



Corporate Social Responsibility (“CSR”) Policy

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1. INTRODUCTION

Bank's mission and objective is to provide full range of financial services to the economically active poor to enable customers lead a better life and reaching out to unserved and underserved communities.

The Act has introduced provisions on CSR, which rests on the ideology of give and take. The term CSR has been defined under the CSR Rules which means and includes but is not limited to:

- Projects or programs relating to activities in areas or subjects specified in the Schedule VII to the Act ; or
- Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR policy of the Bank subject to the condition that such policy includes activities in areas or subjects specified in the Schedule VII of the Act.

This Policy sets out the broad framework guiding the Bank's CSR activities. The Policy also sets out the principles and the rules that need to be adhered to while taking up and implementing CSR activities to be undertaken in areas or subjects as specified in Schedule VII of the Act (excluding the activities pursued in the normal course of business).

2. OBJECTIVES OF THE POLICY

The following are the objectives of the Policy:

- To create strong goodwill and brand image in the community
- To comply with the statutory and regulatory requirements pertaining to CSR.
- To define what CSR means to the Bank and the approach for the same
- To lay down the guidelines & mechanism to carry out CSR program/project & to report the work in reporting format as prescribed by the Rules in the Act.
- To identify areas of intervention and projects that will be taken up by the Bank as part of its CSR plan with the implementation schedules
- To constitute review mechanism of monitoring the progress of CSR projects/ programs and implementation of CSR policy by CSR Committee
- To ensure that the surplus arising of CSR projects/ programs/ activities shall not form part of the business profit of the Bank

3. DEFINITIONS

- i. **"Act"** means the Companies Act, 2013, as amended from time to time;
- ii. **"Bank "** means Ujjivan Small Finance Bank Limited;
- iii. **"Board"** means Board of Directors of the Bank;
- iv. **"Board's or Directors' Report"** means the Report referred under Section 134(3) of the Act;
- v. **"Corporate Social Responsibility Committee"** means a Committee of the Board constituted under Section 135 of the Act;
- vi. **"CSR Rules"** means the Companies (Corporate Social Responsibility Policy) Rules, 2014 made under the Act, as amended from time to time; and
- vii. **"Policy"** means Corporate Social Responsibility Policy framed and implemented by the Bank;

All other words and expressions used in this Policy but not defined herein, shall have the same meaning as ascribed to them under the Act.

4. APPLICABILITY

The policy shall be applicable to all activities undertaken by the Bank towards fulfilling its CSR objectives and obligations.

5. GOVERNANCE STRUCTURE

The Board shall

- (a) after taking into account the recommendations made by the CSR Committee, approve the Policy for the Bank and disclose contents of such Policy in its report in a prescribed format and also place it on the Bank's website, if any, in such manner as may be prescribed; and
- (b) ensure that the activities as are included in Policy of the Bank are undertaken by the Bank.

The Board/CSR Committee shall oversee the plan for CSR activities and the status of the achievement of the CSR plan. The Board has constituted a CSR Committee in accordance with the provisions of the Act. This shall help in developing an effective CSR framework that can assist the Board to ensure that CSR issues and opportunities are well-managed and maximised.

The CSR Committee/Board is the governing body that shall define the scope of CSR activities for the Bank and approve/ review the Policy as and when required or at least annually. The Committee shall be responsible for implementation of the Policy. The CSR Committee would comprise of three or more Directors including at least one independent Director. The CSR Committee shall approve and recommend to the Board any registered trust/ society for undertaking the CSR activities.

6. CSR PRINCIPLES FOLLOWED BY THE BANK

The Bank follows the below principles of CSR based on which the CSR activities have been identified and the CSR plan has been formulated:

- **Sustainability**
The Bank shall use resources optimally and shall strive to be internally efficient and responsible. The Bank shall regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical and environmental considerations. The Bank shall promote sustainable consumption and support recycling of resources.
- **Accountability**
The Bank shall imbibe ethical conduct in all its functions and processes and shall promote a culture of integrity and ethics throughout the organization. The Bank shall ensure that all mandatory disclosures are made transparently and fairly and must communicate decisions and ensure access of information to all stakeholders. The Bank shall not engage in practices that are abusive, corrupt or anti-competition.
- **Promotion of human rights and respect interests of all stakeholders, especially the disadvantaged, vulnerable and marginalised**
The Bank shall integrate respect for human rights in management systems in particular through assessing and managing human rights impacts of operations and ensuring that all individuals have access to grievance mechanisms. The Bank shall systematically identify their stakeholders particularly those who are disadvantaged or vulnerable, understand their concerns, define purpose and scope of engagement and commit to engaging with them. The Bank shall be transparent about its policies, products and services on the stakeholders.
- **Environment protection**
The Bank shall utilize natural and other resources responsibly and ensure recycling of resources, wherever applicable. The Bank shall develop Environment Management Systems and contingency plans and/ or processes that help in preventing, mitigating and controlling environmental damages and disasters which may be caused as a result of its operations. The Bank shall take measures to conserve the environment and focus on the “Swachh Bharat Abhiyaan” initiative of the Prime Minister.
- **Inclusive growth and equitable development**
The Bank shall recognise the challenges of the social and economic development and shall build upon the development agenda as articulated in government policies and procedures. The Bank shall make efforts to complement and support the development priorities at local and national levels and provide for appropriate resettlement and rehabilitation of communities who have been displaced.

