

IDBI BANK LTD.
CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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Corporate Social Responsibility (CSR) Policy

1. PREAMBLE

The Bank's CSR policy lays down the guiding principles that shall apply to all CSR projects funded by the Bank to benefit the needy and deprived sections of the society and enhance engagement of the Bank towards achieving sustainable development goals. The policy and initiatives arising therefrom are intended to focus on holistic development of target communities, and endeavor to create long-term social and economic value for the society.

2. SCOPE AND APPLICABILITY

This CSR policy will apply to all projects/programs undertaken as part of the Bank's Corporate Social Responsibility initiatives and will be developed, reviewed and updated in line with Section 135 of Companies Act, 2013 (the Act) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time-to-time. The policy is to be read in tandem with changes/modifications that may be advised by statutory and regulatory authorities from time to time.

3. VISION & OBJECTIVES

3.1 Vision

IDBI Bank's vision for CSR is to make a meaningful contribution to the welfare of the society through sustained interventions to create long term social and economic value. As mentioned in the Bank's current Mission Statement, its mission with

regard to CSR is to relentlessly strive to become a greener and socially responsible Bank.

3.2 Objectives

1) The Bank's CSR objective is to make material, visible and lasting difference to the lives of underprivileged sections of the society by identifying gaps and extending need-based contribution for their betterment. The initiatives shall be aligned with the national priorities towards achieving sustainable development goals. The Bank seeks to achieve this through direct intervention as well as acting as a catalyst for socio-economic progress of the beneficiaries.

2) In pursuance of the aforesaid key objectives, the Bank will consider the following parameters for identifying its CSR intervention:

- a) The intervention should have a multi-dimensional impact for the sustainable and holistic development including that of disadvantaged, marginalised and excluded section of the society;
- b) The intervention should endeavour for measurable and sustainable outcomes with focus on protecting and improving society's welfare ;
- c) The intervention should fall under the realm of CSR policy of the Bank indicating detailed timelines, expenditure break-up and scope of activities to enhance transparency.

4. GOVERNANCE STRUCTURE

The Companies Act, 2013 specifies the role of the Board and the role of the CSR & ESG Committee of the Board, which will be responsible for all CSR activities of the Bank.

4.1 Role of the Board

- 1) The Board shall constitute a CSR & ESG Committee of the Board including at least one Independent Director.
- 2) The Board shall approve the CSR Policy of the Bank and an annual action plan for the CSR activities of the Bank, after considering the recommendations given by the CSR & ESG Committee of the Board.
- 3) The Board shall ensure that the CSR budget in every financial year is in consonance with the applicable guidelines.
- 4) The Board shall also ensure that the CSR spends are in accordance with the policy and action plan of the Bank.
- 5) The Board shall satisfy itself that the funds disbursed for CSR have been utilised for the purposes and in the manner as approved by the Board and as certified by the Chief Financial Officer.
- 6) The Board shall ensure that the administrative overheads for implementing CSR initiatives are in line with the applicable guidelines.

- 7) The Board shall ensure requisite disclosures as per the Companies Act, 2013 and amendments thereof in the Annual Report and on the Bank's Website. The disclosures in terms of the Companies Act, 2013 including, *inter alia*,
- i. Brief outline on CSR Policy of the Bank;
 - ii. Composition of CSR & ESG Committee of the Board;
 - iii. Web-link(s) where Composition of CSR & ESG Committee, CSR Policy and CSR Projects are disclosed;
 - iv. Executive summary along with the web-link(s) of impact assessment of CSR projects carried out in pursuance of Sub-rule (3) of Rule 8, if applicable;
 - v. a) Average net profit of the company as per sub-section (5) of section 135.
b) Two percent of average net profit of the company as per sub-section (5) of section 135;
c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years;
d) Amount required to be set-off for the financial year, if any;
e) Total CSR obligation for the financial year [(b) +(c)-(d)];
 - vi. a) Amount spent on CSR Projects (both ongoing Project and other than ongoing project);
b) Amount spent in administrative overheads;
c) Amount spent on impact assessment, if applicable;

- d) Total amount spent for the financial year [(a) + (b) +(c)];
- e) CSR amount spent or unspent for the financial year;
- f) Excess amount for set-off, if any;
- vii. Details of unspent CSR amount for the preceding three financial years;
- viii. Whether any capital assets have been created or acquired through CSR amount spent in the financial year, if yes, number of capital assets created/ acquired; the details relating to such asset(s) so created or acquired through CSR amount spent in the financial year;
- ix. Reason(s), if the Bank has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

