



ANNUAL REPORT 2018 - 19



Annexure – 4

The Karur Vysya Bank Limited
Business Responsibility Report 2018-19

| Section A: General Information about the Bank | | |
|-----------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Corporate Identity Number (CIN) of the company | L65110TN1916PLC001295 |
| 2 | Name of the Company | The Karur Vysya Bank Limited |
| 3 | Registered address | Registered & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002 |
| 4 | Website | www.kvb.co.in |
| 5 | e-Mail ID | kvb_sig@kvbmail.com |
| 6 | Financial Year reported | 2018-19 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | National Industrial Classification 2008 Section K – Financial and Insurance Activities Code: 64191 – Banking & Financial Services The company governed by the Banking Regulations Act, 1949. |
| 8 | Three key products/services of the Bank (as in balance sheet) | <ul style="list-style-type: none"> • Deposits • Loans • Foreign Exchange, Investment & Treasury |
| 9 | Total Number of Locations where Business Activity is Undertaken by the Company | |
| | (i) Number of International Locations | NIL |
| | (ii) Number of National locations | 789 branches as on 31.03.2019 # |
| 10 | Markets served by the Company-Local/State/National/International. | National : Pan India |

including 5 Asset Recovery Branches & 6 Corporate Business Units (treated as branches as per RBI guidelines)

| Section B: Financial Details of the Bank | | |
|------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Paid-up capital (₹ in Cr) | 159.86 |
| 2 | Total turnover (₹ in Cr) | 6778.59 |
| 3 | Total profit after Taxes (₹ in Cr) | 210.87 |
| 4 | CSR spend as percentage of profit after tax (%) | 3.36% |
| 5 | List of CSR activities in which expenditure has been incurred | The Bank undertakes various CSR activities in accordance with the "Corporate Social Responsibility Policy" viz., Promoting Preventive Health Care (including Swachh Bharat), Sanitation, Education & empowering Women, Social Business Projects, Art & Culture, Ensuring Environment Sustainability, Promoting sports and Rural Development. Disclosure of information on CSR activities is made in the Annual Report 2018-19 as per the provisions of the Companies Act, 2013. |

| Section C: Other details | | |
|--------------------------|----------------------------------------------------------------------------------------------|-----|
| 1 | Company subsidiaries/joint-ventures | NIL |
| 2 | Subsidiaries participating in Company's Business Responsibility (BR) initiatives | NA |
| 3 | Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives | NIL |

Section D (1): Business Responsibility Information

| | | |
|------|-------------------------------------------------------------------|---------------------------------------------------|
| 1.a. | Details of Director responsible for implementation of BR policies | |
| | Director Identification Number (DIN) | DIN: 07820690 |
| | Name | Shri P R Seshadri |
| | Designation | Managing Director & Chief Executive Officer |
| 1.b. | Details of BR Head | |
| | Director Identification Number (DIN)- (if applicable) | NA |
| | Name | Shri M Murali Kumar |
| | Designation | Chief Compliance Officer & Deputy General Manager |
| | BR Head (Telephone number) | +914324-269103 |
| | BR Head (e-Mail ID) | muralikumarm@kvbmail.com |

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)

| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|
| 1 | Do you have policy/policies for | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 3 | Does the policy conform to any national/international standards? If yes, specify? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| | | Policies of the Bank are in line with the requirements of RBI guidelines, listing agreement with stock exchange, the Companies Act, 2013 and rules made thereunder or the Bank's internal requirements and best practices. | | | | | | | | |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/Appropriate Board Director? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| | | Policies of the Bank are recommended by respective Committee of the Board and approved by the Board. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| | | https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/ . The remaining policies other than that are available in the Bank website are being internal documents and are only available to the employees through the Bank's intranet. | | | | | | | | |

Section D (2): BR Information – Principle-wise (as per NVGs) BR Policy/Policies (Yes/No)

| | | | | | | | | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|----|---|---|
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| | | Policies that are related to external stake holders are hosted in the Banks' website and other Policies related to internal stake holders are available in the Bank's intranet. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/policies? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 10 | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| | | The policies are annually reviewed by the Board. Compliance Department monitors adherence to implementation of policy mandated by RBI. | | | | | | | | |

Section D (2): BR Information - Principle-wise (as per NVGs) BR Policy/Policies (Yes/No) – Not Applicable

| | The Bank has | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|--------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 1 | Not understood the principles | - | - | - | - | - | - | - | - | - |
| 2 | Not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3 | Does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| 4 | Planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| 5 | Planned to be done within the next 1 year | - | - | - | - | - | - | - | - | - |
| 6 | Other reasons | - | - | - | - | - | - | \$ | - | - |

\$ While there is no specific policy outlined for this principle, the Bank through trade bodies and associates put forth suggestions with respect to Economy in general and Banking sector in particular.

