



**CORPORATE SOCIAL RESPONSIBILITY  
POLICY OF  
HDFC LIFE INSURANCE COMPANY LTD.**



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# **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

## **1. Preamble**

The Corporate Social Responsibility Policy (hereafter referred to as 'Policy') of HDFC Life has been designed in consonance with Section 135 of The Companies Act, 2013 (hereafter referred to as 'Act') to lay down the guidelines for undertaking CSR initiatives at HDFC Life in accordance with the Companies (Corporate Social Responsibility Policy), Rules, 2014 (hereafter referred to as 'Rules') as amended from time to time.

This Policy lays down the guiding principles or rules that shall apply to all CSR programs/projects to be undertaken by the Company, as per Schedule VII of the Act, within the geographical limit of the Republic of India.

## **2. Vision Statement**

HDFC Life's business philosophy highlights the theme of self-respect and independence. HDFC Life has undertaken CSR activities with the basic aim of contributing towards easing of distress and aiding in the advancement of society, while engaging with stakeholders; thereby becoming a socially responsible corporate citizen. The vision statement of HDFC Life with regard to its CSR activities is as follows:

- i. The Company aspires to be a responsible Corporate Citizen by contributing to nation building through CSR projects/ programmes, in true letter and spirit, as enshrined in the Act.
- ii. The Policy, which has been made in alignment with the vision and values of the Company, lays down guidelines and mechanisms to be adopted by the Company in order to carry out CSR projects/programmes.
- iii. All CSR interventions will be conceived and implemented through a focused approach towards target beneficiaries for generating maximum impact.
- iv. CSR initiatives of the Company will be carried out in partnership with credible implementing agencies and directly through projects executed by project management teams.

## **3. Objectives of the Policy**

1. To define HDFC Life's framework for CSR.
2. To constitute a Board CSR Committee that will ensure compliance to Section 135 of the Act and oversee implementation of CSR Policy and interventions.

3. To lay down the guidelines & mechanism to carry out CSR projects/ programmes by HDFC Life and to report the impact and outcome in the reporting format prescribed by the Rules in the Act.
4. To undertake CSR activities as projects/ programmes with specific timelines, implementation and monitoring mechanism.

This Policy, as amended, is applicable with immediate effect to HDFC Life.

## 4. Principles of HDFC Life's Approach to CSR

At HDFC Life, we see CSR as the commitment of our businesses to manage and improve the economic, environmental and social implications of our activities at the local, regional and national levels by undertaking various projects.

### 1. Employee Engagement

There shall be active participation from employees of HDFC Life in the CSR interventions. Employees shall contribute their time and skills to the initiatives, thereby adding immense value.

### 2. Focused Beneficiary

Each of HDFC Life's CSR interventions would be conceived and implemented with a focused approach towards a target beneficiary to achieve maximum impact. Although impact may be felt by more than one beneficiary group, impact measurement would be in terms of assessing the difference made to the intended beneficiaries.

### 3. Collaboration

1. In order to leverage expertise, build cohesion and achieve greater impact through the activities undertaken, the CSR initiatives of HDFC Life shall be carried out in collaboration with credible third parties such as NGOs, corporate organizations with aligned interests, incubation centers and other implementing agencies eligible to be appointed as implementation agencies in accordance with the Rules and in particular:
  - a. Company established under section 8 of Indian Companies Act 2013, or registered public trust, or registered society (registered under section 12-A and 80-G of the (Indian) Income Tax Act 1961, being established by HDFC Life, either singly or along with any other company;
  - b. Company established under section 8 of Indian Companies Act 2013, or registered trust, or registered society, being established by (Indian) Central Government or (Indian) State Government;
  - c. Company established under section 8 of Indian Companies Act 2013, or registered public trust, or registered society (registered under section 12-A and 80-G of the (Indian) Income Tax Act

1961, and having an established track record of at least three years in undertaking similar activities; or

- d. Any entity established under an act of (Indian) Parliament or a (Indian) State Legislature; and in each of the above cases, the institutions having a Unique CSR Registration Number.
  - (i) HDFC Life shall conduct due diligence prior to selection of an entity as its implementation agency, to *inter alia* verify the credentials and ensure that the proposed implementation agency is eligible to be appointed as such.
  - (ii) HDFC Life shall ensure to obtain financial utilization certified by the statutory auditor or independent chartered accountant of the implementing agency at the end of the financial year to ascertain and satisfy itself of the utilization of CSR funds.

#### 4. Linkage to Domain Expertise

HDFC Life believes in sharing knowledge and domain expertise by integrating business models with social and environmental priorities and processes. HDFC Life hopes to achieve the same through CSR activities by designing initiatives, the implementation and impact of which shall be linked to its domain expertise.

The CSR activities may be undertaken by the Company as per this Policy as projects, programmes, or activities (either new or ongoing).

