

Sustainability through ‘Creating Shared Value’ (CSV)

Message from the CEO & Chief Coach

Creating Shared Value

Central to the Mega Way in all of the 31 countries where we operate is the concept of Creating Shared Value.

To us, that means going beyond the traditional parameters of Corporate Social Responsibility. It means embracing an entire philosophy of generating economic value while achieving social value. Simultaneously it means connecting our success to the success of the communities where we operate. It means practicing what we preach in terms of caring for Human Wellness – economic wellness, physical wellness, and social wellness.

From building talent and creating jobs in the markets where we work, to spreading the wisdom of self-care, to successfully pursuing ISO 14000 certification and green level certifications for our production facilities, Creating Shared Value is not just at the periphery of what we do: it is at the center of it.

Good Health By Yourself

Part of Mega’s unique contribution to Shared Value is our ability to empower people to take care of their own health and wellness. Self-care is at the heart of our thinking on health – reducing the burden on national healthcare systems in the countries that can least afford it.

With our resources for analysis and diagnostics and our ability to build knowledge and capacity, we are in a uniquely privileged position to inspire and enable both our team and our communities to actively pursue good health. Hence the Good Health By Yourself program.

For our employees, we focus on increasing physical activity, encouraging a healthy diet and lifestyle, improving health knowledge and encouraging appropriate preventive care. We offer comprehensive medical coverage to employees in markets where this is often unheard of, with annual check-ups and individualized advice on healthy living along with incentives for pursuing healthy ways of life.

Mega shares this with our communities by regularly conducting knowledge-building workshops and detection and diagnostic camps for health conditions often endemic to developing societies. These include:

- Anemia detection camps, to identify iron deficiency in many of the impoverished communities where we work
- Bone health detection camps, to help in early detection of osteoporosis
- Diabetes and blood pressure awareness, through educating healthcare providers and reaching the wider public through activities such as diagnostic camps
- Mother and child care in high infant mortality environments, through workshops on healthy pregnancy and child development

Green Mega

Sustainability is also a cornerstone of our approach to Creating Shared Value. In Thailand, we have achieved Green Industry Certification Level 2 (Green Activity) for both our Soi 6 and Soi 8 plants in SamutPrakan under the Green Industry Initiative of the Ministry of Industry and we have set a goal to pursue Level 3 certification (Green Activity) in 2016. We have received the ISO 14001 certification in April 2015 and shall be re-audited in April 2018 for renewal.

In all of our production and storage processes we work to effectively utilize resources, reduce pollution, and reduce greenhouse gas emissions. To this end, we have implemented a number of practical initiatives in our manufacturing facilities, such as building an underground waste water treatment plant, converting to natural gas boilers and dehumidifiers, energy-saving T5 lighting and non-CFC air conditioning and saving energy through variable speed drive motors.

Our recently-built Australia plant has also been designed to the most rigorous environmental standards, with 400 photovoltaic solar panels generating 100 kW of renewable energy, approximately one third of total peak demand. Factory lighting consists of over 300 high-efficiency, low-energy demand LED lights.

Mega We Care Wellness Foundation

Creating Shared Value is not just philanthropy. Nevertheless, it makes us proud to be able to plow a significant proportion of our profits back into the communities where we work to achieve sustainable growth benefiting all. To this end, the Mega We Care Wellness Foundation set aside two percent of our profits after tax to sustainable development initiatives leveraging not only our funding but our healthcare expertise as well.

CEO and Chief Coach

VivekDhawan

Sustainability at Mega Lifesciences

Sustainability at Mega Lifesciences means delivering a sustainably growing operation with long term existence, an Organization that lives and grows beyond each of us, to be achieved by balancing the objective of profitable growth, human development, Environmental protection as well as conservation and Social Responsibilities.

Sustainability through CSV at Mega Lifesciences is lead and guided by the CEO and Chief Coach, Mr. VivekDhawan. The Company's objective since the inception has been to create an organization that lives and grows beyond each one of us and one that changes before it is forced to change.

