

CORPORATE SOCIAL RESPONSIBILITY POLICY OF IL&FS INFRA ASSET MANAGEMENT LIMITED

| Reference Number | Date | Prepared By | Approved By |
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| Version 1 | January 30, 2017 | Compliance | Corporate Social Responsibility Committee at their meeting held on January 30, 2017 |
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Corporate Social Responsibility Policy

(1) Preamble :

In an effort to proactively add value, reduce risk and enhance environment sustainability, the Board of Directors of Infrastructure Leasing & Financial Services Limited (“IL&FS”), the ultimate Holding / Promoter Company of IL&FS Infra Asset Management Limited (IIAML) (the Company) has approved an Environmental and Social Report (ESR) way back in 1995. The objectives of the ESR were (a) to mainstream Environmental and Social (E&S) considerations in the overall project cycle (b) to set examples of environmentally sound and socially acceptable practices and (c) to inspire and encourage all stakeholders, including partners and co-investors towards their contribution for the said social and national cause

The changing business scenario over the years, and evolving national policies and legislation, led the Group to expand its scope of activities under E&S. At IL&FS, CSR expands beyond responsibility within business operations, to include all voluntary actions undertaken to benefit the community and the environment at large

(2) CSR Vision and Objective:

The Company envisions initiating collaborative and innovative interventions as a continuous process across various sectors of development to bring about a positive social change with sustainability

The CSR Vision of the Company will entail undertaking socially useful programmes for welfare & sustainable development of the community at large. In tune with its vision and purpose, the Company has framed the CSR policy as detailed herein

The Policy aims at inter alia nurturing socio-economic development schemes for capacity building, livelihood creation, quality education, empowerment of people, etc., with the primary goal of ensuring that benefits reach the targeted beneficiaries. The approach of the Company for implementation of the CSR activities will be oriented to identify and formulate projects in response to the need of society, devise transparent monitoring mechanism, and integrate its activities towards environmental, social and economic development of the community

(3) Background & Scope :

In terms of Section 135 of the Companies Act, 2013, the Company is required to formulate and adopt a Corporate Social Responsibility (CSR) Policy.

"CSR Policy" means a statement containing the approach and direction given by the board of a company, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

The Policy will apply to all corporate social responsibility activities or initiatives undertaken, developed and reviewed by the Company within the purview of Schedule VII of the Companies Act 2013, upon the approval of the Board

(4) Annual Action Plan:

An Annual action Plan (AAP) to be placed before the Board every financial year and shall include the following:

- a. List of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b. the manner of execution of such projects or programmes
- c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d. monitoring and reporting mechanism for the projects or programmes

Provided that Board may alter such plan at any time during the financial year based on the reasonable justification to that effect.

(5) CSR Activities :

- (a) The Company will undertake specific CSR projects that are in conformity with Schedule VII of the Act.
- (b) Activities undertaken in the pursuance of normal course of business or exclusively for the benefits of employees, direct or indirect political contribution, social activities undertaken outside the Country, activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services, activities carried out for fulfilment of any other statutory obligations under any law in force in India will not be considered as CSR expenditure.
- (c) The Company may undertake CSR activity itself or through a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, established by the company, either singly or along with any other company, or 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 any entity established under an Act of Parliament or a State legislature; or a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

(6) **Approval Process :**

The list of such projects/programmes and corresponding budget outlays shall be approved by the Board. The Annual Action Plan for CSR shall be approved in each financial year. Periodic reviews and / or modifications to the projects and allocations will be approved by the Board.

The Board shall satisfy itself that the funds disbursed for CSR have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

(7) **Effective Date :**

This CSR Policy shall be effective from 8 February, 2021.

(8) **CSR Expenditure :**

- (a) CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board, but shall not include expenditure on an item not in conformity with activities which fall within the purview of Section 135 read together with rules framed thereunder and Schedule VII of the Companies Act, 2013.
- (b) The Company shall strive to spend least 2% of the average net profit of the Company made during the three immediately preceding financial years, annually towards CSR activities
- (c) In an event the Company fails to spend the amount as above, the Board of Directors shall specify the reasons for not spending such amount in the Directors' report of that financial year and unless the unspent amount relates to any ongoing project referred to in Section 135 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.
- (d) Further if the Company spends excess of the amount as mentioned above, the Company may set off such excess amount against the requirement to spend for such number of succeeding financial years and in such manner, as may be prescribed in Section 135 of the Companies Act, 2013.
- (e) The administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

- (f) Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

“Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

(9) Disclosure of the Policy :

The Company shall disclose the CSR Policy and Projects approved by the Board on its website for public access. The Board's Report of the company shall include an annual report on CSR.