

BAJAJ HOUSING FINANCE LIMITED
CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

(I) INTRODUCTION

Pursuant to Section 135 of the Companies Act, 2013 (the Act) read with the Companies (CSR Policy) Rules, 2014 (the Rules), the Company put in place a CSR Policy for the Company as per approval given by the Board of Directors of the Company at its meeting held on 15 May 2014. The said Act and Rules in this regard have been substantially amended with effect from 22 January 2021, necessitating changes to be made in the CSR Policy.

Accordingly, a revised Policy has been framed for adoption by the Board of Directors incorporating the necessary changes. This Policy shall supersede the earlier Policy and shall come into immediate effect.

(II) PHILOSOPHY, APPROACH & DIRECTION

The CSR activities of Bajaj Group are guided by the vision and philosophy of its Founding Father, late Shri Jamnalalji Bajaj, who embodied the concept of Trusteeship in business and common good, and laid the foundation for ethical, value-based and transparent functioning.

Bajaj Group over a century ago took the then unprecedented step of using business to serve society. This philosophy has stood the test of time and has been successfully taken forward by the succeeding generations.

Through its social investments, Bajaj group addresses the needs of communities, taking sustainable initiatives in the areas of health, education, environment, women empowerment, infrastructure, rural development, community development and response to natural calamities.

The Policy outlines the company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare & sustainable development of the community at large.

(III) GUIDING PRINCIPLES FOR SELECTION, IMPLEMENTATION & MONITORING OF ACTIVITIES

(A) SELECTION:

- The core elements of CSR are the continuing commitment by business to ethical principles, protection of human rights, care for the environment, while improving the quality of life of all the stakeholders, including the local community and society at large.

- It is Company's conscious strategy to design and implement Social Investments / CSR programs, by enriching value chains that encompass the disadvantaged sections of society, especially those residing in rural India, through economic empowerment, based on grass-root capacity building.
- This Policy will apply to all CSR initiatives and activities taken up at the various work centres and locations of the company, for the benefit of different segments of the society, with focus on the marginalized, poor, needy, deprived, under-privileged and differently abled persons.
- The Company would carry out its CSR activities with the objective of overall National and Community Development. At the same time, the Company would give preference to the local areas around the locations, where it operates in India and also in Sikar (Rajasthan) and Wardha (Maharashtra) districts, as these two places are the Janmabhoomi and Karmabhoomi of our founder Shri Jamnalalji Bajaj.
- While selecting the activities to be carried out, the Company in addition to the points mentioned above, would also take into account the legal provisions contained in Section 135 and Schedule VII of the Companies Act, 2013 and the rules made thereunder. Further, the Company would consider the well-recognized National and International Goals and as may be recommended by the CSR Committee of the Board and as approved by the Board from time to time.
- Preference would be given to the activities, which are replicable, scalable and sustainable on a long-term basis. Focus would also be placed on lives, living and livelihood.

(B) MODALITIES OF EXECUTION & IMPLEMENTATION

1. Board

Board will inter alia do the following:

- Approve the CSR Policy of the Company and make necessary disclosures.
- Ensure that the CSR activities are undertaken by the Company as per Annual Action Plan and as required under law, taking into account the approved timelines, year-wise allocation etc.
- Ensure spend of 2% of Net profits.
- Ensure that the CSR activities are undertaken directly or through the entities specified in the applicable Rules.
- Approve the Annual Report on CSR with the prescribed disclosures and reports & place the same on the Company's website as required under law.

- And generally comply with the provisions of law on CSR.

2. CSR Committee:

CSR Committee will inter alia do the following:

- Formulate and recommend to the Board a CSR Policy for the Company.
- Formulate and recommend to the Board an Annual Action Plan in pursuance of a CSR Policy.
- Recommend to the Board the amount of expenditure to be incurred on CSR activities.
- Monitor the implementation of the CSR Policy of the Company from time to time.
- Review the CSR projects / initiatives from time to time.

3. CSR Steering Committee:

CSR Steering Committee will have some members of the senior management of the **GROUP** Companies and also a few reputed individuals associated with Bajaj NGOs. It will function essentially to provide assistance and help to the CSR Committee in discharging its duties and responsibilities. This Committee will primarily monitor the activities of the CSR Team of the Company and screen the CSR proposals and monitor the implementation aspects.

4. CSR Team:

CSR Team will have the following responsibilities:

- The CSR activities shall be implemented by the CSR Team appointed by the senior management of the Company.
- The CSR Team will be responsible for activities undertaken under the CSR Policy and shall report at periodic intervals to the Steering Committee.
- Implementation will be done as per the requirement of the project or programme. As per the specific requirements of the activity, the schedule of a project may be over a multi-year duration as well.

- The CSR Team may also work with any NGO or institution to design and implement innovative projects independently or through partnership between institutions/trust.
- The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.
- The process for implementation of CSR programs will involve the identification of programs, area of CSR activities, project-based approach, time period, cost of the project etc.
- All proposals under CSR activity would be first referred to the CSR Team. After evaluation, CSR Team may put forward the proposals of CSR along with their comments to the Steering Committee. Appropriate technology will be leveraged to facilitate the functioning of the CSR team.

