



# **The Karnataka Bank Ltd**

## **CSR Policy**

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## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

### **1. Preamble:**

Business organizations operate as part of society but not in isolation. Every decision taken while doing the business involves financial implications and social and environmental consequences. We, in Karnataka Bank strongly believe that usefulness of existence of an entity is best judged not from the financial numbers it reports over a period of time but its relevance to the society as judged by the Stakeholders. We believe in the principle of sharing the earnings.

CSR is a form of corporate self regulation integrated into business model. It is the process aimed at embracing the responsibility for the actions of the Bank and encourage a positive impact through our activities on the environment, consumers, employees, communities, stakeholders and all other members of the public who may also be considered to be the stakeholders in general.

### **2. Purpose**

Karnataka Bank is committed to identify and support the projects and programmes aimed at improving the well beings of the socially and economically disadvantaged sections of the society. This Policy will serve as a guiding document to help identify, execute and monitor CSR projects/programmes keeping in mind the spirit of the provision of Section 135 of the Companies Act, 2013 and the rules framed thereunder. The Policy attempts to adhere to law and best practices in implementing society oriented programmes/projects.

### **3. Scope**

This Policy will apply to all projects/programmes undertaken as part of Bank's CSR activities and will be developed, reviewed and revised having regard to the relevant codes of Corporate Governance or best practices in this regard. This Policy is also in alignment with the CSR Rules framed under Section 135 of the Companies Act, 2013.

### **4. CSR Committee**

The Board shall constitute a CSR Committee consisting of three or more directors of which at least one director shall be an independent director. The CSR Committee shall

- i) formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Bank.
- ii) recommend the amount of expenditure to be incurred on the above activities.
- iii) Monitor the Corporate Social Responsibility Policy of the Bank from time to time.
- iv) Ensure legal and regulatory compliance from CSR view point.
- v) Promptly report to the Stakeholders about the various CSR activities undertaken by the Bank.
- vi) Periodically review the effectiveness of CSR spend.



## **5. Governance**

CSR Committee of the Board shall formulate and recommend to the Board, CSR Policy, CSR budget and ensure overall governance of the CSR activities of the Bank. CSR Support Group will be responsible for administering and executing the Policy. The Policy may further be revised and updated in due course with the due approval of CSR Committee/Board to incorporate the evolving activities of the Bank.

## **6. CSR Budget**

The overall amount to be committed to CSR project in each financial year in accordance with the provisions of Companies Act, 2013 will be approved by the Board. Within the overall CSR budget, specific CSR initiative/project will be identified by the CSR Support Group in line with the process approved by the CSR Committee of the Board.

## **7. Sanctions**

The amount to be sanctioned to eligible CSR activities/projects shall be as per the delegated powers approved by the Board from time to time.

## **8. Disbursement**

Based on the nature and requirements of the project, the fund will be released either in tranches or in lump sum. The terms and conditions and timing of disbursement will be documented in the form of Memorandum of understanding to be entered into with the project implementing partner, wherever found necessary.

## **9. Implementation**

In the implementation of CSR initiatives, the Bank will try to adopt participative principle by involving local institutions and community at large based on shared value principle.

The CSR Support Group would assist in implementation and monitoring the CSR activities of the Bank. The actual implementation of various CSR activities will be undertaken with the involvement of employees or implementing agencies such as Trust, Societies or companies registered under Section 25 of the Companies Act, 1956/Section 8 of the Companies Act, 2013 or through collaborative projects with other corporates. In case of implementing agency being 'Not profit organisation', such an entity shall typically have not less than three years of experience in implementing the CSR initiatives in the respective areas. Based on the Bank's internal screening criteria, the implementation partner/s will also be screened to ascertain its/their credibility and ability to execute proposed projects.

## **10. Supervision**

CSR activities of the Bank will be driven by exclusive CSR Support Group under the guidance and support of Managing Director & CEO of the Bank. It is the endeavour of the



CSR Support Group/CSR Committee to ensure that CSR culture is embedded in all the operations of the Bank and the CSR activities are in line with the CSR Policy.

## **11. Reporting**

Major CSR activities and achievements will form part of Director`s Report in the Annual Report of the Bank and also in any other statutory or other regulatory requirements. Format for the annual report on CSR activities to be included in the Board`s report will be as per Annexure-2.

