



DHANLAXMI BANK

CORPORATE SOCIAL RESPONSIBILITY POLICY

Version 5.0

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DOCUMENT DETAILS

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Corporate Social Responsibility Policy	Head – Secretarial Department	Department Heads	MD & CEO	Corporate Social Responsibility Committee	Board
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1. PREAMBLE

The argument for mandating Corporate Social Responsibility (“CSR”) in the Indian context stems from the uneven economic and social development that the country has witnessed over the decades and also the endemic nature of poverty, poor healthcare and high illiteracy which have persisted even after independence which continues today. The objective of CSR, in a way, is to demonstrate how businesses need to shift from a short-term compliance perspective to a strategic long-term commitment-oriented perspective.

2. PURPOSE OF THE POLICY

Dhanlaxmi Bank Limited (hereinafter referred to as the “Bank”) is grateful to the society for the support and encouragement in the Bank’s growth and development. The Bank believes that no organization can make sustainable development without the patronage from the society. The Bank is committed in the integration of social and environmental concerns in its business operations and also in the interactions with its stakeholders. The Bank shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society. The Bank is committed to financing the economic and developmental activities of the nation with concern for human rights and environment.

CSR is a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

The Corporate Social Responsibility Policy would function as a self-regulating mechanism for the Bank’s CSR activities and enable adherence to laws, ethical standards and international practices in this regard. This Policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the Policy.

3. POLICY STATEMENT /VISION

The Bank’s CSR mission is to contribute to the social and economic development of the community. Through a series of interventions, the Bank seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment.

The Bank’s strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations whether directly or in participation or in association with or jointly with NGOs of repute, trusts, partnership, corporates or any other organization as the Bank deems fit.

4. DEFINITIONS

1. “Act” means the Companies Act, 2013 as amended from time to time.
2. “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, but shall not include the following, namely: -

- i. activities undertaken in pursuance of normal course of business of the Bank;
- ii. any activity undertaken by the Bank 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 benefiting employees of the Bank as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- v. activities supported by the bank on sponsorship basis for deriving marketing benefits for its products or services;
- vi. activities carried out for fulfillment of any other statutory obligations under any law in force in India;

3. "Corporate Social Responsibility Committee" or "CSR Committee" means Committee of the Board constituted in terms of section 135 of the Act read with Rule 5 of the Rules.

4. "Corporate Social Responsibility Policy" or "CSR Policy" (hereinafter referred to as the "Policy") means a statement containing the approach and direction given by the Board of a Bank, 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 annual action plan.

5. "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: -

- a) any profit arising from any overseas branch or branches of the Bank, whether operated as a separate company or otherwise; and
- b) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act

6. "Administrative Overheads" means the expenses incurred by the Bank for 'general management and administration' of Corporate Social responsibility functions in the Bank but shall not include the expenses directly incurred for designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme

7. "Ongoing Project" means a multi-year project undertaken by the Bank in fulfillment 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;

8. “Rules” means the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Words and expressions used and not defined in this policy but defined in the Act shall have the same meanings respectively assigned to them in the Act.

5. SCOPE OF THE POLICY

This Policy will apply to all projects / programs undertaken as part of the Bank’s CSR activities. This Policy is also in line with Section 135 of the Act and the Rules made there under. The Bank would focus on the country as a whole to benefit from its CSR projects with the target communities being the socially and economically marginalized groups and may also undertake activities in the areas or subject specified in Schedule VII of the Act.

6. GOVERNANCE

The Board of Directors of the Bank shall approve the Policy after taking into account the recommendations made by the CSR Committee. The overall governance of CSR will be the responsibility of the CSR Committee of the Board. The Business Development & Planning department of the Bank will be responsible for administering and executing the Policy. As the Bank’s CSR activities evolve further, the Policy may be revised with the approval of the Board.

7. CSR COMMITTEE OF BOARD

The Bank will have a CSR Committee of the Board consisting of three or more directors including at least one Independent Director. The Committee will meet in accordance with the provisions of the Companies Act, 2013. The terms of reference of the Committee shall be to: -

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank in areas or subject specified in Schedule VII of the Act;
2. Recommending the amount of expenditure to be incurred on the activities undertaken
3. Monitor the implementation of the Corporate Social Responsibility Policy;
4. Review the Corporate Social Responsibility Policy of the Bank from time to time

8. CSR BUDGET

As set out in the Act, in every financial year, minimum two per cent of the average net profits of the Bank made during the three immediately preceding financial years shall form the funds available for implementation of CSR projects.