## 5. CSR Framework of HDFC Life

1. HDFC Life may undertake CSR activities in any of the following areas, which are in line with Schedule VII of Companies Act, 2013:
  - a. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
  - b. Promoting education, including special education and employment enhancing vocational skills among children, women, elderly, and the differently abled and livelihood enhancement projects;
  - c. Promoting gender equality, empowering women, setting up homes, and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
  - d. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

- e. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- f. Measures for the benefit of armed forces veterans, war widows and their dependents;
- g. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- h. Contribution to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund or any other fund set up by Central Government for socio economic development and relief and welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women;
- i. 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 (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);.
- j. Rural development projects;
- k. Slum area development  
Explanation - For the purpose of this item, the item 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under law for the time being in force;
- l. The training of Indian sports personnel representing any State or Union territory at national level or India at international level, undertaken outside the geographical limit of the Republic of India;
- m. Disaster management including relief, rehabilitation and reconstruction activities; and
- n. Any other project as may be specified under Schedule VII of the Companies Act, 2013, from time to time.

2. HDFC Life shall give preference to the local areas and the areas around it where it operates for undertaking its CSR activities.

## 6. CSR Budget

1. The Company will ensure that in each Financial Year (FY), at least two per cent of the average net profit (calculated as per Section 198 of the Act) made during the immediately preceding FYs, is spent on CSR projects / programmes subject to regulatory requirements as applicable from time to time. The Chief Financial Officer shall certify to the utilisation and manner of utilisation of the funds disbursed by HDFC Life for the purposes of CSR.
2. If the amount indicated above is not spent in entirety in that FY, the reasons thereof will be outlined as per Section 134 (3) (o) of the Act read with the Rules and the said unspent amounts shall be dealt with in accordance with the provisions of section 135(5) or s. 135(6) of the Act.
3. In line with the CSR legal framework,
  - a. In case the unspent amount pertains to an ongoing project, such amount shall be transferred to the Unspent CSR Account of HDFC Life within 30 (thirty) days from the end of the financial year, further such amount remaining unspent for a period of 3 (three) years, shall be transferred to the funds specific in Schedule VII within 30 (thirty) days from the end of the third financial year, and
  - b. In case the unspent amount does not pertain to an ongoing project, such amount shall be transferred to the funds specific in Schedule VII within 6 (six) months from the end of the financial year.
4. Projects/programmes will be identified and budgets allocated through a process, incorporating identification of suitable implementation agencies, need assessment (where required) and clear outlining of desired outcomes.
5. HDFC Life shall ensure that the administrative overheads shall not exceed 5% (five percent) of the total CSR expenditure of HDFC Life for the financial year. Further, the expenditure for impact assessment, where impact assessment is mandatory, shall not exceed 5% (five percent) of the total CSR expenditure or INR 50,00,000 (Indian Rupees Fifty lakhs), whichever is less, for the financial year in which such impact assessment is undertaken
6. If the Company makes any surplus or profit from pursuing its CSR projects / programmes, including interest accrued from the amount transferred to the Unspent CSR Account of HDFC Life, these will not form part of the business profit (but instead will be carried forward to the following year / (s) as part of either the CSR corpus or as an additional fund to the following year's CSR budget).

7. When undertaking a CSR project in collaboration with other companies, institutions, HDFC Life will ensure that it is in a position to report separately on such projects or programmes independent of the collaborating companies and will report on its share of CSR expenditure only.

## 7. Governance Mechanism

1. HDFC Life has constituted a robust governance mechanism to oversee the implementation of its CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013 and the Rules.
2. The governance for the CSR interventions of HDFC Life will be led by the Board of Directors, as the apex governing body. In addition to the Board of Directors, the CSR Initiative governance will consist of:
  - a. A three member CSR Committee of the Board of Directors comprising of :
    - i. Chairman
    - ii. Independent Director
    - iii. Managing Director & CEO
  - b. An Internal Committee comprising of the:
    - i. Managing Director & CEO
    - ii. Chief Financial Officer
    - iii. Senior Executive Vice President (Sales) & Chief Marketing Officerand
  - c. CSR Monitoring and Evaluation team
3. The Board of Directors, CSR Committee and the Internal Committee shall be responsible for executing the CSR Projects as per HDFC Life's CSR Policy.
4. The Board of Directors of HDFC Life shall operate through the three pillars of trusteeship – viz. appropriate accounting; transparent disclosures and reporting and internal and external controls through the CSR Committee, Chief Financial Officer and the auditors of the implementation agencies as well as auditors of HDFC Life. The Board of Directors of HDFC Life shall *inter alia*:
  - i. After taking into account the recommendations made by the Corporate Social Responsibility Committee of HDFC Life, approve the CSR policy, after considering CSR committee recommendations.
  - ii. Publish CSR policy, composition of the CSR committee, and projects approved by the board on the website of the company of HDFC Life.
  - iii. Ensure that the CSR activity undertaken by the company is included in the CSR policy.
  - iv. Ensure that CSR activities undertaken by the company do not contravene prevailing laws of the land including Cigarettes and Other Tobacco Products Act, 2003.



