**Corporate Social Responsibility Policy**

**I. Approach and Direction**

**1. Preamble:** The rationale for mandating Corporate Social Responsibility (CSR) in the national context stems from the uneven economic and social development observed over decades, as well as the persistent endemic nature of poverty, poor healthcare, and high illiteracy that have continued even after independence. The objective of CSR is to demonstrate how businesses need to shift from a short-term compliance perspective to a strategic, long-term commitment-oriented perspective.

**2. Purpose:** The institution is grateful to society for the support and encouragement in its growth and development. We believe that no organization can achieve sustainable development without the patronage of society. The institution is committed to integrating social and environmental concerns into its business operations and interactions with its stakeholders. We shall continue to promote the growth of the national economy and remain mindful of our social and moral responsibilities to customers, shareholders, employees, and society. We are committed to financing the economic and developmental activities of the nation with concern for human rights and the environment.

CSR is a continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as the local community and society at large[cite: 12]. This policy will serve as a guiding document to help identify, execute, and monitor CSR projects in keeping with its spirit. The CSR policy will function as a self-regulating mechanism for the institution's CSR activities and enable adherence to laws, ethical standards, and international practices in this regard.

**3. Policy Statement / Vision:** The institution's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions, the institution seeks to mainstream economically, physically, and socially challenged groups and draw them into the cycle of growth, development, and empowerment[cite: 16]. At the core of this is our commitment to reach out to marginalized communities through Sustainable Livelihood Initiatives. The institution's strategy is to integrate its activities in community development, social responsibility, and environmental responsibility, and encourage each business unit or function to include these considerations into its operations, whether directly, or in participation/association with, or jointly with, reputable NGOs, Trusts, Partnerships, Corporations, or any other suitable organization.

**4. Definitions:**

* **"Act"** means the relevant corporate legislation (e.g., the Companies Act, 2013).
* **"Institution" / "Company"** refers to the financial institution.
* **"Corporate Social Responsibility (CSR)"** means and includes but is not limited to:
  + Projects or programs relating to activities specified in Schedule VII to the Act.
  + Projects or programs relating to activities undertaken by the Board of Directors of a Company in pursuance of recommendations of the CSR Committee of the Board as per the declared CSR policy of the company, subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
* **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in the relevant section of the Act.
* **"Trust"** means the Corporate Social Responsibility Trust formed by the Institution.
* **"CSR Policy"** relates to the CSR outlook of the Company and the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of the normal course of business of a company.
* **"Net profit"** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include:
  + Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise.
  + Any dividend received from other companies in the country, which are covered under and complying with the provisions of the relevant section of the Act.
  + *Provided that* net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of prior corporate legislation shall not be required to be re-calculated in accordance with the provisions of the current Act.
* **"Ongoing Project"** means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

**5. Governance:** The overall governance of CSR and approval of the CSR Policy will be the responsibility of the CSR Committee of the Board. The Trust will be responsible for administering and executing the policy. As the institution's CSR activities evolve, the policy may be revised with the approval of the CSR Committee of the Board.

**6. CSR Committee:** The institution will institute a CSR Committee of the Board consisting of three or more directors, including at least one Independent Director. The Committee will meet at least three times a year. The terms of reference of the Committee shall be:

* To formulate the institution's CSR strategy, policy, action plan, and goals.
* To monitor the institution's CSR policy and performance.
* To sanction/review/recommend CSR projects/initiatives from time to time.
* To ensure legal and regulatory compliance from a CSR viewpoint.
* To ensure reporting and communication to stakeholders on the institution's CSR projects/initiatives.
* To evaluate and recommend to the Board to modify/amend/cancel ongoing projects.
* Overseeing Environmental, Social, and Governance (ESG) Reporting and review of various activities of the institution under the prescribed ESG Framework.
* Review of the Annual Action Plan and Fund utilization certificate issued by the Chief Financial Officer.

