize the same

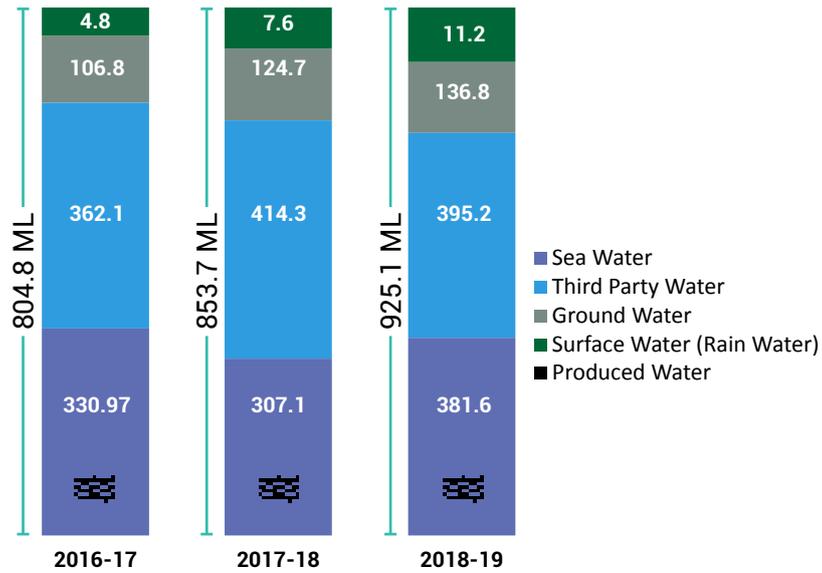


Being a pharmaceutical industry, our process water needs to meet high quality standards. It makes utilization of fresh water essential for the process and product safety.

The rain water harvesting pond of 55,000KL capacity was set up and came in use in the

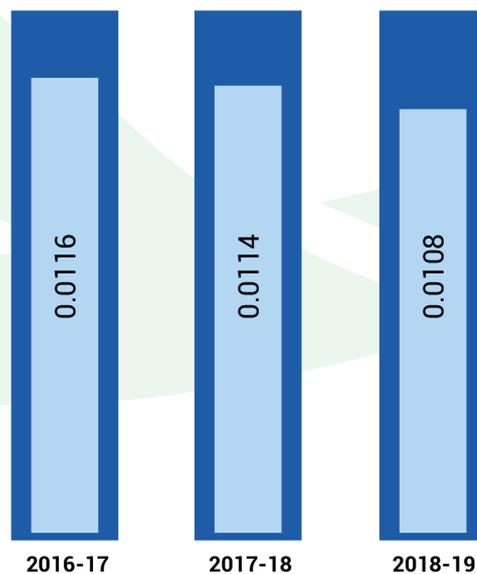
year 2018. This complements other rainwater harvesting structures set up at various locations. Due to these measures the rainwater use has increased by 133% in last three years. From next year, rainwater harvesting pond, when at it's full capacity, is expected to increase the rainwater.

**Total Water Withdrawl by Source (in ML)**



Specific fresh water consumption has reduced by 7% over the base year. Target of 5% has been achieved. We will in the future work towards maintaining and improving the same.

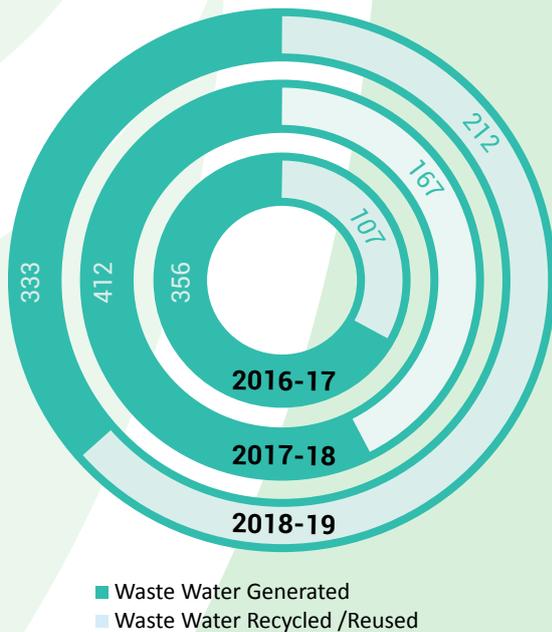
**Specific Fresh Water Consumption (ML per Million Rupees Revenue)**



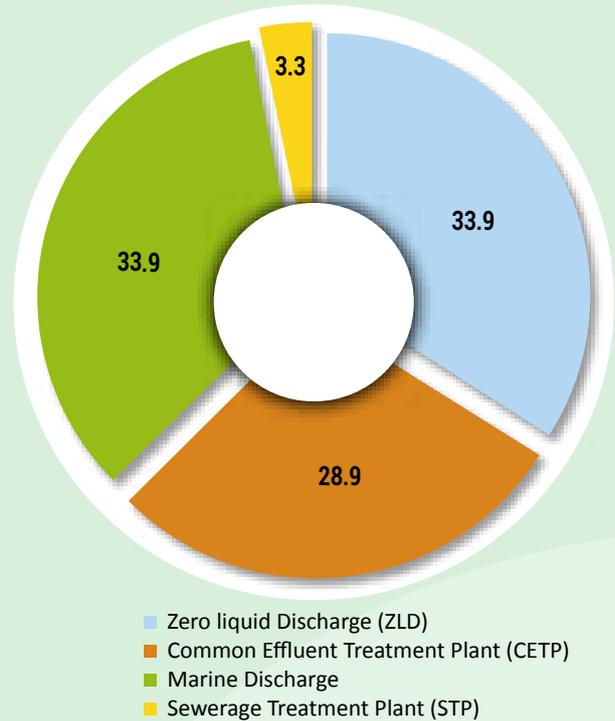
## Water Reuse and Recycle

Seven of our manufacturing units are zero liquid discharge units while other units discharge water to common effluent treatment plant and marine discharge. We have made significant investments and technological upgrades which have resulted in doubling the use of treated effluent/wastewater in our operations. However, as per the directions from State pollution control board effluents of Jedcharla units started sending its effluent to CETP; hence, total effluent being discharged to CETP has increased.

**Effluent Generation and Circulation (in ML)**



**Waste Water Disposal Pattern (%)**



## Monitoring and Measuring

At Hetero, monitoring and measuring is considered to be critical in achieving both business and sustainability targets. We have meters installed where essential. Inflow of water into our premise, and ground water withdrawal are measured through dedicated meters. Effluent discharge and recycling of treated effluents is also measured and recorded regularly.

We have laboratory facility and as well as third party vendors to carry out effluent quality measurement. We generally measure COD, BOD, TSS, pH, SS and NH<sub>3</sub>. Measurement parameters are decided as per the regulatory requirements stipulated by SPCB or MoEF and any specific needs identified.

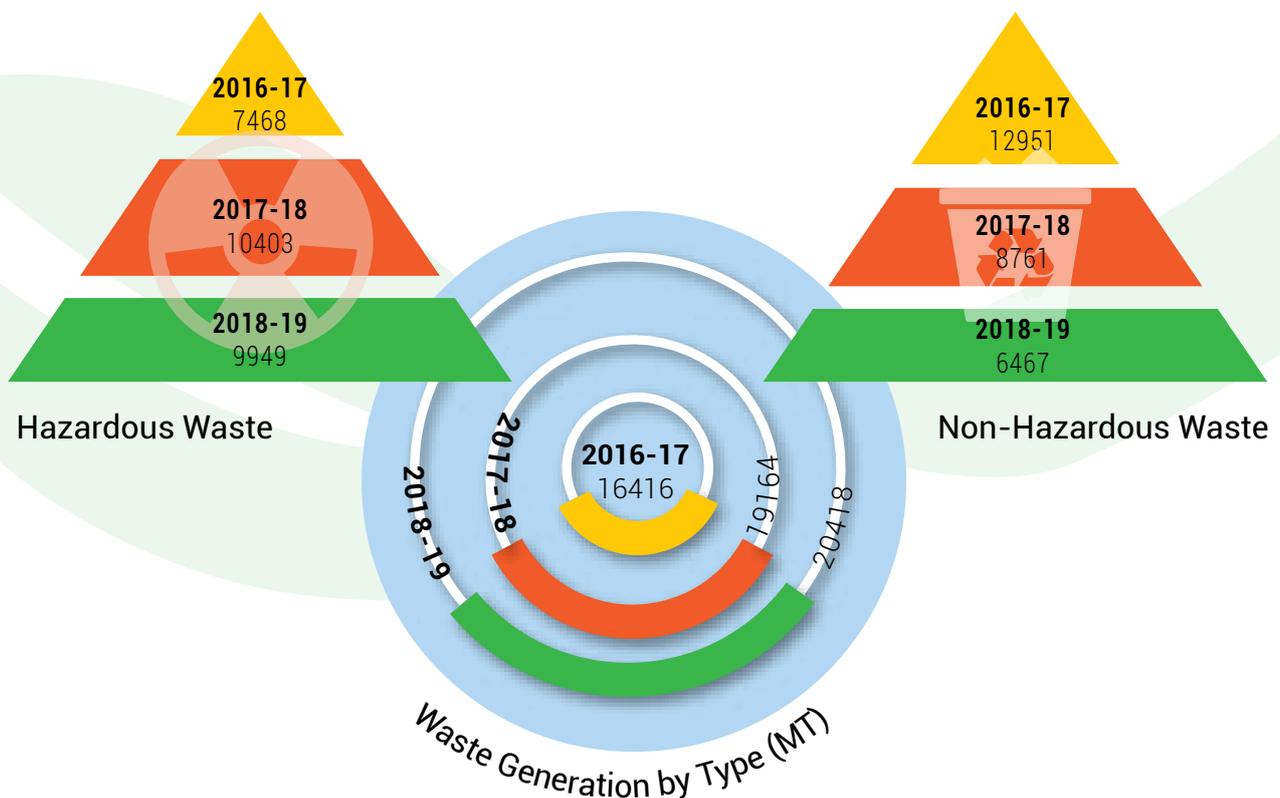


ETP & STP – Jadcherla Unit



## Waste Management

Waste generated from industrial sources reaching the landfill. Thus, our other effort on sustainable land utilization is towards better utilization of the waste generated in our operations by co-processing and recycling, thereby reducing the waste reaching landfill. Last year, we stepped up by our commitment by taking a target to reduce the landfill waste by 10% by 2022 over the base year of 2017.



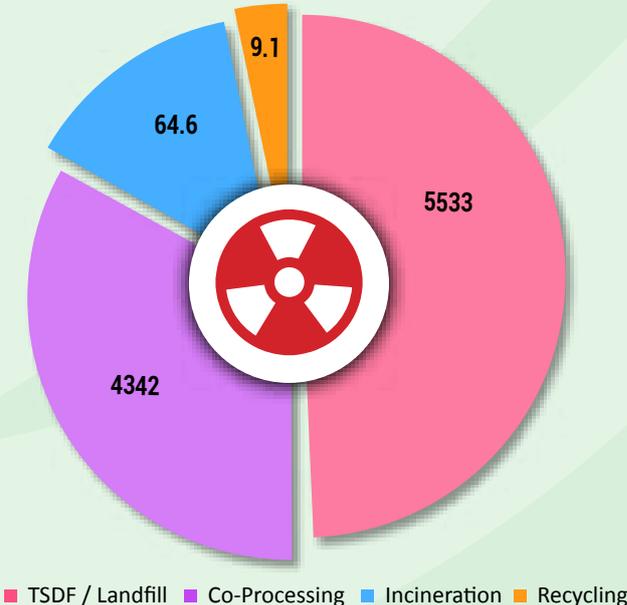
Waste disposal is governed by the method of disposal mentioned in the consent / hazardous waste authorisation issued by the regulators and effective environmental management systems like ISO14001. Major hazardous waste generated in our operations is process rejects / residues, distillation residue, spent carbon, evaporation salts, ETP sludge, and bio-medical waste. About 43% of the waste generated this year was utilized for co-processing purposes. Non-hazardous waste constitutes mainly HDPE drums/carboys, MS drums, packaging material, metal scrap, plastic, paper, rubber and glass.



**Specific Waste Generation**  
(MT per Million Rupees Revenue)



**Hazardous Waste Disposal Pattern (MT)**





CLIMATE  
AND  
ENERGY

## Energy

Energy management systems ISO 50001 has been implemented at most of the factories in India. The energy management system guides us in implementing effective energy management. At Hetero, employees at all level are engaged in energy management. Energy related awareness sessions are regularly conducted to keep the teams updated on energy related practices. Standard operating procedures and work instructions have imbibed energy management where relevant. We also conduct and include relevance of climate change in various training sessions and factory level meetings. For us climate change and our energy performance are intertwined.

Climate change can impact the availability of resources and the cost of resources. We view energy as one of the key resources to be impacted by climate change. We have taken a target to reduce our specific GHG emissions (scope 1 and scope 2) by 2% by 2022 with 2017 as the base year. We have carried out target setting in 2017-2018. To achieve our targets, we have adopted a strategy of reducing the energy consumption and increasing the share of renewable energy in our portfolio. Climate change and energy were

also among the sustainability priority areas for FY18-19. In our operations energy is primarily used for generation of steam and heat for process purposes.

Our overall energy consumption in this year, grew from 3449.87TJ to 3769.09TJ which is an increase of 9% over previous year. We continued to procure and utilize almost the same quantum of wind power as earlier.