5. CSR Vehicle:

- CSR activities will be undertaken either by the Company directly or through a Section 8 Company/registered Public Trust or a registered Society, having such registrations as required under the said Act/Rules.
- Where such entity is not established by the company, its track record in undertaking similar programs or projects would be considered while granting any contribution.
- The Company will specify the project or programme to be undertaken through these entities, the modalities of utilization of funds on such projects or programs and the monitoring and reporting mechanism.
- The Company may also collaborate with other companies for undertaking projects or programs in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with the prescribed CSR Rules.
- The Company may build CSR capacities of its own personnel as well as those of the implementing agencies through institutions with established track records, subject to the prescribed CSR Rules.

MONITORING AND ASSESSMENT

- **Release of funds for CSR Project/Programme:** The amounts sanctioned for a CSR project or programme, will be released in full or in stages or installments as per progress, as may be determined by the CSR Committee and as may be verified by the CFO of the company. CSR

Committee may design the procedure/ guidelines applicable from time to time and release of funds to any project in a year shall be as per the guidelines finalized by the CSR Committee.

- **Review by Board/CSR committee/ Steering Committee:** On a periodical basis, the Board of Directors, CSR Committee and the Steering Committee will review the implementation of CSR.
- **Utilisation Certificate:** Funds released/to be released to the implementing agency would be generally based on satisfactory utilization certificate duly certified by an authorized officer / CEO / CFO of the donee entity and satisfactory performance report submitted by the said person, as may be decided by the CSR Committee.
- **External Agency assessment:** The impact assessment/evaluation of major projects may be carried out by an external agency to critically assess the fulfillment of project objectives, subject to the applicable CSR Rules.
- **Audit:** The amount spent on CSR by the Company will be subject to audit as may be determined by the CSR Committee and as per applicable laws.
- **Reporting in the Annual Report of the Company:** CSR Policy and initiatives of the Company will be reported in the Annual Report of the Company in the manner prescribed under the CSR Rules. All the reports would be documented and hosted on the Company website also.

IV. GUIDING PRINCIPLES FOR FORMULATION OF ANNUAL ACTION PLAN

- The CSR Committee shall formulate and recommend to the Board every year an Annual Action Plan (AAP) in pursuance of this Policy.
- The AAP will list down the CSR projects or programmes to be undertaken by the Company in the areas or subjects mentioned in Schedule VII of the Act.
- Execution of such projects or programmes shall be done directly or through any of the entities specified in the applicable Rules.
- AAP will contain provisions regarding the modalities of utilization of funds and implementation schedules for the projects or programmes.
- AAP will contain details of need and impact assessment as may be considered necessary for the projects to be undertaken by the Company and as per applicable laws.
- AAP will be subject to review and revision from time to time by the CSR Committee or Board, based on reasonable justification for the same.

V. GENERAL

The CSR Policy referred to above is to be read in conjunction with the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014, as amended from time to time.

This Policy is subject to review from time to time.

Date : 26 April 2021

CHAIRMAN

BAJAJ HOUSING FINANCE LIMITED

Bajaj Housing Finance Ltd

CSR Annual Action Plan

FY 21-22

Table of Contents

1. Introduction	1
2. Mandated CSR Obligation for the Company for the year	1
3. List of CSR Projects and Funds allocated to projects.	2
3-a: Ongoing Projects:.....	2
3-b: Additional projects/programmes:	2
4. Manner of Execution/ Selection of Implementation Agencies.....	8
5. Modalities of utilisation of funds and implementation schedules for the projects	8
6. Monitoring and reporting mechanism.....	8
7. Need and Impact Assessment.....	9
8. General Note:.....	9

1. Introduction

This is the Annual Action Plan of the company for the financial year 2021-22 in pursuance of the CSR Policy of the company, as required under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

2. Mandated CSR Obligation for the Company for the year.

The mandate is arrived at as per calculation below:

Table 1: CSR Mandate before adjustments

(Rs. in crore)

(i). 2% of average adjusted profit calculation	FY 2020-21	FY 2019-20	FY 2019-20
Adjusted Profit as computed u/s 198	553.79	494.27	102.94
Average Profit for three years	383.67		
@ 2% of Average adjusted profits			
(ii) Surplus arising out of the CSR projects of the previous financial year (2020-21) to be set-off	NIL		
(iii) Amount Unspent against Ongoing projects from the previous financial year (2020-21)	NIL		

(iv) Amount Unspent against other than Ongoing projects from the previous financial year (2020-21)	NIL
(v) CSR Obligation for FY 2021-22 [(i)+(iii)+(iv) –(ii)	7.67

3. List of CSR Projects and Funds allocated to projects.

3-a: Ongoing Projects:

The attached Table 2 contains details of approved 'ongoing projects' that are proposed to be undertaken in FY 21-22. **2 projects with funds allocated of Rs 29 Lakhs are proposed in the FY 21-22.**

Table 2 also contains details of funds allocated towards these ongoing projects in the FY.

