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C: Other Internal Information



## **CSR Policy for MUFG Bank India Branches**



**MUFG Bank India**

Version: 7.0

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## 1. Introduction

Corporate Social Responsibility (CSR) means the activities undertaken by MUGF 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 MUGF Group has been elaborated further in the Policy Framework.

### POLICY OBJECTIVE

“CSR Policy” stipulates the approach and direction given by the Executive Committee of the Bank (“Board” or “CSR EXCO”), considering the recommendations of its CSR Council, 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.

## 2. 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, Neemrana and Bengaluru Branches.

## 3. Policy Framework

The Corporate Vision of the MUGF 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.

#### **4. CSR Vision for India**

At MUFG, we plan to raise our value as a corporation by strengthening our bonds with local communities and endeavoring 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%(Twenty percent) of the Indian population. This number is poised to grow, 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 endeavor 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 firstly focus on the development of youth by catering to their needs and enhancing their employability skills to become future-ready and secondly, provide them with cleaner environment to live. This objective is aimed to be met through interventions in the following areas:

1. Supporting skill development, livelihood, and sports programs
2. Promoting innovative youth-centric initiatives
3. Leveraging Japanese culture (where possible) to create maximum social impact.
4. Ensuring environmental sustainability.

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

1. Creating lasting social impact in the lives of the youth around MUFG Bank’s branches and based on community needs.

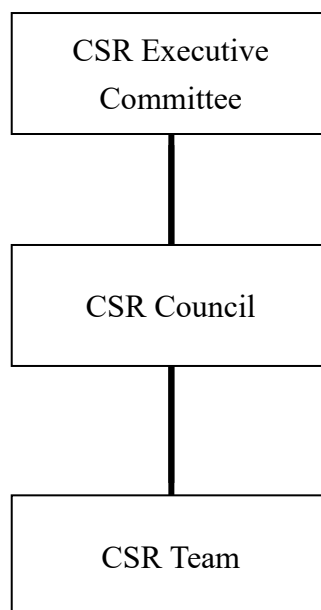
2. Ensuring depth of impact over breadth or scale of interventions.
3. Funding programs through trusted partners.
4. Encouraging high level of employee engagement.
5. Addressing pressing concerns and emergencies affecting communities living around MUFG Bank's branches

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.

### 5. Governance Structure of the Bank's CSR function in India



### CSR Executive Committee (CSR EXCO)

The following persons shall constitute the Membership of the CSR Executive Committee.

1	Regional Executive for India	Chairperson
2	Deputy CEO for India and Head of Global Corporate and Investment Banking in India	Member
3	Head of New Delhi Branch and Head of Japanese Corporate and Investment Banking in India	Member
4	Head of Mumbai Branch	Member
5	Head of Chennai Branch	Member
6	Head of Bengaluru Branch	Member
7	Head of Global Markets India	Member
8	Head of Human Resources India	Member
9	Chief Risk Officer India	Member
10	Chief Compliance Officer India	Member
11	Head of Regional Executive Office	Vice-Chairperson

- I. The CSR EXCO shall meet once in a year in person or over a video/conference call.
- II. Regional Executive for India will be the Chairperson and mandatory member of the CSR EXCO. Additionally minimum 5 (five) members are required to convene CSR EXCO.
- III. 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. Strategic CSR initiatives
  - c. Selection of projects for implementation each year
  - d. Appointment and reappointment of CSR EXCO and Council members
  - e. Any other topic for implementation of CSR programs in India.

Invitees: Members invited for the committee discussion (for full session or specific topics) by committee members or committee administrator

### CSR Council

The following persons shall constitute the Membership of the CSR Council.

1	Head of Regional Executive Office	Chairperson
2	Head of Human Resources India	Member
3	Chief Risk Officer India	Member

4	Chief Financial Officer	Member
5	Head of Strategic Planning Department	Member

- I. The Council shall meet semiannually in person or over a video/conference call.
- II. Head of Regional Executive Office will be the Chairperson of the Council. Additionally minimum 2 (Two) members are required to convene Council.
- III. Examination Agenda – The Council meeting will mainly be responsible for the following agenda items:
  - a. Review of all approved CSR Programs and Budget
  - b. Payments to approved NGO Partners/Implementation Agency
  - c. Any other topic for implementation and administration of CSR programs in India.

### **CSR Team**

Comprising of Strategic Planning Department and administrators to look after the day-to-day operations of CSR.

- I. Management, and coordination of existing and new projects to report it to the CSR Committee and Council.

