

CORPORATE SOCIAL RESPONSIBILITY POLICY OF IL&FS INFRA ASSET MANAGEMENT LIMITED VERSION 1

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

Corporate Social Responsibility Policy

(1) Preamble :

In an effort to proactively add value, reduce risk and enhance environment sustainability, the Board of 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) Scope :

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 recommendation of the CSR Committee and approval of the Board

As per the provisions of the Companies Act, 2013, activities which are 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 shall fall outside the purview of the this policy and will not be considered as CSR expenditure

(4) CSR Committee :

The Board of Directors at their meeting held on August 5, 2016 constituted the CSR Committee

The CSR Committee will meet as per the need and in case of urgent situation, can consider and approve the matter by passing resolution through circulation. CSR Committee have been entrusted with following responsibilities:

- (a) Formulate and recommend to the Board of the Company the CSR Policy which shall indicate the CSR activities to be undertaken by the Company
- (b) Identify the focus areas for the CSR activities on a yearly basis and review the same on a periodic basis
- (c) Recommend the amount of expenditure on the activities referred to in (a) above
- (d) Monitor the CSR Policy of the Company from time to time
- (e) Institute a transparent monitoring mechanism for the implementation of the CSR agenda

(5) CSR Activities :

- (a) The Company will undertake specific CSR projects that are in conformity with Schedule VII of the Act
- (b) The Company shall not include any contribution of any amount, directly or indirectly, to any political party, under Section 182 of the Companies Act 2013, as a CSR activity. CSR Activities shall also not include the activities undertaken in pursuance of normal course of business of the Company
- (c) Any surplus arising out of any of the CSR activities / programmes shall not form part of the business profits of the Company
- (d) Any activity for the exclusive benefit of the employees of the Company or their family members shall not be considered as a CSR activity
- (e) The Company may undertake CSR activity through a registered Trust or a registered Society or a Section 8 Company / Trust established by the Company or its holding or associate Company or through a third party Trust, Society, a Government Company, provided they have a track record of at least three years in undertaking similar programs or projects
- (f) The Company may also collaborate with other Companies for undertaking CSR activities provided that each Company can separately report on such program / projects

(6) Operational Framework:

CSR expenditure can be made in following ways:

- (1) Nalanda Foundation: Nalanda Foundation, is a Charitable Trust established by Infrastructure Leasing & Financial Services Limited (IL&FS) for its group CSR activities. Further details of Nalanda Foundation are as per Annexure - A
- (2) The Company can spend the CSR expenditure in accordance with activities covered under Schedule VII to the Companies Act, 2013, which reproduced below for the sake of convenience,

Activities relating to:

- eradicating extreme hunger and poverty;
- promotion of education;
- promoting gender equality and empowering women;
- reducing child mortality and improving maternal health;
- combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- ensuring environmental sustainability;
- employment enhancing vocational skills;
- social business projects;
- contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- such other matters as may be prescribed from time to time by way of issue of circular / notification by Ministry Corporate Affairs, New Delhi and / or such other Ministries / Regulatory authorities as may be established by Government of India from now onwards, shall also be deemed to be part of this policy

(7) Approval Process :

The Approval Process would be a two-stage process:

(a) Board approval :

The list of such projects / programmes and corresponding budget outlays shall be approved by the Board on the recommendation of the CSR Committee. The Annual 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 CSR Committee

(b) Delegated authority :

Post approval of the Board and the Committee all actual expenditures / payment for a specific project shall be approved by the Chief Executive Officer of the Company (CEO). All such expenses will be placed before the next meeting of the Committee. Any actual expenditure in excess of the budgeted amounts will be based on a specific approval of the Committee

(8) Effective Date :

This CSR Policy shall be effective from April 1, 2016

(9) 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 on the recommendation of its CSR Committee, but shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act, 2013
- (b) The Company shall strive to spend least 2% of the average Profit before tax of the Company for three 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

(10) Disclosure of the Policy :

The composition of the CSR Committee, CSR Policy, significant CSR activities and achievements will be reported in the Company's Annual Report. The same shall also be displayed on the Company's website

Annexure – A to the Corporate Social Responsibility Policy

Nalanda Foundation (Nalanda) is established by Infrastructure Leasing & Financial Services Limited (IL&FS) for its group CSR activities. IL&FS and its Group Companies channelize their CSR initiatives through Nalanda. Implementation of CSR policy may be made through the Nalanda Foundation directly, or through development partners acting as programme managers, vendors, suppliers, service providers etc. engaged by Nalanda Foundation

While dealing with Nalanda, the Company may have to delegate the following to Nalanda Foundation:

- (a) To develop annual/periodic CSR action plans and budgets
- (b) To develop and appraise CSR proposals
- (c) To select appropriate development partners for implementation of the approved projects / programmes
- (d) To supervise, monitor and evaluate the various CSR interventions
- (e) To submit quarterly monitoring report to the CSR Committee along with recommendations for amendments if any, to the projects approved
- (f) To give complete support to periodic independent audit for compliance reporting
- (g) To engage competent independent agencies for the purpose of undertaking specific impact assessments to measure and report project/programme level development impacts on various stakeholders on completion of a CSR project/ programme
- (h) To report progress on and compliance with the CSR Policy and provisions of the CSR Rules