Principle-wise policies

| | |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| P1 | Compliance Policy, Whistle Blower Policy, Anti Money Laundering Policy, Vigilance Policy, HRD Policy, Procurement Policy, Policy on Outsourcing of Financials, Code of Bank's Commitment to Customers, Customer Rights Policy, Grievance Redressal Policy, Code of Bank's Commitment to Micro and Small Enterprise, Code of Conduct and Ethics, Code of Conduct and Conflict of Interest Norms in respect of Board of Directors, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPS), Policy on criteria for determining Materiality of events. |
| P2 | Code of Bank's Commitment to Micro and Small Enterprise, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs), e-Waste Management Policy. |
| P3 | Remuneration Policy, Staff Housing Loan Policy, Staff Rules and Guidelines (covering leave policy, insurance benefits, superannuation scheme etc.), Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights, HRD Policy and Vigilance Policy. |
| P4 | Code of Bank's Commitment to Micro and Small Enterprise, Corporate Social Responsibility Policy, Credit Policy (SME Priority Sector exposures), Policy for lending to Micro Small & Medium Enterprises (MSMEs), |
| P5 | Policy on Human Rights, Code of Conduct and Ethics, HRD Policy, IT Policy, Vigilance Policy. |
| P6 | Financial Inclusion practices, MSME Policy, Corporate Social Responsibility Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR). |
| P7 | NIL |
| P8 | Code of Bank's Commitment to Customers, Policy on outsourcing of financial services, Information Systems Security Policies, Corporate Social Responsibility Policy. |
| P9 | Code of Bank's Commitment to Customer, Citizen's Charter – A Charter for Customer Service, Customer Rights Policy |

Section D (3): BR Governance

| | | |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.a. | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | Annually |
| 3.b. | Does the Company publish a BR or a sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | The Bank annually publishes its BR Report as part of its Annual Report https://www.kvb.co.in/investor-corner/annual-general-meeting/agm-business-report/ |

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Bank has put in place a Code of Conduct and Ethics which is applicable to all its employees. The Code articulates the ethical principles and acceptable behaviour that the Bank's employees are expected to demonstrate to uphold the Bank's values. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. The Bank has put in place a Vigilance policy relating to ethics/bribery/corruption which is applicable to all its employees. The Bank has adopted a "zero tolerance" approach to bribery and corruption and employees who commit such acts are dealt firmly by imposing deterrent punishments as per the provisions of bi-partite settlement (workmen) and Discipline and Appeal Regulation (Officers).

The Bank's HRD policy-vision document highlights building of a strong team with integrity and aligning human resources with business goals. The Bank has also adopted Code of

Conduct and Conflict of Interest Norms in respect of Board of Directors to guide the Board members in ensuring highest ethical standards in managing the affairs of the Bank.

The Bank has adopted 'Model Code of Conduct for Direct Selling Agents' and is applicable to all persons involved in marketing and distribution of any loan or other financial product of the Bank.

Similarly the Bank in its procurement policy has stipulated code of business conduct and ethics to act with utmost integrity from employees and suppliers as well. The Bank is having executive level Committees viz., Product Development Committee, Standing Committee on Customer Service, Staff Accountability Committee and Outsourcing Committee to ensure these principles. Further various Board level committees such as Audit Committee, Customer Service Committee, CSR Committee, etc., to review periodically and take necessary actions to protect behavioural and ethical standards in operations.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

KVB established various channels for its stakeholders to communicate their expectations/concerns. The details of the stakeholder complaints during the FY 2018-19 are as below:

| | Pending as on 31.03.2018 | 2018-19 | | % of cases resolved satisfactorily | Pending as on 31.03.2019 |
|---------------------|--------------------------|----------|-----------|------------------------------------|--------------------------|
| | | Received | Redressed | | |
| Customer Complaints | 5 | 470 | 465 | 97.89% | 10 |
| Investor Complaints | 0 | 82 | 82 | 100.00 % | 0 |
| Consumer cases | 27 | 2 | 6 | 20.69 % | 23 |

