

2018-19

Sustainability Report

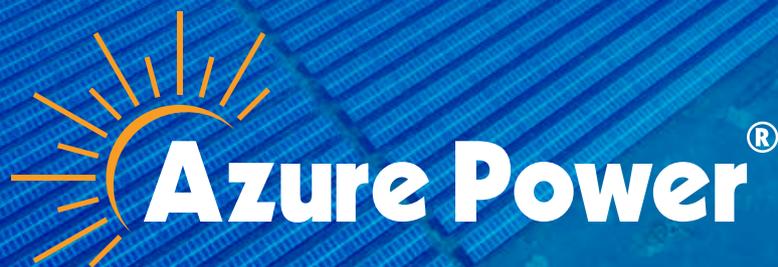


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Section 1

Foreword



1.1 Letter From The CEO

It gives me immense pleasure to present to you our Sustainability Report for the year 2018-19. It is an account of Azure Power's commitment towards responsibly managing our health, safety, social and environmental performance in all our thoughts and actions.

Sustainability is the core of our value proposition and the essence of our business; so much that we go beyond our business objectives at times to choose the green, safe and sustainable pathway. Such decisions have paid off for us and they make better economic sense over the long-term.

While we continue to transform our portfolio and grow alongside the burgeoning Indian solar market, we remain focused on delivering value to our stakeholders by providing reliable solar power to our customers, fulfilling careers to our employees, bettering the communities in which we operate, and providing strong returns to our shareholders. In doing so, we constantly strive to remain sensitive towards our environment by staying committed towards ensuring the highest ecological standards.

Energy is critical to our sustenance and the way our dependency on energy gets addressed going forward will define the shape of our future. Solar power is a perfect fit for India's growing electricity needs – which also happens to be our business. It is a cleaner, faster-to-build and a lower cost alternative energy solution compared to coal or diesel-based power, of which the economic and climate costs continue to increase every year. Through our use of solar power till December 2019, we estimate that we have avoided the release of approximately 5.2 million tons of CO₂, which is equivalent to approximately 3.8 million tons of coal not being burned. We also focus on reducing the environmental impact of our operations as well. We have even been able to reduce our water consumption by half compared to last year. In the coming years, our target is to become water neutral through aggressive deployment of dry-cleaning solutions for our upcoming projects and implementing water harvesting in our currently operating projects.

We believe in nurturing our employees by providing them ample opportunities of growth and leadership. Our philosophy is to collaborate with our workforce towards building a great workplace, where every individual can aspire to grow symbiotically with the organization. In our pursuit to realize this ambition, we provide our employees with specialized trainings at regular intervals to gain technical and personal skills. We consciously encourage talent mobility across the organization to provide avenues for growth and exposure. We strive towards striking an optimal gender balance by ensuring a robust pool of women within the organization and regularly reviewing our diversity ratios at all levels. We are pleased to have Jane Lun Leung join our Board this year and with her extensive experience as a professional in the financial services sector, particularly in accounting, auditing, taxation, corporate secretarial and administration, she would help broaden and deepen the experience of the Board.

At Azure Power, we strongly believe that safeguarding Health & Safety of all our stakeholders is of the utmost

importance. This takes precedence to all our business decisions and therefore the head of our Health, Safety, Environmental and Social department reports directly to the CEO. We are committed to enhance sustainability of our operations by prioritizing and adhering to our Health & Safety principles.

Our corporate social responsibility efforts are aimed at making improvements to the lives of communities we operate around and alongside, with a focus on education, water, livelihood & skill development. We have enhanced the economies of remote communities around our project sites by creating over 4,300 local employment opportunities. Through our efforts, we have provided clean water to over 70,000 beneficiaries, installed over 800 streetlights for communities, and conducted skill development training for over 2,500 people. We have also enhanced the educational infrastructure in remote areas benefiting over 5,000 students by providing school desks and creating over 35 smart classrooms that foster education by integrating learning technologies, such as computer-aided learning solutions, specialized software and interactive smart boards.

Being the only Indian solar independent power producer listed on the New York Stock Exchange, we adhere to the highest standards of corporate governance. We are proud of our independent Board and marquee investors like CDPQ, IFC/GIF and Helion to name a few. Our projects are managed in line with the World Bank Equator Principles.

Going forward, we plan to invest over US\$ 3.2 billion to almost quadruple our capacity by 2025. We look forward to growing in-line with the market and expand our footprint across locations with the highest irradiation levels.

Sustainability will continue to remain a central focus for Azure Power. We have a longstanding belief that our business can only be as strong and successful as the communities we serve. As we grow, we will continue to support local economies and help create economic opportunity. We are a firm believer that maintaining good sustainable practices makes good business sense and leads to long term financial success. We are grateful to all the stakeholders who have been involved in our sustainability efforts and look forward to accomplishing a lot more together while providing our shareholders superior returns.



