



**HDFC ERGO GENERAL INSURANCE COMPANY LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

<b>Created by</b>	Corporate Social Responsibility Team							
<b>Concurred by</b>	Secretarial Team							
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## **I. BACKGROUND**

HDFC ERGO General Insurance Company Limited ("HDFC ERGO" or the "Company") was promoted by erstwhile Housing Development Finance Corporation Ltd. (HDFC), India's premier Housing Finance Institution and ERGO International AG, the primary insurance entity of Munich Re Group. Consequent to the implementation of the Scheme of Amalgamation of HDFC with and into HDFC Bank Limited, one of India's leading private sector bank (Bank), the Company has become a subsidiary of the Bank. The Company offers complete range of general insurance products ranging from motor, health, travel, home and personal accident in the retail space and products like property, marine and liability insurance in the corporate space. With a network of branches spread across wide distribution network and a 24x7 support team, the Company has been offering seamless customer service and innovative products to its customers.

*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** – the Company 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 aims to 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, Society and most importantly, Employees.

## **II. DEFINITIONS:**

The following terms used herein shall have the meaning specified herein below:

- i. "Ongoing Project" means a multi-year project undertaken by the Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;



- ii. “Public Authority” as defined in clause (h) of section 2 of the Right to Information Act, 2005 means any authority or body or institution of self government established or constituted — (a) by or under the Constitution; (b) by any other law made by Parliament; (c) by any other law made by State Legislature; (d) by notification issued or order made by the appropriate Government, and includes any— (i) body owned, controlled or substantially financed; (ii) non-Government organization substantially financed, directly or indirectly by funds provided by the appropriate Government;

Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 (the “Act”) shall have the same meanings respectively assigned to them in the Act

### **III. REGULATORY REQUIREMENT**

In terms of the provisions of Section 135(1) of 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 programmes to be undertaken by the Company in the areas or subjects as specified in Schedule VII of the Act.

### **IV. COMPANY’S VISION ON CSR**

CSR is the sense of responsibility towards the community and environment in which the Company 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.

### **V. CSR COMMITTEE**

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



The role of CSR Committee shall be as follows in fulfilling the Company's CSR objectives:

- Formulate and review the CSR Policy and recommend the same to the Board for its approval;
- Formulate and recommend to the Board an Annual Action Plan on CSR activities;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Review the CSR projects/ programmes from time to time;
- Ensure overall governance and compliance for CSR; and
- Annually report to the Board, the details of the CSR activities.

#### **VI. EXECUTIVE CSR SUB COMMITTEE (SC-CSR)**

The Company shall have an Executive Sub-Committee of CSR Committee comprising the following:

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

The SC-CSR shall evaluate and identify CSR projects that could be included in Annual Action Plan and assist CSR Committee / Board of Directors in fulfilling the Company's CSR obligations inter-alia by ensuring timely execution and implementation of CSR projects and monitoring thereof.

#### **VII. KEY FOCUS AREAS FOR CSR ACTIVITIES / PROJECTS:**

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:

a) Education: Vidya

This would include initiatives in the field of primary and secondary education, formal and non-formal literacy programmes, scholarships, teachers training & skills upgradation, vocational training and other holistic education initiatives for rural & urban youth.

b) Healthcare: Niramaya

This would include initiatives to support affordable healthcare, including awareness & preventive programmes for various communicable & non-communicable diseases, supporting mental health and differently abled, public & community health initiatives for the underprivileged sections of society, addressing malnutrition amongst women & children, provision of clean & safe drinking water to communities, etc.



c) Women Welfare: Roshini

This would include initiatives for supporting women through interventions like sustainable livelihood initiatives for unemployed / dropout women from rural and urban areas, for, by assisting them with skill training (technical and non-technical), vocational and life skills training, etc. and enabling them to generate livelihoods and in turn contribute to the economy. This would also include initiatives towards women empowerment like education, confidence building, etc., to help women progress in their lives.

d) Road Safety : Supath

This would include initiatives towards improving road conditions and infrastructure to reduce accidents and fatalities, facilitating and/or providing enabling conditions for driving and traveling on roads and supporting post trauma interventions, thereby providing better travel conditions and saving lives.

