

**SBI Payment Services Private Limited**

**Corporate Social Responsibility Policy**

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## 1. Introduction

SBI Payments Private Limited ("SBIPSPL" or "Company") was incorporated and registered as a Private Limited Company under the Companies Act, 1956, as amended. CSR Policy of SBIPSPL defines the framework for conducting CSR activities for the Company.

This CSR Policy, which reflects the Company's philosophy and mission, is designed to portray its commitment to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates.

This policy applies to all CSR initiatives and activities taken up at the various work centers and locations of SBIPSPL or any other places, for the benefit of various segments of the society, with the emphasis on the under privileged.

## 2. Background

The Ministry of Corporate Affairs (MCA) has notified Section 135 and Schedule VII of the Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) which came into effect from 1st April 2014.

As per the Act and Rules made thereunder, every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more "during the immediately preceding financial year" shall constitute a Corporate Social Responsibility (CSR) Committee.

### **Key provisions of the Act related to CSR:**

Every Company falling under the aforesaid criteria needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities;

As per Rule 3(2) of CSR Rules, companies covered under CSR provisions falls outside the ambit of CSR provisions if it ceases to fulfil the aforesaid criteria for three Consecutive Years. Once the company again falls within the criteria, provisions of CSR will be applicable.

## 3. Purpose

The purpose of the Policy of the Company is to:

- a) Shape sustainability for the organization by 'Engaging the Community';
- b) For other stakeholders, make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business".
- c) Planning and implementing various CSR activities towards the set objective of the organization and facilitating the CSR program, is the responsibility of SBIPSPL.

- d) Aligning the vision of the company, increasing value creation in the community in which it operates, through its services and CSR initiatives which are planned and implemented, so as to stimulate well-being for the community, in fulfillment of its role and responsibility as a corporate citizen.

#### 4. Definitions under CSR

Below are the definitions as provided in the Companies (Corporate Social Responsibility Policy) Rules, 2014. In these above rules, unless the context otherwise requires,

- a) "**Act**" means the Companies Act, 2013;
- b) "**Corporate Social Responsibility (CSR)**" means and includes but is not limited to:-
- Projects or programs relating to activities areas or subjects specified in Schedule VII to the Act; or
  - Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will include activities, areas or subjects specified in Schedule VII of the Act.
- c) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- d) "**CSR Policy**" relates to the activities to be undertaken by the company in areas or subjects specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;
- e) "**Net profit**" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :
- any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

#### 5. CSR Activities

The Board may decide to undertake its CSR activities approved by CSR Committee, through:

- a) a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or
- b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature.

Provided that –

- (i) If the Company decides to undertake CSR activities through company established under section 8, registered trust or a registered society other than established by Company itself or the Central Government or State Government or any entity established under an Act of Parliament or a State legislature, the Company shall ensure such company or trust or society shall have an established track record of three years in undertaking similar programs or projects;
- (ii) the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- c) A CSR team formed internally, if any to ensure the implementation of the projects/programmes/activities proposed to be undertaken by the Company and decide routing of the funds and such other matters as may be required.

The Company shall undertake activities as CSR projects inline Schedule VII of the Act.

Following is the list of activities in which the Company shall expend on:

- 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; Promotion of education;
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects; Reducing child mortality and improving maternal health;
- Promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability;
- ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources 6 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;
- Social business projects;
- Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts; Rural development projects;
- Measures for the benefit of armed forces veterans, war widows and their dependents; and

- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- 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;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects;
- Slum area development; For the purpose 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.

**Note: Preference must be given to the local area and area around it where it operates for spending the amount earmarked for CSR activities.**

The following shall not be treated as expenditure under CSR activities:

- Any expenditure that benefits only employees or their families;
- Contribution of any amount to any political party under the Companies Act, 2013 (and any amendments thereto) section 182;
- Any CSR expenditure undertaken out of India
- Any other activities pursued in the normal course of business of the company.
- One of events such as marathons/awards/charitable contribution/advertisements/sponsorship of TV programmes etc.
- Expenses incurred by the Companies for the fulfilment of any other Act/Statute of regulations (such as labour laws, Land Acquisition Act, 2013, Apprentice Act, 1961 etc.)
- Any expenditure on an item not in conformity or not in line with activities which fall within the areas or subjects, specified in Schedule VII of the Act.

The Company will abide by all the rules under CSR conveyed through various circulars issued by Ministry of Corporate Affairs from time to time.