## **6. Implementation of CSR Activities**

### **Funding**

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

- I. In a financial year, the Bank shall endeavor to spend at least 2% (Two percent) of the average net profits made during the three immediately preceding financial years
- IV. In line with the RBI circular on Donations dated 21<sup>st</sup> December , 2005. The Bank may make donations during a financial year aggregating upto 1% (One percent) of the published profit of the Bank for the previous year.
- V. The Annual CSR Budget will be approved by the CSR Exco Committee upon recommendation by the CSR Council.
- VI. The administrative overheads do not exceed 5% (Five percent) of total CSR expenditure of the Bank for the financial year.
- VII. 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.
- VIII. Any unspent amount from an ongoing CSR project shall be transferred to specifically designated account “Unspent Corporate Social Responsibility Accounts” within 30 (Thirty) days of the end of the financial year as prescribed under sub-section (6) of section 135 would

be governed by CSR Council. Unspent CSR funds of a financial year will be treated in accordance with the provisions of Companies Act 2013 and amended Rules 2022.

- IX. Impact assessment to be carried out after 1 (One) year of CSR project completion. Expenditure for impact assessment, can be included in the CSR spending, shall not exceed 2% (Two percent) of total CSR expenditure for the relevant financial year or INR 50,00,000/- (Rupees Fifty Lakhs Only) whichever is higher.
- X. In case the Bank fails to spend the targeted amount in that particular financial year, the Committee shall submit a report in writing to the CSR Exco specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Directors' Report for that Financial Year.
- XI. 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**

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 Council will present the CSR Exco Committee for its approval.

If required and based on recommendations from the CSR Council, the CSR Exco 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 CSR Exco.



The Bank may undertake CSR activities either through itself or appoint another entity to work on its behalf, called implementing agent. The Ministry of Corporate Affairs basis the latest amendment has introduced a new class of entity (“Entity”) which may act as an Implementing Agency. The Bank may also undertake its CSR activities through the Entity appointed as under the Income Tax Act, 1961 and notified under CSR rules.

### **Guidelines for Selection of NGO / Implementation Agency**

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

The NGO / Implementation Agency will be selected in an unbiased process, led by the CSR Team (post the RFP and shortlisting will be conducted by the 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/Implementation Agency and inspected from time to time by the relevant stakeholder team of the Bank.

1. Valid Address Proof of the organization; (mandatory)
2. Certificate of Incorporation/Memorandum and Articles of/bye laws/trust deed; (mandatory)
3. CSR-1 Registration Certificate; (mandatory)
4. Pan Card of the organization; (mandatory)
5. Audited Accounts of last three years; (mandatory)
6. Acknowledgement of Income Tax Return along with IT Return filed (last three years); (mandatory)
7. Valid FCRA Certificate, account details of designated SBI account for deployment of funds, and cancelled cheque against the same account; (mandatory)
8. List of Board members/ trustees, etc. along with their KYC details, including details of any political affiliations; (mandatory)
9. All pertinent government approvals
10. Self-certified statement confirming no sub-granting arrangements for the FCRA funds to be acquired by the NGO/Implementation Agency 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 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:

1. All activities will be governed by a pre-set monitoring and evaluation framework
2. The framework will include the key performance indicators, milestones, and reporting periodicity prior to commencement. Key performance indicators will include both quantitative and qualitative measurable
3. Financial and timelines-based measurement will be included with regular financial and progress reporting mechanisms
4. Regular field visits to Project/ Program sites by CSR Team
5. Comprehensive documentation/ compilation of field reports
6. Regular interaction with beneficiary communities to obtain feedback
7. Monitoring of timely fund utilization to ensure that Projects/ Programs as budgeted are being carried out
8. Conducting external financial audits of the ongoing programs
9. Conducting impact assessment of the completed qualifying projects; and
10. 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 to Strategic Planning Department is within 2 (Two) weeks of the date of the CSR activity conducted.

**NGO partner level and Implementation Agency:** The NGO partner and the Implementation Agency 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. The CSR council is required to provide the following information in the annual report:

- Brief explanation of Bank’s CSR policy;
- Information about the members of the CSR committee, such as, name of the Director, his/her designation, number of meetings of CSR Committee held and number of meetings of attended by the Director;
- Web-links to the Bank’s website where the CSR Committee’s membership, CSR policy, and CSR projects approved by the board are listed; and
- Executive summary and web links for the impact assessments of CSR projects.

### Supplementary Rules

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

### Version history

31 March 2015	1 <sup>st</sup> version
16 March 2017	2 <sup>nd</sup> version
20 August 2019	3 <sup>rd</sup> version
31 January 2020	4 <sup>th</sup> version
24 December 2020	5 <sup>th</sup> version
25 January 2022	6 <sup>th</sup> version
09 December 2022	7 <sup>th</sup> version

### Rules for Revision of Policy

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

1. The alteration in the policy may be proposed by the CSR Council to the CSR Executive Committee. The proposal will be approved by the CSR Executive Committee.
2. Once the proposal is approved by the CSR Executive Committee, it must be placed on record through the minutes of the board meeting and supporting alterations in the policy if required.

Strategic Planning Department will provide administrative support for the Committee, prepare and keep minutes of the discussions in the Committee meetings as well as follow up on action items to be presented at future meetings.