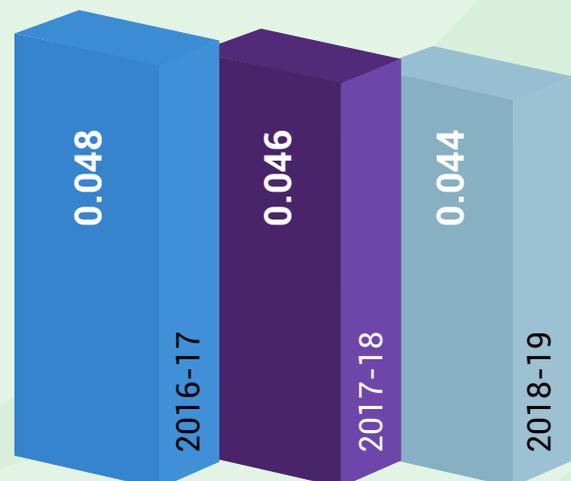
Due to ENCON projects carried out 5-8% of energy reduction has been achieved across all units. The key activities carried out are:

- World class screw/centrifugal chillers with evaporative condensers.
- Sea water desalination with Turbo / ERI/I Save Technology
- Replacement of High Efficient Agitators in process vessels
- High grade MOC equipment, Palladium Titanium, PDTi Heat Exchangers
- Saturated Steam Turbines in process Boilers
- Vertical Inline pumps for all major utility services

### TOTAL ENERGY CONSUMPTION (IN TJ)



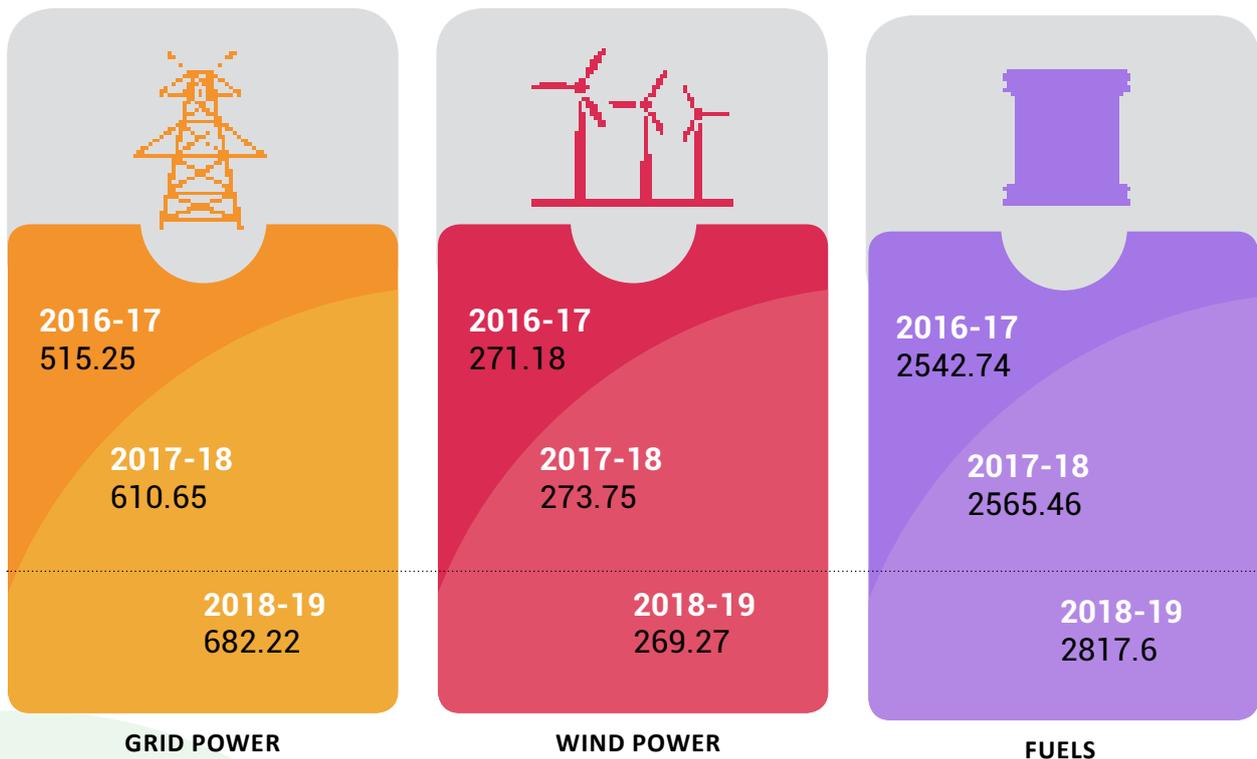
### ENERGY INTENSITY (Per Million Rupees Revenue)



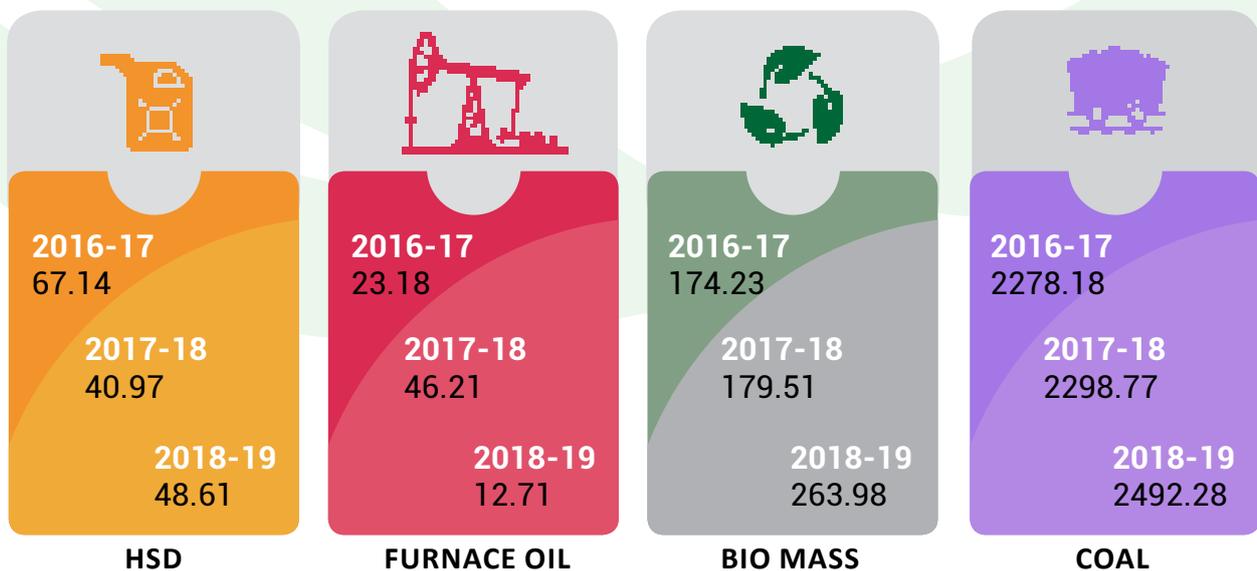
Few years ago, we had decided to increase the use of renewable fuels in our production process and reduce the consumption of furnace oil and high speed diesel (HSD). With gradual efforts, this year we have successfully been able to reduce the use of HSD and furnace oil by about 28% and 45% respectively over FY16-17. Correspondingly, our biomass consumption has

increased by 52% in the same time frame. Six units have started producing 100% of the steam using biomass with coal and furnace oil being the standby option. Despite limited availability of biomass briquette, we have made efforts to establish dedicated supply chain for biomass-based briquettes.

### ENERGY CONSUMPTION (TJ) BY SOURCE



### ENERGY FROM FUELS (TJ)

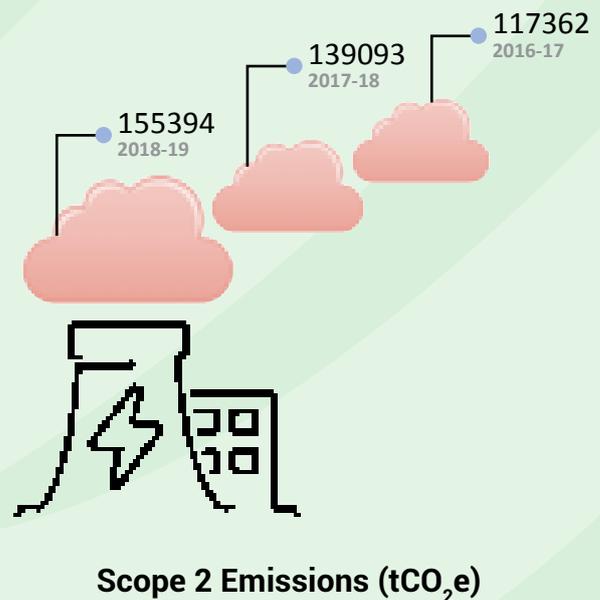
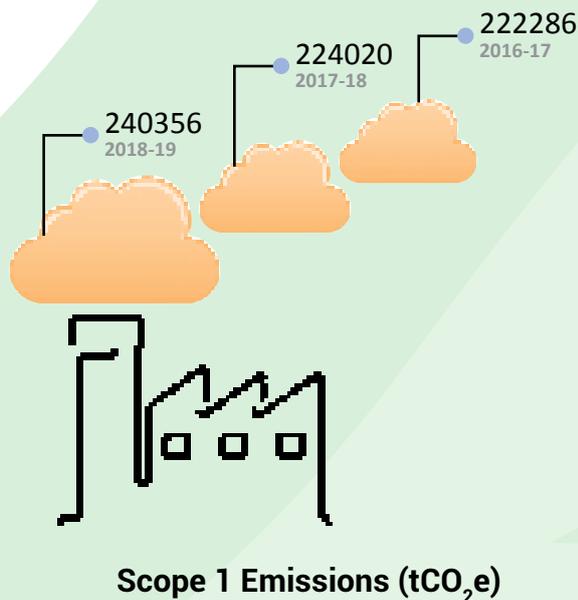
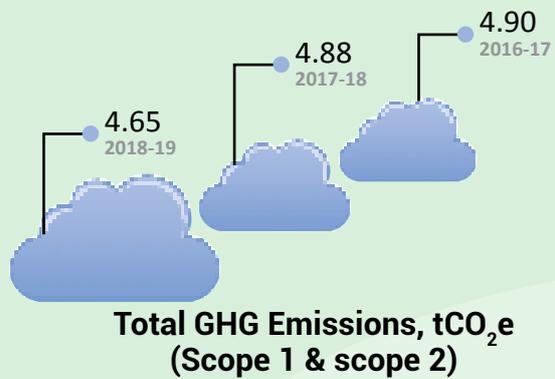
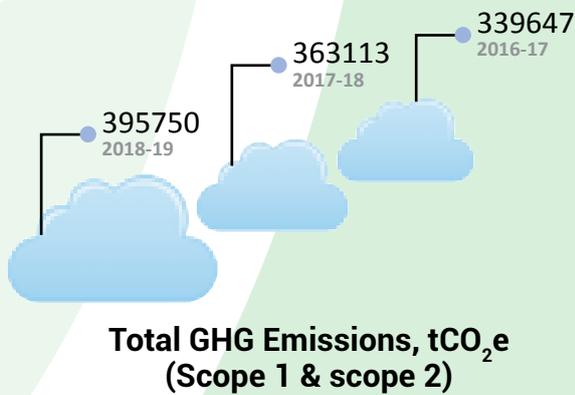


## Emissions

In 2016-17, we had developed the procedure for calculating scope 1 and scope 2 GHG emissions as per The GHG protocol and reported CO<sub>2</sub> emissions only. In some of our processes a nominal amount of R401A and SF6 is emitted and is not significant. Hence, not included in GHG emission calculation. We continue to use the same methods and procedure to calculate emissions. Our scope 1 emissions are largely attributable to use of fossil fuel for generation of steam in boilers. Whereas scope 2 emissions result from use of purchased electricity. The

scope 2 emissions due to purchase of grid electricity is calculated by multiplying grid electricity purchased by the GHG emission factor for grid i.e. 0.82t CO<sub>2</sub>/MWh. Between FY 17-18 and FY18-19 overall GHG emissions grew by about 9%. However, we have been able to bring down GHG intensity by 5% in FY18-19 over the base year and superseded the target. In the coming years, we intend to stabilize this achievement and enhance climate performance, followed by revision of targets.

### GHG Emissions (tCO<sub>2</sub>e)



One emission source was considered in Scope 2 instead of Scope 1 in last year. Same has been corrected in current report.

## Greening the Grid

We wanted to expand the footprint of our positive climate impact beyond our operations. In the quest to do so, company has set up Hetero Wind Power, whose core business is to generate green power and supply to the grid. The objective of this company is to help in greening the grid while being economically successful. So, far wind and solar power plant have been installed in the Indian states of Andhra Pradesh and Telangana. Total installed capacity for wind is 124.5MW and for solar power it is 4.16MW. It is contributing to the nationally determined contribution (NDC) of India.

