

CSR Policy for Indian Branches

November 2020

MUFG India Branches

Mumbai Branch

New Delhi Branch

Chennai Branch

Bengaluru Branch

Neemrana Branch

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1. General rules/ definitions

1.1. Objective

“CSR Policy (“CSR Policy”)” stipulates the rules related to conducting of CSR activities in India, inclusive of planning, execution and reporting of CSR Activities for MUFG Bank, Ltd. (the “Bank”) in India.

1.2. Definition of CSR

Corporate Social Responsibility (CSR) can be defined as the continuing commitment by the Bank to contribute to economic and social development in India. It covers activities / programs that are focused towards these objectives as well as those enlisted in Schedule VII of the Companies Act 2013. The core definition of CSR by the MUFG group has been elaborated further in the Policy Framework (2.0).

Furthermore, the Indian Companies Act 2013 (Section 135) defines CSR as –
Corporate Social Responsibility (CSR) means and includes but is not limited to –

- Projects or programs relating to activities specified in Schedule VII of the Act; or
- Projects or programs relating to activities undertaken by the Board of Directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

1.3. Rules

“Rules” shall be premised on the basic procedure related to CSR defined by the CSR Promotion Office – Tokyo and the Section 135 of the Indian Companies Act 2013 (“Act”). Whilst, there may be differences in type of activities conducted, these rules will remain standard across every branch/representative office in India.

“Rules” stipulates roles, authorities and responsibilities for each branch and the regional office regarding “CSR Committee”, “CSR activity”, “Budgeting”, and “Reporting”.

1.4. Responsible Department/ function

In case of the revision of “Rules”, Administrator(s) shall prepare an application and seek an approval by the Regional Executive.

1.5. CSR Activity

“CSR Activity” can be defined as an activity carried out to fulfil the CSR objective.

1.6. CSR Budget

“CSR Budget” can be defined as the amount sanctioned to be expensed for a CSR

activity.

2. Policy Framework

The Corporate Vision of the MUFG group serves as the basic policy in conducting business activities, and provides guidelines for all group activities.

Due to the changing trends of domestic and international society and the rapidly advancing globalization of business, the environment surrounding financial institutions is always changing. In order to be flexible in responding to this change and contribute to the sustained development of society, we promote CSR activities while continually evaluating the impact it creates.

Hereafter, any CSR activity taken up by MUFG Bank, India will be towards Community development and within the scope of Schedule VII of the Indian Companies Act 2013.

3. CSR Vision Statement for India

At MUFG, we plan to raise our value as a corporation by strengthening our bonds with local communities and endeavouring to build trust and confidence not only with our customers but also with regional societies.

As part of our commitment to the next generation of India, we have chosen the youth of the country as the focus demographic segment of our interventions.

In 2011, youth between 15-24 years of age were nearly 20% of the Indian population. This number is poised to grow to 30% by 2020, making India the country with the largest youth population across the globe. In order to leverage this demographic dividend, India must ensure its young population is well-equipped to seize livelihood opportunities for a brighter future. MUFG aims to support India in this endeavour through its CSR activities.

Therefore, we have envisaged our CSR vision as –

“Empowering our youth to create a sustainable impact on India’s future.”

Our CSR activities will primarily focus on the development of youth by catering to their needs and enhancing their employability skills to become future-ready. This objective is aimed to be met through interventions in the following areas:

- i. Supporting skill development and livelihood programs
- ii. Promoting innovative youth-centric initiatives
- iii. Leveraging Japanese culture (where possible) to create maximum social impact.

MUFG will aim to carry out its CSR activities keeping in mind the following key principles:

- a) Creating lasting social impact in the lives of the youth around MUFG Bank’s branches and based on community needs.
- b) Ensuring depth of impact over breadth or scale of interventions.
- c) Funding programs through trusted partners.
- d) Encouraging high level of employee engagement.