Creating Shared Value includes proposing strategy, processes and implementation of initiatives for a sustainable organization and it is the responsibility of the Directors, Management and employees to implement sustainability through CSV.

Corporate Strategy and Long Term objectives

The Company has a 'Change by Design' framework which builds Products, Markets, Customer Experience and People on a foundation of Operational excellence and Enabling systems by installing in place policies, Key Performance Indicators (KPIs), Long term, Medium term and Short term reward systems, procedures, processes and finance.

Mega Vision

Mega's Vision is to 'Create a Thinking Organisation which will change before it is forced to Change. An Organisation which will live and grow beyond each one of us'

Mega Objective

Mega's Objective is to create value by marketing and selling medicines and medicinal supplements in developing countries.

Long Term Goals

- Maintaining our current market share.
- Double Mega We Care brands business in 5 years ending in year 20219
- Growth in sub-saharan Africa termed as 'Build Africa'
- Penetrating deeper in the natural herbal products business
- Enter complimentary health care businesses in 2016 and consolidate position as a health care company

Succession Planning

The Company has developed a detailed succession plan for the Board of Directors including CEO and CFO. The succession planning has also been done in respect of Key executives and senior managers too. The plan has been documented and approved by the Nomination and Remuneration Committee.

Business Continuity Planning

The Company has developed Business Continuity Plans for its key operational units and is working towards achieving an integrated business continuity plan.

The corporate strategy approved by the Board of Directors is then passed on to the Management and staff as KPIs. These KPIs are then monitored periodically and rewards are disbursed based on actual achievements against the KPIs.

Stakeholder Engagement

Stakeholder engagement is a part of Mega Lifesciences' policies, processes, procedures and reporting. It is embedded in the Business Ethics and Code of Conduct. Stakeholder engagement manifests in various forms.

Stakeholders	Engagement	Expected outcomes
Shareholders, Analysts and Financial Institutions	<ul style="list-style-type: none"> • Annual General Meetings • Quarterly Financial Statements • Annual Report • Earnings Calls • Roadshows • Questions and Answers • Complaints • Factory Visits 	<p>Sustainable Return on Investment</p> <p>Long term sustainable strategy</p> <p>Good Governance</p>
Customers	<p>Regular visits</p> <p>Knowledge building programs through keynote speakers and other programs</p> <p>Training and Development</p>	<p>Good Quality Products/ Services</p> <p>Consumer education</p> <p>Consumer feedback and reporting related training.</p>
Suppliers	<p>Regular meetings</p> <p>Supplier Code</p> <p>Supplier audits</p>	<p>Fair relationships</p> <p>Long terms</p>
Employees	<p>Newsletters (Mega Views News)</p> <p>Minds we Share meets</p> <p>Annual Trips/ picnics</p> <p>Appraisal meetings</p>	<p>Good remuneration</p> <p>Decent working conditions</p> <p>Career path, security, benefits and training.</p>
Society	<p>Regular Involvement with communities</p>	<p>Long term community and social development</p>
Government	<p>Filing reports and returns</p> <p>Responding to directives,</p>	<p>Payment of taxes</p> <p>Compliance with laws</p>

	queries, etc	
Competitors	Membership and Participating in Industry/ trade bodies Participate in industry surveys Marketing Code of Ethics	Industry news Representation to government and regulatory bodies. Fair Competition and business practices

Mega We Care – Us

Corporate Governance

The Company has a Board of Directors from Diverse areas of expertise and carrying high level experience in their areas of expertise. The Board of the Company comprises of 10 Directors out of which 4 are Independent Directors. The Directors meeting details and roles and responsibilities are covered in the Annual Report under the section Corporate Governance.

The Board has constituted

- a) Audit Committee which oversees Corporate Governance, Risk Management, Compliance, External Auditors and Internal Audits. The External Auditors' and Internal Auditors' scope and appointment is approved by the Audit Committee.
- b) Nomination and Remuneration Committee which oversees the Nomination of Directors including Independent Directors and also reviews the remuneration of the Management Board and other senior executives.