1.2 About The Company

Founded in 2008, Azure Power's journey over a decade has been a saga of pioneering initiatives, going beyond generating shareholder value to creating larger societal value. Azure Power Global Limited (APGL) is a company incorporated in Mauritius and is the holding company of Azure Power India (AZI). All our operations are conducted through AZI and its subsidiaries. APGL is a Public Limited Company and is listed as AZRE on the New York Stock Exchange (NYSE). We are an independent power producer, developer and operator of utility and commercial scale Solar PV power plants headquartered in New Delhi, India . We have a pan-India portfolio with presence in 24 states.

Our Business

We are engaged in the development, construction, ownership, operation, maintenance and management of solar power plants and generation of solar energy. We do this through long-term contracts (Power Purchase Agreements or “PPA”) with both government and non-government energy distribution companies as well as commercial customers. We sell energy to government utilities and independent industrial and commercial customers in India at predictable fixed prices. Since our energy generation does not rely on fossil fuels, our electricity prices and margins are insulated from the volatility of commodity pricing. We also guarantee the electricity production from our solar power plants to our customers.

As of March 31, 2019, we operated 41 utility scale projects and several commercial rooftop projects with a combined rated capacity of 1,441 MW which represents a compound annual growth rate, or CAGR, of 89% since March 2012. We were also in the process of constructing 13 projects with a combined rated capacity of 386 MW and had an additional 1,529 MW committed, bringing our total portfolio capacity to 3,356 MW.

We hold the ISO 14001:2015 certification for our environment management system. All our projects are developed and implemented in accordance with World Bank’s Equator Principles, which are based on the International Finance Corporation’s (IFC) Performance Standards on environmental and social sustainability.

Membership of Associations

Being a well-recognized player in the solar industry, we actively facilitate synergy within the solar industry on key issues, through our membership to the following associations:

1. Solar Power Developers Association (SPDA)
2. US-India Strategic Partnership Forum (USISPF)
3. Confederation of Indian Industry (CII)
4. Federation of Indian Chambers of Commerce & Industry (FICCI)



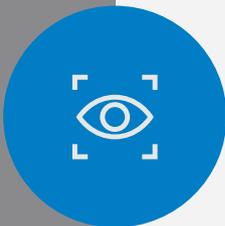
Our Approach to Risk Management

Our energy generation does not rely on fossil fuels and our electricity prices are therefore insulated from the volatility of commodity pricing.

We are exposed to certain market risks such as interest rate and foreign currency risks. We use effective hedging strategies to mitigate our exposure and minimize foreign currency and interest rate fluctuations. We follow a systematic approach to identify, measure and manage our risks. Further, we effectively combine decision making, administrative and control functions.

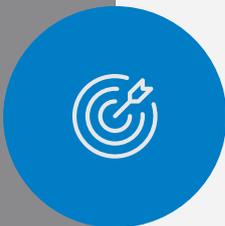
1.3 Vision, Mission, Values

At Azure Power, our focus has been on building lasting and trusting relationships with our customers, partners and employees. Societal value creation is the bedrock of our corporate strategy. The future of business as well as societal progress are intertwined, and one cannot succeed at the cost of the other. We aim to optimize our operations and ensure access to affordable electricity for all.



Vision

Our Vision is to grow profitably as an innovative company that provides affordable solar power for our future generations and be a responsible power producer delivering sustainable value to our stakeholders.



Mission

Our Mission is to be the lowest-cost power producer in the world.



Values

Our Values of Excellence, Honesty, Entrepreneurship and Social Responsibility define how we work within, with our partners and with our clients as an organization. Our Values are what support the vision of our company and help shape its culture. They are the essence of the company's identity and determines our priorities.

1.4 About the Report

This is the first sustainability report of Azure Power Global Limited. The report covers the financial period from 1st April 2018 to 31st March 2019. This being our first sustainability report we intend to publish it every year going forward. As a provider of clean energy, we have been at the forefront of sustainability since our inception in 2008. This report is our attempt to monitor and disclose our performance in the environment, social and economic dimension, so that we keep raising the bar on ensuring sustainable practices even higher.

This report has been prepared 'in-accordance' with the requirements of the Global Reporting Initiative (GRI) Standards: Core Option. Applicable national and local laws, rules and regulations have been considered for the calculation and disclosure of environmental, social and safety performance indicators.

The location/business units covered in this Sustainability Report include Azure Power's Head Office in New Delhi and our plant locations across India. Unless otherwise stated, information presented in this report pertains to these business units.

Since this is our first sustainability report, there have been no significant changes or restatement of information. Should there be any such changes in the future, they will be included in the following reports.

