

INDUSIND BANK LTD.

CSR Policy

1. CSR Mission Statement

At IndusInd Bank, we believe that 'Good Ecology is Good Economics'. We will continue to create value for all our stakeholders and emerge as a 'Best-in-Class' Bank that is committed to sustainable economic growth. We will ensure that the Bank's business grows consistently and responsibly, benefitting those we directly serve while also promoting the well-being of our employees, our natural environment and the community at large. IndusInd Bank will support and design sustainable CSR programs, that primarily empower and benefit marginalized and weaker sections of society, high-risk and high-stressed communities.

2. CSR Philosophy

IndusInd Bank, is committed to running its business in a way that generates sustainable value for its customers, clients, shareholders and employees. The Bank recognizes that since its sphere of activity and influence extends beyond the boundaries of the financial system, it needs to work through various CSR initiatives for uplifting the marginalized/underserved and Environmental Conservation.

3. Guiding Principles

We recognize our on-going commitment to engage with our stakeholders to be a crucial and powerful tool for the way we conduct business. We will pursue a process of continuous improvement of our CSR policy and practices and shall be guided by the CSR Act/Rules as notified by the Ministry of Corporate Affairs. Our vision is to be trusted, valued and respected for our financial, environmental and social performance.

1. Strong commitment to bring about grassroots level change in our Country
2. Engage with disadvantaged / minorities to improve livelihood and make them self - sustainable
3. Also support to promote Environment, Health and Education
4. Specific focus on women & children for transforming lives
5. All activities done with utmost compliance and highest levels of governance
6. Engage with diverse stakeholders and pool our resources and capabilities for higher impact
7. Monitor and measure our impact
8. Build a strong Brand through communication
9. Engage employees and create a sense of pride in them
10. Partner with reputed implementing agencies for smooth execution and focus on design & development for maximum impact
11. Projects and Programs will be distinctive and unique to the Bank designed innovatively with end beneficiary in mind
12. Work in collaboration with various ecosystem players and consultants to understand & adopt best practices
13. The Bank will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations
14. The programs/projects will be beyond business as usual
15. 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
16. 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
17. The programs/projects should exclude activities that are to be supported on sponsorship basis for deriving marketing benefits for its products or services

18. The programs/projects should exclude activities carried out for fulfilment of any statutory obligations under any law in force in India.

4. Applicability

This policy shall apply to all the employees of IndusInd Bank especially the Corporate Social Responsibility Department for governance and compliance. It shall also be applicable to employees in fully owned subsidiaries/associates of the Bank in case of CSR collaboration.

5. Scope

This policy shall cover all the activities, projects, initiatives, as enumerated in Section 135 of Companies Act 2013 & rules under Amendments thereof and strategies directed by CSR Committee. It shall also be applicable to fully owned subsidiaries/associates of the Bank in case of CSR collaboration.

BFIL, being a 100% subsidiary of the Bank will also have a CSR Policy which is guided by the Bank’s CSR Policy and a documented governance framework for the CSR activities undertaken by BFIL.

There will be strict arms-length maintained in all CSR activities with Hinduja Group.

6. Focus Areas

The Bank has adopted a long term approach with programs which provide maximum societal impact, aligning with the CSR mission of designing sustainable CSR programs. IBL has categorized its CSR spends into two portfolios:

1. Flagship Program and
2. Strategic Projects

This is summarised below in a table format:

Portfolio Approach	Flagship Program	Strategic Project
Definition	Long term programs designed to create deep social rural impact + leverage brand	Short term theme based projects designed to solve critical issues in the ecosystem. Urban / Tier II / Tier III cities in focus
Implementation Model	5-10 years or more project life	3-5 years’ project life
	Long term Public - Private Partnership (Government, NGOs)	Short mid-term partnerships
	Strategic Role in Design & Implementation	Leverage partners with strong community connect
Branding	Owned/Co-owned by IBL	Co-branded with industry / NGO partners
Focus Area	Sustainable Holistic Rural Development	Sustainable Environment, Education, Inclusive Sports as focus themes
Employee Engagement	IBL Employees engagement / volunteering in key causes / campaigns	IBL Employees engagement / volunteering in key causes / campaigns

Flagship Programme

Holistic Rural Development Program, designed and owned by IBL with a mission to improve the income levels and standard of living aligning with Niti Aayog Aspirational Districts. It would have a long term perspective of 5-10 years, with impact on:

1. Economic Empowerment of communities
2. Improved efficiency in natural resource management

A significant allocation of CSR spends would be towards this as the program scales up and stabilizes.

Strategic Projects

Projects of 3-5 years taken up in broad thematic areas of:

1. **Environment Sustainability:** This will include programs in verticals such as Water Stewardship, Afforestation, Renewable Energy, Climate Adaptation and Waste Management.
2. **Education:** This will include programs in verticals such as School, College or Higher Education Interventions, Remedial Education, Assisted Learning, Education & Learning programs for the differently Abled, Fellowship & Scholarship Programs, and Non-formal Education & Inclusion Programs.
3. **Inclusive Sports:** This will include programs in verticals such as Sports for Women, Sports for People with Disabilities, Sports for the Underprivileged/marginalized.

Other Areas of Special Interest: Exception need based projects as per Schedule VII activities of the CSR Law will be supported on a case-by-case basis, Projects implemented on stakeholder/ regional needs basis and/or Disaster Relief, or Support during Public Health Emergencies, Relief or National Emergencies or State Emergencies.

7. Priority Geographies

IBL's Business existing & potential presence in the selected states will be considered in order to serve the needs of communities in regions where IBL operates. States with low scores in SDG scores will be prioritized for maximum societal impact.

