



CORPORATE SOCIAL RESPONSIBILITY
NBBL/NQMS/CSR/PO-04

Document History

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Introduction

CSR covers the entire process by which an organisation approaches, defines and develops its relationship with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate strategies and projects. The CSR is not charity or mere donations but a way of going beyond business as usual, creating shared value and contributing towards social and environmental good.

The core element of CSR is the continuing commitment by NBBL 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. NBBL aims at creating shared value for all stakeholders involved in our CSR journey.

Objective

NBBL's business philosophy highlights the theme of respect and collaboration. NBBL has undertaken CSR with the basic aim of contributing towards easing distress and aiding in advancement of society while engaging with stakeholders thereby becoming a socially responsible corporate citizen. Through a series of interventions NBBL seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment.

Scope

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. This CSR Policy has been prepared by NPCI Bharat BillPay Limited (NBBL) in line with the provisions of Section 135 of the Companies Act, 2013 and will be executed basis the present state and all future amendments to Section 135 and Schedule VII of the Companies Act, 2013.

The CSR amendment effective from 22nd January, 2021 is a clear transition from "Comply or Explain (COREX)" to "Comply or Pay Penalty (COPP)". A number of changes have been introduced for carrying out CSR activities including changes with respect to treatment of unspent CSR funds, 'unspent CSR account', 'transfer to Fund specified under Schedule VII, National Unspent CSR Fund, detailed annual report on CSR, CFO certification, impact assessment, defining 'ongoing projects', limiting administration cost to 5% etc. MCA allowed any type of COVID-19 spending particularly in preventive healthcare or sanitation and disaster management

to be covered under CSR expenditure. MCA has issued a fresh circular on 22nd April, 2021 mentioning that CSR funds for setting up “makeshift hospitals and temporary Covid care facilities” would be treated as an eligible CSR activity.

These changes have been accommodated in the CSR policy and shall apply to all CSR initiatives, projects, programme, and activities to be undertaken by NBBL. This Policy shall serve as a guiding document to help identify, execute and monitor CSR projects in keeping with spirit of the Policy.

Acronyms and Definitions

| Acronym/ Term | Description |
|---------------|--|
| CEO | Chief Executive Officer |
| CSR | Corporate Social Responsibility |
| MCA | Ministry of Corporate Affairs, Government of India |
| MD | Managing Director |
| NGO | Non-Governmental Organization |
| NBBL | NPCI Bharat BillPay Limited |
| UC | Utilization Certificate |
| IA | Implementing Agency |

Policy

Vision Statement

NBBL's business philosophy is predicated on inclusion and sustainability and highlights the theme of respect and collaboration. Through a series of interventions NBBL 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.

Purpose of the Policy

NBBL 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 which are unequally endowed/enabled, and also
2. Encourage and create sustainable conservation by supporting research, capacity building projects, and reducing negative impact on the environment.

