



## **Corporate Social Responsibility (CSR) Policy of the Company**

**Version No.04  
2018-19**

**CSR Department**

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## **Corporate Social Responsibility (CSR) Policy**

### **Introduction**

- 1.1. The concept of Corporate Social Responsibility (CSR) has been developing since early 1970's in India. Philanthropy and CSR is not a novel concept for Indian Companies. Even before the introduction of any statutory guidelines, some of the Companies were discharging their Corporate Social Responsibilities by engaging themselves in socio economic and other philanthropic activities like promoting education, contributing to the social benefits in the situations of natural calamities and health of the common people by organizing health camps. With the passage of the Companies Act 2013, the mandate for corporate service responsibility has been formally introduced to the Board of the Indian Companies. The CSR mandate is an attempt to supplement the Govt. efforts of equitably delivering the benefits of the growth and to engage the corporate world with the Country's development agenda.
- 1.2. Though there is no specific commonly applicable definition of CSR, it is the "continuous commitment by the business to behave ethically and contribute to economic development while improving the quality of life of work force and their families as well as local community and society". It is the responsibility of the corporate entity toward the society in consideration of the support given and sacrifice made by the society. Corporate Social Responsibility (CSR) is the concept where by organizations serve the interest of the society by taking the responsibility for the impact of their activities on customers, employees, shareholders, communities, environment in all aspects of their operation.
- 1.3. As per the Companies Act 2013 and rules made under clause 135 the CSR " means and includes but is not limited to (i) Projects and program relating to activities specified in schedule VII to the Act or (ii) projects and programs relating to activities under taken by Board of Directors of the Company in pursuance of recommendations of the CSR Committee of the Board as per the declared CSR policy of the Company subject to the condition that such policy will cover subjects enumerated in schedule VII of the Act".
- 1.4. Our Companies Corporate Social Responsibility (CSR) policy is broadly based on the principles of National voluntary guidelines on social, environmental and economic responsibilities of business released by the Ministry of Corporate Affairs, SEBI guidelines on Business Responsibility Reporting, Companies Act 2013 and ethos of our Sponsor, Canara Bank.

### **2. Objectives of the Corporate Social Responsibility (CSR) policy.**

- 2.1 The objectives of the CSR policy is to promote socio economic development in rural areas, improve education, eradicate extreme hunger and poverty, promote gender equality and empowering women, reducing child mortality and improving maternal health, health care and sanitization, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, promoting and protecting natural heritage and culture and such other matters of common good.
- 2.2 Contribution to the prime Ministers National relief fund or any other fund set up by Central Govt. or State Govt. for social economic development, relief and rehabilitation of persons effected by natural calamities, funds for the welfare of schedule Caste and Schedule Tribes and other backward classes, minority and women.
- 2.3 Promotion and Financing any other activities to be advised by the Govt. or approved by the Board from time to time.

- 2.4 Promote eligible Trusts and Societies and/or encourage eligible trusts and societies or other implementing agencies, registered under section 8 of the Companies Act, who are engaged in promoting the above objectives solely with our company or jointly with any other companies

### **3. Applicability of Corporate Social Responsibility (CSR) rules:**

The CSR rules are applicable to Indian Companies or subsidiaries of Indian Companies and Foreign Companies operating in India and having net worth of Rs.500 Cr or more, turnover of Rs.1000 Cr or more, net profit of Rs.5 Cr or more during the financial year.

