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CORPORATE SOCIAL RESPONSIBILITY (CSR) Policy

1. Preamble

Corporate Social Responsibility (CSR) covers the process by which an organization approaches, defines and develops its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate strategies, processes and activities. CSR, at the Bank, constitutes an integral part of the core value ‘Sustainability’ including Environment, Social and Governance considerations. The CSR policy applied largely to the Banks programs and projects contributing to social and environmental good.

2. Purpose

HDFC Bank is committed to identifying and supporting programs aimed at:

- Developing and advancing the community and in particular, those at the bottom of the pyramid who are unequally endowed/enabled, and also
- Reducing negative impact of its operations on the environment

This policy will serve as a guiding document containing approach and direction given by the board, taking into account the recommendations of the CSR Committee, defining guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

The CSR policy would function as a self-regulating mechanism for the Bank’s CSR activities and enable adherence to laws, ethical standards, and international practices in this regard.

3. Policy Statement /Vision

The Bank’s CSR mission is to contribute to the social and economic development of the community. Through a series of interventions the bank seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment. At the core of this is its commitment to reach out to marginalized communities through its Sustainable Livelihood Initiatives.

The Bank’s strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations.
4. Scope

This policy will apply to all projects/programs undertaken as part of the Bank’s Corporate Social Responsibility activities and will be developed, reviewed and updated by reference to relevant codes of corporate governance and international standards or best practices. This policy is also in line with Section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time (“the Act”).

5. Governance

Overall governance of CSR and approving of the CSR Policy will be the responsibility of the Board through the CSR Committee

- The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy,
- The Board shall ensure proper implementation of the CSR Policy along with monitoring and reviewing CSR Activities undertaken by the Bank and provide inputs as and when required
- The Board shall satisfy itself that the CSR funds so disbursed are alignment to the CSR Policy of the Bank and have been utilized for the purposes and in the manner approved by it. The CFO or appropriate authority shall certify the same to the effect.
- The Board shall also ensure appropriate disclosures pursuant to the Act and Amendments thereof in the Annual Reports and Bank Website in prescribed formats.
- In case of ongoing project, as defined under the Companies (CSR Policy) Amendment Rules 2021, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

The CSR Department of the Bank will be responsible for administering and executing the policy. As the Bank’s CSR activities evolve further, the policy may be revised with the approval of the Board as per the recommendations CSR Committee of the Board.

6. CSR Committee

The Bank will institute a CSR Committee of the Board consisting of three or more directors including at least one Independent Director. The committee will also oversee the banks performance within the ESG framework and advise on various matters concerning the same. The Committee will meet at least four times in a year. The following shall be the terms of reference of the Committee.

- To formulate the Bank’s CSR and ESG strategy, policy and goals and revision thereof, as may be required and recommend to the Board, an Annual Action Plan pursuant to the Act.
To identify the areas of CSR activities as prescribed in Schedule VII of the Companies Act, 2013 and amendments thereof to the Act and recommend the amount of expenditure to be incurred on such CSR activities / projects within the Board approved budget plan.

To monitor the Bank’s CSR policy and performance from time to time to ensure the Bank meets the mandatory CSR compliance requirements.

To review the CSR projects/initiatives from time to time and recommending any alteration in annual action plan, if any, to the Board

To ensure legal and regulatory compliance from a CSR viewpoint

To ensure reporting, communication and appropriate disclosures to stakeholders on the Bank’s CSR projects/initiatives

To ensure that the surplus arising out of the CSR projects or programs or activities do not form part of the business profit of the Bank

To oversee and monitor the Environmental Social Governance (ESG) framework, the Environmental policy, actionable and initiatives strategized and executed by the management level ESG Committee

To oversee and monitor the Bank’s ESG disclosures including the Sustainability Report highlighting the Bank’s ESG performance and prioritization of material topics

To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.