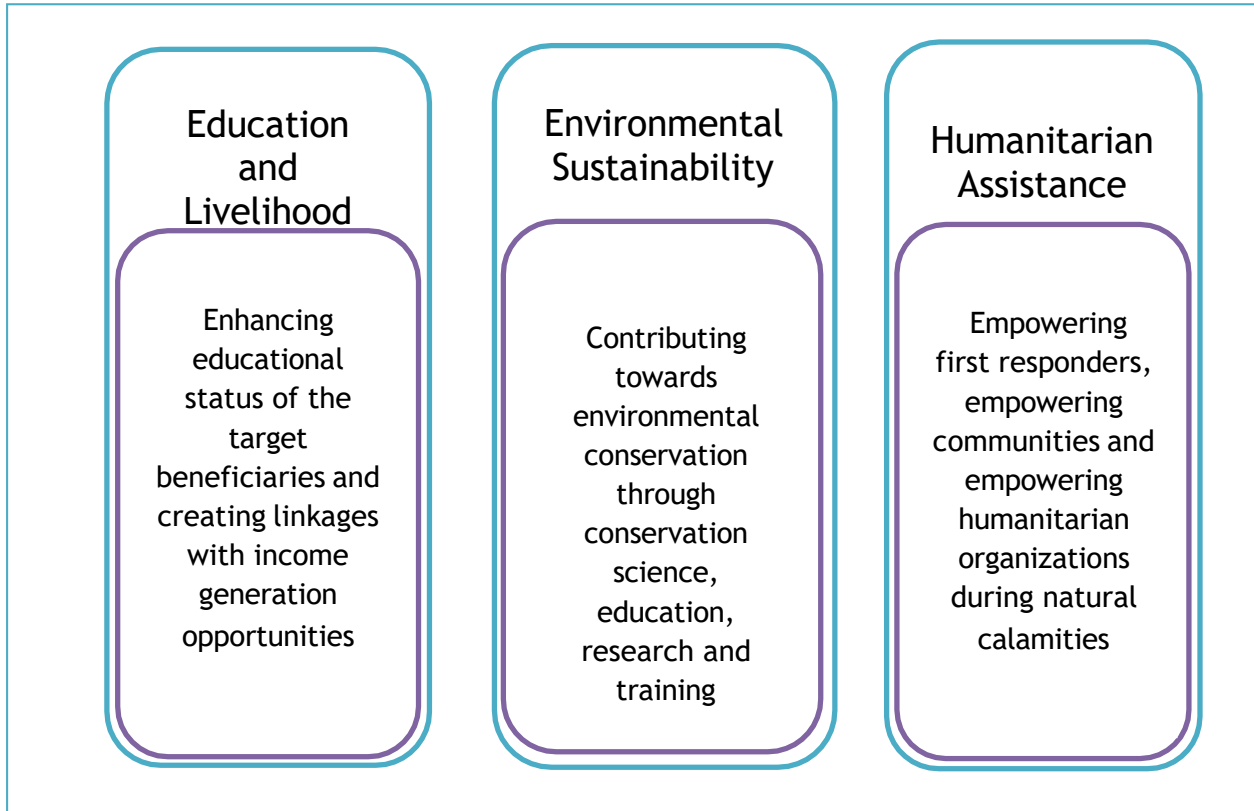
This policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

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 NBBL.

CSR Framework at NBBL

NBBL 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. NBBL interventions are focused on 3 core themes:



Education and Livelihood

NBBL 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. NBBL aims to undertake initiatives that will enhance the educational status of underserved sections of society. While lifting the status and standard of those weakest 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.

Environmental Sustainability

NBBL 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, NBBL aims to:

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

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, NBBL 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. NBBL 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. NBBL 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)

NBBL CSR Partner Guidelines

NBBL endeavors to create programs that create sustainable impact on its beneficiaries and

geographies. For the same, NBBL 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 NBBL'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 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 NBBL's values and themes for programs aimed at achievement of NBBL's CSR objectives.
4. NBBL will not form partnerships with any Registered / NGO / Trust / Society /Foundation or any entity wherein there is a Related Party Transaction with any member of the said entity.
5. Implementing Agency should ensure that the roles, responsibilities and membership committee and/or Board or other decision making bodies are clearly defined and documented and the information is accessible for all the stakeholders.
6. Implementing Agency should ensure adequacy of in-house expertise to ensure accountability in the system.
7. It is the ethical and legal obligation of the Implementing Agency that it shall use the grant in an efficient and planned manner.
8. Implementing Agency should give appropriate acknowledgment and prominence towards NBBL's branding for implementation activities in NBBL funded projects.
9. W.e.f 01.04.2021 registration of such entity shall be mandatory by filing form CSR 1 under the Companies (CSR Policy) Rules, 2014. Unique CSR registration number shall be generated for each entity.
10. In addition to registration under respective act, registration under provision of section 12 A & 80 G of the Income Tax has been made mandatory.

Budget

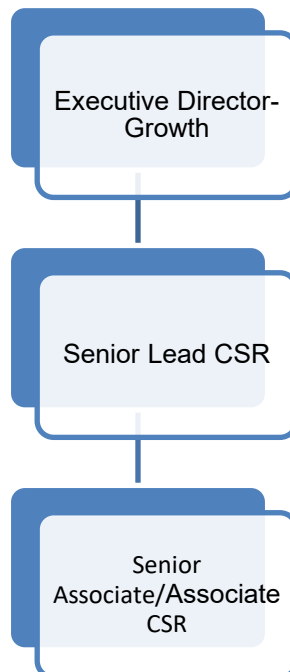
The Board shall allocate the budget for CSR activities. It shall also ensure that Management undertakes to ensure that the allocated budget amount is spent in CSR initiatives as undertaken by NBBL as per CSR Policy, guidelines and specific approvals accorded by the Board.

