

**CORPORATE SOCIAL RESPONSIBILITY  
(CSR) POLICY OF  
NSDL PAYMENTS BANK LIMITED  
(the Bank)**

**Document Information**

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## **1. Introduction**

Corporate Social Responsibility (CSR) is infused as an action point across all activities of NSDL Payments Bank Limited (the Bank). Through adopting the CSR Policy, the Bank aspires to impact the lives of all its stakeholders, including consumers, communities, and society.

The Bank's canvas of CSR includes several spheres of influence, including financial literacy for young students, environment, employee welfare, child education, and women empowerment.

CSR policy functions as a guiding principle to define CSR objectives and goals with specific mention of verticals where the Bank can carry out the planned activities in a project mode. The implementation plans are worked out with built-in processes for monitoring and evaluating the activities to ensure active compliance and governance with the spirit of the law, ethical standards, and prescribed norms.

The Bank's CSR projects/programs/activities are executed inclusively and do not differentiate the target beneficiaries based on caste, creed, religion, region, language, or other criteria. The Bank strives to involve/engage its employees/ employees of group companies to nurture a culture of "compassionate care and contributing to society" to enable them to fulfil social commitments satisfactorily.

## **2. Philosophy of NPBL**

The Bank believes that the CSR projects/programs/initiatives should have a positive yet sustainable impact on the communities and undertake impactful need-based projects/programs. Through CSR projects/programs, the Bank shall endeavour to enable the socio-economic empowerment of the beneficiaries and communities.

As an innovative player in the Indian banking industry, the Bank leverages technology to bridge the gap between individuals and financial services. With a focus on financial inclusion and a digital-first approach, the Bank empowers individuals, drives economic growth, and contributes to developing a more inclusive society.

The CSR projects/programs of NBPL shall be executed by identifying projects in line with the Bank's CSR Policy. The Bank shall ensure the effective implementation of its CSR projects/programs.

### **3. CSR Guiding Principles**

The CSR initiatives will be undertaken in line with the overall philosophy and outlook of the Bank, guided by a CSR Committee/Board, and, as appropriate, in line with the Bank's core CSR focus areas/themes. The Bank will focus on the immediate community in its geographic location and increase its footprint in a planned manner. The Bank will approach these projects/schemes in a scheduled manner that best fits its objectives and stature in the market.

The CSR projects/programs will be directed towards the community's underprivileged and marginalized sections, thereby enabling socio-economic development.

For activities related to employee volunteering to impart value-based financial literacy and education. Schools will be chosen from the public and government schools.

The activities will be undertaken in a project mode with processes in place for regular periodic monitoring, measuring the deliverables, and ensuring the long-term impact and sustainability of the initiatives wherever required. Consulting advice will be taken from CSR experts/academicians of high repute.

### **4. Areas for activities**

The theme of the CSR activities is in pursuance of the activities listed in Schedule VII of Section 135 of the Companies Act, 2013, as amended from time to time. The CSR projects of the Bank shall be implemented by identifying the project/program and may be carried out as a joint CSR initiative of group companies. However, necessary reporting shall be done independently in the Bank's Board's report.

The Bank shall undertake its CSR programs/projects/activities/initiatives as per the list of items enumerated in Schedule VII below:

- We are promoting financial literacy through inclusive education, including but not limited to financial awareness, employment-enhancing vocation skills, and livelihood-enhancement projects.
- We promote health care, including preventive health care, hygiene, and sanitation.
- Contribution to the national relief funds, including PM CARES Fund/ Prime Minister's National Relief Fund, during any national distress situation, emergency, or natural calamities, permissible as CSR expenditure.

The activities specified are aligned with Schedule VII of the Companies Act, 2013, and CSR Rules, Notifications, and Circulars issued thereunder.

#### CSR Budget

1. The Bank's total budget for the CSR projects/programs will be recommended to the Board by the CSR Committee and approved by the Board, as the case may be. The same shall be done by applicable provisions of the Companies Act, 2013, and CSR Rules, as well as any amendment introduced by MCA in due course.
2. In line with the Companies Act, 2013 read with the CSR Rules, the Bank will utilize 2% of the average net profit of immediately preceding 3 (three) years on CSR activities within the ambit of Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.
3. The surplus arising out of the CSR projects, programs, or activities shall not form part of the business profit of the Bank.
4. Unspent CSR Funds

The unspent CSR funds for FY (if any) shall be transferred to the separate account named "Unspent Corporate Social Responsibility Account" opened with the scheduled Bank within 30 days from the date of the end of the financial year, provided such funds are earmarked to Ongoing Projects. The funds allocated to ongoing projects, whether approved by the Board at the beginning of the financial year or within a prescribed timeline, shall also be transferred to the Unspent CSR Account. Further, the funds shall be utilized for the succeeding 3 FYs as enumerated in the CSR Rules and any amendments introduced by MCA in due course. The unspent funds (if any) not for ongoing projects shall be transferred to a Fund specified in Schedule VII within six months of the expiry of the financial year.

## 5. Constitution and Role of CSR Committee

The Corporate Social Responsibility Committee shall be constituted by Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended occasionally.

