



Good & Green CSR Policy

V2.0

Name of the Document	Corporate Social Responsibility Policy
Version	3.0
Company Name	Godrej Consumer Products Ltd.
Release Date	12th May 2021
Effective Date	12th May 2021
Date of last review	29th April 2021

Contents

1. Preamble.....	4
2. Purpose	4
3. Scope of CSR activities in GCPL	4
3.1 Normal Course of Business	5
4. Focus Areas for CSR.....	5
4.1. Employability & Livelihoods	5
4.2 Health & well-being	5
5. Governance Structure	6
5.1 Board-level CSR Committee	6
5.1.1 Members	6
5.1.2 Responsibilities	6
5.2 Management Committee.....	7
5.2.1 Members	7
5.2.2 Responsibilities	7
5.3 CSR Team	7
6. CSR Budget	8
7. Project Life-cycle	9
7.1 Guiding Principles	9
7.2 Annual Operating Plan	9
7.3 Project Approval	10
7.4 Implementation	10
7.5 Monitoring	10
7.6 Reporting.....	11
8. Partner Qualifications	11
9. Treatment of Surpluses.....	11
10. Treatment of underspends	11

1. Preamble

For over 123 years, the Godrej Group has actively championed social responsibility. It's core to who we are. In over a century, the one thing we've never let go of is Trust and being a good company. It's at the heart of everything we do in The Godrej Way - the Goodness Way. At Godrej Consumer Products Limited (GCPL), we are committed to the Godrej Group's 'Good & Green' vision of creating a more inclusive and greener world.

2. Purpose

The key purpose of this policy is to:

- Define what CSR means to us at Godrej Consumer Products Ltd and the approach adopted to achieve our 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 implementation agencies
- Explain the manner in which the surpluses from CSR projects will be treated

3. Scope of CSR activities in GCPL

As a practice, we classify only those projects that are over and above our normal course of business 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 the Section 135 of the Companies Act, 2013.

3.1 Normal Course of Business

Our normal course of business is to manufacture home care, personal care and hygiene products for markets in India and abroad. We are the largest home-grown home and personal care company in India. We are constantly innovating to delight our consumers with more exciting, superior quality products at affordable prices. We also give a high priority to comply with the regulatory requirements while keeping up with the industry standards in procurement, manufacturing, technology and safety. We certify that CSR activities shall not include activities carried out for fulfilment of any other statutory obligations under any law in force in India.

4. Focus Areas for CSR

4.1 Employability & Livelihoods

Enable 1 million rural and urban youth in skills that enhance their earning potential through employability and entrepreneurship projects. India has 600 million people below the age of 25 out of which only 80 million (13%) are employable. Recognising the seriousness of this problem, we have undertaken projects that focus on capacity and skill building of diverse target groups from rural youth to low-income women to make them employable and improve their earning potential and livelihoods.

4.2 Health & well-being

Protection against Vector Borne Diseases for 30 million people in urban and rural areas in India.

Vector borne diseases are a growing threat and one of the biggest public health challenges facing the country. The climactic conditions in India are congenial for transmission of many diseases such as malaria, dengue, chikungunya and others. The diseases impact marginalised communities in particular and pose challenges to well-being and prosperity in these communities. Therefore, GCPL has designed an intensive behaviour change programme which works with communities to increase their awareness and understanding of vector borne diseases and prevention of the same. The programme also aims to improve their health seeking behaviour in case of symptoms. The programme is designed as a collaboration with the government's public health machinery and supplements and complements their efforts.

4.3 Greener India

Become a global sustainability leader and influence sustainable consumption

Our endeavor is to prevent the further deterioration of the environment and preserve it for the future generations. The Greener India initiative aims to do this through innovative projects that contribute to conserving fresh water, reducing waste to landfill, afforestation projects, etc.

Over and above the above mentioned goals, from time to time we undertake additional CSR activities approved by the CSR Committee that fall under Schedule VII.

5. Governance Structure

We have constituted a robust and transparent governance structure to oversee the implementation of our CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013 and subsequent amendments as of 1st April 2021.

5.1 Board-level CSR Committee

The CSR governance structure of GCPL will be headed by the Board-level CSR committee.

