

**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY****1. INTRODUCTION:**

The Companies Act, 2013 requires prescribed classes of Companies to appoint a Corporate Social Responsibility (CSR) Committee adopt a CSR Policy and ensure to spend at least two percent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of CSR activities.

As a part of the IDBI Group, it is our endeavor to follow the footsteps of our Parent Company IDBI Bank Limited and work in coordination with IDBI Bank in order to maximize the contribution towards CSR activities. Accordingly, IDBI Capital's CSR policy is driven by the intent to make a material, visible and lasting difference to the lives of disadvantaged sections of the society and a sustained positive contribution to the welfare of society at large through a dedicated CSR budget carved out of our profits for assorted but deserving CSR initiatives pan-India.

The key areas identified under this Policy for making strategic interventions are rural infrastructure, social empowerment, education, environment, community welfare, healthcare, etc. These include, but are not limited to, collaborative long-term funding for projects designed to promote income-generating activities for tribals and the underprivileged, particularly women, across various states; infrastructure support to schools & youth training centres, rural electrification through solar street lights; financial aid for socio-economic empowerment of the blind, disabled and other under-privileged sections of society. Further, we would like to extend financial and other support during natural calamities in affected states. The CSR activities have been inclusive in nature and as such the beneficiaries are spread across all sections of the community.

**2. SCOPE:****2.1 CSR Objectives**

**2.1.1** As per the Companies Act 2013 and the accompanying operational guidelines, Corporate Social Responsibility has been explained as "a way of conducting business by which corporate entities visibly contribute to the social good and use CSR to integrate economic, environmental and social objectives with the company's operations and growth." IDBI Capital being a 100% subsidiary of IDBI Bank would like to ensure that the Company's CSR activities are not performed in silos and accordingly that its CSR activities are skillfully and inextricably woven into the fabric of the Bank's CSR activities.

**2.1.2-** CSR projects are an important source of innovation and a good way of engaging employees. The Company's CSR policy is designed to focus on holistic development of target communities, including employees, and endeavour to create long-term social and economic value for the organization and society.

**2.1.3-** In pursuance of the aforesaid key objectives, the Company will address a slew of associated objectives in the conduct of its CSR intervention, as under:

- i. Act as a good corporate citizen by making a sustained positive contribution to the welfare of society at large;
- ii. Identify the gaps and extend need based contribution for the betterment of the society, particularly its disadvantaged sections;
- iii. Contribute for the sustainable and holistic development of the underserved communities through various programmes having multi-dimensional impact;
- iv. Generate community goodwill by making proactive interventions that will create an enduring image of the Company as a socially responsible entity.

## **2.2 Applicability**

**2.2.1** The Policy shall apply to all CSR initiatives and activities to be undertaken by the Company at various locations, within India, for the benefit of targeted segments of the society.

## **3. CORE FOCUS AREAS FOR CSR:**

**3.1** IDBI Capital has adopted the following core areas for its CSR initiatives, all of which are culled from the activities spelt out under Schedule VII of the Companies Act 2013, as redrawn through the MCA notification of Feb 27, 2014:

- (i) Promoting Healthcare (including preventive healthcare and sanitation) and Poverty Eradication;
- (ii) Promoting Education (including specialized and employment oriented vocational skills) and Livelihood enhancement projects;
- (iii) Promoting Gender Equality and Socio-economic Empowerment;
- (iv) Ensuring Environmental Sustainability;
- (v) Protecting and Preserving National Heritage, Culture and Art;
- (vi) Welfare measures for Armed Forces Veterans and their Dependents;
- (vii) Promotion of Sports activities;

- (viii) Contribution to Central Government Relief and Welfare Funds (as admissible under the Act);
- (ix) Contribution/Funding to GOI approved Technology Incubators; and
- (x) Rural Development Projects.

### **3.2 Promoting Healthcare & Poverty Eradication**

**3.2.1** The Company's CSR initiatives in the Healthcare & Poverty Eradication area shall include activities aimed at eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water. These may include, but not be limited to, the following:

- (a) Preventive healthcare services;
- (b) Organising periodic health camps/ medical check-ups;
- (c) Donating medical infrastructure to local hospitals and primary health centers;
- (d) Operating mobile dispensaries;
- (e) Organising blood donation camps at various locations;
- (f) Reducing child mortality and improving maternal health;
- (g) Improving functionality of the health care systems through provision of reliable electricity, safe drinking water and sanitation, setting up mass hand-washing facilities in school and institutionalising health and civic awareness;
- (h) Collaborating with Government and/or partnering with civil society in the form of accredited organizations/ institutions across the country for poverty
- (i) alleviation/eradication and implementation of sustainable models.