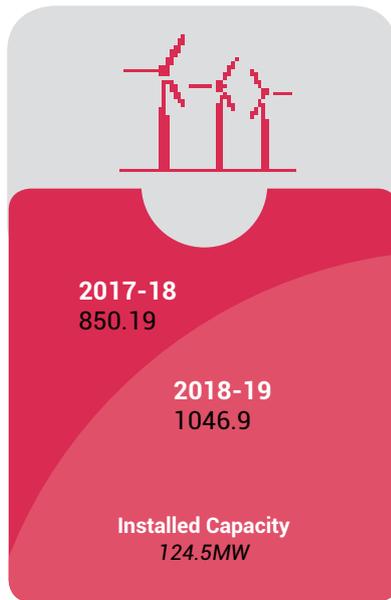
### RENEWABLE ENERGY GENERATION(TJ)



**2017-18**  
871.05

**2018-19**  
1065.27

**Total Renewable Energy  
Generation**



**Wind Energy**



**Solar Energy**

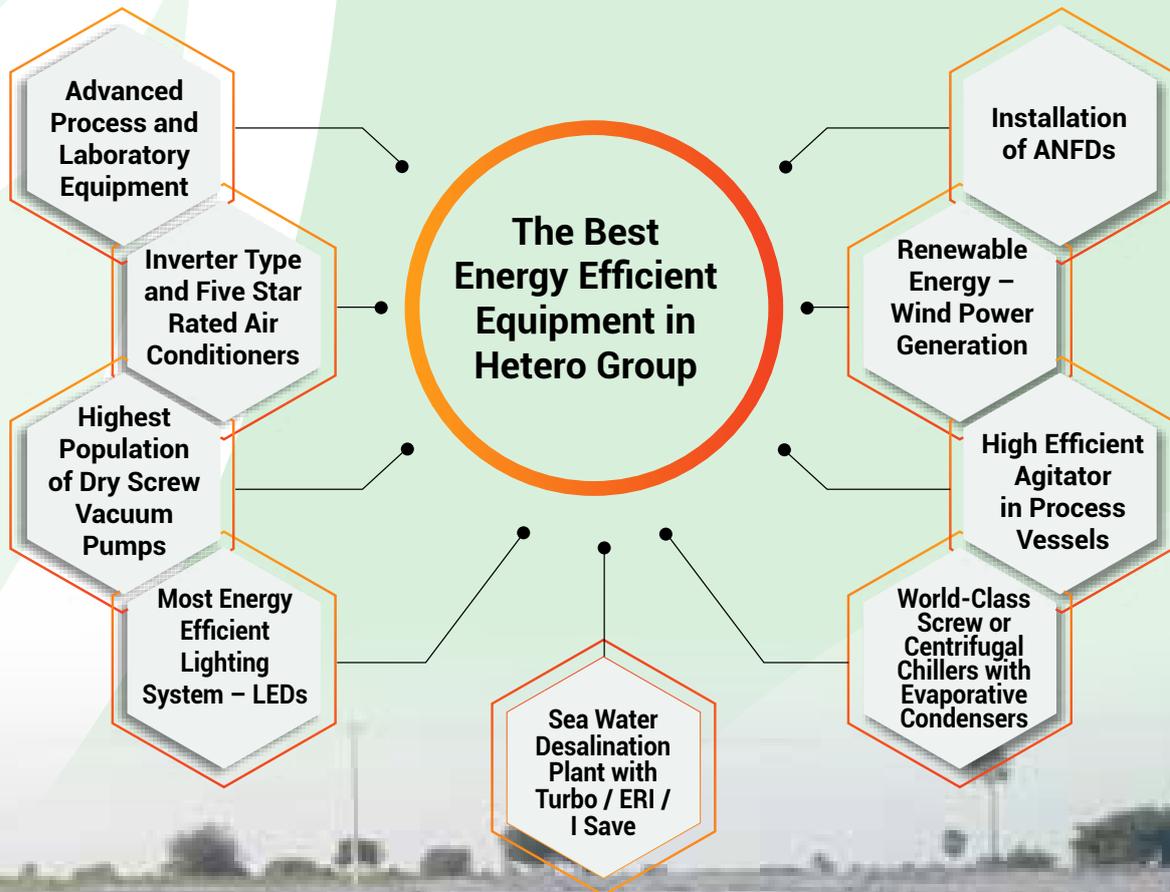


## Leading the way in energy conservation and management (Case Study - Nakkapalli)

Our efforts at Nakkapalli API manufacturing unit have received Confederation of Indian Industries (CII) award of excellence for three consecutive years. Our largest API manufacturing facility at Nakkapalli, Visakhapatnam was honoured with 'Excellent Energy Efficient Unit' Award by CII.

Consistent awards are a result of our structured and relentless efforts to improve the energy

efficiency and use of alternate source of energy. In FY18-19 alone we carried out 16 ENCON projects, with an investment of INR 14.4 Lakhs which resulted in cost saving of INR 291 lakhs. It has been realized and proven that working towards sustainability initiatives provides business returns directly and indirectly.



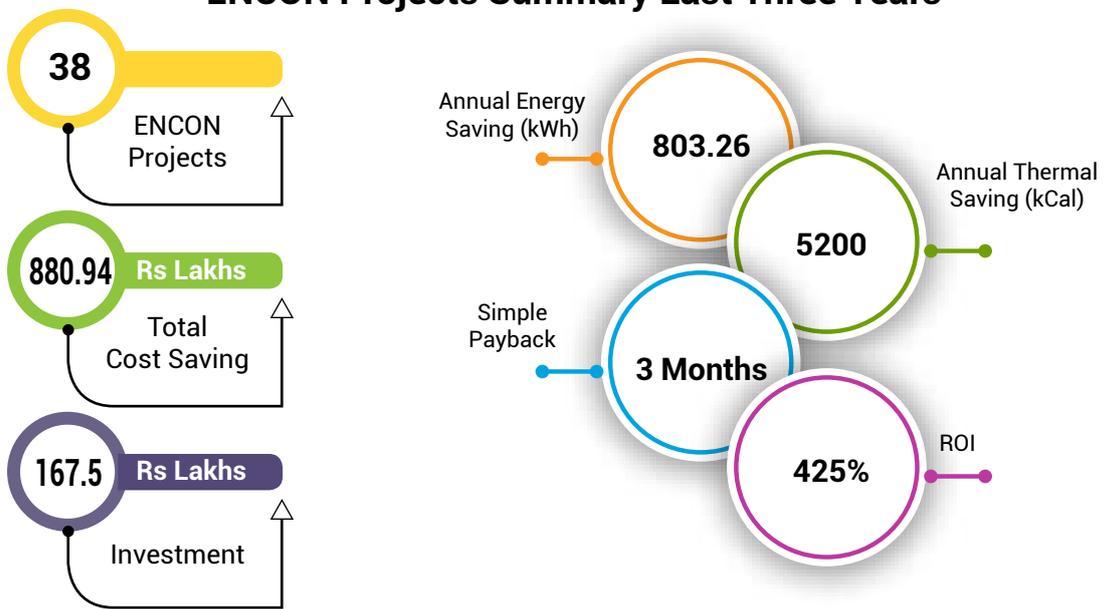
**Involving everyone** at the plant in **energy conservation** has been an important part of our approach to energy conservation. Energy conservation awareness and training is provided to all employees. They are provided inhouse training and also sent for external trainings, tours etc within and outside India. Employees are encouraged to contribute their ideas on energy conservation and efficiency improvement. The efforts of our employee in energy conservation initiatives are recognized.

We not only carry out regular third-party energy audits, but also benchmark all products/

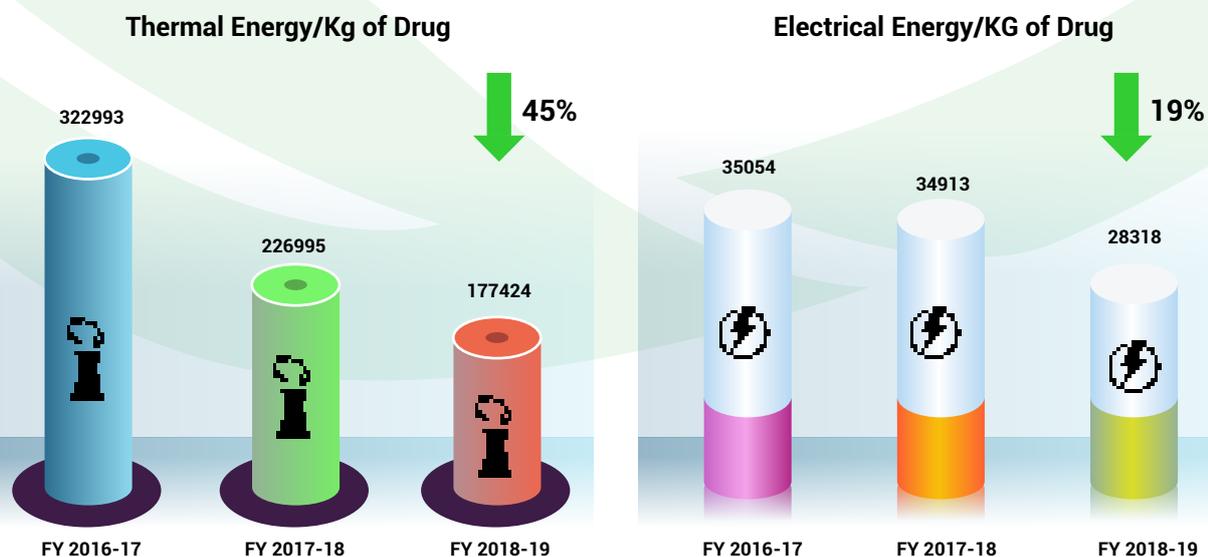
services for energy consumption by comparison at regional as well as national level. We carry out process specific energy audits and assessment as well. We track our progress constantly. This helps us in installing best performing instruments and machines.

We also have ISO 15001 process for energy management, which makes process related to energy management robust for comparison and progress.

### ENCON Projects Summary Last Three Years



### Specific Energy Trend Over Last Three Years



# Employee Engagement Programmes



Quality Awareness Week



General Safety Awareness - Jeedimetla



Women Outbound Program - Bonthapally

## Land and Biodiversity

Land is a precious and limited resource available to mankind. It is a collective resource whose demand for varying purposes is constantly increasing. It is our endeavour to make sustainable utilization of the same. Our biodiversity policy guides sustainable utilization of land within manufacturing units alongside the regulatory requirements.

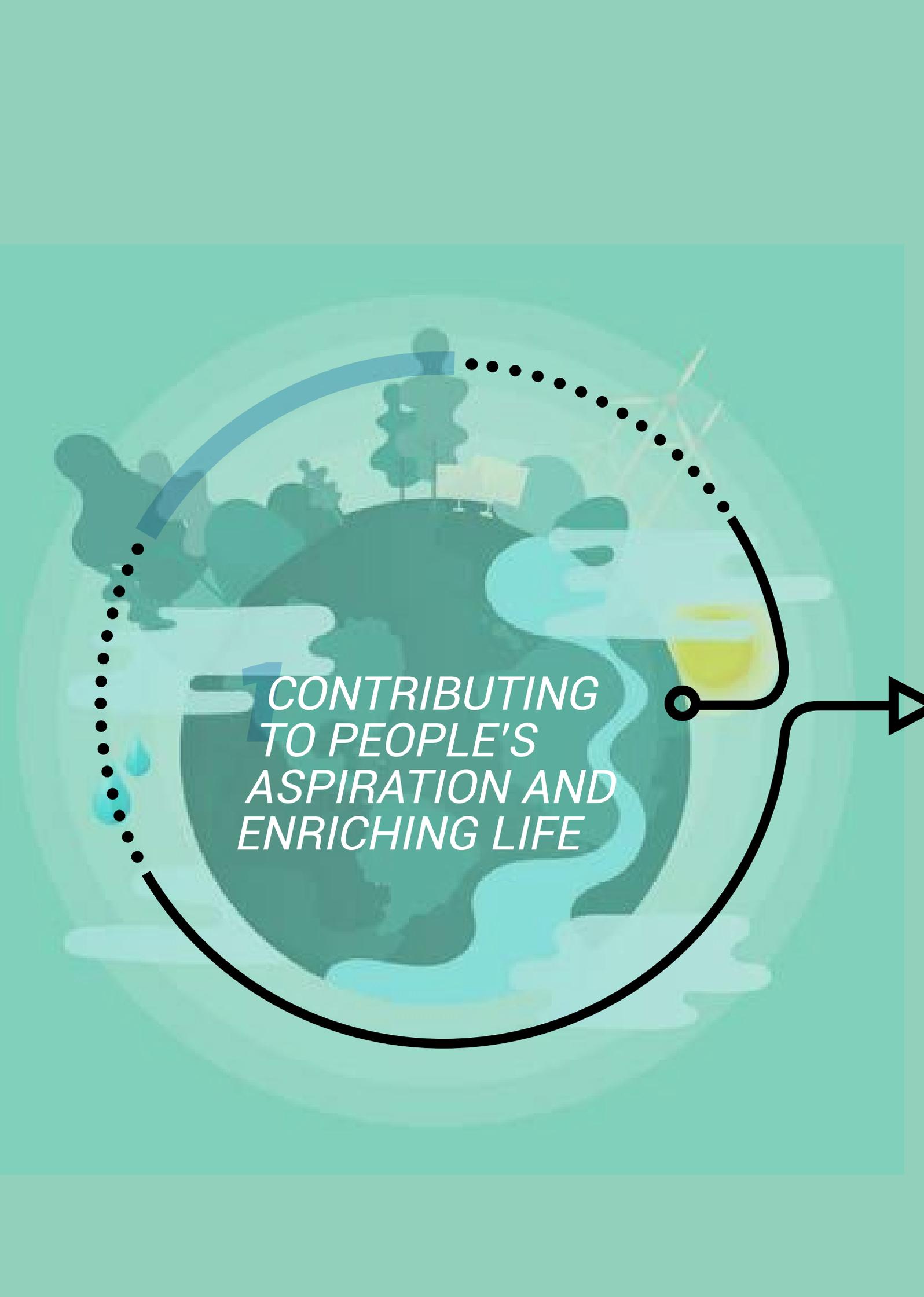
### **Key elements of biodiversity policy are:**

- Ensure legal compliance with respect to biodiversity
- Enhancing awareness within the organization on biodiversity
- Encouraging relevant stakeholders to support better biodiversity management

About 40% of the land in all of the operating units is dedicated towards green cover. Green cover at several of our units comprises of larger spaces of lands with full grown trees and not just manicured landscape. Such an arrangement serves as natural heat moderating system. They also assist in thriving of biodiversity like birds, butterflies etc. and natural systems like natural ground water recharge.







*CONTRIBUTING  
TO PEOPLE'S  
ASPIRATION AND  
ENRICHING LIFE*



## Our People

We often refer to our work team as *Hetero family*. This nomenclature used at Hetero defines the relationship of Hetero with all who work at Hetero. We have been on a growth trajectory and it is only natural for our team size to grow. Between 2016-17 to 2018-19 our team size grew by about 25%. To ensure that every member entering the Hetero family understands the culture and expectations at Hetero, we have developed and continue to evolve our people related policies, and practices while paying equal attention to training and development from induction through various phases of career growth.

