

Annual Business Responsibility Report 2020-21

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(Pursuant to Regulation 34 (2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”))

Introduction

Suryoday Small Finance Bank Limited (“The Bank”) has adopted a Stakeholder Centric Sustainability Framework to strategically drive its sustainability initiatives. The disclosures in this report are aligned to the Principles of Business Responsibility as prescribed under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, Government of India. This report provides transparent and relevant information on the Bank’s efforts and its performance against the nine principles of Business Responsibility.

Section A – General Information about the Company

Corporate Identity Number (CIN) of the Company	U65923MH2008PLC261472
Name of the Company	Suryoday Small Finance Bank Limited
Registered address	1101, Sharda Terraces, Plot No.65, Sector 11, CBD Belapur, Navi Mumbai 400614
Website	www.suryodaybank.com
Email id	inv.relations@suryodaybank.com
Financial year reported	2020-21
Sector(s) that the Company is engaged in (industrial activity code-wise)	As per India’s National Industrial Classification 2008 (NIC 2008): Section K – Financial and Insurance Activities Division 64 – Financial service activities, except Insurance and pension funding Code: 64191
Three key products/services of the Company (as in balance sheet)	Inclusive Finance Loans, Commercial Vehicle Finance Loans, Affordable Home Loans
	Demand Deposits, Time Deposits
	Distribution of insurance and mutual fund products, Providing of locker facility, etc.
Number of National locations	The Bank operates from 556 locations across 13 States/Union Territories of the country.
Markets served by the Company – Local/State/National/International	National

Section B Financial details of the Company

Particulars	Details
Paid up capital (Rs in lakhs)	10,613
Total turnover (Rs in lakhs)*	87,563

Total profit after taxes (Rs in lakhs)	1,186
Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	Total amount spent on CSR was Rs 221 lakh which is 3.17% of the average PAT of the last three years.
List of activities in which expenditure as above has been incurred: Health Awareness And Financial Education	<p>The Bank undertakes various CSR activities in accordance with its 'Policy on Corporate Social Responsibility'.</p> <p>The Bank is focused on serving low-income communities As the Covid 19 lockdown eased, we continued to focus on driving awareness on safety and prevention apart from undertaking measures to enhance financial literacy and helping people access various social security benefits.</p> <p>As a response to the COVID 19 pandemic, masks and sanitizers were given to employees of public administration, food packets were arranged for migrants and PPE kits were given to Government Hospitals.</p> <p>Preventive healthcare is a critical need among low-income communities. The Bank has been organising health camps regularly for the said communities. This year, health camps were conducted in partnership with local hospitals to monitor general health and for eye check-ups.</p> <p>Financial literacy is an important cornerstone for financial inclusion. The financial literacy programs' focus on encouraging and building savings behaviour so that individuals and families can have financial cover to meet sudden emergencies such as COVID 19.</p>

* Total turnover includes interest earned and Other Income

Section C

Does the Company have any Subsidiary Company/ Companies?	No
Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)	Not applicable
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? Less than 30%, 30-60%, More than 60%	No

Section D

Business Responsibility Information

Details of Director(s) responsible for BR	(a) Details of the Director responsible for implementation of the BR policy(ies)
	1. DIN: 02303132
	2. Name: Mr. Baskar Babu Ramachandran
	3. Designation: Managing Director & Chief Executive Officer

	(b) Details of the BR head:
	1. DIN (if applicable): 02303132
	2. Name: Mr. Baskar Babu Ramachandran
	3. Designation: Managing Director & Chief Executive Officer
	4. Telephone number: 022-40438000
	5. e-mail id: baskar.babu@suryodaybank.com

Section D (2): Principle-wise (as per National Voluntary Guidelines) BR Policy(ies)									
Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Do you have a policy(ies) for #	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Has the policy been formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Does the policy conform to any national / international Standards? **	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Does the Company have in-house structure to implement the policy(ies)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Does the Company have a grievance redressal mechanism related to the policy(ies) to address stakeholders' grievances related to the policy(ies)	Yes	No	Yes	Yes	Yes	No	-	Yes	Yes
Has the Company carried out independent audit / evaluation of the working of these policies by an internal or external agency?	The Manager is responsible for effective implementation of the Policies that come under his purview and these policies are reviewed by the team and reported to the Board annually.								
Indicate the link for the policy to be viewed online	1. Code of Conduct for Directors and Senior Management of the Bank: https://www.suryodaybank.com/assets/pdf/policies/Code-of-Conduct-for-Directors-and-Senior-Management-of-the-Bank.pdf								

