



ELECTRONIC PAYMENT AND SERVICES (P) LTD
A payment system company

Corporate Social Responsibility Policy

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1. Preamble

Electronic Payment and Services Private Limited (herein after referred to as “EPS” or “the Company”) has developed the Corporate Social Responsibility Policy (hereby referred to as “The CSR Policy”) in accordance with Section 135 of the Companies Act 2013 read with the applicable rules framed thereunder (including any statutory modifications or re-enactment thereof) notified by the Ministry of Corporate Affairs (hereby collectively referred to as “the Act”).

Corporate Social Responsibility hereby referred to as (“CSR”) shall mean the activities undertaken by the Company as per the statutory obligation laid down in section 135 of the Act read with the applicable rules framed thereunder but shall not include the activities as specifically mentioned under “CSR Activities” heading of the CSR Policy.

2. Introduction

EPS is a payments system company and a retail banking and technology service provider and is determined to contribute towards the wellbeing and development of India. With the applicability of CSR provisions, endeavor of EPS shall be towards fulfilling its CSR obligations by serving the society thereby contributing to the growth of the country.

3. Objectives of CSR Policy

The objective of the CSR Policy is to lay down the approach, directions as well as the guiding principles for selection, implementation, monitoring of CSR activities and formulation of the annual action plan. The Policy covers the proposed CSR activities to be undertaken by the Company and ensuring that they are in line with Schedule VII of the Companies Act 2013 as amended time to time.

4. Principles

The CSR activities of the Company shall be implemented in accordance with the following principles:

- To acknowledge the business and society interdependence and contribute to the society through the CSR activities.
- To contribute towards sustainable development of the country through the CSR activities
- To recognize the corporate accountability towards the wellbeing of the society and protection of environment.
- To comply with the CSR provision of the Companies Act 2013 and rules framed thereunder as amended time to time

5. Applicability, Validity & Review

The CSR Policy shall apply to all CSR Projects / Programs undertaken by the Company. The Board shall review the CSR policy once in a year and may amend the same as per the requirement of the Company. The Board may review and make changes to the policy at any other intervals in case of any change in the Act.

6. Scope & Coverage

The CSR projects and programs to be undertaken by the Company shall include the activities falling within the purview of Schedule VII of the Companies Act as amended from time to time. Further, the Company shall select any of the activities specified in Schedule VII and hence, any modifications in the statutory provisions governing the said activities shall be deemed to include/exclude such activities as permissible under law at that point in time.

7. CSR Activities

The Company shall undertake CSR activities included in its plan for that year, as recommended by the Board of Directors of the Company. To comply with the CSR obligations, the Company shall carry out CSR activities including but not limited to the activities listed below as prescribed under the Schedule VII of the Companies Act 2013.

- (i) Eradicating hunger, poverty and malnutrition, 'promoting health care including preventive health care and sanitation including contribution to the Swach 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 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water 4[including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents, 9[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 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.

ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]

(x) rural development projects

(xi) slum area development.

(xii) disaster management, including relief, rehabilitation, and reconstruction activities.

Definition:- '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.

Following activities shall not be considered as the CSR by the Company

- Activities undertaken in pursuance of normal course of business of the Company.
- 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.
- Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- Activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019)
- Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

8. CSR Committee :-

Section 135 of the Act mandates the companies to constitute the CSR Committee of the Board of Directors of the Company to monitor the CSR implementation by the Company. However, pursuant to the Section 27 of the Companies (Amendment) Act 2021 as notified on 22nd January 2021, EPS is not required to mandatorily constitute the CSR Committee. Hence, the duties of the said committee shall be discharged by the Board of Directors of the Company until the said provisions become applicable to EPS.

9. Duties & Responsibilities of the Board of Directors:-

The Board of Directors of the Company shall be responsible for the following duties:

- Reviewing the CSR applicability to the Company
- Formulating the CSR Committee, if applicable
- Formulating the CSR policy & reviewing the same periodically.
- Recommending the modifications to the CSR policy as and when required
- Recommending the amount of CSR expenditure to be incurred on the CSR activities.
- Identifying the projects/programs for CSR Contribution
- Formulating the Annual Action Plan for CSR implementation
- Ensure that in each financial year the Company spends at least 2% of the average net profit made during the three immediately preceding financial years, in case of availability of adequate profits.
- Ensure that every financial year funds committed by the Company for CSR Projects / Programs are utilized effectively, and regularly monitoring implementation.
- Ensure that if the earmarked amount is not spent on CSR, the reason for the same to be disclosed in the Board Report & the Company adheres to the provisions of the Section 5 & 6 of the Companies Act, 2013. (Provisions separately captured under “Unspent CSR”)
- Disclosing in its Annual Report, the content of the CSR policy and ensure annual reporting of its CSR Projects / Programs on the Company website
- Ensuring annual reporting of CSR Policy to the Ministry of Corporate Affairs, Government of India, as per the prescribed format, if required.

