

**HDFC ERGO GENERAL INSURANCE COMPANY LIMITED****CORPORATE SOCIAL RESPONSIBILITY POLICY**

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<b>Concurred by</b>	Secretarial Team			
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## I. BACKGROUND

HDFC ERGO General Insurance Company Ltd. (HDFC ERGO) is a 51:49 joint venture between Housing Development Finance Corporation Limited, India's premier Housing Finance Institution and ERGO International AG, the primary insurance entity of Munich Re Group. HDFC ERGO is registered with the Insurance Regulatory and Development Authority of India (IRDAI) as a general insurance company under Registration No. 146.

HDFC ERGO offers complete range of general insurance products ranging from Motor, Health, Travel, Home and Personal Accident in the retail space and customized products like Property, Marine and Liability Insurance in the corporate space.

HDFC ERGO focuses on providing the "Right Insurance Solutions" for all.

It is the constant endeavour of the Company to improvise and cater to every need of the modern day customer with superior customer support service. This helps the Company give its customers a seamless and hassle-free experience.

*The Company's vision is to be the most admired insurance company that enables the continued progress of customers by being responsive to their needs.*

The Company's value system revolves around Sensitivity, Excellence, Ethics and Dynamism (SEED).

**Sensitivity** – to build its business on empathy and an inherent understanding of both our internal and external customers' needs.

**Excellence** – the Company will always strive to offer innovative products and services and endeavour to set new benchmarks to do things better each time.

**Ethics** – the Company will honour its commitments and be transparent in its dealings with all its stakeholders.

**Dynamism** - the Company will be pro-active with a "can do" approach.

The Company would ensure that its values are reflected in every task it performs, every decision it takes. This would help the Company to work as a team towards creating and sustaining value for all its stakeholders, namely Customers, Business Partners, Re-insurers, Shareholders and most importantly, Employees.

## II. REGULATORY REQUIREMENT

In terms of the provisions of Section 135 (1) of the Companies Act, 2013 (the Act), every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social

Responsibility Committee of the Board (CSR Committee) consisting of three or more directors, out of which at least one director shall be an independent director.

The CSR Committee shall inter-alia formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the list of CSR projects or programs to be undertaken by the Company in the areas or subjects as specified in Schedule VII to the Act.

### **III. COMPANY'S VISION ON CSR**

Corporate Social Responsibility (CSR) is a Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large and building capacity for sustainable livelihood.

The Company believes that CSR is an integral part of the business. The Company is committed to do its business in a socially responsible manner taking into consideration the interest of all its stakeholders, namely Customers, Business Partners, Re-insurers, Shareholders, Employees and the Society at large. Whilst doing business the Company would actively ingrain SEED into its business decision.

### **IV. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

In terms of the provisions of Section 135(1) of the Act, the Board of Directors of the Company has constituted a Corporate Social Responsibility (CSR) Committee of Directors, comprising of six directors including two independent directors.

The CSR Committee has formulated this CSR Policy and the same was approved by the Board. Subject to availability of CSR amount, the Company proposes to carry out all or any of the following activities as specified in Schedule VII of the Act, as amended from time to time:

Activities relating to:—

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set by the Central Government for promotion of sanitation and making available safe drinking water.
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) 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.
- (iv) 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

- (v) 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.
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents.
- (vii) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women.
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- (x) Rural development projects.
- (xi) Slum area development
- (xii) Such other activities as may be notified by appropriate authorities, from time to time.

## **V. CSR SUB COMMITTEE (SC-CSR)**

The Company shall have a Sub-Committee of CSR Committee which shall comprise of the following:

1. Managing Director and Chief Executive Officer (MD & CEO)
2. Executive Directors
3. At least 2 members from Senior Management
4. Such other Executives/Officers as may be nominated by MD & CEO

## **VI. CSR ACTIVITIES DURING EACH FINANCIAL YEAR**

The Company shall undertake such of the CSR activities during each financial year as recommended by the CSR Committee and approved by the Board. The details of such activities shall be as specified in **Annexure-1** to this Policy. The CSR Sub-Committee may suggest to the CSR Committee, the CSR activities that could be undertaken by the Company and the projects / programs in respect thereof.

## **VII. APPROACH – EXECUTION OF CSR PROJECTS**

- The Company may carry out CSR activities either on its own or through a registered trust or registered society or company established by the Company or its holding company under Section 8 of the Act or otherwise including H T Parekh Foundation, as may be approved by the CSR Committee.

