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Corporate Social Responsibility (CSR) Policy

Owned by: Corporate Social Responsibility and Sustainability

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Version History

Release Date	Version	Revision Description	Approved By
04/12/2008	1.0	Initial version	Board
28/03/2011	1.1	Changes to align with changing practices	Board
25/08/2011	1.2	No change	Board
09/08/2012	1.3	No change	Board
29/07/2013	1.4	No change	Board
09/05/2014	2.0	Changes as mandated by Companies Act, 2013	CSR Committee and Board
13/08/2014	2.1	Minor change w.r.t. focus areas of the policy	CSR Committee and Board
14/05/2015	3.0	Revised policy and projects for FY 2015-16	CSR Committee and Board
11/08/2015	3.1	No change	CSR Committee and Board
09/05/2016	4.0	Revised policy and projects for FY 2016-17	CSR Committee and Board
10/05/2017	5.0	Revised policy and projects for FY 2017-18	CSR Committee and Board
18/05/2018	6.0	Revised policy and projects for FY 2018-19	CSR Committee and Board
23/07/2018	6.1	Minor changes	CSR Committee and Board
15/01/2019	6.2	Minor changes with respect to addition of two new projects and expansion of focus areas of the policy	CSR Committee and Board
13/02/2019	7.0	Revised policy and projects for FY 2019-20	CSR Committee and Board
15/05/2019	7.1	Minor changes	CSR Committee and Board

Corporate Social Responsibility (CSR) Policy

Background

On 27th February 2014, the Ministry of Corporate Affairs notified Section 135 and Schedule VII of the Companies Act 2013 (hereby referred to as the 'Act') as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, to come into effect from 1st April 2014.

With effect from 1st April 2014, any company, private limited or public limited, which either has a net worth of ₹ 500 crore or more; or a turnover of ₹ 1,000 crore or more; or net profit of ₹ 5 crore or more in any financial year, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities (for the purpose of calculating 2% of average net profits, net profits to exclude dividends received from other companies complying with provisions of section 135 of the Act).

The CSR activities must be with respect to any of the activities mentioned in Schedule VII of the Act. As per the Act and the Rules an eligible company is required to formulate a CSR Policy and upload the same on the company's website.

To formulate and monitor the CSR policy of a company, a CSR Committee of the Board has been constituted. Section 135 of the Act requires the CSR Committee to consist of at least three directors, including an independent director.

Purpose

This Policy provides guidance relating to Corporate Social Responsibility to ensure that the Company operates on a consistent and compliant basis.

CSR Policy

Canara HSBC Oriental Bank of Commerce Life Insurance Company, hereby referred to as the 'Company', is committed to give back to the community it operates in, including caring for the environment. The Company aims to minimise the impact of its business on the environment and have a positive effect on society by implementing projects as per its focus areas, in line with activities defined by the Act. The Company also seeks to further these objectives through trusts, societies and companies who embrace these objectives. It aims to use natural resources responsibly, work with community projects and encourage and educate its employees in these goals. The Company will also continue to assess the environmental and ethical impact of the business and work towards formalising guidelines to reduce any undesirable effects.

Focus areas and philosophy

The Company will channel its CSR efforts towards **education, environment, sanitation, healthcare** and **care for senior citizens** as mentioned in Schedule VII of the Act:

- Promoting education, including special education, consumer education and awareness, employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water
- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
- Promoting healthcare
- Old age care

1. Constitution and functioning of CSR Committee

The Board of the Company will be responsible for (i) approving CSR policy and disclose its contents in Directors' Report and on the Company's website, (ii) ensuring that activities are undertaken as per the CSR policy (iii) ensuring that Company spends the amounts mandated as per applicable law on CSR activities.

