



American Express Banking Corp. Policy

Policy Reference & Name	:	AEBC 4.23 India Corporate Social Responsibility (“CSR”) Policy
Effective Date	:	Sep 8th, 2021
Policy Sponsor	:	India Branch CEO
Policy Custodian	:	AEBC India Branch Controller
Policy Overseer	:	AEBC Controller
Approval Requirement	:	<u>Approval Level Required: Level 1</u> Level 1: AEBC Board of Directors Level 2: AEBC India CEC Level 3: N/A Level 4: Policy Signatories
Level 4 Policy Signatories	:	1. Policy Sponsor – India Branch CEO 2. Policy Overseer – AEBC Controller
Policy Scope	:	The Corporate Social Responsibility Policy is applicable to AEBC India for compliance of its CSR obligation in accordance with the provisions of the Companies Act 2013
Next Scheduled Review	:	September 2022
No Later Than	:	March 2023



Changes to Previous Policy dated February 2021

- Formatting changes
- Incorporated changes as per the Companies (Corporate Social Responsibility Policy) Amendments Rules, 2021 in the below sections of the policy:
 - Sections updated:
 - Section 3.0 (Key Definitions) : Definition of Ongoing Projects added
 - Section 4.0 (Roles and responsibilities of the AEBC CSR Committee, Board and CFO)
 - Section 5.4 (Surplus)
 - Section 5.8 (Expenses that will not qualify as CSR contributions)
 - New sections added:
 - Section 5.5 (Transfer of unspent CSR amount)
 - Section 5.6 (Setoff of excess amount spent towards CSR)
 - Section 5.9 (Administrative overheads)
 - Section 5.10 (Implementation of CSR Programs)
 - Section 5.11 (Impact assessment)
 - Section 5.12 (Website disclosures)
 - Appendix 1 ‘Annual Reporting on CSR Activities to the Board’: Reporting format removed and replaced with the reference to Companies Act and CSR Rules for the time being in force

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1.0 OVERVIEW AND PURPOSE

American Express Banking Corp. India (“AEBC” or the “Bank”) believes that serving our communities is not only integral to running a business successfully; it is part of our individual responsibilities as corporate citizens. The mission of our program is to bring to life the AEBC value of good corporate citizenship by supporting diverse communities in ways that enhance the bank's reputation with employees, customers, business partners and other stakeholders.

The purpose of this India Corporate Social Responsibility Policy (hereinafter referred to as “India CSR Policy” or “the Policy”) is to ensure that the India CSR obligations of the Bank are executed in accordance with the provisions of the Companies Act, 2013, contributions are consistent with the objectives of American Express Company community investment and disbursed under the approval of the AEBC India Country Executive Committee (CEC).

2.0 POLICY SCOPE

This Policy is applicable to AEBC India for compliance of its CSR obligation in accordance with the provisions of the Companies Act 2013

3.0 KEY DEFINITIONS

In this Policy, unless the context otherwise requires

- ‘Act’ means Companies Act, 2013;
- ‘Corporate Social Responsibility’ means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act 2013 and implementing rules;
- ‘Ministry’ means the Ministry of Corporate Affairs;
- ‘Net Profit’ for the section 135 and these rules shall mean net profit before tax as per books of accounts and shall not include profits arising from branches outside India.
- 2% CSR spending would be computed as 2% of the average net profits made by the bank during every block of three years. For the first CSR reporting period, the Net Profit shall mean average of the annual net profit of the preceding three financial years ending on or before 31 March 2014.
- Tax treatment of CSR spend will be in accordance with the IT Act as may be notified by Central Board of Direct Taxation (CBDT).
- “CSR Committee” means India Corporate Social Responsibility Committee of AEBC, formed in compliance with section 135 of the Act and implementing rules.
- Words and expressions used in this Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.



- Charitable Organization, Charity or charities: An organization which qualifies and fulfills the requirements under the Companies Act, 2013 including applicable Rules made thereunder for the time being in force and is eligible to receive funds for CSR activities under the Act.
- Ongoing Projects means a multi-year project having timelines not exceeding 03 years excluding the financial year in which it was commenced.

4.0 ROLES AND RESPONSIBILITIES

4.1 The AEBC India CSR Committee

The AEBC India CSR Committee has the following roles and responsibilities:

- i. CSR Committee shall formulate and recommend to the AEBC Board, an annual action plan in pursuance of the CSR policy and the applicable CSR rules and regulations
- ii. Review and approve all requests for charitable contributions and ensure that the recipient organizations are eligible for receiving funds for CSR activities as required under the provisions of the Companies Act, 2013.
- iii. Ensure compliance with the CSR rules and regulations as applicable and amended from time to time.
- iv. Ensure that contributions are aligned with the American Express's community reinvestment programs and in accordance with the provisions of Companies Act, 2013.
- v. Ensure that all payments to charities, whether charitable contributions or not, are properly accounted for.
- vi. Recommend the amount of expenditure to be incurred on CSR activities.

4.2 The AEBC Board

The AEBC Board shall be responsible to satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it.

In case of ongoing project, the AEBC Board 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.