- Further, the Company may collaborate or pool its CSR resources with other companies to undertake CSR activities, as may be approved by the CSR Committee from time to time; provided that the respective companies are in a position to report separately on such projects or programs in accordance with the CSR Norms.
- The Company shall carry out CSR activities only in India.
- The Company recognizes that CSR projects or activities that benefit only the employees of the Company and / or their families shall not be considered as CSR activity in terms of the CSR Norms.
- The Company shall report the details of its CSR initiatives in the Directors' Report and in the website, [www.hdfcergo.com](http://www.hdfcergo.com), in the prescribed format.
- The Company recognizes that surplus arising out of the CSR activity will not be part of business profits of the Company.
- Contribution of any amount directly or indirectly to any political party under Section 182 of the Act, shall not be considered as CSR activity.

## **VIII. CSR AMOUNT**

HDFC ERGO endeavors to spend in every financial year, at least 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of its Corporate Social Responsibility and subject to Section 135 of the Act and the Rules made there under.

The Board of Directors of the Company endeavors to spend the available CSR amount for a particular financial year in accordance with the CSR Policy of the Company. In case of inability of the Company to spend the said amount in full during a particular financial year, the reason thereof shall be disclosed in the Report of the Board of Directors for that financial year.

## **IX. CSR EXPENDITURE**

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the areas or subjects, specified in Schedule VII of the Act.

## **X. PROCESS FOR UNDERTAKING CSR ACTIVITIES / PROJECTS**

The Company shall adopt the following procedure whilst undertaking/ funding CSR activities/ projects, either directly or indirectly. The procedure is subject to periodic

review and revision, as may be required, to ensure effective and timely execution of projects / programs, impact analysis and reporting thereon.

- CSR Committee of Directors shall recommend to the Board of Directors, broad areas of CSR activities that could be undertaken by the Company along with amount of expenditure in respect of such activities. Such activities shall be within the areas or subjects specified in Schedule VII of the Act, as amended from time to time.
- Pursuant to the recommendations of the CSR Committee, the Board of Directors shall approve the broad areas of CSR activities to be undertaken by the Company and allocate CSR spend on the same. CSR Committee shall approve projects / programs to be undertaken for implementing such activities and ensure that same falls within the purview of areas or subjects specified in Schedule VII of the Act.
- CSR Committee may delegate the authority to identify projects / programs for execution of CSR activities to the CSR Sub-committee and specify the criteria for such selection, as it may deem necessary.
- Subject to the approval of the CSR Committee, the CSR Sub-committee shall identify / short list projects / programs for executing proposed CSR activities (after carrying out requisite feasibility studies) and shall specify the modalities of execution of such projects /programs, implementation schedules, monitoring process and method of impact analysis, which shall form an Annexure to this Policy.
- CSR Sub-committee shall implement the identified projects / programs either directly or in association with other agencies, who shall be selected basis defined criteria.
- In case of projects / programmes being undertaken through other organizations, execution of Memorandum of Understanding (MoU) with such entities, which shall inter-alia specify the key roles and responsibilities of each of the parties.

## **XI. MONITORING AND REPORTING**

The CSR Sub-committee shall monitor the implementation of the projects / programmes on a continuous basis. It shall depute its members for on-site inspection of the projects and review the reports of such inspection before placing the same before the CSR Committee on a quarterly basis. In case projects / programmes are undertaken through other organizations, periodic reports on the status of the projects shall be obtained from such entities and the same shall, after review be placed before the CSR Committee on a quarterly basis.

The CSR Sub Committee shall at least once in a quarter update the CSR Committee details of each project inter alia including following points

1. Budgeted expenditure of the Project/s,
2. Actual expenditure of the Project/s (YTD),
3. Status of the Project/s,
4. Timeline for completion of Project,
5. Outcome of audit/ inspections carried on the Project/s, if any
6. Any other details which would help the CSR Committee to monitor CSR initiatives.

As may be required, the CSR Committee and/or Audit and Compliance Committee may appoint external specialists in the CSR arena to review the progress of the CSR projects / programmes and report thereon after review be placed before the Board.

## **XII. DISSEMINATION OF INFORMATION**

The CSR Committee shall report to the Board of Directors of the Company the status of the CSR projects/ activities undertaken by the Company, the amount spent thereon and the impact on the targeted beneficiaries / society at large, at least on a yearly basis.

The details of the CSR activities carried out by the Company during a financial year shall be disclosed in the Directors' Report section of the Annual Report and shall also be uploaded on the website of the Company.

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Annexure - 1Broad areas of CSR activities proposed to be carried during financial year 2019-20

<b>Category</b>	<b>Activities</b>	<b>Amount</b>
I	Activities relating to Sanitation, provision of drinking water, Healthcare, Education, Livelihood etc., in villages selected under "Gaon Mera".	An amount of up to 70% of available CSR amount for FY 2019-20.
II	CSR Activities within the areas or subjects specified in Schedule VII of the Companies Act, 2013 and/or Rules made thereunder as amended from time to time.	Balance available CSR amount for FY 2019-20.