- v. Ensure that HDFC Life spends, in every financial year, the prescribed CSR contributions as per the provision of Section 135 of the Companies Act, 2013.
  - vi. Satisfy that the funds 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.
  - vii. Provide reasonable justification in case project initially not approved as multi-year is extended beyond 1 (one) year.
  - viii. Monitor implementation of the project with reference to the approved timelines and year-wise allocation, and make modifications, if any required, for smooth implementation of the project within the overall permissible time period.
  - ix. Approve the annual action plan during the financial year, as per recommendation of the CSR committee, based on reasonable justification.
  - x. Assess the efficacy of the annual action plan and consider and approve any revisions to the annual action plan based on the recommendations of the CSR Committee.
  - xi. Ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year
  - xii. Ensure appropriate reporting of the CSR activities by inclusion of annual report on CSR and impact assessment reports, if any, when such assessment is undertaken by HDFC Life.
5. The CSR Committee shall be responsible for *inter alia* the following activities:
- a. Formulate, review, revise and recommend the CSR Policy to the Board of Directors for approval and adoption
  - b. Formulating and recommending CSR projects / programs to the board of directors;
  - c. Recommend to the Board of Directors, the amount of CSR expenditure for each of the CSR projects/programs;
  - d. Monitor the implementation of CSR activities and report the observations to the Board of Directors for noting and seeking guidance for improvements, suggestions and counsel for implementation of the CSR Policy; and
  - e. Formulate annual action plan in pursuance of the CSR policy in accordance with the applicable law, and inclusive of the following items:
    - i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
    - ii. the manner of execution of such projects or programmes;
    - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
    - iv. monitoring and reporting mechanism for the projects or programmes; and
    - v. details of need and impact assessment, if any, for the projects undertaken by HDFC Life.
6. Subject to the responsibility of supervision, superintendence and control, the CSR Committee may delegate to the Internal Committee from time to time, some of its CSR initiative related administrative activities, for effective

management and administration of the CSR policy. The Internal Committee shall be constituted by the CSR committee and shall comprise of personnel of HDFC Life as may be deemed appropriate by the CSR Committee.

7. Subject to delegation of authority by the CSR Committee, the Internal Committee shall be required to act with utmost diligence and care. The Internal Committee's appointment is to aid and assist the CSR Committee in carrying out its statutory and otherwise obligations. The Internal Committee shall be responsible for *inter alia*:
  - a. Considering and recommending to the CSR Committee variances, if any, in payouts to CSR projects / programs approved by the CSR Committee up to a limit of Rs.25 lakhs per project,
  - b. The Internal Committee may, subject to post facto approved by CSR Committee, approve variances in payouts to the CSR projects up to an amount of Rs.25 lakhs per project.
  - c. Undertaking diligence on the proposed CSR implementation agency and report to the CSR Committee
  - d. Suggesting and scouting CSR activities that may be undertaken by HDFC Life from time to time.
  - e. Overlook and supervise CSR monitoring and evaluation team, the sub-group appointed by the CSR Committee on the recommendation of the Internal Committee, and report the updates to CSR Committee, which may undertake further scrutiny as it deems fit.
8. Projects approved by the Internal Committee will be ratified by the CSR Committee in the subsequent meeting, and further recommended to the Board for its approval.

## 8. Monitoring & Evaluation

1. The CSR Monitoring and Evaluation team, comprising of an in-house team of experts, appointed by the CSR Committee at the recommendation of the Internal Committee on a quarterly basis, will play a critical role in routine monitoring and analysis of the CSR project through various steps including impact assessment, progress of the project vis-à-vis the prescribed timelines / budget etc. The monitoring mechanism may include visits, meetings, and progress / status reports.
2. A comprehensive monitoring mechanism will be devised by the company to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all projects/programmes, as budgeted and scoped, are duly implemented.
3. The CSR Monitoring and Evaluation team shall report to the Internal Committee on a quarterly basis, which shall further update the CSR Committee and the CSR Committee shall further update the Board. The team may visit the CSR project and carry out inspections as recommended by the CSR Committee from time to time for purposes of monitoring and evaluating the CSR project(s).

## 9. Impact Assessment

1. In order to assess the impact of its CSR projects and programmes, the company shall institute appropriate mechanisms to maximize outcomes and build-in sustainability, scalability and replicability of the projects.
2. In the instance, the average CSR obligation of HDFC Life in the three immediately preceding financial years is Rs.10 crores or more, it shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rs.1 crore or more, and which have been completed not less than one year before undertaking the impact study.

## 10. Reporting

1. The company shall follow and comply with the requirements for disclosure of the CSR Policy, composition of the CSR Committee and CSR projects approved by the Board on the website of the company.
2. Further, the Board shall disclose the composition of the CSR Committee and the CSR activities in the Board's Report, in the manner prescribed in the Rules.

## 11. Policy Review

The Policy shall be subject to review by the CSR Committee / Board on an Annual basis or as per the requirement, including change in law.

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