



**IDFC FIRST Bank Limited**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

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### Contents

A. Our Vision.....	3
B. Bank's Philosophy on CSR .....	3
C. CSR Committee .....	4
D. CSR Activities.....	5
E. Restricted Activities .....	6
F. CSR Expenditure.....	6
G. Collaboration .....	7
H. Capacity Building/ Training .....	7
I. Accounts and Audit.....	7
J. Monitoring/ Evaluation Mechanism and Assessment.....	8
K. Tax Treatment.....	8
L. Dissemination of Information .....	8
M. Approved by.....	8
N. Amendment .....	9
Annexure A: CSR activities.....	10

## Corporate Social Responsibility Policy

<b>A. Our Vision</b>	<p>Corporate Social Responsibility ('CSR') has been a way of life within IDFC Group ingrained into its philosophy and vision.</p> <p>The 'headline' objective of IDFC FIRST Bank Limited ('IDFC FIRST Bank' or the 'Bank') CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Bank's business strategy for overall value creation to all stakeholders.</p> <p>IDFC FIRST Bank believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the society, preferably in the immediate vicinity in which the Bank operates but at the same time ensure widespread spatial distribution of its CSR activities all over India befitting its status as a conscientious corporate citizen.</p> <p>This policy shall apply to all CSR initiatives and activities undertaken/ to be undertaken by IDFC FIRST Bank at various locations, within India:</p> <ol style="list-style-type: none"> <li>i. directly;</li> <li>ii. through external agencies, Trust, Society, NGOs having the requisite track record of 3 years in the relevant project/ programme.</li> </ol>
<b>B. Bank's Philosophy on CSR</b>	<p>IDFC FIRST Bank's CSR mission is very integral to the business. We believe in the philosophy of enabling individuals to become self-sufficient in the long-run and aim to fuel the aspirations of those who have a disadvantage due to their socio-economic background. We truly believe that every human – irrespective of their current reality deserves the basic human right to access high quality education, earn a living and be a productive member of society and to live a life that is safe and secure.</p> <p>We carefully select and work with social impact organization's who are working at the grass-roots to make a change. We adopt a collaborative approach where we co-create programs together and support on-ground strategy for our implementation partners as and when the need arises.</p> <p>We also ensure all our social impact partners align with our governance standards and are transparent, accountable and proactive in their approach to ensuring our funding and support is being used towards the mutually agreed theory of change we have agreed upon. We also significantly invest time and resources in building capacities of our social impact partners so that they are able to succeed in their endeavors.</p> <p>IDFC FIRST Bank would carry out CSR activities directly or through other agencies as and when it falls within the purview of Section 135 of the Companies Act, 2013.</p>

**C. CSR  
Committee**

The CSR Committee of the Board of Directors (**'Board'**) would consist of 3 or more directors, out of which at least 1 director shall be an Independent Director.

The CSR Committee of the Bank, as mandated under Section 135 (3) of the Companies Act, 2013 has:

- i. formulated and recommended to the Board, a CSR Policy which indicates the activities to be undertaken by the Bank in areas or subject, as specified in Schedule VII of the Act;
- ii. recommends the amount of expenditure to be incurred on the activities referred to in (i) above;
- iii. monitors the CSR Policy of the Bank, from time to time.

The Annual Report of the Bank shall disclose the following:

- a. Composition of CSR Committee;
- b. CSR Policy
- c. the details about the policy developed and implemented by the Bank on CSR initiatives taken during the year, the status of the CSR activities and contributions made by the Bank;
- d. specify the reasons for not spending the CSR amount; and
- e. any other requirements mandated under the Act or Rules issued thereunder.

The Objects and the role of the Bank shall also be dependent on the extant provisions of the Act, the Rules and other applicable Regulations, as amended from time to time.

#### D. CSR Activities

1. IDFC FIRST Bank's CSR activities would be in the form of well-defined programmes or projects, the outcomes of which could be measured objectively. The objective of projects would be to explore small-scale decentralized solutions across the focus sectors defined in this policy, in consistence with the provisions of the Act. The projects would be conceptualized and designed based on a need identification exercise carried out in consultation with relevant stakeholders including government departments in the focus geographies. Wherever required, a research study may be conducted to evaluate different feasible models/ options. The learning from such impact studies can be shared with the government agencies/relevant stakeholders, so as to demonstrate replicable solutions.
2. A list of CSR project or programs which Bank undertakes/ plans to undertake as specified in Schedule VII of the Act includes the following:
  - i. eradicating hunger, poverty and malnutrition, promoting health care 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.
  - ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
  - iii. Disaster Management, including relief, rehabilitation and reconstruction activities; and
  - iv. such other activities, as may be prescribed, from time to time.
3. However, out of the aforesaid activities, IDFC FIRST Bank's CSR activities would seek to:
  - i. serve the poor, marginalised and underprivileged;
  - ii. be sustainable; and
  - iii. meet needs of the larger community and society
4. IDFC FIRST Bank would primarily focus on CSR activities of the below areas, more particularly described in **Annexure A**:
  - i. livelihoods;
  - ii. Providing Sanitation
  - iii. education;
  - iv. disaster relief;
  - v. and
  - vi. others.