The responsibilities of the CSR Committee include:

- i) To formulate and recommend the CSR policy to the Board which shall indicate the activities to be undertaken by the Company as specified in Schedule VII
- ii) To recommend the amount of expenditure to be incurred
- iii) To execute the CSR Policy that recommends CSR activities, the amount of expenditure to be incurred on the activities referred to and monitor CSR spends
- iv) To monitor CSR activities through a transparent monitoring mechanism for implementation of the CSR projects or programmes or activities undertaken by the Company
- v) To periodically monitor the implementation of the CSR policy.

2. Budget and Expenditure

A budget of ₹ 1.31 crore was sanctioned by the Board for both projects and overheads to be undertaken in FY 2019-20 (Annexure I).

As per provisions of sub-section (5) of Section 135 of the Act, the Company can undertake CSR activities itself or through outside trusts, societies or companies only in India, provided that these have at least 3 years of track record of undertaking such activities. It will be ensured that the Board of Directors and the CSR Committee members will not have any direct interest in the said entity. The Company may also collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spends provided that the CSR Committees of the respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

Contribution to any single trust, society or company shall not exceed ₹ 40 lakhs for a financial year and due diligence of the trust, society or company will be carried out by the Company.

The Company may build CSR capacity through its own employees or through any implementation agency. However, such expenditure, including expenditure on administrative overheads shall not exceed 5% of the total CSR expenditure in that year.

The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for corporate social responsibility. This will include locations where the Company has its head office, hubs and bank branches of the distributors.

CSR expenditure will exclude those:

- i) incurred in the normal course of business, including regulatory obligations
- ii) incurred for benefit of employees or their families
- iii) direct or indirect contribution to political party/ group or person
- iv) direct or indirect contribution to religious association/ organisation/ outfit or person

As part of its voluntary CSR initiatives, the Company may also provide support for relief and rehabilitation during natural disasters. The support amount will be decided on a case to case basis and will be over and above the approved CSR budget.

Any contribution to bonafide charitable and other funds will be outside the purview of CSR Policy and will be governed by the provisions of the Companies Act, 2013.

In case any amount is left unspent, the Director's Report will specify the reasons for the same.

3. Community Investment/ CSR Initiatives - Request for Proposal, Due Diligence and Disbursement of funds

The CSR initiatives/ community investment shall be undertaken by the Company as per its stated CSR Policy, as projects or programmes (either new or ongoing).

Community investments should bring a lasting benefit to local communities, motivate staff through opportunities for direct involvement wherever possible, and as per the focus areas, promote education, environmental sustainability and sanitation.

CSR Review Committee

There is a management level CSR Review Committee comprising of four direct reports of the CEO (nominated by him), which meets as per requirement.

The key responsibilities of the CSR Review Committee include:

- review the projects and the CSR Policy for each financial year before they are presented to the CSR Committee and the Board
- provide regular guidance and support.

Approach and Process

Decisions and approvals by the CSR Review Committee and the CSR Committee of the Board over disbursement of community investment funding/ support are subject to the following checks. All CSR projects should:

- Reflect the key themes of education, sanitation and environmental support
- Ensure due diligence is completed for the trust/ society/ company including a field visit by the Company staff wherever possible
- Be based on an evaluation of the proposal which should have clear objectives and some measurable impact (depending on the nature of the project, need assessment/ baseline studies may be carried out as and when required) Allow for staff engagement through volunteering where possible or appropriate

Once approved, the CSR Committee will submit the recommendations to the Board of Directors for approval.

On approval by the Board, the amount will be disbursed for direct implementation by the Company as per the procurement process or to the trust/ society/ company as agreed with them and as per the CSR spend authorization matrix (Annexure II).

4. Monitoring

The CSR Committee is responsible to monitor progress and impact of CSR activities, projects and programmes undertaken. It will ensure a transparent monitoring process. Projects will be monitored through:

- Quarterly/ half yearly/ annual progress report (whichever are applicable as per the MoU)
- Fund utilization/ expense report/ certificate (as per the MoU)
- Field visits by members of the CSR Committee, employees or by the CSR Team
- Employee volunteering initiatives; wherever possible.

