



# **CORPORATE SOCIAL RESPONSIBILITY** **POLICY**

Volume 7.0

## Document History

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## Table of Contents

<b>1. INTRODUCTION:</b>	4
<b>2. BACKGROUND:</b>	4
2.1 Key provisions related to CSR	4
<b>3. PURPOSE:</b>	4
<b>4. DEFINITIONS UNDER CSR:</b>	5
<b>5. CSR IMPLEMENTATION:</b>	6
<b>6. IMPACT ASSESSMENT:</b>	7
<b>7. CSR ACTIVITIES:</b>	7
<b>8. GOVERNANCE</b>	8
8.1 CSR Committee	8
8.1.1 Constitution	8
8.1.2 Roles and responsibilities of the Committee	9
8.2 Board of Directors:	9
8.2.1 Roles and Responsibilities	9
<b>9. CSR PROJECTS:</b>	10
9.1 Review and Monitoring of CSR Funds	10
9.2 Treatment of Unspent CSR Account	11
9.2.1 Transfer of funds in case of ongoing projects	11
9.2.2 Other Projects:	11
9.3 Execution/ Implementation process for CSR Activities	12
<b>10. DISCLOSURE ON THE WEBSITE OF THE COMPANY:</b>	12
<b>11. REVIEW OF THE POLICY:</b>	12
“ANNEXURE -I	14

## 1. INTRODUCTION:

SBI Payments Private Limited (“SBI Payments” or “Company”) was incorporated and registered as a Private Limited Company under the Companies Act, 1956, as amended. CSR Policy of SBI Payments 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 SBI Payments 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 Companies Act, 2013 (Act) as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) which came into effect from April 01, 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.

### 2.1 Key provisions 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, the 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 SBI Payments.
- 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) **"Administrative overheads"** means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- c) **"Corporate Social Responsibility (CSR)"** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, but shall not include the following, namely:
  - (i) activities undertaken in pursuance of normal course of business of the company;
  - (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
  - (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
  - (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
  - (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
  - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- d) **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
- e) **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- f) **"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.

g) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based justification;

## 5. CSR IMPLEMENTATION:

The Board may decide to undertake its CSR activities approved by CSR Committee, either by the Company itself or through:

- a company established under section 8 of the Act or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- 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; or
- a company established under section 8 of the Act or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and 80G of the Income Tax Act, 1961 and having an established track record of three years in undertaking similar activities;
- the Company shall, in its Annual Action Plan specify 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.
- 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.

Explanation.- For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

**Provided that,** where the Company undertakes any CSR spend, through an Implementation Agency it shall ensure that the said agency has obtained a CSR Registration Number from the Ministry of Corporate Affairs, prior to approval of such program or project.

## 6. IMPACT ASSESSMENT:

Where the Average CSR Obligation of the Company exceeds Rs. 10 Crores or more in the three immediately preceding financial years, the Company shall undertake an impact assessment, through an independent agency, of their CSR projects having outlays of Rs. 1 Crore or more, and which have been completed not less than one year before undertaking the impact study.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

In case of impact assessment, the Company may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

## 7. CSR ACTIVITIES:

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:

- (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; Promotion of education;
- (ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) 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;
- (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 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, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows
- (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 Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled 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 Organisation (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; 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.
- (xii) disaster management, including relief, rehabilitation and reconstruction activities.
- (xiii) Any other areas of spend permitted under Schedule VII to the Companies Act, 2013, from time to time

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

## **8. GOVERNANCE**

### **8.1 CSR Committee**

#### **8.1.1 Constitution**

- As per Act, every company to which CSR is mandatory should constitute a CSR Committee to undertake and monitor CSR activities.



- SBI Payments 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.

### **8.1.2 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 formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the details as provided in Rule 5(2) of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 as follows:
  - a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
  - c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - d) monitoring and reporting mechanism for the projects or programmes; and
  - e) details of need and impact assessment, if any, for the projects undertaken by the company: Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.”
- 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.

