

CITY UNION BANK LIMITED, CENTRAL OFFICE KUMBAKONAM

CORPORATE SOCIAL RESPONSIBILITY(CSR) POLICY

(Effective from 07th Nov' 2019)

CITY UNION BANK LIMITED, CENTRAL OFFICE, KUMBAKONAM

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1) PREAMBLE:

In terms of the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Central Government (Ministry of Corporate Affairs) in exercise of the powers conferred under section 135 and sub-section (1) and (2) of section 469 of the Companies Act, 2013 vide Notification dated 27th February, 2014, every company should have a Corporate Social Responsibility Policy (CSR) Policy and abide by the cited Corporate Social Responsibility Policy Rules. The Bank is conscious of its social responsibility cast on it and as such this Corporate Social Responsibility Policy has been formulated.

2) TITLE AND COMMENCEMENT:

This Policy shall be called as 'Corporate Social Responsibility (CSR) Policy of City Union Bank Limited' and shall come into force with effect from 1st April, 2014.

3) OBJECTIVES OF CORPORATE SOCIAL RESPONSIBILITY :

The prime objective of this 'CSR policy' is to undertake the activities by the bank as specified in Schedule VII to the Companies Act, 2013 and to incur the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the bank.

4) MEANING OF CORPORATE SOCIAL RESPONSIBILITY (CSR):

Corporate Social Responsibility shall mean the following as defined under Section 2. (c) of the Notification dated 27th February, 2014 issued by the Central Government (Ministry of Corporate Affairs):

"Corporate Social Responsibility (CSR)" means and includes but is not limited to:-

- (i) Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013; or :
- (ii) projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Companies Act, 2013.

5) ACTIVITIES COVERED UNDER CORPORATE SOCIAL RESPONSIBILITY(CSR):

The Bank shall undertake any one or more of the following activities as enumerated in Schedule VII of the Companies Act, 2013 as amended by Central Government's Notification dated 27th February, 2014.

- (i) Eradicating hunger, poverty and malnutrition, promoting 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, agro forestry, 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 recognised 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. Slum area shall mean any area declared as such by the Central Government or any State government or any other Competent authority under any law for the time being in force.
- (xii) Disaster Management, including Relief, Rehabilitation and Reconstruction activities.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE OF THE BOARD:

The bank shall constitute a 'CSR committee of the Board' consisting of three or more directors out of which at least one director shall be an independent director in accordance with the provisions of Section 135 of the Companies Act, 2013. The 'composition of the Corporate Social Responsibility Committee of the Board shall be disclosed in the Board's report as required under sub-section (3) of section 134 of the Companies Act,2013.

7. RESPONSIBILITIES OF THE CSR COMMITTEE OF THE BOARD :

The Corporate Social Responsibility Committee of the Board shall,—

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the bank as specified in Schedule VII of the Companies Act,2013;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

8. EARMARKING OF FUNDS UNDER CORPORATE SOCIAL RESPONSIBILITY:

The bank shall spend, in every financial year, at least 2% of the average net profits of the bank during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. 'Net Profit' shall mean the net profit of the bank before Tax (PBT) as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, 2013 but shall not include any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act, 2013. For this purpose average net profit shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013. Net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Company Act, 1956, (1 of 1956) shall not be re-calculated in accordance with the provisions of Companies Act, 2013. The Bank shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

9. RESPONSIBILITIES OF THE CSR COMMITTEE OF THE BOARD :

The Bank's Board shall,—

- (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the Bank and disclose contents of such Policy in its report and also place it on the Bank's website, in such manner as_ prescribed ;
- (4) ensure that the activities as are included in Corporate Social Responsibility Policy of the bank are undertaken by the bank;
- c) Ensure that the bank spends, in every financial year, at least two per cent of the average Net Profit (before Tax (PBT)) of the bank made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The percentage is subject to be modified as amended from time to time by MCA / Companies Act.: and
- d) Further if the bank fails to spend such amount, the Board shall, in its report made under clause (0) of sub-section (2) of section 134 of the Companies Act, 2014 , specify the reasons for not spending the amount.

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

- The CSR activities shall be undertaken by the Bank as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- The board of the bank shall decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the bank or holding or subsidiary or associate company under section 8 of the Companies Act, 2013 or otherwise:

Provided that-----

- (i) if such trust, Society or company is not established by the bank it shall have an established track record of three years in undertaking similar programs or projects;
- (ii) the bank has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

- iii) The Bank may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with the CSR Rules, 2014
- iv) Subject to provisions of sub-section (5) of section 135 of the Companies Act, 2013, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- v) The CSR projects or programs or activities that benefit only the employees of the bank and their families shall not be considered as CSR activities in accordance with section 135 of the Companies Act, 2013.
- vi) The bank may build CSR capacities of its own personnel as well as those of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent, of total CSR expenditure of the bank in one financial year.
- vii) Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2014 shall not be considered as CSR.

11. SURPLUS ARISING OUT OF THE CSR PROJECTS:

The surplus arising out of the CSR projects or programs or activities if any shall not form part of the business profit of the bank.

12. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE:

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

13. CORPORATE SOCIAL RESPONSIBILITY REPORTING:

The Board's Report of the bank covered under the CSR Rules, 2014 pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars as specified in Annexure to CSR Rules, 2014.

14. DISPLAY OF CSRA ITIES ON THE BANK'S WEBSITE:

The Board of Directors of the Bank shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure to CSR Rules, 2014.

15. MONITORING PROCESS OF CSR PROJECTS OR PROGRAMS:

A Committee of Executives shall be constituted by the MD&CEO of the bank and the Committee shall monitor and report progress to the CSR Committee of the Board /Board periodically and arrange for display of CSR Activities in the Bank's website.

16. Unspent amount under CSR

A new section is inserted based on the Companies (Amendment) Act, 2019 in the Companies Act 2013.

A. For any unspent CSR amount for a financial year, the following procedure shall be followed;

a) For unspent amount, if relates to any ongoing projects;

- A separate account to be opened in the name 'Unspent CSR Account' for a financial year within 30 days of end of the said financial year.
- The unspent amount will be spent from the specific account for the ongoing project / any other project within a period of 3 financial years from the date of such transfer
Any unspent amount, if any, still remaining in the account will be transferred to a fund specified in schedule VII i.e Prime Minister's National Relief Fund or any other fund as specified from time to time within 30 days from the date of completion of 3rd Financial year.

B. For any unspent CSR amount for a financial year, the following procedure shall be followed;

b) For unspent amount, not relating to any ongoing projects;

- A separate account to be opened in the name 'Unspent CSR Account' for a financial year within 30 days of end of the said financial year.
- Any unspent amount, if any, to be transferred to a fund specified in schedule VII i.e Prime Minister's National Relief Fund or any other fund as specified from time to time within 6 months of expiry of the financial year.