

CORPORATE SOCIAL RESPONSIBILITY POLICY

OF

PAYU PAYMENTS PRIVATE LIMITED

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Authority	Details
Scope	This corporate social responsibility policy for PayU Payments seeks to lay down basic principles for undertaking of its CSR obligations and monitoring of CSR activities.
Drafted by	Legal and Compliance Department
Approved by	Board of Directors

DEFINITIONS AND INTERPRETATION

1 Definitions

“**Applicable Laws**” means all applicable laws, statutes, enactments, acts of central or state legislature, ordinances, rules, regulations, notifications, guidelines, directions, directives, policies, circulars, decisions and any other pronouncements issued in accordance with the Companies Act, the RBI Master Directions or any other law applicable to the jurisdiction of India by any central, state, local, or other governmental, administrative or regulatory authority exercising executive, legislative, judicial, regulatory or administrative functions.

“**Board**” means the board of directors of PayU Payments.

“**CSR**” means corporate social responsibility.

“**CSR Policy**” means this corporate social responsibility policy as approved and adopted by the Board.

“**Companies Act**” means the Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

“**CSR Rules**” means the Companies (Corporate Social Responsibility Policy) Rules, 2014.

“**PayU Payments**” means PayU Payments Private Limited, a company incorporated under the Companies Act, 1956.

“**RBI**” means the Reserve Bank of India.

2 Interpretation

Unless defined expressly herein, all capitalised terms used in this CSR Policy shall have the meaning assigned to them under the Companies Act, and the rules made thereunder from time to time and/or any other relevant policy or business document of PayU Payments (as the case may be).

INTRODUCTION

3 Background

- 3.1 PayU Payments is engaged in the business of business of Payment Aggregation, issuance of pre-paid payments instruments.
- 3.2 Section 135 of the Companies Act read with CSR Rules, requires PayU Payments to:
 - 3.2.1 constitute a CSR committee of Directors;
 - 3.2.2 adopt a CSR policy;
 - 3.2.3 spend at least 2% of its average net profits made during the immediately preceding three financial years towards CSR activities as set out in Schedule VII to the Companies Act; and
 - 3.2.4 confirm compliance thereof in the Annual Report.
- 3.3 In view of the above, the Board has approved and adopted this document as the CSR Policy of PayU Payments.

4 Objective

- 4.1 Objectives of this CSR Policy are to:
 - 4.1.1 describe the principles that will guide PayU Payments in all the CSR activities that will be undertaken by it;
 - 4.1.2 specify projects and programmes that can be undertaken in terms of Schedule VII to the Companies Act and which PayU Payments plans to undertake; and
 - 4.1.3 specify the modalities of execution and the implementation mechanism for this CSR Policy.

5 Overview

This CSR Policy is divided into the following parts:

- 5.1 **Part 1 (CSR Principles)** describes the approach and principles that will guide PayU Payments in the CSR activities undertaken by it;
- 5.2 **Part 2 (CSR Governance)** provides a governance framework of CSR activities of PayU Payments;
- 5.3 **Part 3 (Monitoring and Reporting)** sets out the monitoring and reporting mechanism for CSR activities; and
- 5.4 **Part 4 (Review and Oversight)** describes the procedural aspects for implementing this CSR Policy (such as the manner and periodicity in which this CSR Policy shall be reviewed and amended by PayU Payments).

PART 1

CSR PRINCIPLES

6 CSR Amount

- 6.1 In accordance with Applicable Laws, PayU Payments endeavours to spend in every financial year in pursuance of its CSR obligations:
- 6.1.1 at least 2% of its average net profits (as defined under Applicable Laws for the purpose of CSR activities) made during the three immediately preceding financial years;¹ and
 - 6.1.2 any surplus arising out of CSR activities carried out by PayU Payments and such surplus shall not be considered to be the part of business profit.²
- 6.2 If PayU Payments fails to spend the CSR amount, partially or fully, in pursuance of its CSR obligations, the Board shall specify the reasons for not spending the CSR amount in the Board report.³
- 6.3 If PayU Payments spends the CSR amount in excess of the required CSR amount as per Applicable Laws in a financial year, then PayU Payments may set-off its excess CSR expenditure with its CSR obligations in subsequent years if permitted as per the Law.⁴
- 6.4 PayU Payments currently does not have profits and accordingly is not obliged to spend any CSR amount on CSR activities under Applicable Laws.

7 CSR Activities / Projects

- 7.1 PayU Payments plans to focus its CSR activities in such areas as are permitted and recognised under the Companies Act.
- 7.2 PayU Payments may spend its CSR amounts in any of the activities laid down under schedule VII of the Companies Act including through contributions and donations such as contribution to the PM CARES Fund.
- 7.3 All activities which are for the exclusive benefit of employees or their families, contributions to political parties and activities in the normal course of business are excluded from CSR spending.⁵
- 7.4 All CSR activities will be undertaken only within India.⁶

8 Process

- 8.1 The process to be followed while undertaking/ funding CSR activities will be determined by the Board from time to time.

¹ Section 135(5) of the Companies Act, 2013.

² Rule 6(2) of the CSR Rules.

³ Section 135(5) of the Companies Act, 2013.

⁴ Section 135 of the Companies Act, 2013, as amended by the Companies (Amendment) Act, 2020.

⁵ Rule 4 of CSR Rules.

⁶ Rule 4(4) of CSR Rules.

PART 2 CSR GOVERNANCE

The CSR activities of PayU Payments will be managed and monitored by the CSR Committee and the Board.