5.1.1 Members

This committee will report to the Board of the company, and will comprise of:

1. Mr. N. B. Godrej
2. Ms. Nisaba Godrej
3. Ms. Tanya Dubash
4. Mr. Narendra Ambwani (Independent Director)

5.1.2 Responsibilities

- Formulate and update GCPL's CSR Policy, which will be approved by the Board of GCPL
- Suggest areas of intervention to the Board of GCPL

- Approve projects that are in line with the CSR policy
- Put monitoring mechanisms in place to track the progress of each project
- Recommend the CSR expenditure to the Board of GCPL for approval
- Meet twice a year to review the progress made

Review CSR expenditure to ensure funds disbursed have been utilised for the purposes and in the manner agreed upon by the Committee. The Board may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

5.2 Management Committee

The Management Committee is responsible for ensuring the smooth execution of all the CSR projects within the company. The committee will report to the Board-level CSR Committee.

5.2.1 Members

The members will include heads of individual departments.

5.2.2 Responsibilities

- Responsible for the execution of the decisions taken by the Board-level CSR Committees
- Ensure on-ground implementation of projects
- Send periodic reports to the Board-level CSR Committee
- Meet every quarter to review the progress
- Chief Financial Officer will review CSR expenditure and certify that funds disbursed have been utilised for the purposes and in the manner agreed upon by the CSR Committee

5.3 CSR Team

The CSR Team will be responsible for on-ground implementation of the projects.

5.3.1 Responsibilities

- Evaluate projects as per the CSR Policy
- Identify CSR implementation partners as per Ministry of Corporate Affairs (MCA) guidelines and with requisite registration with MCA
- Implement projects based on set targets and action plans
- Regularly monitor the activities
- Send quarterly reports to the Management Committee and CSR Committee of the GCPL Board
- Evaluate possible collaborations with other organizations on CSR projects

6. CSR Budget

The total budget for the CSR projects will be calculated on the basis of 2% of average 3 years' net profit before tax. The Annual Operating Plans will be put in place by the CSR Team in accordance with the CSR goals and priorities identified for each of the key focus areas by the CSR Committee.

- 1) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- 2) Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy.
- 3) Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that:
 - i. (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
 - (ii) the Board of the company shall pass a resolution to that effect.

7. Project Life-cycle

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

7.1 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.

7.2 Annual Operating Plan

The CSR team will prepare the Annual Operating Plan for CSR in accordance to the thematic areas approved by the Board and in line with the available CSR budget for the year. The detailed partner-wise budget and goals shall be approved by the Managing Committee and then presented to the CSR Committee of the GCPL Board for approval.

7.3 Project Approval

The projects suggested by the Management Committee in consultation with the CSR team will be presented for the approval of the Board level CSR Committee.

7.4 Implementation

The final projects approved by the Board Level CSR Committee will be implemented in a time-bound and impact oriented manner. These projects will either be self-implemented, in partnership with an Implementing Agency or in collaboration with another corporates. CSR activities are undertaken by the company may be implemented by itself or through:

- a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company.
- b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- c) any entity established under an Act of Parliament or a State legislature; or
- d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

All CSR implementation partner must be registered with the Central Government by filing the form CSR- 1 electronically with the Registrar, with effect from the 01st day of April 2021.

7.5 Monitoring

The CSR team 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). The reports will be submitted to the Management Committee for the quarterly review meetings.

7.6 Reporting

The Board-level CSR committee, based on reports presented by the Management Committee, will annually publish a report on the CSR projects as a part of the Director's report of the Integrated and Annual Report of GCPL. The report will disclose information in the format as prescribed by the Section 135 of the Companies Act, 2013.

8. Partner Qualifications

If a third party is employed to carry out the implementation of our CSR projects, the Board of GCPL will ensure that they have a clearly explained mission/vision and an established track record of three years in undertaking similar projects or programmes in line with the guidelines set by MCA. 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 80G/12A. In addition, they would need to be registered with the MCA as of 1st April 2021.

9. Treatment of Surpluses

Any surplus generated from CSR projects undertaken by us will be tracked and channelized into our CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

10. Treatment of underspends

Any underspend in an ongoing programme or project as of 31st March of any given year would be moved to the Unspent Funds (Current) Account and would need to be spent within a period of three years. In case the funds do not get spent within a period of three years, they would need to be transferred by the company to any fund included in schedule VII of the Act.

Any underspend that is unallocated, would need to be moved to the Unspent Funds (Current) Account and would need to be spent within a period of six months, failing which it would be transferred by the company to any fund included in schedule VII of the Act.