We foresee value in retaining our team and make efforts to provide them with the necessary work environment and work benefits. We ensure that employees feel that they are an asset to the company. Some of the key aspects are a robust performance management system where expectations and goals of the company and employee are set up clearly and transparently, many opportunities to learn and grow through structured process, providing opportunities for higher studies in relevant areas like process engineering, material management, various

We prioritise the well-being of our people and keep all communication channels open, as talent flourishes in a free and transparent environment.



Prabhakar Muthyala  
Vice President - HR



KV Raghava Reddy  
Sr. GM - HR

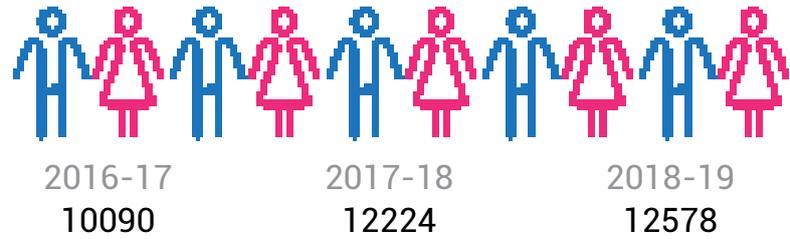


Venkata Jayapal Reddy S  
GM - HR

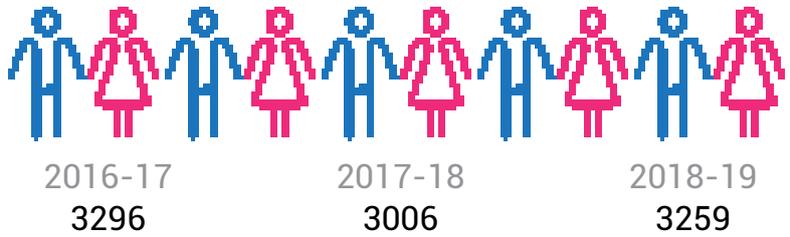
certifications, English Advancement courses etc. All employees are covered under the performance management system. In addition to the mandatory compensation structure, Hetero participates in every stage of employees personal aspiration including Merit Rating Awards, Marriage Gifts, Salary Advances,

Housing Facility, Car Facility, Two Wheeler Facility and special gifts for female associates on various occasions. We bring family security also to the forefront through Group Term Life Insurance, Group Personal Accident, Employee Children Education Allowance etc.

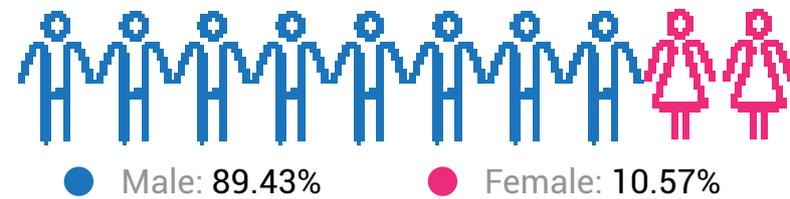
### Employees



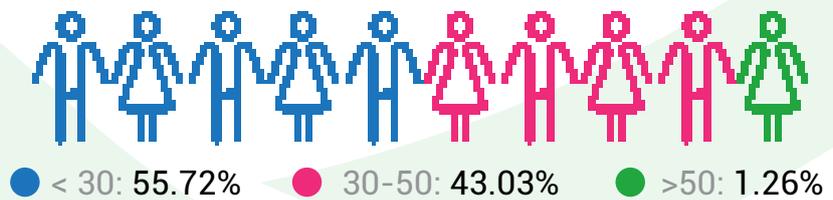
### Contract Employees



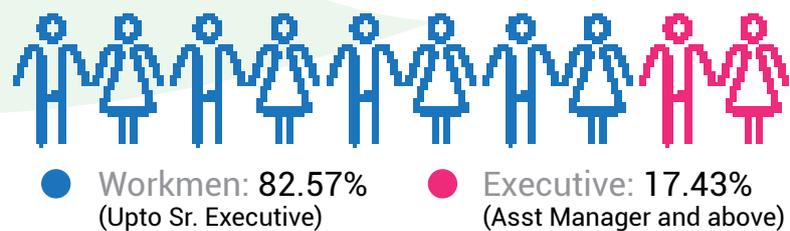
### Gender Profile 2018-19



### Age Profile 2018-19



### Employee Category 2018-19



Freedom is the essence to blossom. Thus, we do not restrict employees in creating associations or unions of any nature. Hetero's policy on freedom of association and collective bargain puts this forth in spirit and practice. All employees of Hetero have the freedom of association and collective bargain. Despite this no recognized trade unions have been formed as yet.

We do not discriminate in recruitment and in work by gender, cast, race etc. We provide every individual equal opportunity to join the Hetero family and perform. **We have consistently had women workforce of about 11% of our total workforce.** It is considered important that they

feel comfortable to be able to perform their duties to the best of their ability. We have several policies and practices which make this possible.

There is no Temporary employment at Hetero. All permanent and contract Employees are from Indian region only. Gender wise and Age wise details of contract employees not tracked at central level for the reporting period. Gender wise and Age wise details of Employee hires and turnover not tracked at central level for the reporting period. However, we will be establishing system to collect the above missed data at central level for next reporting period.



Leadership Training (Off-site)



Kreedotsav – Sports Event

## Training and Development

To enhance professional and personal growth of every Hetero employee for the current and future skill-set development of the employees and the organization in an innovative environment is our vision.

### Our L&D Vision

To continuously improve the knowledge, skills and abilities of all employees so that they are able to perform in the best way possible, think critically and communicate effectively, adjust to a changing environment and enhance the quality of their work.

### Our L&D Mission

We at Hetero believe, learning cannot be acquired by chance it needs to be sought after with ardour and diligence. The techniques and methods we employ are holistic in nature in the view of developing Organizational Citizenship Behaviours in the employees across the organization. From Classroom teaching, simulation exercises, outbound, boot camps, chunking, informal, social & differential learning to storytelling, we leave no stone unturned to imbibe learning in the Organization.

We strive to make sure that our humongous workforce is trained effectively by providing them with state-of-the-art facilities and best trainers in business. Great deal of efforts and thoughts go into designing and evaluating the modules, keeping each employee in mind. Employee engagement is also seen as a platform to upskill, network, develop and engage employees.



Providing every team member, the opportunity to learn for professional growth and stay safe at work are the essential components of L&D at Hetero.

Ram Jaladurgam  
Sr. GM & Head - Learning & Development

Every event and celebration are seen as an opportunity to uplift spirits, bring in sense of oneness, tap hidden talents and bring out the leaders in employees.

Diligent efforts are put in by the management and learning team to make the company a learning organization.

The learning segment focusses on the skills and knowledge an employee is expected to mature with, while, the latter thrusts largely on the overall development through multiple interventions.

We have focused training programs for Directors, leaders, managers and executives. We have a well-designed new hires orientation program as well.

We have several interactions, training, contributions and several other initiatives which have been designed to last for years, so that there is continuity and employees can recognize them with the organizations culture and values. We have found value in continuity of our engagement programs.



## Identifying and Evaluating Trainings

Training needs keep changing continuously and need to be updated in a timely manner. We at Hetero have not just feedback forms but various other methods of engaging people from across the company to understand the training needs. Based on this our training programs are updated, refined and reinvigorated.

To make learning personal and have employees connect better with training and learning needs,

Hetero introduced Hetero Learning Portal. It is a web interface, which provides employees the opportunity to enrol, manage and update their learning through the year.

In an industrial setup classroom-based training provide only a part of the picture. It is deemed essential to have training programs which go beyond the realm of classroom to shop floor and workplace.



Role-Based Training Program

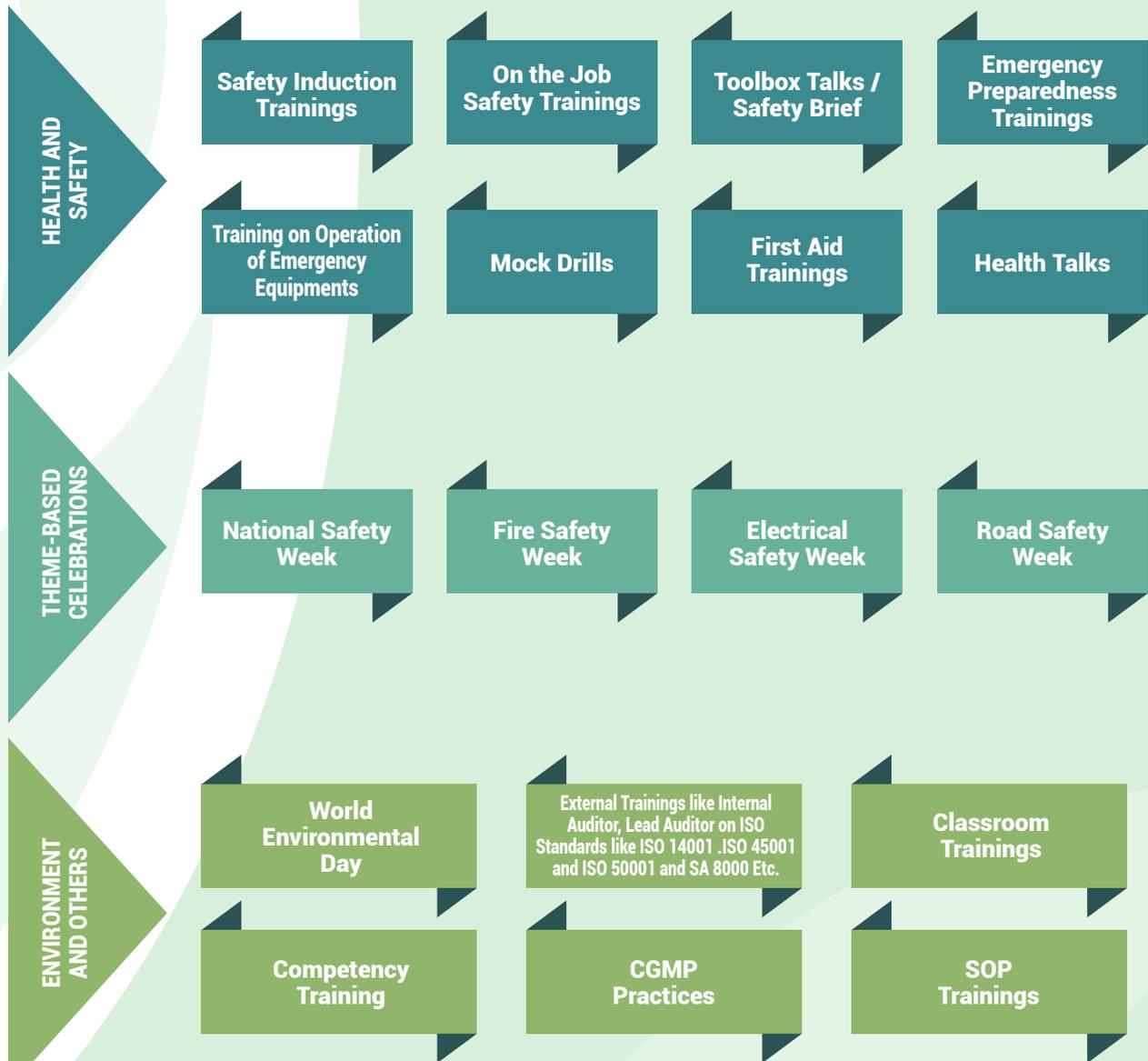


NHO



Master Trainer Program

## Environment, Health and Safety Related Training and Engagements



World Environmental Day Celebrations – Jadcherla

## Training Statistics



Gender wise and Employee Category wise training details are not tracked at central level for the reporting period.. However, we will be establishing system to collect the above missed data at central level for next reporting period.

## Darpan Skill Development Centre

To enhance social wealth by providing employability skills on national platform for the youth and preparing them as 'self help' individuals to achieve their career goals with a professional excellence.

DSDC is a Strategic Business Unit of Hetero aiming to train freshers across the industry, teaching them the nuances of pharma. It also assists these students to get certified with Life Sciences Sector Skill Development Council, qualifying them as quality professionals. It echoes India's focus on skill development among youth to increase their employability. About 2000 college pass outs from rural, disadvantaged, marginalized and various other sections of the society have received training under Darpan.

DSDC caters beyond freshers to the skill development needs of working professionals from pharmaceutical industry and facilitates train the trainer programmes through faculty engagement. This approach strengthens student- industry link and develops confident resources with better productivity potential from the start of professional journey.



To strengthen precisely technical and functional skills of the students

To standardize and align with the quality approach to meet the industry needs with certification process

To introduce and enhance the employability skills for unemployed youth

To empower the underprivileged by providing learning avenues

**Business and Learning Objectives of**



## FUNCTIONS

### FRESHER ENGAGEMENT

- Manthan Q – Quality
- Manthan E – Engineering
- Manthan P - Production
- Affiliation Certificate Programmes for QA, QC & Production (LSSSDC, NSDC)

- Behavioral Training Programmes
- Leadership Development Programmes
- Language Courses (English Certification of Customized Modules)
- Quality Orientation Programmes, GDP, GLP, Quality Awareness & Audit Preparedness Programmes

### EMPLOYEE ENGAGEMENT

### FRESHER ENGAGEMENT

- Certification Programmes
- Continuous Learning Programmes
- Affiliation Required Programmes
- English Course Certifications



## Employee Engagement Programmes



World Environment Day Celebrations - Jeedimetla



Road Safety Awareness - Jadcherla



Mock Drill - Jeedimetla



ISO 45001 Lead Auditor Training - Formulation Units



## Occupational Health and Safety

Health and safety at work involves both the prevention of harm, and the promotion of health and well-being. The health and safety of workers can be affected by both the work they perform and the workplace where it is performed. At Hetero, occupational health and safety is of utmost importance and is also one of our core pillars. Hetero has a policy to avoid and control all foreseeable risks to the health and safety of all people involved in the operations. The health & safety committee constituted for this purpose is trained and retrained periodically in order to continually improve the health and safety conditions in the workplace. Every site specific EHS team has a safety officer who guides site specific safety activities. However, all employees participate in safety drills and safety meetings and sessions that are conducted at site on a regular defined intervals.

