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**(CORPORATE SOCIAL RESPONSIBILITY POLICY)**

## **DOCUMENT CONTROL**

|                          |                               |
|--------------------------|-------------------------------|
| <b>Ownership</b>         | CSR Department                |
| <b>Title</b>             | CSR Policy                    |
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| <b>Review</b>            | -                             |

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## 1. **Introduction**

Corporate Social Responsibility (CSR) is a way by which an organization approaches, defines and develops its relationships with stakeholders for the common good and demonstrates its commitment in this regard by adoption of appropriate strategies, processes and activities. The Bank, since its incorporation, has always been committed to its role in social development. Corporate Social Responsibility (CSR) has been a long-standing commitment of the Bank, forming an integral part of socially relevant activities.

## 2. **Scope**

This Policy will apply to all projects/programs undertaken as part of Bank's Corporate Social Responsibility activities and will be developed, reviewed and updated by reference to relevant codes of corporate governance and best practices. This policy is aligned with the statutory requirement of section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time ("the Act").

## 3. **Policy Statement/ Vision**

CSR is a niche area of corporate behavior and governance and is recognized as one of the tools that synergizes the efforts of corporate and the social sector agencies towards sustainable growth and development of social objectives at large. 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. This policy encompasses Bank's philosophy for discharging its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large.

Bank is committed to identifying and supporting programs aimed at -

- a) Developing and advancing the community and in particular, those at the bottom of the pyramid who are unequally endowed/enabled, and
- b) Reducing negative impact of its operations on the environment.

This Policy will serve as a guiding document containing approach and direction given by the Board, taking into account the recommendations of the CSR Committee, defining guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan. The CSR 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.

## 4. **Resources & Allocation of Funds**

1. Yearly budget for CSR shall be decided by the Board on the recommendation of the CSR Committee.
2. The Bank with abide by the provisions relating to computation of CSR Fund and annual expenditure on CSR activities as laid down in Section 135, Schedule VII of the Companies Act, 2013.

3. The Board shall ensure that the 2% of average net profits from the immediately 3 preceding years is spent on CSR initiatives undertaken by the Bank. The overall amount to be committed to CSR will be approved by the Board as recommended by the CSR Committee through its Annual Action Plan carrying list of CSR projects or programs approved to be taken.
4. The earmarked annual CSR budget will be transferred to the account called “NBL CSR Account”.
5. CSR activities undertaken by the Bank will be tracked to ensure allocated funds are spent wisely by implementing partners.
6. Calculation of Profit for CSR shall be according to Section 198 of Companies Act 2013 as amended from time to time.

The following guiding principles to be adhered to in terms of CSR Budget Outlay and Expenditure -

- a) The administrative overheads shall not exceed five percent (5%) of the total CSR expenditure of the Bank for the Financial Year.
- b) Any surplus generated from CSR activities shall not form part of the business profit of the Bank and shall be treated as follows -
  1. Ploughed back into the same project.
  2. Transferred to a designated Unspent CSR Account (UCSRA) and spent in pursuance of CSR policy and Annual Action Plan of the Company.
  3. Transferred to a Fund specified in Schedule VII, within the prescribed timeline as specified in the CSR Rules.
  4. Any unspent amount shall be reported by the Board in its report specifying the reasons for not spending the amount and shall be dealt with in accordance to Section 135 of the Act and rules under Amendments thereof.
  5. In case, the Bank spends an amount in excess of requirement of its CSR obligations in a Financial Year, such excess amount may be set off against the requirement of CSR spending in next years as per Act and Rule made thereunder and as amended from time to time.

**5. Composition of CSR Committee of the Board**

In terms of applicable provisions of Companies Act, 2013, the Bank shall constitute a CSR Committee of the Board consisting of three or more directors including at least one Independent Director. The CSR Committee will meet at least twice in a year.

