



9th Floor Antriksh Bhawan, 22 K G Marg, New Delhi-110001
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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Context

PNB Housing Finance Ltd (“PNBHFL” or “the Company”) in its journey has built a sustainable business model and created value for its stake holders. As the Company emerges as a matured organisation, apart from its endeavour to serve the customers, PNBHFL will have a focused approach towards contributing to the society at large.

The Company has an obligation to the society and is committed towards social responsibilities in a meaningful manner. PNBHFL shall be responsive, imaginative and sensitive to the social needs in the same manner in which it treats its customers, business associates, shareholders and employees.

While the State has been carrying out a number of development projects, PNBHFL as a growing organisation, on its part is committed to contribute to social, economic, environmental, educational, cultural activities etc. The company’s focus will be to contribute towards sustainable development of the society and environment and to make our Country a better place for future generations.

Objective

The CSR policy of the Company will ensure an effective and sustained CSR programme which will manifest in the form of a progressive, socially responsible and enlightened attitude. CSR activities will be environment friendly and conducive to growth.

At a conceptual level, Company’s policies on CSR are oriented towards stakeholder-participation approach, where the target group(s) are seen as stakeholder(s) in the community whose well-being is integral to the long-term success of the company and not merely a charity-oriented approach.

Guiding Principles

CSR policy of the Company will create social and environmental value, while supporting company's business objectives and enhancing relationships with key stakeholders and customers. The Guiding Principles for undertaking CSR framework by the Company is as under:

(a) Sustainability: CSR activities would help in building a positive image of the Company in public perception. CSR projects will be closely linked with the principles of sustainable development.

(b) Accountability: CSR initiatives of the Company will be guided by section 135 of the Companies Act, 2013 and National CSR Guidelines issued by the Government of India from time to time. Effective monitoring would be done to ensure that the benefits accruing are as per expected levels.

(c) Transparency: Company will undertake ethical business practices building on existing systems for maintaining transparency and accountability. Company will publicise CSR activities to the extent possible for the purpose of awareness creation, stakeholder information and brand value enhancement. The company will also incorporate details of CSR activities in its Annual Report.

Focus areas for CSR initiatives

The broad frame work for CSR initiatives recommended to be undertaken by the Company would be as per section 135 and schedule VII of Companies Act, 2013.

- 1) **Hunger, Malnutrition and Health:** Contribute towards eradicating extreme hunger, malnutrition, promoting healthcare and sanitation, and make available safe drinking water and general hygiene for the targeted segment. Establishing day care centres for underprivileged and differentially abled children.
- 2) **Education:** Promoting education for economically weaker section/migratory construction site workers and their children, women and differently abled and livelihood enhancement projects; monetary and material contributions to academic institutions promoting education for the underprivileged, with an aim of assisting students in their studies.
- 3) **Gender Equality, Empowerment of Women and care for Senior Citizens:** Promoting gender equality and empowering women; setting up homes and day care centres for women and orphans; assist/co-partner in setting up of old age homes for senior citizens.
- 4) **Environmental Sustainability:** Ensuring and encouraging environmental sustainability projects; encourage usage of environmental friendly alternate sources of energy and power. Protection of flora and fauna and animal welfare.
- 5) **National Heritage, Art and Culture:** Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and work of art. Participate and contribute towards activities promoting and developing traditional art and handicrafts.
- 6) **Others:** In case of any natural calamity/disaster contribute towards Prime minister relief fund or any specific fund maintained by Central/state Government of India; measures for welfare and benefit of armed forces veterans, war widows and their dependents.

Partnering Organisations

The Company would be undertaking the CSR activities by making contributions to not for profit organisations including specific funds maintained by the Central/state Government of India like Prime Minister Relief Fund. The contributions to such organisations will be governed by the Letter of Commitment issued by PNBHFL from time to time and Project Plan of the not for profit organisation as approved by the Company. As regards, entering in partnership with organisations are concerned, the Company shall ensure that the said organisations have impeccable track record of service, performance, transparency and accountability.

All the aforementioned organisations will be referred as "Partnering NGOs" in this policy. Company will ensure that the agencies through whom the programmes are identified/ planned fulfil the following conditions:

- The NGO/Agency has a permanent office/address in India;
- A registered society under Societies' Registration Act;
- Possess a valid Income-tax Exemption Certificate;
- The antecedents of the NGO/Agency be checked and confirmed. A MOU/Agreement will be executed with them.

The Company at an appropriate time may exercise the option of establishing "PNB HFL Foundation" as a not for profit entity with an aim to undertake, pursue and be concerned with the welfare, betterment and advancement of the society as a whole.

