

CORPORATE SOCIAL RESPONSIBILITY POLICY

Purpose:

LIC Housing Finance Limited (hereinafter referred as “the Company/ LIC HFL”) recognizes its obligation to the society and its future generations and the importance of utilization of a humble portion of the wealth created in pursuit of business growth, towards community development. Therefore, the Company adopted the Corporate Social Responsibility Policy for fulfilling its commitments by laying down the focus areas for contributions, mechanism for implementation, setting targets and corpus, and monitoring the projects/activities chosen.

Our Vision:

To actively contribute towards social and economic development of the underprivileged/economically backward section of the society irrespective of gender, caste, creed and religion in areas around which the Company operate. In doing so, the Company could bring a dignified and meaningful life to the poor/under privileged and sense of gratification to the employees by making a difference in their lives.

Definitions:

- (a) “Board” means the Board of Directors of the Company
- (b) “Committee” means the Corporate Social Responsibility Committee of the Board formed as per Section 135 of the Companies Act, 2013.
- (c) “Corporate Social Responsibility (thereinafter referred to as ‘CSR’) Activities” means and includes the projects or programs specified under the focus areas of CSR policy.
- (d) “Financial Year” means the period of twelve months ending on 31st March every year.
- (e) “Policy” refers to the CSR Policy as reviewed by the Committee and approved and adopted by the Board from time to time.

Responsibilities of the Committee

The responsibilities of the Committee include:

- (a) Review of the Policy once in a financial year
- (b) Formulate CSR action plan of the company once in a financial year
- (c) Approval of CSR projects and the financial budget associated with projects.
- (d) Monitor the CSR projects from time to time and evaluate CSR fund utilisation.
- (e) Appoint an independent impact assessment agency for impact measurement.

Corpus

As per Section 135 of the Companies Act, 2013, two percent of the average net profit of past three financial years would be allocated for CSR activities. A specific budget would be allocated to each project (education, health care, infrastructure development, social change, livelihood, etc.) of CSR activities after taking into consideration various parameters. The average net profit shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 read along with the Rule 2 of the Companies (Corporate Social Responsibility) Rules, 2014.

In case, any project have any shortfall of funds, then that project would borrow or try source its fund from other projects which has surplus. On the other side if, the Company has not able to spend statutory CSR obligation, then unspent amount shall be treated as under;

- (a) In case of amount not sanctioned: Such amount should be transferred to the funds prescribed under Schedule VII of the Companies Act, 2013 (such as the Prime CARE fund, Prime Minister Relief Fund etc.) within six months of the end of the financial year and disclose the reasons for non-spending in their annual report.
- (b) In case of the amount sanctioned and not disbursed: Such committed amount to certain ongoing projects shall be transferred to an unspent account with a scheduled bank within 30 days from the end of the financial year and as and when the milestone for the disbursement is due, the amount may be utilized for those projects, from such special bank account, within three years. Thereafter, if the company fails to spend the amount in special bank account, after the completion of 3 years, such amount must be transferred to the funds mentioned in Schedule VII of the Companies Act, 2013.

Further, if the company spends an amount in excess of the statutory requirement, provided in 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 following conditions that

1. 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.
2. The Board of Directors of the company shall pass a resolution to that effect.

Organizational mechanism

The Company would implement the projects/ programs pertaining to CSR through following methods

- I. Execute the projects/ programs through specific / conglomerate of business unit or

department of LIC HFL.

- II. Partnership with 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;
- III. Partnership with registered with non-profitable organisation such as Public charitable trust, Charitable society/ Foundations/ Section 8 company which have an established track record of at least three years in carrying out activities in related areas.
- IV. Collaboration 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

In order to ensure coverage, CSR projects will be operated in geographical terrain where the business of the Company is operating from time to time. The Company shall take the assistance of its operating offices for procuring CSR proposals and monitoring the organizations which are selected for implementation the CSR activities.

Operational Modalities

Being a responsible corporate, the Company will develop annual CSR action plan which adopts professional management principles towards better planning of CSR activities and expenditure. Annual CSR action plan of the company for the financial year 2021-2022 is attached as annexure. Further the Company could assess the pre-existing state of the project intervention to justifying the rationale, it would carry out a baseline study of the target beneficiaries. The study would encompass various parameters such as – health indicators, literacy levels, sustainable livelihood processes, and population data – below the poverty line and above the poverty line, state of infrastructure, among others.