Healthy and safe work conditions are recognized as a human right and addressed in authoritative intergovernmental instruments, including those of the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), and the World Health Organization (WHO). It is also a target of the Sustainable Development Goals, adopted by the United Nations (UN) as part of the 2030 Agenda for Sustainable Development.



Our approach to health and safety is not retrospective but proactive. We have deployed 360° health and safety risk assessment process to ensure that all areas which can pose risk to health and safety are covered through continuous and structured process of evaluation. Most of our operating units are OSHAS 180001 certified. We are in the process



Finger Safety Awareness – Jadcherla

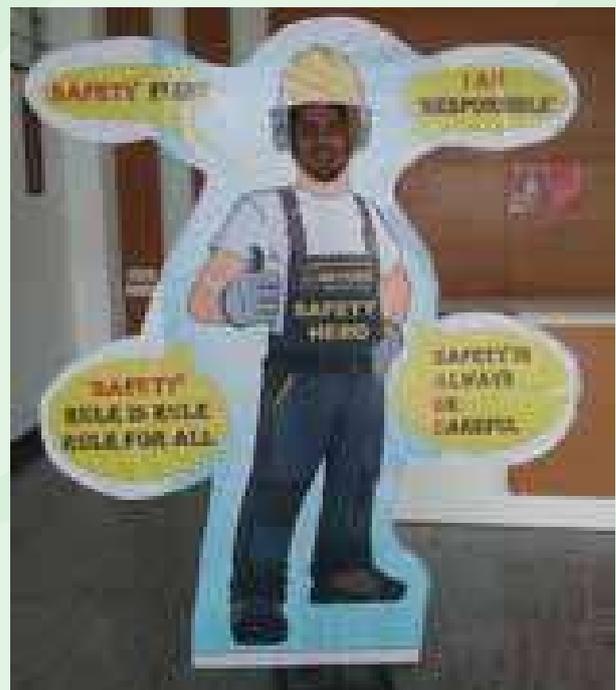
of migrating to ISO45000- Occupational, health and safety management systems. We value the certificate and certification process, as it assists us in timely review, Updation and identification and rectification of any gaps. All our employees are covered under the workplace health and safety system.

exposure to hazardous chemicals, fire, explosion and static electricity. Hetero has made available emergency control facilities at work place like fire hydrant system, fire suppression system, fire alarm systems, VOC (volatile organic compounds) meters, emergency control centre, fire tender and occupational health centre. Full time personnel have been employed by Hetero for implementation of the safety programs and the key H&S resources are also sent for external trainings on occupational health and safety management to further strengthen their knowledge on health & safety best practice implementation methods. Hetero has taken many pioneering strides in the domain of safety. Being the first among pharma organizations to



The employee health and safety is considered as an objective to anticipate, recognise, evaluate, control and prevent the hazards from work that may result in injury, illness or affect the well-being of workers. Hetero is on a continuous mission to improve health and safety standards at the facilities. To achieve this, regular and comprehensive training and capacity building programmes, internal audits, management review and CAPA tracking are conducted, along with adopting best available processes and technologies from time to time. We are also audited by our customers (Merck, Sanofi, Bayer, Pfizer, Novartis) which further helps us to improve our occupational health and safety systems.

The major hazards at Hetero include occupational



have an own fire tender on site is the highlight of them all. Various initiatives have been taken up by Hetero to ensure and promote the safety and health of the workforce.

At Hetero the emphasis on safety is much beyond the compliance requirements. We find ourselves to be on a continuous learning graph on this aspect weather through practical experiences or through customers experiences. While we continued to perform on all the safety aspects, this year we had placed emphasis on process risk safety.

To further increase transparency, traceability and accountability on health and safety, HSE management portal has been launched. The portal provides legal requirements and status.. This system has enhanced record keeping and top-bottom and bottom-up review on health and safety.

## Elements of HSE Management System at Hetero

### Legal / Regulatory Management

- Identification of applicable legal requirements by HSE
- Annual Planner – For submissions & Renewals
- Annual planner verified every month for the compliance
- Prepared Legal Register
- Review of Legal Register Once in 3 Months
- Subscription with Sheel Legal Software - for updates



## 360° health and safety risk assessment approach at Hetero Involves Five Categories

Hetero Wanted to proactively invest cost and efforts in implementing the risk management and assessment program instead of building retrospective system to respond post occurrence of incidents. Our objective is to achieve "Zero incidents" ,boost employee morale and awareness on Risk Assessment Process .

Health Safety & Environment manual made live, emphasizing the proactive approach for minimizing Risks in the work environment through 'Risk assessments' A comprehensive approach of assessing the risks and controlling through 360° Health & Safety Risk assessment comprising of the following 'Risk Assessments



### 360° health and safety risk assessment

#### Risk Assessment Approach at Hetero follows below steps

- Formation of Team
- Identification of all process flow and associated chemicals
- Hazards identification (Safety test /process safety information)
- Consequences
- Risk Evaluation
- Review of Risk and Existing Controls
- Proposed Controls and prioritise
- Review of the Controls and Defining frequency For Review.

### **Chemicals Management System**

- Chemical compatibility chart is available at work place for ready reference.
- Chemical are being stored as per compatibility.
- Spill Control Management in Place
- MSDS are available for all the chemicals that are handled.
- CHEMWATCH for MSDS



### **Hazardous Area Classification**

Flame Proof fitting for Critical Hazardous Areas:

- Solvent storage rooms
  - Flame proof motors.
  - Flame proof lighting.
  - Flame proof electrical sockets.
- Solvent handling area in ware house.
  - Flame proof lighting.
  - Flame proof sockets.



### **Management of Change**

- Change Control Process is in place for all changes related to process and utilities.
- HSE reviews are in place along with consolidated checklist of all following aspects.
  - Statutory Compliance
  - Environment Protection
  - Health and Hygiene
  - Operational safety and process safety
  - Design and layout
  - Emergency preparedness
  - Prestart up Safety Review
- Implementation of recommendations will be ensured before start up after change.



### **Health Assessment & Monitoring**

- Pre-Employment Medical Checkup
- Annual Health Checkup
- Risk Based Matrix – Parameters
- Tracking and Monitoring of Health Record
- Counseling to concerned



### **Workplace Monitoring**

- **Noise Monitoring**
  - Noise Mapping
  - Marking of High Noise Areas
  - Provision PPE at required areas
  - Monitoring of Noise Levels
- **Illumination Monitoring**
  - Monitoring of Illumination
- **PPE Assessment**
  - Activity based PPE matrix
  - PPE Specifications
- Procedure for Selection, Usage and Maintenance
- Fit test

### **Emergency Preparedness and Response Plan**

**The following Resources are available at as part of Emergency Preparedness and Response Plan.**

- Emergency Control Centre
- Occupation Health Centre
- Fire Hydrant System
- Fire Tender
- Fire Suppression System
- Fire Point - Trolleys
- Fire Extinguishers
- Fire Alarm System
- Eye and Body wash Showers
- SCBA Set
- Spill Control Kit
- Ambulance
- Assembly points
- Emergency Exit doors
- Emergency Evacuation plans

### **HSE Committees and Teams**

The various following committees / teams are formed for effective implementation of HSE management system

- Safety Committee
- Emergency Response Team
- Fire Fighters
- First Aiders
- HSE Team
- Sustainability Committee

### **Online Inspection of Emergency Safety Equipment**



- LOGIN with UID & Password
- Verify inspection schedule
- Visit to Emergency Safety Equipment
- Fill the checklist & Submit to Reporting officer
- Review and Approved by Reporting officer
- Reports & Dash Board to HOD and Top management





**Workers Protection**

- Contractors Safety guidelines
- Induction trainings /Tool box talks
- Safety Brief at Security for visitors
- Work Permit System
- Unauthorized entries.
- Electrical Safety Management.
- Machine guarding & Zero Access guarding

**Mechanical Integrity**

- Preventive Maintenance.
- Calibrations
- Pressure vessels testing
- Lifting tools & tackles testing
- Safety interlocks
- Machine guards

**Incident Investigation & CAPA**

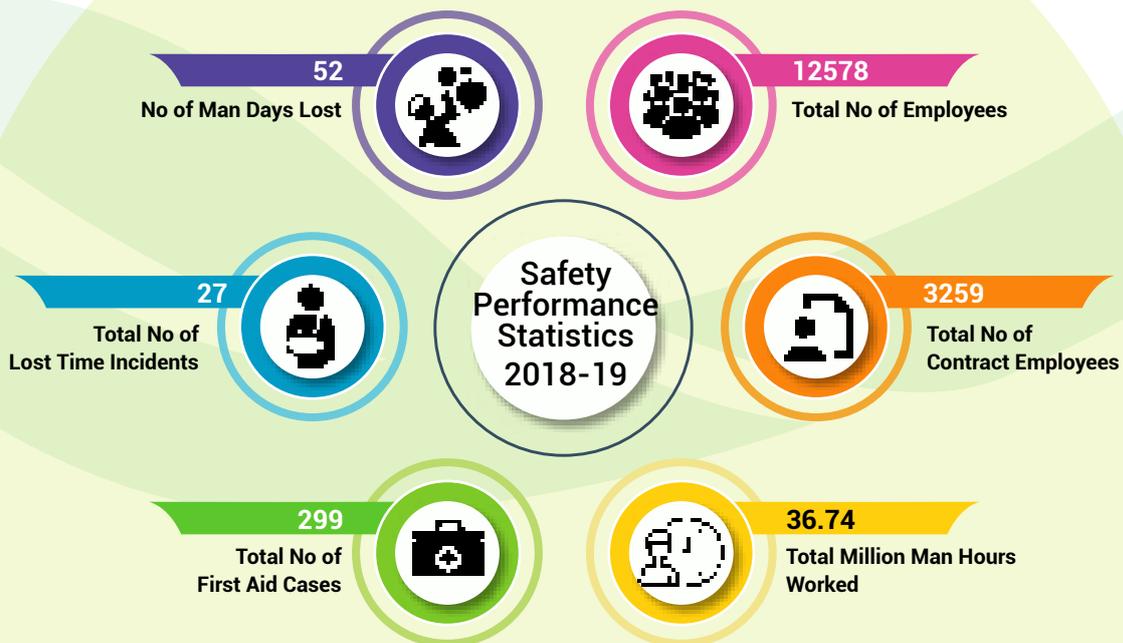
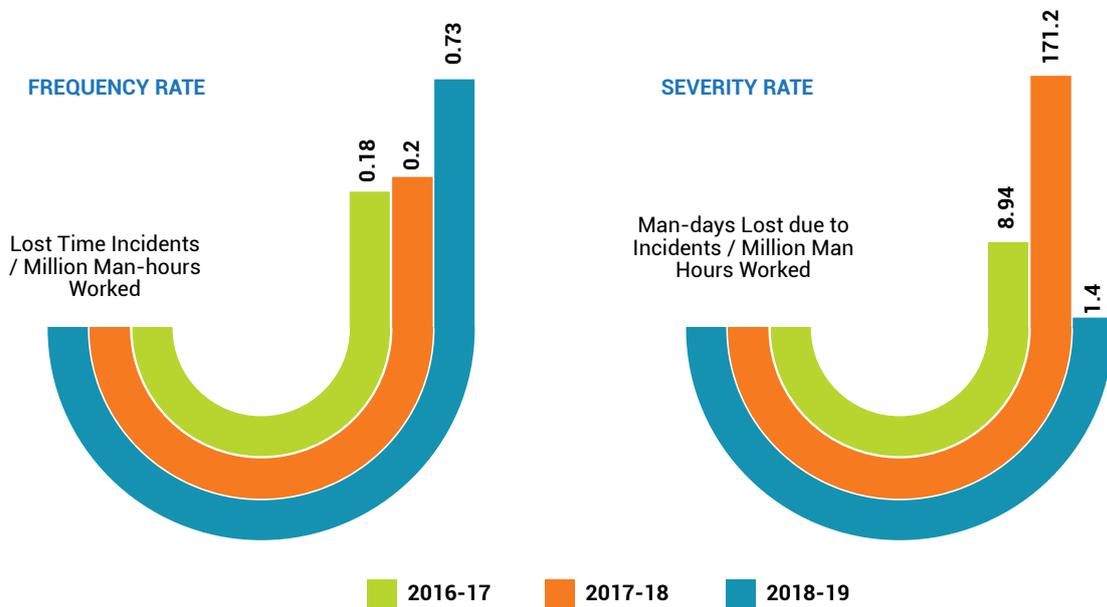
- Unsafe Act and Conditions Reporting
- Near Miss Reporting
- Preliminary Incident Report
- Incident Investigation
- CAPA Tracking system.

**Audits and Inspections**

- Identification of Unsafe Acts and Unsafe conditions
- Site HSE Audits
- Process Critical equipment Inspections
- Emergency equipment Inspections
- Pressure vessels testing



Our continuous and enhanced focus on safety over time, has resulted in drastic reduction in severe incidents and the severity rate as well. It has reduced from 8.94 man day loss per million man-hours worked to 1.5 man day loss per million man-hours worked. Even first aid cases have reduced from 339 in FY2016-17 to 299 in FY18-19. While Frequency rate of lost time accidents has increased from 0.18 to 0.73 loss time incidents per million man-hour worked. This increase is also an indication of the avoidance of severe incidents.





