



**Sumitomo Mitsui Banking
Corporation**

**Corporate Social
Responsibility (CSR) Policy**

Version: 11

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1. Overview

Purpose of this document

The objective of the policy is to define Corporate Social Responsibility undertaken by SMBC (India) in alignment with Section 135 of the Companies Act, 2013 read with applicable rules.

The purpose of this document is to specify the Corporate Social Responsibility (CSR) related activities for SMBC India. It will also outline the guidelines and procedure to carry on the corporate social responsibility activities. This document will also work to define the role and responsibilities of the CSR Committee which has been constituted to administer the CSR Policy & CSR activities of the Bank.

When to review and update

This document needs to be revised and updated whenever there is a change in procedures, policy or law. It should be reviewed on a regular basis at least once a year. The updated CSR Policy is uploaded on the bank's website as per regulation.

Reference

Section 135 of Companies Act, 2013 (India) – Annexure 1

The Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time - Annexure 2

Target Audience

All staff working in SMBC India.

2. Specification at Office

Overview

This part describes the unique attributes of SMBC India.

Principle

SMBC commenced its commercial banking operations from its flagship branch in New Delhi on December 12, 2012.

The new Companies Act 2013 was notified by the Ministry of Corporate Affairs on February 27, 2014. Under Section 135 of the Act, CSR has been made compulsory for all companies operating in India effective April 1, 2014.

The Act covers all companies in India that meet any one or more of the following conditions in any of the immediately preceding financial year:

Turnover \geq INR 10 billion

Net worth \geq INR 5 billion

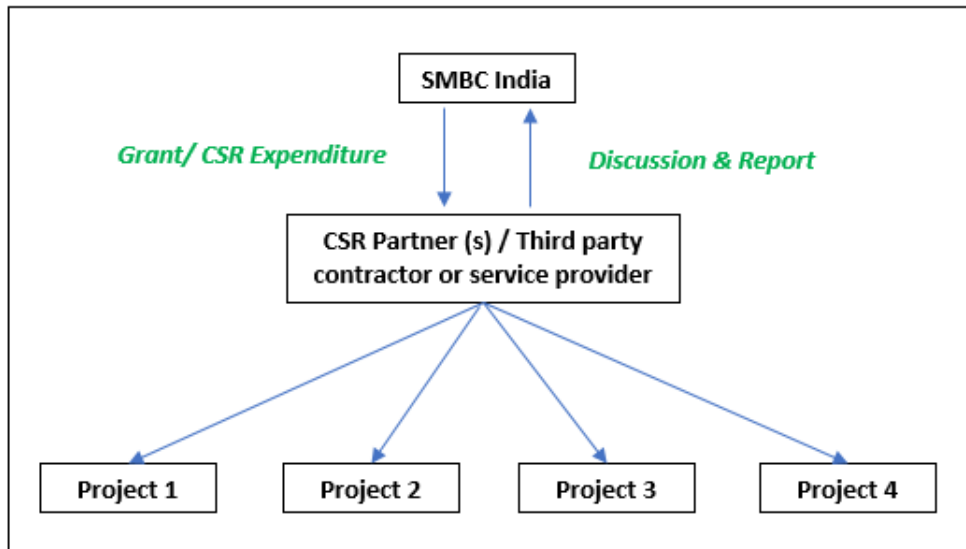
Net Profit \geq INR 0.05 billion

If a company meets one or more of the above criteria, then it mandatorily has to comply with the Section 135 (1) of the Act and take the necessary steps such as setting-up a CSR Committee, devising a CSR Policy, ensuring that the earmarked CSR expenditure is made, and mandatory reporting is done etc.

Architecture

The CSR Committee will be a sub-committee of the Management Committee of SMBC India and will comprise of related key staff.

SMBC India will tie-up with CSR partner(s) to undertake the activities mentioned in the CSR policy or undertake direct projects with third party contractors/service providers. The structure of execution of activities is as below:



3. CSR Committee

Composition

The CSR Committee shall be composed of nine Committee members including the committee Chairperson. The Managing Director & CEO shall serve as the Chairperson of the committee.

The composition of CSR Committee would be as follows:

Position	Title
Chairperson	Managing Director & CEO
Members	Managing Director, Head New Delhi Branch
	Managing Director – (IT)
	Managing Director – (BCAPD)
	Managing Director – Legal & Compliance), Chief Compliance Officer
	Executive Director & Head Chennai Branch
	Executive Director - Human Resources
	Executive Director - Finance and Accounting
Secretary	Executive Director - Planning & Strategy