6. CSR ACTIVITIES OF THE BANK

The Bank shall constantly strive to ensure strong corporate culture which emphasizes on integrating CSR values with business objectives. It shall pursue initiatives to eradicate hunger; poverty; promoting preventive health care and making available safe drinking water; promoting education, including special education, employment enhancing vocational skill training for women, promoting gender equality, programs for empowering women, projects for environmental protection and any other projects/ programs as it deems appropriate from time to time. The Board may decide any other CSR activities (as elaborated in Annexure-1) allowed under the Act.

The Bank's CSR activities may focus on any or all of the following six key areas with a goal to holistically approach poverty reduction and bettering quality of lives through social development projects:

- **Community infrastructure development projects**
 Minor constructions and renovations such as bus stands (waiting sheds), public parks, schools and anganwadis, public toilets, water connections and public taps, public library, Construction of foot over bridges, reconstruction / renovation of existing damaged infrastructure etc.
- **Environmental Projects**
 Ensuring environmental sustainability, recharge-pit for bore wells, solar lamps at public places (e.g. Government hospitals), conservation of natural resources and maintaining quality of soil, air and water.
- **Public amenities, Health and Hygiene**
 - a) Safe drinking water facility at public places (bus stand, schools, hospitals etc),
 - b) Safety for public (fencing electric transforms, road signals),
 - c) Public health and hygiene (supporting PHCs & maternity homes, cleaning public places, clearing garbage dumps, providing dust bins, improving drainage, area spraying for Malaria, Chikengunya, Dengue, public awareness programs etc)
 - d) The health, nutrition needs, education, mobility and livelihood of lower income group households have severely affected by Covid -19 Pandemic. The activities shall be implemented under 5 broad areas; 1) feed the needy, 2) Covid19 awareness, education and prevention, 3) treatment and promotion of health care, 4) creating awareness on the various government programs/ schemes available to communities that the Bank work in, and 4) livelihood promotion, skill development and vocational training which benefit small entrepreneurs in a new market conditions.
- **Promoting Education**
 Providing facilities in schools & Anganwadis, Initiatives for Girl child education, merit scholarships for technical education.
- **Social Welfare**
 Relief programs and facilities to orphanages, old age homes, mentally & physically challenged personals, etc.
- **Disaster Relief programs**
 Reserve Funds for Flood Relief / Disaster Relief programs, to quickly respond and undertake relief activities during natural calamities, like floods and cyclones, through vast branch network in various parts of the country.

- Any other projects that are relevant and qualify for CSR activities under the Act and Companies (Corporate Social Responsibility) Rules, 2014 as amended from time to time.

The Policy would also ensure compliance with section 135 of the Act and would include the activities as covered under Schedule VII to the Act and the CSR Rules and as amended from time to time.

7. CSR FUNDS

The corpus for the purpose of carrying on the aforesaid CSR activities would include the following:

- 2% of the average Net Profit before tax made by the Bank during immediately preceding three Financial Years.
- Any income arising there from.
- Surplus arising out of CSR activities carried out by the Bank and such surplus will not be part of business profit of the Bank.

“Net Profit” shall be calculated in accordance with the provisions of Section 198 of the Act.

The “Net Profit” means the net profit before tax as per the financial statement of the Bank prepared in accordance with the applicable provisions of the Companies’ Act, but shall not include the following:

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- (ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

In line with the RBI circular on Donations by Banks of December 21, 2005, Bank ensure that the donations made during financial year (including for CSR) do not exceed , aggregating one per cent of the published profit of the banks for the previous year.

However, as per the said Circular the donations to Prime Minister's National Relief Fund (Procedure to be followed for remitting the contributions / donations to the fund as per the Circular) and subscriptions / contributions to professional bodies / institutions related to banking industry like Indian Banks' Association, National Institute of Bank Management, Indian Institute of Banking and Finance, Institute of Banking Personnel Selection and Foreign Exchange Dealers’ Association of India may be excluded from the limit as mentioned above.