## Customer Health and Safety

As a core part of its business, Hetero has put processes in place for the continuous and systematic review of the benefit -risk profile of all products in its portfolio, including those that are on the market as well as those that are still in development. These processes are designed to ensure the best possible safety and therapeutic benefit for patients. We follow health and safety testing procedures for all our products.

The Hetero safety risk management process begins early in the development of new products. For new molecules pharmacovigilance team develop safety monitoring and risk management plans. The routine, continuous monitoring of the benefit-risk profile of each compound in the Hetero portfolio based on all the safety data collected is the primary responsibility of cross-functional safety management teams under the leadership of a dedicated safety physician.



Confirmed changes in the safety profile of any marketed product are then incorporated in the product label.

Safety data are closely scrutinized both internally and by regulators when assessing whether the benefits of a drug are expected to outweigh the potential risks, which is a pre-requisite for gaining marketing approval. Post-marketing pharmacovigilance activities play an important role in our ability to gain a deeper understanding of the safety profile of a specific product.

Consumer health and safety is paramount in the pharmaceutical products. Hetero has well-structured process in place which starts at Research and Development and extends till post-marketing pharmacovigilance activities. Product safety data is collected at each stage, reviewed and scrutinized and actions taken to minimize risks in all forms.

**Some of the activities carried out for all our products to ensure consumer health and safety are:**

- Awareness Program on Customer Health & Safety
- Product Leaflet and Patient Information
- Product Recall Process
- Safety Data Sheet (SDS)
- Standard Operating Procedures on Risk related to Customer Health & Safety
- Global ICSR receipt and data processing
- Generation and Submission of Risk management plan
- Pharmacovigilance Audit
- Deviation Management
- Corrective and Preventive action management

**Product Leaflet and Patient Information**

Hetero is providing the Product leaf let and patient information Sheet with every package that provides information about that drug and its use.

A patient information leaflet is a technical document included in every medicine package to offer written information about the medication.

Their main purpose is to inform patients about their medication regarding its administration, precautions and potential side effects

**Safety Data Sheet (SDS)**

A safety data sheet (SDS) is a document that list information relating to occupational safety and health for the use of various substances and products. SDSs are a widely used system for cataloging information on chemicals, chemical compounds, and chemical mixtures. SDS information include instructions for the safe use and potential hazards associated with a particular material or product, along with spill-handling procedures.

**Product Recall Process**

Hetero has a procedure for the handling of product recall for the drug products. Recalls are the actions taken by the manufacturer to remove a product from the market Recalls are conducted on manufacturers. own initiative, Request of the regulatory body or by order of a regulatory, body under statutory authority.

**Hetero Classification of Recalls**

Ascertain the seriousness of health hazards caused by the product and its consequences. Based on seriousness Recalls are classified as below.

**Class I recall:** Class I is a situation in which there is a reasonable probability that the use of or exposure to, a violative product. will cause serious adverse health consequences or death.

**Class II recall:** Class II is a situation in which use of, or exposure to, a violative product may cause temporary or medically reversible adverse health consequences or where

the probability of serious adverse health consequences is remote.

**Class III recall:** Class III is a situation in which use of, or exposure to, a violative product is not likely to cause adverse health consequences.

**Steps involved in Product Recall process**

- Receipt & collection of defect product information
- Recall Submission
- Recall initiation
- Issuance of Product Recall Notification to Concern Head
- On receipt of notification, Concern of the respective region shall issue
- A press note/Advt-. immediately if defect is Class-I

- Recall notification to Regional Managers / Distribution Managers/ Country Managers
- Notification to Head – Distribution
- Shall issue notification to all C&F agents / Depots
- Head- Distribution shall reconcile the total batch quantity received and dispatches made to various locations.
- Shall send report to Heads of concern departments
- Identification & storage of recalled product in Warehouse
- Investigation & Disposal
- Product Recall
- Summary Report
- Effectiveness of Recall

### **Global ICSR Receipt and Data Processing**

Hetero has a detailed procedure for receiving, recording, triaging, processing & reporting of Individual case safety Reports (ICSRs) by pharmacovigilance (PV) of CMA (Clinical Development Medical Affairs) Department.

### **Steps involved in Case processing Work flow - ICSR Workflow**

- PVG Mailbox, literature articles, AEs from other sources
- Print all cases with Source document & Cover Page
- Triage (Seriousness/Causality assessment)
- Case Processing
- Data Review
- Medical Review
- Regulatory
- Reporting, case archival with source documents

### **Risk Management Plan (RMP)**

Hetero has a procedure for generation and submission of Risk Management Plan (RMP). Risk Management Plan is a document submitted as part of dossier that is evaluated by regulatory authorities before a medicine can be authorised and which is regulatory updated as new information becomes available. The aim of a risk management plan (RMP) is to document the risk management system considered necessary to identify, characterise and minimise a medicinal product's important risks. RMP includes information's on a medicine's safety profile and

explain the measures that are taken in order to prevent or minimise the medicine's risks in patients.

### **The RMP preparation shall follow the steps**

- RMP scheduling and generation requirements
- RMP Drafting
- Review and finalization of RMP
- RMP Submission
- Tracking
- Archival

### **Pharmacovigilance Audit**

Hetero has a procedure for internal and / or external pharmacovigilance (PV) audit in compliance with the applicable guideline and regulations. Risk is a combination of occurrence of non-conformance / issues and severity of the non-conformance / issues.

### **High Risk findings**

Any observation and /or findings made by the regulatory authorities to be categorized as "High Risk" based on the severity and impact of the finding until the action items is closed.

### **Medium Risk findings**

Findings received from the internal / external audit shall be considered as "Medium Risk".

### **Low Risk**

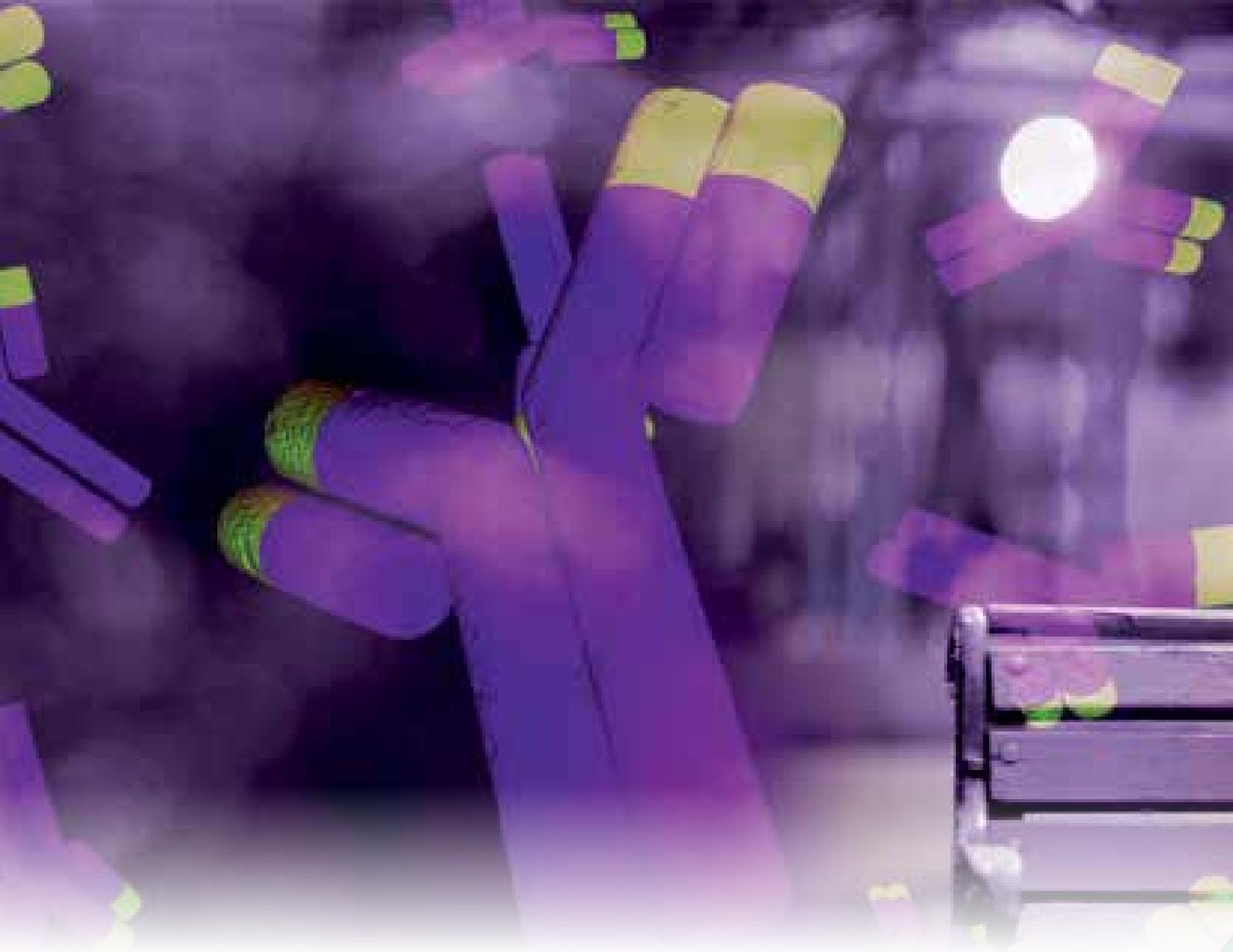
PV topics which have no finding during health authority inspection and / or internal or external audit will be considered as "Low Risk".

### **Deviation Management**

Hetero has a procedure for reporting, investigation and disposition of planned and unplanned deviations.

### **Step by Step Process / Flow Chart for Handling Unplanned Deviations:**

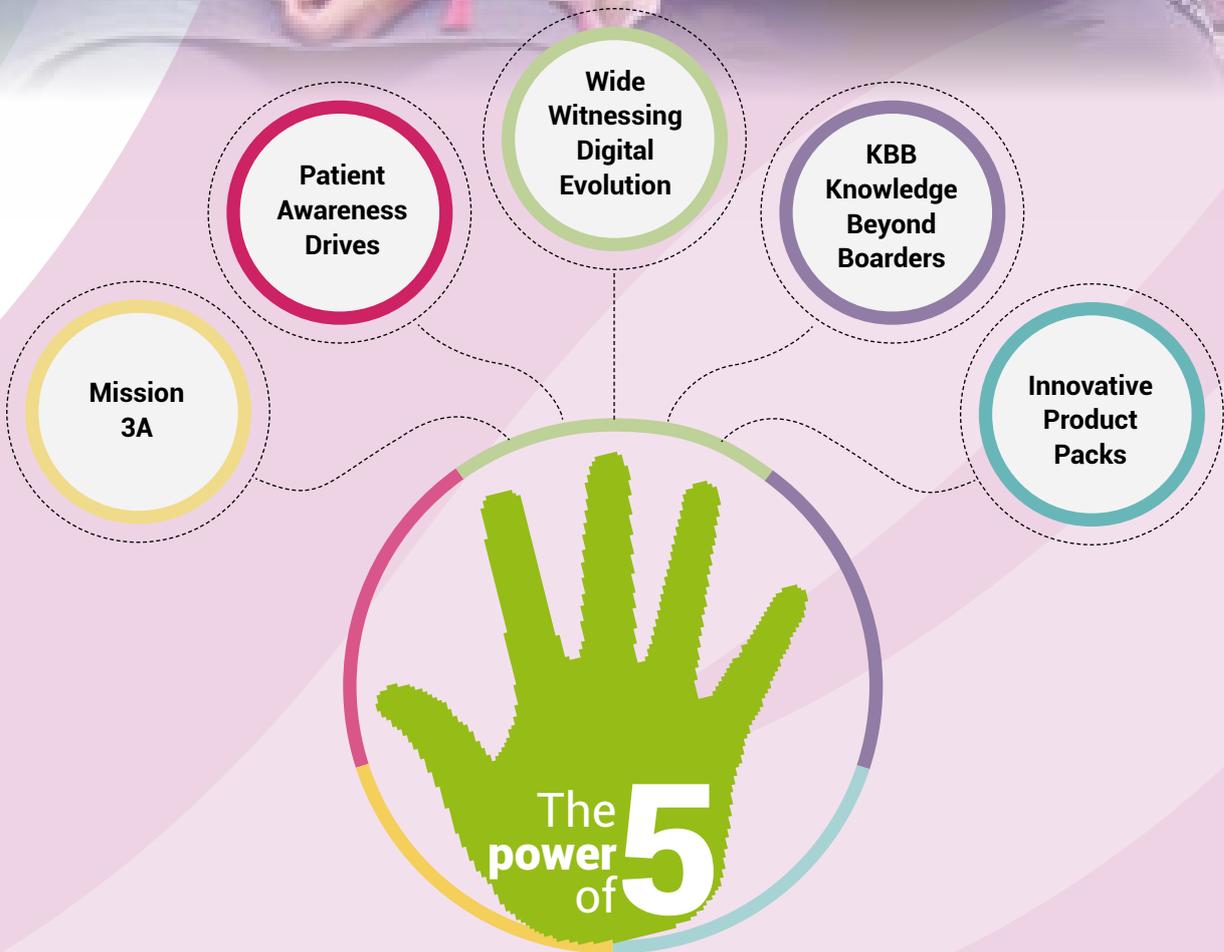
- Unplanned Deviation identification
- Initiation of unplanned deviation
- Evaluation by Head-PV/ Designee with Impact/ Risk Assessment
- Deviation number allotment by Designated CMA Personnel
- Designated CMA Personnel comments
- Head-CMA / designee (Approval / Rejection)
- Corrective and Preventive Action (CAPA) by HOD
- Closing of deviation



## EXCELLENCE IN PHARMA DIGITAL INNOVATIONS

The awareness of Biosimilars and their applications in various disease ailments is limited in emerging markets. Connecting with the consumer and assisting them in understanding the product, its risk, usage etc. under varying disease conditions is critical. To facilitate better consumer connect we have developed various programs like "**Knowledge Beyond Borders (KBB)**". We have adopted a five-dimensional strategy for contenting with patients and care givers and connecting them with health care professionals as well. We have also applied digital connect through program known as WiDE – Witnessing Digital Evolution, to assist quick, effective and two-way communication.