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,

Unspent amount related to ongoing project to be transferred within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account (UCSRA). For example, such amount remaining unspent (ongoing project) for the current financial year shall be transferred to UCSRA latest by 30th April of next financial year. The amount transferred to UCSRA has to be utilized for project within 3 years, otherwise shall be transferred to a fund specified in Schedule VII.

Unspent amount not related to ongoing project: where amount doesn't relate to any ongoing project, then in case of failure to spend the same, will require carrying forwarding of the same to a Fund specified in Schedule VII, within 6 months of the close of financial year, in addition to disclosure of reason for not spending in Board Report. For example, amount remaining unspent (other than ongoing project) for current financial year shall be transferred to Schedule VII fund latest by 30th September of next financial year.

Structure, Roles and Responsibilities of the CSR Team



Roles and Responsibilities of the CSR Team

1. To carry out due diligence before onboarding and execution of any project approved by the Board.
2. Due diligence process shall include analyzing below mentioned details of prospective Implementing Agency (IA):
 - Audited financial statements of last 3 years and audit reports
 - FCRA checks
 - Litigation Checks
 - Default list – Database checks
 - Adverse Media Reports
 - Annual Project Report of last 3 years executed by IA
 - PAN of Implementing Agency
 - 80 G/ 12 A of the Income tax Act
 - Details of Board members of NGO.
 - To ensure declaration of any conflict of interest with NBBL
3. To be the central co-coordinating point for handling NBBL's overall CSR programs across the company.
4. To interface with the various organizational units internally and externally to ensure effective implementation of projects undertaken.
5. To ensure proper utilization of funds through screening of UCs (Utilization Certificate) and other financial documents and reporting on actual field implementation through quarterly field visits.
6. To ensure that any deviation of budget/timeline/quality of work is reported to the Executive

Director-Growth in a timely manner.

7. Interface with the Board/ to obtain necessary approvals and resolutions as may be required.
8. Reporting to the Management on all progress made in the CSR interventions throughout the year.
9. To plan the annual budgets for CSR activities to be undertaken.
10. To get the audit done for all projects under implementation.
11. To maintain transparency in project monitoring by maintaining a dashboard on the NBBL website.

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. Activities that significantly benefit the employees of the company.
3. Contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2013.
4. 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).
5. Activities undertaken in pursuance of normal course of business of the company.
6. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
7. Activities carried out for fulfilment of any other statutory obligations under any law in force

Governance Mechanism

in India.

The governance for the CSR interventions of NBBL will be headed by the Board. NBBL's CSR activities will be driven by dedicated CSR team under the guidance and support of senior functionaries in particular MD& CEO. The Board will review the implementation of CSR projects/programs. CSR team will be responsible for the execution of the decisions taken by the Board and will ensure on ground implementation.

Monitoring, Reporting and Impact Assessment

The CSR team will be responsible for monitoring of 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 and the Utilization Certificate on a Quarterly basis or as required by NBBL.

Project spend against the allocated budget should be strictly monitored and any actual/likely spend overflow/deviation must be reported. Any further expenditure must be approved by the Executive Director-Growth before further progress.

NBBL 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 MCA.

Impact Assessment:

Rule 8(3) of the Companies (CSR Policy) Rules, 2014 mandates following class of companies to conduct impact assessment:

(i) companies with minimum average CSR obligation of Rs. 10 crore or more in the immediately preceding 3 financial years; and

(ii) companies that have CSR projects with outlays of minimum Rs. 1 crore and which have been completed

not less than 1 year before undertaking impact assessment.

Impact assessment shall be carried out project-wise only in cases where both the above conditions are fulfilled. In other cases, it can be taken up by the company on a voluntary basis.

Note: Refer Annexure 1 for details regarding CSR process.

Amendment to the policy

NBBL reserves its right to amend or modify the Policy in whole or in part, so long as it is not inconsistent with the provisions of the Companies Act 2013 and Rules as laid down by MCA.

CSR Process

NBBL CSR portfolio is aligned to SDG's (Sustainable Development Goal) with a mission to contribute to the social and economic development of the society. Through a series of interventions NBBL seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment.

