



AAVAS FINANCIERS LIMITED CORPORATE SOCIAL RESPONSIBILITY POLICY

1. INTRODUCTION

- 1.1. This corporate social responsibility policy ("Policy") encompasses the philosophy of Aavas Financiers Limited ("Aavas") for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large.
- 1.2. This policy shall apply to all corporate social responsibility ("CSR") initiatives and activities taken up by Aavas at the various work - centres and locations, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently able persons.
- 1.3. Under the provisions of Section 135 of the Companies Act, 2013 ("Act") and Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules") Aavas is required to incur CSR expenditure of 2% (Two Percent) of the average net profits of Aavas made during 3 (Three) immediately preceding financial years, in the event, Aavas has a net worth of Rs. 500 Crore or more or turnover of Rs. 1000 Crore or more or a net profit of Rs. 5 Crore or more during the immediately preceding financial year.

2. PURPOSE OF THE POLICY

- 2.1. In alignment with the vision of Aavas, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate, with environmental concern.
- 2.2. This Policy will serve as a principle guiding document for Aavas's CSR activities and will provide for a framework and guiding principle for selection, implementation, governance, management and monitoring of CSR initiatives and formulation of the annual action plan of Aavas.
- 2.3. Further, we believe that the wealth that one generates and holds is to be held as in a trust for our multiple stakeholders, with regard to CSR, this means investing part of our profits beyond business, for the larger good of society.
- 2.4. The purpose of the CSR Policy is:
 - (a) To directly or indirectly take up a programme that will benefit the communities in and around its work-centres and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
 - (b) To generate, through its CSR initiatives, a community goodwill for Aavas and help reinforce a positive and socially responsible image of Aavas as a corporate entity.

- (c) To pursue a corporate strategy that enables the realisation of the twin goals of stakeholders' value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
- (d) To collaborate with communities and institutions to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through knowledge sharing, empowering women economically, gender equality, supplementing primary education and participating in rural capacity building programmes and such other initiatives.

3. SELECTION OF CSR ACTIVITIES

3.1. Identification of thrust areas and strategic initiatives:

For purposes of focusing its CSR efforts in a continued and effective manner, Aavas has identified the following thrust areas/projects/programs:

- (a) Employment generation
- (b) skill development;
- (c) Rural area development;
- (d) Healthcare/ medical facility;
- (e) Community development.
- (f) Education/literacy enhancement;
- (g) Women empowerment;
- (h) Environment Protection;
- (i) Protection of natural and manmade heritage;
- (j) Promotion of sports activity;
- (k) Contribution to funds set up by the central government;
- (l) Rural development projects;
- (m) Technology promotion and up-gradation;
- (n) Safe drinking water;
- (o) Reducing inequality faced by socially and economically backward groups and
- (p) Promote road safety to mitigate the road accidents fatalities and also to promote clean energy by installing solar panels & promoting green housing.
- (q) Disaster management, which includes relief, rehabilitation, and reconstruction
- (r) Such other area/project as may be approved by Board.

3.2. Activities which are not covered within the ambit of CSR Activities

Subject to the provisions of the Act and the CSR Rules, the following activities will not be considered as CSR activities:



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- (a) any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at the national level or India at international level;
- (b) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (c) activities benefitting employees of Aavas as defined in clause (k) of section 2 of the Code on Wages, 2019;
- (d) activities supported by Aavas on a sponsorship basis for deriving marketing benefits for its products or services;
- (e) activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

4. CSR COMMITTEE AND BOARD OF DIRECTORS

- 4.1. In compliance with section 135 of the Act read with CSR Rules, the CSR Committee of Aavas should constitute of atleast 3 Directors, out of which at least 1 (One) director shall be an independent director. Provided, however, in the event, Aavas is not required to constitute CSR Committee under Section 135(9) of the Act, then in such case, the functions of the CSR Committee will be discharged by the Board of Directors of Aavas.
- 4.2. **Secretary:** Secretary of Aavas will be the secretary of the CSR Committee.
- 4.3. **Quorum:** The quorum necessary for the transaction of the business agenda at the meeting of the CSR Committee shall be 2 (Two) Members only. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the CSR Committee.
- 4.4. **Meetings:** The CSR Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.