CSR Grant

As per section 135 of the Companies Act, 2013, at least 2% of the average net profits of the Company made during the immediately preceding three financial years shall be spent on CSR initiatives. The budgetary allocation which is unspent will not be taken back to the Profit and Loss account of the Company. The Board will report unspent CSR amount in its annual report to the shareholders along with the reasons for the same.

Role of CSR Committee

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

- Formulation and review of this CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- Recommendation of the amount of expenditure to be incurred on the CSR initiatives;
- Formulation of transparent monitoring mechanism for ensuring implementation of the projects/programmes/ activities proposed to be undertaken by the Company or the end use of the amount spent towards CSR activities;
- Monitor and implement this Policy from time to time;
- Report to the Board the status of the CSR activities and contributions made by the Company;
- Constituting a Executive CSR Team to select, execute and spent CSR funds in accordance to this policy.
- Any other requirement mandated under the Companies Act and Rules framed thereunder.

Reporting

The CSR Committee will approve the CSR projects in line with the policy approved by the Board. The Company will ensure that;

- The CSR projects are non-discriminatory in nature and do not have political and religious affiliation.
- The CSR programme/projects will preferably be implemented in areas where Company has domain presence.
- The CSR programme/projects will integrate business model with social and environmental priorities.

- The CSR programme/projects will not be for the benefit of employees or their family members.

CSR Activities/Projects

The CSR activities are laid down under Schedule VII to the Companies Act 2013, which may be included by the company in their CSR policy. The said activities relate to -

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 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;
- Setting up homes and hostels for women and orphans, setting up old age homes, day care centres;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Contribution to the Prime Minister's National Relief Fund.

However, out of the aforesaid activities, the Company currently plans to support, partner and assist various CSR activities in the following area through its partnering NGOs.

Sr. No.	Goal Area	Actions
1	Hunger, poverty, malnutrition, health care and differently abled persons	<p>PNBHFL will work with various NGOs to establish day care centres for the children of underprivileged. At selected construction sites, PNBHFL will provide health care and nutrition for children up to the age of 14 years. In urban slums, we may partner in establishing community crèches and work with young families, with pregnant women and young children, to create childcare options and change childcare practices at home.</p> <p>PNBHFL will work with organisations working in medical or health related projects such as providing support for cancer treatment, cataract surgeries, organise blood donation camps, assist in treatment of patients suffering from terminal diseases.</p> <p>PNBHFL will partner in an appropriate manner with organisations/builders engaged in building and providing homes for the marginalised segment of society/ under privileged/economically weaker section/homeless.</p> <p>PNBHFL will partner with organisations working towards rehabilitation of physically or mentally challenged children/adults.</p>

2	Education	<p>PNBHFL focus on education will be on following fronts:</p> <ul style="list-style-type: none"> • Partner/assist organisations engaged in establishing education and day care centres for children of migratory construction site workers/economically weaker section. The centres will provide basic literacy, primary education and offer vocational education. • To provide monetary and material contributions to academic institutions promoting education for the under privileged. • Collaborate with organisations that work towards providing vocational training and guidance to challenged individuals with an effort to make them economically independent.
3	Gender Equality, Empowerment of Women, and Senior citizens	<p>PNBHFL will partner with organisations promoting gender equality and empowering women; setting up homes and day care centres for women and orphans; assist/co-partner in setting up of old age homes for senior citizens.</p>
4	Environment Conservation	<p>Company will undertake directly or in partnership with organisations engaged in projects on environment conservation by engaging in activities related to rain water harvesting, tree plantation drives, encourage usage of alternate source of energy viz. solar/wind power, pollution reduction awareness programs and greenhouse effect.</p> <p>PNBHFL will also participate in programs on conservation of flora and fauna, and conservation of endangered animal species.</p>
5	National Heritage, Art and Culture	<p>PNBHFL will also contribute and participate in activities related to protection of national heritage, promote and encourage art and culture including restoration of buildings and sites of historical importance.</p>
6	Miscellaneous	<p>Contribute towards Prime minister relief fund or any specific fund maintained by Central/state Government of India; measures for welfare and benefit of armed forces veterans, war widows and their dependents.</p>

Performance Monitoring and payments

It is recognized as critical to success of CSR projects. Effective monitoring would be done to ensure that the benefits accruing are as per the expected or envisaged levels. A baseline survey would be conducted before the start of the project and a quarterly/half yearly progress report will be submitted to the CSR committee of the Board. The MoUs signed with other agencies should cover this aspect as well and must factor in accountability as well as performance aspects. The payments made will be performance linked.

Support employee engagement in CSR activities

PNBHFL supports involvement of its employees in CSR activities. PNBHFL will encourage employees to participate in CSR activities of the Company.

Communication of outcomes

Company will publicize CSR projects to the extent possible for the purpose of awareness creation, stakeholder information and brand value enhancement. The Company will release its CSR report along with the Annual Report of the corresponding year.
