

CORPORATE SOCIAL RESPONSIBILITY POLICY

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1) PREAMBLE

This Corporate Social Responsibility Policy ("CSR Policy") of the Bank has been framed in terms of Section 135(3)(a) of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Central Government (Ministry of Corporate Affairs) as amended from time to time.

This CSR policy will apply to all the direct and indirect expenditures incurred by the Bank in pursuance of its CSR obligations under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

The scope of this CSR policy shall not apply to any donations made by the Bank any bodies or persons towards the fulfilment of the provisions regarding the "Donations by the Bank" as mentioned in the Reserve Bank of India circular No. RBI.No./2005-06/237 DBOD.No.Dir.BC. 50/13.01.01/2005-06 dtaed December 21, 2005, or its subsequent amendments.

2) REVIEW OF CSR POLICY

The CSR Policy of the Bank shall be reviewed and updated as and when required, to incorporate the strategic CSR requirements of the Bank, amendments, if any, to the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any other applicable laws, rules and regulatory frameworks.

3) DEFINITIONS

In this policy, the following definitions of the terms used shall be applicable unless the context required otherwise.

- i. "Act" means the Companies Act, 2013 and its subsequent amendments, if any.
- ii. "Administrative Overheads" means the expenses incurred by the Bank for 'general management and administration' of Corporate Social Responsibility functions and it shall not include the expenses that are directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- iii. "Annexure" means the Annexure appended to Companies (Corporate Social Responsibility Policy) Rules, 2014;
- iv. "Corporate Social Responsibility (CSR)" means the activities undertaken by the Bank, in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in these rules.
- v. "CSR Annual Action Plan" means the list of "CSR Programmes" proposed to be undertaken by the Bank in a financial year as per its CSR Policy in the areas or subject specified in the Schedule VII of the Act and includes but is not limited to the following:

- ❖ The amount of expenditure to be incurred on the CSR Programmes;
 - ❖ The implementation schedules and manner of execution of the proposed CSR programmes;
 - ❖ The modalities of utilization of the funds of the proposed CSR Programmes;
 - ❖ The monitoring and reporting mechanism of the proposed CSR Programmes;
 - ❖ Details of any need assessment or any impact assessment studies proposed during the financial year.
- vi. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;
- vii. "CSR Policy" means this policy document containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the 'CSR Annual Action Plan'
- viii. "CSR Programme" means any CSR projects or programmes or activities, undertaken by the Bank as per its CSR Policy, that are in line with the activities in the areas or subjects as specified in the Schedule VII of the Act, as amended.
- ix. "CSR Programme Cost" means the expenditure incurred directly towards the designing, implementation, monitoring and evaluation of a particular CSR project or programme.
- x. "Net Profit" means the net profit of the Bank as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-
- (i) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act;
- xi. "Not for Profit Organization" has the same meaning as in clause (e) of regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.;
- xii. "Ongoing Project" means a multi-year project undertaken by a Bank in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification;
- xiii. "Public Authority" means 'Public Authority' as defined in Clause (h) of Section 2 of the Right to Information Act, 2005 (22 of 2005);
- xiv. "Rules" means the Companies (Corporate Social Responsibility Policy) Rules, 2014 and its subsequent amendments lastly vide the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;

- xv. "zero coupon zero principal instrument" means an instrument declared as a security that is issued by a Not for Profit Organization registered with the Social Stock Exchange segment of a recognised Stock Exchange in accordance with the regulations made by the Securities and Exchange Board of India.'

4) OBJECTIVES OF CORPORATE SOCIAL RESPONSIBILITY

The prime objective of this 'CSR policy' is to undertake the activities as specified in Clause 6 and 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.

5) MEANING OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135, read with Schedule VII to the Companies Act, 2013; or 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 but shall not include the following, namely:

- (i) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (ii) contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- (iii) activities benefitting employees of the company as defined in Clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019);
- (iv) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (v) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

6) ACTIVITIES COVERED UNDER CORPORATE SOCIAL RESPONSIBILITY

The Bank shall undertake any one or more of the following activities as enumerated in Schedule VII of the Companies Act, 2013 as amended from time to time.

