

IDBI BANK LTD.
CORPORATE SOCIAL RESPONSIBILITY POLICY 2021

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Corporate Social Responsibility Policy 2021

1. PREAMBLE

1.1 Scope and Applicability

1.1.1 The Corporate Social Responsibility (CSR), is governed by clause 135 of the Companies Act, 2013 and its amendments thereof. The clause lays down the guidelines to be followed by companies for their CSR programme.

1.1.2 IDBI Bank's CSR policy, based on Section 135 of Companies Act, 2013, will apply to all projects/ programs undertaken as part of the Bank's CSR initiatives at a PAN India level.

2. VISION & OBJECTIVES

2.1 Vision

2.1.1 IDBI Bank's vision for CSR is to make a meaningful contribution to the welfare of the society through sustained interventions to create long term social and economic value.

2.2 Objectives

2.2.1 The Bank's CSR objective is to make material, visible and lasting difference to the lives of disadvantaged sections of the society by identifying gaps and extending need-based contribution for their betterment. The Bank seeks to achieve this through direct intervention as well as acting as a catalyst for development and creating a partnership with the beneficiaries.

2.2.2 Guiding Principles

The Bank will consider inter alia, the following parameters as its guiding principles for identifying its CSR intervention:

- (a) The intervention should have a multi-dimensional impact for the sustainable and holistic development of any disadvantaged, marginalised and excluded section of the society, based on gender, disability, ethnicity, location etc.
- (b) The intervention will make a sustained positive contribution to the welfare of society at large

3. CSR GOVERNANCE STRUCTURE & REPORTING

The Companies Act 2013 specifies the role of the Board and the role of the CSR Committee of the Board, which will be responsible for all CSR activities of the Bank.

3.1 Role of the Board

The role of the Board of the Bank in Corporate Social Responsibility will be to:

1. Constitute a CSR Committee of the Board [CSRCB], including at least one Independent Director.
2. Approve the CSR Policy of the Bank, containing the guiding principles for selection, implementation and monitoring as well as formulation of annual action plan for the CSR activities of the Bank, after considering the recommendations given by the CSRCB.
3. Ensure that:
 - (a) The Bank spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of the Bank's CSR Policy.
 - (b) The funds disbursed for CSR have been utilised for the purposes and in the manner as approved by the Board and as certified by the Chief Financial Officer

(c) The administrative overheads (*defined as expenses directly incurred by the Bank on "general management & administration" of CSR functions*) shall not exceed 5% of total CSR expenditure of the Bank for the financial year.

(d) The Bank discloses in the Director's Report:

- i. CSR Policy of the Bank
- ii. Composition of CSR Committee of the Board including attendance of directors in Committee meeting
- iii. Web link of website where CSR Committee, CSR policy and projects are disclosed
- iv. Impact assessment report of CSR projects
- v. Average net profit of last three financial years & prescribed CSR expenditure
- vi. Surplus arising out of CSR projects of the previous financial years
- vii. Details of total amount spent or unspent for the FY along with name of the fund in which amount has been transferred
- viii. Details of CSR amount spent against ongoing projects and other than ongoing projects for the financial year under consideration
- ix. Amount spent in administrative overheads and impact assessment
- x. Details of unspent CSR amount for preceding three financial years
- xi. Details of CSR amount spent in financial year for ongoing projects of the preceding financial year(s)
- xii. Reason if any if the Bank has failed to spend 2% of the average net profit as brought out in the CSR Policy of the Bank

(e) The Bank discloses in its website:

- i. The composition of the CSR Committee of the Board
- ii. The CSR Policy of the Bank
- iii. CSR Projects approved by the Board

3.2 Role of the CSR Committee of the Board

3.2.1 The Role of CSR Committee of the Board will be to:

1. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Act;
2. Monitor the CSR Policy of the Bank from time to time and suggest need-based modification to the Policy, for the consideration of the Board, when circumstances so warrant.
3. Approve the amount of expenditure to be incurred on CSR projects/activities for the year under consideration
4. Institute a transparent monitoring mechanism for implementation of CSR projects/activities undertaken by the Bank.
5. Periodically review the performance of the Bank in the areas of CSR
6. Submit an annual report on CSR projects/activities of the Bank to the Board.
7. Shall formulate and recommend an annual plan to the Board. The annual plan shall include:
 - a. list of CSR projects to be undertaken under Schedule VII of the Companies Act;
 - b. manner of execution of such projects;
 - c. modalities of utilisation of funds and implementation schedules;
 - d. monitoring and reporting mechanism for the projects; and
 - e. details of need and impact assessment, if any, for the projects undertaken.