### **3.3 Promoting Education & Livelihood Enhancement**

**3.3.1** The Company's CSR initiatives in the area of promotion of Education and Livelihood enhancement may aim at promoting access to education, including special education and employment enhancing vocational skills, especially among children, women, elderly and the differently abled and livelihood enhancement projects. The broad activities may include, but not be limited to the following:

- (a) Setting up of an endowment fund for granting scholarship to deserving students from marginalised sections of the society;
- (b) Interventions aimed at promoting education for children, especially for the girl child and thereby arresting drop-out rates;
- (c) Infrastructure for schools, colleges, etc., particularly for the differently abled and disadvantaged sections of society;
- (d) Distribution of IT hardware to rural training centres, schools including those for the differently abled persons, especially visually impaired, etc.;

- (e) Providing financial assistance for mid-day / supplementary meal facilities in schools;
- (f) Supporting computer literacy by promoting IT education in schools/ village community centres, through establishing Smart Classes;
- (g) Organising literacy camps;
- (h) Undertaking financial literacy initiatives on a sustained basis in rural as well as urban areas for all target groups, especially vulnerable sections of society like women;
- (i) Financing Skill development courses, including vocational and livelihood training, for target groups including women, elderly, unemployed and underprivileged youth;
- (j) Assisting the rural populace through Rural Self Employment Training Institutes (RSETI) in taking up self-employment / trades and extending them credit assistance, at concessional interest rate, etc; and
- (k) Initiating and supporting livelihood activities at the local level based on existing skills and resources.

### **3.4 Promoting Gender Equality and Socio-economic Empowerment**

**3.4.1** The Company's CSR initiatives in the area of promoting Gender Equality and Socio-economic Empowerment may include interventions aimed at promoting gender equality and empowering women, among others. The related activities may include, but not be limited to, the following activities:

- (a) Promoting gender equality and empowering women through financing of capacity building programmes, livelihood training, etc;
- (b) Setting up homes and hostels for women and orphans;
- (c) Setting up old age homes, day care centres and such other facilities for senior citizens;
- (d) Measures for reducing inequalities faced by socially and economically backward groups;
- (e) Rehabilitation of / providing infrastructure and other support facilities to Schools and Hostels (including for the differently abled), particularly in rural areas;
- (f) Provision/Distribution of amenities/ equipments to orphanages, old age homes, etc.; and
- (g) Building shelter homes.

### **3.5 Ensuring Environmental Sustainability**

**3.5.1** The Company's CSR initiatives in the Environment sector may include ensuring environmental sustainability (including climate change), ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water. The broad activities under this sector may include, but not be limited to, the following activities:

- (a) Tree plantation programmes, rain water harvesting, etc.;

- (b) Protection of endangered species of animals/birds, etc.;
- (c) Promotion and installation of renewable energy systems;
- (d) Promoting Energy Efficiency concepts and practices;
- (e) Encouraging development & diffusion of environment-friendly technologies (solar energy systems, improved cook stoves, water recycling unit, etc.);
- (f) Conservation of natural resources; and
- (g) Undertaking initiatives that aim to reduce recycle and reuse waste in an innovative manner.

### **3.6 Preservation and protection of National Heritage, Art and Culture**

**3.6.1** The Company may take up CSR activities aimed at protection of national heritage, art and culture, including restoration of buildings, sites of historical importance and works of Art; setting up public libraries; promotion and development of traditional arts and handicrafts.

### **3.7 Welfare of Armed Forces Veterans and Dependents**

**3.7.1** The Company's CSR initiatives in this area may include measures for the welfare of armed forces veterans, war widows and their dependents.

### **3.8 Promotion of Sports**

**3.8.1** The Company's CSR initiatives in this area may include providing support for training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports. The activities may include, but not be limited to the following:

- (a) Financial support to sports academies across the country for developing/ promoting sports, preferably, at the grass-root level; and
- (b) Providing financial assistance to deserving sports persons, particularly those who are differently abled or belong to underprivileged sections of society.

### **3.9 Contribution to Government Relief and Welfare Funds/Disaster Relief Fund**

**3.9.1** The Company's CSR initiatives in this area may include contribution to the Prime Minister's National Relief Fund or any other fund set up by the Government for socio-economic development and relief and welfare of Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women, cleanliness or any Government Funds set up for large scale disaster relief and management

**3.10 Contribution to Technology Incubators**

**3.10.1** The Company's CSR initiatives in this area may include contributions or funds provided to technology incubators located within academic institutions approved by the central government.

**3.11 Financing Rural Development Projects**

**3.11.1** The Company's CSR initiatives in this area may include activities aimed at rural development through, among others, the following initiatives:

- (a) Adoption of villages, particularly in underdeveloped/ backward districts by undertaking reconstruction or rehabilitation in a holistic manner;
- (b) Providing infrastructure and other support facilities to schools, health centres, hospitals, etc. located in rural areas;
- (c) Improving accessibility to water, especially drinking water, through installation / repair of hand pumps, tube wells, wells and other such water distribution / facilities;
- (d) Building and promoting usage of sanitation facilities in rural areas especially in rural schools;
- (e) Promoting and educating about use of alternate and renewable sources of energy through the installation of solar lights and other similar infrastructure; and
- (f) Developing information centres for rural populace to aid economic and social progress in the rural areas.