Risk Management

The Company has a Risk Management Policy which requires the company to prepare the Risk Registers and highlight the Risks in Operations at least once annually in the Annual Report. The Audit Committee is responsible for the oversight and approval of Risk Management practices of the Company.

Compliance

The Company has a full time and dedicated unit for Compliance and Risk Management. The Company has a Compliance policy and a Compliance Manual. The Compliance manual along with the related policies has been communicated to operations covering more than 90% of the businesses. The key policies have been translated in local languages and governance related forms have been implemented for signatures from employees.

Anti-Corruption, Anti-Bribery and Marketing Code of Ethics

The Company has implemented an Anti -Corruption Policy to ensure that the business is conducted with ethics, integrity, and transparency and as responsible corporate citizens. Mega Lifesciences or any of its employees, managers or Board Members acting on behalf of Mega shall not make, provide, offer or authorize any payments, gifts of any kind or anything of value, directly or indirectly, to any official or employee of any country, state, provincial or local government or any government controlled or owned agency or entity.

Mega Lifesciences further extends this policy to such dealings with health care professionals and private hospitals which shall be done as per limits and approval procedures as specified by Mega.

Mega Lifesciences shall not make any facilitating payments to any government agencies, employees, department, government, political parties to expedite or secure the performance of routine services like tax assessments, customs clearances, utility connections, gas, telephone, internet, etc.

Mega Lifesciences has ensured effective implementation by laying down the rules, Formats, procedures and training employees on the Business Ethics and code of conduct and also signatures from employees for adherence to the Code of Conduct. All new employees are provided a training for Business Ethics and Code of Conduct and are required to sign as agreed and understand.

The Company also has a practice of circulating and obtaining confirmation from management and employees on the 'Conflict of Interest' form which ensures fair dealings.

The Company conducts training on all aspects of the Anti-Corruption policy regularly for key employees.

Human Resources Sustainability

Mega People, values and Culture

"Creating Owners... Improving Lives"

MEGA is a people centric organization which believes in goodness of people and gives an opportunity to people to make careers, improve their own lives as they are improving lives of their customers and partners.

Every member of the Mega team is an owner of a way of life. Our daily lives are driven by a simple cause: To improve lives, to care for human wellness and to help people stay healthy as long as they live. It's a cause that unites our 4,500-plus strong team across the world, sparking ingenuity, passion and a zest for life. They have created a learning organization that believes in Thinking, Changing and Growing.

At the core of the Mega culture is Respect, Freedom, Trust and Truth:

- Respect: for each other's differences
- Freedom: in work and personal lives
- Trust: our people as adults who know what needs to be done.
- Truth: in everything we do.

Human Capital Development



Mega Academy arranges a variety of training programs and workshops for the people at Mega Lifesciences.

‘MINDS WE SHARE ‘ at Mega Lifesciences, is an approach to organize hands-on meets with the purpose of exchanging knowledge and gain wisdom, a conclave where we invite world-renowned speakers to offer new perspectives, which participants then cascade to their worldwide teams. Recent world-renowned facilitators have included Dr. Park, Partner of Blue Ocean Strategy, Dr. Clotaire Rapaille, author of ‘The Culture Code’, Jason Jennings, Curt W Coffman, Dr. Eric De Smet, Fredrik Haren, Dr. Jody Hoffer Gittel and Robert Spector.

These forums were the genesis of our passion for ‘Employee Evangelism & Ownership’, and ‘Creating Owners, Improving Lives’.

We engage our teams by enlisting their participation in workshops with management gurus and best-selling authors like Marshall Goldsmith, Ram Charan and Paco Underhill, marketing gurus like Al Ries and Jack Trout, strengths coach Marcus Buckingham and The Lean Start up by Eric Ries.

Mega Academy has designed and implemented the Mega Master Management (MMM) program in collaboration with leading university of Thailand, The Mahidol University, to provide tools to managers, to improve skills, knowledge and methods for enabling them to successfully lead a team towards Mega’s goals and aims at delivering enhanced employee engagement, empowerment, commitment, retention and productivity improvement. The program extends over a period of 12 months and includes classroom training for at least one day per month. The program includes conception, discussion and implementation of projects and concludes with a certificate from Mahidol University’s Centre for Management.

