



CORPORATE SOCIAL RESPONSIBILITY POLICY 2023-24

Corporate Social Responsibility (CSR Cell)
The South Indian Bank Ltd.
Head Office, Thrissur

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I Approach and Direction

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

"Bank"/ "Company" means The South Indian Bank Limited

"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

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.

"Trust" means the Corporate Social Responsibility Trust formed by the Bank.

"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.

“Ongoing Project” means a multi-year project undertaken by a Company in fulfilment 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 approving 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 Bank’s CSR activities evolve further, the policy may be revised with the approval of the CSR Committee of the Board.

6. 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, action plan and goals.
- To monitor the Bank's CSR policy and performance.
- To sanction/ review /recommendation of 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.
- To evaluate and recommend to the Board to modify/amend/cancel the ongoing projects.
- Overseeing Environmental, Social and Governance (ESG) Reporting and review of various activities of the Bank under the prescribed ESG Framework.
- Review of Annual Action Plan and Fund utilization certificate issued by CFO.

II Guiding principles for selection

7. 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.

7.1 Core Area of CSR activity

- 1) -Eradicating hunger, poverty and malnutrition.
 - Promoting health care including preventive healthcare and sanitation
 - Contribution to Swachh Bharat Ghosh 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, 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 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 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.

7.2 Other areas of CSR activity

- 1) - Ensuring environmental sustainability
 - Ecological balance
 - Protection of flora and fauna
 - Animal Welfare
 - Agro forestry
 - Conservation of natural resources
 - Maintaining quality of soil, air and water
 - Contribution to the clean Ganga Fund set up by the Central Government for the rejuvenation of river Ganga.
- 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
- 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 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.

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 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.

9. Disbursement

The Board of Directors of the Bank, 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 disbursement of funds will be decided depending on the nature and requirement of the project. The funds will be released by the Bank 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 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 the 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: -

- i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- ii. the manner of execution of such projects or programmes
- iii. the modalities of utilization of funds and implementation schedules for the projects or programmes;
- iv. monitoring and reporting mechanism for the projects or programmes; and
- v. 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 Bank 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 the 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 Bank 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 sponsorship basis for deriving marketing benefits for its products or services.
- g) The programs/ projects should exclude activities carried out for fulfilment of any statutory obligations under any law in force in India.
- 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 Bank 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 FYs as aggregated in 'Unspent Corporate Social Responsibility Account (UCSRA)
- m) Any surplus, generated out of the CSR activities of the Bank, will be ploughed back to the CSR Initiatives of the Bank and Unspent amount (if any) from CSR program/project will be incurred/transferred in accordance to CSR rules of the Act and amendments thereof.

During any financial year, the Annual Action Plan of the Company may be modified with approval of the board 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 Bank will undertake its CSR projects directly or through a Trust formed by the Bank.

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 Bank:

Sanctioning Authority	Eligible Amount
DGM - CRD	Up to Rs. 1.00 lakh
Executive in charge of CRD – CSR Cell (currently CGM HR & Operations)	Up to Rs. 10.00 lakh
MD & CEO	Up to Rs. 25.00 lakh
CSR Committee of Board	Beyond Rs. 25.00 lakh and up to Rs. 50.00 lakh
Board of Directors	Beyond Rs. 50.00 lakh

The Board of Directors of the Bank, from time to time, is authorized to modify/amend/cancel the ongoing projects as per the recommendation of CSR Committee accompanied with 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 Bank.
- Bank will undertake impact assessment of the CSR projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the impact study, through an independent agency, provided Bank is having average CSR obligation of Rs.10.00 crore or more in the three immediately preceding financial years, in pursuance of The Company 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 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 in which 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 Bank's CSR activities will be driven directly by Bank or by the Trust ensuring that the CSR policy is embedded across the Bank'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 Bank's Annual Report and also as per any other statutory and regulatory reporting requirements.

13. Publishing in Bank'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.
