



Annual Report

Financial Year 2015-2016

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Genesis of SBI Foundation

State Bank of India (SBI) has been a pioneer in the space of Corporate Social Responsibility (CSR) within the Indian Banking ecosystem. The concept of CSR was introduced at SBI as early as 1973, under the name *Innovative Banking*, covering both banking as well as non-banking activities. Initially *Innovative Banking* focused on economic development of the underprivileged sections of the society through non-banking activities. As the scope of community focused activities increased, these activities were classified under the umbrella of *Community Service Banking*. For several decades, SBI has been setting aside 1 per cent of its net profit for activities related to CSR and has made several strides towards becoming a responsible and responsive corporate citizen and discharging its corporate social responsibility to the community.

Post the New Companies Act 2013, SBI decided to move a step further with its continuous efforts to work for the betterment of the society and decided to setup a separate entity to consolidate the CSR initiatives of SBI, its associates and subsidiaries. SBI launched **SBI Foundation** in June 2015, a not-for-profit company formed under Section 8 of the Companies Act, 2013 to act as the Corporate Social Responsibility arm of the SBI Group.

Vision

To become a premier CSR institution in India through the Bank's tradition of "***Service Beyond Banking***" by:

- Improving the socio-economic well-being of the society, particularly of the less fortunate and under-privileged members and enable them to live up to the potential that they all possess.
- Creating an inclusive development paradigm that serves all Indians and to deliver societal benefits to all geographical regions of the country without any regional, linguistic, caste, creed, religious or other barriers.

Mission

To make available resources to the most vulnerable sections of the society directly and through strategic partnerships/collaborations with impact making entities in the social and development sector in the most transparent way to create inclusive sustainable development.

Activities at a Glance...

During FY15-16, SBI Foundation invested significant amount of time and effort to put in place its vision and mission, set up a strong governance practices, robust operating framework, sound management processes enabling it to undertake high-impact CSR projects across rural and urban India to improve the socio-economic well-being of the underprivileged.

During the year, SBI Foundation undertook key steps to establish a strong foundation for the organisation.

1. The Foundation *received a Section 8 company registration certificate* issued by the Ministry of Corporate Affairs (MCA) on June 26, 2015. The registration was successfully completed with support from SBI Capital Markets Ltd.

The Foundation has an *Authorized Capital of Rs 40,000,000 and the Subscribed capital is Rs 10,000,000*. 1,000,000 equity shares are issued to shareholders at a face value of Rs10 per share. The present shareholding structure is tabulated below:

Shareholder	No. of shares subscribed	% of total shares	Share Value Rs.
SBI	999994	99.99	9999940
6 individual nominees of SBI	6	0.01	60
Total	1000000	100.00	10000000

Following this, *a 12A tax exemption certificate was obtained* from the Income Tax Department under the Income Tax Act, 1961 in October 2016. Lastly, before the onset of the new financial year, the Foundation received *an 80G certificate* in March 2016. The Foundation can now accept donations from SBI and grant donations to charitable organisations or any other such organisations as mentioned in the Companies Act, 2013.

2. Later during the year, SBI Foundation appointed India's largest CSR & Sustainability consulting firm **NextGen PMS Pvt. Ltd.** (NextGen) as a CSR Consultant to the Foundation. With the support from the NextGen team, SBI Foundation has

successfully developed a comprehensive CSR policy, Standard Operation Manual, institutionalised Due Diligence Framework, and other operating processes for the Foundation.