## **8.2 Board of Directors:**

### **8.2.1 Roles and Responsibilities**

- After considering the recommendations made by Corporate Social Responsibility Committee, approve the CSR Policy as recommended by the CSR Committee;
- The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

- The Board to approve an annual action plan in pursuance of CSR policy as recommended by the CSR Committee;
- To ensure that the funds so disbursed towards CSR activities have been utilised for the purposes and in the manner as approved by the Board and that Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- In case of ongoing project, to monitor the implementation of the project with reference to the approved timelines and year-wise allocation and to make modifications, if any for smooth implementation of the project within the overall permissible time period
- To disclose the composition of the CSR Committee, CSR Policy and projects approved by the Board on their website, if any for public access.
- 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.

## **9. CSR PROJECTS:**

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

- a) As per the Companies Act, 2013, each Company is required to contribute 2% of its Net 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 and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year
- g) Amount spent in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to conditions that:
- (i) The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any in pursuance of sub-rule (2) of this rule.
  - (ii) Board resolution to be passed to this effect.
- h) The Company shall disclose amount of expenditure on CSR Activities in its Financial Statement.
- i) The Company shall ensure that report on Corporate Social Responsibility in Form CSR-2 is filed as an addendum to Form AOC-4 XBRL (filing of financial statements) with Registrar of Companies in accordance with Companies (Accounts) Amendment Rules, 2022.

## 9.2 Treatment of Unspent CSR Account

### 9.2.1 Transfer of funds in case of ongoing projects

The Board of Directors shall open an Unspent Corporate Social Responsibility Account to be held by the Company in a Scheduled Bank, every Financial Year. The following transfers shall be permitted into the Account:

Amount permitted for transfer	Due date for Transfer
Unspent CSR Amount related to any ongoing project	Within 30 days of the closure of the Financial Year
Surplus arising out of any CSR Activities	Within 6 months of the closure of the Financial Year

### 9.2.2 Other Projects:

The following amounts shall be transferred to a Fund specified under Schedule VII to the Act or such account as specified by the Government in this regard:

Amount to be transferred	Due date for transfer/ spending
--------------------------	---------------------------------

Unspent CSR Amount not related to any ongoing project	Within 6 months of the closure of the Financial Year
Any unspent amount remaining in the Unspent CSR Account in case of ongoing project	Shall be spent by the Company within the period of 3 (three) financial years from the date of transfer to the Unspent CSR Account, failing which, transfer the same within a period of 30 days from the date of completion of 3 <sup>rd</sup> financial year.

### 9.3 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.
- e) The Board's Report of a Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I.

## 10. DISCLOSURE ON THE WEBSITE OF THE COMPANY:

The Board of Directors of the Company shall mandatorily disclose the following on the Website of the Company, for public access:

- a) Composition of the CSR Committee
- b) CSR Policy, as amended from time to time
- c) Details of CSR Projects approved by the Board of Directors

## 11. REVIEW OF THE POLICY:

The CSR Committee reviews and amend this policy to ascertain its appropriateness as per the needs of the company and recommend to the Board of Directors for approval. 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.

## **“ANNEXURE -I**

### Format for the Annual Report on CSR activities

To be included in the Board’s report for financial year commencing on or after 1st day of April, 2020

1. Brief outline on CSR Policy of the Company.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

5. (a) Average net profit of the company as per sub-section (5) of section 135.

(b) Two percent of average net profit of the company as per sub-section (5) of section 135.

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.

(d) Amount required to be set-off for the financial year, if any.

(e) Total CSR obligation for the financial year [(b)+(c)-(d)].

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

(b) Amount spent in Administrative Overheads.

(c) Amount spent on Impact Assessment, if applicable.

(d) Total amount spent for the Financial Year [(a)+(b)+(c)].

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.

(f) Excess amount for set off, if any:

Sr. No.	Particulars	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6	7	8
SI. No.	Preceding financial Year (s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount Spent in the Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any	Amount remaining to be spent in Succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in	Date of Transfer	

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

- ☐ Yes
- ☐ No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR Amount spent	Details of entity/ Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
NA							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5).

Sd/-	Sd/-	Sd/-
(Chief Executive Officer or Managing Director or Director).	(Chairman CSR Committee).	[Person specified under clause (d) of sub-section (1) of section 380 of the Act] (Wherever applicable).