

CITY UNION BANK LIMITED, CENTRAL OFFICE KUMBAKONAM

CORPORATE SOCIAL RESPONSIBILITY(CSR) POLICY

(Reviewed 04.03.2021)

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):

- (i) **Corporate Social Responsibility (CSR)** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act activities specified in 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) activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that

a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

- (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- (ii) 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;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

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, 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).

- Spending of CSR funds for various activities relating to Covid 19 and carrying out awareness campaigns / programmes or Public outreach campaigns on COVID 19 vaccination programme is an eligible CSR activity under itsm no. (i), (ii) and (xii) of sch VII relating to promotion of healthcare
 - Contribution to State Disaster management authority to combat Covid 19 included in xii.
 - Ex-gratia payment made to temporary / casual workers / daily wage workers over and above the disbursement of wages for fighting covid 19 (to be certified by statutory auditor)Rural development projects.
- (x) 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.
- (xi) Disaster Management, including Relief, Rehabilitation and Reconstruction activities.

6. CORPORATE SOCIAL RESPONSIBILTY (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 (@); and
- (c) monitor the Corporate Social Responsibility Policy of the company 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. The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

8. EARMARKING OF FUNDS UNDER CORPORATE SOCIAL RESPONSIBILTY:

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 ;
- b) 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.
- e) 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. 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: "Ongoing Project" means a multi-year project undertaken by a Company 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.

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 R,les,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.

The board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year. 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.

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.

It shall be ensured that the Annual Report contains a report on CSR as specified in Annexure I or Annexure II, as applicable. If the average CSR obligation exceeds Rs. 10 crs or more or an amount as specified in pursuance of subsection (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. The bank may book the expenditure towards impact assessment on Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

14. 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.

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.