4.3 CFO or the person responsible for financial management

The CFO or the person responsible for the financial management shall certify that funds so disbursed have been utilized for the purposes and in the manner as approved



5.0 POLICY REQUIREMENTS

5.1 India CSR Committee, CSR Spend and CSR Reporting Requirements

India CSR Committee: AEBC India CSR Committee constituted in accordance with the Provisions of the Companies Act, 2013 including any other applicable provisions, rules or guidance for the time being in force shall have the responsibilities of oversight and compliance of the provisions relating to CSR. The constitution of the India CSR Committee members is described in AEBC India Corporate Social Responsibility (CSR) Charter.

Annual CSR Spend: The India CSR Committee shall finalize the amount required to be spent on CSR activities and projects including the manner of expenditure in that financial year. The amount so required, currently 2% of average net profit of last three years to be spent shall be calculated in accordance with the provisions of the Companies Act, 2013 or any rules made there under and for the time being in force.

India CSR Committee Meetings: The India CSR Committee shall meet as and when required but at least two (2) times each year. The India CSR Committee shall, inter alia, review the ongoing CSR spends, projects, compliance with India CSR Policy, Compliances and reporting requirements under the provisions of the Companies Act, 2013.

Miscellaneous: The India CSR Committee shall act in accordance with the requirements of the Companies Act, 2013, other applicable internal policies including any incidental and ancillary matters as may be deemed necessary and required.

Annual CSR Reporting: The India CSR Committee shall prepare and provide an annual report with the India CEC and the AEBC Board in the format as per Companies Act, 2013 and the CSR Rules for the time being in force

5.2 CSR Activities and Contributions

See Appendix I

5.3 India CSR Committee Composition

See Appendix II

5.4 Surplus

Any surplus arising from any CSR projects, programs or activities shall not form part of business profits of the Bank. Such surplus shall be ploughed back into the same project or shall be transferred to the Unspent



CSR Account and spent in pursuance of CSR policy / 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

5.5 Transfer of Unspent CSR Amount

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.”.

5.6 Setoff of excess amount spend towards CSR

Where a company spends an amount more than requirement, such excess amount may be set off against the requirement to spend in the immediate succeeding three financial years subject to the conditions that –

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any,
- (ii) the AEBC Board of the company shall pass a resolution to that effect.

5.7 Building CSR Capacities

The Bank may build CSR capacities of its own personnel as well as those of its implementing agencies through institutions with established track records of at least three financial years in accordance with the provisions of the Companies Act, 2013 including any rules made thereunder for the time being in force. Any such expenditure shall be eligible as CSR expenditure subject to a maximum of 5% of the total CSR expenditure of the Bank in one Financial Year or such amount or percentage of total CSR expenditure as may be prescribed under the Companies Act, 2013 from time to time.

5.8 Expenses that will not qualify as CSR contributions

Following shall not be considered as CSR activity:

- Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- Contribution or Expenditure of any amount directly or indirectly that benefits only the employees of AEBC or their families;
- Contribution or Expenditure of any amount directly or indirectly for any CSR projects, programs or activities undertaken outside India.
- Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
- Activities carried out for fulfillment of any other statutory obligations under any law in force in India



5.9 Administrative Overheads

- Only the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions classified as Administrative overheads.
- The expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or program specifically excluded.
- The administrative overheads not to exceed five percent of total CSR expenditure of the company for the financial year.

5.10 Implementation of CSR Programs

In order to implement the approved CSR projects, the CSR Committee may involve specialized agencies, which may include NGOs, Trusts, Self-Help Groups, Govt./Semi-Govt./Autonomous Organizations, Professional Consultancy Organizations, Registered Voluntary Organizations, or any other appropriate agency/authorities which meets the criteria prescribed under the Companies Act, 2013 or the Rules framed thereunder or any other applicable law for the time being in force

A company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programs as per its CSR policy as well as for capacity building of their own personnel for CSR. Only Central Government notified organizations shall qualify as International Organization

A company may also collaborate with other group companies for undertaking projects or programs 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 programs in accordance with these rules.

5.11 Impact Assessment

A company having the obligation of spending average CSR amount of Rs 10 Crore or more in the three immediately preceding financial years shall undertake impact assessment. As may be required under the provisions of the Companies Act, 2013 read with applicable Rules, the Company shall appoint and engage eligible independent agency(ies) to review and present an impact assessment report of the CSR project(s) undertaken by the Company. Such Report(s) to be reviewed in accordance with the Companies Act 2013 and the CSR Rules for the time being in force. Any Expense incurred on obtaining Impact Assessment Report shall be treated as CSR expense subject to its eligibility and as provided under the provisions of the Companies Act, 2013 read with the Rules framed thereunder for the time being in force.

5.12 Website disclosures

Required to disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the AEBC Board on its website.



6.0 POLICY EXCEPTION/CONFLICT/INTERPRETATION RESOLUTION

It is the responsibility of every individual subject to this policy to escalate to the Policy Sponsor or Policy Overseer any conflicts, interpretation issues, or policy gaps/inadequacies associated with AEBC India CSR Policy.