To review and reassess the adequacy of the Charter annually and recommend any proposed changes to Board for approval

Consistent with the above, the CSR Committee of the Board currently has the following members:

1. Mr. Umesh Chandra Sarangi, Chairman (Independent Director)
2. Mr. Malay Patel (Independent Director)
3. Mr. Sanjiv Sachar (Independent Director)
4. Mrs. Renu Karnad (Non-Executive Director)
5. Mr. Kaizad Bharucha (Executive Director)

7. CSR Budget

The Board shall ensure that the 2% of average net profits from the immediately 3 preceding years is spent on CSR initiatives undertaken by the Bank. The overall amount to be committed to CSR will be approved by the Board as recommended by the CSR committee through its Annual Action Plan carrying list of CSR projects or programs approved to be taken.

The following guiding principles to be adhered to in terms of CSR Budget Outlay and Expenditure -

* The administrative overheads shall not exceed five percent (5%) of the total CSR expenditure of the Bank for the
financial year

- Any surplus generated from CSR activities shall not form part of the business profit of the Bank and shall be treated as follows:
  a. Ploughed back into the same project
  b. Transferred to a designated Unspent CSR Account (UCSRA) and spent in pursuance of CSR policy and Annual Action Plan of the Company
  c. Transferred to a Fund specified in Schedule VII, within the prescribed timeline as specified in the CSR Rules.

- Any unspent amount shall be reported by the Board in its report specifying the reasons for not spending the amount and shall be dealt with in accordance to Section 135 of the Act and rules under Amendments thereof.

- In case, the Bank spends an amount in excess of requirement of its CSR obligations in a financial year, such excess amount may be set off against the requirement of CSR spending up to immediate succeeding three financial years subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 as may be amended from time to time

- The Bank may spend its CSR budget for creation or acquisition of a capital asset subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 and any amended to the same.

8. Supervision

The Bank’s CSR activities will be driven by a dedicated CSR team under the guidance and support of senior functionaries. The CSR Committee and CSR Department under the direction of the Board would play a significant role in ensuring that the CSR policy is embedded across the Bank’s operations and the CSR initiatives are in line with the policy.

With respect to ESG, the Bank has constituted a steering Committee to support the Bank’s on-going commitment to Environmental, Social and Governance (ESG) matters relevant to the Bank under the guidance of CSR Committee and as directed by the Board

9. Disbursement

The disbursal of funds will be either in tranched drawdown form or one-time payment depending on the nature and requirement of the project and the Annual Action Plan as recommended by the CSR Committee and approved by the Board. The terms, conditions and timing of disbursement will be discussed and agreed to with the CSR Department and project teams, and will typically form part of the Memorandum of Understanding with the entity implementing the project.

10. Reporting

Appropriate disclosures and reporting on all CSR activities and assessments done by the Bank will be done as part of the Director’s Report in the Bank’s Annual Report and Bank’s official website in the prescribed formats as per statutory and regulatory reporting requirements of the Act
11. Guiding Principles for initiating CSR Programs/Projects.

To provide a focused and structured approach to the program, the Bank will focus its support and CSR spends on specific pre-determined causes and areas of intervention as outlined in the Annexure to the policy.

The CSR Committee through the CSR shall formulate an annual action plan in pursuance of this CSR policy, which shall include the following and recommend it to the Board for Approval:

i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

ii. the manner of execution of such projects or programmes

iii. the modalities of utilization 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 company:

The Annual Action Plan compliant with the Act and the Amendments thereof, to follow the below mentioned guiding principles.

A) Guiding Principles on formulation of the Annual Action Plan to initiate CSR project:

a) The Bank will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.

b) The programs/ projects will be within the areas recommended / listed in the Schedule VII of the Act and mentioned in the Policy.

c) The programs/ projects will be beyond business as usual.

d) The programs/projects will be implemented within the country (with an exception if any as permitted by the CSR rules) and; preferably in areas where the Bank has its presence.

e) Programs/Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted /undertaken exclusively in pursuance of the normal course of business.

f) The programs/ projects should exclude activities that are to be supported on sponsorship basis for deriving marketing benefits for its products or services.

g) The programs/ projects should exclude activities carried out for fulfilment of any statutory obligations under any law in force in India.

h) In review of existing ‘ongoing’ projects as defined under the CSR Amendments and its progress against the approved timelines for those projects.

i) In review of excessive amount approved by the Board for setting off against the budget of any financial year as eligible under the Act and its amendments.
j) In review of any unspent amount from preceding FYs as aggregated in ‘Unspent Corporate Social Responsibility Account (UCSRA)

k) Any surplus, generated out of the CSR activities of the Bank, will be ploughed back to the CSR Initiatives of the Bank and Unspent amount (if any) from CSR program/project will be incurred/transferred in accordance to CSR rules of the Act and amendments thereof

During any financial year, the Annual Action Plan of the Company may be modified with approval of the board to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved projects.

