

GODREJ FINANCE LIMITED

Corporate Social Responsibility Policy

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1. Preamble:

Godrej Finance Limited (“the Company”) has prepared the Corporate Social Responsibility Policy (“Policy”) in alignment with its objective, principles and values, delineating its responsibility as a socially and environmentally responsible corporate citizen. This Policy lays down the principles and mechanisms for undertaking various programs in accordance with the requirements provided under Section 135 of The Companies Act 2013 (“the Act”), read with Schedule VII to the Companies Act 2013 and The Companies (Corporate Social Responsibility Policy) Rules, 2014 along with subsequent amendments.

The Board of the Directors of the Company (‘Board’) has approved this Policy, after taking into account the recommendations by the CSR Committee. Any or all provisions of this Policy are subject to the applicable provisions of the Companies Act, 2013, and any subsequent amendments thereof made from time to time.

2. Definitions:

- “Act” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- “Board” means the Board of Directors of the Company.
- “Committee” means the Corporate Social Responsibility Committee of the Company as constituted or reconstituted by the Board.
- “Company” means Godrej Finance Limited.
- Administrative Overheads means the expenses incurred by the Company for ‘general management and administration’ of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular project/activity.
- Ongoing Project means a multi-year project undertaken by the Company in fulfilment of its CSR obligation, having timelines not exceeding 3 years excluding the financial year in which it was commenced, and includes such projects/activities that was initially not approved as a multi-year project but whose duration has been extended beyond 1 year by the Board based on reasonable justification.

3. Purpose and Policy statement:

As per Section 135 of the Act, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during 3 the immediately preceding financial year shall constitute a Corporate Social Responsibility (“CSR”) Committee of the Board.

As per the Act, the CSR Committee to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Act.

In view of the aforesaid requirement, the CSR Policy is adopted by the Company, as approved by the Board pursuant to recommendation of the CSR Committee of the Company.

4. CSR initiatives and spent:

As per the Act, the Board of every company referred aforesaid, shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

The Company is yet to make profits it does not fall under the aforesaid category of mandatory

spending under CSR.

Further, once the Company falls under the aforesaid category of mandatory spending under CSR, the Company would identify the suitable CSR projects/activities in line with CSR Policy. The Company will also establish a robust project/activity monitoring and evaluation mechanism for such CSR spends to ensure that every project/activity is in accordance with the requirements under the Act.

5. Governance & Administration:

The Board of the Company has constituted the CSR Committee in accordance with the provisions of the Act. The CSR Committee is authorised to take professional support from individuals or organisations having expertise in related fields. The schedule of post approval delegation will govern the administration of CSR projects/activities.

6. Roles and Responsibilities:

Board of Directors

- Approve the CSR Policy, which includes guiding principles for selection, implementation and monitoring of CSR projects/activities, taking into account the recommendations of the CSR Committee.
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years.
- Approve the excess amount spent in any financial year which is required to be set off.
- Ensure that the administrative overheads do not exceed 5% of total CSR expenditure of the Company for the financial year.
- Satisfy itself that the funds disbursed have been utilised for the purposes and in the manner as approved by it.
- In case the Company fails to spend at least 2% of the average net profits of the Company, then specify the reasons for not spending.
- Ensure that the implementation of CSR projects/activities are undertaken by the Company itself or through entities as per Companies (Corporate Social Responsibility Policy) Rules, 2021.
- Monitor the implementation of the CSR projects/activities with reference to the approved timelines and year-wise allocation and make modifications, if any, for smooth implementation of the project/activity within the overall permissible time period.
- Approve and extend the duration of any project/activity that was not initially approved as an ongoing project, beyond 1 year based on reasonable justification.
- Approve an annual action plan in pursuance of the CSR Policy and alter such plan at any time during the financial year, as per the recommendation of the CSR Committee.
- Approve the impact assessment reports (if applicable) and an annual report on CSR.
- Disclose the composition of the CSR Committee, CSR Policy, and approved projects/activities on the Company website, for public access.

CSR Committee of the Board

- Formulate the CSR Policy indicating the projects/activities to be undertaken by the Company as per regulatory requirements and recommend the same to the Board.
- Monitor the implementation of the CSR Policy from time to time.
- Formulate and recommend to the Board, an annual action plan (including any changes thereto during the financial year) in pursuance of the CSR Policy.
- Approve the CSR projects/activities in line with the larger CSR vision of the organization.
- Ensure that the CSR projects/activities included in CSR Policy are related to the activities included in Schedule VII of the Act.
- Ensure that in each financial year, the Company spends the approved budget in compliance with the Act.

- Ensure that, in every financial year, funds committed by the Company for CSR projects/activities are utilized effectively and monitored as per the structured process.
- Institute a transparent monitoring mechanism for implementation of the CSR projects/activities undertaken by the Company.

7. Guiding Principles

- The Board will ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, made during the 3 immediately preceding financial years.
- The surplus arising out of the CSR projects/activities will not form part of the business profit of the Company.
- If, in any financial year, the Company spends in excess of the mandatory spend, on CSR projects/activities, the Board may decide to set-off the same in the immediately succeeding 3 financial years.
- The treatment of surplus, set-off of excess spend and unspent CSR amount (if any), will be governed by the provisions of the Act and rules thereof.
- The Company would engage with the employees as a key resource to drive social change within the organization.
- Mechanism for grievance redressal shall be made available for queries/grievances/complaints from the community members and other stakeholders with respect to the CSR projects/activities undertaken by the Company.
- Once projects are identified, parameters of progress reporting will be agreed upon with the respective implementation agencies.
- The Company will prepare reports on all CSR projects/activities, with or without external support. Such reports will be presented to the CSR Committee, if required.
- In event any CSR Project / activities are undertaken Impact assessment shall be carried out to comprehend tangible and intangible changes in the lives of the communities where the projects/activities were implemented.

8. Review, Modification & Changes:

- There shall be an annual review of the Policy by the Board of Directors
- Board of Directors can at any time modify or amend, either the whole or any part of Policy.

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