9 **CSR Committee**

9.1 **Appointment:** The CSR Committee shall be appointed by the Board.

9.2 **Composition:** It will consist of at least two directors.⁷

9.3 **Role:** The CSR Committee will:⁸

- 9.3.1 develop and review this CSR Policy;
- 9.3.2 recommend the amount of expenditure to be incurred on CSR activities;
- 9.3.3 monitor this CSR Policy from time to time;
- 9.3.4 recommend CSR activities and budget to the Board for its approval;
- 9.3.5 monitor and review the CSR projects/ programmes from time to time;
- 9.3.6 ensure that:
 - (i) all CSR projects/programmes detail the modalities of execution, implementation schedules and monitoring processes; and
 - (ii) overall governance and compliance for CSR obligations;
- 9.3.7 spend the allocated CSR amount on the CSR activities in accordance with the Companies Act and CSR Rules;
- 9.3.8 advise the Board of any material regulatory changes;
- 9.3.9 annually report to the Board:
 - (i) the status of the CSR activities; and
 - (ii) contributions made by PayU Payments;
- 9.3.10 exercise such other power or functions as may be required under the Applicable Laws / regulations to be undertaken by the CSR Committee from time to time; and
- 9.3.11 perform such other functions as may be delegated to the CSR Committee by the Board, from time to time, or as such other functions as may be deemed appropriate by the CSR Committee to be undertaken by it from time to time.

9.4 **Reporting:** The CSR Committee directly reports to the Board.

⁷ Section 135(1) of the Companies Act, 2013.

⁸ Section 135(3) of the Companies Act, 2013.

PART 3

MONITORING AND REPORTING

10 Monitoring

- 10.1 The CSR Committee will oversee the implementation of this CSR Policy. The CSR Committee will be responsible for monitoring the CSR activities of PayU Payments as per this CSR Policy and provide necessary updates and recommendations to the Board in this regard. The CSR Committee may meet periodically as required.
- 10.2 The CSR Committee:
- 10.2.1 will perform periodic assessment of the relevance, performance, efficiency and impact of the CSR project/programme;
 - 10.2.2 will report on the project / programme and the expenditure on a regular basis in addition to a yearly report, future plans of action for the subsequent financial year and any cash balance to be carried forward;
 - 10.2.3 will make periodic field visits;
 - 10.2.4 will undertake sample audits of the projects/ activities;
 - 10.2.5 will review reports relating to CSR activities including impact assessment reports;
 - 10.2.6 may engage external agencies to evaluate the CSR projects and monitor its progress; and
 - 10.2.7 will monitor the implementation of the CSR projects and the utilization of the CSR amount.
- 10.3 The CSR Committee can delegate any of its functions under paragraph 10.2 of part 3 of this CSR Policy, to any official of PayU Payments as it may deem appropriate from time to time.

11 Reporting

- 11.1 The CSR Committee
- 11.1.1 will report to the Board the status of the CSR projects/ activities undertaken by PayU Payments;
 - 11.1.2 will prepare an annual report of the CSR activities stating clearly the resultant social impact and the gaps in implementation of the planned CSR activities along with necessary corrective actions; and
 - 11.1.3 will provide a responsibility statement on the implementation and monitoring of this CSR Policy confirming that it is in compliance with CSR objectives of PayU Payments.
- 11.2 The Board in its Annual Report shall include the details of the CSR activities undertaken in the Financial Year as provided in the Annexure 1.⁹

⁹ Rule 8(1) of the CSR Rules.

PART 4 REVIEW AND OVERSIGHT

12 Board Approval

The Board has reviewed, approved and adopted this document as the CSR Policy of PayU Payments.

13 Periodicity of Review

This CSR Policy will be reviewed by the Board and/or CSR Committee on such periodical basis as may be deemed appropriate by the Board and/or CSR Committee to ensure compliance with any modification, amendment or supplementation to the Companies Act and the rules made thereunder.

14 Amendments

14.1 Any amendments to this CSR Policy will be reviewed and approved by the Board and the CSR Committee.

14.2 Provisions of this CSR Policy are subject to amendment in accordance with Applicable Laws (including rules, regulations, notifications) on the subject as may be issued from time to time. In case any provisions of this CSR Policy are inconsistent with Applicable Laws (including any subsequent amendment(s), clarification(s), circular(s), etc.) then such provisions of Applicable Laws shall prevail over the provisions hereunder and this CSR Policy shall stand amended so that it complies with Applicable Laws from the effective date of the change in Applicable Laws.

15 Publication

This CSR Policy will be displayed on PayU Payments' website in compliance with Applicable Laws.¹⁰

¹⁰ Section 135(4)(a) of the Companies Act, 2013. Also see Rule 9 of CSR Rules.

ANNEXURE 1

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs 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 PayU Payments for last three financial years
4. Prescribed CSR expenditure (two per cent. of the amount as in item 3 above)
5. Details of 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 spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project 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 was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) (Direct expenditure on projects or programs. (2) Overheads :	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency
1							
2.							
3.							

*Give details of implementing agency:

6. In case PayU Payments has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, PayU Payments shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/-	Sd/-	Sd/-
(Chief Executive Officer or Managing Director or Director)	(Chairman CSR Committee)	(Person specified under clause (d) of sub-section (1) of section 380 of the Companies Act) (wherever applicable)

PayU Payments Private Limited

Composition of CSR Committee:

1. Aakash Moondhra
2. Anirban Mukherjee