	<p>2. Whistle Blowers Policy: https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-Whistle-Blower-Policy.pdf</p> <p>3. Fair Practices Code: https://www.suryodaybank.com/assets/pdf/policies/Fair-Practices-Code.pdf</p> <p>4. Policy on Prevention of Sexual Harassment (POSH): https://www.suryodaybank.com/assets/pdf/policies/sexual-harassment-policy.pdf</p> <p>5. Policy for Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs): https://www.suryodaybank.com/assets/pdf/policies/SSFB-Policy-for-Resolution-of-Covid-19-related-stress-of-Micro-Small-and-Medium-Enterprises-(MSMEs)-FY-21-22.pdf</p> <p>6. Policy for Resolution Framework- 2.0: Resolution of Covid-19 related stress of Individual and Small Business: https://www.suryodaybank.com/assets/pdf/policies/SSFB-Policy-for-Resolution-Framework-2.0-Resolution-of-Covid-19-related-stress-of-Individual-and-Small-Business-FY-21-22.pdf</p> <p>7. Social Media Policy: https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-Social-Media-Policy.pdf</p> <p>8. Social and Environmental Sustainability Policy: https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-ESG-Policy.pdf</p> <p>9.</p> <p>10. Corporate Social Responsibility Policy: https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-CSR-Policy.pdf</p> <p>11. Customer Compensation Policy: https://www.suryodaybank.com/assets/pdf/policies/Customer-Compensation-Policy.pdf</p> <p>12. Customer Grievance Redressal Policy: https://www.suryodaybank.com/assets/pdf/policies/Grievance-Redressal-Policy.pdf</p>
<p><i>*All Policies have been formulated after detailed deliberations on best practices adopted by banks and financial institutions and ensuring compliance with all statutory and regulatory guidelines.</i></p> <p><i>** Standards are as per Applicable Law.</i></p>	

P1	Code of Conduct adopted for employees, Code of Directors and senior management and Whistle Blower Policy ensure conducting of business with Ethics, Transparency and Accountability.
P2	Fair Practices Code promote responsible lending and banking practices. It ensures guard against over-leveraging to ensure sustainability, throughout the life cycle of the customer.
P3	Policy on Prevention of Sexual Harassment and Employee Policies Manual endeavors to maintain an organization wide environment of care, concern, nurturing and to provide an opportunity to women employees to accomplish their professional aspirations.
P4	Policies for restructuring of loans to MSMEs, personal loans, small businesses and other segments and Corporate Social Responsibility Policy. The interests of the marginalised and vulnerable

	stakeholders are addressed through Priority Sector Lending and Financial Inclusion and these policies.
P5	Social Media Policy lays down acceptable employee behavior while dealing with clients and external parties on various aspects.
P6	Social and Environmental Sustainability Policy.
P7	While there is no specific policy outlined in respect of this Principle, Suryoday Small Finance Bank, through various trade bodies and associations, puts forth a number of suggestions with respect to the financial services sector.
P8	In accordance with the Corporate Social Responsibility Policy, the Bank carries out various social initiatives to promote equitable development amongst its communities.
P9	The policies addressing this principle include the Corporate Social Responsibility, Customer Compensation Policy, Grievance Redressal Policy.

Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company (Within 3 months, 3-6 months, Annually, More than 1 year).

3-6 months

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report forms part of Bank's Annual Report. This is the first report being published by the Bank and is hosted at its website at www.suryodaybank.com.

Section E – Principle-Wise Performance

Principle 1 - Businesses should conduct and govern themselves with ethics, transparency and accountability

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

The Bank has put in place a Code of Conduct which covers all its employees. The Code articulates the ethical principles and acceptable behavior that the employees are expected to demonstrate throughout their tenure as employees of the organization. It also guides all employees to uphold the values of the Bank. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. The Bank has also adopted Code of Conduct for Directors & Senior Management to provide a framework to the Board members and Senior Management in ensuring adoption of highest ethical standards in managing the affairs of the Bank. The Bank’s commitment to ethics and accountability is emphasised upon in interactions with all its stakeholders.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? if so, provide details thereof, in about 50 words or so.**

The Bank has established various channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns. The details of the stakeholder complaints are as below:

Particulars	Complaints received during 2020-21	% of complaints resolved
Customer complaints	2,495	98%
Investor complaints	0	NA

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Bank believes that it has a critical role to carry out in furthering financial inclusion in the nation to accomplish inclusive and equitable growth. Towards this end, the Bank caters to those who do not have access to formal system of finance and helps such unbanked and underbanked people by offering loan products such as Inclusive Finance, Affordable Home Loan, Recurring Deposits for inclusive finance customers etc. Along these lines, we are actively involved in financial inclusion. The Bank principally deals with financially vulnerable sections of the society and hence it is even more critical to be mindful and responsible in lending.

