



IDFC FIRST Bank Limited

CORPORATE SOCIAL RESPONSIBILITY POLICY

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CORPORATE SOCIAL RESPONSIBILITY POLICY

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Corporate Social Responsibility Policy

A. Our Vision

Corporate Social Responsibility ('CSR') has been a way of life within IDFC Group ingressed into its philosophy and vision.

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.

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.

This policy shall apply to all CSR initiatives and activities undertaken/ to be undertaken by IDFC FIRST Bank at various locations, within India:

- i. directly;
- ii. through implementing agencies covered under Rule 4 (1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- iii. Joint implementation with one or more companies

**B. Bank's
Philosophy on
CSR**

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.

We carefully select and work with social impact organizations such as non-profits, incubators and social enterprises 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.

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.

IDFC FIRST Bank would carry out CSR activities directly or through other implementing agencies as and when it falls within the purview of Section 135 of the Companies Act, 2013 ('Act') in the manner provided in Companies (Corporate Social Responsibility Policy) Rules, 2014 ('Rules').

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.

Consistent with the above, the CSR Committee of the Board currently has the following members:

Sl. No.	Name of Director	Designation / Nature of Directorship
1	Mr. V. Vaidyanathan	Chairman / MD & CEO
2	Mr. Hemang Raja	Member / Independent Director
3	Dr. (Mrs.) Brinda Jagirdar	Member / Independent Director

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

- i. formulate and recommend to the Board, a CSR Policy (and modifications thereto from time to time);
- ii. formulate and recommend annual action plan, and any modifications thereof, to the Board, comprising of following information: -
 - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Rules;
 - c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - d. monitoring and reporting mechanism for the projects or programmes; and
 - e. details of need and impact assessment, if any, for the projects undertaken by the company
- iii. recommend to the Board, the amount of expenditure to be incurred on the CSR activities and the amount to be transferred in case of ongoing projects (if any) and corresponding unspent amounts;
- iv. approve specific projects, either one-time or on-going, in pursuance of the CSR Policy and approved annual action plan;
- v. monitor, review the progress of CSR initiatives undertaken and report to the Board of the Bank, from time to time to satisfy the Board on the utilization of the funds disbursed for the purpose and in the manner approved by it;
- vi. review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report and certificate submitted by the Chief Financial Officer;
- vii. review and recommend to the Board, the need for impact assessment of the projects, appointment of impact assessment agency and impact assessment report obtained by the Company from time to time.
- viii. Undertake such activities and carry out such functions as may be required under Section 135 of the Act and the 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 Swachh 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 under Schedule VII of the Act, from time to time.
3. However, out of the aforesaid activities, IDFC FIRST Bank's CSR activities would seek to:
 - i. serve the poor, marginalized and underprivileged
 - ii. 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. Health & Sanitation
 - iii. Education;
 - iv. Disaster relief; and
 - v. 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.

E. Restricted Activities

1. The Bank shall endeavour not to consider the following as CSR activities:
 - i. activities undertaken in the normal course of business of the Bank;
 - ii. activities 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;
 - iii. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
 - iv. activities benefitting employees of the Bank as defined in clause (k) of the Code on Wages, 2019;
 - v. One off events such as Marathons/ Awards/ Charitable contributions/ Advertisement/ Sponsorships of TV programmes etc or other activities supported by the Bank on sponsorship basis for deriving marketing benefits for its products or services;
 - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.
 - vii. Monetization of pro-bono services of employees.
- 2.