Investor's grievances are redressed either directly by Investor Relation Cell of the Bank or through Bank's Registrar and Transfer Agents, M/s SKDC Consultants Ltd, Coimbatore. Complaints received on SCORES (a centralized web based complaint redress system of SEBI) are attended within stipulated time. The Bank conducts meeting of Standing Committee on customer service as per RBI guidelines to review the customer service aspects prevalent in the Bank and to take necessary corrective action on an on-going basis.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Considering the nature of the business of the bank and the products/initiatives, the banking products are not directly related to environmental concerns, risks and opportunities. During the reporting period, the Bank focused on Digitization of its process on banking products, to cater the needs of different classes of customers, which incorporates social or environmental concerns, risks and opportunities;

- a) Digital Banking Products –Online Account Opening, KVB-Next, KVB DLite, Self Registration of Internet Banking, e-Receipt for ATM Transactions, Enhancements in LOS and etc.,
 - b) Financial Inclusion Products - KVB Grama Jyothi, KVB Kalpatharu, KVB JanDhan Yojna and etc.,
 - c) Loan Products - SOLAR Pump Agri Term Loan, PMJDY Over Drafts, Joint Liability Group (JLG) and other Central and State Governments sponsored schemes and flagship programs.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Considering the nature of the business of the bank and its products/initiatives, usage of energy, water and raw material are not a significant issue to the banking sector in general. The major resources consumed at the Bank

are grid electricity and paper. KVB undertakes various initiatives for energy conservations at its premises. Some of such initiatives are discussed below:

- Alternative and Renewable Energy - (i) KVB owns 850 KW Wind Turbine Generator at Govindanagaram village, Theni District in Tamil Nadu. 15,05,762 units of power were generated during the fiscal and the same were utilized for its Registered & Central Office at Karur and also at its Divisional Office, Chennai premises. (ii) Installation of ATMs with solar powered/ Lithium UPS Batteries.
 - Energy Efficiency - Replacement with LED lights in the office and Star rated and energy efficient Air Conditioners.
 - Waste Management - e-Waste of the bank are disposed-off through authorized vendors as per the banks policy.
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Considering the nature of the business of the bank and the products/initiatives resource consumption during usage by consumers is not a significant material issue for the banking sector in general.

However, KVB is always forge ahead in swift adoption of technology, digitize operation and offering technology based products, reducing the incidence of paper usage and travel among its customers. Among many initiatives in line with such perception, few are mentioned below:

- 'KVB-Next' - Moves from the age of Paper to Digital. Major number of loan products are covered under the KVB-Next System for the convenience of customers which resulting customers to receive quick decisions a through a tab based application, It saves papers, movement of documents and the time consumed.
- 'Online Account Opening' - customers can open the account by themselves at their convenience.
- 'KVB DLite' an updated version of the existing mobile banking solution which offers bunch of new facilities.

- 'Self-Registration of Internet Banking' - enabled the customers of the bank to create Internet Banking by themselves which reduces usage of paper and the time consumed.
- 'e-Receipt for ATM Transactions' - an eco-friendly measure to reduce paper usage.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably?

Given that the Banking sector's primary product offering is financial services, the Bank does not have any raw material requirements. The primary resources consumed for its day-to-day operations are paper, grid electricity, water from municipal sources, and diesel, for DG sets in locations with erratic availability of electricity. Through a centralized procurement process, led by the Central Procurement Unit, the Bank strives to achieve greater transparency, compliance & adoption of environmental and best practices.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The nature of banking sector is service oriented and not material resource intensive. However, the Bank procures locally the daily use items and services such as stationery, food and beverages and local transport. It works with most local vendors to align them with the Bank's procurement requirements and standards.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

The waste generated at its offices are managed as per the waste disposal process and e-waste materials generated due to upgradation/replacement of existing components like computers, modems, printers, UPS and etc., are disposed as per the e-waste management policy.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total No. of employees as on 31.03.2019 - 7663.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Contract employees hired between 01.04.2018 and 31.03.2019 – 6

3. Please indicate the Number of permanent women employees.

No. of permanent women employees as on 31.03.2019 – 2237.

