



CORPORATE SOCIAL RESPONSIBILITY POLICY

OF

THE SOUTH INDIAN BANK LIMITED

Sanctioned on 26.11.2015 as per DBR/PLG/S-196/15-16

Confidential
Version 4.0

Contents:**Page No**

| | |
|------------------------------------|---|
| 1. Preamble | 3 |
| 2. Purpose | 3 |
| 3. Policy Statement/Vision | 3 |
| 4. Definitions | 4 |
| 5. Scope | 5 |
| 6. Governance | 6 |
| 7. CSR Committee | 7 |
| 8. CSR Budget | 7 |
| 9. Supervision | 7 |
| 10. Disbursement | 7 |
| 11. Implementation structure | 8 |
| 12. Monitoring | 9 |
| 13. Reporting | 9 |

1. Preamble:

The argument for mandating CSR in the Indian context stems from the uneven economic and social development that the country has witnessed over the decades and also the endemic nature of poverty, poor healthcare and high illiteracy which have persisted even after independence which continues today. The objective of CSR, in a way, 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 South Indian Bank Ltd is grateful to the society for the support and encouragement in the bank's growth and development. The Bank believes that no organization can make sustainable development without the patronage from the society. The Bank is committed in the integration of social and environmental concerns in its business operations and also in the interactions with its stakeholders. The Bank shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society. Bank is committed to financing the economic and developmental activities of the nation with concern for human rights and environment.

CSR is a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

This policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

The CSR policy would function as a self-regulating mechanism for the Bank's CSR activities and enable adherence to laws, ethical standards, and international practices in this regard.

3. Policy Statement /Vision

The Bank's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions, the bank seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment.

At the core of this, its commitment to reach out to marginalized communities through its Sustainable Livelihood Initiatives. The Bank'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 or in association with or jointly with NGOs of repute, Trusts, Partnership, Corporate or any other such organization as the Bank deems fit.

4. Definitions

"Act" means the Companies Act, 2013

"Corporate Social Responsibility (CSR)" means and includes but is not limited to:

- a) Projects or programmes relating to activities specified in Schedule VII to the Act or
- b) 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 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 section 135 of the Act.

"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 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 the following, namely:-

- a) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- b) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 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 the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act.

5. Scope

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

5.1 Core Area of CSR activity

- 1) -Eradicating hunger, poverty and malnutrition
 - Promoting preventive healthcare and sanitation
 - Making available safe drinking water
- 2) -Promoting education, including special education and employment enhancing, vocation skills especially among children, women, elderly and the differently abled
 - Livelihood enhancement projects
- 3) - Promoting gender equality
 - Empowering women
 - Setting up homes and hostels for women and orphans
 - Setting up homes, day care centres 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
 - Any other fund setup by the Central Government for socio-economic development, relief and welfare of SC/ST/OBC, minorities and women.
- 5) Contribution of funds provided to technology incubators located within academic institutions which are approved by Central Government

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

5.2 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
- 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 dependants.
- 4) - Training to promote:
 - i) Rural Sports
 - ii) Nationally recognized sports
 - iii) Paralympic Sports
 - iv) Olympic sports
- 5) Rural development Projects.

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

6. Governance

The Overall governance of CSR and approving of the CSR Policy will be the responsibility of the CSR Committee of the Board. The CSR Department of the Bank will be responsible for administering and executing the policy. As the Bank's CSR activities evolve further, the policy may be revised with the approval of the CSR Committee of the Board.

7. CSR Committee

The Bank 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 in a year. The following shall be the terms of reference of the Committee.

- To formulate the Bank's CSR strategy, policy and goals
- To monitor the Bank's CSR policy and performance
- To review the 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 Bank's CSR projects/initiatives

8. CSR Budget

As set out in the Act, presently two per cent 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.

Unutilized budget allocation during the past year shall be appropriated in terms of the specific statutory regulations, if any, and in the absence of any such specific statutory regulations in this regard, shall lapse at the end of the financial year.

9. Supervision

The Bank's CSR activities will be driven by a dedicated CSR team under the guidance and support of senior functionaries, in particular, the SVP/MD&CEO. The CSR Committee and CSR/Planning & Development Department would play a significant role in ensuring that the CSR policy is embedded across the Bank's operations and the CSR initiatives are in line with the policy.

10. Disbursement

The Board of Directors of the Bank, from time to time, is the authorized to delegate and fix the sanctioning limit of CSR spends by the Executives, CSR

Committee and the Board. The mode of disbursement of funds will be decided depending on the nature and requirement of the project. The terms, conditions and timing of disbursement will be discussed and agreed to with the concerned Department, presently P&D Department or project teams, if any and will typically form part of the Memorandum of Understanding with the entity implementing the project.

11.Implementation Structure

The Bank will undertake its CSR projects either:

- a) Directly by the Bank
- b) Through a Trust formed by the Bank
- c) Through implementing agencies like NGOs, Trusts, Societies, Section 8/ Section 25 companies, DST certified incubation centers, *associations* or through collaborative projects with other Corporate.
- d) By a combination of the above or as per the policy framed by the Board from time to time.

If the CSR project/s is implemented through an implementing partner, the following conditions should be looked into:

- Has been in existence for a minimum of 3 years from date of registration.
- Is a registered as Trust/Society/Sec 8 (Charitable) company.
- The physical address given by the organization should be verifiable.
- Should possess a valid income tax exemption certificate.
- Has sufficient infrastructural facility like office, staff, necessary resources etc to implement the project.
- Has sufficient prior experience in the area of the activities being implemented.
- Should be located in the area of the planned activities with local knowledge
- Has articulated shared vision/purpose beyond the registration documents.

The actual implementation of various initiatives will be broad-based. The concerned Department (Presently Planning & Development Department) would assist in implementation and monitoring of the CSR projects/initiatives.

- The CSR projects or programs or activities will be undertaken in India only, preferably in areas where the Bank has its presence.

- The Bank shall not contribute any amount directly or indirectly to any political party.
- Any surpluses arising out of CSR projects or programmes or activities shall not form part of the business profits of the Bank.
- Any surplus, generated out of the CSR activities of the Bank, will be ploughed back to the CSR Initiatives of the Bank.
- The Bank will ensure that its CSR projects are non discriminatory in nature and do not have any restrictive political or religious affiliations.
- The Bank may actively consider Programs/Projects that have been identified by employees and also those where employees are directly involved through volunteering efforts.
- Programs/Projects that integrate business models with social and environmental priorities and processes in order to create shared value will be encouraged.
- The Bank will consider Programs/Projects closely linked with the principles of sustainable development.
- 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.

12.Monitoring

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of projects/programs/activities to be undertaken by the Bank.

All projects and programs are to be monitored by the CSR Committee of Executives at HO level either directly or through the branches/regional office(s). The CSR Committee of Executives shall be consisting of MD&CEO, Senior Vice President(s) and other members nominated by the MD & CEO from time to time.

13.Reporting

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