**Composition of CSR Committee:**

| S.No | Name             | Designation                       |
|------|------------------|-----------------------------------|
| 1    | Mrs. Binita Shah | Chairperson- Independent Director |
| 2    | Mr. U C Nahta    | Member- Independent Director      |
| 3    | Mr. Rakesh Nema  | Member- Independent Director      |

The roles and responsibilities to be performed by the CSR Committee of Board shall be as under -

1. To identify the areas of CSR activities as prescribed in Schedule VII of the Companies Act, 2013 and amendments thereof to the Act and recommend the amount of expenditure to be incurred on such CSR activities/projects within the Board approved budget plan.
2. To monitor the Bank's CSR policy and performance from time to time to ensure the Bank meets the mandatory CSR compliance requirements.
3. Formulation of broad guidelines for selection of the projects, planning, execution, monitoring and evaluation. Selection of projects in accordance with policy framework & guidelines. Finalization of annual budgetary requirement for each project along with the targets.
4. To review the CSR projects/initiatives from time to time and recommending any alteration in Annual Action Plan, if any, to the Board.
5. To ensure legal and regulatory compliance from a CSR viewpoint.
6. To ensure reporting, communication and appropriate disclosures to stakeholders on the Bank's CSR projects/initiatives.
7. To ensure that the surplus arising out of the CSR projects or programs or activities do not form part of the business profit of the Bank.
8. To carry out any other roles and responsibilities as is mandated by the Board from time to time and/or enforced by any statutory authority including any modification or amendment as may be applicable.
9. To review and reassess the adequacy of the Charter annually and recommend any proposed changes to Board for approval.

## 6. **Other Committees**

Bank may establish a Steering Committee and Internal Working Committee to assist the CSR Committee in discharging its responsibilities prescribed in this Policy. Steering Committee and Internal Working Committee shall comprise of at least three members from the Bank. The members of Steering Committee and Internal Working Committee may be appointed/changed from time to time by MD & CEO.

**A. Steering Committee:** It shall be headed by the MD & CEO of the Bank. The regular members of the Committee shall be Chief Operating Officer, Head Operations, and Head Recovery.

Roles and Responsibilities of Steering Committee:

The role of Steering Committee is to approve the CSR proposals of value Rs.5 Lac and more and up to Rs.10 Lac.

**B. Internal Working Committee:** It shall be headed by the CFO of the Bank. The regular members of the Committee shall be Chief Operating Officer, Head Operations, Head HRM, One member from Company Secretariat Department and One member from Marketing Department.

Roles and Responsibilities of Internal Working Committee:

1. It shall provide recommendations regarding, geography and what sectors or issues it wishes to address.
2. Make recommendations to update the policy in light of changes in the laws and rules.
3. Ensure on-ground implementation of projects.
4. To oversee the progress of CSR Projects under implementation

5. To coordinate with different Central, State Government Departments and all other stakeholders including service providers for successful implementation of CSR Projects.
6. It will be responsible for mobilizing volunteers and facilitating the CSR activities in various states.
7. It shall provide recommendation on selection of the projects, planning, execution, monitoring and evaluation.
8. Evaluate projects as per the framework, Implement projects based on set targets and action plans, find suitable implementation partners, conduct due diligence and get approval from the Board if required, evaluate possible collaborations with other organizations on CSR projects

## **7. Guiding principles for initiating CSR programs/projects**

Bank in a professional and structured way shall focus and spend allocated funds on outlined areas of activities as Annexure to the Policy. The Bank shall formulate an Annual Action Plan in pursuance of this CSR policy and recommend it to the CSR Committee for approval.

### **7.1 Guiding principles for CSR Program:**

- a. To identify thematic areas of CSR projects or programmes. NTL Bank would like to partner in the progress of society as a whole. Project and Programs which are proposed to be undertaken in areas or subjects specified in Schedule VII of the Act and allocation of budget to each sector.
- b. To make necessary arrangements for inviting CSR applications through Direct Mode, Website and other approved agencies. Larger projects must be invited through other public media.
- c. To obtain Expression of Interest, Request Letter etc. for CSR Activities by applicants which are floated through multi media.
- d. To place the proposals before the Working/Steering/CSR Committee along with approach for manner of selection, execution of projects or programmes and to have set modalities of utilization of funds and implementation schedules for the projects or programmes. One member of the working committee may be of MSW background.
- e. Monitoring and reporting mechanism for each projects or programmes and obtaining End Use Certificate of the projects undertaken by the Bank.
- f. To obtain status reports of On-Going Projects and to appraise the Committee as per periodicity defined by the Committee.
- g. To appraise the CSR Committee for un-spent budget at the end of the year and action plan in this regard.
- h. The recipient agencies or individuals must furnish all prescribed documents and other reports as required to fulfill the criteria. (Annexure.) namely smaller grants must not exceed more than Rs. 1.00 Lacto an individual once a lifetime. All grants above Rs. 1.00 to Rs. 5.00 Lac must be covered under small grants and must furnish registration of the organization, audit report etc. All grants above Rs. 5 Lac must be provided to registered societies, trusts and other public institutions, they must have audited balance sheets for 3 years and registered under 12A and must have 80G to fulfill the CSR provisions of the Bank.

