

**CORPORATE SOCIAL RESPONSIBILITY
POLICY
OF
PHFL HOME LOANS AND SERVICES LIMITED**

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Summary of Version History

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CORPORATE SOCIAL RESPONSIBILITY POLICY

PHFL Home Loans and Services Limited (“PHFL” or “the Company”) had formulated Corporate Social Responsibility Policy in terms of the requirements of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, Schedule VII and amendments thereof, applicable from time to time (hereinafter collectively referred to as “CSR Provisions”). The existing CSR Policy is being substituted with the revised CSR Policy based on the recent amendments made under the CSR provisions. This Policy shall supersede the existing CSR Policy.

I. PREAMBLE

PHFL in its journey has built a sustainable business model and created value for its stakeholders. As the Company emerges as a matured organisation, apart from its endeavour to serve the customers, PHFL 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 and sustainable manner. PHFL shall be responsive, imaginative and sensitive to the social needs of vulnerable and marginalised sections of society 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, PHFL 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.

II. 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 equitable 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.

III. SCOPE

The Policy of the Company will be applicable to all CSR initiatives of the Company. The Policy has been formulated, reviewed and updated time to time in line with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

IV. GOVERNANCE

The Company recognizes the fact that CSR is now a Board Driven process to be implemented by CSR Committee, CSR Executive Committee, and other concerned officials of the Company/Group Companies.

A. CSR COMMITTEE OF THE BOARD

The Board of Directors of the Company shall constitute/re-constitute the Corporate Social Responsibility (CSR) Committee of the Directors from time to time in compliance with statutory requirements. The composition of CSR Committee will be in compliance with the provisions of the Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Committee may invite any persons as it deems necessary to the committee meetings.

The CSR Committee will play the following role in fulfilling Company's CSR objectives:

- i. Formulation and review of CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- ii. Recommendation of the amount of expenditure to be incurred on the CSR initiatives;
- iii. Recommend the Annual Action Plan;
- iv. 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;
- v. Monitor the implementation of the CSR Policy from time to time;
- vi. Report to the Board the status of the CSR projects, activities and contributions made by the Company;
- vii. Any other requirement mandated under the Companies Act and Rules framed thereunder or assigned by Board of Directors from time to time.

B. CERTIFICATE FROM UTILIZATION OF FUNDS

In terms of applicable provisions of the Companies Act, 2013 read with Rules a Certificate shall be obtained from Chief Financial Officer and/or the person responsible for financial management who shall certify that the funds allocated and disbursed for the CSR initiatives have been utilised for the purposes and in the manner approved by the CSR Committee and/or the Board.

V. CSR BUDGET AND OTHER DISCLOSURES

A. CSR BUDGET

As per sub-section (5) of 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, calculated in accordance with the Section 198 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall be spent on CSR initiatives/activities. The budgetary allocation which is unspent will not be taken back to the Profit and Loss account of the Company.

B. CSR ASSETS

The Company shall ensure any capital asset/s created with CSR funds shall not be owned or controlled by the Company and shall be held by a company established under Section 8 of the Act or Registered Public Trust or Registered Society, having charitable objects or Company's Foundation or implementing agencies or beneficiaries of the CSR projects in the form of Self Help Groups, collectives, entities, community or public authority etc.

C. UNSPENT CSR FUNDS (IF ANY)

The Company shall ensure that any unspent amount for an "ongoing project" for the relevant financial year shall be transferred within a period of thirty days from the end of the financial year to a special account called the "Unspent Corporate Social Responsibility Account" opened by the Company.

The funds in the “Unspent CSR Account” shall be spent within three financial years from the date of such transfer. If unspent, then the funds shall be transferred to any fund mentioned in Schedule VII of the Companies Act, 2013 within a period of 30 days from the completion of third financial year.

The Company shall also ensure that unspent CSR funds not related to an ongoing project (unallocated) at the end of the relevant financial year shall be transferred within six months of the expiry of the financial year to a fund mentioned in Schedule VII of the Companies Act, 2013.