4.5. Duties of the CSR Committee:

The CSR Committee shall:

- (a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by Aavas in areas or subject, specified in Schedule VII;
- (b) Recommend the amount of expenditure to be incurred on such activities;
- (c) Monitor the CSR policy from time to time;
- (d) Formulation and recommend to the Board, an annual action plan of Aavas; and
- (e) Approve the projects, recommend the amount to be spent, set project selection guidelines and monitor implementation to ensure that spending is undertaken in accordance with this Policy.

4.6. Duties of Board:

- (a) The Board shall approve the CSR Policy, based on the recommendation of the CSR Committee and ensure that the activities included in this Policy are undertaken by Aavas.
- (b) Ensure the implementation of this Policy and monitoring of CSR expenditures.
- (c) Disclose the contents of the CSR policy in the Board report.
- (d) Ensure CSR spending amounting to at least 2% (Two Percent) of the average net profit of the preceding 3 (Three) financial years in accordance with Section 135 of the Act.
- (e) The Board shall satisfy itself that the funds so disbursed have been utilised for the purpose of and in the manner as approved by it and the chief financial officer or the person responsible for financial management shall certify to the same;
- (f) The Board shall ensure disclosure of names of the CSR Committee members, the content of this Policy and reporting of its CSR activities on the website of Aavas and in annual reports in the formats prescribed under the Act and/or the CSR Rules.
- (g) Approval regarding the fund allocation and reallocation for CSR projects on recommendation of CSR & ESG Committee.

4.7. The CSR committee will formulate and recommend to the Board, an annual action plan in pursuance of this Policy, which will include the following:

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes as specified in Rule 4(1) of the CSR Rules;
- (c) the modalities of utilisation 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 Aavas.

5. IMPLEMENTATION OF CSR ACTIVITIES

- 5.1.** Aavas shall synergize its efforts with the State Governments, District Administration, Local Administration as well as Central Government departments, agencies, fund managers, organizations, etc., for fulfilling its corporate social responsibility, if required.
- 5.2.** Upon identification of CSR activities/programmes, the Board may decide and approve to undertake its CSR activities as recommended by the CSR Committee, itself or through (“**Implementing Agency**”):

- (a) A company established under Section 8 of the Act or a registered public trust or registered society, **exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10** or registered under Section 12A and 80G of the Income Tax Act, 1961 established by Aavas, either singly or along with other company; or
- (b) A company established under Section 8 of the Act or a registered public trust or registered society, registered under Section 12A and 80G of the Income Tax Act, 1961 established by the Central Government or State Government; or
- (c) Any entity established under an Act of Parliament or State legislature; or
- (d) A company established under Section 8 of the Act or a registered public trust or registered society, **exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10** or registered under Section 12A and 80G of the Income Tax Act, 1961 and has an established track record of at least 3 (Three) years in undertaking similar activities.

5.3. Aavas will specify the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism to the Implementing Agency, if implemented through any Implementing Agency.

5.4. Aavas may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs.

5.5. According to the proviso to Section 135(5) of the Act, Aavas shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. Aavas shall strive to focus that its CSR Activities are concentrated in nearby areas where the business operation of Aavas is carried at H.O. or Branch level.

5.6. The CSR Committee and/or Board may authorize any director/official of Aavas or may constitute any sub-committee of such members as it may deem fit for purpose of implementation of CSR Policy. To ensure effective implementation of the CSR programmes undertaken at the work centre, a monitoring mechanism will be put in place by the committee/sub-committee.

6. RESOURCES AND FUNDING

6.1. Aavas, being a responsible corporate citizen, will make a provision from the annual CSR Budget allocation, towards the following expenditure heads, on a year on year basis:

- (a) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

- (b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects.
- (c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (d) 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.
- (e) 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;
- (f) Measures for the benefit of armed forces veterans, war widows and their dependents.
- (g) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- (h) 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.
- (i) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- (j) Rural development projects.
- (k) Slum area development
- (l) Swachh Bharat Abhiyan
- (m) Clean River Ganga Project
- (n) disaster management, including relief, rehabilitation and reconstruction activities

For achieving its CSR objectives through the implementation of meaningful and sustainable CSR programmes, Aavas will allocate 2% (Two Percent) of the average net profits of Aavas made during 3 (Three) immediately preceding financial years, as its Annual CSR Budget.

