

SBI Cards & Payments Services Pvt. Ltd.

Corporate Social Responsibility Policy

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1. Corporate Philosophy

Corporate Social Responsibility (CSR) is the continuing commitment by business to contribute to the social and economic development while improving the quality of life of the local community and society at large. It is a process whereby companies integrate social, environmental and economic concerns with their business and interaction with their stakeholders on a voluntary basis.

At SBI Card we have worked on shortlisting initiatives and creating a program, that allows us to give back to the society and its lesser privileged citizens. The program that has been developed looks at impacting the society at different levels- children, young adults and adults. We have also kept a focus on women as an underlying principle during decision making.

2. CSR Vision & Mission

The company's mission is to be part of initiatives that work for the overall betterment of the people of the nation, ensuring development across different strata of society, geography and ability. We look to extend our guiding principles to bring about impactful change that is sustainable and scalable.

The vision of the company is to empower the community through education, skills and access to quality health and sanitation facilities.

3. Design Principles

Every good program needs well defined guiding principles that serve as directions to the working group. These principles are important to have a focus in our approach, decision & implementation of projects.

The principles as defined for our program are:

1. Alignment to national initiatives and Focus Areas
2. Interventions that are sustainable and scalable
3. Initiatives where the impact created can be measured and reported
4. Identification of partners for implementation and areas with proven experience of impact and change
5. Adjacency of the initiative to the business, it's competencies, capabilities and geographies of operation.

The above principles are used to shortlist the areas of work and the projects. This would require the organization to create competencies and capacity within the company, to implement, where appropriate, the CSR programs.

4. Budget Outline

As per the new Companies Act 2013, each company is expected to contribute 2 % of its annual profit (average of last 3 years) for CSR activities. The value for the current year will be calculated in the beginning of every financial year.

5. Role of the Board

The Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profit of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. Additionally it will;

- a) Formulate a CSR Committee
- b) After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose the contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
- c) Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- d) Disclose reasons for not spending such amount, in its report under clause (o) of sub - section (3) of Section 134, of The Companies Act 2013.

The board shall approve the broad focus areas and the total budget amount for the financial year.

6. Role of the CSR Committee

A Corporate Social Responsibility Committee shall have following terms of reference and shall inter-alia, include the following:

- a) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b) To recommend to the board for approval of the broad focus areas and the total budget amount for the financial year.
- c) To monitor the CSR policy of the Company from time to time;
- d) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

7. Role of the CSR Core Working Group (CWG)

The CSR Core Working Group (CWG) will comprise the CEO, CFO and other members as may be appointed. A member of the group will be identified as the primary person responsible for monitoring CSR programs. Quorum of the Group shall be 3, CEO, Primary person responsible for monitoring CSR programs and any one of the other members.

- a. The CWG will present and take approval for broad focus areas of work and budgeted amount planned for the financial year from the Board / CSR Committee at the beginning of every financial year.
- b. The CWG will design and develop CSR programs aligned to the organization's objectives and focus areas as approved by the Board / CSR Committee.

- c. To formulate, review and approve the amount of expenditure to be incurred on the activities to be undertaken by the company.

To review and approve the partners and agencies who may be engaged for the purposes of implementing the CSR programs and the amounts to be spent for each project. The disbursements of the funds for CSR activities shall be done in accordance with the Financial Delegation Policy of the Company.

- d. The CWG will execute & monitor the projects, and prepare an overview document for every project that it undertakes including and not limited to activity definition, expected impact areas, budgeted investments, expected benefits and success parameters.
- e. The CWG will be responsible for periodic reporting of the activities to the CSR Committee as per the reporting format mentioned outlined in Section 9. Apart from this, any format as desired by the CSR Committee or the Board would be furnished.
- f. The CWG will ensure adherence to the accounting guidelines and audit processes as per the guidelines laid down in the Companies Act and/or the Board

8. CSR Thematic Areas

The broad areas of work that can be considered for projects or programs are listed in the Schedule VII of the Company Act and outlined below.

1. Eradicating hunger, poverty and malnutrition, promoting 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;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. 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;
4. 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; including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
5. 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 arts and handicrafts:
6. Measures for the benefit of armed forces veterans, war widows and their dependents;

7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects.
11. Slum Development.

The activities that the company finalizes as area of future work need to be aligned to the above areas or any other area as allowed for by the law. The Company would not undertake any activity, which is **NOT** permitted under CSR. The company will abide by all the rules under CSR conveyed through various circulars issued by the Ministry of Corporate Affairs from time to time.

9. The Focus Areas

The following broad areas of work have been shortlisted:

1. **Livelihood and Skill Enhancement** – This area looks at working in urban and semi-urban areas to identify skills and techniques that can be taught to different sets of the semi-skilled and unskilled population to help them in generating a stable income.

The programs will be oriented towards self-employment enablement and employability, with a focus on young adults and women.

The skills and techniques can be decided as per the need and opportunity for income generation in the local area (e.g. masonry / welding skills in areas close to a large factory) or health and beauty skills in semi-urban areas (e.g. enabling women to open a small saloon). There will be a special focus on involving differently abled population into the program.