5. Reporting

- i) The Board of Directors of the Company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the Company and disclose contents of such policy in its report and the same shall be displayed on the Company's website as per the particulars specified in Annexure III.
- ii) The Board's Report of the Company shall include an annual report on CSR containing particulars specified in Annexure III.

6. CSR Team and Employee Engagement

Corporate Social Responsibility and Sustainability team, will be responsible for CSR at the Company.

No employee will carry out any CSR activity in the name of the Company.

As much as possible, volunteering will be an important component of all CSR initiatives. Volunteering will be encouraged under the theme 'Partners in Progress' for all CSR activities of the Company as engaging employees in community investment programmes is an opportunity to sensitize them and increase camaraderie and bonding among them. Volunteering also ensures that the investments are maximized as colleagues are present to monitor progress and can check that funds are used for the purpose for which they have been given.

CSR Activities for FY 2019-20

The Company proposes to implement the following projects under CSR for FY 2019-20:

S. No.	Trust/Society/ Company Name	Project Name	Location (District & State)	Project/ Activity Brief	Project Period	Total Expenditure (₹)	Deliverables/ Outcome/ Impact
1.	Ashray (Society)	Jalashay	Patan (Santalpur), Gujarat	Conservation of water and community development through water security and income generation for the communities of Santalpur Taluka through de-silting and renovation of one more water structure and strengthening of agriculture interventions for sustainable farming; Sanitation will be covered at village level with focus on menstrual hygiene for women; Biogas plants will be installed with appropriate exposure and training with usage of by-product (digested slurry) as liquid fertilizer	1 April 2019 – 31 March 2020	25,00,000	Ground water table recharged due to pond augmentation (focus on 1 pond and 2 trainings) At least 20 farmer families demonstrate sustainable farming techniques Villagers are aware of better health, hygiene, sanitation and handling of drinking water facilities (4 trainings) Introduction to biogas via 1 exposure visit, 2 trainings and 3 biogas plant units - biogas plants, showing proper utilization of local resources, digested slurry and compost making
2.	Amba Foundation (Society)	Ujjwal Bhawishya	East Delhi (Slum area)	Education and vocational training for self reliance - To provide Non Formal Education (NFE) , computer training and vocational training in beauty parlour management to vulnerable children and youth / women from marginalized sections of the society Conduct adult literacy for women from the same community Organise health and nutrition camps	1 April 2019 – 31 March 2020	25,00,000	Non formal education to 80-100 children Adult literacy to 15 women Support and mentoring to 24 SHGs covering around 300 women Computer Training to 80 youth (40 basic & 40 advance) Vocational Training (Beauty Parlour) - 40 women Health Camp - 1 Nutrition Camp-1
3.	Aide et Action (Company)	Saakaar	Ganjam (Brahmapur) and Sambalpur	Providing employability training (electrical/ bedside patient care assistance/ automobile repair or any other suitable trade) to underprivileged youth to lead them towards self reliance.	1 June 2019 – 31 March 2020	27,38,280	Completion of employability training of around 225 youth The project will try to ensure that 40% of the beneficiaries are women and priority would also be given to youth with