All the utilization certificates, agreements, invoices with actual spend will be diligently documented and the records shall be available as and when required for scrutiny by auditors or regulators or other stakeholder.

The following shall not be treated as expenditure under CSR activities:

- a. Any expenditure that benefits only employees or their families
- b. Any CSR expenditure undertaken out of India
- c. Contribution of any amount directly or indirectly to any political party
- d. Any other activities pursued in the normal course of business of the Bank.
- e. marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- f. Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Act

8. IMPLEMENTATION OF CSR ACTIVITIES

Bank has constituted a management level National CSR Committee. The National CSR Committee is responsible to supervise and guide the Bank level CSR Team for execution of the CSR activities and plans as approved by the Board Committee on CSR.

The Bank may decide to build CSR capacities of its own staff undertaking CSR activities and of the employees of the implementing agencies through Institutions with established track records of at least three financial years. The expenditure including expenditure on administrative overheads of such program shall not exceed 5% of the total CSR expenditure of the Bank in one financial year.

Salary paid by the companies to regular CSR staff as well as employees as well as to volunteers of the Bank (in proportion to company's time/hours spent specifically on CSR), who render their services for CSR will be part of Administrative overheads..

The National CSR Committee may undertake its CSR activities approved by the CSR Committee, through implementing agencies that can be:

(a) a company established under section 8 of the Act or a registered trust or a registered society, established by the Bank, either singly or along with any other company, or

(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature :

Provided that- if, the Board decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified above, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism”.

The Bank may give preference to the local areas and the areas around where it operates for spending the amount earmarked for CSR activities.

9. MONITORING AND REPORTING REQUIREMENTS

The CSR Committee shall,—

- (a) formulate and recommend to the Board, the Policy which shall indicate the activities to be undertaken by the Bank in area or subject, as specified in Schedule VII;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
and
- (c) monitor the the Policy of the company from time to time.

The CSR Committee would be responsible for monitoring CSR initiatives, progress on approved projects and shortfalls in achieving the CSR plan, if any. The Bank to provide a quarterly progress report to the CSR Committee of the Board, which would inter alia include the following:

- 1) Achievement since last progress report/ during the last quarter in terms of coverage compared to the target.
- 2) Achievement of the year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
- 3) Actual year-to-date spends compared to the budget and reasons for variance.
- 4) Report on the implementation of the CSR Policy and its effectiveness
- 5) Area-wise expenditure on account of CSR
- 6) Disclosures on CSR as required to be incorporated in the annual results

The CSR Committee shall be responsible to report to the Board on the status of achievement of the CSR initiatives and its activities on quarterly basis. The Committee shall also report significant CSR activities and achievements in the Director's Report in the Bank's Annual Report.

The Board's Report of the Bank shall include composition of the CSR Committee, an annual report on the CSR expenditure, reference of the policy developed and implemented by the Bank on CSR initiatives as per the format given in Annexure 2. In case entire budget is not spent in a financial year, reasons for the same shall be specified in the CSR report. The aggregate expenditure on CSR activities shall also be disclosed by way of notes to accounts.

The Policy shall be available on the website of the Bank at <https://www.ujjivansfb.in/corporate-governance-policies> and reference thereof shall be given in Board's Report of the Bank.

10. REVIEW AND REVISION

The Board shall review this Policy on annual basis and may review and make necessary revisions or changes in this policy at any time, if required.

11. REGULATORY REFERENCES

- Companies Act, 2013.
- Companies (Corporate Social Responsibility Policy) Rules, 2014
- National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business of Ministry of Corporate Affairs

12. ANNEXURES

Annexure 1: List of CSR activities permissible under Companies Act, 2013

As per the Section 135 and Schedule VII of the Act the following activities which may be included by companies in their Corporate Social Responsibility Policies –

(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) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents; Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including Widows.

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports

(viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), [Department of Biotechnology (DBT)] Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) rural development projects

(xi) slum area development

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

Annexure 2: Reporting format to the CSR Committee and Board for disclosure in the Board’s report

The Board’s Report

1. A brief outline of the Bank’s CSR policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee
3. Average net profit of the Bank for last three financial years
4. Prescribed CSR expenditure (2% of the amount as given in point 3. above)
5. Details of CSR spent during the financial year:
 - a. Total amount to be spent for the financial year
 - b. Amount unspent, if any (with reasons)
 - c. Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	Name/ Title of the CSR project or activity identified	Sector in which project is covered	Projects of programs (1) Local area or other the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
	Total			Total			

* give details of implementing agency.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Signature

Signature

Managing Director and CEO

Chairman/Chairperson of CSR Committee