

Policy on Corporate Social Responsibility

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CSR & Sustainability Department
State Bank of India
Corporate Centre
Mumbai

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1 Preamble

State Bank of India (SBI) is India's largest Bank in public or private sector space with footprints not only across India but also at major commercial hubs of the world. State Bank of India is a diversified financial conglomerate with interest in corporate banking, retail banking, international banking, investment banking, government business, and treasury operations. SBI also has a stake in Life Insurance, General Insurance, Mutual Funds, Credit Card and Merchant Acquiring business through its subsidiaries. Being the Bank of choice for transforming India, SBI has been pioneering in Corporate Social Responsibility (henceforth referred to as CSR) in the Indian Banking Ecosystem.

The concept of CSR was introduced in the Bank as early as 1973, under the name 'Innovative Banking' with emphasis on assisting groups belonging to the weaker and downtrodden sections of the society by providing avenues for improvement of their economic condition. Innovative Banking involved participation in community activities such as blood donation camps, health camps, adult literacy, tree plantation etc. As the scope of activities increased, the Bank classified these activities as Community Services Banking. The CSR is now one of the activities through which Bank plays the role of a responsible Corporate citizen and discharges its social responsibility towards the community. The CSR at SBI aims to integrate economic, environmental, and social objectives to implement national priorities for social development.

Our Bank has been managing its CSR activities through the (i) Corporate Centre with the support of 17 Circles, Corporate Accounts group, Commercial Clients Group, Administrative Offices, Apex Training Institutes (ATIs), Branches etc. and (ii) SBI Foundation.

2 Vision Statement

To be a Bank known for bringing about sustainable improvement in the lives of citizens of the country with focus on socially & economically disadvantaged communities.

3 Objective

- To participate in activities which benefit community development, social responsibility, and environmental sustainability, so as to reach out to socially & economically disadvantaged sections of society.
- Accord primacy to support national priorities like Swachh Bharat Abhiyan, Jal Shakti Abhiyan, Beti Bachao Beti Padhao, River Rejuvenation etc.

4 SBI Foundation

In order to smoothly carry out large CSR projects/programmes which require substantial funding & investment of time, SBI Foundation was established as a section 8 Company under Companies Act, 2013. SBI Foundation has been envisioned to undertake innovative and socially oriented programmes directly through strategic alliances and in collaboration with third parties. These activities are expected to be generally in tune with the activities mentioned in schedule VII of the Companies Act, 2013. SBI Foundation has its own CSR policy approved by the Board of Directors.

SBI Foundation is subject to audit by the Comptroller and Auditor General (CAG) of India. The SBI Foundation has its own independent Board which approves the Foundation's policy and reviews it from time to time. It also ensures efficient execution of programmes, projects and activities and compliance with all applicable laws and regulations.

As a parent company, the Bank's Corporate Social Responsibility Committee (CSRC) of the Board ensures a transparent monitoring mechanism for implementation of CSR projects / programmes / activities undertaken by the Foundation. The CSRC of the Board sets the direction of the activities of the SBI Foundation as per the CSR policy of the Bank and reviews the progress at quarterly intervals.

5 Ceiling & Allocation of Budget

The Companies Act, 2013 brought the concept of Corporate Social Responsibility to the forefront by mandating Companies to set aside 2% of their net profits solely for social activities. Section 135 of the Companies Act, 2013 also framed the definition of CSR and guidelines of CSR spend. *However, SBI is not governed by the Companies Act, 2013. As per RBI Regulations vide DBOD.No. Dir.BC.50/13.01.01/2005-06/ dated 21.12.2005, "the profit-making banks may make donations during a financial year aggregating up to one percent of the published profits of the banks for the previous year."*

Following the directions of RBI, State Bank of India may spend up to 1% of its previous year's published profits on CSR. The RBI instructions regarding limit of 1% is still applicable to Banks as confirmed by the letter no F.No.7/87/2019-BOA-I dated 30.09.2019 of Department of Financial Services, Ministry of Financial Services.