Forward Looking Statements

This report contains forward looking statements about our current expectations and views of future events. This being our first report, we have looked at presenting data for the reporting year. All statements, other than statements of historical facts, contained in this report, including statements about our strategy, future operations, plans and future megawatt goals of management, are forward looking statements. These statements relate to events that involve known and unknown risks, uncertainties and other factors which may cause our actual results to be materially different from any future results expressed or implied by the forward-looking statements. Please review our annual report on Form 20F on our website at www.azurepower.com for a more complete description.



SECTION 02

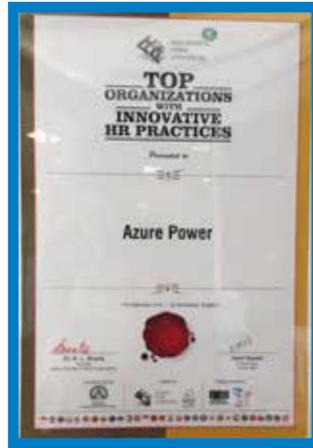
Sustainability And Us

2.1 Awards And Recognition

We were the recipient of several awards in the year 2018-19. These awards have been a ringing endorsement of our business ethos and practices, and therefore represent a source of pride for us.



Best Employer Brand Awards 2019

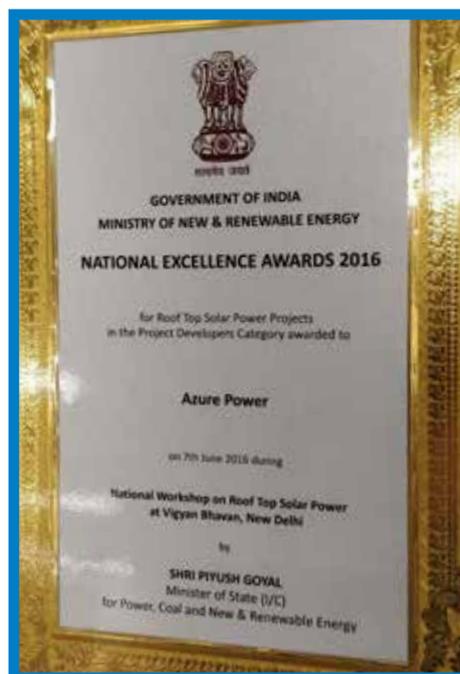


Top Organizations with Innovative Practices



ETNOW Industry Leadership Award 2019

In addition to these, we have also received the National Excellence Award from the Ministry of New & Renewable Energy (MNRE) in 2016.



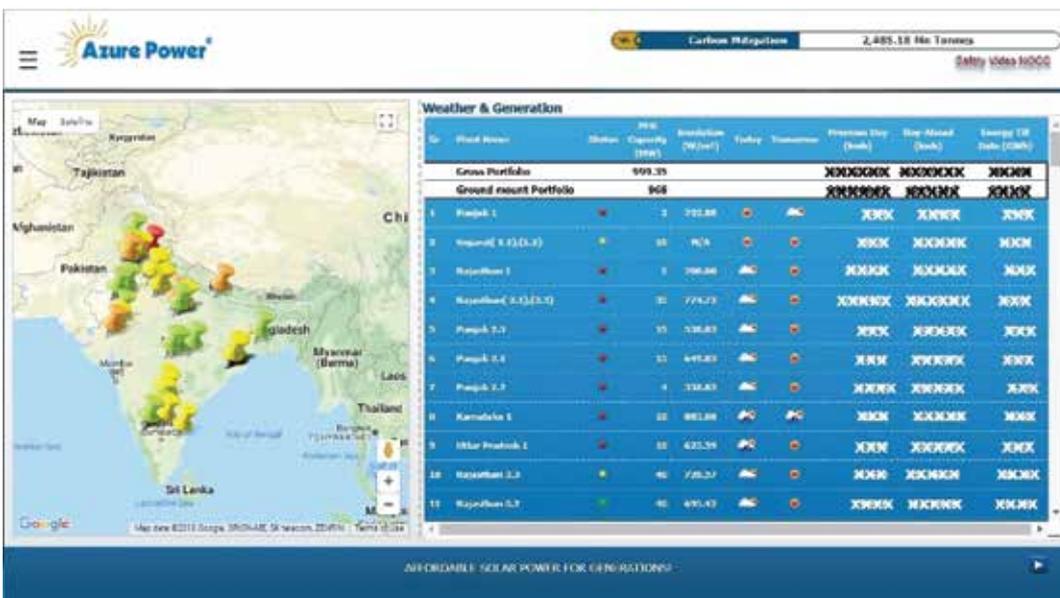
MNRE Award 2016

2.2 Innovation

Network Operating Control Center (NOCC)

We recognize innovation as an integral part of Azure Power’s strategy to achieve its mission. Since the inception of the company, we have taken up various initiatives to strengthen our focus on driving innovation across our operations. On September 9, 2013, we introduced NOCC for inhouse remote monitoring of performance of our Solar PV Plants. Initially, remote monitoring of several plants for efficient and optimized operations was a daunting task. NOCC was developed to address this challenge. It helped align our operations by providing a streamlined approach to monitor indicators of different process modules and simplifying data availability in real time. The system was improved to incorporate comprehensive data analytics and downtime improvements on the go.