### **4. The responsibility of the Board in implementation of CSR rules :**

- 4.1 The Board shall constitute a Corporate Social Responsibility Committee of the Board for the purpose of preparing a detailed plan of the CSR activities including decisions regarding the expenditure, types of the activities to be under taken, agencies like Trust/s, Societies, individuals etc. to implement such CSR activities, roles and responsibilities of such Trusts, Societies, individuals etc., monitoring and reporting mechanism.
- 4.2 The Board of the Company shall after taking in to account the recommendations made by the CSR Committee, approve the CSR policy for the Company and disclose contents of such policy in its report and also place it on the Company's website. The Board shall ensure that the activities as are included in CSR policy of the Company are undertaken by the Company, ensure that the Company spends in financial year, at least 2% of the average net profits (before tax) made during the preceding 3 financial years. If the Company fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount. Company shall give the preference to the local areas.
- 4.3 The Directors of the Company are responsible for Disclosure of information in the Directors' report under Section 134(3)(O) of the Act, specifying reasons for not spending the required amount for CSR activities. Failure to disclose such information on CSR policy in the Directors' Report as required under Section 134(3)(O), the Company is liable to pay a fine of Rs.50000 and every officer responsible for such default is liable for imprisonment for a term which may extend to three years or fine of not less than Rs.50000 and up to a limit of Rs.5 lacs or both.

### **5. CSR committee of the Board:**

- 5.1 The CSR committee of the Board should be constituted by the Board of Directors of the Company from time to time. The committee shall consist of at least three Directors out of whom, one is an independent Director. Other members of the Committee shall include the Managing Director and the Chairman of the Board of the Directors. The composition of the CSR Committee shall be disclosed in the Board report as per sub section (3) of section 134 of the Companies Act.
- 5.2 The term of the CSR Committee shall be for a minimum period of 3 years from the date of constitution. In the case of retirement of any of the Directors of the Company who are the members of the CSR Committee, fresh nomination of any other Director of the Company shall be made by the Board for the remainder of the period.
- 5.3 The Chairman of the CSR Committee may be any one of the independent Directors of the Company who is a member of the CSR Committee.

- 5.4 The CSR Committee shall hold its meeting at least twice in a year or such other convenient intervals as may be decided by the Chairman of the CSR Committee.
- 5.5 The CSR Committee shall ensure that the CSR activities in the Company are conducted as per the CSR policy and performance vis-a-vis the projections are placed before the Board of the Directors on half yearly basis as at Sept/ March.

## **6. Functions and Responsibilities of the CSR Committee**

- 6.1 The CSR Committee of the Board shall formulate and recommend a CSR policy to the Board, indicating the activities to be under taken under CSR policy which is in tune with the Schedule VII of the Companies Act and any modifications made by the Govt. from time to time. The Committee shall also review the CSR policy from time to time / once in a year or such other periodical intervals as may be required. The Company shall study the CSR policies of other peer group housing finance companies/ CFSR and take necessary guidance for the CSR activities, mode of spending CSR funds for eligible activities at periodical intervals and recommend to the CSR Committee, any modifications in the policy, objectives and allocation/ spending of CSR funds.
- 6.2 The CSR Committee shall estimate, compute the amount of expenditure to be incurred on CSR activities on an annual basis or project to project basis. All the expenditure to be incurred towards CSR activities shall be reviewed by the Board, subject to such monetary ceilings as may be prescribed by the Company's Act. Unutilized CSR budget of a particular year to be permitted for carryover to the next financial year as per the provisions of the Act.
- 6.3 The CSR Committee of the Board to monitor the progress in implementation of CSR projects and programs and report to the Board at half yearly intervals for review.
- 6.4 The CSR Committee shall approve the activities and budget for CSR expenditure from time to time and review such expenditure at half yearly intervals. The Company may also examine contributing a portion of the eligible amount to Prime Ministers National Relief Fund and such other activities and get the benefit of Tax concession and complying with the Statutory requirements.