**II. Guiding Principles for Selection**

**7. Scope:** This policy will apply to all projects/programs undertaken as part of the institution's Corporate Social Responsibility activities. This policy is also in line with the relevant CSR Rules (e.g., Section 135 of the Companies Act, 2013). The institution would focus on the country as a whole to benefit from its CSR projects, with the target communities being socially and economically marginalized groups and/or such specified areas as per Schedule VII of the Act.

**7.1 Core Area of CSR activity:**

1. Eradicating hunger, poverty, and malnutrition.
   * Promoting healthcare, including preventive healthcare and sanitation.
   * Contribution to relevant national cleanliness funds set up by the Central Government for the promotion of sanitation.
   * Making available safe drinking water.
2. Promoting education, including special education and employment-enhancing, vocation skills, especially among children, women, the elderly, and the differently-abled[cite: 45].
   * Livelihood enhancement projects.
3. Promoting gender equality.
   * Empowering women.
   * Setting up homes and hostels for women and orphans.
   * Setting up homes, day care centers, and such other facilities for senior citizens.
   * Measures for reducing inequalities faced by socially and economically backward groups.
4. Contribution to:
   * The Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES Fund).
   * Any other fund setup by the Central Government for socio-economic development, relief, and welfare of specified marginalized groups (e.g., SC/ST/OBC, minorities, and women).
5. Contribution of funds provided to technology incubators located within academic institutions which are approved by the Central Government[cite: 47].

Any activity involving substantial financial commitment coming under the core area of CSR activity will be considered a flagship program and will have greater significance.

**7.2 Other areas of CSR activity:**

1. Ensuring environmental sustainability.
   * Ecological balance.
   * Protection of flora and fauna.
   * Animal Welfare.
   * Agroforestry.
   * Conservation of natural resources.
   * Maintaining quality of soil, air, and water.
   * Contribution to relevant national clean funds set up by the Central Government for river rejuvenation.
2. Protection of national heritage, art, and culture, including restoration of buildings and sites of historical importance and works of art.
   * Setting up of public libraries.
   * Promotion and development of traditional arts and handicrafts.
3. Measures for the benefit of armed forces Veterans, War widows, and their dependents.
4. Training to promote:
   * Rural Sports.
   * Nationally recognized sports.
   * Paralympic Sports.
   * Olympic sports.
5. Rural development Projects.
6. Slum area development.
7. Disaster management, including relief, rehabilitation, and reconstruction activities.

Any other activities that will be specified from time to time by the Government/Ministry of Corporate Affairs.

**8. CSR Budget:** As set out in the Act, presently two percent in every financial year of the average net profits of the company made during the three immediately preceding financial years shall form the funds available for implementation of CSR projects. The overall amount to be committed to CSR will be approved by the Board. Within the budgeted amount, specific CSR initiatives/projects will be approved in line with the process approved by the CSR Committee of the Board.

Any amount remaining unspent at the end of the Financial Year, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its CSR Policy, shall be transferred by the end of the financial year to a special account called the Unspent Corporate Social Responsibility Account , and such amount shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer (excluding the year of commencement of the project) , failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year[cite: 57].

**9. Disbursement:** The Board of Directors of the institution, from time to time, is authorized to delegate and fix the sanctioning limit of CSR spends by the Executives, CSR Committee, and the Board. The mode of disbursal of funds will be decided depending on the nature and requirement of the project. The funds will be released by the institution to the Trust account, as per requirement. The Trust shall act as the implementing body of the CSR projects. The terms, conditions, and timing of disbursement will be discussed and agreed to by the Trust or project teams, if any, and will typically form part of the Memorandum of Understanding with the entity implementing the project.

**III. Guiding Principles for initiating CSR Programs/Projects** The CSR Committee, through its CSR cell, shall formulate an annual action plan in pursuance of this CSR policy, which shall include the following and recommend it to the Board for Approval:

* The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
* The manner of execution of such projects or programmes.
* The modalities of utilization of funds and implementation schedules for the projects or programmes.
* Monitoring and reporting mechanism for the projects or programmes.
* Details of need and impact assessment, if any, for the projects undertaken by the company.