Note: The donations to Prime Minister's National Relief Fund (PMNRF) and subscriptions / contributions to professional bodies / institutions related to banking industry like Indian Banks' Association, National Institute of Bank Management, Indian Institute of Banking and Finance, Institute of Banking Personnel Selection and Foreign Exchange Dealers' Association of India may be excluded from the limit of 1%.

With the approval from the competent authority, annual budgets will be allocated to different entities, as part of the Annual Action Plan of the Bank. With the inception of SBI Foundation, up to 65% of the CSR Budget will be allocated to the Foundation and the remaining budget will be utilised for CSR activities for Normal & National Donations through offices of the Bank. Out of the budget allocated to the Bank, Minimum 75 % of CSR Budget is to be allocated to Normal Donation (Donations granted to voluntary organizations / NGOs/ charitable institutions registered as Societies or Public Charitable Trusts for implementing the projects which benefit community development, social responsibility and environment responsibility) and maximum 25% is for National Donation (i.e. Donations granted to funds sponsored / recognized by Central or State Governments, like National Defense Fund etc. for relief / rehabilitation during natural calamities). The Bank shall not carry forward the unutilized amount of the permissible limit of any year for use in subsequent years.

6 Eligibility

- It should be ensured that the CSR activities are undertaken by the Bank itself or through.
 - a) a company established under section 8 of the Act or a registered public trust or registered society, registered under section 12 A and 80 G of the Income Tax Act 1961, established by the company either singly or along with any other company; or
 - b) a company established under section 8 of the Act or a registered society established by the Central Government or State Government; or
 - c) any entity established under an Act of parliament or a state legislature; or
 - d) a company established under section 8 of the Act or a registered public trust or registered society, registered under section 12 A and 80 G of the Income Tax Act 1961, and having an established track record of at least three years in undertaking similar activities.
- Every entity covered as above who intends to undertake any CSR activity shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar with effect from the 01st day of April 2021. The Unique CSR Registration Number generated by this process will be mandatory for any CSR donation and to be mentioned in the Application Form.
- Discretion to be exercised judiciously to ensure that assistance is extended for worthy causes to well established institutions / NGOs with proven track record, for socially oriented and environmentally safe projects. It should be ensured that donations are invariably made directly to institutions / NGOs without any involvement of agents/middlemen/consultants.

- Donations should be given to institutions/ NGOs having a long unblemished record of public service. Before sponsoring of any project, appropriate and adequate due diligence on promoters/ trustees /persons behind the project need to be ensured to obviate any unwanted reputational risk. Donations are not to be given to individuals.
- Request for donations from institutions having caste / religious / communal bias and/or political overtones should not be considered.
- Donations to Government Departments or Organizations / Institutions funded exclusively by the Government should not be given as these institutions are expected to meet their financial requirements through government budgetary grants. Donations given for promotion of Information Technology / computer education and Sports are exceptions where proposals from Government aided Departments / Organizations / Institutions may also be considered.
- Donations to institutions which are having their own funds and / or can raise, on their own, funds to meet costs of their project should be avoided.
- In respect of donations to multi-branch organizations and repeat donations (within three years), Circles should obtain in-principle approval from CSR Department at Corporate Centre before considering donations to such institutions at Circle level.

7 Purpose

- “Corporate Social Responsibility (CSR)” means the activities undertaken by the Bank in pursuance of its statutory obligation in accordance with the provisions contained in Schedule VII of the Companies Act 2013, but shall not include the following, namely:-
 - i) Activities undertaken in pursuance of normal course of business of the Bank.
 - ii) Any activity undertaken by the Bank outside India except for training of Indian sports personnel representing any State or union territory at national level or India at International level.
 - iii) Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act.
 - iv) Activities benefitting employees of the Bank.

