

CORPORATE SOCIAL RESPONSIBILITY POLICY

September 21

MUFG India Branches

**Mumbai Branch
New Delhi Branch
Chennai Branch
Bengaluru Branch
Neemrana Branch**

PREFACE

Corporate Social Responsibility (CSR) means the activities undertaken by MUFG Bank, Ltd. (the “**Bank**”) in pursuance of its statutory obligation laid down in section 135 of the Companies Act, 2013 and the rules framed thereunder. These activities represent continuing commitment by the Bank to contribute to economic and social development in India, in line with the areas or subject specified 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).

POLICY OBJECTIVE

“**CSR Policy**” stipulates the approach and direction given by the executive committee of the Bank (“**Board**”), considering the recommendations of its CSR Committee, and includes guiding principles for selection, implementation, monitoring, and reporting of CSR activities, as well as formulation of the annual action plan for the CSR Activities to be undertaken by the Bank in India.

“**CSR Activity**” is hereinafter defined as the activities undertaken by the Bank in pursuance of its statutory obligation laid down in section 135 of the Act by way of spending the CSR Obligation amount against **ongoing projects** and other than ongoing projects for the financial year.

“**Ongoing Project**” means a multi-year project undertaken by a Company 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.

SCOPE AND APPLICABILITY

CSR Policy shall be applicable to all current and future functional branches and staff of the Bank in India – including Mumbai, New Delhi, Chennai, Bengaluru, and Neemrana Branches.

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.

CSR Activities shall neither include activities undertaken by the Bank during the normal course of its business, nor such activities shall benefit the business or the employees of the Bank.

POLICY STATEMENT

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:

- i. Creating lasting social impact in the lives of the youth around MUFG Bank's branches and based on community needs.
- ii. Ensuring depth of impact over breadth or scale of interventions.
- iii. Funding programs through trusted partners.
- iv. Encouraging high level of employee engagement.
- v. Addressing pressing concerns and emergencies affecting communities living around MUFG Bank's branches

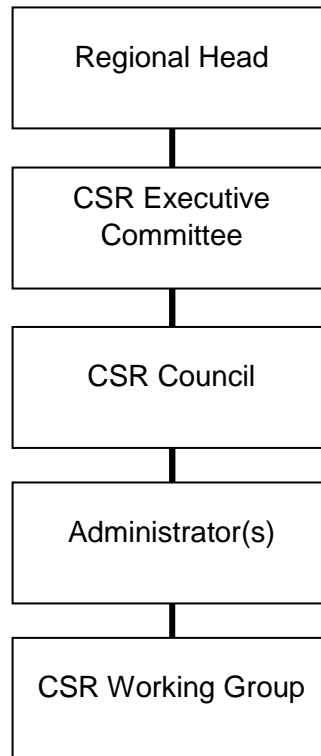
MUFG, through its CSR activities will contribute towards the following Sustainable Development Goals set by the United Nations:



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) but aligns with Schedule VII activities, the same will have to be approved by the India CSR Executive Committee as well as all approving authorities in the decision-making process.

CSR COMMITTEE AND SUPPORT TEAMS

Governance Structure of the Bank's CSR function in India



IMPLEMENTATION

Funding

The Bank will adhere to following principles in allocation of its CSR funds:

- I. In a financial year, the Bank shall spend at least 2% of the average net profits made during the three immediately preceding financial years.
- II. The Annual CSR Budget will be approved by the Board of Directors of the Bank upon recommendation by the CSR Executive Committee.
- III. The administrative overheads do not exceed five percent of total CSR expenditure of the Bank for the financial year
- IV. Surplus arising out of the CSR activities and programmes shall not form a part of the business profits and will be treated in accordance with the provisions of Companies Act 2013 and /or any rules and regulations issued in relation to the same.
- V. Unspent CSR funds of a financial year will be treated in accordance with the provisions of Companies Act 2013.
- VI. CSR Funds to all the selected CSR projects will be made as per Handbook for Expense and Investment Budgets Management for Overseas Offices

Annual Action Plan

At the start of a financial year, the CSR Council will formulate and recommend to the CSR Executive Committee an Annual Action Plan to be followed for that FY in pursuance of the Bank's CSR policy.