4.2 Role of the CSR & ESG Committee of the Board (pertaining to the CSR activities of the Bank)

- 1) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Act;
- 2) Recommend the amount of expenditure to be incurred on CSR projects/activities for the year under consideration;
- 3) Review the CSR Policy of the Bank from time-to-time and suggest need-based modification if any;
- 4) Shall formulate and recommend an annual action plan to the Board which may, *inter alia*, include:

- a) list of CSR projects to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b) manner of execution of such projects;
 - c) modalities of utilisation of funds and implementation schedules;
 - d) monitoring and reporting mechanism for the projects; and
 - e) details of need and impact assessment, if any, for the projects undertaken.
- 5) Any other relevant and related matter as the Board may like to delegate to CSR & ESG Committee of Board including but not limited to monitoring of activities under the ESG Policy of the Bank.
- 4.3** The Management Committee of CSR, ESG and Publicity (MCCSR ESG and Publicity) will be responsible for administering and executing the Board approved CSR policy, under the guidance of CSR & ESG Committee of the Board. The constitution of MCCSR, ESG and Publicity and its operational modalities would be approved by MD & CEO.

5. AREAS OF ENGAGEMENT

Enumerated below are the areas under which the Bank will implement its CSR Projects. These areas are in line with Schedule VII of the Companies Act, 2013.

1. Eradicating hunger, poverty and malnutrition, promoting healthcare 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;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
 3. 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;
 4. 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 setup by the Central Government for rejuvenation of river Ganga;
 5. 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. Measures for the benefit of armed forces veterans, war widows and their dependents; Central Armed Police Force (CAPF), Central Para Military Force (CPMF) veterans and their dependents including their widows;

7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports especially in rural/ backward/ tribal areas;
8. Contribution to the Prime Minister's National Relief Fund or Prime Minister Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund 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. (a) Contributions to incubators or research and developments project in the field of science, technology, engineering and medicine, funded by the Central Government or State Government of Public Sector Undertaking or any agency of the Central Government or State Government and;
(b) Contribution to projects developing Entrepreneurship;
(c) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR);

Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

10.Rural development projects;

11.Slum area development, where ‘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;

12.Disaster management, including relief, rehabilitation and reconstruction activities.

THEMES

While Bank may extend the CSR contributions towards any of the twelve broad categories as mentioned above, the Bank shall focus on areas which are of national priorities, have linkages with the banking sector, and areas which have relevance to the ESG considerations. Accordingly, the Bank shall endeavour to spend on such relevant areas as mentioned below, according to its annual action plan:

1. Healthcare

Healthcare is an important dimension requiring significant attention as it helps in improving quality of life and promoting equity, especially among the disadvantaged and marginalized groups. The Bank would support initiatives aimed at ensuring

access to affordable healthcare and providing medical infrastructure. The Bank shall collaborate and coordinate with different health institutions to promote healthcare.

2. Rural Development Projects and Sports in rural/tribal areas

The value addition in rural development can be enhanced by the Bank through its resources by undertaking reconstruction or rehabilitation, providing infrastructure and other support facilities to schools, health centres, hospitals, etc. Apart from providing infrastructure for the improvement, the Bank shall via its CSR initiatives, create robust livelihood opportunities to enable households to earn more and lead healthier lives and also develop information centres for rural populace to aid economic and social progress in the rural areas.

Sports activities in rural/tribal areas lack recognition and resources. The Bank may contribute in creating infrastructure, supporting training programmes to encourage talent in such areas and can also help in achieving the goal of sports development in the country.

3. Education

Education is a must for the development of any country, as it reforms the entire society. The Bank shall consider contributing towards the cause of education, to create an enduring impact on the society. The Bank shall promote access to education including special education to children, support computer literacy by promoting IT education in schools including establishing smart classes, create

infrastructure for schools/colleges and/ or meeting their operational costs, support training programs for teachers, improve quality of education through digital medium. Within this broad area of education, following actionable would be focused on:

i) Skill Development for Sustainable Livelihoods (*including entrepreneurship development*)

The banking sector is one of the important sectors which supports the nation in terms of development. The future prosperity of the country depends on the number of persons in employment and their productivity. To achieve the integrated development and to alleviate poverty, the Bank shall contribute in creation of sustainable livelihoods. The Bank shall support skill development courses, including vocational and livelihood training, for target groups including women, elderly and unemployed youth from economically weaker sections of the society. The Bank shall support technical training courses, soft skill trainings and empower the underprivileged section through financing capacity building programmes which contribute in improving their socio-economic status.