- (i) Eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.
- (ii) Promoting education, including special education, training, skill development 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 [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga], restoration and preservation of water bodies and wet lands, sponsoring and field studies on ecological and environmental issues;
- (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, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans and their dependents including widows;
- (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 Prime Minister's Citizens Assistance and Relief in Emergency Situations Fund (PM CARES 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) a) Contributions to incubators or research and development projects in the field of science, technology, engineering and medicine funded by CG / SG or PSU or any agency of CG/SG
and
b) Contributions to Public funded Universities, IITs, National Laboratories and Autonomous Bodies established under DAE, DBT, DAT, Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH), Ministry of Electronics and IT and other bodies, DRDO, ICAR, ICMR, CSIR, engaged in conducting research in Science, Technology, Engineering and Medicine aimed at promoting Sustainable development goals (SDGs).
- (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.
- (xiii) Subscription to zero principal instruments on Social Stock Exchange.

7) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF THE BOARD

To oversee the fulfilment of the CSR obligations of the Bank, 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.

8) 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 (3); and
- (c) monitor the Corporate Social Responsibility Policy of the Bank from time to time.

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy in areas specified in Sch. VII of the Act.

9) RESPONSIBILITIES OF THE BOARD

The Bank's Board —

- a) shall after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the Bank and disclose the Board approved Policy in its report and also place it on the Bank's website, in such manner as prescribed in the Rules;
- b) may alter the Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect;
- c) ensure that the activities as are included in Corporate Social Responsibility Policy of the Bank are undertaken by the Bank;
- d) shall 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, subject to the percentage being modified or amended from time to time as mandated by MCA / Companies Act, and
- e) Further if the bank fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of the Companies Act, 2013, specify the reasons for not spending the amount.
- f) Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect on a yearly basis.

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

11) IMPLEMENTATION MECHANISM

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, 2013 shall not be considered as CSR.

The Bank may carry out the CSR activity through zero coupon zero principal instrument, provided, that the expenditure incurred for such instrument shall not exceed 10% of the total CSR expenditure for that financial year.

If any project is funded by such an instrument and shall be exempted from undertaking impact assessment

All CSR proposals shall be reviewed by the CUB Foundation and based on its review and recommendation, CSR proposals will be considered and approved by the CSR committee as it may deem fit.

12) SURPLUS ARISING OUT OF THE CSR PROJECTS

Any surplus arising out of the CSR activities shall not form part of the business profit of the Bank and any kinds of income accrued by way of CSR activities shall be ploughed back into the same CSR programmes or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR Policy and annual action plan of the Bank 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.

13) 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.

The board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Bank for the financial year. The Bank may book the expenditure towards Impact Assessment on Corporate Social Responsibility for that financial year, which shall not exceed 2% of the total CSR expenditure for that financial year or Fifty Lakh rupees, whichever is higher.

Further, any amount spent in excess of requirement provided under Sub-Section (5) of Section 135, such excess amount may be set off against the requirement to spend under Sub-Section (5) of Section 135 up to 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, in pursuance of sub-rule (2) of this rule.

(ii) the Board shall pass a resolution to that effect.

14) CORPORATE SOCIAL RESPONSIBILITY REPORTING

The Board's Report of the Bank shall include an Annual report on CSR containing particulars as specified in the applicable Annexures of the Companies (CSR Policy) Amendment Rules, 2021.

If the average CSR obligation exceeds Rs. 10 crs or more or an amount as specified in pursuance of Sub Section (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year

before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

15) DISPLAY OF CSR ACTIVITIES ON THE BANK'S WEBSITE

The Board of Directors of the Bank shall, disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on their website, if any, for public access and also the particulars as specified in CSR Rules from time to time.

16) MONITORING PROCESS OF CSR PROJECTS OR PROGRAMS

The Bank shall ensure the monitoring of CSR projects / programs through CUB Foundation.

17) TRANSFER OF UNSPENT AMOUNT UNDER CSR

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.

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3rd Amendment Version V4: 23-6-2026
2nd Amendment version V3: 24-06-2024
1st Amendment version V2: 7-11-2019