4. Please indicate the Number of permanent employees with disabilities.

No. of permanent employees with disabilities - 20.

5. Do you have an employee association that is recognized by management?

Yes, KVB Officers Association (KVBOA) and KVB Employees Union (KVBEU) are recognized employee associations. The Bank respects the right of 'Freedom of Association'. The Bank ensures that all employee grievances are received and addressed promptly.

6. What percentage of your permanent employees is members of this recognized employee association?

No. of KVBOA members – 82% and No. of KVBEU members – 99%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| No. | Category | No of complaints filed during the FY19 | No of complaints pending as on end of the FY19 |
|-----|-----------------------------------------------|----------------------------------------|------------------------------------------------|
| 01 | Child labour/forced labour/involuntary labour | Nil | Nil |
| 02 | Sexual harassment | Nil | Nil |
| 03 | Discriminatory employment | Nil | Nil |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- Permanent Employees – 83.47%
 - Permanent Women Employees – 83.94%
 - Casual/Temporary/Contractual Employees – 15.62%
 - Employees with Disabilities – 70%. (Most of them belong to physically handicapped category, Polio affected and they were given training along with other employees).
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, to disadvantaged, vulnerable and marginalised stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Under Financial Inclusion, the Bank is rendering services to the disadvantaged, rural/semi-urban section of the society by providing basic banking services at their doorstep. The Bank is also extending service to the Senior Citizens by distributing the eligible Pension through the Banking Correspondents in their locality. In order to create awareness among rural and semi-urban populations about the need for banking and to inculcate savings habits, the Bank has conducted 155 Financial Literacy campaigns through branches.

The Bank is taking steps to enable easier access to the Bank's branches and ATMs for the physically challenged through provision of ramps and is also providing facility for the visually challenged to transact through talking 'Braille' keypad enabled ATMs.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?

The Bank's philosophy/policies ensure non-discrimination among employees in all its dealings with employees and grievance redressal mechanisms are put in place. The Bank is committed to uphold the dignity of every individual engaged or associated with them. The Bank also seeks to ensure that there is no discrimination in selection of suppliers and vendors and has put in place a grievance redressal mechanism for the same.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Employee health and safety is of prime importance and the Bank conducts robust and periodic training like advanced and basic fire safety training, first aid, Cardio Pulmonary Resuscitation (CPR) training, evacuation related training for floor marshals and employees across offices & branches. Periodic fire evacuation drills were conducted at the office locations as well as branches to sensitise employees about fire safety norms and regulations. The Bank has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment to branch staff.

The Bank continues to focus on skilling all its employees with the requisite knowledge and skill. The Bank has training centres where various function-related training programmes, designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. In addition to classroom training, e-learning programmes are also available for employees.

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. Customers are segmented into Corporate, Retail customers and members of the Bank. Human Resources Department looks after the interest of the Bank Employees.

No complaints have been received from the stakeholders during the reporting period with respect to Human Rights violations from internal or external stakeholders.

Principle 6: Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues.

The CSR policy of the Bank includes Environment Sustainability as one of its focus areas. The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of skill development & sustainable livelihoods, education, primary healthcare & sanitation, Promotion of national heritage, Art & Culture, Promoting sports, Rural Development Projects and financial literacy programs.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

The Bank constantly aims to reduce the impact on the environment by identifying ways to optimise resource consumption in its operations by promoting

- (A) 'KVB-Next' - Moves from the age of Paper to Digital. Major number of loan products are covered under the KVB-Next System for the convenience of customers which resulting customers to receive quick decisions a through a tab based application, It saves papers, movement of documents and the time consumed for.
- (B) Multi channel digital delivery of banking products through - Net Banking, Mobile Banking, conversion of statements into e-Statements, paperless account opening, e-slip for ATM transactions, paperless internet banking user creation, Password Generation and numerous other initiatives via paperless transactions

(C) IT Initiatives - Automated server and desktop shutdown to reduce consumption of energy, Video conferencing, Video chatting to reduce emissions as a result of air travel, Responsible e-Waste disposal methods.

3. Does the company identify and assess potential environmental risks? Yes/No

The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Bank complies with applicable environmental regulations in respect of its premises and operations.

4. Does the company have any project related to Clean Development Mechanism? Also, if yes, whether any environmental compliance report is filed?