8. CSR Budget

The Bank shall ensure that the 2% of average net profits from the immediately 3 preceding years is spent on CSR initiatives undertaken by the Bank.

The overall amount to be committed to CSR will be approved by the Board as recommended by the CSR committee through its Annual Action Plan carrying list of CSR projects or programs approved to be taken.

The following guiding principles to be adhered to in terms of CSR Budget Outlay and Expenditure:

1. The administrative overheads shall not exceed five percent (5%) of the total CSR expenditure of the Bank for the financial year
2. Any surplus generated from CSR activities shall not form part of the business profit of the Bank and shall be treated as follows: 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.
3. Any unspent amount shall be reported to 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.

4. 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.
5. 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.

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.

9. Governance

The Bank will follow a committee based approach with the following hierarchy:

1. Bank's Board of Directors
 2. CSR Committee of Bank's Board of Directors
 3. CSR Sub-Committee of Banks Management Team
 4. CSR Department
- A) CSR Department of the Bank will be responsible for administering and executing the CSR policy.
- B) CSR Sub-Committee at Bank Management level will have representation from BU Heads who will provide broad directional guidance and alignment to the CSR Department. Periodic CSR updates will be provided to the CSR Sub-Committee on CSR Initiatives.
- C) CSR Committee of the Board will consist of three or more directors including at least one Independent Director. The Committee will meet at least twice a year.

The following shall be the terms of reference of the CSR Committee of the Board.

- To approve the Bank's CSR strategy, policy and goals and revision thereof, as may be required and recommend to the Board.
- To approve the CSR Annual Action Plan pursuant to the Act.
- To monitor the Bank's CSR performance from time to time to ensure compliance with policy and that the Bank meets the mandatory CSR compliance requirements.
- To review regulatory reporting, communication and appropriate disclosures to stakeholders on the Bank's CSR projects/initiatives
- To ensure that the surplus arising out of the CSR projects or programs or activities do not form part of the business profit of the Bank
- To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.

The Budget and Annual Action Plan, detailing the CSR budget spend for the year across several projects and any new initiatives taken up by the CSR Department will be presented to the CSR Committee of the Board for approvals.

Based on recommendations of the CSR Committee, the Board will review and approve the CSR Policy, the Annual Action Plan and the overall governing mechanisms for implementation of the same. The Board shall satisfy itself that the CSR funds so disbursed are aligned to the CSR Policy of the Bank and have been utilized for the purposes and in the manner approved by it. The CFO or appropriate authority shall certify the same to the effect.

10. Approval and Implementation

CSR Programs aligned with the policy will be reviewed by the unit based on predefined criteria and approved for implementation as per the Annual Action Plan.

Post approval of the CSR project, implementation will be either

1. Directly by the Company
2. Through a company established under section 8 of the Act, or
3. Registered public trust or a registered society having an established track record of at least 3 years in undertaking similar activities for which the grant is being given.

The preferred mode of implementation of CSR projects will be through well-established and reputed partners. Partners will be selected based on detailed due diligence and as per pre-defined criteria.

These organizations would need to be registered under section 12A and 80 G of the Income Tax Act, 1961. The above entities shall register with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 1st April 2021.

The Company may engage International Organizations (as defined in Clause 2(g) of the Companies (Corporate Social Responsibility Policy) Rules 2014) for designing, monitoring, and evaluation of CSR Projects as well as capacity building of their personnel.

11. Monitoring and Evaluation

1. CSR Department will attend to all activities related to CSR.
2. Consultants with required competency and experience may also be hired from time to time.
3. Projects will be regularly monitored by the CSR Team, which will also be responsible for holding regular reviews with the relevant Implementing Agencies.
4. The Bank may use the services of internal teams, employee volunteers, expert agencies, consultancy firms etc. wherever required for carrying out need assessments, base line surveys, guidance on program design and implementation, impact assessment surveys, volunteering activities and so on.
5. Site Visits
6. CA certified/audited Utilization certificates

12. Audit

1. All CSR projects > = 1 Cr Outlay will be audited by External Auditor appointed by the Bank. The same will also supported by Certified Utilisation certificate from the Implementing Partners
2. All CSR projects < 1 Cr to obtain CA certified Utilization Certificates from the implementing partners.

13. Impact Assessment

The Bank shall undertake impact assessment of its projects through an independent agency, 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. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

14. Branding & Communication Strategy

The CSR programs will be branded under '**Sattvam – Our Country. Our Commitment**'. The Brand stands the spirit of goodness in one and all of us, with a strong nation building focus. The Brand will help reach out to both internal and external stakeholders and enhance the Bank's presence in media. The Bank will have a clear CSR

communication strategy for external and internal stakeholders, which is aligned with the Bank's overall logo and communication strategy.

Internally, with employees, CSR will provide a platform to deepen employee engagement with the bank by participation in CSR programs and several employee engagement opportunities.

15. Review of the CSR Policy

The CSR Policy will be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs from time to time, on the subject matter.

1. In any case, the CSR Committee shall review the Policy every year once for making suitable amendments for better implementation of the Policy. It would be subject to revision / amendment by the Board based on the recommendation of the CSR Committee in accordance with the Act and the Rules.
2. The Bank reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
3. These will, however, be reported to or tabled before the CSR Committee of the Board, from time to time, to ensure CSR Committee's oversight on these issues.

16. Disclosures

The CSR Policy framework will be displayed on the website of the Bank. All the disclosures and reporting shall be carried out as per the regulatory requirements of the Companies Act.