			Odisha				disability The project will promote placement / entrepreneurship in the trades
4.	Navjyoti India Foundation (Society)	Unnati	Gurgaon (Rural areas) Haryana	To promote employment oriented skills/ up-gradation training to adolescent girls and women from the rural community To provide awareness on social issues to adolescent girls and women To encourage self-employment by providing related training on entrepreneurship and exposure visits and liaison with the trained institutes, export houses and other avenues in order to strengthen placement opportunities for the trained girls and women	1 June 2019 – 31 March 2020	24,00,000	90-100 women beneficiaries from rural areas will be imparted training in stitching, tailoring and related / other vocations; Entrepreneurship training will be provided to beneficiaries basis aptitude/interest. Website development & maintenance and support for brand Unnati 's online sales
5.	CanKids...Kids Can (Society)	Umeed	Ludhiana and Chandigarh Punjab	Enhancement/maintenance of 3 medical support centres (units/processes) for children with cancer and their families at CMC, Ludhiana, DMC, Ludhiana and PGI, Chandigarh to reach out to approx 50 children from rural/economically backward communities; Training/capacity building/workshop/knowledge sharing of 5-8 medical staff	1 August 2019 – 31 March 2020	20,00,000	Setting up of 3 medical support centres for children with cancer and their families at CMC, Ludhiana, DMC, Ludhiana and PGI, Chandigarh to reach out to approx 50 children from rural/economically backward communities Training / capacity building of 5-8 medical staff
6	Sehgal Foundation	Samarth – Vitya Vani	Nuh Haryana and Tehri-Garhwal Uttrakhand	Consumer education via community radio and face-to-face interactions The objective of this project is to create awareness and educate consumers/public at large on one or more topics like finance, health, digital literacy, consumer protection laws etc in order to help them be savvy, take informed decisions as well as know their rights and responsibilities.	1 June 2019 to 31 March 2020	4,97,880	Broadcasting 48 radio programmes (24 + 24) at both locations

B. Administrative expenditure/project overheads including capacity building (maximum 5% per project or as applicable - Will cover cost for travel, monitoring/engagement and other related activities as well as any training, workshops, courses as applicable for beneficiaries, implementation agency and the CSR team/department at HO)	4,63,840	
	Total (A + B)	1,31,00,000

Notes

* Re-appropriation of the budget/line items may be allowed due to any exigency and as sometimes it is difficult to predict the exact expenditure amount at the beginning of the project – post review, a maximum of 10% re-appropriation may be allowed in the project heads by CSR department and over 10% by the CSR Review Committee and the same to be documented and communicated to the CSR Committee

** Mandatory taxes will be added as applicable and the actual expenditure on projects and overheads/admin expenditure in the financial year will be presented to the CSR Committee after closing

*** Vocational/skill training and agreed locations may be changed by the CSR team due to any exigency or requirement and the same to be communicated to the CSR Review Committee and also to the CSR Committee of the Board in the next meeting

**** Overhead amount i) can be used to purchase items useful to beneficiaries/projects for motivation/support and can be given to beneficiaries for performing a service or producing a craft item related to their skill training or ii) can be used for capacity building and any training of beneficiaries by the Company or its vendors including financial education from overheads under project Samarth for beneficiaries of other projects iii) training/ workshops/exposure and related capacity building overheads of CSR team and / or its implementation agency

***** The abovementioned NGO partners may from time to time engage vendors/ agencies for the completion of the implementation of the above projects.

ANNEXURE II**Delegated Authority Matrix for Board Approved CSR Budget**

Value of contract	Authorised person
Exceeding ₹ 20,000 but less than ₹ 5 lakhs	DR's DR of user function
Exceeding ₹ 5 Lakhs but less than or equal to ₹ 25 Lakhs	DR's DR + DR of the user function
Exceeding ₹ 25 Lakhs but less than or equal to ₹ 35 Lakhs	DR + CFO (in absence of CFO, the CFO may designate one of his DRs for the purpose)
Exceeding ₹ 35 Lakhs and above	DR + CEO

Approve business and other applicable expenses within the delegated limit and in accordance with the various policies and processes of the Company

Note: Payments for the CSR projects implemented by CSR partners may be released as advance, provided that the amount for the first installment is capped at 50% of the total project support budget except for those of shareholder trusts

ANNEXURE III

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects and programmes
2. The Composition of the CSR Committee
3. Average net profit of the Company for last three financial years
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)
5. Details of CSR spent during the financial year
 - (a) Total amount to be spent for the financial year;
 - (b) Amount unspent, if any;
 - (c) Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and District where projects or programmes was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
1							
2							
3							
	TOTAL						

* Give details of the implementing agency

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- (Person specified under clause (d) of sub-section (1) of Section 380 of the Act) (wherever applicable)
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