10. Annual Action Plan:-

In case of availability of adequate profit for the CSR contribution, the Board of Directors shall formulate an Annual Action Plan including the following parameters.

- List of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- The manner of execution of such projects or programs
- The modalities of utilization of funds and implementation schedules for the projects or programs
- Monitoring and reporting mechanism for the projects or programs; and
- Details of need and impact assessment, if any, for the projects undertaken by the company:

The Board of Directors may alter such plan at any time during the financial year, as may be deemed fit.

11. CSR Budget & Expenditure: -

The CSR Budget will be allocated as per the provisions of the Act i.e. at least two per cent (2%) of the average net profit calculated as per the Section 198 of the Act, accrued during the three immediately preceding financial years.

The Company may allocate more fund/amount than the amount prescribed under section 135 of the Companies Act, 2013, for the CSR activities for any financial year.

In case, if the Company does not fall under provisions of Section 135(5) with respect to CSR expenditure (i.e. inadequate funds), the Company may not allocate the CSR budget in such financial year.

The Board of Directors shall ensure that the administrative overheads incurred during the implementation of CSR activities shall not exceed five percent (5%) of total CSR expenditure of the Company for the financial year.

The surplus arising from CSR projects, programs or activities shall not form part of the business of the Company. Within a period of six months of the expiry of the financial year, the said surplus amount if any, shall be-

- Ploughed back into the same project; or
- Transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company; or
- Transferred to a Fund specified in Schedule VII of the Act

In case of excess CSR spend during any financial year, such excess amount may be set off against the requirement to spend such CSR Amount up to immediate succeeding three financial years subject to the conditions that-

- Such excess amount shall not include surplus amount
- A resolution to this effect shall be passed by the Board of Directors of the Company

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by -

(a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or

(b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

(c) a public authority

(“Public Authority” means ‘Public Authority’ as defined in clause (b) of section 2 of the Right to Information Act, 2005.)

12. Implementation of CSR activities: -

The Board of Directors shall determine the CSR activity/project in which the Company may utilize its CSR expenditure for the respective financial year and accordingly, allocate the CSR budget to the approved activities.

Accordingly, the Board of Directors shall ensure that the approved CSR activities are undertaken & implemented by the Company by itself or through-

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), 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
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

While carrying out the CSR activities, the Company shall give preference to the local area and areas around it where it operates.

Further, with respect to the CSR contribution from the Financial Year 2021-22 onwards, the Board of Directors shall ensure that the entity through which the Company intends to implement the CSR fund, has registered itself with the Central Government by filing the form CSR-1 electronically with the Registrar of Companies and bears a valid unique CSR Registration Number.

The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees/Board of Directors of respective companies as applicable, are in a position to report separately on such projects or programmes in accordance with these rules

13. Monitoring: -

A comprehensive monitoring framework shall be devised by the Company to ensure that all Projects / Programs are duly implemented as per the CSR Policy.

14. Transfer of unspent CSR amount: -

Until a fund is specified in Schedule VII, the unspent CSR amount, if any, shall be transferred by the Company to any fund included in schedule VII of the Act within prescribed timeline as specified under the provisions of Section 135 (5) & 135 (6) of the Act.

15. CSR Reporting: -

The Company also shall prepare an Annual Report containing all the particulars of activities conducted during every financial year in the format as prescribed under the Act which shall be annexed to the Board's Report of the Company.

In case of Average CSR Obligation of INR 10 Crores or more, in the 3 immediately preceding financial years, the Company shall undertake the impact assessment, through an independent agency as prescribed under the Act.

16. Display of CSR activities on its website: -

The Company shall mandatorily disclose the CSR Policy, Composition of CSR Committee (if applicable), and Projects approved by the Board on its website.

(Approved by the Board of Directors on 24th February 2021)