

CSR Policy

Corporate Social Responsibility Policy (CSR) of Tamilnad Mercantile Bank Limited

Preamble

CSR is an institutionalised effort to contribute to social well being. It covers all activities through which an organisation brings about overall enhancement in the quality of living in the society and also contributes to environmental good. CSR does not merely mean undertaking charitable activities or giving donation but is aimed at aligning the business processes with the overall social goals.

Purpose of the Policy

The Policy outlines the type and scope of activities to be undertaken as part of the Bank's commitment to contributing to the overall progress of the society, people and the environment while aligning the same with the general policy prescriptions of the Government of India in the matter of growth and development. It also aims at complying with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 and allied notifications issued by the Government of India.

The Governing Authority

The overall administration of CSR Policy of the Bank shall vest in the Board of Directors with the Board having powers to make amendments in the Policy from time to time on the recommendation of the CSR Committee of the Board. However, for taking decisions with regard to the scope, manner of implementation, quantum of expenditure within the limits approved by the Board, timeframe etc. with regard to activities specified in the Policy or those generally approved by the Board, the Committee would be the competent authority.

The CSR Committee

The Board of Directors of the Bank has constituted a Board level CSR Committee in compliance with Section 135 of Companies Act, 2013, which comprises independent director also.

Scope of Activities

The activities to be undertaken by the Bank are broadly covered in the activities specified in Schedule VII of the Companies Act, 2013 viz.

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation ¹**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, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water ¹**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 arts and handicrafts:
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports
- viii. contribution to the Prime Minister's National Relief Fund 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, other backward classes, minorities and women;
- ix. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural development projects;
- xi. ²**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."

¹ Vide MCA notification dated October 24, 2014

² Vide MCA notification dated August 6, 2014

The specific activities that may be undertaken by the Bank within the above parameters are as follows:

- i. Financial inclusion – to cover under clause (ii) of Schedule VII,
- ii. Provision of solar powered street lights – to cover under clauses (iv) and (x)
- iii. Provision of food to orphanages/old age homes - clause (i)
- iv. Planting of trees/saplings – clause (iv)
- v. Donations to schools, vocational institutions etc. – clauses (ii) and (iii)
- vi. Organising blood donation camps, eye testing camps etc. – clause (i)
- vii. Donating bicycles, sewing machines etc. – clause (ii)
- viii. Setting up a library for the public – clause (v)
- ix. Providing RO plants to schools, old age homes etc. – clause (i)
- x. Construction of toilets etc. – clause (i)
- xi. Training centre for promotion of nationally recognised sports – clause (vii)
- xii. A vocational training/empowerment/skill building institute in the line of RSETI (Rural Self Employment Training Institute) or so could be started by the Bank for imparting training to various sections of people in the society especially rural youth and women. Providing financial assistance to ITIs also could be considered – clause (ii)
- xiii. Setting up bore-wells, water treatment plants, fresh water disposal plants including RO plants etc. in villages, schools etc. – clause (i).
- xiv. Developing rural market places– clause (iii), (x) and (xi)
- xv. Provision of infrastructure and aiding machinery for differently abled people, like wheel chairs, cycles, ramps etc. – clause (ii) and (iii)
- xvi. Electrification of villages, especially through solar energy – clause (x)
- xvii. Healthcare and sanitation facilities for villagers especially womenfolk– clause (i)
- xviii. Provision of free medical camps, medical consultancy, clinics etc. – clause (i)
- xix. Setting up of creches and day care centres– clause (iii)
- xx. Providing ambulances– clause (i)
- xxi. Providing financial assistance for fees, maintenance expenses and provision of various amenities to the schools and charitable trusts meant for the specially abled/differently abled/mentally unsound children– clause (ii).
- xxii. *Any other activities as may be decided by the Board/Committee from time to time*

The Bank will ensure that:

- The projects/activities undertaken are not discriminatory in nature and do not have any political or religious affiliations.
- The programmes will be confined to the areas prescribed in the Policy or as decided by the CSR Committee.
- The Bank will also give due consideration to the suggestions given by employees and employee associations with regard to the type of activities to be undertaken and the areas of operation.