3-b: Additional projects/programmes:

These will be taken up during the year ending on 31 March 2022 in order to meet the CSR mandate of the company. These programs will be –

- in areas or subjects contained in Schedule VII of the Act,
- in subjects of interest as defined in the Company CSR policy; and
- selected and approved as per the procedure laid out as per Company's CSR Policy

Table 2: Details of **ongoing projects** for the financial year:

S No	File No.	Project Title	Schedule 7	Local Area (Yes/No) ***	Project Location/s		Total Approved amount * (Lakhs)	Payable in 21-22 (lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
					State/s	District/s				Name	CSR-1 Regn Number
1	2	3	4	5	6	7	8	9	10	11	12
1.	3150	Global Mills passage school	Education (ii)	Yes	Maharashtra	Pune	200	24	No	Muktangan Education Trust	
2.	1174	Capacity Building of Organizations on addressing developmental disabilities.	Health care(i)	Yes	Maharashtra	Mumbai	120	05	No	Ummeed Child Development Center	
Total planned disbursement via ongoing projects for FY 21-22**								29			

* In case of multi donor projects, only amount allocated to the Bajaj Housing Finance Ltd is considered here.

** We expect a 10-15 % shortfall against planned expenditure by partners as ongoing Covid may delay some activities. Review of annual action plan will be undertaken in end Q2.

*** For Finance companies the Local area is considered were the HO / District office is Located, all other projects are considered as they are not in the Local Area of Company.

4. Manner of Execution/ Selection of Implementation Agencies

Where CSR activities are undertaken through implementing agencies, eligible agencies as defined in sub-rule (1) of rule 4 of Amended CSR rules will be appointed for each of the projects/programmes taken up by the company. These will be appointed as per the responsibilities / functions set out in Para III(B) of the CSR Policy of the company for the board of directors, CSR committee, CSR steering committee, CSR team and CSR vehicle.

Given the strong Gandhian legacy of the Bajaj group, the Company prefers to support community-based Societies/Trusts with strong credentials. These are selected after a detailed review of proposals submitted online by potential implementing agencies. The agencies undergo a document review, field visit (physical or virtual), and interaction with Trustees and senior functionaries. A review by Senior Bajaj Management (CSR Steering Committee) would be conducted prior to the review by CSR Committee.

With regard to the on-going projects as on 31 March 2021, the Implementation agency details are provided in Column 11 and 12 of Table 2. CSR registration numbers are not mandatory for ongoing projects.

5. Modalities of utilisation of funds and implementation schedules for the projects

All CSR implementing agencies have prepared project specific Annual Action Plans. These are developed using a “Logical Framework” approach. These plans are linked to periodic budgets and are a part of the formal MOU entered between BAL and the Implementation Partner. Disbursements to each implementing agency are linked to planned activities and fund utilization.

6. Monitoring and reporting mechanism

Monitoring and reporting mechanism for the projects or programmes will be in accordance with:

- the requirements contained in the Companies Act, 2013 read with CSR Rules
- the CSR Policy of the company and
- other guidance issued as may be recommended / approved by the CSR Committee/Board from time to time.

As per the existing CSR process followed by Bajaj Companies review meetings and field visits are made by members of the CSR team at specified periods. Also detailed financial audits are undertaken by an independent auditor. Two CSR team reviews are scheduled for the ongoing projects.

This is in addition to the mandated Impact Assessments (detailed in annexure 1 - linked to point # 7).

7. Need and Impact Assessment

The company undertakes 3rd party impact assessments to meet two major objectives:

- a) Compliance with Impact Assessment requirements contained in the Companies Act, 2013 read with CSR Rules, and
- b) Provision of assurance to the Board that the CSR funds have been utilized for the purpose specified by the Board.

Since the company has average CSR obligation of Rs.10 crore or more in pursuance of section 135(5), in the three immediately preceding financial years, it will **undertake impact assessment through an independent agency** of its 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.**

The impact assessment reports in compliance with objective (a) shall be placed before the board and shall be annexed to the annual report on CSR.

In addition to the above, additional projects (specially projects below the threshold of Rs 1 Cr) will be selected for impact assessment and/or mid-term assessment. These will be reviewed at Steering Committee level and summary of the outcomes shall be placed before the board.

- No additional **Need assessments** are proposed in the FY 21-22. A detailed third party Need Assessment exercise was conducted covering 5 core districts in FY 19-20. In addition major projects (specially related to water conservation or agriculture) require preparation of a Detailed Project Report, that includes a Needs Assessment also.
- A detailed Impact assessment plan, including both mandatory and optional assessment is placed separated before the Board CSR committee. The plan is attached as an annexure 1.

8. General Note:

The board may alter the aforesaid Annual Action Plan at any time during the financial year as per the recommendation of the CSR committee, based on reasonable justification to that effect.