3. A transparent and robust **Governance Structure** has been put in place to oversee the implementation of the CSR Programs / Projects / Activities of the Foundation, in compliance with the requirements of Section 135 of the Companies Act 2013, CSR Rules 2014, and any other applicable laws, rules, and regulations.
4. Designed a **Corporate Social Responsibility (CSR) policy** highlighting the vision and mission of the Foundation, governance structure, sources of funding, key focus areas, program implementation mode and reporting requirements.
5. Introduced a comprehensive **Standard Operating Procedures (SOP) Manual**. The SOP serves as a guiding tool for SBI Foundation to perform its tasks judiciously. The document sheds light on the key aspects of Section 135 of the Companies Act 2013 and the rules, notifications, and amendments thereof, and highlights its implications to the Foundation. It sets out guidelines and frameworks that will enable the Foundation to conceptualize, plan and execute strategic CSR projects. The SOP focuses on the 'what' and 'how' of strategizing, planning, executing and monitoring the CSR projects. It is intended to provide a detailed guidance (rather than prescribe) on the objective of the process, owner(s)/responsibility centre(s) for the process, key inputs and outputs of the process, and activities or tasks to be covered, including the methodology and timelines.
6. Developed standard formats and templates to establish transparency and consistency in operations of SBI Foundation. Some of the key formats developed are:
 - a. **Program structure format** provides brief overview on the project for which grant is sought. It covers basic information like project title, objectives, duration, financial outlay, success indicators and monitoring mechanism.

- b. **Proposal form** offers an insight on project areas like implementation model, sustainability plan, employee volunteering opportunities, co-branding options, budget breakup and project reporting tools. In a nutshell, it summarizes project inputs, activities, outputs, outcomes and impact. This format is filled up by the grant seeking organisation and submitted to the Foundation for evaluation and approval purposes.
 - c. **Due Diligence formats** ensure the legitimacy of the grant seeking organisation. SBI Foundation has institutionalised three levels of due diligence: a) Basic-level, b) Mid-level and c) High-level. A grant seeking organisation is required to fill up the due diligence form and submit it to the SBI Foundation. The grant seeking organisation is evaluated on several parameters such as regulatory compliance, financial management and accounting, transparency and accountability, implementation capacity, partnership, and associations. Apart from this, SBI Foundation has developed a scientific approach to assess the feedback received from past donors and partners.
 - d. **Project Evaluation format** assures fair evaluation of projects across diverse focus areas. The project is evaluated on key parameters such as project feasibility and need, expected outcome and success indicators, competency of the project team, sustainability plan and budget allocation.
7. SBI Foundation has put together a **team of experienced officers from the State Bank of India** to institutionalise and manage the grant making processes. In the near future SBI Foundation plans to recruit experienced program managers from the Market to strengthen its operations.
8. During FY16, the Foundation invested abundant time in building the **organisational capacity** for effective planning and deployment of social / philanthropic capital. It was an eventful as well as an enriching year for all at SBI Foundation.
- a. SBI Foundation team met with several charitable organisations working across different focus areas to understand their programs, grant requirements and

operational capacities. *Meeting charities and other stakeholders like industry experts, consultants, government agencies, etc.* has immensely helped the Foundation to understand the dynamics of the social sector and emerging trends in the field of strategic philanthropy.

- b. The management team attended CSR seminars conducted by the *Indian Institute of Corporate Affairs* on CSR management. Apart from CSR workshops focusing on Indian context, SBI Foundation's top executives also attended a 2-day workshop organised by the *Harvard Business School* in October 2015 on CSR management, trends and best practices followed across the globe.

Partnerships

SBI Foundation collaborated with *The Akshay Patra Foundation (APF)* to provide mid-day meals to school going children. Bangalore-based APF has kitchens in 27 locations spread across 11 states in India, feeding over 2.75 million children each day. By providing mid-day meals in government-aided schools, APF aims not only to fight hunger but also to bring children back to school.

SBI Foundation *sanctioned a grant* of Rs. 500,000 to The Akshay Patra Foundation in FY15-16 to support their flagship mid-day meal program. The grant was used to sponsor mid-day meals for 671 children spread across four schools in Bangalore, Karnataka. SBI Foundation is keen to strengthen their relationship with The Akshay Patra Foundation and participate in solving social problems of hunger, health, and education.

Apart from this, a general Memorandum of Understanding has been executed with the *United Nations Fund for Population Activities (UNFPA)* to collaborate on projects of similar interests in the areas of women empowerment.

Way Forward

The Foundation's endeavour is to make high-impact donations for the socio and economic well-being of the neglected and marginalised communities of India. The Foundation is dedicated to solve social problems by extending financial support and resources to credible and respectable charitable organisations that are working for the well-being of those in need. The Foundation is building a team of experienced professionals and further enhancing the organisational capacities to achieve the vision and mission of the Foundation to create inclusive development.