Considered one of the best automated platforms available in the Indian solar sector, NOCC has contributed immensely to fine tuning our operations and optimizing our assets.



Dashboard view of NOCC



Seasonal Tilt with Thin Film Modules

With our overall agenda of optimizing our operations, one example is improving structure designs to improve yield.



We were able to develop a Seasonal Tilt design which does not cause any damage to fragile thin film modules during tilting while keeping the cost of the structure low and increasing power output.

Inhouse module cleaning system

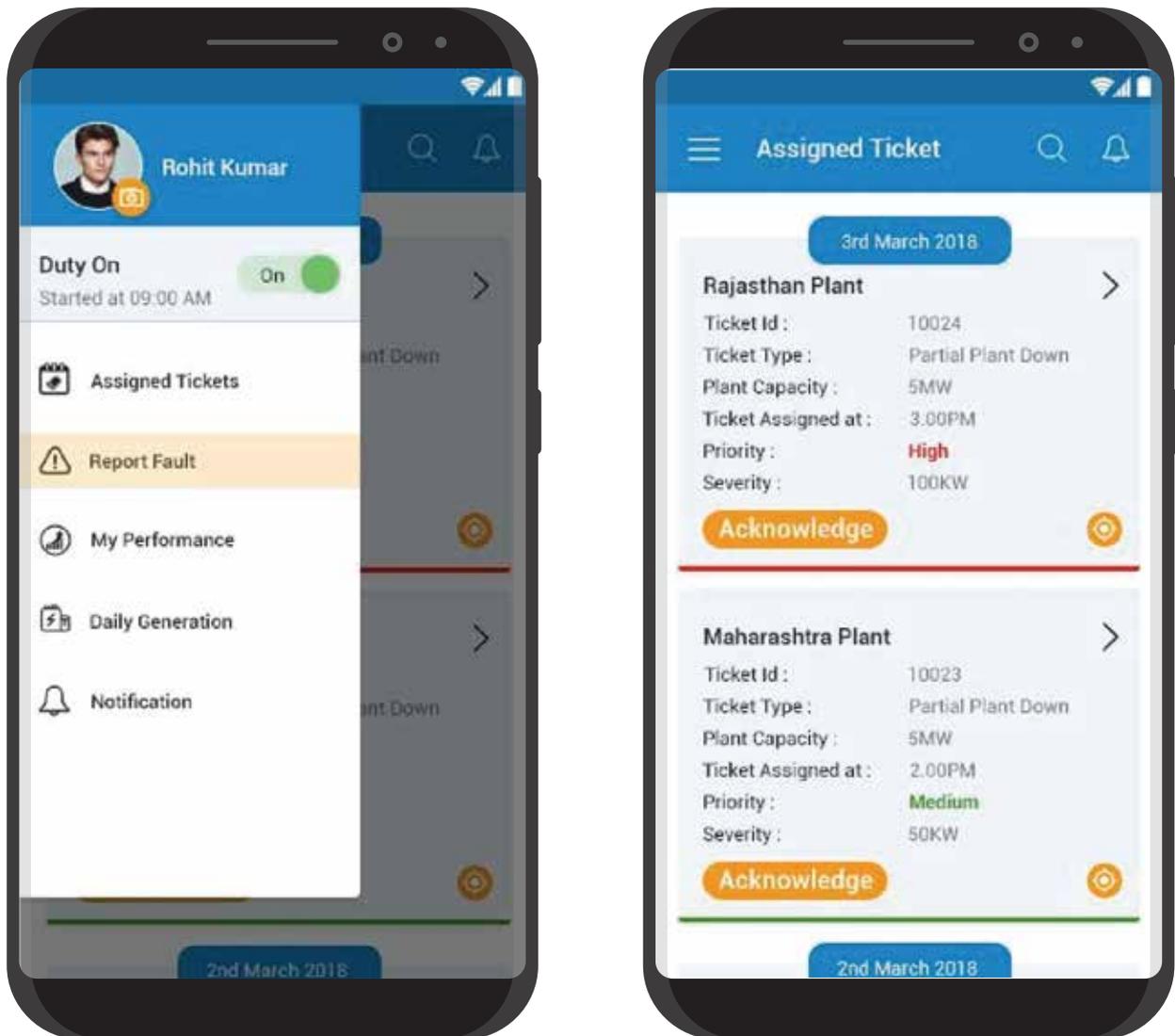
On April 15, 2018, our innovation team designed a module cleaning system to curtail water usage and bring down cleaning costs. The challenge was to build a standardized design which could be scaled up to all sites and every module type. The team successfully built an automated module cleaning system which reduced water consumption and improved cleaning efficiency. As a result, cleaning cost decreased from INR 25 per rack to INR 10 per rack. This innovation received widespread recognition within Azure through the 2018 VH Innovation Award.