**3.12 *Employee Engagement***

**3.12.1** The employees of the Company will be encouraged to engage in Corporate Social Responsibility Activities undertaken through Employee Engagement Initiatives.

***Exclusions from CSR***

3.12.1 The activities, which benefit only the employees and their families, shall not be considered as CSR activities.

3.12.2 CSR activities to be undertaken by the Company as per its stated CSR policy shall exclude activities undertaken in pursuance of its normal course of business.

- 3.12.3 Contribution of any amount directly or indirectly to any political party under Section 182 of the Companies Act, and towards activities, which are political/ religious/ sectarian in nature, shall not be considered as CSR activity.
- 3.12.4 On off events such as marathons/awards/charitable contribution/advertisement/ sponsorships of TV Programmes etc.
- 3.12.5 Activities undertaken by the Company in pursuance of normal course of business.
- 3.12.6 Projects or programmes or activities undertaken outside India.
- 3.12.7 Expenses incurred for fulfillment of any statutory obligations.

#### **4. ANNUAL BUDGET FOR UNDERTAKING COMPANY'S CSR ACTIVITIES:**

**4.1** As set out in the Companies Act 2013, IDBI Capital shall allocate a Budget for CSR initiatives for each financial year equivalent to 2% of its average net profits (which is before tax but would not include profits arising from branches outside India if and when we set up branches out of India, whether operated as a separate company or otherwise, and any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act) made during the last three financial years.

##### **Incidental Expenses**

**4.2** It is imperative to carry out appraisal, monitoring, documentation and dissemination of CSR activity effectively in order to create the desired impact. Towards this end, the expenses on preparation of reports, documentation, monitoring, coordination of activities, fees to *Corporate* external experts such as designers/ engineers/ professional consultants etc., the expenditure on social audit and for organizing dissemination activities etc. shall be allocated from the overall CSR budget and would be covered under CSR.

**4.3** As notified by MCA, the surplus arising out of the Company's CSR projects or programs or activities shall not form part of the business profit of the Company.

#### **5. OPERATIONAL MODALITIES AND IMPLEMENTATION:**

##### **5.1 Operational Modalities**

**5.1.1** The Corporate Social Responsibility (CSR) Committee of the Board, as mandated under Section 135 (3) of the Companies Act, 2013, shall:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;

- (b) recommend the amount of expenditure to be incurred on the activities referred to in Section
- (a); and (c) monitor the Corporate Social Responsibility Policy of the Company from time to time. The Committee will inter alia review the progress and performance on a periodic basis (-yearly) as also suggest need-based modification to the Policy for the consideration of the Board when circumstances so warrant.

**Nodal Officer**

**5.1.2** The Head of Human Resources will be the nodal officer for the CSR activities of the Company.

**Involvement of Other Agencies**

**5.1.3** In order to implement the approved CSR projects, IDBI Capital may work closely with IDBI Bank and/or may involve specialized agencies, which could include NGOs, Trusts, Self-Help Groups, Govt./ Semi- Govt./ autonomous organisations, Educational Institutions, Professional Consultancy Organisations, Registered Voluntary Organisations, or any other appropriate agency/ authorities.

**5.1.4** The time period / duration over which a particular program will be spread shall depend on its nature, extent of coverage and the intended impact of the program, which will be assessed in the beginning.

**Capacity Building**

**5.1.6** The Company may build CSR capacities of its own personnel as well as those of its implementing agencies through institutions with established track record of at least three financial years but such expenditure (including expenditure on administrative overheads) shall not exceed 5% of total CSR expenditure of the Company in one financial year.

**5.2 IMPLEMENTATION OF CSR PROGRAMS**

**5.2.1** The process of identification of CSR programs shall involve the following steps:

- (a) Need-based identification studies to be carried out internally by IDBI Capital on receipt of proposal/requests from NGOs, Trusts, States/ District Administration or Local authorities, other agencies, etc.
- (b) The project proposals should fall under the realm of the CSR Policy indicating detailed timelines, expenditure break-up and other such details to enhance transparency.

- (c) A visit may be undertaken either by the Nodal CSR officer or any other senior official from IDBI Capital to correctly assess the need and extent of intervention.