3.2.2 The Management Committee of CSR (MCCSR) of the Bank will be responsible for administering and executing the Board approved CSR policy, under the guidance of CSRCB. The MCCSR will be constituted by MD & CEO and will be headed by Deputy Managing Director (DMD).

3.2.3 The MCCSR shall independently review the performance of all CSR projects on a monthly basis. The MCCSR will also make a quarterly report to the CSRCB on the progress of all the on-going CSR projects.

4. AREAS OF ENGAGEMENT

4.1. The areas of engagement for the Bank could be any of areas as outlined (**Annexure I**) under Section 135 of the Companies Act, 2013 (Schedule VII) and any Government guidelines issued from time to time.

4.2. The Bank would attempt to strategically leverage its approved CSR initiatives with its other priorities such as financial inclusion, with special emphasis on the villages allotted to the Bank under the Financial Inclusion Programme and support the initiatives which promote financial literacy and credit counselling.

4.3. The Bank may consider donating items like software, refurbished computers, refurbished/old furniture & fixtures, electrical appliances, unexpired medicines, old clothing, books, or any other such items as a part of the Bank's CSR activity. Such CSR donations will be over and above the Bank's allocated CSR budget, as stipulated by the Companies Act, 2013.

4.4. The Bank may collaborate with other Companies for CSR interventions in such a manner that the CSR committees of collaborating companies are in a position to report separately on such projects or programmes in accordance with the CSR provisions of the Companies Act.

4.5. CSR intervention by the Bank could be for creating or acquiring capital assets. These capital assets will not be held by the Bank. They must be held by any one of the following entities:

- (a) Section 8 company as defined in the Companies Act
- (b) A registered public Trust or Society having charitable objects

(c) Beneficiaries of said projects

(d) Public authorities

4.6. Areas of CSR Intervention activities which are excluded from the Scope of CSR activities are provided at **Annexure II**.

5. BUDGET FOR UNDERTAKING BANK'S CSR ACTIVITIES

5.1. IDBI Bank shall allocate a Budget for CSR initiatives for each financial year equivalent to atleast 2% of its average net profits (as calculated as per provisions of section 135 of the Companies Act 2013) made during the preceding three financial years as its “**Annual CSR Budget**”.

5.2. The Annual Budget carved shall also include any income that may arise on the 2% net profits allocated under the Annual Budget, as well as any unspent CSR allocation and surplus arising out of CSR activities.

5.3. The surplus arising out of CSR activity shall not be part of the business profits of the Bank and shall be ploughed back into the same project(s) or shall be transferred to the unspent CSR Account, created for the purpose, and spent in pursuance of CSR policy. Such transfer of surplus fund has to be done within a period of six months of the expiry of the financial year.

5.4. At least 80% of the Annual CSR Budget shall be spent on the specified activities which are indicated in Annexure I. Up to 15% of the budget may be set aside for emergency needs, which include providing relief during natural calamities/disasters by way of contributions to notified agencies. The CSR Committee of the Board (CSRCB) will have the discretion of changing this allocation.

5.5. The administrative overheads shall not exceed 5% of total CSR expenditure of the Bank for the financial year under consideration.

5.6. Any unspent CSR allocation of a particular year, will be carried forward to the following year. The carried forward amount would be over and above the next years CSR allocation, equivalent to at least 2% of the average net profit of the Bank of the immediately preceding three years.

5.7. If the Bank spends more than its required CSR expenditure, then any such expenditure that exceeds the required amount can be carried forward to the next three years.

5.8. If the Bank does not earn average net profit, during preceding three financial years, the Bank does not have an obligation under the Companies Act to undertake any new CSR projects/activities. However, the Board of the Bank, at its discretion, and on recommendation by the CSR Committee of the Board (CSRCB), may allow new projects/activities by utilising the unspent amount (or part thereof) earmarked for CSR activities and/or allocate an *ad hoc* Annual Budget for the purpose. All stipulations of the Companies Act as given above in 5.2 – 5.6 will be valid for the *ad hoc* Annual Budget.

5.9. All expenditure under CSR activities would be governed by Delegation of Powers (DoP) as approved by the Board.

6. MONITORING OF CSR PROJECTS

6.1. All CSR proposals have to be within the framework of the CSR Policy of the Bank.

6.2. The CSR proposals should specifically define the purpose/activity, timeframe, financial requirement, outcome/expected results and sustainable aspects, if any, of the intervention.

6.3. For its CSR intervention the Bank will consider both short duration (less than one year) and multi-year projects (not exceeding three years, excluding the

financial year in which it was commenced). Any on-going CSR projects undertaken by the Bank will also include any such project that was initially not approved as a multi-year project, but whose duration has been extended by the Board based on recommendations of the CSRCB and reasonable justification.