Inhouse module cleaning system developed by Azure Power.

AEINA App

In March 2019, we pilot tested the mobile application 'AEINA' (Azure Power's Error Identification and Notification App) for reducing plant downtime and facilitating effective use of manpower.



The AEINA app has enabled us to identify errors and rectify them promptly. As and when the application finds an error, it sends an automated notification to the nearest available O&M executive with the help of Google Maps. Using innovating technology, we have been able to manage and optimize manpower for reducing revenue loss due to delay in handling faults and improve system operations. It has also empowered us with data that now helps us to track employee performance on turnaround time to handle system errors.

AEINA was felicitated at Azure Power with the VH Innovation Award in 2019.



SECTION 03

Our Growth Story

3.2 Economic Performance

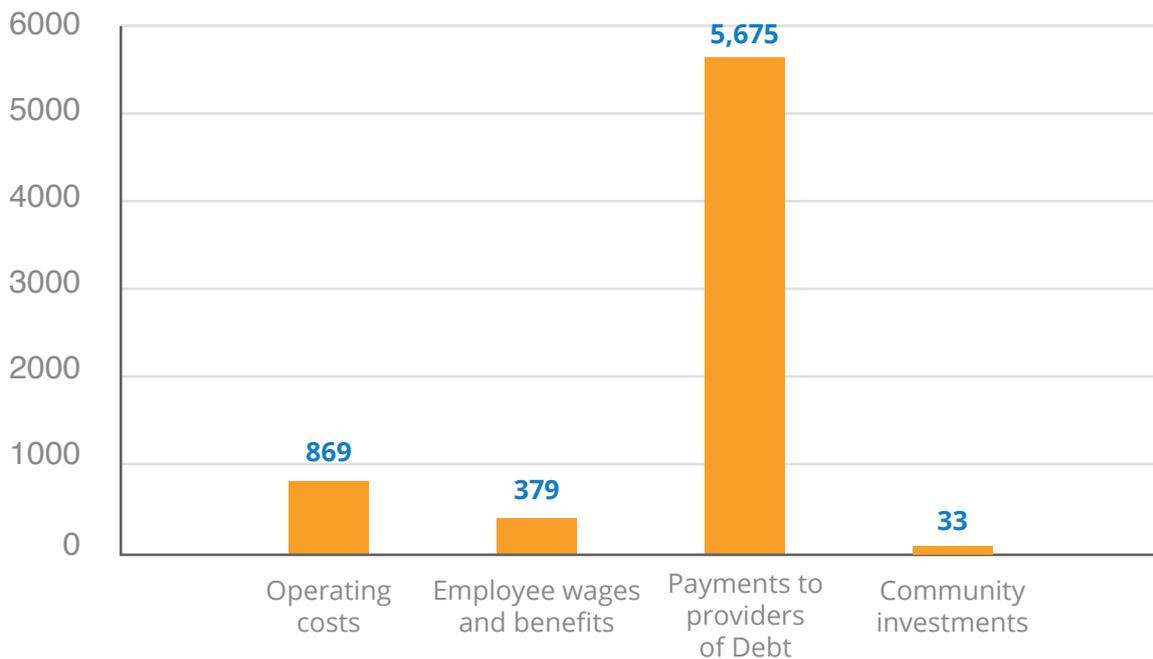
We disclose our financial performance to our stakeholders on a quarterly and annual basis. Information on the economic value generated and distributed, helps us to understand our economic impact beyond profit. We have included key highlights of our relevant financial disclosures in this report as well.

Our public shareholders were our only source of equity capital during the reporting period. The tables and figure below highlight our economic performance in FY 2018-2019.

Financial Statement for the fiscal year ended 31 st March 2019		
Parameter	Units	Total of FY 2018-19
Economic value generated		
a) Revenues	INR Million	9,926
Economic value distributed		
b) Operating costs	INR Million	869
c) Employee wages and benefits	INR Million	379
d) Payments to providers of debt	INR Million	5,675
e) Payments to government	INR Million	0
f) Community investments	INR Million	33
Economic value retained	INR Million	2,970
Financial assistance received from government	INR Million	210

Financial Statement for the year ended 31st March 2019.