### **7.2 Process Flow for initiation of CSR Projects:**

a) All the operating unit are authorize to initiate and sponsor the application.

b) Once it is primarily found by operating unit in order it shall forward to Internal working committee for evaluation of the same and the Internal working committee shall forward the same for due approval to the competent authority as per power assigned in our CSR policy and while approving the request the competent authority shall examine the application from the following point of view –

- Existing and probable banking relationship with the applicant.
- Financial assessment of the fund request for
- The quantum of advertisement & publicity the bank could be getting from such sponsorship.
- The opportunity to create proximity with the local mass and various local administrative authorities
- Historical relationship with applicant.

#### 8. **Financial Powers for Sanction**

| SN | SANCTIONING AUTHORITY          | POWERS   |
|----|--------------------------------|--|
| 1. | <b>Regional Managers</b>       | <ul style="list-style-type: none"><li>• Overall Limit: 10% of total approved CSR expenditure</li><li>• Single transaction Limit: Rs.0.50 Lac</li></ul> |
| 2. | <b>Chief Operating Officer</b> | <ul style="list-style-type: none"><li>• Overall Limit: 25% of total approved CSR expenditure</li><li>• Single transaction Limit: Rs.2.00 Lac</li></ul> |
| 3. | <b>MD &amp; CEO</b>            | <ul style="list-style-type: none"><li>• Overall Limit: 50% of total approved CSR expenditure</li><li>• Single transaction Limit: Rs.5.00 Lac</li></ul> |
| 4  | <b>Steering Committee</b>      | <ul style="list-style-type: none"><li>• Single transaction Limit: More than 5.00 lac and less than 10.00 Lac</li></ul>                                 |
| 5- | <b>CSR Committee</b>           | <ul style="list-style-type: none"><li>• Large Value Proposals</li><li>• Remaining 15% of approved CSR expenditure</li></ul>                            |

\*Large Value Proposals shall mean the Proposals Value of Rs.10 Lac or more.

#### 9. **Sanction of the Proposal**

Once the CSR committee / Steering Committee / MD&CEO / Chief Operating Officer / Regional Managers sanction the proposal, the finance department will release the grant. Further, the Internal Working Committee is authorized to take utilization certificate and photographs of the project.

#### 10. **Disbursement**

Sanction will be followed by disbursements which will be based on the Annual or program plan. The financial targets should be met with the physical targets. Disbursements will be based on Annual plan and progress received by the working committee on a quarterly basis.

## **11. Assets**

If the grant is used to create an asset, a physical verification through members of Internal Working Committee will ascertain this. The asset creation and its ownership and maintenance should be well defined within the proposal submitted by the grant seeker.

## **12. Reporting**

Appropriate disclosures and reporting on all CSR activities and assessments done by the Bank will be done as part of the Director's Report in the Bank's Annual Report and Bank's official website in the prescribed formats as per statutory and regulatory reporting requirements of the Act.

The different posts in the form of photo documentation should be a part of the website section in the CSR section. Some productive and impactful CSR activities should be used a PR exercise for the good will of the bank.

Different Formats like Grant Sanction letter, Format for Application for grant, Reporting Format, Utilization Format etc. will be a part of the Sanction Letter.