The above question is not applicable to the Bank as it is not a manufacturing company.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page etc.

The Bank leverages its Digital Banking (KVB – NEXT) strategy to enhance the digitization of its operations which positively connects with reduction in environmental impacts such as paper usage in bank or avoidance of travel by the customers to the bank.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not Applicable.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on end of Financial Year.

The Bank has not received any notice during the reporting period.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with:

(a) Indian Banks Association (IBA)

- (b) Fixed Income Money Market and Derivatives Association (FIMMDA)
- (c) Foreign Exchange Dealers Association of India (FEDAI)
- (d) Federation of Indian Chambers of Commerce and Industry (FICCI)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
- The Bank, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?
- The Bank undertakes CSR programmes/projects directly and with the assistance of implementation through any other trust or agencies if required.
3. Have you done any impact assessment of your initiative?
- Periodic reviews are undertaken on various projects. The Bank's initiatives in the area of rural development, particularly with regard to progress made in providing access to banking and financial services to underprivileged customers are reviewed regularly.
4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8.

The Bank has put in place 'Corporate Social Responsibility Policy' to guide its efforts on CSR initiatives that contribute to inclusive growth and equitable development. The Bank's primary CSR philosophy rests on purpose driven approach to create a meaningful and measurable positive impact on the lives of economically, physically and socially challenged communities of the country by supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. In order to improve the livelihood of small/marginal/tenant farmers, sharecroppers and also entrepreneurs engaged in various non-farm activities, the Bank has rolled out a special credit scheme called "Joint Liability Group". Under the scheme, required credit at concessional rate, training and marketing arrangements are provided to the people jointly with local NGOs acting as Business Facilitators.

The Bank has undertaken several CSR initiatives with positive direct environmental impact or towards creating awareness among stakeholders, in areas of health care and education, sanitation, sustainable livelihoods, promoting sports, protection of culture, environment sustainability, buildings of national heritage etc.,

- The Bank has spent ₹ 7.09 Cr in fiscal 2018-19 towards various CSR activities out of the amount spent ₹ 5.00 Cr was contributed to Army Welfare CSR Fund and also the bank has made a provision of ₹ 8.23 Cr for the projects and the same will be disbursed during this year. The expenditure has been undertaken primarily on sustainable livelihoods, education, primary healthcare & sanitation, socio economic development, Promotion of national heritage, Art & Culture, Promoting sports, Rural Development Projects and Army Welfare CSR Fund.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The Community development initiatives are driven by its five-pronged approach towards CSR-promote, Invest, Engage, Collaborate and Monitor. The Bank's CSR Policy guides the Bank in ensuring that its initiatives are mapped to the focus areas and are relevant, effective and replicable.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Please refer the response to Point No. 2 under Principle 1 for details on Customer Complaints/Consumer Cases.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/Not Applicable/Remarks (additional information).

As the Bank operates in highly customer-focused sector, product-related transparency and communications are of highest priority to it. In line with the guidelines of the Reserve Bank of India and service standards set by the Banking Codes and Standards Board of India (BCSBI), the Bank provides transparent information on its products through its website (www.kvb.co.in) and at its branches. This includes details on product features, service charges and fees applicable. Interest rates are published and updated on the website as and when there is a change in interest for various deposit/loan schemes. The Bank provides sufficient data to customers to understand their eligibility, applicable interest rates and service charges for consumer loan products. SMS alerts are sent to customers when any charges or fees are triggered or levied to their account.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?

Nil. In the ordinary course of banking business, some customers and borrowers have disputes with the Bank which could result in their filing a civil suit or a consumer complaint alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers/borrowers and attempts to have an amicable settlement of the dispute.

4. Did your company carry out any consumer survey/consumer satisfaction trends?

The Bank on a continuous basis measures the satisfaction levels of customers transacting across various sectors. As part of this exercise, the customer's feedback and satisfaction levels with the transaction experience are measured. This feedback is then analysed and the insights from the same are implemented to improve products and processes and enhance the service quality of the Bank. Also, regular branch visits by the top executives of the Bank to ensure the efficacy of the process. A standing committee on customer service, chaired by Managing Director & CEO/President & COO besides 3 Senior Executives of the Bank evaluate feedback on quality customer service on a quarterly interval and place a review note to the customer service committee of the Board.