Economic Value distributed FY 2018-19 in INR Million



The Economic Value Distribution of the company in FY 2018-2019.

Political contributions

The Company does not make donations or contributions, whether in cash or kind, in support of any political parties or candidates. Any direct or indirect contribution by the Company to any political party, committee or candidate for public office is strictly forbidden, even if permitted by local regulations, without obtaining advance formal approval from the CEO.

We at Azure Power intend to make steadfast efforts to ensure sustainable growth, strengthening not just our bottom line but also creating positive social and environmental impact. This further allows us to generate new employment opportunities and contribute towards the economic growth of the country.



SECTION 04

Stakeholder Engagement
And Materiality Assessment

Stakeholder Engagement

It is critical to our business that stakeholders continue to see value in what we do. We are committed to engaging with our diverse stakeholders and taking them along our sustainability journey. Our stakeholder engagement process happens across the lifecycle of a project and is guided by our overarching Stakeholder Engagement Plan (SEP). The SEP is a formal tool that allows us to devise and evaluate stakeholder engagement activities during project planning, construction, operation and decommissioning phase. Based on the analysis of the stakeholders' needs, interests and impact because of the project, appropriate management strategies are formulated.

We have identified the following stakeholder groups, each of whom are consulted at various stages of the project as and when required:

- Project Facilitator / Government Nodal Agencies
- Land Sellers
- Local Community
- Government Officials (village council / local administration)
- Local and Migrant labor
- Contractors / Suppliers
- Academic Community
- Health Staff
- Azure Power site and corporate personnel
- NGO and conservation organizations
- Lenders / Investors
- Customers / Electric Distribution Companies
- Policy Makers
- Grid Authorities

Once a comprehensive list of stakeholders has been drawn, it is followed by further analysis to better understand their relevance, the perspective they offer as well as their concerns. This also helps us to prioritize them based on the effects our project/engagement is bound to have on them.

In order to make optimum use of our time and resources, we employ a combination of methods of engagement with the different stakeholders

PHONE / EMAIL



IN-PERSON
INTERVIEWS



WORKSHOPS /
FOCUSED GROUP
DISCUSSIONS



DISTRIBUTION OF
PAMPHLETS AND
NEWSLETTERS



PUBLIC
MEETINGS



LOCAL MEDIA OUTLETS
(Magazines,
Newspapers, Radio)





The SEP is used in conjunction with stakeholder engagement and community relations management tools including

Grievance Redressal Mechanism (GRM)

This provides a mechanism for communities and affected parties to register their complaints and allows the project to respond to and resolve issues in an appropriate manner. A register is maintained at the project site to record all grievances reported.

Documentation and Record Keeping

Site specific documentation and record keeping system has been established to ensure updating and recording of requirements specified in SEP. The site project manager is responsible for maintaining a database and activity file detailing all public consultation, disclosure information and grievances collected throughout the project, which is available for public request upon request.

The site project manager of Azure Power prepares brief quarterly reports on stakeholder engagement activities and reports to the Corporate EHS Manager / EHS Head. The stakeholder engagement process is periodically evaluated by the senior management of Azure Power.

A frequent area of concern expressed by regulatory bodies was related to adherence to contracts and compliance of our plants with the grid. We address these concerns by regularly uploading the required compliances on the respective regulatory website. Similarly, we address the transparency concerns raised by local NGOs and media by showing them relevant documents in the course of regular meetings.

The table below details our stakeholder engagement activities, key concerns, mode of engagement and most common frequency of interaction with our key stakeholder groups.

Details of Stakeholders engagement

Stakeholder Group	Areas of concern	Frequency	Mode of engagement
Local Community/Academic institutions/Health institutions	Transparency of information Insufficient compensation (for new operations) Inequitable distribution of benefits	Monthly	Meetings on regular basis
Sub-contractor / Local labor / Migrant workforce	Working conditions and terms of employment Conflict of migrant population with locals	Weekly	Meetings on regular basis
Sub-contractor / Local labor / Migrant workforce	Transparency around project Impact on local community	As and when required	Meetings
Suppliers	Timely payment	Monthly	Email, Phone, Meetings
Policy Makers	Timely disclosures Adherence to norms	As and when required	Email, Phone, Meetings
Customers	Grid issues Interruption in power supply	Monthly	Email, Phone, Meetings

Materiality

In order to accurately determine the most material topics to our company, we conducted our first materiality assessment exercise this year and have prioritized our material issues based on their importance to the company and to our stakeholders.

A detailed questionnaire was framed for the sustainability aspects relevant to the company and their respective indicators. Scoring for the level of significance to the company and stakeholders was done on a scale of 1 to 5, by the leadership team comprising the CEO, COO, Business Heads, Functional Heads, as well as some selected employees.