6.4. The CSR interventions which can be monitored by the Bank directly shall be taken up by itself. This will be typically short duration projects involving one/two time payments for specific activities. The funds for activities taken up directly by the Bank shall be released in instalments based on the progress and provision of utilisation certificate.

6.5. In the case the Bank directly receives CSR intervention requests, for multi-year CSR project(s), the monitoring of which requires specialised knowledge and skills, and if the Bank does not have such expertise in-house, the Bank may decide to avail the services of external specialised agencies/ NGOs/Trusts/ for monitoring of such CSR projects. The Bank shall ensure that all such agencies chosen, are in line with Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules 2014.

6.6. The Bank will need to enter into an agreement with the relevant monitoring external agency, setting out the terms and conditions of the engagement of the external agency. The specialised agency would be required to ensure that the project gets completed within the specified time period and provide monthly report to the MCCSR on the progress of the project.

6.7. NGOs/Trusts/Specialised Agencies may also directly approach the Bank with specific CSR proposals. The Bank will also endeavour to support initiatives of central/ state government, district administration, local administration, self-help groups, etc. CSR Projects taken up under this route will be monitored by a joint team consisting of the representatives of both the Bank and the agency.

6.8. The Bank may engage International Organisations (IO) as defined in the Companies Act for designing, monitoring and evaluation of the CSR Projects as per the Bank's CSR Policy or for capacity building of the Bank's own personnel for CSR.

6.9. The impact assessment of a CSR project would be conducted by an external agency, specifically selected for this purpose, for larger projects which are expected to have a significant social or economic impact. This will help the Bank to comprehend, tangible and intangible changes in the lives of the communities where the projects were implemented. The impact assessment shall be conducted, wherever applicable (*when the Banks CSR obligation exceeds Rs 10 crore in each of the three financial year and all projects with outlay of Rs 1 crore or more*) after the project completion and/or necessary minimum gestation period.

6.10. The MCCSR shall independently monitor the performance of all CSR projects on a monthly basis. The MCCSR will also make a quarterly report to the CSRCB on the progress of all the on-going CSR Projects.

7. BANK STAFF INVOLVEMENT IN CSR

7.1. As part of Bank's CSR endeavour, the Bank will encourage its employees to volunteer for CSR work of the Bank, during non-office hours, or when on sanctioned leave. The volunteering for CSR work of the Bank will be an altruistic activity, which is expected to help the employees in personality or profile development, skill development, socialisation etc. It will also pave the way for the Bank's family to participate in promoting larger social or environmental developments or be a part in improving the quality of life of a target beneficiary or a community.

7.2. When the employee volunteers for CSR work of the Bank, the Bank will not consider the equivalent of the employee's salary to be a part of the CSR budget.

8 REVIEW OF THE POLICY

8.1. IDBI Bank CSR Policy would be reviewed after every two years or earlier, as may be necessary based on experience, statutory requirements and if warranted by changes in Government guidelines issued from time to time.

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Annexure I

Areas of CSR Intervention as per Schedule VII of the Companies Act, 2013

Enumerated below are the areas under which the Bank will implement its CSR Projects. These will be reviewed from time to time and specific initiatives under these will be undertaken in line with the CSR Policy.

1. Eradicating hunger, poverty and malnutrition promoting healthcare including 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;

1.1. IDBI Bank's CSR initiatives in the Healthcare & Poverty Eradication area shall include, but not be limited to the following:

- (a) Preventive healthcare services such as organizing periodic health camps/ medical check-ups, Operating mobile dispensaries and providing masks & sanitizers to disadvantaged sections of society;
- (b) Providing medical infrastructure to local hospitals and primary health centers;
- (c) Organising blood donation camps at various locations;
- (d) Reducing child mortality and improving maternal health;
- (e) Improving functionality of the health care systems through provision of reliable electricity, safe drinking water and sanitation, setting up mass hand-washing facilities in school and institutionalizing health and civic awareness;
- (f) Collaborating with Government and/ or partnering with civil society in the form of accredited organizations/ institutions across the country for poverty alleviation/eradication and implementation of sustainable models.