The program is also offered in shorter version under a ‘MMM – Mini’ which mainly facilitates induction.

35,834 hours of training in 2015 globally at various locations of Mega Lifesciences



Skill and knowledge development programs are designed to deliver leadership, behavioral and technical skills making Mega's human capital ready to meet business challenges and reach organizational goals.

Executive education and leadership development at mega is a one on one approach driven by the immediate coach. Colleagues undergo various trainings in the organization as well as with external bodies and universities. Few to name are Minds We Share at Mega, SASIN Thailand, IIM-Ahmedabad India, Institute Of Directors (IOD), Thailand, MahidolUniversityThailand and more. The executive education and leadership development interventions aims at developing future leaders by bring them knowledge, skills and experience to lead influentially and enhance business results.

More than 4.300 employees worldwide including 46% Males and 54% Females.

Employee remuneration and benefits

<ul style="list-style-type: none">• Allowances	<ul style="list-style-type: none">• Awards based on years of service
<ul style="list-style-type: none">• Bonuses	<ul style="list-style-type: none">• Benevolent funds
<ul style="list-style-type: none">• Incentives	<ul style="list-style-type: none">• Protective equipment
<ul style="list-style-type: none">• Share based payments	<ul style="list-style-type: none">• Overtime payments
<ul style="list-style-type: none">• Provident Fund	<ul style="list-style-type: none">• Support for employee and family bereavement
<ul style="list-style-type: none">• Social Security	<ul style="list-style-type: none">• Diet planning and healthy living
<ul style="list-style-type: none">• Employee education	<ul style="list-style-type: none">• Accident Insurance

Employee Rights

The Company respects Human rights and provides healthy and hygienic working conditions. Mega Lifesciences respects and observes the labour laws of the country of its operations and files the reports as required by law within due dates. The Company's Business Ethics and Code of Conduct bars discrimination on any grounds.

Good Health ByYourself (GHBY)

Mega Lifesciences wants to create good health ambassadors by promoting good health among all the employees and desires that each of the 4,300 plus employees is an evangelist for prevention of disease achieved through healthy life.

The company encourages regular health checkups and counseling for all employees. The company conducted various activities across its locations:

Mega Cambodia

- Stay healthy with Mega Family- 'Mega We Care' Football event for our people to stay healthy, live happily and improve life.

Mega Indonesia

- Field force badminton matches once a month.
- Pre-Medical checkup for all employees
- Yoga Class on Fridays.

Mega Malaysia

- Blood Check for all employees to study the Lipid profile and Glucose profile of all employees.

Mega Thailand

- Football tournament for employees.
- Sports Day
- Health Checkup and counselling for 1,000+ employees

Mega Ukraine

80% of employees go in for physical activities (fitness, water-pool, gym, table-tennis, tennis, skiing). We sent employees short information with recommendations of WHO about physical activities and its positive influence on cholesterol level and diabetes, heart diseases prevention. 50% of employee use healthy food. We also sent recommendation about healthy food. In office we have green tea with ginger. On meetings we propose healthy sandwiches, fruits and nuts.

Mega Myanmar

- Sports Day

Why would you like to work for Mega Lifesciences?

The Company not only provides good career by developing, encouraging and empowering employees to attain their potential through a remuneration under a wide spectrum of salaries, incentives, allowances, variable incentives, long term rewards like Stock Options and Share Warrants but also provides a platform for relationships and engagement at a personal and family level. Workplace relationships are encouraged by organizing activities and events like water festival, merit making, charity trips, yearend parties, etc

Health and Safety.

Mega Lifesciences maintains safety records for reporting to the Ministry of Labour and also to the Management and Board of Directors of Mega Lifesciences.

The Company has a dedicated Safety team for its manufacturing locations and has safety code for its manufacturing as well as logistics facilities which mandates the employees to adhere to strict standards of safety.

'Zero' Cases of dismemberment have been reported in Mega Lifesciences globally.