Wherever required, the above process may be carried out in association with IDBI Bank

**5.2.2 Approach for implementing the projects:** The Company shall follow a project/activity based accountability approach, setting clear milestones/ objectives to emphasize its stress on long term sustainability. The CSR plans shall be distinguished as follows:

a.	<b>Short Term:</b>	Duration up to 1 year
b.	<b>Medium Term:</b>	Duration of 1 year to 3 years
c.	<b>Long Term:</b>	Duration of 3 years and above

### **5.3 Engaging Outside Agencies/ Partners**

**5.3.1 IDBI Capital** may involve outside agencies for implementation of CSR programmes undertaken. These may include:

- (a) Government, Semi-Government and Autonomous Organisations;
- (b) NGOs, Voluntary Agencies, Trusts, Missions, Self-Help Groups, etc.;
- (c) Elected local bodies such as Panchayats;
- (d) Academic Institutes/ Organisations;
- (e) Mahila Mandals / Samitis;
- (f) Professional Consultancy Organisations; and
- (g) Any other agency/ organisation etc. as may be decided by the Company.

### **5.4 Criteria for Identifying the Executing Agencies/ Partners**

**5.4.1** In case the Company engages outside agencies/ partners for executing CSR projects activities, the following minimum criteria shall be ensured:

- (a) The Agency/ Organisation etc. should have a permanent office/ address in India and basic infrastructure of the Agency/ Organisation should be in place [premises (whether own or rented), basic office equipments etc.]. The Agency/ Organisation should be in existence for at least three complete financial years;
- (b) The Agency/ Organisation should possess a valid Income-Tax exemption certificate, if applicable;
- (c) The Agency/ Organisation must have a proven track record in the proposed generic Area and deeper community engagement;
- (d) The Agency/ Organisation should preferably have accreditation with and/or recognition from governments, local administration and international bodies; and
- (e) Any other criteria as may be stipulated by IDBI Capital from time to time.

**5.4.2** After conducting a due-diligence exercise by the authorized representative of the Bank, if any Agency is recommended for partnership for executing the CSR project/ activities, IDBI Capital shall enter into an Agreement / MoU with the said Agency, In case of smaller engagements, it may be by way of exchange of letters provided the amount of such engagements does not exceed Rs. 20 Lakhs . In case the project is carried out in association with IDBI Bank, the due diligence carried out by IDBI Bank shall be deemed to be due diligence for the purpose of this sub clause.

## **6. MONITORING AND ASSESSMENT:**

### **6.1 Release of Funds to External Agencies / Organisations**

**6.1.1** The release of funds shall be linked to progress of the project and as per the deliverable matrix, mentioned in the MoU/ sanction letter. After release of the first installment for initiation of the work, further release of funds shall be based on projected progress of the work plan and production of utilization certificate for the previous disbursement(s) by the respective agency.

**6.1.2** At the end of the program, utilisation certificate for the entire funds disbursed shall be submitted to IDBI Capital, detailing the total expenditure on various project components and duly certified by the Statutory Auditors of the agency / competent authority in the organisation to which the sanction was made.

### **6.2 Monitoring, Assessment & Reporting Mechanism**

**6.2.1** The Nodal Officer shall institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by IDBI Capital. A time frame shall be given for all CSR projects/ activities for their timely completion with suitable milestones. The Company shall monitor the project's progress (including impact assessment/ evaluation) either directly or through professional institutions/ independent research institutions / other outside agencies.

**6.2.2** IDBI Capital shall reserve the right to visit the activity centres/ premises at a mutually convenient time.

## **7. REPORTING OF CSR INITIATIVES:**

**7.1** A Progress Report on the various CSR initiatives taken up by IDBI Capital shall be submitted periodically (half-yearly) to the CSR Committee of the Board for their consideration.

**7.2** Details of the CSR activities undertaken by IDBI Capital and amounts spent along with reasons for spends below budgeted levels, if any, shall also be reported in IDBI Capital's Annual Report under Directors' Report. The Policy shall be displayed on the company's website in a stylized format set out in the notification. Report on compliance of clause 7. 2 shall be submitted to the Board and CSR Committee.

**8. GENERAL:**

**8.1** The MD & CEO of the Company is authorized to approve CSR activities within the broad parameters set out in the CSR Policy /provided by the CSR Committee.

**8.2** In case of any clarification with regard to any provision of the policy a reference has to be made to the Nodal CSR Officer and the decision of the Managing Director shall be final.

The matters not specifically covered in the Policy shall be referred to the CSR Committee and the decision of the Committee members *as approved by the Board of Directors of the Company shall be final.*

**8.3** However, the same would be in accordance with revisions/ modifications in the statute, rules and guidelines issued by the Government, from time to time.

**8.4** IDBI Capital reserves the right to modify, cancel, add or amend all/ any of the clause(s) of this Policy, with the approval of the Board based on the recommendation of the CSR Committee of the Board.

**9. REVIEW OF THE POLICY:**

**9.1** IDBI Capital CSR Policy would be reviewed annually or earlier, as may be necessary based on experience, statutory requirements and if warranted by changes in Government guidelines issued from time to time.