With our customer centric websites for biosimilars, we ensure that all the necessary information is available at finger tips to every stake holder of our product. For specific queries user can create a login on the website and post their queries. Through a verified patient/Healthcare professional connect initiative, our team of respective country connects with the information seeker. The information is passed on to three teams to ensure that not a single query is missed out. Users can access their personalized dashboards and information access. Through the online profile, they have option to watch videos and access tailored information without compromising privacy.





REACHing every needy patient globally



### OUR DEFINING FEATURE

To further our mission of REACHing every needy patient globally, we make complex biosimilars **A**ffordable, **A**vailable and **A**ccessible

We strive in our endeavours in supporting therapy adherence of complex & niche biosimilar drugs to meet the unmet & unaddressed needs of patients around the world.



By developing cost effective biosimilars using cutting edge technology and with our global clinical and regulatory expertise, we have an experience of launching the niche and complex products in shortest possible time. This will address the major challenge of therapy adherence by making biosimilars **AFFORDABLE**



Nurturing our core strength with flexible business model, that addresses country-specific requirements, we make our complex biosimilars **AVAILABLE** to every needy patient at the earliest possible time

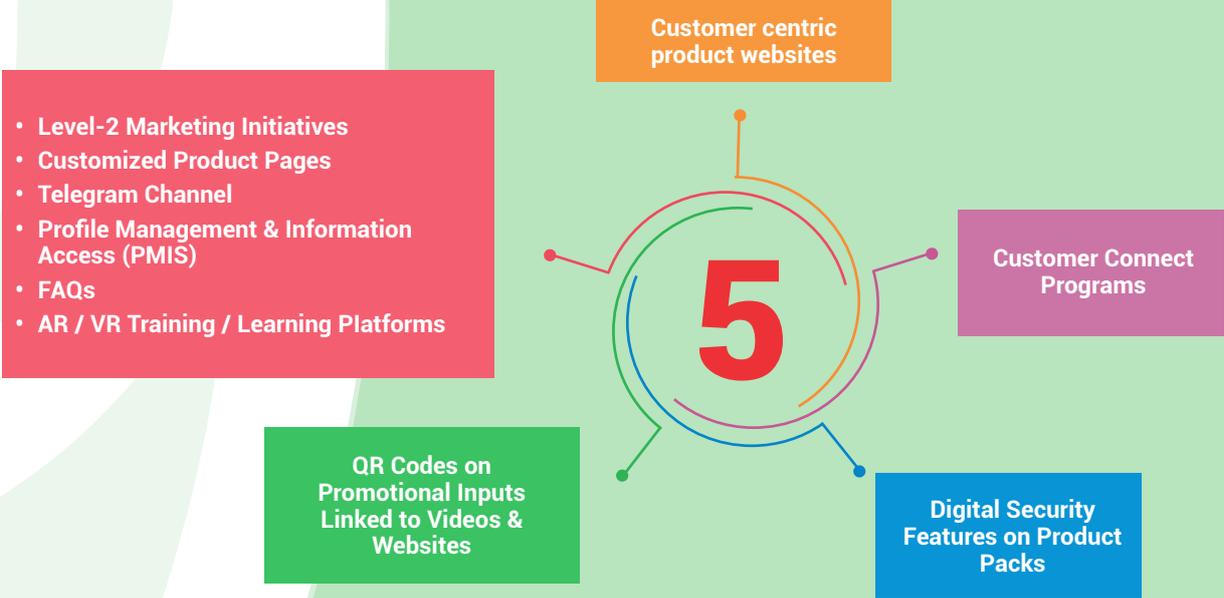


We are committed to make the biosimilars and clinical information **ACCESSIBLE** to all the stakeholders through various channels and digital platforms

The awareness of Biosimilars and their applications in various disease ailments is limited in emerging markets especially Tier II and Tier III emerging markets. Under our "Knowledge Beyond Borders (KBB)" we are connecting these customers through various programs.

250+ Nephrologists / 12 Markets	150+ Oncologists / Hematologists	Rheumatology Clinics
<ul style="list-style-type: none"> <li>✓ Latest updates in the group</li> <li>✓ Typical cases / practice pointers in day-day practice</li> </ul>	<ul style="list-style-type: none"> <li>✓ Latest updates in the group</li> <li>✓ Typical cases in day-day practice</li> </ul>	<ul style="list-style-type: none"> <li>✓ The doctors of Tier II and Tier III markets are trained under KBB initiative</li> <li>✓ WIFI Device - Facilitating easy download of the patient awareness information</li> </ul>

With changing trends of customers including patients, healthcare professionals, Care takers etc, Hetero Biopharma dived into digital platforms to witness the digital evolution with our program called 'WiDE – Witnessing Digital Evolution'.



### COUNTERING COUNTERFEITING

The adoption of digital technology and advancement in packaging techniques to strengthen the anticounterfeiting measures and ensure that the patients get the authentic medicines is gaining prominence. We are at the forefront of this. We have incorporated distinguishing features of our packaging which include safeguarding the authenticity of the product and track and trace features. We have introduced printing of QR codes linked directly to product websites on product packs to provide the information regarding the products. 2D Barcodes are included to address the counterfeit challenges across the emerging markets.





EMPOWERING  
COMMUNITIES  
AND  
TRANSFORMING  
LIVES



Last two decades we have worked with several villages taking care of their identified needs. Our CSR initiatives are designed to shape self-reliant communities in the long run. We initially extend all out support to the communities on various initiatives. Simultaneously, we also work to bring about attitudinal shift and assist the communities to empower themselves and reduce dependence on external support over time. This also provides Hetero, an opportunity to serve a larger section of society in the long run.

Apart from catering to existing initiatives we are constantly seeking to expand our presence in terms of geography and outreach programs. We also are making continuous improvements to our processes to augment the delivery, sustainability and impact of our initiatives. We have a process blueprint which guides us in initial phases where hand-holding is required.

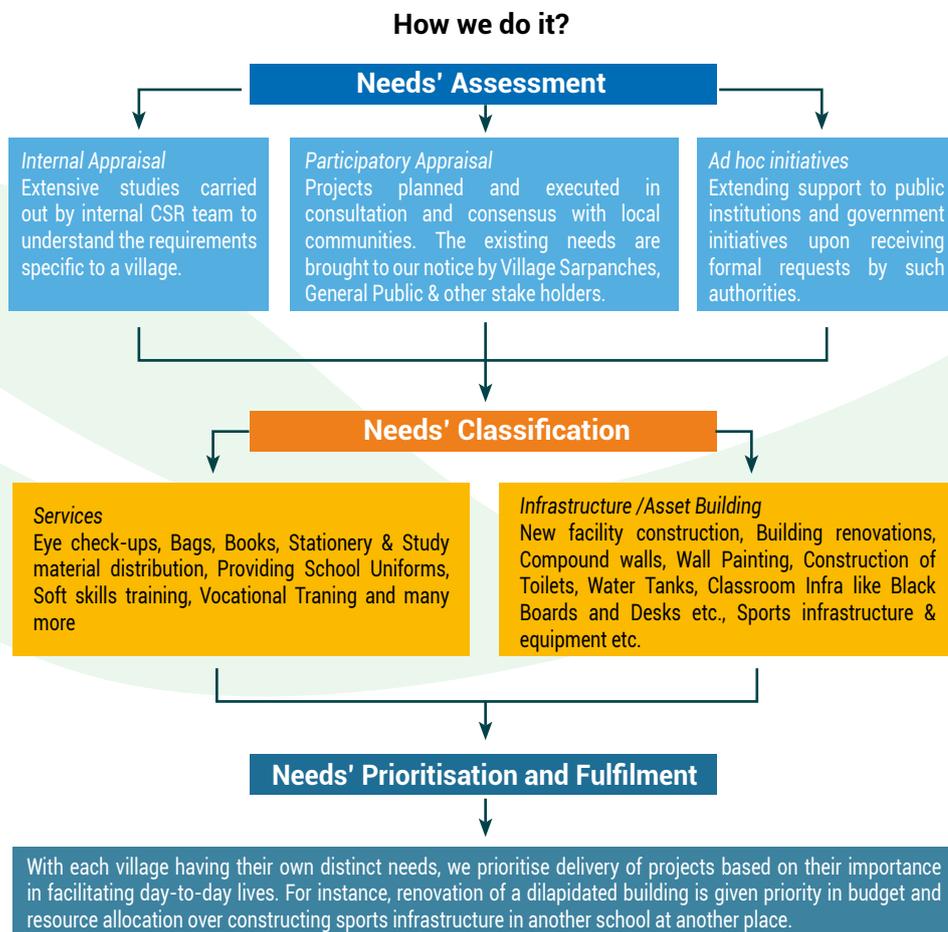
Our ongoing efforts in realising self-reliant communities are bearing fruit with communities getting to progress independently without external intervention or assistance.

In FY18-19, the areas of education, infrastructure and health were our top priorities. While we continued to work with communities in the areas of plantation, skill development, sports, art and culture as well.

Last two decades we have worked with several villages taking care of their identified needs. All our CSR activities are carried out in Telangana, Andhra Pradesh and Himachal Pradesh.

## CSR Process Blueprint

Our CSR initiatives are designed to shape self-reliant communities in the long run. Our CSR initiatives while initially extend all out support to the out communities also work to bring about attitudinal shift in communities where the dependence on external support decreases with time. Thus, empowering the communities to independently course on the path of development. For Hetero, it comes as an opportunity to expand our services to other deserving communities. We have a process blueprint which guides us in initial phases where hand-holding is required. From project identification, mapping, budgeting to execution, it brings about transparency and enhanced efficiency to the process.



## IN LINE WITH



We at Hetero besides being responsive to the challenges affecting communities also strive to align our CSR objectives to meet the U N DP Sustainability Development Goals (SDGs) which aim to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Of the 17 identified SDGs, Hetero's CSR initiatives span across 11 areas which are playing a huge role in steering communities on the path of progress and sustainable development.



- A major employment provider for both skilled and unskilled resources locally and globally with about 21,000 employees worldwide



- Support for supplementary nutrition for school children



- Ensuring healthy lives for all ages through health education, free medical check-ups, and supply of free medicines in villages
- Catering to healthy vision of all age groups including check-ups, surgeries and spectacles distribution.



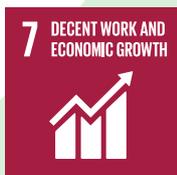
- Promote child education with particular focus on girl child education through parent sensitisation, improvement of amenities at schools and merit scholarships etc.
- Supporting coaching initiatives and helping graduates prepare for competitive exams



- Ensuring community access to safe drinking water through RO Plants
- Brining water supply to the doorstep for domestic purposes
- Basic sanitation through construction of toilets & drainage systems etc.



- Besides making conscious efforts in conserving energy, Hetero group has a marked presence in solar and wind power generation.



- Capacity building initiatives like vocational training for employable unskilled youth
- Softskills training and hands-on pharma training followed by absorbing the qualified resources



Catering to the infrastructural needs of communities including:

- CC roads
- Community libraries
- Community centres
- Educational infrastructure
- Solar street lighting
- LED lights
- CC cameras for better security etc.



- Pro-active measures like extensive plantation drives, greenbelt maintenance and Hetero Group's marked presence in renewable energy sector.



- Active support to afforestation, land reclamation and lake restoration initiatives of Government of Telangana apart from adoption of wild animals.



- Ensure responsive and participatory decisions at community level. Equipping community based institutions with technology and enhance swiftness of action for local issues
- Promote and strengthen women empowerment through education and skill development
- Addressing to women atrocities and providing social protection



Chinnateenarla, Nakkapally

## EDUCATION

### Environment through Education

Quality education is one of the key sustainable development goals recognised by the United Nations to foster peace and prosperity of the planet. It makes a positive impact on communities by shaping their future. It has the power to transform attitudes, nurture talents, enhance human potential, and open up new opportunities of growth among many others.

We at Hetero have done pioneering work in the field of education which brought about an empowering change in the communities touched by us. We over the years have incrementally increased the scale and scope of our education outreach efforts. From Primary education to Post-graduation, we today are making our presence felt at all levels of formal education.



Govt. Jr. College, Jinnaram

## Financial Year Highlights

- Construction of a Junior College
- Free distribution of SSC Study Material
- OU Chemistry Lab
- Distribution of Uniforms, Books and Bags
- Lead India
- Supporting Education
- Funding support staff
- Merit awards

## Beneficiaries in Numbers



Education Support  
28



Vidya Volunteers  
7,117



Nutrition  
13,414



Infrastructure  
342



Uniforms, Books and Bags  
15,778



SSC Reading Material  
1,050





*N. Narsapuram, Nakkapally*

## DRINKING WATER

### Ensuring Access to Safe Drinking Water

The scarcity of water and a high rate of water-related disease incidence are the major challenges faced by rural communities in our nation.

Hetero has immensely contributed to the welfare of such communities through a wide range of initiatives over the years. Focussed on offering lasting solutions which ensure water availability and potability, our efforts in this sphere have been able to quench the thirst of villages neighbouring our facilities.

Our outreach efforts in the past included community borewells, community RO plants, overhead tanks, water supply through water tankers and laying of pipelines among others.

This financial year we have extensively invested in laying the pipelines at N. Narasapuram and Rajiahpet villages of Nakkapally Mandal. We have built overhead tanks in villages near Pune besides catering to the maintenance of RO plants in villages on an as-needed basis.