Roles & Responsibilities

1. Formulate and recommend the CSR Policy and the Annual Action Plan to the Management Committee
2. Ensure that the CSR charter, policy and manual is adhered to at all times.
3. Recommend and monitor CSR expenditure- at least two per cent (2%) of the average net profit before tax of the last three financial years as CSR expenditure in each financial year; this expenditure has to be spent every year.
4. Review the CSR policy on yearly basis.
5. Monitor the progress of the work being done by the selected partner including visiting the project sites.
6. Ensure that CSR Report using the prescribed format under the Companies Act, 2013 is done timely and accurately.
7. In case of inability to spend the prescribed CSR amount, the Committee shall explain the reasons for failing to do so to the Management Committee as well as in the Annual Financial report.
8. Ensure that CSR activities are aligned with Schedule VII of the Companies Act, 2013 and are implemented in project/ program mode and monitored using a transparent mechanism.
9. Ensure that the contents of the CSR Policy & CSR Projects are disclosed in the Annual Financial report and displayed on the bank's website.
10. Encourage and expedite participation of staff in CSR activities.

11. Any other activity relevant to the CSR strategy of the bank.

In case of any ambiguity with regard to any provision of the CSR policy and also in respect of matters not covered herein, a reference should be made to the Management Committee (MC) of the bank. In all such matters, the interpretation and decision of the chairperson will be final. The Management Committee is the apex body in India, and it undertakes ownership of the Branch's business and ensure that the business in India is conducted as per the applicable local laws and regulations.

Quorum, Frequency

The quorum for the meetings shall be a minimum of five members. Additional representatives shall be called for the meeting on need basis and shall not be counted for the purpose of quorum.

The Committee shall meet at least once in a quarter or at-least four times in a year or as and when deemed necessary in order to perform its duties effectively. The meeting of the Committee shall be called and convened by the Chairperson at three days' notice through the Secretary. In case of urgency, meeting can be called by GM (Chief Executive Officer and Country Head of India) at short notice.

Approvals by Circulation:

Any other business that requires urgent decisions can be approved by means of Resolutions passed by circulation through email. Resolutions passed by circulation are deemed to be passed at a duly convened Meeting of the Committee and have equal authority.

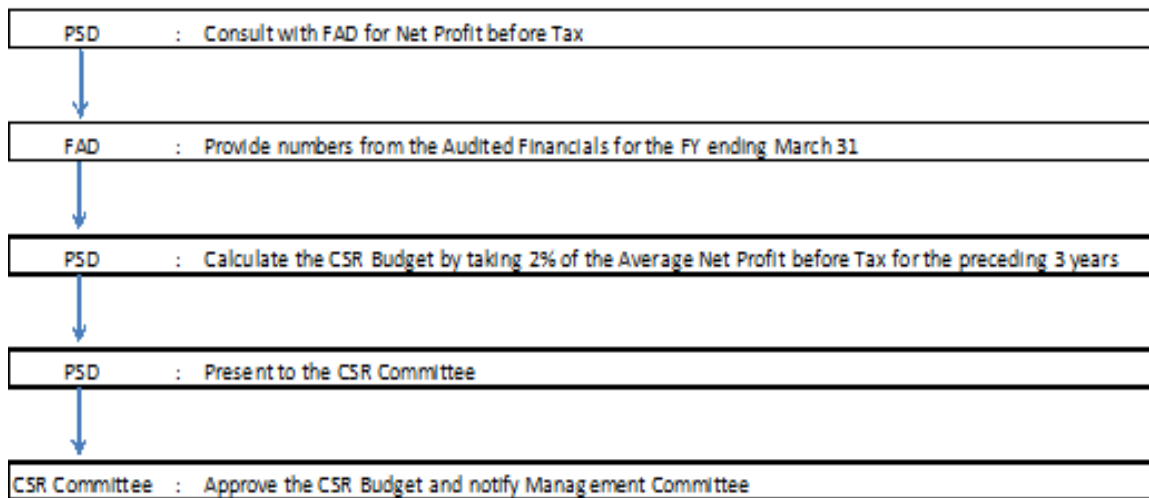
Each business proposed to be passed by way of circulation shall be explained by a note setting out the details of the proposal, relevant material facts that enable the members to understand the meaning, scope and implications of the proposal etc. The email shall also indicate how a member shall signify assent or dissent to the Resolution proposed and the date by which the member shall respond. The proposal shall deem to have been approved on receipt of approval from five members. (as per the prescribed quorum)

Minutes of the Meeting

The Secretary or the designated assigned person by the secretary on his behalf from PSD shall attend all CSR Committee meetings and shall maintain accurate and adequate records of all deliberations during the Committee meetings. The agenda points with complete details shall be submitted to the Secretary / designated person who in turn shall circulate the Agenda among all the Members and additional representatives. The CSR Committee shall review the status of the action taken on points arising from the earlier meetings and in turn report to the Management Committee.