## 6. Governance

### a) CSR Committee

#### ▪ Constitution:

- As per Act, every company to which CSR is mandatory should constitute a CSR Committee to undertake and monitor CSR activities.
- SBIPSPL in its Board Meeting held on July 25, 2019 has constituted the **CSR Committee**. The CSR Committee would direct, guide and oversee the policies and progress on the Company's corporate social responsibility and related activities and offer advice to the Board of Directors on these matters.

#### ▪ Roles and Responsibilities of the Committee:

- To formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- To monitor the implementation of CSR policy and review and recommend the changes to CSR Policy to Board from time to time.
- To prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the company.
- To decide routing of CSR funds allocated/available for disbursement for CSR activities directly by the Company or through any other channel.
- To recommend to NR & HR Committee to appoint or re-designate an employee to ensure the implementation of the projects / programmes / activities proposed to be undertaken by the company, recommend and decide the routing of the funds and such other matters as may be required.
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be decided by the Board of Directors from time to time.
- Monitor the progress of Sustainability Programs under implementation and update the Board on the same.

## b) **Board of Directors**

### ▪ **Roles and Responsibilities:**

- After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the CSR Policy recommended by the CSR Committee
- To disclose contents of the CSR Policy in the Directors Report & place it on SBIPSPL website.
- To ensure that activities reflected in CSR policy are undertaken by the Company.
- To ensure that activities included by the Company in its CSR Policy are related to the activities included in Schedule VII of the Companies Act, 2013.

To ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its CSR Policy. In case the company is not able to spend the required amount the Board shall in its report under 134 sub section(3) clause (o) of the Act shall specify reasons for not spending the amount.

## 7. **CSR Projects**

### **Review and Monitoring of CSR Funds**

- a) As per the Companies Act, 2013, each Company is required to contribute 2% of its annual profit (average of last 3 years) for CSR Activities;
- b) The value for the current year will be calculated in the beginning of every financial year;
- c) A certificate should be obtained from internal auditor specifying the amount to be spent. The Internal auditor shall review the audited annual financials and confirm the amount to be spent on CSR activities as per relevant provisions of the Act/Rules as amended from time to time;
- d) The Company Secretary shall place signed memorandum comprising of Internal Auditors Certificate on calculation of CSR amount to be spent in the prevalent financial year to CSR Committee.
- e) Where the Company is undertaking CSR activities through external agencies, the Company shall obtain adequate evidence to justify expenditure of allocated funds along with a report periodically, giving status of the approved Projects, amounts allocated, expenditure incurred and such other details as may be required by the CSR Committee/Board of Directors of the Company;



- f) Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.
- g) The Company shall disclose amount of expenditure on CSR Activities in its Financial Statement.

#### **Execution / Implementation process for CSR activities**

- a) On the basis of the Internal Auditors Certificate on calculation of CSR amount to be spent, the CSR team or external agencies engaged to undertake CSR activities shall be informed to spend/allocate the CSR funds for the projects/programmes around the local area or area where SBIPSPL operates;
- b) The CSR team will design and develop CSR programs aligned to the organizations objectives and undertake activities as outlined in Schedule VII of the Act.
- c) If the external team is engaged, the Company shall obtain adequate evidence from them to justify expenditure of allocated funds along with a report periodically, giving status of the approved Projects, amounts allocated, expenditure incurred and such other details as may be required by the CSR Committee/Board of Directors of the Company;
- d) The CSR Committee will satisfy itself about the projects, amounts allocated, timeframe, costs etc., presented by the CSR team or by external agency including whether it falls within the areas mentioned in the Act. Based on its deliberations, the Committee will present to the Board of Directors for approval.

The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy its report and the same shall be displayed on the company's website, if any, as per the particulars mentioned below.

#### **Format for the Annual Report on CSR activities to be included in the Board's Report**

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 projects 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 (2 (two) % of the amount as in item 3 above).
5. Details of CSR spent during the financial year.

- Total amount to be spent for the financial year;
- Amount unspent, if any;
- Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
			1.Local area of Other		Sub-heads		
			2.Specify the state		1.Direct expenditure on the projects or programs 2.Overheads		

#Give details of implementing agency

6. 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 company shall provide the reasons for not spending the amount in its Board report.
7. 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.

SD/-	SD/-
Chief Executive Officer or Managing Director or Director	CSR Committee Chairman

## **8. Review of the policy**

The Board of Directors reserves its right to review and amend this policy to ascertain its appropriateness as per the needs of the company. Review shall be carried out at least once a year. In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, rules, the provisions of the Act or statutory enactments, rules shall prevail over this Policy.

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.