All requests for exceptions to policies, or the related procedures, must be formally approved by the Policy Approvers, as outlined in Section 7.0 of this Policy. Exception requests must include an Action Plan and Rationale and must carry either an Expiration or Review Date. Any identified exception to a policy that has not yet been approved must be escalated to the respective Policy Overseer immediately. Approved policy exceptions do not constitute policy non-compliance.

It is the responsibility of the Policy Sponsors to define their Policy's Exception / Conflict / Interpretation Resolution Requirements. The Policy Custodian (AEBC India Controller) will maintain documentation of all exceptions and will regularly review these exceptions to assess whether a policy change is required and to ensure ongoing policy compliance.

The AEBC Chief Operating Officer retains the authority to resolve conflicts surrounding policy management and policy framework, with appropriate AEBC leadership, should they arise.

7.0 POLICY APPROVAL REQUIREMENTS

This policy must be reviewed and approved by the AEBC Board of Directors at least annually. Additional reviews could be triggered by major changes in corporate strategy, the regulatory environment or financial market conditions.

Prior to each review by the AEBC Board, this policy, and any proposed changes in this policy, should be reviewed by the AEBC CEC, and the AEBC Chief Compliance Officer.

Approval Level

Level 1	Board of Directors
Level 2	India CEC
Level 3	N/A
Level 4	Policy Sponsor – M. Adlakha, India Branch CEO Policy Overseer – AEBC India CSR Committee

8.0 ENFORCEMENT OF ISSUED POLICIES AND PROCEDURES

All employees and agents of AEBC are responsible for complying with applicable official policy, procedure or a standard/program. AEBC Senior Management and Officers are ultimately responsible for ensuring adherence to policy within AEBC. Internal auditors and control groups, as applicable, will review compliance with policy and



procedure. **Noncompliance with issued policies or procedures is a breach of the terms of employment and may lead to disciplinary actions which may include termination of employment, or third-party agreement.**

AEBC Policies do not take precedence over local law, yet still must be aligned to management policy requirements.

9.0 POLICY IMPLEMENTATION

Management will oversee that procedures necessary to implement this policy are established for AEBC India.

The policy is effective as of the date on the cover page.

10.0 RELATED POLICIES, GUIDELINES AND SUPPORTING DOCUMENTS

The following is a list of related policies and related guidelines: □

- Section 135(1), Companies Act 2013

- Companies (Corporate Social Responsibility Policy) Amendments Rules, 2021



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11.0 POLICY REVISION HISTORY

Previous Approval Dates:	February 2021 March 2020 February 2018 March 2017 February 2015 March 2019
Current Approval Date:	September 2021

12.0 POLICY APPENDICES

Appendix I: CSR Activities and Contributions

At American Express, the powerful backing we provide our customers is at the heart of our brand promise. Our service ethos has been central to who we are since our founding in 1850, and it extends beyond our customers to include the way we treat our colleagues, the communities in which we live and work, and the planet we all call home. In conducting our business around the world, we work hard to be environmentally conscious, socially responsible, a compassionate employer, and, most of all, a company that people can trust to do what's right

AEBC India's CSR activities are focused towards supporting visionary nonprofit organizations that are:

- Encouraging community service where our employees and customers live and work
- Preserving and sustaining unique historic places for the future.

Theme 1: Community Service

Encouraging community service where our employees and customers live and work

- Encourage good citizenship by supporting organizations that cultivate meaningful opportunities for civic engagement by our employees and members of the community, whether as volunteers, donors, voters or patrons.
- Natural disaster prevention and post-disaster rebuilding



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- Promotion of education
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief
- Environmental sustainability and protection of flora and fauna, conservation of natural resources
- Education programs including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled

Criteria:

Support programs that encourage community service and civic participation, and deliver measurable outcomes that have a lasting impact on communities through one or more of the following:

- Building capacity of its own personnel as well as those of its implementing agencies, charitable institutions, charities etc by assisting them in developing, engaging and retaining community members as volunteers.
- Engaging community members and American Express employees in ongoing service. This may involve a variety of activities from promoting volunteerism or participation in local civic organizations.

Theme 2: Historic Preservation

Protecting, preserving, and sustaining unique historic places and works of art and culture for the future

- Support organizations and projects to protect, preserve or rediscover major historic sites and monuments in order to provide ongoing sustainable access and enjoyment for current and future audiences. The programs we support include historic landmarks and public spaces with an emphasis on preserving sites that represent diverse cultures within India.
- Support organizations and projects that preserves, protect or rediscover works of art; promote and develop traditional arts, culture and handicrafts

Criteria:

- Restoring historic places to ensure ongoing public access and interaction with the site(s).
- Preserving historic places for future or innovative use.
- Partner with World Monuments Fund to identify endangered heritage sites from the Watch List



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Sustaining historic places by creating systems to manage increased visitor activities and environmental impacts.

Appendix II: India CSR Committee Composition

The AEBC India CSR Committee comprises the following voting members:

- AEBC India Controller (Chair)
- AEBC Chief Financial Officer (CFO)/Representative
- AEBC India Treasurer
- AEBC India VP – Regulatory Projects & Banking Operations
- AEBC India Branch LORO
- AEBC India Business