Budget Decision

The CSR budget will be arrived at by the following process:



Reporting Line & Timelines

CSR Committee shall report into the Management Committee of the Bank in India. However, discussion & information sharing shall be done with Strategic Planning Department Asia Pacific Division (SPDAP) through the Secretariat department, PSD before any decision regarding strategic matters is made. Such matters may include, change in theme of CSR policy, change/ addition/ removal of CSR partner, change in CSR expenditure and other important matters.

4. Activities

Overview

The following are the important points that have to be adhered while conducting CSR activities. They form the basis of formulating and deciding the nature of projects/ programs that will be undertaken by SMBC India towards CSR

Vision & Mission

The bank through the CSR Committee must formulate the Vision and Mission for undertaking CSR activities in India, drive efforts in that direction and monitor the progress on a regular basis.

Theme

The theme of the CSR activities shall be as specified by law in Schedule VII of Section 135 of Companies Act, 2013 – Annexure 1.

Actions

Important points regarding the CSR policy to be kept in mind are:

- Activities should be recommended and presented to the Management Committee of the bank in India by the CSR Committee.
- Any changes in the Policy should be notified to the Management Committee.
- In compliance with the requirements of the Companies Act, 2013, the CSR Policy extract shall be appropriately disclosed in the Annual Financial report (as per the required format) and the same shall be published on the SMBC India's website.
- All activities must be undertaken in project/ program mode.
- CSR expenditure for a particular financial year must be spent in the same financial year. Inability to do so would require explanation to Management Committee and the same has to be mentioned in the Annual Financial report specifying the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year] as required under the CSR regulations (as amended from time to time) with consent of the CSR committee and the Management committee.
- Any amount remaining unspent pursuant to any ongoing project, undertaken by the Bank in pursuance of its Corporate Social Responsibility Policy, shall be transferred by SMBC India within a period of 30 days from the end of the financial year to a special account to be opened by SMBC India in that behalf for that financial year in any scheduled commercial bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by SMBC India in

pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer. "Ongoing Project" here means a multi-year project undertaken by the Bank in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include shall project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Management Committee of the bank based on reasonable justification.

- Any surplus arising out of the CSR activities shall not form part of the business profit of a 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, within a period of six months of the expiry of the financial year. Surplus arising out of the CSR activities shall not form part of the business profit of the bank.
- SMBC India will tie-up with CSR partner(s) and/or third-party contractors/service providers as specified under Rule 4 of the CSR rules to undertake the activities. Before appointing any new partner SMBC shall conduct external party verification of the CSR partner. Also, SMBC India may conduct verification on existing partners based on the judgement of internal stake holders. In addition, the committee may decide (on need basis) to audit (by a certified audit firm) the CSR partners as & when required.
- In case SMBC has an average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Companies Act, 2013, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the CSR Committee and then the Management Committee and shall be annexed to the annual report on CSR, as amended from time to time. In case SMBC India undertakes an impact assessment, then it may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.
- Projects are focused on areas as per the list given under Schedule VII of the Companies Act, 2013. education with implementing partners and we have direct projects in the field of environment and disaster management. These projects are reviewed and approved in the CSR committee.
- Exception handling –In a special situation where the Bank 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 CSR Committee as well as all approving authorities in the decision-making process.

Annual & Quarterly Activity

The details of the projects, location of activities, the earmarked amount to be spent as CSR expenditure, identified partners, decided road map and other important information for each financial year must be approved by the CSR Committee, reported to Management Committee of SMBC in India and SPDAP on an annual basis.

PSD shall prepare and compile the required CSR Reports at the end of each financial year and circulate to CSR Committee and SPDAP.

On an annual basis, PSD shall report the CSR activities in the prescribed format of Companies Act, 2013 in the Annual Financial report filed under sub-clause (b) of subsection (1) of section 381. If the required CSR expenditure is not made, then as per regulation the differential amount would be deposited in the special account or as required by the new regulations (which are updated from time to time) and reported as and where required.

CSR Committee shall monitor the progress of the projects and activities, based on the report submitted by the CSR partner as per the agreement signed between SMBC and them. It shall review the same, discuss performance and recommend changes/ ways to improve (if needed).

5. Responsibilities of PSD

Overview

PSD provides assistance to Management and CSR Committee in terms of rules and regulations pertaining to Corporate Social Responsibility of SMBC India as well as the related strategic planning, relevant activities, and public relations.

PSD is in-charge of:

1. Assisting CSR Committee by drawing up CSR strategy- CSR policy, budget plan, and being the custodian and secretariat department of the CSR committee (sub-committee of Management Committee).
2. Assisting in partnering with CSR partner(s) which is a registered trust/ registered society/ company which has an established and sufficient track record in undertaking CSR programs and projects.
3. Ensuring implementation of policy, spending at least the mandatory expenditure on activities, monitoring the process and good governance (CSR Committee Meetings).
4. Liaising with SMBC's related departments- mainly in SMBC NDB as well as Strategic Planning Department Asia Pacific Division (SPDAP) for required disclosures and reporting.
5. Preparing and compiling the CSR Report at the end of each financial year and circulate to CSR Committee and SPDAP.