**10. Formulation of the Annual Action Plan to initiate CSR project:** a) The institution will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations. b) The programs/projects will be within the areas recommended/listed in Schedule VII of the Act and mentioned in the Policy. c) The programs/projects will be beyond business as usual. d) The programs/projects will be implemented within the country (with an exception if any as permitted by the CSR rules) , and preferably in areas where the institution has its presence. e) Programs/Projects should not be exclusively for the benefit of employees of the company or their family members, or those that are conducted/undertaken exclusively in pursuance of the normal course of business. f) The programs/projects should exclude activities that are to be supported on a sponsorship basis for deriving marketing benefits for its products or services. g) The programs/projects should exclude activities carried out for fulfillment of any statutory obligations under any law in force in the country. h) Programs/Projects that integrate business models with social and environmental priorities and processes in order to create shared value will be encouraged. i) The institution will consider Programs/Projects closely linked with the principles of sustainable development. j) In review of existing 'ongoing' projects as defined under the CSR Amendments and its progress against the approved timelines for those projects. k) In review of excessive amount approved by the Board for setting off against the budget of any financial year as eligible under the Act and its amendments. l) In review of any unspent amount from preceding financial years as aggregated in 'Unspent Corporate Social Responsibility Account (UCSRA). m) Any surplus, generated out of the CSR activities of the institution, will be ploughed back to the CSR Initiatives of the institution, and unspent amount (if any) from a CSR program/project will be incurred/transferred in accordance with CSR rules of the Act and amendments thereof.

During any financial year, the Annual Action Plan of the Company may be modified with Board approval to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved projects.

**IV. Implementation Structure** The institution will undertake its CSR projects directly or through a Trust formed by the institution. The actual implementation of various initiatives will be broad-based. The Trust would assist in implementation and monitoring of the CSR projects/initiatives wherever assigned.

**11. CSR Sanction Norms of the Institution:**

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| **Sanctioning Authority** | **Eligible Amount** |
| Junior Executive (e.g., Deputy General Manager level for CSR) | Up to specified lower limit (e.g., Rs. 1.00 lakh) |
| Executive in charge of CSR Cell (e.g., General Manager/Chief General Manager level) | Up to specified intermediate limit (e.g., Rs. 10.00 lakh) |
| Senior Executive (e.g., Managing Director & CEO) | Up to specified higher limit (e.g., Rs. 25.00 lakh) |
| CSR Committee of Board | Beyond specified higher limit and up to a major limit (e.g., Rs. 25.00 lakh and up to Rs. 50.00 lakh) |
| Board of Directors | Beyond the major limit (e.g., Rs. 50.00 lakh) |

Export to Sheets

The Board of Directors of the institution, from time to time, is authorized to modify/amend/cancel the ongoing projects as per the recommendation of the CSR Committee accompanied by reasonable justification.

**V. Monitoring and Supervision**

* The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of projects/programs/activities to be undertaken by the institution.
* The institution will undertake impact assessment of CSR projects having outlays of a specified amount (e.g., one crore rupees) or more, and which have been completed not less than one year before undertaking the impact study, through an independent agency. This is provided the institution has an average CSR obligation of a specified amount (e.g., Rs. 10.00 crore) or more in the three immediately preceding financial years, in pursuance of the relevant corporate law.
* The impact assessment reports will be placed before the Board and will be annexed to the annual report on CSR.
* The expenditure towards impact assessment reports of Corporate Social Responsibility for a financial year shall not exceed five percent of the total CSR expenditure for that financial year or a specified monetary limit (e.g., fifty lakh rupees), whichever is less.
* The Chief Financial Officer or the person responsible for financial management shall certify to the effect that the CSR funds so approved/disbursed have been utilized for the purposes and in the manner as approved.
* All projects and programs are to be monitored by the Trust. The Trustees shall be nominated by the Board from time to time.

The institution's CSR activities will be driven directly by the institution or by the Trust, ensuring that the CSR policy is embedded across the institution's operations and the CSR initiatives are in line with the policy.

**12. Reporting:** Significant CSR activities and achievements will be reported as part of the Director's Report in the institution's Annual Report and also as per any other statutory and regulatory reporting requirements.

**13. Publishing on Institution's Official Website:** The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, for public access.