The material aspects prioritized higher on the materiality chart have been discussed in this report in greater detail. We are committed to building on this initial exercise and improving the engagement and prioritization process in future.





SECTION 05

Our Commitment to a Cleaner Future

5.1 Our Approach to Environmental Resource Management

Being a solar power company that generates clean energy, commitment to a cleaner future is not just a play of words but is at the core of what we do. At Azure Power, we see ourselves playing a lead role in promoting sustainable development and as a responsible corporate, we hold ourselves accountable towards our environmental responsibilities. In this context, our goal is to ensure sustainability of our ecosystem by way of improving and/or restoring the environment. **All our projects are developed and implemented in accordance with the International Finance Corporation's (IFC) Performance Standards on environmental and social sustainability.** Our environmental management practices have been laid out in comprehensive detail in our Social, Health, Environmental and Safety (SHES) manual and our commitment to developing environmentally safe and benign practices are contained in our SHES Policy. SHES is an important aspect of our organization as it is critical to the continuity of our business and our quest to become the lowest-cost power producer in the world. **We hold the ISO 14001:2015 certification for our environment management system.**

Azure Power has a SHES department at the corporate level. The head of SHES (appointed by top management) is responsible for overseeing all aspects of environmental management of the company. This also includes appointing internal auditors for conducting relevant audits at periodic intervals.

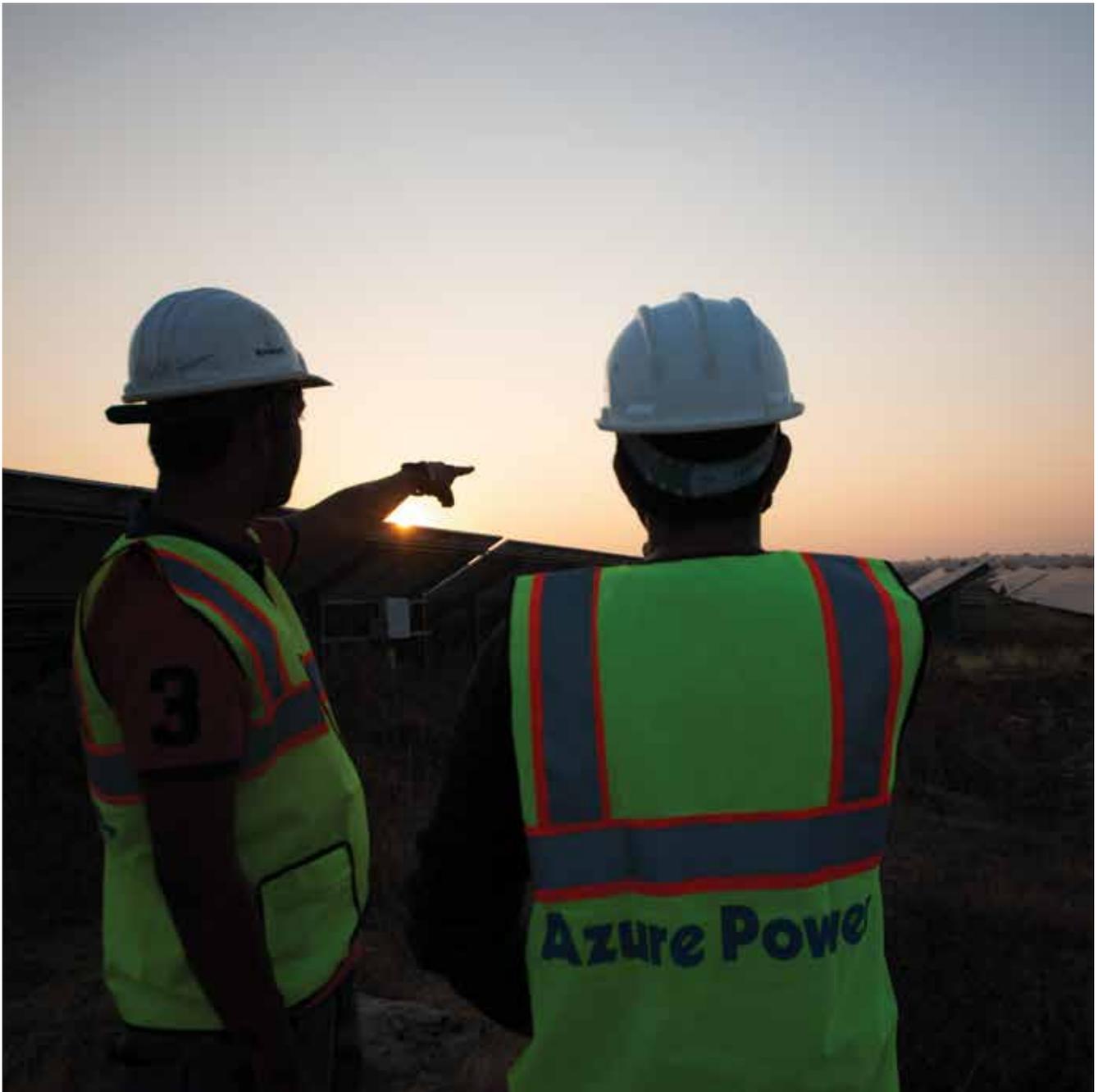
Any case of non-conformity detected as a result of audits is immediately flagged to management for suitable action.

