

CSR POLICY

1. CONCEPT

SHORT TITLE & APPLICABILITY:

1.1.1 This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the 'Aavas CSR Policy'.

1.1.2 This policy shall apply to all CSR initiatives and activities taken up at the various work - centres and locations, for the benefit of different segments of the society, specifically the deprived, underprivileged, and differently able persons.

1.1.3 The Company ('Aavas') has to make CSR expenditure of prescribed amount, if it is having net worth of INR 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.

1.2. CSR VISION STATEMENT & OBJECTIVE:

1.2.1. In alignment with vision of the company, 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 & initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a Socially Responsible Corporate, with environmental concern.

1.2.2. The objective of the CSR Policy is to:

- To directly or indirectly take up programme that benefits the communities in & around its work-centers and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- To generate, through its CSR initiatives, a community goodwill for Aavas and help reinforce a positive & socially responsible image of Aavas as a corporate entity.
- 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.
- To pursue a corporate strategy that enables realisation of the twin goals of stakeholders' value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
- 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.

2. RESOURCES

2.1. Funding & Allocation:

2.1.1. For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, Aavas will allocate 2% of the average net profits of the company made during the three immediately preceding financial years, as its Annual CSR Budget.

CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act, 2013.

2.1.2. From the annual CSR Budget allocation, a provision will be made towards the following expenditure heads, on a year on year basis: Aavas as responsible Corporate Citizen shall contribute in the following activities:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- 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.
- 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;
- Measures for the benefit of armed forces veterans, war widows and their dependents.
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- 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.
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- Rural development projects.
- Slum area development
- Swachh Bharat Abhiyan
- Clean River Ganga Project

2.1.3. Any unspent/unutilized CSR allocation of a particular year, will be carried forward to the following year, i.e., the CSR budget will be non-lapsable in nature.

3. PLANNING

3.1. Identification of thrust areas and strategic initiatives:

3.1.1. For purposes of focusing its CSR efforts in a continued and effective manner, the following thrust areas/ projects / programs have been identified:

1. Employment Generation.
2. Rural Area Development.
3. Healthcare/ Medical facility through investment in funds.
4. Community Development.
5. Education/Literacy Enhancement through investment in Government and private funds.
6. Women Empowerment.
7. Environment Protection.
8. Protection of natural and manmade heritage.
9. Promotion of Sports Activity
10. Contribution to funds set up by the central government
11. Rural development projects
12. Technology promotion and up-gradation
13. Safe drinking water
14. Such other area / project as may be approved by Board

4. CONSTITUTION & RESPONSIBILITIES OF CSR COMMITTEE

4.1 The company has duly constituted CSR committee comprising of 3 Directors out of which at least one director shall be an independent director in compliance with section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

Secretary:

Company Secretary shall be the secretary of Committee.

Quorum:

The quorum necessary for the transaction of business agenda at the meeting of committee shall be two Members. 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 Committee.

Meetings:

The Committee shall meet not less than twice a year and at such other times as the Chairman of the Committee shall require.

Duties of CSR Committee:

As per sub section (3) of section 135 of the Companies Act, 2013, the duty of the committee shall be as follows;

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII
- Recommend the amount of expenditure to be incurred on such activities
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Based on the recommendations of the CSR Committee, the Board to approve the CSR Policy for the company and ensure that the activities as included in CSR Policy are undertaken by the company.

Duties of Board:

- Approve CSR Policy and modification thereof as may be deemed necessary.
- Ensure implementation of CSR policy and monitoring of CSR expenditures.
- Disclose the contents of CSR policy in the Board report.
- Ensure CSR spending amounting to at least 2% of the average net profit of the preceding three financial years.

5. IMPLEMENTATION:

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

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

5.3 Company 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.

5.4 Project activities identified under CSR are to be implemented by specialized agencies, which could include • Voluntary Organizations (VOs) formal or informal Elected local bodies, Institutes/Academic Institutions, Trusts, Govt/Semi Govt./Autonomous organisations, Professional Consultancy organization etc.

5.5 The process for implementation of CSR programmes/ project shall involve the following steps:

5.5.1 Identification of programmes at Corporate and work centre level will be done by means of the following:

- The Board may decide and approve to undertake its CSR activities recommended by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise, provided that if, the Board decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism.
- The company 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.
- Subject to provisions of sub - section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- According to the proviso to sub section (5) of Section 135 of the Act, the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
- The Board after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its Director's report and also place it on the company's website and shall ensure that the activities as are included in CSR Policy of the company are undertaken by the company.

- The CSR Committee and/or Board may authorize any director / official of company or may constitute any sub-committee of such members as it may deem fit for purpose of implementation of CSR Policy.

5.5.2 Area of CSR activities: Aavas shall strive to focus that its CSR Activities are concentrated in nearby areas where business operation of Aavas is carried at H.O. or Branch level.

5.6 CSR REPORTING AND DISCLOSURE:

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

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5.7 Powers for approval

- 5.7.1 CSR programmes as recommended by CSR committee to the Board at start of each financial year and be approved by Board and be implemented in accordance with this policy.
- 5.7.2 For meeting the requirements arising out of immediate & urgent situations, WTD/CEO is authorised to approve proposals/ project/ programme covering the CSR activities on the basis of the recommendation accorded to him by the CSR Sub Committee.

5.8 Executing agency/Partners:

- Aavas will seek to identify suitable programmes for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those programmes are intended.
- The Board may decide to undertake its CSR activities approved by the CSR Committee, through.
 - a. Registered trust Or
 - b. Registered society Or
 - c. Company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise.
 - d. Through direct Contribution
- Subject to provisions of sub- section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

5.9 Agreement between Aavas & Executing agency:

5.9.1 Once the programmes approved by the CSR Committee of the Board, if required, any of Senior team members shall enter into an agreement with Executing Agency/Implementing Agency of CSR Programmes.

6. MONITORING AND FEEDBACK

6.1. To ensure effective implementation of the CSR programmes undertaken at work centre, a monitoring mechanism will be put in place by the committee/sub-committee.

6.2 Appropriate documentation of the 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.

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

7. GENERAL

7.1. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.

7.2. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

7.3 Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads, shall not exceed five percent of total CSR expenditure of the company in one financial year.

7.4 Any surplus arising from any CSR Programmes shall be used for other CSR activities. In no case surplus arising out of CSR projects or programmes or activities will form part of the business profit of Aavas.

7.5 The total expenditure towards administrative and other overheads for the CSR projects or programmes or activities cannot be more than 5% of total CSR fund for a year.

7.6 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.