The scope of the policy has been kept as wide as possible, so as to allow the Bank to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII of the Companies Act, 2013, as may be amended from time to time.

<p><b>E. Restricted Activities</b></p>	<ol style="list-style-type: none"> <li>1. The Bank shall endeavour not to include any of the business activities undertaken in the normal course of business of the Bank within the ambit of CSR activities.</li> <li>2. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act.</li> <li>3. CSR Projects or programs or activities that benefit only the employees of the Bank and their families.</li> <li>4. No contribution to be made for any activities undertaken outside India. The surplus, if any arising out of the CSR projects or programmes or activities shall not form part of the business profit of the Bank.</li> <li>5. One off events such as Marathons/ Awards/ Charitable contributions/ Advertisement/ Sponsorships of TV programmes etc.</li> <li>6. Expenses incurred by companies for fulfilment of any Act/ Statute of regulations.</li> <li>7. Contribution in kind cannot be monetized.</li> <li>8. Monetization of pro-bono services of employees.</li> </ol>
<p><b>F. CSR Expenditure</b></p>	<p>Every year, IDFC FIRST Bank will spend the amount directly or through agency, an amount equivalent to at least 2% of its average net profits (calculated as per Section 198 of the Act) made during the three immediately preceding financial years (less any contribution made directly by the Bank or through any external agency/NGO) towards CSR activities.</p> <p>The costs of research and capacity building, grants for execution of projects/ programmes, employee costs and other administrative overheads would form a part of the programmes and projects so selected.</p> <p>IDFC FIRST Bank shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. CSR Projects or Programmes or activities undertaken in India only shall amount to CSR Expenditure.</p> <p>If Bank fails to spend such amount set aside for CSR activities, such unutilised funds would be automatically carried forward for utilization in the succeeding year(s) for CSR activities and will not form part of the business profits of the Bank.</p> <p>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 areas or subjects, specified in Schedule VII of the Act.</p>

<b>G. Collaboration</b>	<p>The Bank may undertake the CSR activities on its own or through a Trust/ Society/ Not for Profit Company.</p> <p>The Bank may collaborate for undertaking the CSR activities along with its group companies, including its eligible holding or subsidiary companies or any other companies outside the group, as the case may be.</p> <p>The Bank may also undertake CSR activities through external agencies, NGOs having the requisite track record of 3 years in the relevant projects/ programmes and a report on the same shall be disclosed separately as may be prescribed from time to time under applicable provisions of Companies Act, 2013.</p>
<b>H. Capacity Building/ Training</b>	<p>The Bank may build the CSR capabilities of its own personnel as well as those of implementing agencies through Institutions with established track record of atleast three financial years or such experience, as may be required under the applicable provisions of the Companies Act, 2013, as amended from time to time.</p> <p>The Bank shall ensure that the total expenditure for training or capacity building of its personnel (including administrative overheads) does not exceed 5% of the total CSR expenditure of the Bank in one financial year or such other percentage as may be prescribed from time to time under applicable provisions of Companies Act, 2013, as amended from time to time.</p>
<b>I. Accounts and Audit</b>	<p>A separate accounting for CSR related expense and receipts shall be maintained.</p> <p>In case specified projects or programmes are to be undertaken through third party agencies the Bank would need to specify the manner of accounting and tracking the expenditure incurred through third party agencies.</p> <p>The amount spent on CSR by the Bank will be subject to audit at such intervals, as may be required, from time to time.</p>

