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POLICY ON CORPORATE SOCIAL RESPONSIBILITY

Federal Bank

Corporate Social Responsibility Department

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Reviewer	Approver	Approval Date
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Policy on Corporate Social Responsibility (2026-2027)

Introduction.

Corporate Social Responsibility (CSR) has always been a key component of the operating philosophy of Federal Bank. Federal Bank Hormis Memorial Foundation, a charitable trust set up by the Bank in 1996 in the fond memory of its Founder, Shri K. P. Hormis, is the Special Purpose Vehicle for undertaking the CSR activities of the Bank.

The Bank has a Corporate Social Responsibility (CSR) Policy approved by the Board of Directors, as mandated by the Companies Act, 2013. The Policy elucidates in detail the CSR vision of the Bank through the focus areas notified under Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, and the objectives of the Federal Bank Hormis Memorial Foundation.

As mandated by the amendments in CSR Rules 4(2)(a), 2014, the Federal Bank Hormis Memorial Foundation is registered for undertaking CSR activities, and the registration number is CSR00006299.

Most of the activities are implemented by the Foundation set up by the Bank, which acts as a Special Purpose Vehicle for the implementation of CSR activities, with due compliance with the applicable statutory provisions.

Legal Framework of CSR Policy.

Section 135 of the Companies Act, 2013 (hereinafter referred to as the Act), effective from 01.04.2014, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, lays down the legal framework for the Bank's CSR Policy, guided by the core values of quality, reliability, trust, and a passion for excellence pursued by the Bank at all levels.

Corporate Vision and Objective of the Policy.

The Bank desires to make a meaningful contribution to the improvement of those people who are at the bottom of the economic pyramid, and thereby act as a socially conscious, well-governed, and successful corporate citizen of the country, maintaining the highest standards of corporate governance with the cooperation and involvement of its employees, constituents, society, shareholders, and other stakeholders, including the Government.

The Bank ensures that the activities are undertaken in a manner that every rupee spent for this purpose brings maximum relief to the intended beneficiaries and thereby contributes to the long-term development of society. The Bank aims to do this by engaging in activities that provide socially and environmentally sustainable benefits for the beneficiaries, measurable in economic terms. This demonstrates the social commitment of the Bank, in the same manner as it serves the interests of its customers, employees, and shareholders, integrating social and business goals.

The Bank actively explores to develop sustainable infrastructure-oriented CSR projects aimed at creating a long-lasting positive impact on the community. These initiatives are envisioned to provide enduring benefits to the communities they serve while simultaneously enhancing the Bank's brand reputation and visibility in the process

CSR through Employee Volunteering.

The Bank ensures employee engagement and encourages employee involvement in the social responsibility activities of the Bank through various programs conducted every year. The Bank budgets a specific amount under Employee Volunteering, and the same is extended to the needy through well-planned team activities. The CSR Committee takes the required decisions, provides necessary guidance, and monitors the Employee Volunteering activities.

The efforts put in by employees are documented and made available publicly so as to improve the morale of employees participating in CSR activities.

The activities are carried out only in India, particularly in the areas of operation of the Bank.

Scope.

This policy applies to all projects and programs undertaken as part of the Bank’s Corporate Social Responsibility activities and is developed, reviewed, and updated accordingly. It is also in line with Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

Governance.

Overall governance of CSR and approval of the CSR Policy is the responsibility of the Board.

- The CSR Committee formulates and recommends to the Board an annual action plan in pursuance of its CSR Policy.

- The Board ensures proper implementation of the CSR Policy along with monitoring and reviewing CSR Activities undertaken by the Bank and provides inputs as and when required.

- The Board satisfies itself that the CSR funds disbursed are in alignment with 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 certifies the same to this effect.

- The Board also ensures appropriate disclosures pursuant to the Act and amendments thereof in the Annual Reports and on the Bank's website in the prescribed formats

- In the case of an ongoing project, as defined under Rule 2(1)(i) of the Companies (CSR Policy) Rules, 2014, the Board monitors the implementation of the project with reference to the approved timelines and year-wise allocation and is competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

- The CSR Department of the Bank is 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 based on the recommendations of the CSR Committee.

Functions of the Corporate Social Responsibility Committee.

The Board constitutes a CSR Committee of the Board consisting of three or more directors, including at least one Independent Director. The Composition of the CSR Committee will be disclosed in the annual CSR report and Board Report. The following functions are assigned to the Committee:

• Formulates the Bank's CSR Policy and goals, and revisions thereof as may be required, and recommends the same to the Board.

