



LICHFL
Financial Services

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. PREFACE

ABOUT THE COMPANY

LICHFL Financial Services Limited (LICHFL FSL), a wholly owned subsidiary of LIC Housing Finance Ltd. ("LIC HFL" or "the parent Company"), was incorporated on 31st October, 2007. The Company started its operations from 3rd December, 2008.

"**SARVESHAM POORNAM BHAVATU**" – the vision of the Company is to provide complete financial solution to customer. Towards this, the Company began distribution of various financial products to cater to the needs of customer. It distributes Life Insurance from LIC of India, Home Loans and Public Deposits from LIC Housing Finance Limited, Credit Cards from LIC Cards, Mutual Funds from all fund houses and General Insurance from United India & Tata AIG. It is also authorized to be Point of Presence /Distributor for the National Pension System.

LICHFL FSL commits itself to creating a more equitable and inclusive society by supporting processes that lead to sustainable transformation and social upliftment. Therefore, the Company adopted CSR Policy for fulfilling this commitment by laying down the focus areas for contributions, mechanism for implementation, setting target and corpus and monitoring the projects/ activities chosen.

2. DEFINITIONS

- 2.1. **Corporate Social Responsibility ("CSR")** means and includes but is not limited to:
Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013.
- 2.2. **CSR Committee** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
- 2.3. **CSR Policy** relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon.
- 2.4. **Net Profit** means the net profit of the Company as per its financial statement prepared in accordance with applicable provisions of the Companies Act (in force or previously in force).

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 shall not be required to be re- calculated in accordance with the provisions of the Act.

For clarification of doubts, other terms specified or used in this CSR policy shall be interpreted in the context as defined under Companies Act, 2013 and rules made thereunder.

3. OBJECTIVES & VISION

Our vision is to actively contribute towards social and economic development of the poor irrespective of caste, creed and religion in areas around which we operate. In doing so, we could bring a dignified and meaningful life to the poor and sense of gratification to us by making a difference in their lives.

The main objectives of our CSR policy are -

- to lay down guidelines to make CSR a key business process for sustainable development of the society,
- to contribute towards the social and economic development of the poor irrespective of caste, creed and religion,
- to undertake directly/indirectly projects/programs which will enhance the quality of life and economic well-being of the communities in and around the area the Company operates,
- to improve the image and goodwill of the Group among all stake holders of the Company.

4. FOCUS & SCOPE OF ACITIVITIES

The Company has identified the fields it would like to focus its energy on Education, Health, Environment Sustainability, Ecological Balance and Prime Minister's Relief Fund.

The basic plan to carry CSR activities are as follows:

In Education, our Endeavour would be to spark the desire for learning and knowledge at every stage eventually leading to eradication of poverty through:

- Help in setting up Formal schools with proper sanitation,
- Balwadis for elementary education,
- Free distribution of text books and note books,
- Free distribution of school uniforms, school bags, foot wears etc.,
- Promoting Girl Child education,
- Promoting Adult education programmes.

In Health Care, our goal is to render quality health care facilities to people living in the villages and elsewhere through:

- Primary health care centers
- Mother and Child care projects
- Immunisation programmes with a thrust on polio eradication,
- Health care for differently abled such as visually impaired, physically challenged etc.,
- Preventive health through awareness programmes and preventing malnutrition among infants and adults.
- Health care in case of major diseases such as cancer, tumor , AIDS, leprosy, tuberculosis and the like.

- Any other health care initiative/ program or allied activities not listed above, but deemed fit by the CSR Committee
- Food Centres for eradication of hunger and malnutrition.

To make environment sustainable, the company would advocate and support

- Plantation of trees
- Making people aware of hazards of use of plastic
- Encouraging to go green through less usage of paper
- Awareness programmes on hazards of usage of pesticides, chemical and artificial colours and agents in food and drinks.
- Recycling of waste & sewage water
- Preservation, conservation, protection and maintaining quality of flora, fauna and natural resources.

In order to maintain ecological balance, the Company would take steps or measure to advocate and support

- Awareness programmes on cleanliness of ponds and rivers
- Awareness programmes on increasing ground water level
- Awareness programmes on increasing number of forest areas.

To contribute towards Prime Minister's Relief Fund or any other fund set up by the Central Government which would help in providing assistance to people affected by various natural calamities such as

- Earthquakes
- Floods
- Tsunami
- Cyclones
- Droughts or any other natural calamities.

The Company will review the sectors from time to time and explore opportunities to focus on the other sectors but within the limits specified in Schedule VII of the Companies Act, 2013.

The operating provisions of the rules under CSR policy mandates a company could also conduct / implement its CSR programmes through Trusts, Societies or Section 8 Companies which are not-for-profit organisations that are not set up by the Company itself. Such spends may be included as part of its prescribed CSR spend only if such organisations have an established track record of at least three years in carrying out activities in related areas. Further, Companies could also collaborate or pool resources with other Companies for undertaking projects or programmes or CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending.

The Board shall decide whether to undertake its CSR activities approved by the CSR Committee, through direct donation or through a registered trust or a registered society or a Company established under section 8 of the Act by the Company, either singly or along with its holding or

subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, or otherwise provided that – If such trust, society or company is not established by the company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, it shall have an established track record of three years in undertaking similar programs or projects/activities.

5. LOCATION OF CSR EFFORTS

The CSR Committee will decide on the locations for CSR activities. As per the provisions of Companies Act, 2013 the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

6. SOURCES OF FUNDING AND CORPUS

2% of the average net profit during preceding three financial year would be marked for CSR activities. The CSR Committee shall endeavour to spend this 2% on CSR activities as enumerated above.

A specific budget would be allocated to each project of CSR activities after taking into consideration various parameters. The Company would spend in every financial year 2% of the average net profit.

7. INFORMATION DISSEMINATION

The Company's engagement in this domain is disseminated on its website, annual reports, its house journals and through the media, if need be.

8. CSR COMMITTEE

➤ **Constitution of Corporate Social Responsibility Committee**

The board of directors of the Company have formed a Corporate Social Responsibility Committee (the "CSR Committee") in line with section 135 of the Companies Act, 2013 (the "Act"). The Committee shall be responsible for the implementation/monitoring and review of this policy and various projects/activities undertaken under the policy. The CSR Committee shall submit periodical reports to the Board of Directors.

The Board of Directors of the Company shall constitute / reconstitute the CSR Committee from time to time in compliance with statutory requirements.

➤ **Roles & Responsibilities of Committees**

Following shall be the Roles & Responsibilities of the CSR Committee:

- Recommend CSR activities as stated under Schedule VII of the Act

- Approve to undertake CSR activities in collaboration with LIC HFL Group companies/LIC Associate Companies/other Companies/firms/NGOs etc. and to separately report the same in accordance with the CSR Rules
- Recommend the CSR Budget
- Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules
- Create transparent monitoring mechanism for implementation of CSR Initiatives in India
- Submit the Reports to the Board in respect of the CSR activities undertaken by the Company
- Monitor and review CSR Policy from time to time and provide necessary suggestions for addition/deletion/modification in the same.
- Authorize executives of the Company to attend the CSR Committee Meetings
- Authorise Director(s) / member(s) of CSR Committee to implement the CSR activity approved by the Company, spend money for that purpose and to represent the Company in matters concerned therewith or incidental thereto.

➤ **MEETINGS OF CSR COMMITTEE**

The CSR Committee shall meet atleast once in a year. Members of the CSR Committee can agree mutually regarding time and place for the said meetings. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time. Any person other than member of CSR Committee may also attend the meeting of the Committee subject to approval of the Chairman of the Committee.

➤ **QUORUM**

Quorum of CSR Committee meetings shall be two (2) members personally present at the meeting. For clarification of doubt a member participating through video conferencing or other audio visual means shall also be counted as present for the purpose of the quorum.

➤ **CHAIRMAN**

The Chairman of the Committee shall be the person designated by the Board of Directors at the time of Constitution of the Committee. In the absence of the Chairman during the meeting, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman of that meeting.

➤ **SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

➤ **MINUTES OF CSR COMMITTEE**

Proceedings of all meetings shall be minuted and signed by the Chairman of the meeting or Chairman of the next succeeding meeting and shall be tabled at the subsequent Board and Committee meeting.

9. CSR MONITORING & REPORTING

➤ **CSR MONITORING**

In compliance with the Act and to ensure funds spent on CSR Activities are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework should be established.

The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the CSR activities.

➤ **CSR EXPENDITURE**

The CSR activities undertaken in India only shall amount to CSR Expenditure.

CSR Expenditure shall include all expenditure including contribution to approved funds (recognised by the Govt.) for CSR activities approved by the Board on the recommendation of the CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

➤ **CSR REPORTING**

The Board Report of a Company shall include in its Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

As per Section 135 of the Act, Board shall specify the reasons for under spending the CSR amount in the Board's Report, if any.

10. ROLE OF THE BOARD

- The Board shall approve the CSR Policy for the Company and amend the same from time to time as per the requirement of the Companies Act, 2013 and rules made in this regard.
- The Board shall provide guidance to the Company in matters related to CSR activities.
- The Board shall ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
- The Board shall ensure that in each financial year the Company spends at least amount specified in corpus of this CSR policy.

11. MISCELLANEOUS

This policy shall be updated from time to time, by the Company in accordance with the amendments, if any, to provisions / rules / regulations of the Companies Act, 2013 or any other applicable enactment for the time being in force.