- v) Activities supported by the Bank on sponsorship basis for deriving marketing benefits for its products or services.
- vi) Activities carried out for fulfillment of any other statutory obligations under any law in force in India
 - To have a lasting impact, donations are to be released preferably for purchase of some equipment for clearly identifiable projects to provide long term advantages to the target beneficiaries and are conducive to their sustained development.
 - Donations for construction activities/ acquiring of Real Estate should be discouraged. Only in very exceptional circumstances (like setting up homes and hostels for women or orphans; setting up old age homes, day care centers, constructions of Toilets), donations may be considered for construction activities provided it directly benefits the target beneficiaries. However, in deserving cases, the MD (in-charge of Retail Business) may allow permission based on recommendation from the Circle Authorities.
 - Donations should not be released as contribution towards corpus funds. In very exceptional and deserving cases, donations may be considered for augmentation of corpus fund or creation of endowment fund for awarding scholarships to meritorious and economically weaker students pursuing higher / technical / management education at reputed institutions like IIMs, IITs, etc. Such donations may, however, be granted on extremely selective basis and only to highly reputed institutions. In deserving cases, the MD (in-charge of Retail Business) may allow permission based on recommendation from the Circle Authorities.
 - Donations should be given for a specific activity / purpose rather than a general donation to discourage utilization of such funds at the discretion of the donee institution. Similarly, donations for too many small value sundry items (like bed sheets, pillow-covers, utensils, carpets, chairs, fans, mattresses, etc.) should normally be avoided as it becomes difficult to monitor utilization of such donations. Further, donations for such items do not yield desired publicity to the Bank.
 - The Circle should ensure that Donations are not limited to a few donee institutions rather the endeavor should be to benefit a large pool of institutions.
 - Donations should not be made for recurring expenses.

- 'Chief Minister's Relief Fund' or 'State Relief Fund for COVID-19' is not included in Schedule VII of the Companies Act, 2013 and therefore any contribution to such funds shall not qualify as admissible CSR expenditure.

8 Areas of Engagement

The Bank has directed its CSR activities as per schedule VII of the Indian Companies Act covering the following areas:

8.1 Healthcare and Sanitation

Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

8.2 Education

Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

8.3 Empowerment of Women and Senior Citizens

Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

8.4 Environment

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

8.5 Protection of National Heritage

Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional art and handicrafts.

8.6 War Veterans

Measures for the benefit of armed forces veterans, war widows and their dependents.

8.7 Sports

Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

8.8 Contribution to Various Funds

- Contribution to the Prime Minister's National Relief 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. *(However, as per the RBI Regulations vide DBOD.No.Dir.BC. 50/13.01.01/ 2005-06/ dated 21.12.2005, the donations to Prime Minister's National Relief Fund may be excluded from the limit of one percent ceiling)*
- Contribution made to State Disaster Management Authority to combat COVID-19 shall qualify as CSR expenditure under item no (xii) of Schedule VII of the 2013 and clarified vide general circular No. 10/2020 dated 23rd March, 2020.
- Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PMCARES)

8.9 Other Miscellaneous Areas

- Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government.
- Contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies* engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).{*The autonomous bodies should be established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defense Research and Development Organization (DRDO), Department of

Science and Technology (DST), Ministry of Electronics and Information Technology} engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals(SDGs)

8.10 Rural Development

- Rural Development Projects

8.11 Slum Area Development

- Slum area development. (For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.)

8.12 Disaster management, including relief, rehabilitation and reconstruction activities.

- Ministry of Corporate Affairs vide general circular No. 10/2020 dated 23rd March, 2020 has clarified that spending CSR funds for COVID-19 related activities shall qualify as CSR expenditure. It is further clarified that funds may be spent for various activities related to COVID-19 under items nos. (i) and (xii) of Schedule VII relating to promotion of health care including preventive health care and sanitation, and disaster management. Further, as per general circular No. 21/2014 dated 18.06.2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose.

9 Implementation

CSR activities will be undertaken by Corporate Centre Establishments, Circles, Administrative Offices, Corporate Accounts group, Commercial Clients Group, Apex Training Institutes (ATIs), Branches, RSETIs etc. and SBI Foundation within the allocated budget as per the approved policy. CSR Department at Corporate Centre will be the nodal point for monitoring the donations made.

- Bank may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- Bank may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes in accordance with CSR rules.