## **12. CSR programmes/projects**

The Bank will endeavour to undertake and implement CSR programmes/projects and focus CSR spends on specific pre-determined causes and areas of intervention as disclosed in the Annexure-1 to the Policy. The particulars of the proposed projects including implementation year, modalities of execution in the areas/sectors chosen, implementation schedule etc will be placed to the CSR Committee by the CSR Support Group. Consideration and approval of CSR project/programmes to be undertaken during the year will be in line with the following guidelines.

- 1) It will be ensured that CSR projects are non –discriminatory in nature and do not have any restrictive political or religious affiliations.
- 2) The programmes/projects will be within the areas recommended by the CSR Committee and mentioned in the CSR Policy.
- 3) The programmes/projects will be implemented in India and preferably in the areas where the Bank has its presence.
- 4) Programmes/projects that integrate business models with social and environmental priorities and processes in order to create shared value will be encouraged.
- 5) Programmes/projects should not be exclusively for the benefits of employees or their family members or those that are conducted/undertaken exclusively in pursuance of normal business of the Bank.
- 6) Bank will consider programmes/projects closely linked with the principle of sustainable development.
- 7) Any surplus generated out of CSR activities will be ploughed back to the CSR initiative of the Bank.

## **13. Projects/programmes selection Process.**

CSR Projects/Programmes will be undertaken by CSR Committee/CSR Support Group duly considering the factors such as target area/group, likely impact on the well being of the people concerned, project cost/time for implementation, involvement of the stakeholders including local bodies/associations etc in the projects/programmes implementation.



## **Annexure-1**

### **Areas of CSR initiatives**

The following are the line of activities/initiatives to be undertaken under Bank's CSR project. This is not an exhaustive list but only an indicative list of areas for CSR intervention which will be reviewed and revised from time to time by the CSR Committee and specific initiative under these will be undertaken in line with the CSR policy to achieve the overall objectives of these interventions.

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water. As part of poverty alleviation, financial assistance by way of contributions to mid day meal programmes, disasters relief covering food supply, provisions for aids and appliances to the differently-abled persons etc. can also be undertaken.

(Category: Companies Act 2013- Schedule VII (1))

2. Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement project.

Under this category, financial assistance to private /public schools, aided or unaided, for construction /renovation/modernization of existing school building or other infrastructure such as purchase of laboratory equipments, computers and other allied equipments, promotion of financial literacy among the people who are outside the institutional banking facilities and Promotion of Road Safety awareness programme through print, audio and visual media, Capacity building for farmers covering best sustainable farm management practices, Training Agriculture Labour on skill development, Providing effective consumer grievance redressal mechanism, consumer's health and safety, consumer service, support and complaint resolution, Consumer protection activities can be undertaken.

(Category: Companies Act 2013- Schedule VII (2))

3. Promoting gender equality, empowering women, setting up of homes and hostels for women and orphans; setting up of 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.

(Category: Companies Act 2013- Schedule VII (3))

4. 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. In this regard Bank may contribute and involve in tackling the environmental impacts of water use, waste disposal, slum development, rural sanitation etc. The Bank will also encourage 'Green Initiative' in its operations through paperless communication with all its stakeholders.

(Category: Companies Act 2013- Schedule VII (4))

5. 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.



(Category: Companies Act 2013- Schedule VII (5))

6. measures for the benefit of armed forces veterans, war widows and their dependents.

(Category: Companies Act 2013- Schedule VII (6))

7. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.

(Category: Companies Act 2013- Schedule VII (7))

8. contribution to the Prime Minister`s National Relief 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 or other backward classes, minorities and women.

(Category: Companies Act 2013- Schedule VII (8))

9. contribution of funds to technology incubators located within academic institutions which are approved by the Central Government.

(Category: Companies Act 2013- Schedule VII (9))

10. Rural development projects.

(Category: Companies Act 2013- Schedule VII (10))



**Annexure -2**

**Format for the annual report on CSR activities**

- 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 programmes
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent. 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
Sr No	CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other district where the projects or programmes were undertaken	Amount outlay (budget) project or program me-wise	Amount spent on the project or programmes Sub heads (1)Direct expenditure on projects or programmes (2) others	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency*

\* give details of implementing agency.

6. In case the Bank has failed to spend the two per cent of the average net t 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 Bank

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)
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