



**CORPORATE SOCIAL RESPONSIBILITY
POLICY**
NPCI/NQMS/CSR/PO-01

Document History

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1. OVERVIEW

1.1. Preamble

CSR is the process by which an organization thinks about and evolves its relationship with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of sustainable business processes and strategies with a focus on social value creation.

The core element of CSR is the continuing commitment by NPCI to ethical principles and protection and care of the environment whilst improving the quality of life of all stakeholders including local communities and society at large. NPCI aims at creating shared value for all stakeholders involved in our CSR journey.

1.2. Title and Applicability

Ministry of Corporate Affairs (MCA), in exercise of its powers under sub-section (3) of Section 1 of the Companies Act, 2013 and vide Notifications dated 27th February, 2014, has appointed 1st April, 2014 as the date, on which Section 135 and Schedule VII of the Act has come into force. Further, MCA vide Notification dated 27.2.2014, has notified Companies (Corporate Social Responsibility Policy) Rules, 2014, to be effective from 1st April, 2014. The CSR Policy has been prepared by National Payments Corporation of India (NPCI) in line with the provisions of Section 135 of the Companies Act 2013. This policy shall apply to all Corporate Social Responsibility (CSR) initiatives, projects, programmes, and activities undertaken by NPCI. This Policy shall serve as a guiding document to help identify, execute, and monitor CSR projects in keeping with the spirit of the Policy.

1.3. Effective Date

This policy is effective from 22nd January 2015

2. POLICY

2.1. Vision Statement

NPCI's business philosophy is predicated on inclusion and sustainability and highlights the theme of respect and collaboration. Through a series of interventions NPCI seeks to a) mainstream economically, physically and socially challenged groups and draw them into the cycle of growth, development and empowerment through education leading to livelihood and b) Encourage and create sustainable conservation by supporting research, capacity building and projects to avoid, mitigate and reduce the negative impact created by anthropogenic factors on our environment.

2.2. Purpose of the Policy

NPCI is committed to identifying and supporting programs and projects aimed at:

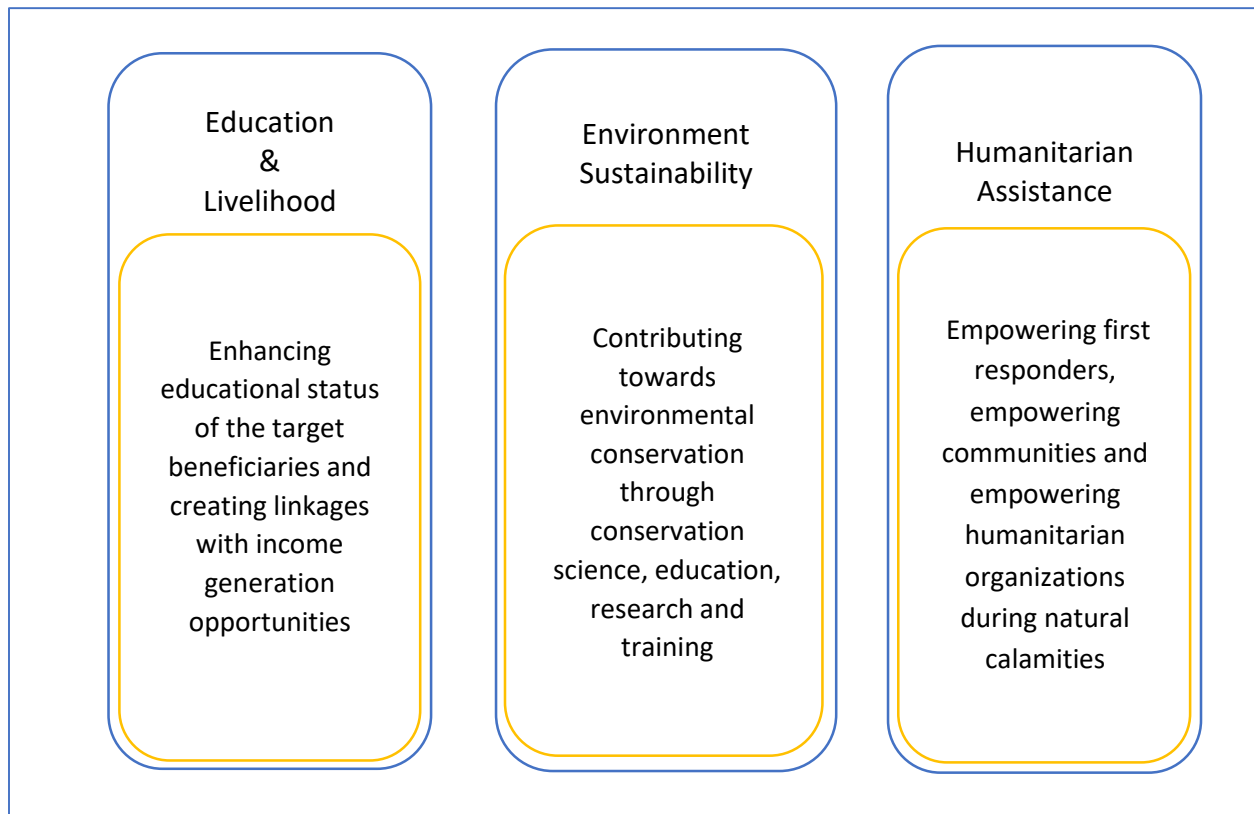
1. Developing and advancing the community, in particular, those at the bottom of the pyramid who are unequally endowed/enabled, and also
2. Encourage and create sustainable conservation by supporting research, capacity building and projects and reducing negative impact on the environment.

This policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

The CSR policy serves as a self-regulating mechanism for the Company's CSR activities and enable adherence to laws, ethical standards, and international practices in this regard. This policy is applicable, with immediate effect, to NPCI.

2.3. CSR Framework at NPCI

NPCI demonstrates its alignment with the CSR laws by contributing to the economic and social development of the communities and safeguarding the environment. While these two components are universal and will be at the center of most initiatives, there are various components which make up this huge canvas. NPCI interventions are focused on 3 core themes:



2.3.1. Education and Livelihood

NPCI believes that every individual is entitled to the Right to Education. In addition to educating masses by providing schemes, projects and activities for inclusion of and greater access for those excluded or with limited access to education. NPCI aims to undertake initiatives that will enhance the educational status of underserved sections of society. While lifting the status and standard of those most

weak in these areas, we will also endeavor to take the best and make them even better. Additionally, support towards education for the underprivileged will be looked at in a way that platforms/programs are developed to ensure our holistic involvement in providing support to meritorious students to pursue their education (secondary and higher) till completion.

The aspiration of any individual is to become an educated and learned citizen of the country and in turn earn a livelihood which can help him/her create opportunities for development of self and the community. We endeavor to create linkages that will attempt to do the above in a manner that addresses the need for educational support, which is also linked to income generation, including livelihoods, and strengthens the financial status of the beneficiaries.

2.3.2. Environmental Sustainability

NPCI believes in sustainable development and is committed to the conservation of the environment as a responsibility to present and future generations of the country and the planet. We endeavor to address the support for sustainable conservation through projects in conservation science, research, education and training.

Under this focus area, NPCI aims to:

1. Build capacities of communities and of critical stakeholders in protecting India's rich bio-diversity.
2. Ensuring sustainable development of resources integral to the wellbeing of India's bio-diversity and
3. Create mitigation parameters for pressing environmental challenges

2.3.3. Humanitarian Assistance

India has been vulnerable to natural disasters on account of its unique geo-climatic conditions. Floods, droughts, cyclones, earthquakes and landslides have been recurrent phenomena and India has witnessed a number of natural disasters impacting millions of people. The loss in terms of private, community and public assets has been astronomical. In the event of a major natural catastrophe or crisis situation, being a socially responsible corporate citizen, NPCI reaffirms its commitment to join hands with the government, community and civil society in providing relief assistance to communities/regions which are impacted by natural disasters. NPCI seeks to assist humanitarian relief efforts in a manner that benefits the nature of the event and its impact on the region in which it has occurred.

