

## Corporate Social Responsibility Policy

### 1. Preamble

Corporate Social Responsibility is an important area for Shriram Housing Finance Limited (the "Company") to serve the community. Over the years, as part of its CSR commitment, initiated / contributed towards several social welfare projects aimed at benefitting the common man. The Company believes that it can contribute to the common cause of the society by bringing in competence and efficiency in the management and administration of its CSR activities.

### 2. Definitions

- 2.1 **Act 2013:** Companies Act 2013 as amended from time to time
- 2.2 **Board:** Board of Directors of the Company
- 2.3 **Company:** Shriram Housing Finance Limited
- 2.4 **Corporate Social Responsibility ("CSR"):** Corporate Social Responsibility as defined in the Act 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014
- 2.5 **Corporate Social Responsibility Committee ("CSR Committee"):** A Committee constituted by the Board as referred to in Section 135 of the Act 2013.
- 2.6 **Director:** Member or the Director of the Board of the Company.
- 2.7 **Policy:** Corporate Social Responsibility Policy of the Company.
- 2.8 **Rules 2014:** shall mean the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

Words and expressions used in the CSR Policy and not defined herein but defined in the Act 2013 shall have the meaning respectively assigned to them in the Act 2013 and Rules 2014.

### 3. Objectives

The CSR Policy of the Company is governed with the focus on education, health care facilities, art, culture, skills development and other areas. The Policy is designed to carry out CSR of the Company by complying with the Act 2013 by itself or with its holding company or subsidiary company or Associate Company or Shriram Foundation or M/s. Shriram Capital Limited or Shriram Seva Sankalp and its subsidiaries / associates ("CSR Group") or any other entity as approved by the CSR Committee from time to time.

### 4. CSR Committee:

- 4.1 **Composition:** The Board shall constitute / reconstitute CSR Committee comprising of three or more Directors out of which at least one shall be an Independent Director.
- 4.2 **Role and Terms of Reference:** The Committee shall operate under the guidance, control and supervision of the Board with terms of reference defined by the Board from time to time.
- 4.3 **Meeting:** The committee shall meet at least twice in a financial year in order to discuss the CSR Activity (existing, new), amount spent of CSR, proposed budget, and status of CSR Activity.

## **5. CSR Projects / Programs / Activities:**

The Committee shall decide to carry on one or more of the CSR Activities specified under Schedule-VII to the Act 2013 under this Policy as Projects / Programs / Activities (either ongoing or new) in India except activities undertaken in the normal course of business of the Company. CSR activities of the Company will cover the areas notified under Section 135 of the Act 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rule 2014") as amended from time to time. Projects / Programs / Activities undertaken only for the benefit of Company's employees and their family members shall not be considered as CSR activity under this Policy. In case of natural calamities, the Company may take necessary steps for providing basic amenities and health care facilities in order to help the families affected by such calamities. CSR target groups, issues, sector and geographical region shall be decided by the Committee. In order to select / execute the CSR activity, the Committee may take necessary inputs from CSR Partners, CSR Agent, any Consultant or Advisor.

## **6. Modalities of Execution:**

- 6.1 The CSR activities can be implemented in any one or more or any combination of the following ways as decided by the Committee: (i) directly by the Company (ii) through Registered Trust (iii) through Registered Society (iv) through an entity incorporated under section 8 of the Act 2013 (v) by CSR group referred above (All the above modalities referred above except "direct" are together (referred as "CSR Agents"). The CSR Agents may or may not be established by the Company or CSR Group. CSR activities may be implemented through an entity not established by the Company or CSR Group or may be implemented by collaborating with other company(ies) in a manner decided by CSR Committees of respective companies in accordance with the Rule 2014.
- 6.2 The Committee shall decide the modalities to implement after weighing the advantages and disadvantages of alternative modalities available.
- 6.3 The Committee shall carry out a due diligence of the CSR Partner / Agent (not established by the Company or CSR Group) with respect to their identity, competence for implementation, management, accountability, financial capability, transparency, requisite system to assess / report the progress / status of project and maintenance of required auditable records, relevant track record of last 3 years. On satisfactory due diligence, the Committee shall select CSR Partner / Agent.
- 6.4 When CSR Activities are implemented with facilitation of CSR Partner(s) / Agent(s) outsiders the CSR projects / programs to be undertaken by such entities for utilizing funds shall be specified and a monitoring and reporting mechanism shall be set up to ensure that the allocated fund is spent for the specified purposes only.
- 6.5 When CSR Activities are carried on directly (self-execution) by the Company, CSR Head or a team of persons headed by a person having experience in the field of CSR or in related field shall be appointed / set up in the Company and necessary infrastructure including system shall be provided to the CSR Head / the team. The CSR Head / team shall work under guidance of

the Committee.