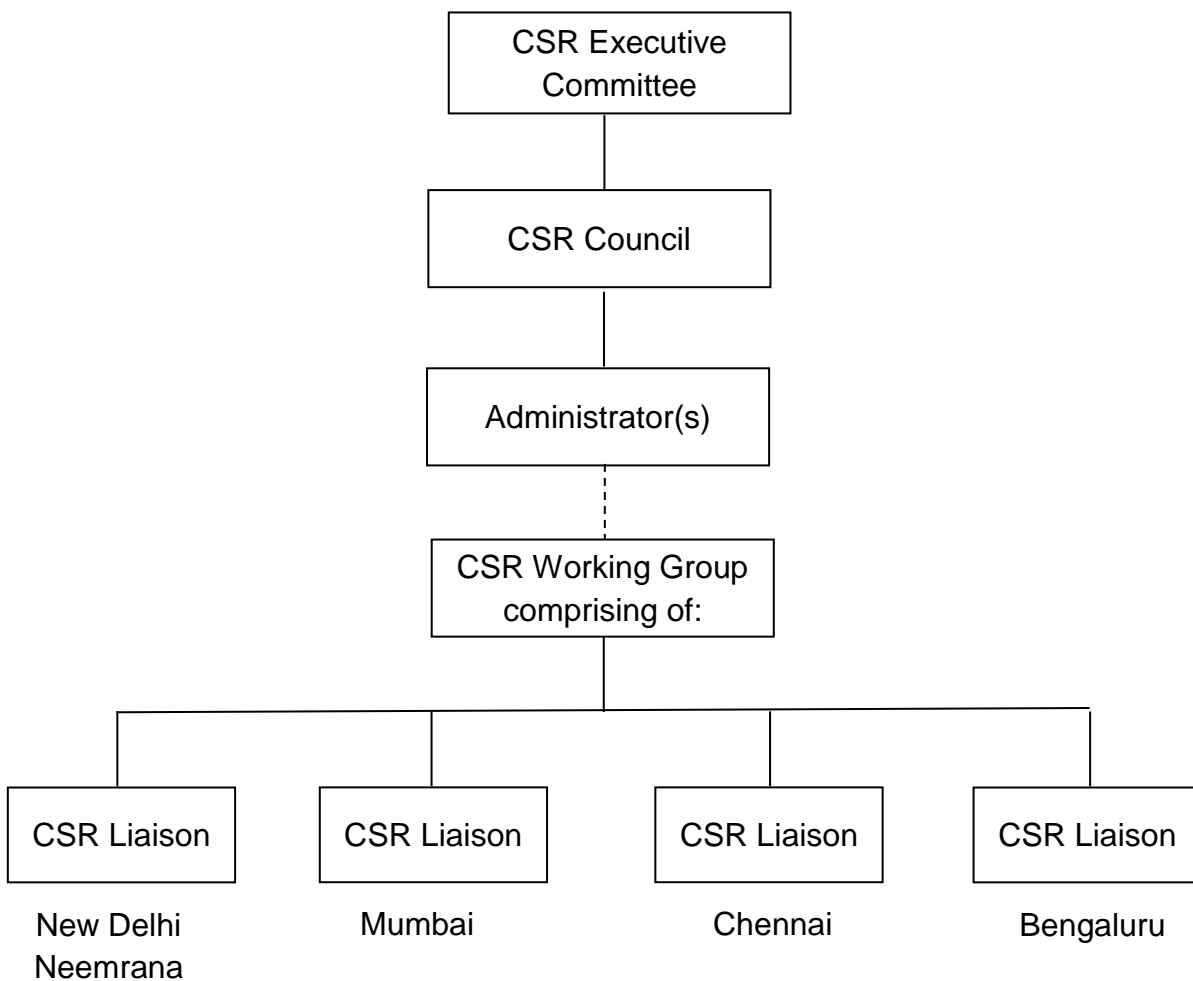
MUFG, through its CSR activities will contribute towards the following Sustainable Development Goals set by the United Nations;



Exception handling – In a special situation where MUFG Bank India decides to support causes that are not in the purview of the above mentioned objective(s), the same will have to be approved by the India CSR EXCO as well as all approving authorities in the decision making process.