<b>J. Monitoring/ Evaluation Mechanism and Assessment</b>	<p>The Board shall ensure activities as are included in its CSR Policy of the Bank are undertaken by the Bank.</p> <p>The CSR Committee shall monitor the CSR Policy of the Bank from time to time.</p> <p>The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programmes or activities undertaken by the Bank which shall include the following:</p> <ol style="list-style-type: none"> <li>i. <u>Release of funds for CSR Project/ Programme</u>: The amounts sanctioned for a CSR project or programme, will be released in stages or instalments as per progress, or as may be determined from time to time.</li> <li>ii. <u>Review by Board/ CSR Committee</u>: The Board and CSR Committee will review the implementation of CSR on Annual basis.</li> <li>iii. <u>Utilisation Certificate</u>: Funds released to the implementing agency would be based on satisfactory utilization certificate duly certified by an authorised officer of the Implementing Agency.</li> <li>iv. <u>External Agency assessment</u>: The impact assessment/ evaluation of major projects may be carried out by an external agency to critically assess the fulfilment of project objectives.</li> <li>v. <u>Audit</u>: The amount spent on CSR by the Bank will be subject to audit at such intervals, as may be required, from time to time.</li> </ol>
<b>K. Tax Treatment</b>	<p>Tax treatment of CSR spent will be in accordance with Income Tax Act, 1961, as amended from time to time and other applicable rules or circulars issued by the Central Board of Direct Taxes.</p>
<b>L. Dissemination of Information</b>	<p>The CSR Policy of the Bank shall be placed on the website of the Bank viz. <a href="http://www.idfcfirstbank.com">www.idfcfirstbank.com</a>. A detailed status report on the CSR activities carried out by the Bank shall be disclosed every year as a part of the Boards' Report in the Annual Report. The CSR Committee will also make a Responsibility Statement stating that the CSR Policy implementation and monitoring thereof is in letter and spirit, in compliance with the CSR objectives of the Bank.</p>
<b>M. Approved by</b>	<p>IDFC FIRST Bank Board after recommendation by CSR Committee of the Bank.</p>



**N. Amendment**

This Policy may be amended, from time to time, by the Board on the recommendation of the CSR Committee of the Bank.

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the CSR Committee/ Board as and when any changes are to be incorporated in the Policy due to change in applicable law or on an annual basis.

### Annexure A: CSR activities

CSR Programme	CSR Initiatives
<b>Livelihoods</b>	<ul style="list-style-type: none"> <li>a) Conducting cattle care programs through Integrated Learning Development Centre (ILDC) and cattle camps.</li> <li>b) Sponsoring candidates for skill development and vocational training programmes offered at identified institutions.</li> <li>c) Creating, training and supporting entrepreneurs.</li> <li>d) Creating, training and supporting self-help groups, federations, co-operatives, societies and similar institutions.</li> <li>e) Building capacities of farmers on improved methods of agriculture and other allied sectors.</li> <li>f) Supporting farmers with quality inputs, technical know-how and timely information.</li> <li>g) Creating markets and marketing linkages for farm and forest-based produce.</li> <li>h) Sustainable livelihoods programmes for women empowerment.</li> <li>i) Setting up and running skill development centers, industrial training centers, diploma and polytechnic institutes, community colleges, etc.</li> <li>j) Supporting young adults, women and people with disability</li> </ul>
<b>Health such as sanitation</b>	<p>To address issues around sanitation and to bring about improvement in awareness and health seeking behavior in various parts of India, enabling a better living, through initiatives such as:</p> <ul style="list-style-type: none"> <li>a. Installing trash bins and appropriate infrastructure</li> <li>b. Create awareness using arts to bring about behavioral change</li> <li>c. Promoting waste segregation and management</li> <li>d. Supporting solid waste management</li> </ul>
<b>Education</b>	<p>Promoting education including access to quality education, Skill development and vocational training</p> <ul style="list-style-type: none"> <li>a) Promoting early Child Care &amp; Education, primary education, secondary education of young adults and children with disability</li> <li>b) Promoting digital literacy programmes.</li> <li>c) Providing basic amenities and improvement of infrastructure in schools.</li> <li>d) Enabling higher education through merit cum means scholarships, including for differently abled across the country.</li> <li>e) Promoting higher education supporting scholarship for mental health professionals enrolled in universities</li> <li>f) Skill development and vocational training for youth</li> </ul>
<b>Community Engagement/development</b>	In respect of all the areas as specified in Schedule VII.
<b>Disaster Relief</b>	<ul style="list-style-type: none"> <li>a) Extending relief measures during times of natural disasters, anywhere in the country.</li> </ul>

	<ul style="list-style-type: none"><li>b) Undertaking and supporting rehabilitation measures post-disasters.</li><li>c) Building capacities of local communities to respond to disasters.</li><li>d) Developing expertise and resources to respond to disaster.</li></ul>
<b>Others</b>	Other infrastructure that would meet the objectives of inclusion and environmental sustainability such as water supply, sanitation, renewable energy, slum area development and affordable housing.