

Good & Green CSR Policy For Godrej Agrovet Limited

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1. Preamble

At Godrej Agrovet Limited (GAVL), we are committed to the Godrej Group's 'Good & Green' vision of creating a more inclusive and greener 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 we 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. 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 on addressing critical social, environmental and economic needs of the marginalised / underprivileged sections of the society. 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.

This Policy will be effective from April 01, 2014 and will remain in force until replaced or amended by the Company.

4. Scope of CSR Activities in GAVL

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.

Definition of Normal Course of Business for GAVL

We are a diversified agribusiness company and are amongst the market leaders in many of the different businesses in which we operate.

- Our Animal Feed business is one of the largest organised players in the Compound Feed market in India, clocking over a million tonnes in annual sales. Our diverse portfolio includes products in Cattle, Poultry, Aqua and Specialty Feed.
- We are among the largest oil palm developers in India and work directly with the farmers

for the entire lifecycle of their crop. Over the years, we have developed huge areas of plantations across Andhra Pradesh, Telangana, Tamil Nadu, Goa, Karnataka Maharashtra and Mizoram.

- Our Agri Inputs business has a wide range of products that cater to the entire crop lifecycle. Our constantly evolving product portfolio includes Plant Growth Regulators, Organic Manures, Generic Agrochemicals and Specialised Herbicides.

At GAVL, we are dedicated to producing high quality products. We also give great importance to complying with all the regulatory requirements.

5. Focus Areas for CSR Good & Green

We aspire to create a more employable Indian workforce, build a greener India, and innovate for 'good' and 'green' products. The Godrej group's Good & Green goals are:

5.1 Employability

Train 1 million rural and urban youth in skills that enhance their earning potential through employability projects. India has a huge population below age of 25 years which is unemployable. 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.

5.2 Greener India

Achieve zero waste to landfill, carbon neutrality, a positive water balance, 30% reduction in specific energy consumption and increase utilization of renewable energy sources through the Greener India projects

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 achieving the Godrej Group's goals (as in Section 5.2) linked to ensuring environmental sustainability.

5.3 Innovating for Good & Green

Generate a third of our portfolio revenues from 'good' and/or 'green' products and services – defined as products that are environmentally superior or addresses a critical social issue (e.g., health, sanitation, disease prevention) for consumers at the bottom of the income pyramid

We define a 'Good' product/service as one that addresses a critical issue for marginalised sections of the society. The issue addressed could be related to health, hygiene, water, sanitation, housing, education, livelihoods etc. A 'Green' product/service is that which reduces energy, Greenhouse Gas emissions, water or material consumption, eliminates toxic materials or uses recyclable, renewable and/or natural material.

Innovation and societal good form the core of our Research & Development activities that are dedicated to improve the productivity of farmers. This at times is supplemented by cause-related

campaigns that aim at educating the marginalised communities to adopt better habits.

5.4 **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 to the Companies Act, 2013. Over and above the Good & Green goals, from time to time we undertake additional CSR activities 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.

Members:

- 1) Dr. Raghunath A. Mashelkar, Chairman;
- 2) Mr. Nadir B. Godrej, Member;
- 3) Mr. Balram S. Yadav, Member;
- 4) Ms. Roopa Purushothaman, Member

Responsibilities

- Formulate and revise the Company's CSR Policy, which would be approved by the company's Board.
- Formulate and recommend an Annual Action Plan (including any revisions thereto) to the Board for its approval.
- Suggest areas of intervention to the Board and decide on the projects
- Ensure that the implementing agencies through which the CSR Projects are being undertaken, have registered themselves and has a Unique CSR Registration Number
- Evaluate projects suggested by the Management Committee and approve those that are in line with the CSR Policy and budget.
- Identify projects of the Company as 'Ongoing Projects'.
- Satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by the Board.
- Meet once annually to review progress made

6.2 Management Committee

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

Members

The members will include heads of individual departments.

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

6.3 Programme Managers

The Programme Manager will be responsible for on-ground implementation of the projects.

Responsibilities

- Evaluate projects as per the framework
- Implement projects based on set targets and action plans
- Regularly monitor the activities
- Send quarterly reports to the Management Committee and Corporate Good & Green team
- Find suitable implementation partners, conduct due diligence and obtain approval from the Board
- Evaluate possible collaborations with other organizations on CSR projects

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 GAVL 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 GAVL, 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 self-implemented, 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 Qualifications

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 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 amount 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.

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