NBBL commits to comply with the requirements for CSR under the Companies Act, 2013 for which it has deployed a dedicated CSR team to deliver the CSR objectives as defined by the Board.

| | |
|----------------------------|---|
| CSR Policy | <ul style="list-style-type: none"> The CSR Team, has been entrusted with the responsibility of administering and executing the CSR Policy and ensuring that the Policy is reviewed periodically to ensure alignment with regulation. |
| Budgeting | <ul style="list-style-type: none"> Finalization of actual annual CSR budget based on average net project calculation of 3 preceding financial years. Assessment of the existing commitment under ongoing projects. Planning for new project as per the CSR rules and CSR policy for approval of Board |
| On boarding of New Project | <ul style="list-style-type: none"> The projects proposal shall necessarily be within the areas recommended/ listed by the Board and mentioned in the Policy and fall within the Schedule VII of the Companies Act 2013. Meeting with NGO representative as per their request or exploring new NGO as per the internal discussion on a particular project. Discussion related to their legal compliances in terms being registered as Trusts, Societies, Section 8/ Section 25 companies, having 80G/12 A, MCA registration for CSR1, area of expertise, board and top management, organizational structure, existing projects, coverage in terms of geography and opportunity to explore partnership. Due diligence process initiation as per NBBL format. Communication for sharing proposal and budget in NBBL format. Evaluation and discussion on proposal and budget for finalization. Presenting proposal and budget internally for review and finalization under guidance of Executive Director-Growth Proposal presentation in front of the Board for approval/refusal. MoU process initiation for approved Project, signed by both parties. Update CSR webpage about approved project. |
| Project Monitoring | <ul style="list-style-type: none"> Regular communication with project team of NGO to discuss progress of the project by CSR team. Highlighting the deviation as per work plan if any and taking necessary approval from Executive Director-Growth. |

| | |
|-------------------------------|--|
| | <ul style="list-style-type: none"> Quarterly visit to the project location by CSR team. There can be additional visit also in case of requirement from CSR Team. Submission of quarterly progress report by NGO along with Audited Utilization Certificate. |
| Fund Utilization & Disbursals | <ul style="list-style-type: none"> The NGO shares audited UC by end of each quarter. CSR team verify audited UC as per approved budget and may raise queries and ask for any supporting documents for better understand of the activities or utilization of funds. Fund will be disbursed as per the disbursement schedule subjected to submission of audited UC, progress report and fund request letter by project team and verification and authorization by Executive Director-Growth. Prior approvals from Executive Director-Growth need to be taken for any deviation in activities or fund utilization. The booking of unapproved deviation shall not be allowed. |
| Reporting | <ul style="list-style-type: none"> Monthly update of project as per approved work plan and submission of financial utilization by end of each quarter within 15 days by IA. Quarterly progress report shall be submitted by 10th in the beginning of next quarter by IA. NBBL may ask for reports not mentioned above as per the requirements of the CSR team or NBBL Management and the Board |
| Documentation | <ul style="list-style-type: none"> Case studies/photographs and videos of project interventions shall be submitted time to time basis for updating same in CSR webpage. Project closure report shall be submitted within 1 month of closure of project. CSR team may ask for any project related document at any point of time as per the requirement. |
| Project Duration | <ul style="list-style-type: none"> Project duration shall be determined by approval and signed MOU. The no cost extension is allowed in exceptional case to fulfil all the project requirement for proper closure. The maximum duration of any project shall not be more than 3+1 years from beginning of the project. |
| Impact Assessment | <ul style="list-style-type: none"> Third party impact assessment shall be done for project having outlay of more than 1 Cr. and duration more than 1-year post completion of 1 year of project. |
| Phase out | <ul style="list-style-type: none"> Sustainability plan should be roll out before 6 month of closure. All stakeholders shall be informed about their role for sustainability of the project. Project assets shall be properly handed over to the community. |
| Audit | <ul style="list-style-type: none"> The NBBL audit team may carry out time to time audit as per requirement to ascertain adherence of CSR compliance and processes. |

Empanelment process of NGO

- The expertise of NGO shall be aligned with NBBL CSR Policy and fall within the Schedule VII of the Companies Act 2013.
- Meeting with NGO representative as per their request or exploring new NGOs as per the project suitability and credibility of the organization.
- Communication for sharing proposal and budget in NBBL format.
- Evaluation and discussion on proposal and budget for finalization.
- Presenting proposal and budget internally for review and finalization.
- Proposal presentation in front of the Board for approval/refusal.
- MoU process initiation for approved Project, signed by both parties.

The CSR process is ever evolving document and may be changed as per the requirements of CSR rules and policies.