## **7. The CSR Activities and strategy**

- 7.1. The CSR policy should exclude the normal business activities of the Company. As per the CSR policy the activities included by the Company are to be related to the activities included in schedule VII of the Companies Act. The CSR activities may be either independent projects and programs or activities, either new or ongoing, but will not include the activities that are undertaken in pursuance to the normal course of the business. Similarly, contribution of any amount directly or indirectly made to any political party shall not be considered as CSR activity. While, taking up any CSR activities and for spending the amount year marked for CSR activities, preference shall be given to local areas and areas in and around where the branches operate.
- 7.2 The gist of the activities for which the Company will spend the targeted amount which specified in the objectives of the CSR policy, the Company may cover all or any of the following activities under the CSR undertaken in India. In other words, expenditure incurred in CSR projects or programs or activities undertaken outside India are not eligible to be covered under CSR expenditure. The CSR policy of the company shall include the following activities:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- Scholarship to the students, trainees etc., introduction of earn while you learn scheme to the poor students.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward group.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, water and air.
- Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of arts and handicrafts.
- Measure for benefits of armed forces veterans war widows and their dependents.
- Training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports.
- Contribution to the Prime Ministers National Relief Fund or other fund set up by the Central Govt. for socio economic development and relief and welfare of the SC, ST and other backward classes, minorities and women.
- Contributes or funds provided to technology incubators located within academic institutions which are approved by the Central Govt.
- Rural Development and other community Projects of common interests.
- Welfare majors for differently abled, old, homeless and the destitutes.
- Disaster management and activities including those related to amelioration and mitigation.

The strategy for implementation of the CSR activities will be reviewed from time to time, The Board may decide to undertake the CSR activities approved by the CSR committee through a registered trust or a Society or a Company, established by the Company itself or its holding Company or any other Associate Company under Section 8 of the Companies Act.

The Company may also entrust such CSR activities to any other Company, Society or Trust with established track record of 3 years in undertaking similar programs or projects. The modalities of utilisation of funds on such projects and programs and monitoring and reporting the mechanism will be introduced by the Company.

The Company may also collaborate with other Companies, Trust, Societies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of the

respective Companies are in a position to report separately on such projects or programs in accordance with the mechanism approved by the CSR Committee.

Subject to the approval of CSR Committee of the Board, Company may also build the CSR capacities of the employees of the Company or other implementing Agencies through institutions with the established track records of at least 3 financial years, but such expenditure shall not exceed 5% of the total CSR expenditure of the Company in one financial year.

## **8. The CSR expenditure**

- 8.1. There is no maximum ceiling for CSR expenditure by the Company. However, as per clause 135 of the Companies Act, the Company shall spend a minimum of 2% of average net profit of the preceding 3 years for CSR activities. The net profit means, the profit of the Company as per financial statements prepared in accordance with the applicable provision Act but shall not include any profit arising from any overseas branch or branches, dividends received from any other Companies in India. The surplus, if any, arising out of CSR projects or programs or activities shall not form part of the business profits of the Company. Based on the above statutory guidelines, CSR Committee of the Board may stipulate suitable overall limit for incurring expenditure for different CSR activities approved by the Board.
- 8.2. The expenditure for various projects, programs and activities are to be decided at the initial stage by the Planning and Development Dept. of the Company and such projects, programs and activities are to be approved by the CSR Committee of the Board. Once these projects, programs are approved by the CSR Committee, expenses for such activities may be permitted by the MD or DMD of the Company or such other officer authorised by MD. The Board in its 193<sup>rd</sup> meeting held on 29/08/18 has re-constituted the Committee consisting of four Directors, two Independent Directors and other two Executive Directors and Chairperson of the Board is the Chairman of the Committee. The Board also approved the re-formation of a Sub-Committee of CSR comprising of MD/ DMD and 2 executives in the capacity of GM/DGM/AGM to authorize spending of the CSR amount up-to a limit of ₹12.00 lakh per activity per beneficiary, which should be placed to the CSR Committee for review. Any modifications in the projects, programs, and activities subject to the statutory guidelines may be considered by the MD subject to ratification by the CSR Committee/ Board.
- 8.3. The expenditure incurred for CSR activities by the Company are subject to audit by the Internal Auditors of the Company. Such audit shall be carried out at half yearly or such other intervals as may be advised by the CSR Committee of the Board. The details of the expenditure incurred on various CSR activities undertaken by the Company, the progress of various activities, balance amount to be spent etc. are to be internally reviewed and placed before the CSR Committee at periodical intervals, say once in a half year as at Sept. and March every year by the Planning & Development Dept.
- 8.4. At the end of each financial year, the Company shall prepare an annual report on CSR containing the particulars as furnished in Annexure 1.