Inclusive Finance: Micro lending is targeted at women who belong to the economically weaker sections of the society for income generation purposes. These loans help the borrowers engage in productive business activities which help them increase their household income and develop financial independence over time. All our customers are included in the Credit Bureau database thereby ensuring their inclusion into the formal economy.

Affordable Home Loans: The Bank supports the aspiration of owning a house for a large segment of low-income families by focusing on affordable housing. The Bank also offers the benefits accruing under Pradhan Mantri Awas Yojana to deserving beneficiaries from economically weaker sections and low-income groups.

Recurring Deposits: On the liability side, we offer our inclusive finance customers with recurring deposit product that enables customers to earn from their savings as well as ensure that they form a part of formal banking channel.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
 - (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**
 - (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Not Applicable

The Bank consciously endeavors to reduce the use of paper. Towards this end, we extensively use digital technologies for the entire customer lifecycle in our inclusive finance business. The use of handheld devices has empowered our employees to provide assisted services to our unbanked and underbanked customer segments leading to greater customer convenience and operational efficiency.

We pursue other sustainable practices to reduce our impact on the environment and promote efficient consumption of resources, endeavor to reduced carbon footprint and propagate efficient use of power viz. Air Conditioning (HVAC) run time observing, installation of LED lighting and other low energy consuming office gears.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? also, provide details thereof, in about 50 words or so.**

As a responsible corporate citizen, the Bank endeavors to reduce the environmental impact of its operations. The Bank also has a Board adopted Environment and Sustainability policy and adheres to it to ensure responsibility to the environment.

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4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? if yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The business of the Bank is service oriented and not material resource intensive. The human resource and other services required for our day-to-day activities are by and large sourced within the neighborhood to the extent feasible.

The Bank has set up Business Correspondents (BCs) channel of banking, which aims to empower local business owners to act as centers of banking.

5. **Does the company have a mechanism to recycle products and waste? if yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Our operational practices are engaged to constantly reduce utilization of paper through measures implemented across different processes. Our digital banking and other related activities additionally endeavor to meet sustainability objectives of waste reduction and more efficient resource utilisation. We have also tied up with agencies for proper disposal of electronic waste handling.

Principle 3 - Businesses should promote the well-being of all employees

1. Company details

1	Total number of Employees	5,131
2	Total number of employees hired on contractual basis	0
3	Number of permanent women employees	312
4	Number of permanent employees with disabilities	0
5	Is there an employee association that is recognized by management	No
6	Percentage of your permanent employees who are members of this recognized employee association	NA

2. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of financial year
Child labour/ forced labour/ involuntary labour	NA	NA
Sexual Harassment	3	0
Discriminatory Employment	0	0

3. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

All employees are given periodical skill training, the Bank has institutionalized learning and development process to create right competencies across various levels.

Permanent Employees	100%
Permanent Women Employees	100%
Contractual Employees	NA
Employees with Disabilities	NA

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

The Bank engages with multiple stakeholders through formal and informal channels of communication. The key stakeholder groups are identified as follows:

- i) Customers
- ii) Employees
- iii) Investors
- iv) Vendors / Service Providers
- v) Regulators
- vi) Community
- vii) Government and local administrative authorities

The Bank constantly strives to keep the channels of communication open and transparent with all its stakeholders, with a view to maximizing stakeholder satisfaction and value creation.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Since inception, Suryoday catered to the unbanked and underbanked sections of the society.. The Bank continues to engage with vulnerable and marginalised sections of society through its joint liability loan products. Through the rural and inclusive banking activities, the Bank engages with economically excluded sections of the society to create financial literacy and further the agenda of financial inclusion.

The Bank has also undertaken restructuring of loans provide to MSMEs/SMEs and who have been adversely affected by the lockdown.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? if so, provide details thereof, in about 50 words or so.**

The Bank engages with stakeholders to create a positive impact through community development initiatives. The programs focus on financial literacy and creating awareness on health issues for women of low-income communities. In Financial Year 2020-21, significant efforts were made towards creating awareness of COVID 19 precautions and protocols in low-income households.