10 CSR Committee of the Board

The Bank has constituted Corporate Social Responsibility (CSR) Committee of the Board. The Committee consists of Two (2) Managing Directors of the Bank and Six (6) Independent Directors. The functions of the committee are to:

- Provide direction towards effective implementation of CSR Policies of the Bank.
- Meet at quarterly intervals to review the CSR activities undertaken in the previous quarter.
- Suggest ways and means to improve the functioning of CSR related activities.
- Deliberate upon and recommend all CSR proposals which are to be sanctioned by the ECCB

11 Monitoring and Evaluation

Monitoring

- CSR Department at Corporate Centre should be in close touch with the Circles for ensuring proper use of donations.
- Circles must report their spends on Monthly basis to CSR Department at Corporate Centre.
- Donations sanctioned within the discretionary powers of CGM of the Circle as per delegation of powers should be submitted to Corporate Centre for control purpose.
- Projects under SBI Foundations are subject to audit by the CAG.

Evaluation

- Random checking of assets / scrutinizing documents & assessment of impact by the Circle/ Corporate Centre functionaries.
- For bigger projects, impact assessment may be done by the independent agencies.
- Bank 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 Board and shall be annexed to the annual review on CSR.
- For impact assessment bank may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

12. Other Social Responsibilities

Besides mandatory CSR activities, Bank has created following two funds for the benefit of society at large:

- a) Research and Development Fund- (Detailed in Annexure I)
- b) SBI Children's Welfare Fund (Detailed in Annexure II)

Only interest earned on the funds/ corpus are utilized for social expenditure and this expenditure is not part of mandatory ceiling of 1% under CSR.

13 Conclusion

The Bank ensures full disclosure of its CSR policy, composition of the CSR Committee of the Board and detailed expenditure. CSR policy of the Bank is available in public domain on its web site. The composition of the CSR Committee of the Board and annual expenditure is published every year in the Annual Report. Detailed annual expenditure will be made available on its website.

Research and Development Fund

Constitution

The Bank set up the Research & Development Fund in 1977 with the primary objective of supporting research work relevant broadly to the activities of the Bank.

Eligibility

- Under the Fund, Research grants are extended to Universities / reputed academic and Research institutions for undertaking research projects which are of direct relevance to the Bank / Banking industry or having indirect relevance to the Bank or which relate to the emerging scenario in the Banking industry / Economy.
- Research grants should be considered only to the Universities or highly reputed academic institutions.

Preference

- Preference should be given for appropriate and well-conceived projects / studies or action programmes which could be completed over a period of 2 years.
- Projects related to Credit, Particularly AGRI/ SME & also in the fields of RENEWABLE ENERGY and SUSTAINABILITY will be given thrust.
- The chair may be renewed for a further period of 2 years, subject to satisfactory performance. The maximum period for which assistance could be considered for any project would be about 4 years.
- The Research Projects / Studies should be utilized properly by the relevant user department(s) in the Bank who will review the performance annually.

R&D Fund Steering Committee

- A Steering Committee will be formed to approve a project as under:
 - MD (in-charge of Retail Business)
 - MD (Global Banking & Subsidiaries)
 - DMD & CDO
 - CGM, STU
 - CEA

SBI Children's Welfare Fund

The Bank constituted an SBI Children's welfare Fund as a Trust in 1983. The Corpus of the Fund is made up of contributions by staff members and matching contribution provided by the Bank. The Fund extends grants to institutions engaged in the welfare of underprivileged children like orphans, destitute, challenged and deprived.

Funds collected are kept as term deposits in State Bank of India and the projects are funded from the interest earned on the Corpus for the benefit of the Children

The Board of Trustees for the Children Welfare Fund consists of:

- a) Chairman
- b) MD (in-charge of Retail Business)
- c) One representative from SBI Officers
- d) One representative from SBI Award staff
- e) DGM (CSR), Managing Trustee

Projects recommended by the Circles under the Fund are sanctioned by the Trustees of the Children Welfare Fund.

Note: Any changes to the policy consequent to any changes in regulations or specific directions from regulator will be taken as a part of the policy with the approval of the vertical head and included in the policy at the time of next review.

CSR Policy Version 7.0 is valid for one year from the date of issue and reviewed annually.