From the data generated, a 1-year plan and a 3-year rolling plan could be developed for the holistic and integrated development of the marginalized. If the project is devised as multi-year project by the Company in full filling CSR obligation, then any change in project timeline will not exceed three years, excluding the financial year in which it was commenced. These plans could be first discussed at the Management level i.e. Internal CSR Committee and on its recommendation, the same will be presented to the CSR Committee with plan and budget for consideration and approval.

The projects would be assessed under the agreed parameters and would be monitored every quarter, measured against parameters, targets and budgets. Wherever necessary, midcourse corrections would be effected.

The contribution made towards each project considered for sanction shall be limited to an amount of Rs. 5 Crores by CSR Committee. The contributions up to an amount of Rs. 50 lakhs to the CSR projects can be made by the MD&CEO on the recommendation of the Internal CSR Committee of the Company (Management Committee consisting of General Managers) and the same have to be placed before the immediately succeeding Board Level CSR Committee meeting of the Company for information.

Further, the Board of Directors of the Company shall satisfy itself that the funds so disbursed, have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect. In case multi-year project or ongoing project the Board of a Company 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.

In-order to enhance accountability of CSR implementation, the company will engage independent agency for conducting impact assessment of CSR projects and submit report of impact analysis within a period of one year from the closure of the project. The impact assessment report of the CSR project shall be placed before the Board of directors annually and the same will be disseminated in annual report.

Focus Areas:

LIC HFL has identified the fields it would like to focus its efforts and energy on, following focus areas:

Promoting health care, Enhancing education, Livelihood enhancement, Sustainable living, Rural / Slum area development, Social change and inclusion, Infrastructure Development, Disaster management, Promotion of national heritage, art, culture and sports, Prime Minister's Relief Fund and other funds mentioned in the schedule VII of The Company Act 2013.

All the activities shall be for the benefit of India only and amendments incorporated on schedule VII of The Companies Act 2013 will be applicable from time to time. Education and Livelihood enhancement projects would be the top priority of the Company during financial year.

Promoting health Care

LIC HFL's goal is to render quality health care facilities to people, living in the villages and elsewhere, who are underprivileged/economically backward, through projects such as

- Preventing malnutrition among infants and adults,
- Primary health care centers,
- Mother and Child care projects,
- Health camps and Blood donation drives,
- Interventions for promotive, preventive and curative health care for differently abled and major diseases such as cancer, tumor, HIV/AIDS, leprosy, tuberculosis, thalassemia and the like.

Enhancing education

The company endeavors to eradicate poverty in the long run and to spark the desire for learning and knowledge at every stage through multiple intervention such as

- Promotion of education including non-formal education,
- Balwadis for elementary education
- Girl child education,
- Special education and employment enhancing vocation skills,
- Capital expense in setting public libraries, Sanitation units,
- Enabling financial literacy and remedial education class for weaker students,
- Help in setting up formal schools with proper sanitation,
- Free distribution of books, school uniforms, school bags, foot wears etc,
- Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies such as ICAR, ICMR, CSIR, DAE, DRDO and DST engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals.

The scope of educational programs aimed at bridging the skill gap, in particular in the Banking, financial services and insurance sector, and transforming candidates into job ready professionals.

Livelihood enhancement

Through this initiative LIC HFL focus on people at the bottom of the pyramid by providing them opportunity for employment in on-farm and non-farm activities that enhances livelihood opportunities both in rural and urban areas. The major project initiatives of the focus area can be

- Formation of Self Help Group for marginal famers, women, likeminded people
- Upgrading skills and capacity building of farmers by introducing innovative methods of

cultivation and creating market linkages

- Agriculture development through sustainable agricultural practices, organic farming, designing vermin compost, etc.
- Create awareness among farmers of their legitimate margin of their produce and to free them from being exploited by market intermediaries.
- Soft skill training on enterprises/ income generation, aimed to facilitate integration of marginalized into mainstream and soft loans for their enterprises.

