

**HDFC HOLDINGS LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

**OCTOBER 2021**

**HDFC Holdings Limited**

Regd. Office: Ramon House, 169 Backbay Reclamation, Churchgate, Mumbai 400020

<b>Title</b>	<b>Particulars</b>
Reviewing Authority	Corporate Social Responsibility (CSR) Committee of Directors
Approving Authority	Board of Directors of the Company
Original Issue Date	March 23, 2015
Last Revision Date	-
Current Revision Date	October 21, 2021
Review cycle	As recommended by the Board of Directors

## **INTRODUCTION:**

Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ('CSR Rules'), including any amendment thereof, requires the Company to constitute a Corporate Social Responsibility (CSR) Committee of Directors, adopt a CSR Policy, spend at least 2% of its average net profits made during the immediately preceding three financial years towards CSR activities as set out in Schedule VII to the Companies Act, 2013 and confirm compliance thereof in the Annual Report.

Accordingly, the Company has formulated and adopted this Corporate Social Responsibility Policy ('CSR Policy'). The said policy was first approved and adopted by the CSR Committee at its meeting held on March 23, 2015.

Thereafter, pursuant to the amendments in CSR Rules in January 22, 2021, this Policy has been amended by the Board of Directors of the Company at its meeting held on October 21, 2021. This amended Policy shall be effective from October 21, 2021.

## **BACKGROUND:**

Corporate Social Responsibility is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of communities who are inequitably endowed.

The Company believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

## **OBJECTIVE:**

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business and support programmes aimed at development of communities who are inequitably endowed. It aims in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the Company's activities in India.

This Policy states the guiding principles for selection of CSR activities in pursuance of Schedule VII to the Companies Act, 2013, modalities of execution and implementation and monitoring mechanism of CSR projects/programmes.

The scope of the Policy has been kept as wide as possible, so as to allow the Company to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII of the Act.

### **PARTNERING NGOs:**

The Company would be undertaking the CSR activities by making contributions to not-for-profit organizations (herewith referred to as “Partnering NGOs” in this Policy) including specific funds maintained by the Central/ State Government of India.

The Company shall ensure that the Partnering NGOs have an impeccable track record of service, performance, governance and accountability.

### **CSR AMOUNT AND EXPENDITURE:**

The Company shall endeavor to spend in every financial year, at least 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of this CSR Policy and in the manner as specified in Section 135 of the Companies Act, 2013 and the Rules made thereunder from time to time.

### **GUIDING PRINCIPLES FOR SELECTION OF CSR ACTIVITIES:**

The Company shall conduct its CSR activities as laid down in Schedule VII of the Companies Act, 2013 and as approved by the CSR Committee of the Company. These activities will in turn focus on established need, sustainability and focused outcomes of the chosen sectoral themes.

The Company shall not fund any CSR activities undertaken outside India or in pursuance of its normal course of business.

The Company may also undertake CSR activities jointly with its group companies and/or other companies, where such a collaborative approach has clearly defined roles and responsibilities outlined of each company.

### **GUIDING PRINCIPLES FOR IMPLEMENTATION OF CSR ACTIVITIES:**

#### **DIRECTLY OR THROUGH OTHER IMPLEMENTING AGENCY**

The Company may directly undertake the CSR activities as permitted under Schedule VII and approved by the CSR Committee or execute and implement CSR activities through any other implementing agency registered in India, having a valid CSR Registration Number granted by the Ministry of Corporate Affairs (MCA) and having track record of service, performance, governance and accountability.

### **ROLE OF CSR COMMITTEE:**

The Board of Directors of the Company has constituted a Corporate Social Responsibility (CSR) Committee of Directors. The CSR Committee will play the following role in fulfilling the Company’s CSR objectives:

- Review and recommend the CSR Policy to the Board of Directors;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Review the annual action plan for each financial year and recommend the same to the Board;
- Review and recommend to the Board, certain CSR projects/programmes as ongoing projects in accordance with the CSR Rules;
- Review the periodic updates of CSR projects and/or impact assessment reports of CSR projects, as may be applicable; and
- Annually report to the Board, the status of the CSR activities and contributions made by the Company.