Places of operation

The Bank has a near pan-India presence with its head office at Thoothukudi, Tamil Nadu and branches, regional offices and other functional departments situated across India. However, the maximum number of branches is located in the State of Tamil Nadu. The areas of operation shall be confined to the territory of India only. The CSR Committee shall decide the geographical areas to which CSR activities shall be extended to.

CSR Budget

The overall CSR budget for each year shall be fixed by the Board of Directors, subject to not being lower than 2% of the average annual net profit as determined under the provisions of Section 198 of the Companies Act and the Rules, of preceding three years. The Bank will strive to spend the entire CSR allocation during the relevant year itself subject to the supervision of Board of Directors and the CSR Committee of the Board.

Route to be adopted

The Bank may either undertake its activities directly or in partnership with an outside NGO incorporated as a trust, society or Section 8 company engaged in CSR activities or by setting up a trust exclusively for this purpose, or partly through one mode and partly through other modes. In case the trust/society or company is not established by the Bank, such entity shall have an established track record of undertaking similar programs or projects. Further, the projects shall be specified by the Bank and the modalities of utilisation of funds and the monitoring and reporting mechanism shall be as prescribed by the Bank. The Bank may also undertake CSR projects in collaboration with other Companies provided that the Bank specific deployment and the extent of activities could be separately identified and reported.

The decision on the mode of engaging in CSR activities shall be taken by the Board of Directors based on recommendation by the CSR Committee.

Deciding authority

The CSR Committee shall have power to take decisions with regard to the nature of activities, scope, manner of implementation, quantum of expenditure within the limits approved by the Board, timeframe etc. with regard to activities specified in the Policy or those generally approved by the Board keeping in view the permissible CSR activities. The Committee shall have independent financial powers to the tune of Rs.50 lakh per project/activity. Further, the MD & CEO shall have independent financial powers to the tune of Rs.5 lakh per project/activity.

Implementing Authority

The projects cleared by the CSR Committee or the Board as the case may be shall be implemented in the manner and within the time frame as prescribed by the approving authority. The overall responsibility of implementation shall vest with the MD & CEO of the Bank or such other executives whom he may authorise. No executive other than the MD & CEO shall have financial power with respect to CSR activities. At present no separate CSR department is being envisaged. However in due course, if the scale of operations warrants setting up of a separate department with skilled employees, a decision shall be taken at that time.

Monitoring

The CSR Committee will institute a transparent monitoring mechanism for ensuring effective monitoring of the CSR activities to be undertaken by the Bank. The MD & CEO would depute such officers as he may deem fit, to undertake visits to the project site, conduct meetings, report progress etc. Periodical reporting about the progress as may be prescribed shall be given to the CSR Committee.

Reporting/Disclosure

Necessary disclosure/reporting shall be made in the annual report/Board's report briefly about the CSR activities undertaken during the year including the particulars of the amount unspent and the reasons thereof. The reporting format shall be as per the Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014. The contents of this Policy and the details as per the above Annexure shall be placed on the website of the Company www.tmb.in.

Renewal of the Policy

This Policy was approved and recommended by the CSR Committee of the Board in its meeting held on February 4, 2015 and was approved and adopted by the Board of Directors in its meeting held on February 26, 2015. The Policy was later reviewed by the Board on October 31, 2015, May 11, 2016, March 27, 2017 and March 2, 2018 pursuant to the recommendations given by the CSR Committee on October 30, 2015, April 7, 2016, March 1, 2017 and February 8, 2018 respectively. The Policy will be amended from time to time by the Board of Directors pursuant to the recommendation made by the CSR Committee. The CSR Policy of the Bank will mean the Policy that is current and as modified from time to time.