



## ***CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY***

Through its CSR initiatives, Azure power is committed to improving quality of life by **making** a positive economic, social and environmental contribution to the communities it operates in. Our CSR activities will focus on following thematic areas:

1) Livelihood

2) Health

3) Education

Apart from the above thematic areas, Azure Power may shortlist any other areas of **intervention**.

Our CSR activities are governed by below mentioned principles:

- Consult proactively with communities for Need Assessment and implement CSR initiatives accordingly.
- Review impact of our CSR initiatives periodically.
- Promote self-sustainable CSR projects.
- Encourage employee volunteering.
- Compliance to Section 135, Schedule VII of companies act.

This policy is applicable to all subsidiaries and group companies of Azure power. **Management** commits availability of adequate time and resource to fully implement this policy.

Rupesh Agarwal – Chief Executive Officer

November, 2022

## ***Annexure 1*** ***Governance Structure***

Azure Power's CSR governance structure comprises of CSR committee and CSR Team, wherein CSR committee reports directly to the Board. The said structure is diagrammatically represented hereunder:



### **Composition CSR Committee**

<b>S. No.</b>	<b>Name</b>	<b>Designation/Category</b>
1	Mr. MS Unnikrishnan	Chairman
2	Ms. Supriya Prakash Sen	Member
3	Mr. Deepak Malhotra	Member

### **CSR Committee Key functions**

- ✓ Formulate and recommend a CSR Policy to the Board for approval
- ✓ Approve broad projects and geographical locations of CSR activities
- ✓ Take note of impact evaluation report
- ✓ Ensure that the CSR projects are not undertaken in the normal course of business of Azure Power
- ✓ Gives preference to the projects proposed in local areas around its operations for spending the amount earmarked for CSR projects
- ✓ Perform such other functions as may be delegated and/or assigned by the Board from time to time with respect to CSR

### **Composition CSR Team**

- 1) Chief Executive Officer
- 2) Chief Sustainability Officer
- 3) Chief Operating Officer
- 4) Head Operation
- 5) Head Land

### **CSR Team Key functions**

- ✓ Seek inputs from all staff on possible CSR activities
- ✓ Shortlist CSR project activities to be undertaken in a year
- ✓ Ensure projects comply with schedule VII take note of deviations if any.
- ✓ Recommend projects to be undertaken during the financial year to the CSR Committee.
- ✓ Set targets and timelines for implementation of developmental initiatives.
- ✓ Apprise CSR Committee with the project performance and status of CSR expenditure once every quarter.
- ✓ Act as an executory support to the CSR Committee and keep a close watch on the progress of the projects and the estimated outcome.
- ✓ Take decisions on minor deviation in budget, project and locations during execution.
- ✓ Allocate appropriate non-financial resources to achieve desired performance in alignment with Sustainability & CSR targets and initiatives.
- ✓ Document and report all CSR activities of the company in pursuit of the Companies Act and the CSR Rules.

## *Annexure 2*

### *Implementation Mechanism*

#### **CSR budget**

The Board shall ensure that in each financial year, Company spends at least 2 per cent of the average net profit made during the three immediately preceding financial years on CSR activities mentioned in Schedule VII of the Act. Computation of average net profits will be carried out in accordance with the provisions of Section 198 of the Act.

In case the Company fails to spend such mandated amount of CSR Expenditure, the company shall disclose the reasons for the same in the Board's report.

#### **Implementation strategy**

The following areas / aspects shall be broadly considered for designing and implementation of CSR strategy / Plan

- CSR program will be undertaken by Azure Power in thematic areas selected for interventions under CSR Policy and in line with Section 135 schedule VII of companies act.
- CSR project would be planned and implemented by CSR team post approval by CSR committee. The composition of CSR committee and CSR team is mentioned in the section on the Governance Structure of the Policy
- CSR team may use the services of internal teams, expert agencies, consultancy firms etc., wherever required for implementation support including but not limited to carrying out base line surveys, guidance on project design and implementation, due diligence of implementation partners, impact assessment etc.
- The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program. A project can conclude in single year and / or extend to multiple years.
- The mode of implementation of CSR programs will include a combination of direct implementation and working with partners such as Government schools and college, training institutes, NGOs, business partners, registered societies etc. Azure Power will select its activity partners after appropriate due diligence.
- Azure Power may enter into partnerships with the government, business partners and communities to create a multiplier effect of its CSR projects.
- Utilisation of CSR funds for any business-related expense is disallowed.
- Review of impact of major initiatives is required at the conclusion of program in line with monitoring and evaluation section of the policy. This would be documented and shared with CSR committee
- For Asset creation and work undertaken at the village/community level/school will be through the NGOs. For any such work undertaken for the entire village, Panchayat Head (Sarpanch/Mukhiya) will be required to get written approval from Gram Sabha and give necessary application/letter/NOC etc. required to the company.

