

MICRO HOUSING FINANCE CORPORATION LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Introduction

The “business” of MHFC is itself completely CSR intertwined. The company was set up with a strong social mission - to ONLY help financially excluded families own a home - which typically would include lower income, informal sector (those lacking documentation to prove incomes) who are underserved or not served at all by mainstream financial institutions. In fact, the world’s leading Impact Ratings agency - GIIRS (www.giirs.org) - has given MHFC the highest possible ratings in its 2 categories (a) a 5 star “Impact Operations” rating which evaluates “the impact of the business in how it operates” and a “Platinum Impact Business Model” rating which recognises “business models that are specifically designed to solve social or environmental problems through company products or services, target customers, value chain, ownership or operations”.

However, an actual policy is now being articulated as a written document in line with recent Company Act amendments in India. This policy, which encompasses the company’s philosophy for delineating its responsibility as a corporate citizen, lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the ‘MHFC CSR Policy’ and will be effective from March 16, 2015.

This policy shall apply to all CSR initiatives and activities taken up for the benefit of different segments of the society, which are of course in addition to the mission of the company, which we believe is of high community impact, but which may or may not fit the CSR definitions under the Companies Act itself.

I. SCOPE

The CSR Policy applies to the formulation, execution, monitoring, evaluation, and documentation of CSR activities undertaken by the Company.

II. OBJECTIVE

The main objective of MHFC’s CSR policy is

- To lay down guidelines to make CSR a key business process for sustainable development of the society (in addition to the social mission of the Company);
- To directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in the society at large;
- To generate goodwill and recognition among all stake holders of the company.

III. OUR RESPONSIBILITIES

A) Towards our Customers

We will build gainful partnerships with the customers to understand their needs and provide right product and solutions. We will adopt and actively encourage best and fair business practices (FPC code already developed but this will be stressed given the limited financial education of most of our customers).

B) Towards our Business Partners

We will support our Business Partners to cultivate ethical and fair business practices and give preference over others to those who demonstrate this.

C) As a Corporate Citizen

We reaffirm our commitment to conduct our business with social and environmental accountability. We will endeavour to adopt energy efficiency in our operations through waste minimization and water and energy conservation.

D) Responsibilities toward our Employees

We will foster a work culture with high ethical principles and standards and encourage our employees to perform with total integrity, commitment and ownership. We recognise that our employees and investors deserve to work in safe and healthy work environment and will make it our responsibility to ensure zero harm to people.

IV. CSR ACTIVITIES

MHFC shall seek to identify suitable programs / projects / activities as enumerated under Schedule VII of Companies Act, 2013, during the year to ensure its contribution to the community and society at large. Our focus will obviously be related to improvement in living conditions as related to housing or support of institutions working with families in poor housing and financial education as these are very much related to the mission of MHFC.

V. EXCLUSION FROM CSR

The following activity shall not (per the Companies Act as on date) form part of the CSR activities of the Company:

1. The activities undertaken in pursuance of normal course of business of a company.
2. CSR projects/programs or activities that benefit only the employees of the Company and their families.
3. Any contribution directly/indirectly to political party or any funds directed towards political parties or political causes.
4. Any CSR projects/programs or activities undertaken outside India.

VI. CSR SPEND/SOURCES OF FUNDING

The Annual budget for the CSR Expenditure will be proposed by the CSR committee every year for the approval of the Board of Directors of the Company & post the Board of

Director's approval, the CSR Expenditure can be incurred by the Company.

The committee shall endeavour to spend at least 2% of the average net profit during the preceding 3 financial years on CSR activities as enumerated above.

Any surplus arising out of the contribution made for CSR activities shall not form part of the business profit of the Company and will be redeployed for such activities.

VII. CSR COMMITTEE

A Committee of Board of Directors has been formed in pursuance of the Section 135 of Companies Act, 2013. The MHFC CSR Committee was re-constituted by the Board of Directors at its meeting held on 29th May, 2017 and now comprises of 3 Directors including one Independent Director namely, Mr. Rajnish Dhall (Director), Ms. S. Viswanatha Prasad (Director) and Mr. Mihir Doshi (Independent Director). The committee is responsible for the implementation/monitoring and review of this policy and various projects/activities undertaken under the policy. The CSR Committee shall submit periodical reports to the board of directors.

The terms of reference of CSR Committee shall, inter-alia, include the following:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.
- e. The CSR Committee will be responsible for the monitoring CSR activities and report to the Board from time to time.
- f. The quorum for the Corporate Social Responsibility (CSR) Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.
- g. The Company Secretary to the Company shall act as Secretary to the Corporate Social Responsibility (CSR) Committee.

VIII. DISCLOSURES

The Annual Report of the Company include a section on CSR outlining the CSR Policy, CSR committee, CSR initiatives undertaken by Company, the CSR spend during the financial year and other information as required by the prevailing law.

IX. GENERAL

Any amendment or modification to the CSR policy shall be approved by the Board on the recommendation of the CSR committee.

The contents of this policy shall be disclosed in the Board's report and the same shall also be disclosed on the website of the Company.