## **9. Monitoring the CSR activities**

Various CSR activities, projects and programs are to be monitored by the Company and progress is to be reported to be CSR committee of the Board at periodical intervals- once in a half year or such other shorter intervals as may be required by the CSR Committee of the Board, in the proforma similar to the annual report as furnished in the Appendix-2, (Annexure-1).

## 10. Display of CSR activities in the website.

The contents of the CSR policy of the Company as approved by the Board shall be displayed in the Companies official website. Further, the annual report as per Appendix-2 shall also be displayed in the Company's website for public view.

## 11. Board approved activities.

Board has permitted the following activities where we can contribute/ involve ourselves through our CSR activities:

SI No.	Description of the sector	Activities / Project identified.	Mode of spending / expenditure.
1	<b>Education:</b> Promoting education, including special education and employment in enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	<ol style="list-style-type: none"> <li>1. <u>Providing education materials</u> including books, school bags, etc. to the poor children of government schools or schools situated in rural/backward areas.</li> <li>2.a) <u>Renovation / repair / up gradation</u> of infrastructural facilities at government schools or schools situated in rural/backward areas viz.</li> <li>b) <u>Providing materials</u> such as computers, tables, chairs, benches, fans, lights, blackboards etc.</li> <li>c) Providing of sanitary, drinking water, solar power facilities to school and the like.</li> <li>3. Providing financial assistance / grant / scholarship to poor and meritorious students for persuasion of higher / professional studies.</li> <li>4. Providing training facilities to enhance vocational skills to the poor section of the society.</li> <li>5. Providing financial assistance/ grant/ scholarship etc. for providing training facilities to enhance vocational skills, livelihood enhancement projects, persuasion of higher studies/ professional studies, to the differently abled persons.</li> </ol>	<ol style="list-style-type: none"> <li>1. Direct / Through NGOs.</li> <li>2.a) Direct/through schools</li> <li>b) Direct/through schools</li> <li>c) Direct/through NGOs</li> <li>3. Direct/through NGOs</li> <li>4. Through sponsor bank institution : Canara Bank Rural Self Employment Training Institute (RSETI)</li> </ol>
2	<b>Women empowerment</b> Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such facilities for senior citizens and measures for reducing in equalities faced by socially and economically backward group	<ol style="list-style-type: none"> <li>1. Providing of sanitary, drinking water, solar power facilities etc at homes and hostels for women and orphans.</li> <li>2. Providing shelter to the elderly women by setting of old age homes, day care centers &amp; such other facilities for senior citizens (women).</li> <li>3) New construction/ repair and renovation of hostels for women/ orphans – Govt./ charitable hostels.</li> </ol>	<ol style="list-style-type: none"> <li>1. Direct</li> <li>2. Direct.</li> <li>3. Direct/ registered society/ trust/ NGO.</li> </ol>
3.	<b>Contribution to Central Govt.</b> Contribution to the Prime Minister's National Relief Fund	Towards Socio economic development and relief and welfare of the Scheduled Cast, the Scheduled Tribes, other	Direct Contribution

	or any other fund set up by the Central Government for socio economic development and relief and welfare of the Scheduled Cast, the Scheduled Tribes, other backward classes, minorities and women.	backward classes, minorities and women (entails tax benefit u/s 80G of IT Act)	
4.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, water and air.	1) Conservation of natural resources. 2) Environmental Sustainability by planting trees.	Direct
5.	<b>Welfare majors</b> for differently abled, old, homeless and the destitutes	1) Providing infrastructure facilities for differently abled, old, homeless and the destitutes, like setting up old age homes, day care centres and such facilities.	Direct
6.	Eradicating hunger, poverty and malnutrition, <u>promoting preventive health care</u> and sanitation and making available safe drinking water.	1) Providing needy equipment's and other items to the hospitals – Govt. hospitals, charitable hospitals managed by trust/ society. 2) Health camps & Blood donation camps.	Direct/ registered society/ Trust/ NGO.



## Annexure 1

### 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 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.
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount spent
1							
2.							
3.							
4.							

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/-

Sd/-

Sd/-

(CEO of the Company/MD)

Chairman of CSR Committee

Person specified Under sec-381 (1) (d)