The overall amount to be committed to CSR will be approved by the Board. Within the budgeted amount, specific CSR activities permissible in Schedule VII under Section 135 of Companies Act 2013 will be approved by the Board in line with the process approved by the

CSR Committee of the Board. The Board is, from time to time, authorized to delegate for approving specific initiatives/projects to a committee of executives of the Bank.

9. DISBURSEMENT

The CSR Committee is, from time to time, authorized to delegate and fix the sanctioning limit of CSR spends by the executives of the Bank. The mode of disbursement of funds will be decided depending on the nature and requirement of the project. The terms, conditions and timing of disbursement will be discussed and agreed to with the Business Development & Planning department or project teams, if any, and will typically form part of the Memorandum of Understanding with the entity implementing the project.

10. IMPLEMENTATION STRUCTURE

The Bank will undertake its CSR projects either directly or through: -

- a) A Section 8 company or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Bank, either singly or along with any other company; or
- b) A section 8 company or a registered trust or a registered society, established by the Central Government or State Government; or
- c) Any entity (a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act) established under an Act of Parliament or a State legislature; or
- d) A Section 8 company, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and 80G of the Income Tax Act, 1961, and has an established track record of at least three years of successful implementation of similar CSR programmes.

In case of the implementing agency being a 'not for profit' organization, the entity should typically meet the criteria as may be defined in the Act. The implementation partner will also be screened based on the Bank's internal screening criteria to ascertain the entity's credibility and its ability to execute the proposed projects.

The Bank may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for the capacity building of their own personnel for CSR.

The Bank may execute the CSR programmes in collaboration with other banks or corporates as it may deem fit in such a manner that the respective entities are in a position to report separately on such projects or programmes as per the Act and the Rules framed thereunder.

The actual implementation of various initiatives will be broad-based. The Business

Development & Planning department would assist in implementation and monitoring of the CSR projects/initiatives.

The CSR projects or programs or activities will be undertaken in India only, preferably in areas where the Bank has its presence. The Bank will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.

The Bank may actively consider programs / projects that have been identified by employees and also those where employees are directly involved through volunteering efforts. Programs / projects should not be exclusively for the benefit of employees of the Bank or their family members or those that are conducted / undertaken exclusively in pursuance of the normal course of business.

Programs / projects that integrate business models with social and environmental priorities and processes in order to create shared value will be encouraged. The Bank will consider Programs / projects closely linked with the principles of sustainable development.

11. SURPLUS ARISING OUT OF CSR ACTIVITIES

Any surpluses arising out of CSR activities shall not form part of the business profits of the Bank and shall be ploughed back into the same project 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.

12. SUPERVISION BY THE BANK

The Bank's CSR activities will be driven by a dedicated CSR team under the guidance and support of senior functionaries, in particular, Head - Business Development & Planning. The CSR Committee and Business Development & Planning department will play a significant role in ensuring that the Policy is embedded across the Bank's operations and the CSR initiatives are in line with the Policy.

13. MONITORING OF CSR ACTIVITIES BY CSR COMMITTEE

The CSR Committee will be responsible for monitoring the various CSR projects / programs undertaken by the Bank directly or indirectly. The Committee shall ensure that:-

- a. The Bank undertakes the CSR activities as provided in the Policy;
- b. The projects/ programs are implemented as per the program approved by the Board;
- c. The budget allocated for each of the project is utilized for the projects as per the approved plans;
- d. The objective of the project / program is achieved as per the plans;
- e. Wherever projects/programs are undertaken in partnership with one or more

organizations, the part of the project or program undertaken by the Bank shall be distinguishable and necessary supporting documents in respect of the same shall be obtained from the other partners/implementing agency on an annual basis;

The Bank shall provide necessary resources and human capital for implementation and effective monitoring of the CSR projects and programs as may be directed by the CSR Committee. The services of any external agencies or persons who have experience in the same or similar projects or programs undertaken or proposed to be undertaken by the Bank may also be made available for successful implementation and monitoring of the projects.

14. REPORTING OF CSR ACTIVITIES

Significant CSR activities and achievements will be reported as part of the Director's Report in the Bank's Annual Report and also as per any other statutory and regulatory reporting requirements.

The Board of Directors of the Bank will disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on Bank's website for public access.

15. EFFECTIVE DATE

This "Corporate Social Responsibility Policy (Version 5.0)" will be effective from the date of approval by the Board.

16. AMENDMENTS TO THE POLICY

If case of any conflict between the provisions of the Policy and that of the Act or Rules, the provisions of the Act/Rules shall prevail.

This policy is valid for a period of 1 year from the date of approval by the Board of Directors of the Bank. In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

The Board has the power to replace this Policy entirely with a new policy.