**B) Guiding Principle on Selection, Implementation and Monitoring of CSR Projects.**

The Board shall ensure that the CSR activities are undertaken by the Bank itself (Direct Projects) with the involvement of various Bank employees/units or indirectly through implementing agencies like NGOs, Trusts, Societies, Section 8/ Section 25 companies, DST certified incubation centers or through collaborative projects with other corporates as eligible under the act and amendments thereof. The CSR Department, under the guidance of CSR Committee would assist in implementation and monitoring of the CSR projects/initiatives.

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of the projects / programs/ activities proposed to be undertaken by the Bank. The Bank shall undertake impact assessment of its projects through an independent agency, of the 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 Board and shall be annexed to the annual report on CSR.

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AREAS OF CSR INTERVENTION (Annex. 1)

Enumerated below are the areas under which the Bank will implement its CSR Projects. This will be reviewed from time to time by the CSR Committee and the Board and specific initiatives under these will be undertaken in line with the CSR Policy to meet the overall objectives of these interventions.

1. **Empowering through Sustainable Livelihood Initiatives (SLI)**
   **Category:** Companies Act- 2013, Schedule VII (i) Eradicating Hunger, Schedule VII (ii) Livelihood Enhancing Projects, Schedule VII (ii) Empowering Women and Schedule VII (x) Rural Development

HDFC Bank’s Sustainable Livelihood Initiatives are designed to empower thousands of people, particularly women in rural parts of India. Through this initiative, the Bank reaches out to the un-banked and the under-banked segments of society and in doing so, it seeks to help as many people as possible at the bottom of the pyramid by providing them with livelihood finance.

Under this project the Bank will continue to support people (primarily woman) who are financially excluded through a holistic approach that will also offer training for enhancing occupation skills, credit counseling, financial literacy and market linkages.

2. **Financial Literacy and Inclusion**
   **Category:** Companies Act -2013, Schedule VII (i) Promoting Education, Schedule VII (ii) Livelihood Enhancing Projects

The Bank believes that absence of financial knowledge can lead to poor financial decisions that can have an adverse effect on the financial health of an individual. The Bank will endeavor to provide familiarity with and understanding of financial products, especially of rewards and risks, in order to better equip the financially excluded to make informed choices. These projects will endeavor to promote financial literacy amongst various segments such as students, senior citizens and others in the communities, directly or through implementing partners.

The Bank will organize financial literacy awareness programs and through multiple media to create financial awareness and promote inclusion in the marginalized communities.

3. **Promoting Education**
   **Category:** Companies Act -2013, Schedule VII (i) Promoting Education and Schedule VII (vi) measures for the benefit of armed forces veterans, war widows and their dependents

Education is one of the building blocks of any nation. With the aim of having ‘every child in school and learning’ the Bank’s interventions will aim at mainstreaming children and improving the quality of education they receive. A multitude of interventions such as educational sponsorships to students belonging to economically/socially/physically challenged categories and from the families of war veterans and the personnel in public services of defence and security training programs for teachers, supporting the infrastructure or running cost of reading programs, libraries, supportive classes, computers, science laboratories, physical education etc. will be undertaken to create a conducive learning environment and to promote learning.

4. **Skill Training and Livelihood Enhancement**
   **Category:** Companies Act -2013, Schedule VII (ii) Employment Enhancing Vocational Skills and Livelihood Enhancing projects and Schedule VII (ii) Empowering Women

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A growing economy like India requires a large and skilled workforce. The Bank’s skill training initiatives will aim at training and capacity development of youth and women from economically weaker sections of society, and to empower them to gain access to opportunities for sustainable livelihood and growth.

The Bank will support technical training courses, Skill Development Centers, non-formal vocational programs aimed at creating livelihood opportunities, soft skill training aimed to facilitate integration into mainstream and soft loans for self-financing of training. Under the scope of this initiative, the Bank will also support upgrading skills and capacity building of farmers by introducing innovative methods of cultivation and creating market linkages.