2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

2.1. The broad activities may include, but not be limited to the following:

- (a) Setting up of an endowment fund for granting scholarship to deserving students from marginalised sections of the society;
- (b) Interventions aimed at promoting education for children, especially for the girl child and thereby arresting drop-out rates;
- (c) Infrastructure and IT hardware for rural training centers, schools, colleges, etc., particularly for the differently abled and disadvantaged sections of society;
- (d) Providing financial assistance for mid-day / supplementary meal facilities in schools;
- (e) Supporting computer literacy by promoting IT education in schools/ village community centers, through establishing Smart Classes;
- (f) Undertaking financial literacy initiatives on a sustained basis in rural as well as urban areas for all target groups, especially vulnerable sections of society like women;
- (g) Financing Skill development courses, including vocational and livelihood training, for target groups including women, elderly, unemployed and underprivileged youth;

3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

3.1. IDBI Bank's CSR initiatives in the area of promoting Gender Equality and

Socio-economic Empowerment may include, but not be limited to, the following activities:

- (a) Promoting gender equality and empowering women through financing of capacity building programmes, livelihood training, etc.
- (b) Setting up homes and hostels for women and orphans;
- (c) Setting up old age homes, day care centres and such other facilities for senior citizens;
- (d) Rehabilitation of / providing infrastructure and other support facilities to Schools and Hostels (including for the differently abled), particularly in rural areas;
- (e) Provision/Distribution of amenities/ equipment to orphanages, old age homes, etc.;
- (f) Measures for reducing inequalities faced by socially and economically backward groups;

4. 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 including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga;

4.1. The broad activities under this sector may include, but not be limited to, the following activities:

- (a) Tree plantation programmes, rain water harvesting, Conservation of natural resources, etc.
- (b) Protection of endangered species of animals/birds, etc.
- (c) Promotion and installation of renewable energy systems and Promoting Energy Efficiency concepts and practices;

- (d) Encouraging development & diffusion of environment-friendly technologies (solar energy systems, improved cook stoves, water recycling unit, etc.)
- (e) Promoting E-waste management;
- (f) Undertaking initiatives that aim to reduce, recycle and reuse waste in an innovative manner.

5. 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;

5.1. IDBI Bank may take up CSR activities aimed at protection of national heritage, art and culture, including restoration of buildings, sites of historical importance and works of Art; setting up public libraries; promotion and development of traditional arts and handicrafts.

6. Measures for the benefit of armed forces veterans, war widows and their dependents;

6.1. IDBI Bank's CSR initiatives in this area may include welfare measures undertaken, (including contributions to funds set up by the Central Government), for socio-economic development of armed forces veterans, war widows and their dependents etc.

7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

7.1. IDBI Bank's CSR initiatives in this area may include, but not be limited to the following:

- (a) Financial support to sports academies across the country for developing/promoting sports, preferably, at the grass-root level;
- (b) Providing financial assistance to deserving sports persons, particularly women, differently abled and underprivileged sections of society.

8. 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;

8.1. IDBI Bank's CSR initiatives in this area may include 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 Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women.

9. Contributions or funds provided to technology incubators located within academic institutions approved by the Central Government or State Government.

9.1. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.

9.2. Contributions to public funded Universities and autonomous bodies engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

10. Rural development projects;

10.1. IDBI Bank's CSR initiatives in this area may include activities aimed at rural development through, among others, the following initiatives:

- (a) Adoption of villages, particularly in underdeveloped/ backward districts by undertaking reconstruction or rehabilitation in a holistic manner;
- (b) Providing infrastructure and other support facilities to schools, health centres, hospitals, etc. located in rural areas;

- (c) Improving accessibility to water, especially drinking water, through installation/repair of hand pumps, tube wells, wells and other such water distribution facilities;
- (d) Building and promoting usage of sanitation facilities in rural areas especially in rural schools;
- (e) Promoting and educating about use of alternate and renewable sources of energy through the installation of solar lights and other similar infrastructure;
- (f) Developing information centres for rural populace to aid economic and social progress in the rural areas.

11. Slum area development, where ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

11.1. IDBI Bank’s CSR initiatives in this area may include activities aimed at slum area development with the direction of any competent authority.

12. Disaster management, including relief, rehabilitation and reconstruction activities.

12.1. IDBI Bank’s CSR initiatives in this area may include activities aimed at holistic development through providing relief measures and monetary assistance in times of natural calamities and disaster.

Annexure II

Areas of exclusions from CSR List

Enumerated below are the areas which will be excluded from the Bank CSR Projects

1. CSR activities to be undertaken by the Bank as per its stated CSR policy shall exclude activities undertaken in pursuance of its normal course of business.
2. The activities, which benefit only the employees and their families, shall not be considered as CSR activities.
3. Contribution of any amount directly or indirectly to any political party under Section 182 of the Companies Act, and towards activities, which are political/religious/sectarian in nature, shall not be considered as CSR activity.
4. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. shall not qualify as a part of CSR expenditure.
5. Expenses incurred by the Bank for the fulfilment of any Act/ Statute of regulations (such as Labour Laws, Land acquisition Act etc.) shall not count as CSR expenditure.
6. Any activity undertaken by the Bank outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.