- 6.6 After selection of the CSR Project / Program / Activity and the modality of implementation, an agreement or memorandum of understanding (MOU) duly approved by the Committee shall be entered into with CSR Agent / Partner by specifying among other things defined activities, distinct base line, monitorable targets / mile stones, budgets and the matters specified in the Annexure - 1.

In case the modality selected for implementation is directly by the Company, then the head of CSR Team of the Company shall get the statement of intent with the details mentioned in the Annexure – 1.

## **7. Monitoring Process:**

CSR Projects / Program / Activities shall be regularly monitored by the Committee and updated to the Board regularly based on the planning done at the beginning of the year and actual progress in a transparent manner.

The CSR Agent / Partner / Team Head as the case may be, shall inform the Committee about the progress of execution of the Project / Program / Activity whenever the Committee meets as per Annexure - 1 and the following details Project / Program/Activity wise: (a) Amount spent, (b) cumulative amount spent (c) physical progress (d) expected time for completion, (e) reason for delay, (f) reason for short or excess amount of expenditure. The Committee may also ask for any information or additional information to be submitted periodically or as and when required.

The Committee may also authorize any person to conduct verification / audit and report to it about the quality and volume of work done or to take report from direct beneficiaries of the CSR Projects / Programs / Activities. The Committee shall place before the Board the impact assessment report of different projects. The impact assessment may be carried out by internal team of the Company or an outside agency as may be decided by the Committee.

The Committee may initiate appropriate action including taking appropriate documents, amendment to agreements / MOUs, amendments of the Policy, revision of CSR activities, termination of any agreement / MOUs, penalty, revision of expenditure. etc. Based on analysis of current projects, the Committee shall budget the expenditure and shall select the CSR Projects. The Committee may delegate any of it's work to CSR Head or any executive of the Company or any outside experts with defined roles and responsibilities.

## **8. CSR Expenditure:**

- 8.1 The Board shall endeavor to spend in every financial year not less than the minimum amount specified in the Act 2013 read with Rules 2014 pursuant to Company's CSR.
- 8.2 CSR expenditure shall include all amount spent of projects / programs / activities including contribution to corpus fund relating to CSR as per the Policy.

- 8.3 The CSR expenditure of the Company shall be of revenue or capital or both in nature.
- 8.4 Tax treatment of CSR expenditure will be in accordance with respective tax regulations.
- 8.5 In case any surplus arises out of Company's CSR projects / programs / activities such surplus shall not form part of the business profits of the Company and it shall further be utilized for the CSR activities.
- 8.6 Any amount remaining unspent, pursuant to any ongoing project, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account called the Unspent Corporate Social Responsibility Account, and such amount shall be spent towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the amount shall be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- 8.7 Any unspent amount which does not relates to any ongoing project, the same shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- 8.8 Any amount spent in excess of the requirements provided in Act 2013 such excess amount may set off against the requirement to spend under the Act 2013 for such number of succeeding financial years and in such manner, as may be prescribed.

**9. Reporting and Disclosure:**

- 9.1 The CSR Policy of the Company, CSR Projects (completed, ongoing) and CSR Annual Report along with impact assessment report shall be displayed on the website of the Company.
- 9.2 The Board's Report under section 134(3) of the Act 2013 shall disclose the composition of the Committee, Contents of the Policy, the web link of the display of the CSR policy, the details mentioned in the Annexure to the Rule 2014 and the reason for the Company's failure to spend such amount on CSR as specified under the Act 2013 and Rule 2014.

**10. Effects and Amendments:**

The policy shall automatically stand amended to the provisions of the Law or Rule in case of any conflict of the Policy with the Law or Rule. It can also be amended by the Committee with the approval of the Board.

**SHRIRAM HOUSING FINANCE LIMITED**  
**CSR PROJECT / PROGRAMME / ACTIVITY**  
**DETAILS NECESSARY THINGS TO BE INCORPORATED IN THE AGREEMENT**

1. Name of CSR Project / Program / Activity
2. Sector in which CSR Activity falls
3. Location of the CSR Project / Program / Activity
4. CSR Project / Program / Activity location (District, State)
5. Budgeted outlay Amount
6. Implemented directly or through CSR Agent/Partner
7. Name of the CSR Agent / Partner implementing / implemented
8. Date of commencement
9. Date of completion / Implementation Schedule
10. Disbursement Schedule
11. Periodicity of information of the progress
12. Name, email id, mobile number of the contact person