5. **Promoting Healthcare and Sanitation**

**Category:** Companies Act -2013, Schedule VII (i) Promoting Preventive Healthcare; Schedule VII (xii) disaster management, including relief, rehabilitation and reconstruction activities and Schedule VII (vi) measures for the benefit of armed forces veterans, war widows and their dependents

The Bank will address the healthcare, hygiene and sanitation needs of the community through innovative products and services. One of the Bank’s largest initiative currently addresses the shortage of blood and storage of the same. This is an area in which the Bank and its employees are actively engaged. The Bank will continue to conduct Blood Donation Drives and support the setup of ‘Blood Storage Units’ in rural locations that do not have a blood banks, to ensure supply of blood.

The Bank is emphasizing on promoting wellness among its communities through preventive, curative and palliative interventions under its programs. Such activities to also include contributions made to specific funds set up by Central Govt. and provisions made towards promotion of healthcare and wellness as eligible under Schedule VII updated from time to time.

The Bank recognizes the difficult conditions under which our defence/police force operate in and will extend support though special products to provide them with a security cover.

6. **Environmental Sustainability**

**Category:** Companies Act -2013, Schedule VII (iv) Ensuring Environmental Sustainability, Conservation of Natural Resources and Maintaining the quality of soil.

Sustainability is one of the core values of the Bank and climate change mitigation and environmental improvements are essential elements of its strategy for sustainability. The Bank will initiate multiple projects implemented directly or through consultant partners to manage its emissions and to introduce environmental friendly practices. Social Communication will be used as an effective tool in influencing behavior and creating a sustainable environment for the community.

The Bank will encourage investment in energy efficient technology, developing socially and environmentally friendly products and services, improving access to water by creating/sponsoring irrigation and water storage structures, promoting public transport by creating appropriate infrastructure, benchmarking and reporting on Sustainability projects.

7. **Eradicating Poverty**

**Category:** Companies Act -2013, Schedule VII (i) Eradicating Poverty, Hunger and Malnutrition.

The Bank recognizes the need to reach out to those at the bottom of the pyramid by providing them with need based assistance. The Bank will also encourage employees to continue to contribute to society by undertaking projects in their respective areas.

The Bank’s Payroll Giving Program will encourage employees to donate a part of his/her salary. This amount may be matched by the Bank and the combined amount donated by the employee to a cause of his/her choice. These causes may include providing rations/nutrition, medical care, supporting education, etc.
8. **Rural Development**  
**Category:** Companies Act - 2013, Schedule VII (x) Rural Development

With the objective of contributing to the improvement of the economic and social well-being of people in rural areas, the Bank will initiate programs that empower the rural population. These will range from making financial services and products available to these areas and bringing them within the banking fold, to creating innovative products to suit the requirements of the rural population. The Bank will support projects providing electrification through solar or alternate methods, improving access to water, healthcare and sanitation, and construction and running cost of schools and health centers, amongst others.

9. **Innovation**  
**Category:** Companies Act – 2013, Schedule VII (ix) contribution to incubators or research and development projects in the field of science, technology, engineering and medicine funded by Central or State Govt. or allied sectors aimed at promoting SDGs

HDFC Bank promotes innovation in the field of sustainable development. The Bank shall partner with eligible institutions defined under Schedule VII to promote innovative ideas, start-ups, research, training and development work aimed at promoting Sustainable Development Goals (SDGs)

10. **Contribution to specified funds**  
**Category:** Companies Act – 2013, Schedule VII (viii) contribution to the prime minister’s national relief fund [or Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women

The Bank shall promote socio economic development and relief activities by supporting specific funds set up by the Govt. as made eligible under the Act and amendments thereof. The Bank has supported such funds for Covid-19 pandemic relief activities as well.

11. **Promotion of Sports**  
**Category:** Companies Act – 2013, Schedule VII (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports

The Bank shall support interventions promoting sports among youths, children and athletes as per need and impact through the support towards coaching and training, equipment, medical / rehab, promoting participation, sports kits etc. The Bank has been supporting such athletes and envisages developing junior athletes identified for sports at the scale of Olympics and Paralympics.