• Formulates an Annual Action Plan pursuant to the CSR Policy.

• Identifies the areas of CSR activities as prescribed in Schedule VII of the Companies Act, 2013, and amendments thereof to the Act, and recommends the amount of expenditure to be incurred on such CSR activities/projects within the Board-approved budget plan.

• Monitors the Bank's CSR Policy and performance from time to time to ensure that the Bank meets the mandatory CSR compliance requirements.

• Reviews the CSR projects/initiatives from time to time and recommends any alteration in the Annual Action Plan, if required, to the Board.

• Ensures impact assessment, if applicable, for projects with an outlay of ₹1.00 crore or more.

• Ensures legal and regulatory compliance from a CSR perspective.

• Ensures reporting, communication, and appropriate disclosures to stakeholders on the Bank's CSR projects/initiatives.

• Ensures that any surplus arising from CSR projects, programs, or activities does not form part of the business profits of the Bank.

The CSR Committee members are.

1. Mr. Elias George, Part-Time Chairman & Independent Director

2. Mr. Harsh Dugar, Executive Director

3. Mr. Venkatraman Venkateswaran, Executive Director

CSR Committee of Executives.

MD/ED shall constitute a CSR Committee of Executives to approve CSR proposals as per the delegation provided under Annexure I.

CSR Budget.

The Board ensures that 2% of the average profit before tax of the three immediately preceding years is spent on CSR initiatives undertaken by the Bank. The overall amount to be committed to CSR is approved by the Board, as recommended by the CSR Committee through its Annual Action Plan, which includes the list of CSR projects or programs.

The following guiding principles are to be adhered to in terms of CSR Budget outlay & Expenditure:

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

- Any surplus generated from CSR activities does not form part of the business profit of the Bank and is treated as follows: a. Ploughed back into the same project. b. Transferred to a designated Unspent CSR Account and spent in pursuance of the CSR Policy and Annual Action Plan of the Bank. c. Transferred to a Fund specified in Schedule VII, within a period of six months from the expiry of the financial year.

- Any unspent amount is reported by the Board under clause (o) of subsection (3) of section 134 in its report, specifying the reasons for not spending the amount, and the unspent CSR amount is transferred as per the provisions of sections 135(5) and 135(6) of the Act.

- As per clause 7(4) of the CSR Policy Rules, 2014, the CSR amount may be spent for the creation or acquisition of a capital asset, which is to be held by the beneficiaries of the said CSR project, or by a trust, or by a public authority for the benefit of all. The Bank takes appropriate measures to ensure that such assets are utilized for their intended purpose and are not transferred or disposed of without prior permission of the Bank.

Excess CSR Spending if any, during any financial year

If the Bank spends an amount in excess of the requirements provided under Section 135(5), the Bank may set off such excess amount against the requirement to spend under Section 135(5) for a period of three succeeding financial years, subject to the conditions that:

i. The excess amount available for set-off does not include the surplus arising out of the CSR activities, the surplus being the income generated from the spend on CSR activities, such as interest income earned on CSR funds, revenue received from CSR projects, disposal/sale of materials used in CSR projects, and other similar income sources.

ii. The Board of the Bank passes a resolution to that effect.

iii. The surplus arising out of CSR activities is utilized only for CSR purposes.

Supervision.

The Bank's CSR activities are led by a dedicated CSR team under the guidance and support of senior functionaries. The CSR Committee and the CSR Department, under the direction of the Board, play a significant role in ensuring that the CSR policy is embedded within the Bank's operations and that all CSR initiatives align with the policy. It shall be the responsibility of the CSR Department to ensure compliance with the obligations to spend 2% of the average net profit for CSR purpose under Section 135 (5) and transfer of unspent CSR funds in accordance with Section 135 (6) of the Act.

Disbursement.

The disbursement of funds is made either in tranches/stages or as a one-time payment, depending on the nature and requirements of the project. The terms, conditions, and schedule of disbursement are discussed and mutually agreed upon in the memorandum of understanding with the entity prior to project implementation.

Reporting.

Appropriate disclosures and reporting on all CSR activities and assessments undertaken by the Bank are provided as part of the Director's Report in the Bank's Annual Report, as well as on the Bank's official website, in the prescribed formats as required under the statutory and regulatory provisions of the Act

Connect with Local Community and Linking business with CSR.