*Amalapuram, Nakkapally*

## Beneficiaries in Numbers



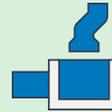
RO Plants  
4,850 Households



Hand Bores  
1,110 Households



Water Pipeline  
1,000 Households



Water Sump  
2,000 Households



Boyapadu, Nakkapally



N. Narsapuram, Nakkapally



Thammayyapeta, Nakkapally

## HEALTH

### Caring for Health

Healthcare is one of the key focus areas of our CSR efforts. It happens to be a natural extension of our business' spirit. Appreciating the significance of good health in promoting economic stability and prosperity of the nation, we have ushered a host of distinct and diverse initiatives. The emphasis of our outreach programmes are primarily centred on enabling access to quality primary healthcare services to the unreached sections of the society.

#### The range of initiatives we cater to include:

- Healthcare Camps
- Mobile Medical Van
- Preventive health check-ups
- Free medicine distribution
- Health awareness drives
- Infrastructure support
- Equipment donation
- Palliative care

### Financial Year Highlights

- This financial year, we have built a modern and fully furnished waiting hall at Gummadidala Primary Healthcare Centre

### Beneficiaries in Numbers



Mobile Medical Van  
16,084



Health Camps  
13,968



Health Support  
22

## EYE CARE

### Spreading the Light to Sight

Hetero is one of those few organisations which made eye care an important part of its CSR endeavours. We have taken some of the pioneering steps to make quality eye care accessible to all those in need.

We have built a state-of-the-art vision centre at Nakkapally Mandal which affords free eye check-ups for about 30 villages dotting the Mandal attracting hundreds of patients throughout the year.

Building on the success of the above initiative, we have unveiled our second state-of-the-art vision centre at Siddipet District of Telangana this financial year. And through this centre we aim to bring back the light into lives of the underprivileged in all the future to come.

We also in the past have catered to free cataract surgeries, post-operative care, free medicines, eye check-up camps and distribution of spectacles among other initiatives.

### Beneficiaries in Numbers



Operations  
356



Spectacles  
2,734



Eye Screening at  
Vision Centre  
7,177



Vision Centre, Nakkapally



CC Road, Nakkapally

# INFRASTRUCTURE

## Connecting Communities with Development

Hetero has made significant investments in a range of infrastructure initiatives to endow villages neighbouring our manufacturing units with essential civic and household amenities. All the projects are conceived and implemented to inspire access to economic, employment and educational opportunities besides catering to health, safety and security needs of these underserved communities.

### Our outreach programmes in this Financial Year have covered the following areas:

- Building of a CC Road
- Installation of CC Cameras
- Construction of Bus Shelters
- LED Street Lights
- Construction of Fire Station at Jadcherla
- Installation of Solar Blinkers

### Beneficiaries in Numbers



CC Roads  
900 Households



Village Infrastructure &  
LED Lights  
800 Households



Bus Shelters Construction  
12,479 People

# SKILL DEVELOPMENT TRAININGS

## Empowering the Future

Hetero has initiated skill development programmes to inspire right aptitude and attitude among the youth in order to enhance their career prospects. These initiatives complement the academic endeavours while infusing build self-confidence in the students.

We have designed a two-tier training programme to individually address the needs of School and Jr. College students and qualified graduates respectively.

### Softskills training in High schools and Jr. Colleges

Apart from regular pedagogy, soft skills have become imperative for students to make a difference to their careers. This becomes particularly important for students hailing from Government Schools in rural areas who lack access to qualified resources who could nurture such skills. We have partnered with "Lead India 2020 Foundation", an NGO catering to spread value-based and skill-based education, to impart soft-skills training to the students.

Through the TOT (Training of Trainers) approach, Lead India has laid the foundation of a bright future for about one Lakh students in Khammam District.

### Industry oriented training

We are currently carrying out two dedicated programmes by the names 'Manthan' and 'NEEM' to provide hands-on pharma industry training to qualified graduates especially to those from science streams. The aim of the programme is to shape industry-ready workforce with necessary skills which will boost their chances of gaining employment in top pharma companies.

The best part of it all is that we offer a stipend to those who undergo the training and directly recruit top performers from each batch upon successful course completion.

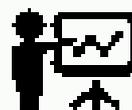
## Beneficiaries in Numbers



Manthan Training  
799



Livelihood Support  
400



TOT - Lead India  
237





Total Plantations in this  
Financial Year  
1,13,828

## PLANTATION

### Greening Our World

Trees offer natural protection from most of the environmental ills concerning our world today. Besides preserving the delicate ecological balance, they greatly contribute in mitigating the effects of floods, groundwater depletion, global warming, and climate change among others.

We at Hetero extensively promote plantation as a part of our CSR. Apart from undertaking mass plantation activities within and outside of your facilities, we focus on sensitising our employees and local populations on preservation of green cover to make our initiatives sustainable.



Harithaharam, Jadcherla

## SPORTS

### Encouraging the Sports

Hetero has a track record of encouraging sports as a part of CSR. We sponsor highly talented athletes from various sporting categories whenever an opportunity presents itself. Because we understand how the lack of financial backing can hamper the careers of athletes despite them having great potential.

This financial year we are proud to have an opportunity to extend our support to Mr. Mohit,

a budding national level SPORTS Tennis Player with enviable records to his credit. Our support to him is likely to go a long way in helping him emerge as a global champion and bring laurels to the country.

Apart from the above, we have provided outdoor play equipment for a Government Kindergarten School at Ootla Jinnaram Village.





## ART & CULTURE

### Preserving Precious Heritage

Our country is a birthplace to diversely magnificent cultural and art forms including music, dance, sculpting and paintings among others. We at Hetero, have brought Art and Culture into the purview of our CSR activities to preserve the precious heritage of this nation.

We are extending our support for enabling the children of select Government Schools in Telangana and Andhra Pradesh to learn Kuchipudi Dance. Besides preserving this beautiful dance form for future generations, our efforts have paved the way for promoting

and propagating it as well with the children performing at programmes organised at the state level.

Above all, we continue to invest in renovation of old structures revered by locals and which are important in terms of their architectural, traditional and spiritual significance. We also contribute to the preservation and promotion of folk arts including dance, music, traditions, customs, rituals and festivals unique to the villages bordering our facilities.



# ASSURANCE STATEMENT

**(Yet to receive from Assurance Body)**

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**(Yet to receive from Assurance Body)**

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**(Yet to receive from Assurance Body)**

# GRI INDEX

GRI Standard	Disclosure Number	Disclosure	Page No(s)	External Assurance
<b>GRI 102: General Disclosures 2016</b>				
GRI 102: Organizational Profile	102-1	Name of the organization	33	Yes
	102-2	Activities, brands, products, and services	14-17	Yes
	102-3	Location of headquarters	33	Yes
	102-4	Location of operations	17-18, 34	Yes
	102-5	Ownership and legal form	33	Yes
	102-6	Markets served	17-18	Yes
	102-7	Scale of the organization	34	Yes
	102-8	Information on employees and other workers	69-71	Yes
	102-9	Supply chain	51	Yes
	102-10	Significant changes to the organization and its supply chain	No change	Yes
	102-11	Precautionary Principle or approach	44	Yes
	102-12	External initiatives	26-31	Yes
	102-13	Membership of associations	26-31	Yes
GRI 102: Strategy	102-14	Statement from senior decision-maker	4-7	Yes
GRI 102: Ethics & Integrity	102-16	Values, principles, standards, and norms of behaviour	13 & 43	Yes
GRI 102: Governance	102-18	Governance structure	42-43	Yes
	102-20	Executive Level Responsibility for Economic, Environmental and Social Topics	40-41	Yes
	102-22	Composition of the Highest Governance Body and its Committees	40-41	Yes
	102-32	Highest Governance Body Role in Sustainability Reporting	40-41	Yes
GRI 102: Stakeholder Engagement	102-40	List of stakeholder groups	36	Yes
	102-41	Collective bargaining agreements	71	Yes
	102-42	Identifying and selecting stakeholders	36	Yes
	102-43	Approach to stakeholder engagement	36	Yes
	102-44	Key topics and concerns raised	36	Yes
GRI 102: Reporting Practice	102-45	Entities included in the consolidated financial statements	33	Yes
	102-46	Defining report content and topic Boundaries	33 & 38	Yes
	102-47	List of material topics	37	Yes
	102-48	Restatements of information	33	Yes
	102-49	Changes in reporting	33	Yes
	102-50	Reporting period	33	Yes
	102-51	Date of most recent report	33	Yes
	102-52	Reporting cycle	33	Yes
	102-53	Contact point for questions regarding the report	33	Yes
	102-54	Claims of reporting in accordance with the GRI Standards	33	Yes
	102-55	GRI content index	114	Yes
	102-56	External assurance	110-113	Yes

GRI Standard	Disclosure Number	Disclosure	Page No(s)	External Assurance
<b>Topic Specific Standard: Economic</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	33 & 38	Yes
	103-2	The management approach and its components	49 & 50	Yes
	103-3	Evaluation of the management approach	49 & 50	Yes
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	50	Yes
<b>Topic Specific Standard: Environment</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	33, 38 & 53	Yes
	103-2	The management approach and its components	53 & 59	Yes
	103-3	Evaluation of the management approach	53 & 59	Yes
GRI 302: Energy 2016	302-1	Energy consumption within the organization	59-61	Yes
	302-3	Energy intensity	59-61	Yes
	302-4	Reduction of energy consumption	59-61	Yes
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	33, 38 & 53	Yes
	103-2	The management approach and its components	53 & 55	Yes
	103-3	Evaluation of the management approach	53 & 55	Yes
GRI 303: Water 2016	303-1	Water withdrawal	54	Yes
	303-3	Water recycle and reuse	55	Yes
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	33, 38 & 53	Yes
	103-2	The management approach and its components	53 & 59	Yes
	103-3	Evaluation of the management approach	53 & 59	Yes
GRI 305: GHG Emissions 2016	305-1	Direct (Scope 1) GHG emissions	61	Yes
	305-2	Energy indirect (Scope 2) GHG emissions	61	Yes
	305-4	GHG emissions intensity	61	Yes
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	33, 38 & 53	Yes
	103-2	The management approach and its components	53 & 56	Yes
	103-3	Evaluation of the management approach	53 & 56	Yes
GRI 306: Effluents & Waste 2016	306-1	Water discharge by quality and destination	55	Yes
	306-2	Waste by type and disposal method	56-57	Yes
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	33, 38 & 53	Yes
	103-2	The management approach and its components	53	Yes
	103-3	Evaluation of the management approach	53	Yes
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	50	Yes
<b>Topic Specific Standard: Social</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	33 & 38	Yes
	103-2	The management approach and its components	69 & 72	Yes
	103-3	Evaluation of the management approach	69 & 72	Yes
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	70	Yes

GRI Standard	Disclosure Number	Disclosure	Page No(s)	External Assurance
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	<b>Explanation of the material topic and its boundary</b>	33 & 38	Yes
	<b>103-2</b>	<b>The management approach and its components</b>	80-84	Yes
	<b>103-3</b>	<b>Evaluation of the management approach</b>	80-84	Yes
GRI 403: Occupational Health & Safety 2018	403-1	Workers covered by Occupational Health & Safety Management System	80	Yes
	403-2	Worker-related injuries	85	Yes
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	<b>Explanation of the material topic and its boundary</b>	33 & 38	Yes
	<b>103-2</b>	<b>The management approach and its components</b>	69, 70 & 72	Yes
	<b>103-3</b>	<b>Evaluation of the management approach</b>	69, 70 & 72	Yes
GRI 404: Training & Education 2016	404-1	Average Hours of Training per Year per Employee	76	Yes
	404-2	Programs for upgrading employee skills and transition assistance programs	72-77	Yes
	404-3	Percentage of employees receiving regular performance and career development reviews	70	Yes
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	<b>Explanation of the material topic and its boundary</b>	33, 38 & 53	Yes
	<b>103-2</b>	<b>The management approach and its components</b>	95-96	Yes
	<b>103-3</b>	<b>Evaluation of the management approach</b>	95-96	Yes
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	95-109	Yes
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	<b>Explanation of the material topic and its boundary</b>	33 & 38	Yes
	<b>103-2</b>	<b>The management approach and its components</b>	87-89	Yes
	<b>103-3</b>	<b>Evaluation of the management approach</b>	87-89	Yes
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of products and service categories	87-93	Yes
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	50	Yes



## Abbreviations

CSR	Corporate Social Responsibility
L&D	Learning & Development
R&D	Research and Development
USFDA	United States Food and Drug Administration
EU	European Union
API	Active Pharmaceutical Ingredients
ARV	Anti-Retroviral
HRF	Hetero Research Foundation
GMP	General Medical Practitioner
PIC	Pharmaceutical Inspection Co-operation
OECD	Organisation for Economic Co-operation and Development
GCP	Good Clinical Practice
GRI	global reporting initiatives
ML	Mega Litres
JV	Joint Venture
EU	European Union
SDG	Sustainable development goals
KL	Kilo Litre
PEPFAR-SCMS	President's Emergency Plan for AIDS Relief - Supply Chain Management System
UNDP	United Nations Development Programme
PAHO	Pan American Health Organization
MSF	Médecins Sans Frontières
UNOPs	United Nations Office for Project Services
UNICEF	United Nations Children's Fund
INR	Indian Rupee

# FEEDBACK ON SUSTAINABILITY REPORT

Please provide your feedback on this sustainability report of Hetero. Your feedback will assist us in further refining our sustainability efforts.

Your Name: .....

Your email address: .....

Your relationship to Hetero:

1. Employee
2. Supplier
3. Customer
4. Government representative
5. Banker
6. Financer
7. Others.....

How would you rate this reports communication on the sustainability performance at Hetero?

1. Excellent
2. Satisfactory
3. Can be better

How would you rate the details of the information in the information in this report?

1. Exceed expectation
2. Adequate
3. Can be more detailed

How do you rate the design, layout and readability of this report?

1. Excellent
2. Satisfactory
3. Can be better

Your suggestions for improving the report?

Any specific areas that you would like us to include or provide more elaborate description of?

Any other suggestions or comments?



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