D. SURPLUS (IF ANY) ARISING OUT OF CSR ACTIVITIES

Any surplus arising out of CSR activities shall not form part of business profits of the Company. It shall either be:

- i. Ploughed back or spent on the same project/program that gave rise to the surplus;
- ii. Transferred to the Company’s Unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company;
- iii. Transferred to a fund mentioned in Schedule VII of the Act within a period of six months of the expiry of the financial year.

E. SURPLUS CSR EXPENDITURE (IF ANY)

If the Company spends in excess of the requirement mandated under Section 135 of the Companies Act, 2013, such excess amount may be set-off against the requirement to spend under Section 135 of the Companies Act, 2013 upto immediate succeeding three financial years after the Board passes a resolution to that effect as per the applicable laws.

F. ADMINISTRATIVE OVERHEAD

The maximum permissible limit for administrative overheads and impact assessment will be as per the limits prescribed under the Companies Act, 2013 read with the Rules made thereunder.

VI. GUIDING PRINCIPLES FOR PARTNERING ORGANIZATIONS

The Company shall carry out CSR activities:

- i. Directly as a Company with the help of its employees;
- ii. Through implementing agencies being:
 - a) A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
 - b) A Section 8 company, a registered trust or a registered society established by the Central or State Government; or
 - c) Any entity established under an Act of Parliament or a State legislature; or
 - d) A company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities; or
- iii. Section 8 company established by PNB Housing Finance Limited named Pehel Foundation
All the aforementioned CSR implementing agencies will be referred as “CSR Partnering / Implementing Agencies / NGOs” in this policy. Company will ensure that the agencies through whom the programmes are identified/ planned fulfil the following conditions:
 - i. The NGO/Agency has a permanent office/address in India
 - ii. Has track record of at least three years of service
 - iii. Is registered under both 12A and 80G of Income Tax Act (and has renewed its validity)
 - iv. Has registered with Central Government by filing CSR-1

VII. GUIDING PRINCIPLE FOR CSR INITIATIVES (Programmes/Projects)

The CSR Committee will recommend to the Board for approval of the CSR projects in line with the policy approved by the Board. The Company will ensure that;

- i. The CSR projects are non-discriminatory in nature and do not have political and religious affiliation.
- ii. The CSR programme/projects will preferably be implemented in areas where Company has domain presence.
- iii. The CSR programme/projects will integrate business model with social and environmental priorities within the ESG framework.
- iv. The CSR programme/projects will not be for the benefit of employees or their family members.
- v. **Sustainability:** CSR will be closely linked with the principles of sustainable development.
- vi. **Accountability:** CSR Annual Action Plan of the Company will be guided by section 135 of the Indian Companies Act, 2013, the Rules thereunder (as amended from time to time). Effective monitoring would be done to ensure that the benefits accruing are as per expected levels.
- vii. **Employee Engagement:** the Company supports involvement of its employees in CSR projects and encourages employees to voluntarily take up the CSR projects.

VIII. FOCUSED AREAS

- A. **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. Construction trade related skill development of construction workers.
- B. **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.
- C. **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.
- D. **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.
- E. **Research and Innovation:** Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and Contributions to public funded Universities.
- F. **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 or any other areas/fund/project as may be considered and approved by CSR Committee/Board.
- G. Any other activities as duly mentioned in Schedule VII of the Companies Act, 2013.

IX. ANNUAL ACTION PLAN

The CSR Committee of the Board of Directors of the Company shall on an annual basis, recommend an Annual Action Plan to the Board for its approval. The Annual Action Plan shall include:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- The manner of execution of such projects or programmes.
- The modalities of utilisation of funds and implementation schedules for the projects or programmes
- Monitoring and reporting mechanism for the projects or programmes.
- Details of need and impact assessment, if any, for the projects undertaken by the Company.