Natural disasters erode away not just at the financial and infrastructural resources of the country but also degrade the quality of life of individuals and communities directly and indirectly impacted by natural calamities. NPCI will ensure adequate response is provided in the manner as stated below:

1. Immediate humanitarian relief directed towards people impacted (immediate response)
2. Rehabilitation of people and communities impacted by the natural calamity (long term response)

2.4. NPCI CSR Partner Guidelines

NPCI endeavors to create programs that create sustainable impact on its beneficiaries and geographies. For the same, NPCI will partner with:

1. Registered NGO/Trust/Society/Foundation or any not-for-profit implementing agency that has expertise/inclination towards areas of focus that aligns with NPCI's 3 areas of intervention and is compliant with the law

of the land and has an established track record of at least 3 years in carrying on activities in the related area.

2. A registered Company may also be partnered with subject to clear satisfaction of “no commercial benefit” and “no conflict of interest” criteria. The intent of funding, supporting projects and programmes needs to ensure that benefit to society is the primary outcome and no undue intended or unintended “profit or commercial benefit outcome” is created for the company we partner with.
3. Partnerships with corporate CSR entities which share alignment with NPCI’s values and themes for programs aimed at achievement of NPCI’s CSR objectives

2.5. Budget

The Board shall allocate the budget for CSR activities. It shall also ensure that Management undertakes to ensure that the allocated budget amount is spent in CSR initiatives as undertaken by NPCI as per CSR Policy, guidelines and specific approvals accorded by the Board.

All the utilization certificates, agreements, invoices with actual spend will be diligently documented and periodically audited and reviewed. In case entire budget is not spent in a financial year, reasons for the same and plans to rectify the same shall be specified in the CSR report. CSR spend will be designed as non-surplus.

2.6. Roles and Responsibilities of the CSR Team

1. To be the central co-coordinating point for handling NPCI’s overall CSR programs across the company.

2. To interface with the various organizational units internally and externally to ensure effective implementation of projects undertaken.
3. Interface with the Board CSR Committee to obtain necessary approvals and resolutions as may be required.
4. Reporting to the Management on all progress made in the CSR interventions throughout the year.
5. To plan the annual budgets for CSR activities to be undertaken.

2.7. Program Implementation

While providing financial support/ grant /donations to social development sector partners approved by the CSR Committee of the Board, discretion is to be exercised judiciously to ensure that same is extended for worthy causes to establish institutions/NGOs with proven track record (preferably non-profit making organizations) for socially oriented projects meant to pass on benefits to a section of society rather than to an individual.

2.8. Activities not applicable as CSR

The below activities will be not undertaken or considered under the ambit of CSR projects or as part of any CSR initiatives:

1. Financial literacy and inclusivity programs
2. Projects/activities which may/will benefit the employees of the organization
3. Contribution to any political parties
4. Activities undertaken outside the sovereign territories of the Republic of India

2.9. Governance Mechanism

The governance for the CSR interventions of NPCI will be headed by the Board Level CSR Committee. NPCI's CSR activities will be driven by dedicated CSR team under the guidance and support of senior functionaries in particular MD & CEO. The Board level Committee will meet at least twice a year (October/November and April/May) to review the implementation of CSR projects/programs. CSR team will be responsible for the execution of the decisions taken by the Board Level CSR Committee and will ensure on ground implementation.

2.10. Monitoring and Reporting

The CSR team and/or an external impact assessment and monitoring partner approved by the CSR Committee of the Board would be responsible for monitoring approved projects, which may include site visits, independent beneficiary reviews and impact analysis. This will be done based on the milestones and success indicators, defined for the project together with the Implementing Agency. It will be the responsibility of the Implementing Agency to provide the project progress report on a periodic basis (frequency to be decided based on the nature of the project).

NPCI will report on significant CSR activities as part of its Director's Report. The reporting format would be the same as prescribed in the rules notified by the Ministry of Corporate Affairs.

2.11. Amendment

NPCI reserves its right to amend or modify the Policy in whole or in part, so long as it is not inconsistent with the provision of the Act and Rules as laid down by the Ministry of Corporate Affairs, Government of India.

Annexure 1

CSR Projects/Programs listed for implementation

[Ref Section 135(3) (a) and (b)]

Sr. No	CSR Projects or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency