

GODREJ FINANCE LIMITED

Corporate Social Responsibility Policy

1. Preamble:

We, Godrej Finance Limited(GFL) is committed to the Godrej Group's 'Good & Green' vision of creating an inclusive India. Our strategic Corporate Social Responsibility (CSR) projects, undertaken as part of our overall sustainability framework, actively work towards the Godrej Group's Good & Green goals and have helped us carve out a reputation for being one of the most committed and responsible companies in the industry.

2. Purpose

The key purpose of this policy is to:

- Define what CSR means to us and the approach adopted to achieve our Good & Green goals
- Identify broad areas of intervention in which the company will undertake projects
- Define the kind of projects that will come under the ambit of CSR
- Serve as a guiding document to help execute and monitor CSR projects
- Elucidate criteria for partner implementation agencies*
- Explain the manner in which the surpluses from CSR projects will be treated

*(*The Partner Implementation Agency to fulfil all the criteria as laid down under Section 135 of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time.).*

3. Policy Statement:

Through our Good & Green CSR Policy we align our CSR strategy with the Godrej group's Good & Green vision and goals. The policy focuses to empower women, LGBTQ+ individuals, and people with disabilities along with the overall larger community by addressing financial inclusion barriers for their business setup and growth. We adopt a shared value approach that helps solve these critical problems while strengthening our competitive advantage. The approach aligns our growth with social and environmental impact

4. Scope of CSR activities in GFL:

As a practice, we classify only those projects that are over and above our normal course of business and other exclusions as mentioned under the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as CSR. This policy applies to all our CSR projects. On a periodic basis this Policy will be reviewed and updated in line with relevant codes of corporate governance, international standards and best practices. Furthermore, the policy also fulfills the requirements of the CSR rules as per Section 135 of the Companies Act, 2013.

5. Focus Areas for CSR Good & Green:

At GFL, we are committed to the Godrej Group's Diversity and Inclusion commitment by fostering equal, supportive and holistic workplaces. Our core focus areas are:

a. Employability:

- b. Enable urban populations specially to women, LGBTQI+ and person with disabilities individuals in skills that enhance their earning potential through education, employability and entrepreneurship projects

Economic Empowerment
Enable entrepreneurs, especially socially disadvantaged group with credit support, capacity building & other support to ensure economic empowerment

c. Brighter Giving:

We encourage our team members to be a part of our CSR projects. Through Brighter Giving, our structured volunteering programme, we provide volunteering opportunities to our team members to engage in skill-based, longer-term volunteering projects.

Our Good & Green CSR policy contributes to the Group-wide goals by adopting projects in the areas of intervention defined in Schedule VII of the Companies Act, 2013, as may be amended

from time to time. Over and above the above mentioned goals, from time to time we shall undertake additional CSR activities as may be approved by the CSR Committee that are covered under Schedule VII, such as:

- **Education:** Inclusive and equitable quality education for different age groups and promote life-long learning opportunities for all
- **Environmental sustainability:** Water conservation, clean and renewable energy, reduction of waste to landfill, environmental sustainability, ecological balance, conservation of natural resources and reduction of pollution
- **Relief funds:** Contribute to government relief funds or any other fund for disaster relief and rehabilitation and any calamities as approved by the Government
- **Rural development:** Integrated rural development to improve education, health, livelihoods, and environmental conditions in rural and marginalised geographies
- **Poverty & hunger:** Support poverty and malnutrition projects, promote preventive healthcare and sanitation, safe drinking water
- **Research & technology:** Support to research institutions and technology incubators in Central Government approved academic and research institutions
- **Gender issues:** Support empowerment programmes for girl children, adolescent girls, and women, through education, health and livelihood projects, etc.
- **National heritage:** Protection of national heritage, art and culture
- **Sports:** Promote sports in all forms, geographies and for all groups including (but not limited to) sports for persons with disabilities
- **Armed forces welfare:** support armed forces veterans, war widows and their dependents.

6. Governance Structure:

We have constituted a robust and transparent governing mechanism to oversee the implementation of our CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

6.1 CSR Committee:

The governance structure of our CSR interventions is headed by the Board Level CSR committee that will be accountable to the Board of Directors of the Company for undertaking the CSR projects

Responsibility:

Formulate and recommend to the Board, an Annual Action plan, which shall include:

- a) the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII to the Act;
- b) the manner of execution of such projects or programs as specified in Act;
- c) the modalities of utilization of funds and implementation schedules for the projects or programs;
- d) monitoring and reporting mechanism for the projects or programs; and
- e) details of need and impact assessment, if any, for the projects undertaken by the company: *Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.*

- Formulate & update the CSR Policy, from time to time and recommend the same to the Board for its approval
- Suggest areas of CSR intervention to the Board of GFL
- Approve projects that are in line with the CSR policy of GFL
- Put monitoring mechanisms in place to track the progress of each project

- Recommend the CSR expenditure to the Board of GFL
- Meet At least once a year to review the progress made

6.2 Responsibilities of Board of Directors

Upon recommendation of the CSR Committee, approve the following:

- a. Amendments to the CSR Policy of the Company
- b. Annual Action Plan including CSR Expenditure, areas of CSR intervention etc.
- c. CSR Report forming part of the Board's Report
 - Monitor the implementation of the CSR Projects
 - Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company
 - The Board shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify the same to that effect

7. CSR Budget:

The total budget for the CSR projects will be decided as a part of the Annual Operating Plans, in accordance with the Good & Green goals and priorities identified for each of the key focus areas by the CSR Committee. The Committee members along with the Board of Directors shall ensure that the administrative overheads shall not exceed 5 (five) percent of total CSR expenditure of GFL for the Financial Year. Further, these will not include expenses incurred by the Company towards designing, implementation, monitoring and evaluation.

8. Project Life Cycle:

At GFL, our CSR projects are strategically planned and managed. Following are the key stages of a project:

8.1 Guiding Principles

All CSR programmes and projects must be aligned to thrust areas listed in this Policy document and listed in Schedule VII of the Companies Act, 2013.

- CSR projects or programmes must be undertaken in India alone.
- CSR activities must not include the activities undertaken in pursuance of normal course of business of the Company
- Projects or programmes or activities that benefit the employees of the Company and their families shall not be considered as CSR.
- One-off events such as marathons/awards/ charitable contribution/ advertisements / sponsorship of TV programmes etc. will not qualify as part of CSR expenditure.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.

8.2 Annual Action Plan

The CSR Committee of the Board of Directors of the Company shall recommend an Annual Action Plan to the Board for its approval on annual basis, which shall include:

- a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
- b. the manner of execution of such projects or programmes;
- c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d. monitoring and reporting mechanism for the projects or programmes; and

- e. details of need and impact assessment, if any, for the projects undertaken by the company.

Further, the Board may alter such plans as per the recommendation of the CSR Committee at any time during the financial year

8.3 Project Approval

The projects suggested by the Management Committee in consultation with the Corporate Good & Green team and company-level programme managers will be presented for the approval of the Board-level CSR Committee.

8.4 Implementation

The final projects approved by the Board of Directors/Board-level CSR Committee will be sent to the individual Programme Managers, who in turn will break down the projects into time-bound targets and action plans. These projects will either be implemented directly, or in partnership with an Implementing Agency or in collaboration with another corporates in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes as per the Companies Act, 2013.

The Company may also engage international organizations for designing, monitoring and evaluation of CSR projects or programmes as per this policy as well as for capacity building of our own personnel for CSR.

8.5 Monitoring

The individual Programme Managers will be responsible for monitoring approved projects, by methods which may include site visits, review meetings, progress reports etc. Online portals have been developed to track data and monitor projects thereby ensuring transparency and efficiency in the implementation process. Projects will be evaluated against the goals and milestones defined for the project, together with the Implementing Agency (if any), as per the provisions of the Companies Act, 2013 read with relevant rules.

In case of an ongoing project, the Company or its implementing agency shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period. The Impact Assessment Reports will be placed before the Board of Directors at their meeting.

8.6 Reporting

The Board-level CSR Committee, based on reports presented by the Management Committee, will annually publish report on the CSR projects along with impact assessment reports (if any) as a part of the Director's report. The report will disclose information in the format as prescribed by the Section 135 of the Companies Act, 2013 read with relevant Rules, amendment(s), modification(s), if any.

The Chief Financial Officer ("CFO") of the Company shall certify to the Board on an annual basis that the funds disbursed by the Company towards CSR activities have been utilised towards the same effect.

9. Partner Qualification:

If a third party is employed to carry out the implementation of our CSR projects, the Company will ensure that they have a clearly explained mission/vision and an established track record of three years in undertaking similar projects or programmes. The implementation agencies should be able to produce their latest audited annual reports and in case of an NGO, they should also be able to produce their registration forms according to CSR 1/80G/12A.

10. Treatment of Surpluses :

Any surplus generated from CSR projects undertaken by us will be treated as per the provisions of the Companies Act, 2013 read with the relevant rules. These funds will be further used in

development of the CSR projects or shall be transferred by the company to any fund included in Schedule VII to the Companies Act, 2013 and will not be added to the normal business profits.

10.1 Treatment of Excess Spent

Any amount spent in excess of the requirement of the Section 135 of Companies Act, 2013, such excess amount may be set off against the requirement to spend, up to immediate succeeding three financial years subject to the conditions as specified under the Companies Act, 2013

11. Engagement of International Organisations:

The Company may engage international organisation(s) for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of its personnel for CSR.

12. 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 within the regulatory framework.

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