

Policy on Corporate Social Responsibility 2021-2022

Introduction

Corporate Social Responsibility (CSR) has always been a key component of the operating philosophy of the Federal Bank Limited. Federal Bank Hormis Memorial Foundation, a charitable trust set up by the Bank in 1996, in the fond memory of its Founder Shri KP Hormis is the special Purpose Vehicle to undertake CSR activities of the Bank.

The Bank has a Corporate Social Responsibility (CSR) Policy which is approved by the Board of Directors of the Bank, as mandated by Companies Act, 2013. The Policy elucidates in detail on the CSR Vision, the Committee and the CSR projects & activities of the Bank through the focus areas as notified under Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules 2014 and objectives of the Federal Bank Hormis Memorial Foundation as mentioned in the trust deed.

As mandated by the recent amendment in CSR Rules, 4(2)(a), 2014 Federal Bank Hormis Memorial Foundation has been registered for undertaking CSR activities and the Registration number is CSR00006299

Legal Framework of CSR Policy

Section 135 of the Companies Act 2013 (hereinafter referred to as the Act), effective from 1.4.2014, read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time, lays down the legal framework for the Bank's CSR policy, guided by the core values of quality, reliability and trust, and passion for excellence pursued by the Bank at all levels.

Corporate Vision and objective of the Policy

The Bank desires to make a meaningful contribution for the improvement of those people who are at the bottom of the social pyramid, and thereby act as socially conscious, well governed and successful corporate citizen of the country, maintaining highest standards of corporate governance with the cooperation and involvement of its employees, constituents, society, shareholders and other stakeholders including the Government.

The Bank would be ensuring that the activities are undertaken in a manner that every rupee spent for this purpose will ultimately bring maximum relief to the intended beneficiaries, and thereby contribute to the long term development of the society. The Bank aims to do this by engaging in activities that provide socially and environmentally sustainable benefits for the beneficiaries, measurable in economic terms. This would demonstrate the social commitment of the Bank, in the same manner as it services the interest of the customers, employees and shareholders, integrating the social and business goals.

CSR through Employee Volunteering

Bank ensures employee engagement and encourages employee involvement in the social responsibility activities of the Bank through various programs every year. Bank budgets a specific amount under Employee Volunteering and the same would be reached out to the needy through well planned team activities. The CSR Committee would take required decisions and give necessary guidance and also would monitor the Employee volunteering activities.

The activities will be only carried out in India, in areas of operation of the Bank.

Organization structure for CSR activities

The CSR activities will be undertaken in compliance of and within the legal framework referred above by the Board of Directors (herein after referred to as “the Board”) on the basis of the CSR policy formulated and recommended (on a long term, medium term and short-term basis along with specified timelines) by the CSR Committee of the Board (herein after referred to as “the CSR Committee”) constituted within the frame work of the Act. The Bank has a specially designated CSR Department that shall coordinate monitor, ensure, inspect and report to the Committee, that the benefit reaches the intended beneficiaries.

The constitution of CSR Committee of the Board and CSR Committee of executives is given in **Annexure 1**.

Most of the activities would be implemented by the Trust set up by the Bank, which will act as a special purpose vehicle for the implementation of CSR Activities, with due compliance of the applicable statutory provisions.

Connect with Local Community and Linking business with CSR

More thrust will be given on geographical areas where Bank is having more presence so that Bank will get good opportunity to connect with the local community, resulting a boost in the goodwill of the Bank.

Spending for ongoing projects and its utilization mechanism

Any amount remaining unspent under section 135(5), pursuant to any on-going project undertaken by the Bank in pursuance of its Corporate Social Responsibility Policy, in

FY2020-21, will be transferred by the Bank within a period of thirty days from the end of the financial year to a special account –Unspent CSR Account opened by the bank in that behalf for that financial year. This amount will be spent by the Bank in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Bank will 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.

“On-going Project” means a multi-year project undertaken by the Bank 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.

On-going Projects identified for FY2020-21 and amount transferred to Unspent CSR Account are as follows:

Ongoing CSR Projects	Amount transferred to Unspent CSR Account(in ₹)
Covid 19-Promotion of Health Care including preventive Health Care - Vaccination Programme-Creating awareness among Public- Support to Sanjeevani	10,63,18,000
Covid 19- Livelihood Enhancement Project – Measures for creating livelihood among the unskilled/unorganized personnel/returning NRIs of Kerala	3,20,00,000
Health Care: Sponsoring Trauma care units – Support to Aspatal- Sansad Mobile Swasthya Seva, Himachal Pradesh, for funding annual operational expenses of plying Mobile Clinics in the state of Himachal Pradesh	1,32,30,000

Transfer of fund to the specified Fund under Schedule VII if the amount of 2% of profits earmarked for CSR was not spend by the Bank

If Bank fails to spend the amount of 2% profits earmarked for CSR activity, and unless the unspent amount relates to any on-going project referred to in section 135(6), such unspent amount will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Funds Specified in Schedule VII is as follows:

1. 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.

2. Contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

3. Contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of sanitation

Decriminalization of offences in case of breach

As per Sec135 (7) If a company/bank is in default in complying with the provisions of sub-section (5) or sub-section (6),

- (a) the company/bank shall be liable to a penalty of twice the amount required to be transferred by the company/bank to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less.
- (b) and every officer of the company/bank who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company/bank to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

Officer in default in case of violation of regulatory provisions

Head CSR-Corporate Social Responsibility Department will be the person responsible for ensuring regulatory compliance.

Excess CSR Spending, if any, during any financial year

If the Bank spends an amount in excess of the requirements provided under section 135(5), bank may set off such excess amount against the requirement to spend under section 135(5) for a period of three succeeding financial years subject to the conditions that –

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities,
- (ii) the Board of the Bank shall pass a resolution to that effect.

Impact Assessment for projects above ₹1.00Crore

Every company/bank having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the act, in the three immediately preceding financial years, shall undertake impact assessment through an independent agency, of their CSR projects having outlay of Rs 1.00 Crore or more. The projects are to be completed not less than one year before undertaking the impact study.

Bank will undertake impact assessment, of CSR activities having outlays of ₹1.00 Crore and above in FY 2020-21, if any, with the help of an independent agency

The reports of impact assessment will be placed before the CSR Committee of the Board and will be annexed to the annual report on CSR.

CSR initiatives covered by the Policy

In accordance with the corporate philosophy outlined above, and the frame work of the Act as amended from time to time, the thrust areas of CSR activities of the bank would be:

1. **Poverty Alleviation:** Eradicating hunger, poverty, and malnutrition; Providing safe drinking water, Housing to economically backward sections of society; Healthcare including preventive healthcare and Trauma-care in high-ways; Improved sanitation and hygiene and other measures for reducing inequalities faced by socially and economically backward sections of society including contribution to funds set up by central Government for promotion of sanitation; Covid 19 activities under Preventive Health Care
2. **Education and skill development:** Promoting education including special education and vocational education including skill development for children, women elderly and differently abled and livelihood enhancement projects and other activities within the overall objective of promoting education; Awareness and public outreach on Covid 19 vaccination program.
3. **Gender equality and welfare of Senior citizens:** Undertaking activities for gender equality including but not limited for empowerment of women, self-help groups and similar organizations; setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for Senior citizens.
4. **Ensuring environmental sustainability and ecological balance:** Undertaking activities with the overall objective of ensuring environmental sustainability and ecological balance; protection of flora and fauna; animal welfare; Agro-forestry: conservation of natural resources including maintaining quality of soil, air and water; renewable energy and other activities within this overall objective of environmental sustainability including contributions to funds set up by Central Government for rejuvenation of river Ganga .
5. **Protection of national heritage:** Providing 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 arts and handicrafts.
6. **Benefit of armed forces veterans:** Taking up projects or activities intended for providing benefit of armed forces veterans, war widows and their dependents.
7. **Promote rural, nationally recognized, Paralympic and Olympic sports** by supporting training for attaining excellence in all areas of sports.
8. **Contribution to the Prime Ministers National Relief Fund or any other Funds** set up by the Central Government for socio economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women.
9. **Providing financial assistance to technology incubators**, located within academic institutions duly approved by the Central Government for this purpose
10. **Development projects** for rural areas and areas declared by Government as slum areas.

11. **Prevention of child abuse and child labour** to ensure education for all kids and providing them facilities/support to the families to help them sending kids to the schools and thereby prevent child abuse & child labour.
12. **Support to Swatch Bharat Mission** by constructing toilets for the poor, e-toilets at public places, support for re-cycling of plastic, e-waste etc.
13. **Promotion of digitization:** In line with the Government of India's move towards higher digitization, with focus digitization in rural and semi-urban areas”
14. **Disaster Management:** Disaster management including relief, rehabilitation, and reconstruction activities, supporting for Covid 19 relief measures

The above objectives are broad based and will be construed in a liberal manner within the framework of the Act.

Proposed Core CSR activities for the Financial Year 2021-2022

Youth engagement
Education
Promoting Vocational Skills
Healthcare
Women empowerment
Digitization
Support to Swatch Bharat Mission
Covid 19 Relief Measures

Validity of this policy: This policy shall be valid for a period of 1 year from the date of approval.

ANNEXURE I

Constitution of CSR Committee of the Board

No	Name	Role
1	Sri K Balakrishnan	Chairman
2	Sri A P Hota	Member
3	Sri Shyam Srinivasan	Member
4	Sri Ashutosh Khajuria	Member
5	Ms Shalini Warriar	Member
6	Chairperson of the Bank & Managing Trustee, Federal Bank Hormis Memorial Foundation	Invitee

Constitution of CSR Committee of Executives

No	Members	Role
1	Group President & CFO	Chairman
2	Chief Human Resources Officer	Alternate Chairman
3	Chief Risk Officer	Member
4	Head- CSR Department	Member