Sustainable living

Climate change mitigation and environmental improvements are essential elements of Sustainable living. LIC HFL will initiate multiple projects implemented directly or through implementing partners, to introduce environmental friendly practices. Social media communication will be used as an effective tool in influencing behavior and creating a sustainable environment for the community for example,

- Facilities for generating renewable sources of energy.
- Improving access to water by funding irrigation and water storage structures,
- Promoting public transport by creating appropriate infrastructure,
- Improving watershed development and afforestation
- Preservation and protection of flora and fauna
- Conservation and maintaining quality of natural resources.
- Partnership with Industrial / Vocational Training Institutes.

The Company will encourage employees to actively participate in volunteer engagements as per their aspiration and skillset, such as cleanliness drives, afforestation campaign, save water camping etc.

Infrastructure Development

The Company would strive to set up essential services, that form the foundation of sustainable development through

- Basic infrastructure facilities for hospital, orphanage, hostel for orphans/ underprivileged students / disadvantaged women.
- Rehabilitation/inpatient facilities for aged people including abandoned aged people.
- Water and sanitation hygiene (WASH) facilities.
- Housing facilities for the marginalized.

Social Change and Inclusion

The company would give emphasis on transforming community for a positive change in reducing inequalities faced by socially and economically backward groups and community at large, through various Behaviors Change Communication (BCC) methods such as awareness programs, lecture series and social media campaigns. The outreach of the BCC would be implemented directly or through implementing partners on multiple initiatives such as

- De-addiction campaigns and programmes
- Awareness programmes on anti-social issues
- Mass marriage/ No-Dowry marriage/ Widow re-marriage
- Encouraging to go green through less usage of paper and creating awareness on the hazards of using plastic
- Initiative on hazards of usage of pesticides, chemical and artificial colour and agents in food and drinks.
- Campaign on cleanliness of ponds/ river set/ land grab/ ground water level

Rural / Slum area development

LIC HFL's would initiate programs that empower the rural/ slum settlement population for upholding life and dignity of human being. The project initiatives will range from providing electrification through solar or alternate methods, improving access to water, healthcare & sanitation, construction & running cost of schools, health centers and enhancing livelihood options.

Promotion of national heritage, art, culture and sports

The company would work on promotion of national heritage, art, culture and sports through multiple intervention to maintain tradition and culture of the country and efforts would be made to bringing limelight to unsung heroes/ heroines of the country in nation building. To honor the efforts and contributions made by the armed forces, the Company would strive in providing assistance and support to programmes which benefit the armed forces veterans, war widows and their dependents, including the dependents of armed forces personals pass away while on duty.

Disaster management

As a responsible corporate citizen LIC HFL would attempt to work for diminishing negative effects of natural calamity, by direct implementation or through implementing partners, for providing humanitarian assistance in the activities such as relief, rehabilitation, and reconstruction activities of the said terrain.

Prime Minister's Relief Fund and other funds mentioned in the schedule VII

In case of the shortfall in the commitment, the Company may contribute towards PMDRF/ Prime Minister CARE fund which would help in providing assistance to people affected by various natural calamities such as Earthquake, Flood, Tsunami, Droughts, Cyclones and any other funds mentioned in schedule VII of Section 135, the companies Act 2013.

Benefits:

- a) If the Company donates to Registered Trust which is registered with Charity Commissioner, then the amount of donation will qualify for deduction under section 35AC of the Income tax Act, 1961.
- b) Further, apart from tax point of view, it is an opportunity for company to create or shore up a pack of intangibles – reputation, brand image, trust or the capacity to innovate, to build partnerships – all recognized as critical drivers of value creation in today's complex and fluid business environment.
- c) CSR activities would transform employees into better citizens at their homes, and in the communities they live in. It would make them better workers and managers, on the shop floor, in the office, in the field with customers and stakeholders and these employees would become source of innovation and could form the competitive advantage of companies.
- d) A vibrant CSR culture would lead to greater corporate awareness and sensitivity to issues that have a bearing on sustainable development on climate change, bio-diversity, and resource extraction.

Information dissemination

The Company's engagement in CSR domain would be disseminated on its website, annual reports and through the media if need be.

Management Commitment

The Company's Board of directors, management and all employees would subscribe to the philosophy of concern and care. The Company believes to have a mission to walk on the path of generosity and compassion, in order to make a difference in the lives of the poor/ under privileged and society at large, including the future generations. This would be the cornerstone of the policy.