Adequate emphasis is given to geographical areas where the Bank has a stronger presence, enabling maximum leverage of its connectivity with the local community

Spending for ongoing projects and their utilization mechanism.

Any amount remaining unspent under Section 135(5), pursuant to any ongoing project undertaken by the Bank, shall be transferred within thirty days from the end of the financial year to a special account— 'Unspent CSR Account'—opened by the Bank for that financial year.

This amount shall be spent by the Bank within a period of three financial years from the date of such transfer, failing which the Bank shall transfer the unspent amount to a fund specified in Schedule VII within thirty days from the date of completion of the third financial year

'Ongoing Project' is defined as a multi-year project undertaken by the Bank in fulfillment of its CSR obligation, having a timeline not exceeding three years, excluding the financial year in which it commenced and shall include projects that was not initially approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification

Officer in default in case of violation of regulatory provisions.

Head of the Corporate Social Responsibility Department is the person responsible for ensuring regulatory compliance.

Guiding Principles on formulation of the Annual Action Plan to initiate CSR project.

i. The programs/projects are within the areas recommended/listed in Schedule VII of the Act and mentioned in the Policy.
ii. The programs/projects are implemented within the country and preferably in areas where the Bank has its presence.
iii. The programs/projects are not exclusively for the benefit of employees of the Company or their family members, nor are they conducted/undertaken exclusively in pursuance of the normal course of business.
iv. The programs/projects exclude activities that are supported on a sponsorship basis for deriving marketing benefits for the Company's products or services.
v. The programs/projects exclude activities carried out for fulfillment of any statutory obligations under any law in force in India.

vi. The programs/projects exclude any contribution, whether directly or indirectly, to any political party under Section 182 of the Companies Act, as such contributions shall not be considered CSR activities.

vii. CSR activities will be implemented either through the Bank's trust established for this purpose or an entity with valid tax-exemption certificate, namely registration under Section 12A and approval under Section 80G or exemption under Section 10(23C) of the Income Tax Act and a minimum track record of 3 years of undertaking CSR activity.

viii. Chief Financial Officer of the Bank shall certify to the satisfaction of the Board the CSR funds disbursed are utilized for CSR activities.

Guiding Principles on Selection, Implementation and Monitoring of CSR projects.

The CSR Department, under the guidance of the CSR Committee, assists in the implementation, monitoring, and proper end-use of CSR projects/initiatives.

Guiding Principles for initiating CSR Programs/ Projects.

To provide a focused and structured approach to the program, the Bank directs its support and CSR spends toward specific pre-determined causes and areas of intervention as outlined in the Policy.

The CSR Committee formulates an Annual Action Plan in pursuance of this CSR Policy and recommends it to the Board for approval. The plan includes the following:

i. The list of CSR projects or programs approved to be undertaken in areas or subjects specified in Schedule VII of the Act.

ii. The manner of execution of such projects or programs.

iii. The modalities of utilization of funds and implementation schedules for the projects or programs.

iv. The monitoring and reporting mechanism for the projects or programs.

v. Details of need and impact assessment, if any, for the projects undertaken by the Company.

Impact Assessment for projects having outlays of ₹1.00Crore and above.

Every entity having an average CSR obligation of ten crore rupees or more, in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment through an independent agency for their CSR projects having an outlay of ₹1.00 crore or more, which are completed not less than one year before undertaking the impact study.

The Bank undertakes impact assessments of CSR projects having outlays of ₹1.00 crore and above with the help of independent agencies.

The impact assessment reports are placed before the CSR Committee and are annexed to the Annual Report of the Bank.

CSR initiatives covered by the Policy.

In accordance with the corporate philosophy outlined above, and in line with the provisions of the Schedule VII of Companies Act, 2013, as amended from time to time, the Bank's thrust areas for CSR activities are:

1. **Employee Volunteering Activities:** Employee volunteering is encouraged to enable all employees to participate in socially relevant and beneficial projects as mentioned in our CSR initiatives that allow them to collaborate their eco-systems and contribute to the society, acting as change -makers. ***(UNSDG 17- Partnership for the Goals)***

2. **Poverty Alleviation:** Eradicating hunger, poverty and malnutrition, Providing safe drinking water, Housing to economically backward sections of society, Healthcare including preventive healthcare and Trauma-care in high-ways, Improved sanitation and hygiene and other measures for reducing inequalities faced by socially and economically backward sections of society including contribution to funds set up by Central Government for promotion of sanitation, supporting Swachh Bharat Kosh by constructing toilets for the poor, e-toilets at public places, support for re-cycling of plastic, e-waste etc., awareness and public outreach on cancer care program under preventive health care**. *(UNSDG 1 - No Poverty*)*.*