The Company through these programs, intends to align its projects to one or more Sustainability Development Goals, with an endeavor of creating sustained social and environmental impact.

The Company may directly or through partnerships with select organizations', undertake development activities across other sectors such as child welfare, promotion of the arts, promotion of sports, environmental sustainability or any others, with the main objective of betterment of society.

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 Rules.

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. ANNUAL ACTION PLAN (AAP)**

The CSR Committee shall formulate and recommend to the Board of Directors an Annual Action Plan and shall include the following:

- (a) the list of CSR projects or programmes that are to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes either directly or through implementing agencies;
- (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the Company.



The Annual Action Plan shall clearly bifurcate any CSR project /activity as Ongoing or Other than Ongoing CSR Project. The CSR Committee shall provide adequate details of all the projects with respect to project outlay, duration, implementation schedule, monitoring mechanism etc while seeking approval of Board of Directors.

The Company shall ensure completion of all the Ongoing Projects within three financial years excluding the year of commencement of such project.

The Company shall undertake the CSR activities during each financial year in accordance with the approved Annual Action Plan.

The Board of Directors may alter AAP at any time during the financial year, pursuant to the recommendation of the CSR Committee, based on reasonable justification to that effect.

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

The Company shall carry out CSR activities only in India. The Company may carry out CSR activities either on its own or through a registered public trust or registered society, registered under section 12A and 80G of the Income Tax Act, 1961 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.

The Company shall ensure that every entity covered above that intends to undertake/implement any CSR activity on behalf of the Company, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar of Companies and submit its unique CSR Registration Number to the Company.

#### **X. CSR AMOUNT**

The Company 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 CSR obligations and subject to the provisions of Section 135 of the Act and the Rules made there under, as amended from time to time.

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 for not spending the amount shall be disclosed in the Report of the Board of Directors for that financial year and in case the unspent amount relates to any project other than the ongoing project, then such unspent amount shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

In terms of the provisions of Section 135(6) of the Act, in case unspent amount pertains to any ongoing project, then such amount should be transferred within a period of thirty days from the end of the financial year to a separate account to be opened by the Company viz. 'Unspent Corporate Social Responsibility Account' for that financial year in any scheduled bank. In case the amounts are not utilized in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, the Company shall transfer the same to a Fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority.

## **XI. CSR EXPENDITURE**

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programmes 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.

The Company shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year. Further, the expenses incurred on Impact Assessment studies shall not exceed such amount, in line with the applicable provisions of the Act.

The Company recognizes that any surplus arising out of the CSR activity shall not be part of business profits of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

In case the Company spends an amount in excess of the requirements provided under Section 135(5) in a financial year, then the Company may set off such excess amount against the required CSR spend upto immediately succeeding three financial years, subject to approval of the Board of Directors.





## **XII. 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 Sub-Committee shall identify projects/programs for execution of CSR activities and formulate an Annual Action Plan and place the same before the CSR Committee for its consideration and review.
- CSR Committee of Directors shall review the Annual Action Plan and recommend the same to the Board of Directors for its approval.

The Board of Directors shall approve the Annual Action Plan and approve CSR spend on the CSR projects/ programs, on the recommendation of the CSR Committee.

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, wherever applicable.

## **XIII. MONITORING AND REPORTING**

The CSR Sub-committee shall formulate parameters and monitor the implementation of the projects / programmes. The CSR Sub-Committee shall periodically report to the CSR Committee the findings of the monitoring plans undertaken.

An update on implementation of Annual Action Plan shall be placed before CSR Committee /Board of Directors on a quarterly basis.

The CSR Committee shall report to the Board of Directors the details of CSR activities/ projects undertaken by the Company in a financial year, as part of the Directors Report, in the prescribed format.

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

- Budgeted expenditure of the Project/s,
- Actual expenditure of the Project/s (YTD),
- Status of the Project/s,
- Timeline for completion of Project,
- Outcome of audit/ inspections carried on the Project/s, if any
- 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.



#### **XIV. DISSEMINATION OF INFORMATION ON WEBSITE OF THE COMPANY**

The Company shall disclose the composition of the CSR Committee, and CSR Policy and projects approved by the Board on its website.

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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