



CORPORATE SOCIAL RESPONSIBILITY POLICY

FSN E-COMMERCE VENTURES LIMITED ('Nykaa' or 'Company')



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1. PREAMBLE

At Nykaa, our vision is to bring inspiration and joy to people everywhere, everyday. This along with our Mission and Values are the DNA of our CSR agenda. From our founding days, giving back has been part of our journey. Over the years we have made strong strides with consistent efforts and a focus on underprivileged women and children. We aim to be an ally that inspires positive change in people and their communities as we believe this will go a long way in building a more inclusive India.

2. PURPOSE

The objective of CSR policy is to lay down the guidelines and mechanism to carry out CSR projects / programs by Nykaa and to report its CSR work in the format provided by the rules under the Act.

The key purpose of this policy is to:

- i. Define what CSR means to us and the approach adopted to achieve our 3E goals
- ii. Identify broad areas of intervention in which the company will undertake projects
- iii. Define the kind of projects that will come under the ambit of CSR
- iv. Serve as a guiding document to help execute and monitor CSR projects
- v. Elucidate criteria for implementation agencies

This policy shall come into effect from the date of approval of the Board of Directors.

3. POLICY STATEMENT

Through our CSR program, Nykaa aims to be a champion of authentic self expression and an ally that inspires positive change. The key philosophy centers around driving Empowerment and Inclusion for all. This includes the communities our business operates in, the underprivileged and marginalized - socially and economically, as well as society at large. Our ambition is to lay a CSR foundation that seamlessly ties in with our social voice and business behaviour. Our intention and efforts will be to ensure programs that are Meaningful, Scalable, Sustainable and Timeless.



4. SCOPE

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, and best practices. Furthermore, the policy also fulfils the requirements of Section 135 of the Companies Act, 2013.

5. FOCUS AREAS FOR CSR

Inclusion will be a distinct lens for every CSR initiative Nykaa undertakes. Every program from Nykaa will aim to give voice and expression to outliers and bring balance through opportunity, financial or social support. We will identify and/or carve out specific areas of focus for our programs that will be at the cusp of:

I. Upliftment and Mentoring of vulnerable age groups

With a specific focus on adolescent girls and boys, to help shape their idea of beauty, self-worth and individuality, we aim to create meaningful interventions in their formative years. This could be through the mediums of sports/ PE, specialized workshops on subjects such as body positivity and mental health counselling.

II. Education, Skilling & Entrepreneurship

Facilitating inclusion through initiatives that offer equitable quality education and skilling for different age groups and societal groups. This can include education , financial literacy, skills training, STEM education, scholarships, mentorship programs for women entrepreneurs and more.

III. Access to healthcare

Improving health outcomes through improved accessibility, awareness and delivery of healthcare. Initiatives can address specific health issues that impede the economic and social inclusion of individuals. These include programs for rehabilitation of the specially-



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abled and aiding their inclusion in the workforce, sexual and reproductive health with a specific focus on menstruation awareness and post-natal support, mental health & wellbeing.

IV. Sustainability and environmental responsibility

Focus on initiatives directed towards biodiversity, conservation of resources, renewable energy and ecological balance. We will begin by focusing on geographies around our business operations such as warehouses and manufacturing units.

Over and above these, from time to time, on need and criticality basis we will review additional CSR activities which are prescribed under Schedule VII of the Companies Act 2013, such as:

- I. **Relief funds:** Contribute to government relief funds like Prime Minister's National Relief Fund, Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other central government or state government fund specifically devoted for disaster relief and rehabilitation.
- II. **Armed forces welfare:** support armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- III. **Research & technology:** Support to research institutions and technology incubators in Central Government approved academic and research institutions.
- IV. **National heritage:** Protection of national heritage, art and culture.
- V. **Sports:** Promote sports in all forms, geographies and for all groups including (but not limited to) sports for persons with disabilities.



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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.

6. CSR COMMITTEE

The CSR governance structure will be headed by the Corporate Social Responsibility & Environmental, Social, and Governance Committee ('CSR committee').