<p>F. CSR Expenditure</p>	<p>Every year, IDFC FIRST Bank will spend, directly or through implementing 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 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>Any surplus generated from CSR activities shall not form part of the business profit of the Bank and shall be treated as follows:</p> <ol style="list-style-type: none"> a. Ploughed back into the same project b. Transferred to a designated Unspent CSR Account (UCSRA) and spent in pursuance of CSR policy and Annual Action Plan of the Company c. Transferred to a Fund specified in Schedule VII, within the prescribed timeline as specified in the CSR Rules. <ul style="list-style-type: none"> • Any unspent amount shall be reported by the Board in its report specifying the reasons for not spending the amount and shall be dealt with in accordance to Section 135 of the Act and rules under Amendments thereof. • In case, the Bank spends an amount in excess of requirement of its CSR obligations in a financial year, such excess amount may be set off against the requirement of CSR spending up to immediate succeeding three financial years subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 as maybe amended from time to time • The Bank may spend its CSR budget for creation or acquisition of a capital asset subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 and any amended to the same.
<p>G. Collaboration</p>	<p>The Bank may undertake the CSR activities on its own or through an implementing agency covered under rule 4 (1) of the Rules. Such implementing agency should be registered with Central Government and should be in possession of unique CSR Registration Number.</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, in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes.</p>

H. Administrative Overheads	<p>The Board of the Bank shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Bank for the financial year.</p> <p>For the purpose of this clause, ‘administrative overheads’ would mean the expenses incurred by the Bank for ‘general management and administration’ of CSR functions in the Bank but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.</p>
I. Accounts and Audit	<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 implementing agencies, the Bank would need to specify the manner of accounting and tracking the expenditure incurred through such third party agencies.</p> <p>The amount spent on CSR by the Bank may be subject to audit at such intervals, as may be required, from time to time.</p> <p>The Board shall ensure that the CSR amounts disbursed have been utilized for the purposes and in the manner approved by it, and the Chief Financial Officer (“CFO”) shall certify the same.</p>

<p>J. Monitoring/ Evaluation Mechanism and Assessment</p>	<p>The Board shall ensure activities as are included in its CSR Policy of the Bank are undertaken by the Bank.</p> <p>The Board shall monitor the implementation of ongoing projects with reference to the approved timelines and year-wise allocation and make modifications, if required, for smooth implementation of the project within the overall permissible time period.</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"> a. <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. b. <u>Review by Board/ CSR Committee:</u> The Board and CSR Committee will review the implementation of CSR on quarterly basis. c. <u>Utilization Certificate :</u> All implementing agencies to provide provisional / audited fund utilization certificate duly certified by an authorized officer of the Implementing agency and clearly stating reasons for under or over spent wherever applicable. Any capital asset created by the Bank for undertaking CSR expenditure has to be held by the implementing agency, public authority or the beneficiaries in the manner provided in the Rules. Any capital asset created by the Bank for undertaking CSR expenditure has to be held by the implementing agency, public authority or the beneficiaries in the manner provided in the Rules. d. <u>External Agency assessment:</u> The impact assessment/ evaluation of major projects may be carried out by an independent impact assessment agency to critically assess the fulfilment of project objectives in accordance with the Rules. e. <u>Audit:</u> The amount spent on CSR by the Bank maybe subject to audit at such intervals, as may be required, from time to time.
<p>K. Tax Treatment</p>	<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>

<p>L. Mandatory Disclosures and reporting</p>	<ul style="list-style-type: none"> • Appropriate disclosures and reporting on all CSR activities and assessments done by the Bank will be done as part of the Director’s Report in the Bank’s Annual Report, Bank’s official website in the prescribed formats as per statutory and regulatory reporting requirements of the Act • The CSR Policy, the composition of CSR Committee of the Bank and the CSR projects approved by the Bank shall be placed on the website of the Bank viz. www.idfcfirstbank.com. • 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. • Bank shall furnish a report on Corporate Social Responsibility in E-Form CSR-2 to the Registrar for the preceding financial year (2020-2021) and onwards
<p>M. Approved by</p>	<p>IDFC FIRST Bank Board after recommendation by CSR Committee of the Bank.</p>
<p>N. Amendment</p>	<p>This Policy may be amended, from time to time, by the Board on the recommendation of the CSR Committee of the Bank.</p> <p>This Policy is framed based on the provisions of the Act and Rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the Act 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.</p> <p>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.</p>