4. CSR Committee and Support Teams

Governance Structure of the CSR function in India



4.1. Structure, Roles and Responsibilities

4.1.1 Composition

CSR Executive Committee (CSR EXCO)

- i. Chairperson – The Regional Executive for India presides as the Chairperson of the CSR EXCO.
- ii. Other Members – GM MUM, GM NDL, GM CNI, GM BGL, REO Head, GCBD Head, Global Markets Head, CRO, HR Head, CFO
- iii. CCO will play an advisory role on the Committee and may attend on invitation basis
- iv. Frequency of Executive Committee – The frequency of the meeting will be semi-annual i.e. once in six months.
- v. Examination Agenda – The CSR EXCO meeting will mainly be responsible for the following agenda items:
 - a. Review of CSR Objectives, Policy Framework and Pan-India Programs
 - b. Review of CSR Budgets
 - c. Decision on appointment of CSR Consultants
 - d. Key initiatives / updates
 - e. Selection of projects for implementation/ investment each year
 - f. Appointment and reappointment of CSR EXCO and Council members
 - g. Any other topic that may be critical for implementation of CSR programs in India.

CSR Council

The CSR Council will consist of the following members:

REO Head, HR Head, CFO, VP – Strategic Planning Department

CCO will play an advisory role on the Committee and may attend on invitation basis

Administrators

Comprising of HR Head, VP – Strategic Planning Department and AVP – Corporate Communications to look after the day-to-day operations of CSR, coordination and reporting to the CSR Committee and Council, management and coordination of existing and new projects with CSR Consultant

CSR Working Group

The CSR Working Group will be CSR liaisons and sub liaisons at each branch. They will coordinate volunteering and other related CSR activities at their respective branches and provide periodic reporting to the Administrators from time to time relating to local activities conducted and monthly expenses incurred, if any.

4.1.2 Responsibilities

Responsibilities of the CSR Executive Committee:

- i. Hold a meeting twice a year, at the end of each semester, to review the activities conducted in the last semester and to decide the activities for the next semester.
- ii. To ensure that the activities conducted are within the purview of the

prescribed activities of the Act as well as aligned with the Global CSR objectives as defined.

- iii. To ensure efficient implementation of the budget.
- iv. To ensure accurate reporting of the expenditure as prescribed by the “Act” and defined in the CSR policy.

Responsibilities of the CSR Council

- i. Hold a meeting at least once in each quarter a year, to review the activities conducted on an ongoing basis and to plan the activities for the next semester.
- ii. To coordinate with the administrators to ensure all activities are being conducted as per timelines and milestones are being met.
- iii. To make suggestions to the administrators and further to the CSR consultants on current partnerships and future projects
- iv. To engage with administrators and CSR Consultants on planning the budgets for new projects and shortlisting candidates for new projects to be presented to the CSR executive committee
- v. To monitor the CSR expenditure on a timely basis

Responsibilities of Administrators

- i. Coordinate and work with all internal and external stakeholders involved to ensure objectives of MUFG’s CSR functions are met.
- ii. The ultimate responsibility of performing sanction screening on NGO’s (while onboarding & payments) lies with administrators.
- iii. End-to-end project management of all CSR projects including planning, execution and reporting of activities to the CSR Council and Committee.
- iv. Coordination with the Council and Committee to hold meetings on a timely basis
- v. Financial reporting of CSR activities to the Council and Committee
- vi. Timely coordination with CSR support teams for execution of projects with new CSR partners
- vii. Close coordination with CSR consultant to plan and execute CSR activities
- viii. Using communication channels (internal and external) to promote the brand and create a positive image among all stakeholders.

Responsibilities of CSR Liaison/Sub Liaison at each branch:

- i. Work with Administrators on implementation of CSR programs and encourage volunteering among staff
- ii. Timely reporting to Administrators on CSR activities, budgets and spends
- iii. Participate in the regional CSR conference calls organized by the Administrators.

4.2. Appointment of CSR Consultants

- i. The CSR Executive Committee will appoint an external CSR Consultant, to enable MUFG India to achieve their CSR vision.
- ii. The procedure for selection/ appointment will be the same as being followed

- and implemented for other specialized outsourced services taken up by the Bank. (Refer Outsourcing Policy and Third Party Screening)
- iii. The administrators will also perform Third Party Intermediary assessment while appointing or renewing existing contractors
 - iv. At the end of each year, the Committee will review the performance of the Consultant.
 - v. The CSR Consultant's fee shall not exceed 5% of the annual CSR budget of the year for which the Consultant is hired.

4.3. CSR Support Teams – Responsibilities

Legal Department:

- a) Review/ Prepare the draft of the MOU and provide their expertise to CSR Administrators until execution
- b) To advice CSR Administrators on any Legal Risk that may arise in working with a shortlisted NGO (Outsourced Party)
- c) Advice any specific due-diligence in coordination with CSR consultants as a part of the scrutiny process while selecting an NGO, if required/ requested.

Compliance Department:

- a) To perform Level 2 review of the escalated Alert(s) in accordance with the *Global Sanctions Level 2 Alert Review Procedure* and conclude the assessment with a recommended action to ODI team (Forex team/KYC team).
- b) Perform ABC check as per ABC policy including referral to Regional Head of ABC through Compliance India.
- c) To advice the Administrators on any further due-diligence/ compliance checks that may needed to be carried out on the NGO before appointment

Accounting Department: (FCT / Payments / Tax/ ODI)

- a) To examine the MOU to understand the payment terms and timelines
- b) To support resolution tax-related queries and seek support of Tax consultants (if required) to resolve any such queries before signing the MOU
- c) To ensure receipt of all supporting documents related to the specific payment including a payment schedule, before processing payments to NGOs
- d) To compute the CSR budgets for each year based on the rules of the Companies Act 2013 and share the same with the CSR Council by 30 June each year.
- e) To assist in calculating provision for unspent amount based on details provided by CG.
- f) To ensure reporting of the "CSR ANNUAL REPORT" to ROC is completed within timelines in coordination with the CG. To guide CG on any changes that may occur in terms of the reporting / accounting rules within the Companies Act 2013 based on inputs from Legal dept. / other sources.
- g) ODI(Forex & KYC team)to perform screening on grantees/recipients in Factiva & Hotscan system (prior onboarding & while making payments)

5. Budgeting

- i. As per the requirement of the Companies Act, 2013, the Bank shall spend at least 2% of the average net profit made during the immediate three preceding financial years.
- ii. In case the Bank is unable to spend the stipulated amount, it will provide the reasons for not spending in its Annual CSR Report.
- iii. As per Global ABC Standards, Pre-clearance of donation if:
 - o Regardless of the amount:
 - The donation is requested by a Public Official; or
 - A Public Official is known to (i) have influence or authority over MUFG Bank business and (ii) be personally associated with the recipient organization.
 - o The donation is \$5,000 or more in value, and an employee of a client or prospective client:
 - Requests the donation in his or her personal capacity and not on behalf of the client/prospective client company; or
 - Is known to (i) have influence or authority over MUFG Bank business, and (ii) be personally associated with the recipient organization.
 - o The donation is \$25,000 or more in value and is requested by an employee of a client or prospective client.
- iv. prospective client.

6. Activity Procedure and Reporting

A process flow has been indicated below to suggest the procedure for conducting the CSR activity –

	Step-by-step Process Flow for CSR Activity	Month-wise Tentative Timeline
1	CSR Council meeting to discuss area of focus/objective, quantum of spending, location of activity, etc.	June – July
2	Administrators to request CSR consultant to present the initial concept	July
	CSR consultant to float RPF to invite prospective NGOs to share their proposals	July
3	CSR Council to shortlist the area of interest and proposals on the basis of predetermined criteria and scrutiny of proposals by the Council	August
4	Administrators to conduct due diligence process* (factiva and hotscan) on all shortlisted NGO partners for any negative checks	August
5	CSR Executive Committee to finalize NGO partners for CSR project	September
6	Completion of consultation with REO Accounting, REO Legal and Compliance with due diligence (hotscan, factiva and clearance from GFCD for ABC) and submission of reports/clearance by each team.	Oct-Nov
7	MOU to be prepared in consultation with REO Legal	December
8	Submission of Proposal for CSR activity in the prescribed format (memo circulated to line mgmt. and REO). Approving authority – Regional Executive for India	January
9	Submission of Funding application and approved memo to Regional CSR liaison /POA. HQAO	January
10	Funding Approval by Regional CSR liaison and/or Global Planning Division and/or further to Board of Directors depend on the amount of funding in consultation with CSR Planning Office (Tokyo HQ)	January
11	Approval by EXCO Meeting (Tokyo HQ)	February
12	Implementation of CSR activity - Signing of the MOU	February/March
13	Planning of volunteer activity with the branches – workshop with branch CSR liaisons	May-June (following financial year)
14	Submission of CSR Activity Report	August

6.2. Branch Projects

A process flow has been indicated below to suggest the procedure for conducting the Employee Volunteering Activities –

	Step-by-step Process for Branch volunteering activity	Month-wise Tentative Timeline
1	CSR liaisons will meet with the CSR administrators to determine the volunteer activities and plan for the FY	May-June
2	Create plans for new financial year by with a calendar of activities and areas of focus	June
3	Submission of Activity Plan	June
4	Implementation of CSR activity	July-March
5	Monthly submission of expense report to CSR administrators	All throughout the year (by first week of every month)
6	Submission of CSR Activity Report (for particular activity) to the CSR Administrator (Format in Annexure 2)	Within 15 days of the activity

* Due diligence process includes Hot Scan & Factiva screening. The screening is to be performed on the name of the NGO, Authorised Signatories & Board of Directors/Trustees. Such screening is to be performed by ODI team in line with Global Sanction Screening & Investigation Standard. Alert generated from screening must be handled in accordance with the Global Sanctions Name screening L1 Alert review Procedure for onboarding & Global Sanctions L1 Transaction Alert review procedure for Transaction screening.

Sanctions Alerts generated by HotScan & Factiva are reviewed by ODI (under two reviewers) using rule-based dispositioning in accordance with the *Global Name Screening Level 1 Alert Review Procedure*.

1. Reviewer 1 assesses the Hit(s) in the Sanctions Alert that is generated and determines if the Hit(s) is a False Match or a True/Potential Match.
2. Reviewer 1 documents assessment by using the relevant Reason Code with accompanying commentary or escalation rationale. Next, Reviewer I assigns the Alert to Reviewer 2.
3. Reviewer 2 assesses the assigned Alert and determines if the Hit(s) in the Alert can be dispositioned as a False Match. If the Hit is determined to be a False Match (consistent with the conclusion of Reviewer I), Reviewer II documents the dispositioning rationale (i.e., Reason Code with commentary) and closes the Hit.

4. If Reviewer 2 is unable to dispose off the Hit(s) as False Match or if there is a difference in the assessment of the hit by two reviewers, it is escalated to India Financial Crime Compliance (IN FCC), which acts as the Level 2 reviewer. While escalating a case to Level 2 reviewer, Reviewer 2 provides rationale for escalation and all relevant information on customer.

Please note screening is to be performed during below instances:

- 1) Onboarding: Screening needs to be performed before selecting the NGO's for funding.
- 2) Payments: Real-time transaction screening is to be performed for contribution or grant payments made in electronic format.

Roles & Responsibility in Sanction screening.

- Administrators have the ultimate responsibility to perform sanction screening on the names of the grantees & recipients while onboarding & making payments to NGO's through Hotscan & Factiva.
- ODI to support Administrators in performing sanction screening.
- ODI to ensure 4 – eye check is performed.
- Global approved code words should be used in comments along with supporting rationale while disposing false positive match.
- ODI team to escalate the case to L2 (India local compliance - [India FCC Sanc@in.mufg.jp](mailto:India_FCC_Sanc@in.mufg.jp)) incase if they are unable to dispose alerts based on rule based disposition approach.
- Record to be kept in accordance with Bank's Record keeping & Retention policy by Administrator & ODI as applicable.

7. Guidelines for Selection of NGO

The following guidelines are to be followed whilst inviting proposals from NGO's prior to their selection / shortlisting –

The NGO will be selected in an unbiased process, led by the CSR Committee (post the RFP and shortlisting conducted by the CSR Consultants and CSR Council)

- i. A standard due diligence procedure needs to be carried out wherein following documents need to be acquired from the NGO and inspected by the Legal department (Teams may seek assistance from external consultants as well):
 - a. Valid Address Proof of the organization; (mandatory)
 - b. Certificate of Incorporation/Memorandum and Articles of/bye laws/trust deed; (mandatory)
 - c. Registration Certificate; (mandatory)

- d. Pan Card of the organization; (mandatory)
 - e. Audited Accounts of last three years; (mandatory)
 - f. Acknowledgement of Income Tax Return along with IT Return filed (last three years); (mandatory)
 - g. IT Exemption Certificate under Section 35(i); (where applicable)
 - h. IT Exemption Certificate under Section 80G; (Lifetime validity) (where applicable)
 - i. FCRA Certificate and latest copy of FCRA Return FC-3, account details of designated SBI account for deployment of funds s (where applicable)
 - j. List of Board members/ trustees, etc and KYC of Board Members / trustees
 - k. Documents pertaining to land ownership
 - l. All pertinent government approvals
- ii. The due diligence shall also include FACTIVA & Hot Scan o be done for the NGOs as well as their board of directors / senior management / trustees.
 - iii. PAN number collected should be verified as well.