6.1.1 Members

The current constitution of the CSR Committee is as follows:

Name of the Director	Position in the Committee
Anita Ramachandran	Chairperson
Adwaita Nayar	Member
Sanjay Nayar	Member

The Company Secretary will serve as the Secretary of the CSR Committee.

6.1.2 Responsibilities

The CSR Committee shall:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as per focus areas for CSR as mentioned in this Policy;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

6.2 Task Force



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The CSR task force will comprise of a senior management personnel, heading it, along with a few selected employees, representing diverse responsibilities from Nykaa.

6.2.1 Responsibilities of Task Force

- i. Responsible for the execution of the decisions taken by the CSR Committee.
- ii. Ensure on-ground implementation of projects.
- iii. Meet every quarter to review the progress.
- iv. Submit reports to the CSR Committee for the quarterly review meetings.

7. CSR BUDGET

Every company to whom provisions of CSR, as prescribed under Sec. 135 of the Companies Act, 2013 are applicable, has to spend, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

8. PROJECT LIFE-CYCLE

At Nykaa, CSR projects are strategically planned and managed with following key stages of the projects:

1. Project approval

The projects suggested by the company's CSR function will be presented for the approval of the CSR Committee.

2. Implementation

The final projects approved by the CSR Committee will be sent to the CSR Dept. who in turn will break down the projects into time-bound targets and action plans. These projects could be either self-implemented in partnership with an Implementing Agency/NGO or in collaboration with another corporate.

3. Monitoring



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The individual Programme Managers will be responsible for monitoring approved projects, by methods which may include site visits, review meetings, progress reports etc. 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 Head of Task force and Group CHRO for the quarterly review meetings.

4. Reporting

At the end of every financial year, the CSR Committee, based on reports presented by the Nykaa CSR Department will consider an annual report on the CSR projects and recommend the same for the approval of the Board. The said report will be disclosed 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.

The CSR Policy will be posted on Nykaa's website and web link thereto will be disclosed in the Directors' Report of the Company.

9. CSR IMPLEMENTATION

The Company will ensure that the CSR activities are undertaken by the company itself or through -

- 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, or
- 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
- any entity established under an Act of Parliament or a State legislature; or
- 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.

10. TREATMENT OF SURPLUSES



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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.

11. ANNEXURE

CSR SOP

12. VERSION HISTORY

S.No.	Version	Created by	Approved By	Effective Date	Amendment Summary
1	1.1	Internal	Board of Directors	27/09/2021	Policy drafted



ANNEXURE

STANDARD OPERATING PROCEDURES (SOP) FOR IMPLEMENTATION OF CSR PROGRAMMES IN NYKAA

1. Need for putting in place a Standard Operating Procedure (SOP)

The Company has formulated the following Standard Operating Procedure (SOP) aligning it with the CSR Policy of the Company, as adopted by the Board. The SOP is to enable the Company to carry out the CSR activities in an effective and efficient manner.

2. Standard Operating Procedure (SOP)

2.1 Implementing agencies

The CSR activities of Nykaa would be carried-out through 2 channels viz.

- (i) Nykaa, CSR Department
- (ii) Outsourcing to Implementing Partners (IPs)/NGOs

2.2 Due diligence on selection

- i. CSR Department of Nykaa shall follow due diligence in selecting IP / NGO to outsource its CSR activities.
- ii. NGOs blacklisted by any government agency like Council for Advancement of People's Action and Rural Technology (CAPART), Central Social Welfare Board (CSWB), Department of Women and Child Development, Ministry of Social Justice and Empowerment, shall not be entertained under Nykaa CSR activities.
- iii. CSR dept. should examine and extend the financial support through NGOs only to the projects/initiatives which are within the preview Nykaa's CSR policy.
- iv. In case of international contribution, verify that the organisation is notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.

