

Paytm Payments Bank Limited

Corporate Social Responsibility Policy

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Background

Corporate Social Responsibility (CSR) is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Corporates must recognize that their business activities have wide impact on the societies in which they operate.

This policy shall apply to all CSR initiatives and activities taken up at the various work-centres and locations of Paytm Payments Bank Limited (*hereinafter referred to as "The Bank"*), for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons.

Definitions

1. Act

Act means Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

2. Corporate Social Responsibility (CSR)

CSR means and include but not limited to the activities as specified in this policy pursuant to Schedule VII of the Act, but contribution directly or indirectly to the political party, business done by the Bank in its normal course, activities only for the benefit of employees and activities done outside India will not be considered as CSR activity.

3. Net profit

Net profit means the net profit of the Bank as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following namely:

- i. Any profit arising from any overseas branch or branches of the Bank, whether operated as a separate company or otherwise; and
- ii. Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.

4. CSR Expenditure

CSR Expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities specified in this policy as approved by Board on recommendation of CSR Committee.

5. CSR Committee

CSR Committee means the committee constituted under the provisions of Section 135 of the Act.

CSR Activities

The followings are the wide categories of the activities under which the Bank may work to undertake CSR activities:

- 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.
- ii. Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and 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, 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 building 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 recognised 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 Schedule 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 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, 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 funds or activities as may be notified by the Central Government, from time to time, as contribution towards CSR expenditure.

Execution process

The Bank may undertake its CSR activities, as approved by the CSR Committee, directly by the Bank or through

(a) 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 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Bank, 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, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities

The Bank may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs.

The Board/CSR Committee should ensure that the above mentioned entities with which it undertakes CSR activity has registered itself with the Central Government in the manner as given under the Act

Utilization of fund

The Bank shall utilize at least 2 percent of the average net profit made during the last three (3) immediately preceding financial years in the CSR activities as enumerated above in this policy. In any case, if in any year the Bank fails to spend such amount on CSR, the Board will, in its report made under section 134 (3) (o) of Companies Act, 2013, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, as described in Section 135 (6) of the Companies Act, 2013, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Further, if the Bank spends an amount in excess of the requirements as provided in Section 135 of the Act, Bank may set off such excess amount against the requirement to spend under in Section 135 of the Act, under the heading 'Utilization of fund', for upto immediate succeeding three financial years or for such time in such manner, as may be prescribed under the Act.

Surplus arising from CSR activity

The surplus arising from CSR projects, programs or activities shall not form part of the business profit of the Bank.

Monitoring Mechanism

To ensure effective implementation of the CSR programmes undertaken a monitoring mechanism will be put in place by the Bank. The CFO would place a monitoring report of the CSR projects under implementation to the CSR Committee. The progress of CSR programmes under implementation will be reported to Board of Directors on a regular basis. The CSR Committee will conduct impact studies on a periodic basis, about effectiveness of CSR activities on the society.

Reporting Mechanism

CSR Committee will obtain feedback from beneficiaries about the programmes and report to the Board of Directors, the feedback received from the beneficiaries of CSR Activity. Appropriate documentation of Bank's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available on the website of the bank. CSR initiatives of the Bank will also be reported in the Annual Report of the Bank.

Budget monitoring:

The Bank establish an accounting system to ensure proper accounting of CSR spends.

CSR Committee:

- 1. Composition of the CSR Committee:** The composition of the CSR Committee of the Board shall be as constituted by the Board of Directors from time to time in terms of the provisions of Section 135 of the Act
- 2. Responsibility of the CSR Committee:**
 - ※ formulate and recommend the CSR Policy to the Board for approval
 - ※ monitor the Policy from time to time and recommend changes to the Board
 - ※ recommend the amount of expenditure to be incurred on CSR projects
 - ※ constitute a transparent monitoring mechanism for ensuring effective and efficient implementation of the CSR projects.
- 3.** The Committee will meet atleast once in a year to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meetings physically or via such audio-visual means as permitted under the Act.
- 4.** A member of the CSR Committee may resign by a written notice stating the reasons for such resignation, addressed to the Board of Directors of the Bank. The resignation shall be effective from the date of acceptance of the resignation in the meeting of the Board of Directors or after 30 days from the date of the resignation, whichever is earlier.
- 5.** In case of the resignation of any member of the CSR Committee, the Board of Directors shall appoint a new member to fill the vacancy created as such within reasonable time. The new member shall be appointed in keeping with the constitution requirements of the CSR Committee.

6. The CSR Committee will review the philanthropic activities of the Bank and will provide progress update to the Board of Directors at such intervals as it deemed fit.
7. The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Bank as well as the powers to call such employee(s), senior official(s), Representative of CSR Partners, external consultant or such other persons and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR Objectives laid down under the Act.

AMENDMENTS

The Board of Directors on its own and/or as per the recommendations of CSR Committee can replace or amend this policy, as and when required as deemed fit. Any or all the provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.