The Annual Action Plan, *inter alia*, will prescribe: -

- i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act 2013;
- ii. the manner of execution of such projects or programmes;
- iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- iv. monitoring and reporting mechanism for the projects or programmes; and
- v. details of need and impact assessment, if any, for the projects undertaken by the Bank.

Once satisfied with the recommended Annual Action Plan, the CSR Executive Committee will present the Plan to the Board for its approval.

If required and on the basis of recommendations from the CSR Executive Committee, the Board may alter such a plan at any time during the financial year, based on the reasonable justification to that effect.

The CSR Council will ensure periodic review and adherence to the Action Plan formulated for the financial year and will mobilize resources and personnel required to fulfil it in the manner satisfactory to the Board.

Guidelines for Selection of NGO

The following guidelines are to be followed whilst inviting proposals from NGOs 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)

A standard due diligence procedure needs to be carried out wherein following indicative list of documents need to be acquired from the NGO and inspected by the Legal department (with assistance from external consultants if required):

- i. Valid Address Proof of the organization; (mandatory)
- ii. Certificate of Incorporation/Memorandum and Articles of/bye laws/trust deed; (mandatory)
- iii. CSR-1 Registration Certificate; (mandatory)
- iv. Pan Card of the organization; (mandatory)
- v. Audited Accounts of last three years; (mandatory)
- vi. Acknowledgement of Income Tax Return along with IT Return filed (last three years); (mandatory)
- vii. Valid IT Exemption Certificate under Section 35(i) of the Income-tax Act, 1961; (if applicable)
- viii. Valid IT Exemption Certificate under Section 12A and 80G of the Income-tax Act, 1961; (mandatory)

- ix. Valid FCRA Certificate and latest copy of FCRA Return FC-3, account details of designated SBI account for deployment of funds, and cancelled cheque against the same account; (mandatory)
- x. List of Board members/ trustees, etc. along with their KYC details, including details of any political affiliations; (mandatory)
- xi. Documents pertaining to land ownership;
- xii. All pertinent government approvals;
- xiii. Self-certified statement confirming no sub-granting arrangements for the FCRA funds to be acquired by the NGO from the Bank. (mandatory)

The due diligence shall also include FACTIVA & Hot Scan to be done for the NGOs as well as their board of directors / senior management / trustees. Further, PAN number collected should be verified as well.

All memorandum of understanding entered into by the Bank with the CSR implementing partners will be confirmed by the Regional – Anti Bribery and Corruption Department as well.

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;
- viii. Conducting external financial audits of the ongoing programs;
- ix. Conducting impact assessment of the completed qualifying projects; and
- x. Any other activity that the CSR Executive Committee may consider necessary in the larger interest of its CSR initiatives.

REPORTING

Branch level: The timeline of reporting each activity is within two weeks of the date of the CSR activity conducted.

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

Statutory reporting:

The CSR Council will prepare the annual report based on the prescribed format in the Companies Act 2013. The report will consolidate all the activities conducted within the financial year, including the impact assessment reports for the eligible projects and the annual spend on CSR within each Branch. This annual report will be published in the annual report of the Bank as a special annexure on CSR.

SUPPLEMENTARY RULES

The effective date of the CSR Policy is 1st October 2014.

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
3 September 2021	6 th version

Rules for Revision of Policy

Any alteration in the rules stated in the policy will be subject to approval from the Board, through following procedure –

- i. The alteration in the policy may be proposed by the CSR Council to the CSR Executive Committee. The proposal will be examined by the Chairperson of the CSR Executive Committee in consultation with all its members.
- ii. After due examination of the proposal, the CSR Executive Committee will place the proposal before the Board for final approval. Once the proposal is approved by the Board, it must be placed on record through the minutes of the board meeting and supporting alterations in the policy if required.