- 6.2. The Board shall ensure that the administrative overheads does not exceed 5% (Five Percent) of the total CSR expenditure of Aavas for the financial year.
- 6.3. Any surplus arising out of the CSR activities will not form part of the business profit of Aavas and will be ploughed back into the same project or will be transferred to unspent CSR Account and spent in pursuance of the CSR policy and annual action plan of Aavas or transfer such surplus amount to a fund specified in Schedule VII within a period of 6 months from the expiry of the financial year.



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6.4. Aavas may spend the CSR Amount for the creation or acquisition of a capital asset, which will 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 Rule 4(2) of the CSR Rules; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) A public authority.

6.5. In the event, Aavas spends an amount in excess of the requirement provided under Section 135(5) of the Act in a financial year, such excess amount may be set off against the requirement to spend under Section 135(5) of the Act up to immediate succeeding 3 (Three) financial years subject to following:

- (a) The excess amount available for set-off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Rule 7(2) of the CSR Rules.
- (b) The Board of Directors passes a resolution to that effect.

6.6. In case any amount is remaining Unspent, treatment of such unspent amount shall be done in accordance with Sub Section 6 of Section 135 of the Company Act, 2013.

7. MONITORING OF CSR ACTIVITIES

7.1. CSR programmes/projects shall be undertaken to the best possible extent within the defined ambit of the identified 'thrust areas'.

7.2. The time period/duration over which a particular programme shall be spread shall depend on its nature, the extent of coverage and the intended impact of the programme.

7.3. Appropriate documentation of Aavas CSR Policy, annual CSR activities, executing partners, agreements, report and expenditure entailed will be undertaken on a regular basis and the same will be reported to the Committee and/or Board.

7.4. The CSR Committee has the power to appoint authorized officials, employees of Aavas, any consultant and professional to monitor CSR programmes.

8. CSR REPORTING AND DISCLOSURE

8.1. The Board's Report of Aavas pertaining to a financial year shall include an annual report on CSR containing particulars as specified in the Act and CSR Rules.

8.2. **Powers for approval**

- (a) CSR programmes as recommended by the CSR Committee to the Board at the beginning of each financial year and be approved by the Board and be implemented in accordance with this Policy.
- (b) For meeting the requirements arising out of immediate and urgent situations, MD/CEO of Aavas is authorised to approve proposals/ project/ programme covering the CSR activities on the basis of the recommendation accorded to him by the CSR Committee.

8.3. **Implementing Agency:** Aavas will seek to identify suitable programmes and Implementing the Agency for implementation in line with the CSR objectives of Aavas and also benefit the stakeholders and the community for which those programmes are intended.

8.4. **Agreement between Aavas and Executing agency:** Once the programmes approved by the CSR Committee of the Board, if required, any of the Senior team members shall enter into an agreement with Implementing Agency of CSR Programmes.

9. IMPACT ASSESSMENT

9.1. If Aavas is required under Rule 8(3) of the CSR Rules to undertake impact assessment, Aavas will undertake an impact assessment of its CSR projects in accordance with said Rule.

9.2. The impact assessment reports will be placed before the Board and shall be annexed to the Annual Report on CSR.

9.3. Aavas undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2% (Two %) of the total CSR expenditure for that financial year or Rs. 50 Lakh, whichever is higher.

10. MISCELLANEOUS PROVISIONS

10.1. The Board of Directors of Aavas, either on its own or in accordance with the recommendations of the CSR committee, can amend this Policy, as and when required. The decision of the Board of Directors on all matters, relating to this Policy shall be final and binding on all entities/person concerned. This Policy is subject to continuous review and updates as required from time to time.

10.2. Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act and/or the CSR Rules.

10.3. In case of any conflict between the provisions of this Policy and the Act/CSR Rules as applicable on Aavas, the provisions of the Act/CSR Rules shall prevail over this Policy.



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10.4. Any reference to the Act and/or the CSR Rules shall mean the Act and/or the CSR Rules, respectively, as amended from time to time.

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