8. Monitoring and Evaluation of CSR Projects

The monitoring system devised by the Bank will include:

- i. All activities will be governed by a pre-set monitoring and evaluation framework
- ii. The framework will include the key performance indicators, milestones and reporting periodicity prior to commencement. Key performance indicators will include both quantitative and qualitative measurables
- iii. Financial and timelines based measurement will be included with regular financial and progress reporting mechanisms
- iv. Regular field visits to Project/ Program sites by designated teams/ CSR consultant
- v. Comprehensive documentation/ compilation of field reports;
- vi. Regular interaction with beneficiary communities to obtain feedback;
- vii. Monitoring of timely fund utilization to ensure that Projects/ Programs as budgeted are actually being carried out and
- viii. Any other activity that the CSR EXCO may consider necessary in the larger interest of its CSR initiatives.

9. Reporting

9.1. Topics to be Reported

Branch level:

- i. The timeline of reporting each activity is within two weeks of the date of the CSR activity conducted. (format in Annexure 2)

NGO partner level:

- ii. The NGO partner will share quarterly fund utilization documents and program progress reports with MUFG in the desired format.

9.2. External reporting (to be placed on the company website in the prescribed format)

The Administrators will prepare the annual report based on the prescribed format provided in the Company's Act 2013. The report will consolidate all the activities conducted within the financial year, including the annual spend on CSR within each branch. This report will be published in the annual report of the Bank as a special annexure on CSR.

An online version of the report will be published on the Bank's website (<http://www.bk.mufg.jp/global/>) as prescribed by the Company's Act 2013.

Timeline of reporting (Monitoring Process)

The timeline of submission of the report to be published in the Annual report of the Bank and on the website of the Bank is defined as 30 September of each year (for the previous FY).

10. Supplementary rules

10.1. The effective date

1st October 2014

10.2. Version history

31 March 2015	1 st version
16 March 2017	2 nd version
20 August 2019	3 rd version
31 January 2020	4 th version
24 December 2020	5 th version

10.3. Rules for Revision of Policy

Any alteration in the rules stated in the policy will be subject to approval from the CSR EXCO. Following is the procedure for any alterations to be done in the policy –

- i. The alteration in the policy may be proposed to the CSR Executive Committee. The proposal will be examined by the Chairperson of the committee in consultation with all the members of the committee.
- ii. The final decision will be made by the committee and will be placed on record through the minutes of the meeting and supporting alterations in the policy if required.

Annexure 1

Following Logical Framework Approach will be used to determine the Monitoring and Evaluation parameters

Action Items	Activity/ Input	Output	Short-term Outcome	Mid-Term Outcome	Long-Term Outcome

Annexure 2

Consolidated report format for Internal reporting of Employee Volunteering Activities to Administrators with the following details:

- i. Branch Location
- ii. Activity Date
- iii. Type of Activity
- iv. NGO Partner
- v. Location
- vi. Number of Volunteers
- vii. Number of Hours Spent
- viii. Number of Volunteer-Hours
- ix. Number of beneficiaries impacted
- x. Purpose and background
- xi. Activities Conducted
- xii. Quantitative Outcome of Activity
- xiii. Qualitative Outcome of Activity
- xiv. Benefit to Employees
- xv. Employee Testimonials
- xvi. Link to photos/videos
- xvii. Comments

Annexure 3

Format for the annual report on CSR activities

- i. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs
- ii. The Composition of the CSR Committee.
- iii. Average net profit of the company for last three financial years
- iv. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)
- v. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;
 - (b) Amount unspent, if any;
 - (c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7
CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) specify the state or district where the projects or programs were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the project or programs Sub heads 1) Direct expenditure on projects or programs (2) others	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*

* give details of implementing agency.

- vi. In case the Bank 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.
- vii. 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 Bank

sd/, (Chief Executive Officer or Managing Director or Director)	sd/- (Chairman Committee)	CSR	sd/- Person specified under clause (d) of sub section (1) of Section 380 of the Act. (wherever applicable)
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