2.3 Documentation



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- a) In case an IP/NGO approaches Nykaa with a request for financial support under CSR banner, the following information/documents shall be submitted by the IP/NGO.
 - i. Information on due diligence
 - ii. Project proposal
 - iii. Unique ID No. NGO Darpan from NITI Aayog
 - iv. NGO Registration Certificate from Competent Authority authorized by Government
 - v. Form 12AA registration granted under IT Act for charitable purposes
 - vi. Trust Deed or any relevant document confirming the formation/registration of NGO by Competent Authority authorized by Government
 - vii. IT Exemption Certificate under Section 80 G of Income Tax Act
 - viii. Pan Card
 - ix. Registration Certificate under FCRA (if availing) (Foreign Contribution [Regulation] Act 1976)
 - x. Last three years audited financial reports
- b) The IP/NGO shall submit a comprehensive and detailed proposal of project for the analysis of the project and to take necessary decision.
- c) A proposal received from an NGO should be analyzed thoroughly as per the process of due diligence laid down by the Company. A comprehensive and detailed Note with all supporting documents should be placed before CSR Committee for examination, scrutiny & recommendation/approval.
- d) The NGO shall make a presentation to the CSR Committee on the CSR project.

2.4 Pre-sanction process for the NGO

The officials of CSR dept. should undertake pre-sanction project visit to ascertain the true picture of the project and real need of the CSR intervention as requested by the NGO/IP. The inspection report with necessary execution evidence i.e., field photos/Videos and interviews etc. with the prospective beneficiaries should be submitted in the department for further course of action and for a suitable decision of competent authority on the project

2.5 Compliance with the extant regulations



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The NGO concerned shall obtain all the necessary statutory and regulatory approvals from concerned authorities for execution of the project and submit the attested copies of the permissions so obtained to the CSR Department for processing the proposal.

Company will ensure that the project timelines should not exceed three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification

2.6 Limits, Sanction, Disbursement and post-Disbursement Process and Documentation

- a) As per the CSR policy any project costing upto Rs. 25 lacs Lakhs shall be placed before the CSR Management Team for the approval.
- b) Any CSR project costing more than Rs. 25 Lakhs shall be placed before the CSR Committee for recommendation to the Board for Approval. These projects should also be routed through the CSR Management Team.
- c) After receiving the approval of the project by the competent authority, CSR Dept. should obtain an undertaking from IP/NGO for effective implementation of the project.
- d) A formal letter/ order of acceptance of the project proposed by an NGO with necessary terms and conditions along with the undertaking from IP/NGO affected in the above Para will be sent to the NGO with advice to initiate the activity under New India Assurance CSR initiative.
- e) Funds shall be disbursed as per the detailed guidelines outlined below:
 - i. For targeted interventions a maximum project period of 3 years should be given. Administrative approval and funds should be sanctioned as per the graded milestones of the project and expenditure thereunder
 - ii. The amount sanctioned should be disbursed in suitable installments. The first installment would be released initially and the subsequent installments to be released based on the production of utilization certificate issued by the competent Authority and verification of evidence/activity undertaken, by authorized person of Nykaa CSR department.
 - iii. Utilization Certificate: A statement issued giving detailed break up of expenditure incurred under respective heads of funds received from Nykaa, duly signed by the Auditors of the NGOs or any CA firm (as the case may be).



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- iv. The payment shall be remitted only after getting bank account details with required documentation, if any.
 - v. CSR department will maintain the project wise statement of account and reports and keep a separate file for each of the CSR Projects undertaken
 - vi. The NGO shall submit all the original bills in respect of all the expenses incurred for the project wherever the goods and services are procured from outsiders. No interim payment will be released without such supporting documents
- f) All the payments in respect of CSR activities of Nykaa shall be effected through online transfer i.e., NEFT or RTGS only
- g) The NGO Shall submit a full project implementation report, statement of accounts and utilization certificate within a reasonable period from the date of completion of the project duly certified by the auditors of NGOs or any firm of Chartered Accountants
- i. In addition, the NGO shall submit a quarterly project development report, till the final completion of the project
 - ii. Any other report (as may be prescribed/ required by Nykaa) along with the photos, videos etc. to give the authentic proof of execution of the CSR project on behalf of Nykaa.

3. Spreading awareness of our responsibility

The CSR activities of Nykaa are not for any publicity purpose. The endeavor of the Company would be to help the various sections of the Society at large.

4. Power to modify the SOP

The CSR Committee may recommend to the Board any modification to the SOP.