### **Selection of Implementation Partners/ Vendor**

The implementation partners will be selected based on the following criteria:

- Expertise in the selected focus area for invention.
- Prior work experience of the geographical area or within the state.
- Agency/NGO/CBO should not be blacklisted by any Government Department, PSU and industries for failure to complete work, etc. and should not have any criminal cases registered against it.
- Should be a registered organization with not less than three years of experience in carrying out development related works/activities, social work, community development works, grassroots level work at individuals and community level, and any other criteria specifically mentioned by the CSR Committee.
- Payment terms will be based on the Terms of Reference and / or Memorandum of Understanding between Azure Power and Project Partners.
- The modalities for the execution of the work, selection of contractors, payment terms etc. will be worked out on the basis of extent of work. Final Payment shall be made only after inspection by Azure Power.
- Before execution of any work under CSR, Azure Power will register the contractor/agency/etc. as their vendor. All internal requirements for vendor registration of Azure Power will be fulfilled by the selected contractor/agency/etc. before awarding of the CSR related works.
- For similar activities and output, Azure Power will examine both the outcome and costs and whether the activity has been implemented by the agency for other industries.

### **Site Selection Criteria/ Parameters for CSR Activities.**

- Geographical location of the site would where Azure Power has set up Solar Plant or proposed to be built up.
- The implementation of CSR activities should preferably within 50 Km of radius of a project Site to make it more sustainable. The boundary may be extended by CSR team, however the project has to be implemented in the same state of Azure's operation.
- Preliminary need-based assessment for implementation of CSR Activities and may be carried out through community consultation and communicated to CSR team by project personnel.

### **Treatment of Surplus**

As per the provisions of the CSR Regulations, any surplus arising out of the CSR programs, projects or activities shall not form part of the business profits of a company.

In line with the above regulations, any surplus generated from CSR projects undertaken by the company will be tracked and channelized into the CSR corpus. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

## *Annexure 3*

### *Process of Monitoring and Evaluation Mechanism*

Azure Power will institute a well-defined monitoring and evaluation mechanism to ensure that each CSR program has:

- Defined objectives developed out of the societal needs
- Defined targets, timelines and measurable parameters, wherever possible
- A progress monitoring and reporting framework that is aligned with the requirements of the section 135 of the Companies Act and the CSR Rules

Azure would employ a uniform criterion for evaluating its CSR project as per the guidelines provided below. More focus would be given on sociological impact of the project than financial impact of the project activities. The evaluation criterion selected for the project may be chosen from list of below mentioned indicative criteria.

1. Training & Education
2. Community engagement
3. Employee engagement
4. Health
5. Livelihood & Skill development
6. Sustainability
7. Empowerment

Each project would be evaluated on one or more of the above-mentioned criteria and be given points based on their ability to meet and extent of fulfilment of the criteria.

The process of awarding point is based on expert opinion and is qualitative in nature however once the points are awarded, the evaluation becomes quantitative, thereby enabling the impact evaluation outcome to become objective.

Since each category of CSR project would be distinctively different from the other, for each type of projects customized questionnaire would be developed during impact evaluation process.

A stakeholder's engagement is mandatory during the time of impact evaluation. Methods of engagement may vary like questionnaire survey, focused group interaction and one to one meeting etc.

The result of impact evaluation has to be summarised and presented to CSR committee.

**Annexure 4**  
**Schedule VII of companies act**

(i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) 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 48 (including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga);

(v) 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;

(vi) measure for the benefit of armed force veterans, war widows and their dependents, Central Armed Police Forces (CAPEF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports;

(viii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) rural development projects.

(xi) slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.