The CSR team will prepare the annual action plan for CSR in accordance to the thematic areas approved by the Board and in line with the available CSR budget for the year. The detailed partner/project/activities wise budget and goals shall be approved by the CSR Executive Committee of Holding Company and then presented to the CSR Committee and/or the Board for approval.

Further, the Board may during the year, at the recommendation of the CSR Committee alter such plans.

X. MODALITIES FOR EXECUTION

The approved CSR activities, projects and programmes shall be carried out in any of the following ways as the CSR Committee in its absolute discretion may decide. The CSR Committee may decide to use any one or all or a combination of any of the following ways to undertake the said CSR activities, projects and programmes:

- i. by the Company directly;
- ii. through Pehel Foundation, a Section 8 Company that has been established by the Company; and/or
- iii. through any other registered trust / any registered society / any other company that is qualified to undertake CSR activities in terms of the provisions of the Companies Act, 2013.
- iv. The contribution would be for a project or programme as identified by the Company, either for a single year or multi-years, depending on the scale and needs of the project/programme.
- v. The Company will evaluate the partnering organization based on its internal screening criteria, credibility and ability to execute the project/programme effectively;
- vi. MOU will be signed only after obtaining satisfactory due-diligence report of the CSR partner. The Due Diligence of the partner will be done by an independent agency as per the SOP of the company. The exception will be for the OTC payments/projects, as in those cases due diligence will not be required.
- vii. The disbursement of the contribution amount by the Company to the partnering organization shall be made only if they have requisite approvals and registrations as required under the Income Tax Act, 1961 and other applicable laws in India; and

- viii. The disbursement will be made only upon receipt of a proposal from the partnering organization's specifying the budget that is required and the activity for which it is required.

XI. MONITORING

- i. The Company's CSR activities have been recommended by the CSR Committee and approved by the Board of Directors.
- ii. The CSR Team will report on a quarterly basis the progress of the project activities, the utilization of funds disbursed and plans for sustainability of the project based on the report of the implementing agencies, wherever applicable.
- iii. The CSR Committee will monitor and review on a regular basis or as and when required, the progress of CSR initiatives undertaken.
- iv. The fund utilization made in projects as approved by the Board, will be certified by the Chief Financial Officer of the Company or a person responsible for financial management.
- v. Applicable projects, as required by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall be subjected to an in depth impact study to assess the impact created through the project.
- vi. In case of deviation in implementation as defined in the annual action plan, such changes will be reviewed and recommended by the CSR Committee and approved by the Board of Directors of the Company.
- vii. In order to ensure transparency and communication with all stakeholders, the CSR Policy and the list of approved projects will be uploaded on the Company's website.

XII. IMPACT ASSESSMENT

Impact Assessment shall be mandatory for the Company (if there is average CSR obligation of INR 10 crore or more in the immediately preceding three financial years). All CSR projects with budget of INR 1 Crore or more and a period of one year has elapsed since completion of such project, an Impact Assessment study shall be carried out by an independent agency.

In addition to the above, additional projects (specially projects below the threshold of INR 1 Cr) may be selected at the option of the Company for impact assessment and/or mid-term assessment. These will be reviewed at CSR Executive Committee and summary of the outcomes shall be placed before the CSR Committee and/or the Board.

The report of such assessment shall be placed before the Board and shall also be annexed to the Annual Report on CSR.

XIII. DISCLOSURE

The Company shall ensure the composition of the CSR Committee, CSR Policy of the Company and Projects approved by the Board shall be displayed on the Company's website.

The Board's Report of the Company shall include the Annual report on CSR containing particulars as specified under the Act and Rules.

The Company to ensure quarterly update on ESG parameters and release its Business Responsibility Report/any other report as prescribed by regulator in Annual Report.

XIV. REVIEW AND AUTHORITY

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the applicable law, rule, regulation or standard will take precedence over this policy until such time as the Policy is amended to conform to the law, rule, regulation or standard.

The CSR Policy shall be reviewed from time to time as and when it may be deemed necessary. Amendments in the Policy will be recommended by the CSR Committee and approved by the Board of Directors of the Company.