

DCB Bank Ltd.
Corporate Social Responsibility (CSR) Policy

Preamble & Objective

DCB Bank Ltd. (herein referred to as the Bank) commits to operate and grow its business that strives towards an environmentally sustainable and socially responsible way. The Bank believes that to succeed, an organisation must maintain impeccable level of corporate behaviour towards investors, customers, employees and the community in which it operates. The Bank is committed to making a positive contribution to the society and community. It is part of the Bank's values.

The Bank undertakes, from time to time, Corporate Social Responsibility (CSR) initiatives and is expected to continue into the future too.

The constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy has become mandatory under the Companies Act, 2013. Accordingly, the Bank has formulated this CSR Policy which encompasses its philosophy and guides the effort for undertaking and supporting socially useful programs.

This policy will serve as a guiding document containing approach and directions given by the Board, taking into account the recommendations of the CSR Committee, defining guiding principles for administering and executing selection, implementation and monitoring of CSR activities as well as formulation of the annual action plan.

Mission

Contribute to society by actively participating in initiatives that help the environment and promote sustainability.

CSR Thrust Areas

The CSR activities of the Bank would be as prescribed in Schedule VII of the Companies Act, 2013 and amendments thereof and the Bank's thrust areas for CSR would include any one or more of the following;

- Conservation of water/water storage/water usage/protecting water bodies
- Waste management
- Recycling
- Promote waste to energy and renewal energy
- Support technology incubators attached to academic institutions
- Preservation and promotion of archaeological, cultural, artistic, historical heritage and national treasures with focus on protection of water sources, promotion of harvesting of water, propagation of waste management, promoting recycling and adoption of renewable energy.
- Disaster Relief

CSR Committee

The Bank's CSR Committee would be constituted as per the statutory requirement. The terms of reference of the CSR Committee would be approved by the Board from time to time. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance to its CSR policy.

The CSR department of the Bank would be responsible for administering and executing the policy.

CSR Budget

The Board shall ensure that 2% of average net profits from the immediately preceding 3 Financial Years is spent on various CSR initiatives undertaken by the Bank per its thrust areas.

The overall amount to be committed to CSR will be approved by the Board as recommended by the CSR Committee through the annual action plan of CSR projects or programs.

The following guiding principles shall be adhered to in terms of CSR budget:

- The administrative overhead that may be apportioned to CSR expenses shall not exceed five percent of the total CSR expenditure of the Bank during any financial year.
- Any surplus generated from CSR activities shall not form part of the business profit of the Bank and can be ploughed back into the same project or transferred to an unspent CSR account and can be spent as per the CSR policy and annual action plan of the Bank.
- Any unspent amount shall be reported by the Board in its report specifying the reasons for not spending the amount and shall be treated in accordance with Section 135 of the Act and rules made thereunder and amendments.
- In the event the Bank spends an amount in excess of requirement of its CSR obligations in any financial year, such excess amount may be set off against the requirement of CSR spending up to immediate succeeding three financial years' subject to fulfilment of conditions specified under the Companies Act and Rules including its amendments.
- The Bank may spend its CSR budget for creation or acquisition of capital assets subject to fulfilment of conditions specified under the Companies Act and Rules including its amendments.

The Bank shall allocate 2 days per employee per financial year to be spent on CSR activities of the Bank. These 2 days will be paid leave for employees to actively contribute and volunteer personal time on CSR activities of the Bank.

Disbursement

The disbursement of funds will be either tranche drawdown form or one- time payment (pre or post the project) or reimbursement or any other format depending upon the nature of the project and as per annual action plan of the Bank. The terms, conditions and timing of the disbursement will be agreed between the CSR department (under approval from MD & CEO) and project teams.

Governance & Supervision

I. Board of Directors

- The Board monitors and reviews the performance and impact of the CSR programmes, provides input if required and satisfies itself that the CSR funds so disbursed and utilised for the activities and purposes that are aligned to the approved CSR Policy of the Bank.

II CSR Committee of the Board of Directors

The CSR Committee provides oversight and guidance on CSR projects and to ensure compliance with the CSR Policy and the applicable CSR provisions.

The CFO shall certify to the fact that CSR funds so disbursed have been utilised for the purposes and in the manner approved by the Board.

Head CSR for the Bank shall be responsible for compliance with CSR guidelines under the Act.

Amendment & Limitation

The Board may in their discretion and on recommendation of the CSR committee, amend, change and/ or modify this Policy from time-to-time to suitably amendment CSR Policy for better implementation. In the event of any conflict between the provisions of this Policy and statutory requirements, the law shall prevail over and apply automatically to the Bank's CSR Policy.

Disclosure and Reporting

Appropriate disclosures and reporting on all CSR activities would be done as per the regulatory requirement in the Bank's Annual Report and website, as per the requirement.

Formulation of Annual Action Plan

The CSR Committee shall formulate the annual action plan in each financial year and recommend the same to the Board. The CSR Committee and the Board shall adhere to the following guidelines while formulating/ approving the annual action plan for each financial year:

- Evaluation of CSR activities of the preceding Financial Year: The achievements and learning from CSR projects/ activities undertaken in the previous Financial Year shall be considered and the annual action plan shall be prepared accordingly.
- Identifying projects or activities for the current Financial Year: The CSR department will share with the Committee suitable CSR initiatives and projects within the Bank's thrust areas.
- The CSR Committee shall endeavour to formulate and approve the annual action plan based on CSR thrust areas projected financials and finalise the same and recommend it for the Board's approval before the end of the first Quarter of the Financial Year. Any delay in preparation and approval of the action plan can be ratified by the Board.

- Any amendment to the annual action plan shall be recommended by the CSR Committee and shall be approved by the Board.
- The guiding principles as required to be followed for implementing and monitoring CSR projects shall also be followed to formulate the Annual Action Plan.

Guiding Principles for identification, implementation, and monitoring of CSR Projects

- Identification – The Bank will identify projects as per its thrust areas and any other project under schedule VII of the Act.
- Implementation – The Board shall ensure that the CSR activities are undertaken by the Bank itself (Direct Projects), or with the involvement of its employees/ units or indirectly through implementing agencies such as NGOs, Trusts, Societies, Section 8/ Section 25 companies or through collaboration with other corporates as eligible under Companies Act, 2013 and amendments thereof.
- Monitoring – The CSR department of the Bank will periodically monitor the implementation and progress of the CSR projects taken up directly or indirectly, under the able guidance of the CSR Committee. While monitoring, the Bank shall ensure the Implementing Agency or the vendor, follow ethical practices and endeavor the payments to be milestone/ progress based. The monitoring methods used may include obtaining of reports of different kind, self-declaration, on-site visit, videography, etc.
- The CSR Committee shall be apprised periodically on the progress and output of CSR projects undertaken.
- The impact assessment shall be conducted for eligible CSR projects or programs in adherence to the provisions mentioned under the Act.