The role of the CSR Committee is to:

- (a) Formulate and recommend to the Board a Corporate Social Responsibility Policy, which shall indicate the verticals of activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act 2013 (the Act).
- (b) Recommend to the Board an annual action plan in pursuance of its CSR policy, which shall include the list of CSR projects or programs that are approved to be undertaken, 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 Bank.
- (c) Recommend the amount of expenditure on the activities.
- (d) Monitor the progress of the Company's CSR activities occasionally.
- (e) Recommend to the Board an alteration in the annual action plan of projects or programs, if any, in pursuance of the CSR policy.
- (f) Institute a transparent monitoring mechanism for implementing the CSR activities, monitor the CSR policy occasionally and perform other functions that the Board may deem fit.
- (g) Any other matter as may be considered suitable in furtherance of and to comply with the Corporate Social Responsibility Policy.

To comply with the requirements of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), the Bank has constituted a robust and transparent governance structure to oversee the implementation of its CSR Policy.

- The CSR Committee will report to the Board of the Bank, and the same would have three or more directors, out of which one director shall be an Independent Director.

- The Chairman of the Bank shall be the Chairman of the CSR Committee. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one Independent Director amongst them to act as Chairman.
- The Company Secretary of the Bank shall act as Secretary of the Committee.
- The Quorum for the Committee meetings shall be 2 Directors, including 1 Independent Director.
- Proceedings of all meetings shall be minuted and signed by the Chairman of the CSR Committee and tabled at the subsequent Board and Committee meeting.
- The CSR Committee has all the powers to terminate/discontinue or disengage association/support, financial or otherwise, with any project/program/initiative if it has come to light that the support is being misused or the funds are being diverted/or the project execution is opaque.

The Role of the Board is to:

- Ensure that the activities, as included in the Bank's CSR Policy, are implemented.
- Ensure that the Bank spends 2% of the average net profit of the immediately preceding 3 (3) years on CSR activities within the ambit of Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.

Under Section 135(9) of the Companies Act, 2013, where the amount to be spent by the Bank does not exceed Fifty Lakh Rupees, the requirement to constitute the Corporate Social Responsibility Committee shall not be applicable. The functions of such a committee shall, in all cases, be discharged by the Board of the Bank.

## **6. Implementation and project planning**

The CSR projects/programs of NBPL shall be implemented by identifying projects in line with the Bank's CSR Policy.

- The CSR activities will be implemented either by the Bank itself or through implementing agencies, whichever is feasible. An in-house CSR team may manage and administer the CSR programs/ projects.
- If the program implementation is facilitated through implementing agencies, the Bank will ensure the necessary compliances laid down by MCA. While implementing projects/programs through

implementing agencies, the projects will be implemented in partnership with implementing partners. The CSR projects shall be implemented either directly by the Bank or through -

- i. A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company, or
  - ii. 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
  - iii. Any entity established under an Act of Parliament or a State legislature; or
  - iv. A company established under section 8 of the Act, a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and has an established track record of at least three years of undertaking similar activities.
- The Bank may also collaborate with other entities/corporates to implement its CSR projects/programs in a manner where the reporting of such CSR projects/programs shall be done independently.
  - Endeavor shall be made to seek employees' voluntary participation in CSR activities.
  - The Bank shall ensure that the CSR projects/programs are undertaken per MCA's guidelines and shall adhere to any changes/modifications/amendments w.r.t CSR project execution issued by MCA in due course.
  - The In-house CSR team shall be responsible for implementing and monitoring the activities and utilizing funds allotted.
  - The Bank may also contribute to the Prime Minister's Relief Fund or any other Central/State Government scheme/fund as may be permissible based on the need and criticality subject to the recommendation and approval of the CSR Committee and the Board, as the case may be.

## **7. Monitoring**

As the case may be, the CSR Committee and the Board will be responsible for monitoring CSR activities. As the case may be, the CSR Committee or the Board shall be supported by the internal CSR Working Committee in monitoring and reporting the projects/programs. The roles and responsibilities of the CSR Working Committee shall be:

1. We are enabling maximum employee engagement in CSR initiatives voluntarily.

2. Participation in project monitoring and reporting activities as per the guidelines given by the CSR department.
3. Evaluation of Planned Progress v/s Actual Progress.
4. The CSR Working Committee shall comprise five or more members with the scope of increasing/decreasing the number of members in due course.
5. The CSR Working Committee may also recommend projects/programs/activities that align with the Company's CSR focus areas and themes.

The project will be monitored through site visits by the Bank's CSR representative, quarterly progress reports, and a Financial Utilization certificate provided by the program implementing partners. An annual review of the project will be conducted, following which project renewal will be sanctioned, if any.

## **8. Reporting**

The Company will report the CSR spent and project status in the format specified in the Companies Act 2013 and CSR Rules 2014, as amended occasionally. It shall make necessary disclosures in the Annual Reports. The CSR Policy shall be disclosed on the Bank's official website and available anytime.

## **Contact Information**

All enquiries on CSR activities shall be made to the mentioned correspondence.

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