6. Action Plan for FY 2023-24

Objective

SMBCs India's CSR objective is to support Education of Young India, Environment related caused supporting sustainable development and health care of the Community. SMBC India supports education projects that empower the next generation to achieve their full potential and helps to remove social and economic barriers, thereby uplifting their standard of living. SMBC India accomplishes these objectives with like-minded partners and with the commitment of our senior management.

Scope: The Annual Action Plan is prepared under the regulatory framework laid down under the CSR Rules issued by the Ministry of Corporate Affairs. We have also obtained guidance of the CSR Committee and the guiding principles for sustainability and social responsibility laid down by the parent bank.

Project wise details of the CSR initiatives for FY 2023-24 have been summarized below.

Project 1: Education of Young India (under Schedule VII point ii promoting education):

SMBC India is committed towards narrowing the educational gap in India by involving with teachers offering professional development programs and reinforcing teachers transform the children's future for a better tomorrow by adopting an effective methodology of education. The objective is to provide high quality education to enable them to live a life of dignity and financial independence as contributing members of the society.

SMBC India is also looking at supporting the education sponsorships of the children and ensuring that there is overall development of the children by having access to quality education and proper family support to support and nurture them. Further, in view of digitalization and keeping up with the current trends, SMBC India will also support Digital literacy among the students by sponsoring desktops to the schools thereby benefiting Young India.

All these projects will be conducted through NGO partners / Foundation and their programmes. The NGO partners shall share their annual report and fund utilization certificate at the end of the project.

In continuation with this objective, we are also working to support Government schools with Overall hygiene and wellness (WASH/ Sanitation), safe drinking water, etc. This was an On-going project for FY 2022-23 and will be completed this fiscal.

Project 2: Environment Sustainable development (under Schedule VII point iv ensuring environmental sustainability):

As a CSR initiative, SMBC India has designed, developed and implemented a unique and exemplary drinking water supply network along with overhead storage tank and state of the art – world class treatment facility. As a part of SMBCs commitment, the project was embarked upon to be transformational and is aligned to the United Nations Sustainability Development Goals, Environment Sustainability and Governance and Principles of Responsible Investments. The structure was paid for in FY18-19 which is up and running and now the yearly operational expenses for

the project were being provided to the maintenance agency till last year.

In view of the successful assessment report of the project, SMBC India is looking to support Phase 2 of this project by bringing in enhancements in water sources-supply to the residents of Wagadhi village by constructing community stand post with taps and extension of water supply line. The project will be conducted through our CSR vendor – Hindustan Ecosoft Pvt Ltd. They shall share their annual report and fund utilization certificate at the end of the project. This will be an On-going project of FY 2023-24. Stepping a bit further to the cause of Environment, SMBC India will endeavor to support re-cycling of the electronic waste generated within the community. Sensitization and awareness programmes along with the collection and disposal of electronic waste is one of the projects under Environment. The project will be conducted through NGO partners and their programmes. The NGO partners shall share their annual report and fund utilization certificate at the end of the project. This will be an On-going project of FY 2023-24.

Project 3: Healthcare (under Schedule VII point I - promoting health care including preventive health care):

This has been a major area of focus since the onset of Covid-19 pandemic. At SMBC India, we are looking at supporting hospitals through sponsoring regular medical equipment, life-saving medical equipment and medical PODS. This was an On-going project of FY 2023-24 will be completed this fiscal. The project will be conducted through our CSR vendor – Hindustan Ecosoft Pvt Ltd. They shall share their annual report and fund utilization certificate at the end of the project.

SMBC India recognizes the condition of the elderly class of citizens living in poverty. To assess the healthcare status of destitute elderly, particularly mobility issues being faced by elderly living in slums, SMBC India will be sponsoring and distributing healthcare relief material, equipment, and accessories to them. The project will be conducted through NGO partners and their programmes. The NGO partners shall share their annual report and fund utilization certificate at the end of the project.

All the projects except the On-going project will be targeted to be completed by the end of March 2024.

Monitoring: The CSR team will carry out monitoring of timely fund utilization to ensure that the aforesaid Projects/ Programs as budgeted are being carried out. Timely visits to the NGOs may be planned by the CSR team to have an overlook on the functioning of the NGOs.

Impact assessment: Currently, the average CSR obligation of preceding three years is less than 10 crore rupees, hence, no impact assessment will be undertaken in FY 2023-24 as per the regulations. However, as a pre-emptive exercise, independent impact assessment of the Maharashtra Drinking water project was undertaken in FY 2022. The detailed report along with the findings was placed before the CSR Committee at its meeting held on May 29, 2023.

END