## **13. General**

1. The governance systems should be underpinned by Ethics, Transparency, Accountability and Bank will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.
2. Authorities under the Policy should not engage in business practices that are abusive, unfair, corrupt or anti-competitive.
3. The programs/projects will be within the areas recommended/listed in the Schedule VII of the Act and mentioned in the Policy.
4. The programs/projects will be beyond business as usual.
5. Programs/Projects should not be exclusively for the benefit of Directors/Employees of the Bank or their Family Members or those that are conducted/undertaken exclusively in pursuance of the normal course of business.
6. The programs/projects should exclude activities that are to be supported on sponsorship basis for deriving marketing benefits for its products or services.
7. In review of existing 'ongoing' projects as defined under the CSR Amendments and its progress against the approved timelines for those projects.
8. In review of excessive amount approved by the Board for setting off against the budget of any financial year as eligible under the Act and its amendments.
9. In review of any unspent amount from preceding FYs as aggregated in 'Unspent Corporate Social Responsibility Account (UCSRA).
10. All CSR activities and expenses made thereon will be subject to audit.
11. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference should be made to CSR Committee. In all such matters, the interpretation and decision



of the CSR.

- 12. 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.
- 13. The Bank will undertake CSR projects which are closely linked with the principles of sustainable development and shared value, with the involvement of local institutions and the community at large.
- 14. The Board of Directors shall review the progress of CSR activities at least annually.
  
- 15. Bank may collaborate or pool resources with other Banks/Companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending. Only such CSR activities will be taken into consideration by the Bank as are undertaken within India.

**14. Review of the Policy**

The Policy shall be reviewed on a yearly basis, after the end of Financial Year. In case of any amendment(s), clarification(s), circular(s) etc. issued by the regulators, 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 will supersede the Policy till the time the Policy is suitably amended. The Board has the power to replace this Policy entirely with a New Policy on recommendation of the CSR Committee.

**15. Monitoring**

The CSR Internal Working Committee of the Bank will periodically monitor CSR programs / activities of the partners supported by the Bank. The internal monitoring process on the progress of implementation of CSR activities will be continuous in nature. The CSR committee of the Board would review the annual plans and programmes for the CSR programmes/activities of the Bank and advised the Board accordingly.

**16. Area of Engagement**

- 16.1 Animal welfare, Flora/Fauna
- 16.2 Armed force veterans
- 16.3 Education
- 16.4 Environment
- 16.5 Healthcare
- 16.6 Relief and welfare
- 16.7 Safe drinking water
- 16.8 Sport
- 16.9 Traditional Art & Culture / Other

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## **SCHEDULE VII OF COMPANIES ACT, 2013**

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to: -

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- 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 art 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 widow;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- viii. Contribution to the prime minister's national relief fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- x. Rural development projects.
- xi. Slum area development.  
Explanation - For the purposes of this item, the term '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.
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

**FORMAT OF THE ANNUAL REPORT ON CSR ACTIVITIES**

| <b>SN.</b> | <b>Particulars</b>  | <b>Remarks</b> |
|------------|---|----------------|
| 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 project 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:<br>Total amount to be spent for the financial year<br>Amount unspent, if any;<br>Manner in which the amount spent during the financial year is detailed below |                |

| <b>(1)</b>    | <b>(2)</b>                                 | <b>(3)</b>                                    | <b>(4)</b>   | <b>(5)</b>   | <b>(6)</b>  | <b>(7)</b>   | <b>(8)</b>   |
|---------------|--|---|--|--|---|--|--|
| <b>Sl. No</b> | <b>CSR project or activity Identified.</b> | <b>Sector in which the Project is covered</b> | <b>Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken</b> | <b>Amount outlay (budget) project or programs wise</b> | <b>Amount spent on the projects or programs Sub-heads:<br/><br/>(1) Direct expenditure on projects or programs<br/>(2) Overheads:</b> | <b>Cumulative expenditure upto to the reporting period</b> | <b>Amount spent: Direct or through implementing agency *</b> |
| 1.            |  |   |  |  |   |  |  |
| 2.            |  |   |  |  |   |  |  |
|               | <b>TOTAL</b>                               |   |  |  |   |  |  |

\*Give details of implementing agency:

1. 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 reasons for not spending the amount in its Board report.
2. 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.

|   |                                    |  |
|---|------------------------------------|--|
| <b>Signatures</b>   | <b>Signatures</b>                  | <b>Signatures</b>  |
| <b>(Chief Executive Officer or Managing Director or Director)</b> | <b>(Chairperson CSR Committee)</b> | <b>(Person specified under clause (d) of sub-section (1) of section 380 of the Act)</b><br><br><b>(Where applicable)</b> |