The Bank would also promote entrepreneurship development by extending assistance to specialized institutes which invest in capacity building, training with focus on innovation, digitalization, etc.

ii) Financial Literacy and Financial Inclusion

Financial inclusion is emerging as a new paradigm of economic growth and development of the society. The Bank also believes that access to finance and use of financing resources could change the lives of disadvantaged people. The Bank shall attempt to strategically leverage its CSR initiatives to increase financial literacy with special emphasis on the villages allotted to the Bank under the Financial Inclusion Programme. The Bank shall undertake financial literacy initiatives on a sustained basis in rural as well as urban areas for all target groups to make them understand about the risk and rewards of financial products and promote inclusion of the vulnerable sections of society.

The Bank shall not undertake activities which are specifically excluded as per CSR Policy Rules as amended from time-to-time. The Bank shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

6. CSR BUDGET

6.1 In line with the statutory provisions, the Bank shall allocate a budget for CSR in every financial year equivalent to at least 2% of the average net profit made during the three immediately preceding financial years. This budget shall also include any income that may arise on unspent CSR allocation and surplus arising out of CSR activities. Any surplus arising out of the CSR activities shall not form a part of the

business profit of the company and shall be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund Specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

6.2 The Bank may also allocate part of the CSR budget among Zones as approved by the delegated authority.

6.3 The Bank will abide by all the other extant guidelines pertaining to unspent/ utilization of / transfer of surplus funds.

6.4 All expenditure under CSR activities would be governed by Delegation of Powers (DoP) as approved by the Board.

7. IMPLEMENTATION

7.1 The CSR initiatives may be implemented either by the Bank itself or through any of the established organisations/NGOs with suitable track record as decided by the Bank and permitted by the applicable guidelines.

7.2 The Bank may also collaborate for projects with other organisation as eligible under the Act and amendments thereof.

7.3 The Bank will consider both short duration (less than one year) and multi-year projects (not exceeding three years, excluding the financial year in which it was commenced).

7.4 The CSR proposals should specifically define the purpose/activity, timeframe, financial requirement, outcome/expected results and sustainable aspects, if any, of the intervention.

7.5 The Bank may also make contributions to the funds specified in schedule VII of the Companies Act 2013.

7.6 The Bank would generally not consider extending financial assistance to same organization in two consecutive financial years. However, in such cases wherein financial assistance to same organisation for the second time has been sought, within two consecutive years, the same may be evaluated and considered, based on merits by the next higher authority as per extant DoP. Projects/cases received after the second year/second time consecutively irrespective of the amount of assistance sought may be placed to the highest Internal Committee of CSR i.e. the MD & CEO level Committee. Further, financial assistance under CSR to same organisation for the fourth time in succession may not be considered. For proposals sanctioned by the highest Internal Committee of CSR i.e. the MD & CEO level Committee, the condition requiring cases to be referred to the next higher authority shall not apply. Furthermore, the aforesaid provision of considering financial assistance to same organization by next higher authority shall not be applicable in case of donations/contributions made to admissible funds as specified in Schedule VII of the Companies Act, 2013 as part of regulatory requirements.

8. MONITORING AND IMPACT ASSESSMENT

8.1 The Bank shall ensure a transparent monitoring mechanism for ensuring effective implementation of the approved projects / activities.

8.2 The MCCSR, ESG and Publicity shall review all ongoing projects on quarterly basis. The proposals will be approved by the Delegated Authority as per DoP.

8.3 The Bank shall form a CSR Division at Head Office which may act as the nodal team to monitor the progress of the ongoing CSR projects and report it further to the MCCSR, ESG and Publicity.

8.4 The Bank shall undertake impact assessment of its eligible projects through an independent agency in consonance with the applicable CSR Policy Rules. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

9. GRIEVANCE REDRESSAL

9.1 The Bank shall endeavour that the benefits of its CSR interventions reach the intended recipients across various segments in a fair and transparent manner to avoid grievance among the stakeholders. The implementing agency shall also ensure that any grievance received by them are reported to the Bank and addressed appropriately. The report of such grievance/ complaints shall be submitted to the MCCSR, ESG and Publicity.

10. EMPLOYEE ENGAGEMENT

10.1 As part of Bank's CSR endeavour, the Bank will encourage its employees to volunteer for CSR work of the Bank, during non-office hours, or when on sanctioned leave. The volunteering for CSR work of the Bank will be an altruistic activity, which is expected to help the employees in personality or profile development, skill development, socialisation, etc. It will also pave the way for the Bank's family to participate in promoting larger social or environmental developments or be a part in improving the quality of life of a target beneficiary or a community.

10.2 When the employee volunteers for CSR work of the Bank, the Bank will not consider the equivalent of the employee's salary to be a part of its CSR spend.

11. REVIEW OF THE POLICY

11.1 The CSR Policy shall be reviewed on annual basis or earlier as may be necessary.