The program can also be developed to impart skills that are in close adjacency to our business – BPO skills, Sales executives or operations processing.

2. **Education** – In this area, the focus would be
 - a. Within Formal Schooling Infrastructure : Improving & enhancing the education infrastructure & processes including repairing or creating new facilities, making schools self-reliant for drinking water, sanitation and other facilities, supply of materials, enhancing the quality of teaching imparted via training / development of systems & processes.

- b. Informal Educational Initiatives: Taking education and literacy programs to children with no access to formal schooling.

3. **Sanitation and Health –**

- a. Focus on interventions that aim at improving the health of women and children across urban and rural areas. We also plan to develop projects that will potentially offer a longer term impact to the health of the pregnant / nursing mothers and infant children by working with existing social programs.
 - b. Work along the guidelines by the government of India on creating safe and clean toilets and water supply in schools, slums and other areas.
 - c. Addressing the special needs of weaker sections of society including but not limited to street children and the elderly.
4. **Government Funds and Initiatives –** A portion of the CSR budgets may be allocated to Government funds like Prime Minister Relief Fund, Clean Ganga Fund or Swachh Bharat Kosh or others as may be specified by the Companies Act.
5. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, and making available safe drinking water;
6. 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.

Though CSR activities of the company shall be guided by the focus areas as mentioned above, the company may also engage in other CSR activities mentioned in Schedule VII of the section 135 of the Companies Act, 2013, **after prior approval of the Board of Directors of the company.**

Detailed program structure, activities and expected outcomes will be approved by the CSR Core Working Group (CWG) and reported to the Board/Committee. It is recognized that the identification and implementation across the focus areas would be gradually rolled out over a period of time.

10. **Empanelment Process for Partners**

The key steps for empanelment for a CSR partner would be as follows:

- a. Identification and Selection of Partners
- b. Detailed Proposals : A document outlining the nature of work and the key impact metrics, including delivery, monitoring and reporting frameworks
- c. Documentation : Submission and verification of documents
- d. Due Diligence: To establish the credibility and transparency of the Partner, verify the governance framework, financial accountability & eligibility, capacity to conduct the required programs and reporting norms.

- e. MOU / Agreement : Execution of MOU / Agreement including financial and payment terms

11. Implementation Process

The key implementation steps and processes have been summarized below

1. Develop a CSR Strategy – aligned with the CSR Policies of the company
2. Operationalizing the institutional mechanism – CSR Committee & team identification and appointment
3. Clear identification of CSR Budget
4. Shortlist Implementing Agencies and conducting due diligence, if required
5. Identification, selection and approval of projects
6. Finalizing agreements with the implementing agencies
7. Project Implementation
8. Documentation, Monitoring (at Board and Sub-board level)
9. Evaluation (Concurrent, Final & by an independent Third Party where appropriate)
10. Project impact assessment
11. Preparation of reporting format and placement in public domain

The company can also undertake the approved CSR activities through any of the following agencies with the approval of the board:

- A registered trust
- A registered society
- A company: established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise
- SBI Foundation

Provided that

- if such trust, society or company is not established by the company either singly or along with any other company, it shall have an established track record of three years in undertaking similar projects or programs;
- The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

Detailed Standard Operating Procedure (SOP) has been prepared.

12. Reporting Template

The Board of Directors of the company shall, after taking into account the recommendations of the CSR Committee, approve the CSR policy for the company and disclose contents of such policy in its report & the same shall be displayed on the company’s website, if any, as per the particulars mentioned below.

The format for the annual report on CSR activities to be included in the Board’s Report

1. A brief outline of the company CSR policy, including overview of the projects or program proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for the last 3 financial years.
4. Prescribed CSR Expenditure (2 (two) % of the amount as in item 3 above).
5. Details of the CSR spent during the financial year:
 - a. Total Amount to be spent for the financial year;
 - b. Amount unspent, if any;
 - c. Manner in which the amount is spent during the financial year. (Format below)

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects of programs (1) Local Area of others (2) Specify the state & District where the project or program was undertaken	Amount outlay (budget) project/ programs wise	Amount spent on the programs / project Subheads (1) Direct Expenditure on projects (2) Over heads	Cumulative spend up to the reporting period	Amount spent Direct or through Implementing agency*
1.							
2.							
3.							
	TOTAL						

*Give Details of Implementing Agency

6. In case the company is unable to spend the 2% of the average net profit for the previous 3 financial years or any part thereof, the company shall provide the reasons for the not spending the amount in the Board report.
7. A Responsibility statement of the CSR Committee that the implementation and the monitoring of the CSR Policy, is in compliance with the CSR objective and the Policy of the company.
8. The Report needs to be signed by
 - a. CEO /MD /Director
 - b. Chairman CSR Committee

13. Policy Review Mechanism

The CSR policy will be under the ownership of the CSR Committee and will be reviewed annually or earlier, if necessary.