The CSR Committee shall do all such acts, deeds, matters and things to ensure compliance with applicable provisions relating to CSR and the CSR policy as amended, from time to time.

The overall execution of the Policy and day-to-day administration will be the responsibility of the Compliance Officer or such other executives of Housing Development Finance Corporation Limited (HDFC, the holding company) as may be designated by the CSR Committee, working under the guidance of CSR Committee to ensure that the CSR initiatives are in line with the Policy.

The composition of the CSR Committee is available on the website of HDFC at [www.hdfc.com](http://www.hdfc.com).

### **ROLE OF BOARD OF DIRECTORS:**

- The Board after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company and disclose the composition & contents of such Policy in its report and place it on the website of HDFC at [www.hdfc.com](http://www.hdfc.com).
- The Board shall ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company.
- The Board of the Company shall ensure that the Company spends, in every financial year, at least 2% percent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy.
- If the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.
- Review and approve the CSR policy which shall indicate the activities to be undertaken by the Company (in areas or subject, specified in Schedule VII of the Act);

- Approve the annual action plan for each financial year;
- Approve certain CSR projects/programmes as ongoing projects in accordance with CSR Rules;
- Review the periodic updates of CSR projects and/or impact assessment reports of CSR projects; and
- Approve the Annual report, the status of the CSR activities undertaken and contributions made by the Company.

### **ANNUAL ACTION PLAN:**

Annual Action Plan shall be formulated for each financial year and recommend the same to the CSR Committee and the Board for its approval.

The annual action plan shall include the following:

- List of CSR projects;
- Manner of execution of CSR projects;
- Modalities of utilisation of funds and implementation schedules for CSR projects;
- Monitoring and reporting mechanism for CSR projects;
- Details of need and impact assessment for CSR projects, as may be applicable.

An update on the status of compliance with the annual action plan shall be provided to the CSR Committee and Board of Directors on a periodic basis, and may be modified accordingly.

### **PROCESS FOR IMPLEMENTING CSR ACTIVITIES / PROJECTS:**

The following procedure is required to be adhered to while undertaking/ funding CSR activities:

- Execution of Grant letters with all Partnering NGOs/Implementing Agencies, which would detail the project proposal and understanding, responsibilities of the partner, execution timelines, communication and monitoring of project outcomes for the parties signing the Grant Letter;
- The CSR contribution would be for a project as identified by the Company, either for a single financial year or as an ongoing project for multi-years, depending on the scale and needs of the project;
- The disbursement of the contribution amount by the Company to the Partnering NGOs/Implementing Agencies shall be made only if they have a unique CSR registration number granted by the MCA and requisite approvals and registrations as required under the Income Tax Act, 1961 or other applicable laws in India; and

- The disbursement will be made only upon receipt of a proposal from the Partnering NGOs/Implementing Agencies specifying the budget that is required, activity for which it is required and project outputs & outcomes, as may be required.

### **MONITORING AND EVALUATION FRAMEWORK:**

The Company shall be entitled to receive the following information from the Partnering NGOs/Implementing Agencies:

- Annual Report with audited financial statements;
- Operational / progress / Impact Assessment reports either quarterly or half-yearly or annually, depending on the size and scale of the project;

To ensure steady progress and proper utilization of CSR amount, the following monitoring mechanism may be adopted depending upon the size of contribution and the Partnering NGOs/Implementing Agencies:

- Periodic field visits by officials of Company;
- Undertaking sample third party audits of the projects; and
- Review of externally certified funds utilization reports, submitted by the Partnering NGOs/Implementing Agencies.

Any person responsible for financial management shall certify the utilisation of funds disbursed for CSR projects for each financial year.

### **REPORTING:**

The CSR Committee shall report to the Board of Directors of the Company, the status of the CSR projects/ undertaken by the Company in the Annexure to the Directors' Report, in the Company's Annual Report.

The Company shall upload this Policy, and all other information as statutorily required on website of HDFC at [www.hdfc.com](http://www.hdfc.com).

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