Principle 5 - Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?**

The Bank is committed to upholding the dignity of every individual engaged or associated with the Bank. A strong commitment to human rights is embedded in the Fair Practices Code as well as Employee Code of Conduct which lays down acceptable behaviour on various aspects including human rights. All employees who have direct interface with customers including collection staff are trained to be polite and courteous to customers under all circumstances. This Code is applicable to all employees, associates and business partners with utmost importance placed on fairness and transparency towards all stakeholders of the organisation.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint was received in FY 2020-21.

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the group/Joint Ventures/Suppliers/ Contractors/NGOs/Others**

The Bank recognizes the need to respect, protect and make efforts to restore the environment in all its activities and has a Board approved Social and Environmental Sustainability Policy.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.**

In regard of its activities, the Bank focuses on decreasing the utilization of paper to lessen the carbon footprint. Towards this end, the Bank has embarked its digital footprint meaningfully since the last couple of years. We also endeavor to propagate efficient use of power and reduce water consumption.

3. **Does the company identify and assess potential environmental risks?**

The Bank has been into sustainable lending since its association with Development Funds, who have invested in the Bank. The Bank also has a Social and Environmental Sustainability Policy and abides by it.

4. **Does the company have any project related to clean development Mechanism? If so, provide details thereof, in about 50 words or so. Also, whether any environmental compliance report is filed?**

As on date, the Bank has not carried out any project related to the Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc. If yes, please give hyperlink for web page etc.**

As explained above, the Bank focuses on reducing the usage of paper, conserve energy and provides alternate banking through digital channels like internet banking, mobile banking, ATMs, Tab-based account opening, online & mobile account opening etc.

Focus is also placed on energy efficiency, through practices including installation of CFL & LED light fixtures and installation of similar energy efficient office equipment.

6. **Are the emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The operations of the Bank do not result in any significant environmental or pollution related issues although we have tied up with agencies for proper disposal of electronic waste.

7. **Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

The operations of the Bank do not result in any significant environmental or pollution related issues. No notices were received by the Bank as on March 31, 2021.

Principle 7 - Business should respect, protect and make efforts to restore the environment

1. **Is your company a member of any trade and chamber or association? if Yes, name only those major ones that your business deals with:**

Some of the key trade and industry associations where the Bank is represented, include:

- i. Indian Banks' Association (IBA)
- ii. Fixed Income Money Market and Derivatives Association (FIMMDA)
- iii. Association of Small Finance Banks of India (ASFBI)
- iv. Micro Finance Institutions Network

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? if yes, specify the broad areas (governance and administration, economic Reforms, inclusive development Policies, energy security, Water, Food security, sustainable Business Principles, others)**

Through various industry associations and in various forums, Suryoday has been promoting multiple social and welfare initiatives like responsible lending, financial literacy, creation of a more

transparent financial system, ease of credit access to the underbanked/ unbanked, operational ease of providing loans to economically excluded sections of the economy, etc.

Principle 8 - Businesses should support inclusive growth and equitable development

One of the objects of Suryoday, since inception, has been inclusive and equitable growth.

- 1. Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

The key programs are on Financial Education and Health Awareness for low-income communities

- 2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Majority of the programs are executed through the Bank's CSR Implementation Agency. Other initiatives are directly handled by the Bank.

- 3. Have you done any impact assessment of your initiative?**

The Implementing Agency was advised to carry out impact assessment on programs sanctioned by the Bank.

- 4. What is your company's direct contribution to community development projects - amount in INR and the details of the projects undertaken?**

The details of the contribution towards CSR initiatives are available in the CSR Report forming part of Annual Report.

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Bank closely tracks the number of beneficiaries and qualitative improvement in the lives of beneficiaries.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

2% of the total customer complaints received by the Bank, were pending as on 31st March 2021.

- 2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

The Bank endeavors to provide transparent information on its products through its website which has detailed information on product features, service charges and fees applicable. In respect of the

Bank, interest rates for various deposit schemes are published on the website. SMS alerts are sent to customers when charges or fees get triggered or levied in their deposit accounts.

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

Nil

- 4. Did your company carry out any consumer survey / consumer satisfaction trends?**

The Bank conducted a customer satisfaction survey to obtain feedback from customers and determine the level of customer satisfaction. This survey was hosted on the website of the Bank and a link to the same was sent as an SMS message to all the customers. 70% of the customers have expressed a fairly high level of satisfaction with their experience with the Bank with an average score of 3.88 on a scale of 5, 5 being the highest.