Mega We Care – Communities and Society

Mega Wellness foundation

Mega Lifesciences encourages its offices worldwide to identify means of engagement with the society. The Company has a policy to set aside 2% of its Profits After Tax for various activities under its 'Creating Shared Value' drive.

Donor for Life

Mega Cambodia



- Started of a program to donate 3,000 kilograms of rice to Orphans centre

Mega Myanmar



- Donated Myanmar Kyat 9.84 Million (approximately United States Dollars 10,000) to Ministry of Health for scholarships to 10 Medical students and 8 Pharmacy students.

- Donated Kyat xxxxxfor flood relief.

Mega Vietnam



- Blood donation camp arranged on November 13, 2015
- Started off a program to donate Vietnam dong 500,000 per child per month to Que Hong house

Mega Ghana

Donations to Disabled children's home.

Mega Corporate

Donated Thai Baht 500,000 to MechaiPattanaSchool along with t-shirts for students. The Company also accepted 2 students as apprentices in the Manufacturing operations.

Good Health by yourself

Mega Cambodia



Awareness program for Joint and Bone health.

Arranged a staff Soccer tournament for staff and partners.

Mega Myanmar

Arranged various Health talks on Iron deficiency, health checks and counseling on a personal basis for many individuals.

Mega Nigeria

World Hepatitis Day celebration was organized across Nigeria to create awareness among consumers in the teaching hospital, retail pharmacies. To get better mileage we clubbed the Diabetes Detection, Neuropathy and Hypertension screening in the retail pharmacies.

Also celebrated World Diabetes Day in 2014.

Free health screening held on June 12, 2015.

Mega Thailand



Happy and Healthy family trip

"MEGA We care Thailand as the leader of Family Health Expert created campaign "Happy and Healthy Family trip". In episode 1, 23 lucky families joined this car rally trip. It was a trip themed on happiness through good health and all the participating families were engaged through many healthy activities.

Mega Ukraine

Ms. Nataliya Prisyazhnaya, Key Account Manager (KAM) with our team and drug store chain “Pharmacy” organized Health Day in drug store in the town Petropavlovka. Ophthalmologist, Dr. Kravchina Tatyana examined 62 customers of pharmacy during the day. Ms. Nataliya our KAM, checked the fasting glucose of the patients. It was an effective activity to create awareness among elderly population and also helped in increasing sales from pharmacy.

Mega Vietnam



Terry Fox Run is an annual event to help build awareness in the fight against cancer and raise fund for cancer research. The activity was held in District 7, Ho Chi Minh City on 29th November and raised a total number of 1.7 billion VND (approximately United States Dollars 80,000). In Hanoi, it took place on 17th November in Nam Thang Long Residential Area under the name ‘Run for Children’

Mega UAE

Free health screening held for community.

Mega Ghana

Conducted Yoga workshop for key managers.

Mega We Care- Environment We Conserve

Green Mega – 2015

Green Industry

The Company maintained the Level 2 Green Industry Certification awarded by the Ministry of Industry for both the manufacturing locations in Thailand.

The Company achieved ISO 14001 in April 2015 and the certification shall be subject to renewal in April 2018.

The team prepared for this in 2014 and the Company went through audits during year 2014 for the certification.

The Company has achieved 95% of lighting through T5 (28 Watt) fluorescent lamp from the previous T8 lamps.

The Company has started using LED lamps (20 Watt) to save energy and protect environment.

The Company continues to use chilled water for air conditioning system (non CFC) to reduce the green house gas emission.

The insulation material of ducts has been changed from fiber glass to polyethylene foam to help reduce the reinstallation and also prevent spread of small glass particles in the environment.

The Company has installed video conference facilities to reduce carbon footprint.

The Company has started a practice to send print copies of annual report only to shareholders who request by return letter and has reduced printing by 50%.

Green Mega 2016

LED lamps usage to increase to 50%.

Solar power usage to be increased

Prepare improving Green Industry Certification from Ministry of Industry to level 3 compared to level 2.

Awards and Recognitions

Investors' Choice Award from the Thai Investors' Association.



Level 2 Green Industry Certification from the Ministry of Industry.