3. **Education and Skill Development:** Promoting education including special education and vocational education including skill development for children, women, and differently abled and livelihood enhancement projects, creating awareness against Child abuse and other activities within the overall objective of promoting education, youth engagement activities, awareness, and public outreach on cancer care program under promoting education. ***(UNSDG 4 - Quality Education***)*.*

4. **Gender Equality and Welfare of Senior Citizens:** Undertaking activities for gender equality including but not limited for empowerment of women, self-help groups and similar organizations, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for Senior citizens**. *(UNSDG 1 - No Poverty, UNSDG 5 - Gender Equality).***

5. **Ensuring Environmental Sustainability and Ecological Balance:** Undertaking activities with the overall objective of ensuring environmental sustainability and ecological balance, protection of flora and fauna, planting of trees, animal welfare, agro-forestry, conservation of natural resources including maintaining quality of soil, air and water, renewable energy and other activities within this overall objective of environmental sustainability including contributions to funds set up by Central Government for rejuvenation of river Ganga***.(UNSDG 6 - Clean Water & Sanitation; UNSDG 7 - Affordable and Clean energy; UNSDG 13 - Climate Action).***

6. **Protection of National Heritage:** Providing protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts*.* ***(UNSDG 11 - Sustainable Cities & Communities)***

7. **Benefit of Armed Forces Veterans:** Taking up projects or activities intended for providing benefit of armed forces veterans, war widows and their dependents**. *(UNSDG 11 - Sustainable Cities & Communities)***

8. **Promote Rural, Nationally Recognized, Paralympic and Olympic Sports** by supporting training for attaining excellence in all areas of sports. ***(UNSDG 3 - Good Health & Wellbeing).***

9. **Contribution to the Prime Minister's National Relief Fund or Any Other Funds** set up by the Central Government for socio economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities, and women**.** ***(UNSDG 17 - Partnership for the Goals).***

10. **Contribution to** a) technology incubators/research and development projects in the field of science, technology, engineering, and medicine funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.

    b**)** public funded universities, IITs, National Laboratories and Autonomous Bodies(established under 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 Development Organization(DRDO), Department of Bio technology(DBT), Department of Science and Technology(DST), Ministry of Electronics and Information Technology conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals(SDGs***). (UNSDG 4 - Quality Education, UNSDG 9 - Industry Innovation & Infrastructure, UNSDG 17 - Partnership for the Goals).***

11. **Development Projects** for rural areas and areas declared by the Government as slum areas. ***(UNSDG 10 - Reduced Inequalities , UNSDG 11 - Sustainable Cities & Communities,).***

12. **Disaster Management**: Disaster management including relief, rehabilitation, and reconstruction activities, awareness, and public outreach on Cancer Care Program and Covid relief measures (Pandemic)**. (*UNSDG 3 - Good Health & Wellbeing*).**

13. **Promotion of Digital Payments:** In line with Government of India's move towards promoting cash less economy providing seamless digital payment to all, focusing rural and semi urban areas. (***UNSDG 9 - Industry Innovation & Infrastructure)***

The above objectives are broad based and are construed in a liberal manner within the framework of the Act.

Proposed Core CSR activities for the Financial Year 2026-2027.

1.	Developing sustainable infrastructure-oriented CSR projects aimed at creating a long-lasting positive impact on the community.
2.	Employee Volunteering Activities.
3	Promoting Education: -Youth engagement.
4	Promoting Education: - Promoting Vocational Skills/Skill development, Empower and skill persons with disabilities, other supports for the development of education.
5	Promoting Healthcare.
6	Welfare & Poverty Alleviation.
7	Promoting Women Empowerment.
8	Rural Development.

9	Environmental Sustainability, Swachh Bharat & Renewable Energy.

Reviewing the policy: This policy shall be reviewed once in two financial years (biennially) and shall be published on the Bank's website.

ANNEXURE I

Delegation of Sanctions of CSR Projects:

Project Outlay	Approval authority
Projects up to Rs.20 Lakhs	The Controller
Projects above Rs.20 Lakhs up to Rs.1 Crore.	MD & CEO
Projects above Rs.1 Crore up to Rs.2 Crores	CSR Committee of Executives
Projects above Rs.2 Crores	CSR Committee of Board