

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. Preamble

The Companies Act, 2013 makes it mandatory to frame a Corporate Social Responsibility policy in the Bank and to constitute a Committee of the Board to undertake and monitor the CSR activities of the Bank in tune with the CSR policy adopted by the Bank, framed in accordance with the Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

2. Date of implementation

The Corporate Social Responsibility policy shall be effective from 1st of April 2014.

3. Definitions

In this Policy, unless the context otherwise requires :-

- a. "Act" means The Companies Act, 2013.
- b. "Board" means Board of Directors of the Bank.
- c. "Committee" means Corporate Social Responsibility Committee.
- d. "CSR Policy or Policy" means Corporate Social Responsibility Policy.
- e. "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-
 - (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of **section 135** of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be recalculated in accordance with the provisions of the Act:
- f. "Rules" means the Companies (Corporate Social Responsibility Policy) Rules, 2014 or any amendment or modifications thereof from time to time by the Ministry of Corporate Affairs (MCA).

- g. "Schedule" means Schedule VII of the Companies Act, 2013 as provided as **Annexure I** to the policy or any amendment or modifications thereof from time to time by the Ministry of Corporate Affairs.
- h. Any other term not defined herein will be governed by the terms used in the Companies Act, 2013 or Rules framed thereunder.

4. Objective of the policy

The policy aims to indentifying and supporting all projects /programs undertaken as part of the Bank's Corporate Social Responsibilities within the framework of the Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

5. Constitution of the Corporate Social Responsibility Committee

The Bank will institute a Committee of the Board consisting of three or more directors including at least one Independent Director.

The present Committee has the following members:

- | | | |
|---------------------------------|-----------------|-------------------------------|
| • Shri. S.Ramakrishnan | Chairman | (Independent Director) |
| • Shri. C.K.Gopinathan | | |
| • Shri. T.S.Anantharaman | | |
| • Shri. Bobby Jos C | | (Independent Director) |

The Composition of the Committee shall be included in the Board's report.

6. Terms of reference and powers of the Committee

The following shall be the terms of reference/powers of the Committee -

- (i) Formulate CSR Policy and recommend the same to the Board for approval.
- (ii) Recommend CSR activities as stated under Schedule VII of the Act.
- (iii) Approve to undertake CSR activities and to separately report the same in accordance with the Rules.
- (iv) Recommend the CSR Budget.
- (v) Spend the allocated CSR amount on the CSR activities in accordance with the Act and the Rules.

- (vi) Create transparent monitoring mechanism for implementation of CSR Initiatives undertaken by the Bank.
- (vii) Submit the Reports to the Board in respect of the CSR activities undertaken by the Bank.
- (viii) Review CSR Policy from time to time.
- (ix) Monitor activities to ensure that the CSR activities of the Company are implemented effectively.

7. CSR Budget

A specific budget is allocated for CSR activities and spending on CSR activities in every financial year shall be at least 2% of the average net profits of the Bank made during the three immediately preceding financial years, in pursuance of this policy.

The Bank shall be given preference to the local area and areas around where it operates, for spending the amount earmarked for the CSR activities.

8. CSR Projects or Programs

The Bank will undertake projects/programs in line with Schedule VII of the Act and detailed below .

1. Empowering through Sustainable Livelihood Initiatives (SLI)

Category: Companies Act- 2013, Schedule VII

- (i) Eradicating Hunger,
- (ii) Livelihood Enhancing Projects,
- (iii) Empowering Women &
- (iv) Sanitation and making available safe drinking water.

2. Financial Literacy and Inclusion

Category: Companies Act -2013, Schedule VII

- (i) Promoting Education,
- (ii) Livelihood Enhancing Projects

3. Promoting Education

Category: Companies Act -2013, Schedule VII

- (i) Promoting Education

4. Skill Training and Livelihood Enhancement

Category: Companies Act -2013, Schedule VII

- (i) Employment Enhancing Vocational Skills and Livelihood enhancing projects

5. Promoting Blood Donation

Category: Companies Act -2013, Schedule VII

- (i) Promoting Preventive Healthcare

6. Environmental Sustainability

Category: Companies Act -2013, Schedule VII

- (i) Ensuring Environmental Sustainability, Conservation of Natural Resources and maintaining the quality of soil.

7. Eradicating Poverty

Category: Companies Act -2013, Schedule VII

- (i) Eradicating Poverty, Hunger and Malnutrition

8. Rural Development

Category: Companies Act -2013, Schedule VII

- (i) Rural Development
- (ii) Slum area development

9. Any other activities within the Schedule VII of the Act and the rules.

The modalities of execution of such project or program and implementation schedules for the same as may be decided by the committee in accordance with the policy, Act and the Rules.

9. CSR expenditure

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities as per the policy approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act 2013.

Tax treatment of CSR spent will be in accordance with the Income Tax Act as may be notified by CBDT.

10. Failure to spend the CSR Money

In case the Bank fails to spend the targeted amount as specified point No. 7 of the policy in any particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Directors' Report for that particular Financial Year.

Surplus arising out of the CSR initiatives shall not form part of the business profits of the Company.

11. Disqualifying Activities for CSR

The CSR Rules prohibit the CSR projects and programs that are implemented by the Company for benefit of the employees of the Company and their families. The CSR activities implemented outside India also fall outside the purview of the Rules and hence CSR expenditure on such activities will not be considered for inclusion in the CSR Report. Any amount directly or indirectly contributed towards any political party under Section 182 of the Act shall not be considered as CSR Spend. Activities that are undertaken by the Company in pursuance of its normal course of business will not be considered as CSR activities.

12. Implementation

CSR activities as specified in the policy shall be undertaken or carried out through the trust formed by the Bank or in any other manner as may be permitted by the Act/Rule.

Alternatively the Bank will undertake CSR projects/activities which are closely linked with the principles of sustainable development and shared value, with the involvement of local institutions and the community at large and ensure that the projects/activities as are included in the policy only be undertaken by the Bank.

In such case, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism in the manner as permitted.

13. Monitoring

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of the projects / programs/ activities proposed to be undertaken by the Bank. The Committee will determine the modalities of execution of each projects/ programs/ activities and the implementation schedule and further monitor process of such projects / programs/ activities. CSR activities will also be reviewed by the Committee. A system will be put in place to maintain a transparent monitoring and reporting mechanism across all the stakeholders involved in the CSR activities of the Bank.

14. CSR Reporting

The Board's report shall include an annual report on CSR containing particulars specified in the **Annexure-II** to the policy.

15. Disclosure about CSR Policy

The disclosure of contents of the policy in the Board's Report and on the Bank's website shall be as per the rules.

16. Policy review & future amendment

The Committee shall annually review the CSR Policy and make suitable changes as may be required subject to the Act and the Rule and submit the same for the approval of the Board.

The Companies Act, 2013 SCHEDULE VII

Activities which may be included by companies in their Corporate Social Responsibility Policies

Activities relating to:-

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) 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;
- (v) 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;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund 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;
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects.
- (xi) Slum area development.

ANNEXURE II

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years.
4. **Prescribed** CSR Expenditure (two percent. Of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;
 - (b) Amount unspent, if any;
 - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1.							
2.							
3.							

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/-
Chief Executive Officer
Or
Managing Director or Director

Sd/-
(Chairman CSR Committee)

Sd/-
Person specified under clause (d) of sub-section (1) of section 380 of the Act
(wherever applicable)