We strictly adhere to all applicable local and national environmental laws and regulations, including:

- Hazardous Wastes (Management and Transboundary Movement) Rules, 2016
- Forest (Conservation) Act, 1980 and Forest Conservation (Rules), 2003
- Water (Prevention and Control of Pollution) Act, 1974
- Biological Diversity Act, 2002
- National Green Tribunal Act, 2010
- Solid Waste Management Rules, 2016

Under our environmental management system, all our projects undergo a voluntary Environmental Impact Assessment prior to their implementation. Depending upon the project requirements, we may conduct additional specialized studies such as Ecological Management Plan and Biodiversity Assessment to mitigate impact on biodiversity. For each project, we define objectives and targets and align them to the 3R principle (Reduce, Reuse, Recycle). Azure Power has a Grievance Redressal Mechanism (GRM) in place which is applicable throughout the lifecycle of a project. It covers all stakeholders including project staff as well as members of the community at project locations. The mechanism is such that it facilitates prompt resolution of any grievances raised on the grounds of environmental and social impact through a thorough and transparent process.

During the reporting period, there has not been any case of penalty or sanction imposed on us for non-compliance to environmental laws and regulations.



5.2 Energy And Emissions

As a provider of solar energy, energy consumption within our organization is relatively low and is therefore not a material issue for us. While changing climatic conditions pose a significant threat to our ecosystem, we are determined to mitigate this risk by increasing the share of clean energy in India's electricity mix. Our dependency on diesel and petrol is primarily for meeting the fuel requirements for our operating vehicles.

Solar Energy generated and sold in FY 2018-19

Parameter	Type of energy	Unit	Quantity
Solar Energy Generated	Renewable	GJ	5,946,477
Solar Energy Sold	Renewable	GJ	5,907,084

Fuel and Energy Consumption in FY 2018-19

Parameter	Type of energy	Unit	Quantity
Diesel Consumed	Non-renewable	GJ	3,433
Petrol Consumed	Non-renewable	GJ	34
Electricity Consumed	Non-renewable	GJ	1,096

Fuel and energy consumption in FY 2018-19.

Reduction in greenhouse gases achieved

Since substantial electricity generated by our solar plants is sold to the grid, **we are a carbon-negative organization**. The table below shows the emissions reduction achieved through our projects during the reporting period.

Reduction in greenhouse gases achieved in FY 2018-19

S.No.	Name of Project Company	Location	Capacity (in MW)	Generation (kWh)	Emission Saved (tCO ₂ e)
1	Azure Power Haryana Private Limited	Gujarat	10	16,011,381	14,730
2	Azure Power Punjab Private Limited	Punjab	2	3,067,443	2,822
3	Azure Urja Private Limited	Punjab	34	45,640,918	41,990
4	Azure Surya Private Limited	U.P.	10	14,547,420	13,384
5	Azure Power Karnataka Private Limited	Karnataka	10	16,326,000	15,020
6	Azure Sunshine Private Limited	Rajasthan	20	36,146,862	33,255
7	Azure Greentech Private Limited	Rajasthan	40	71,837,124	66,090
8	Azure Clean Energy Private Limited	Rajasthan	40	71,374,680	65,665
9	Azure Power Eris Private Limited	Bihar	10	15,629,552	14,379
10	Azure Power Infrastructure Private Limited	Andhra Pradesh	50	85,135,000	78,324
11	Azure Sunrise Private Limited	Karnataka	50	84,808,467	78,024
12	Azure Photovoltaic Private Limited	Karnataka	40	67,692,607	62,277
13	Azure Power (Raj) Private Limited	Karnataka	40	65,357,427	60,129
14	Azure Power Mars Private Limited	Rajasthan	5	8,822,700	8,117
15	Azure Renewable Energy Private Limited	Punjab	10	9,648,740	8,877
16	Azure Power Pluto Private Limited	Punjab	150	228,172,527	209,919
17	Azure Power Thirty-Seven Private Limited	Telangana	100	185,804,547	170,940
	Total		621	1,026,023,395	943,941

If this electricity would have been produced by conventional fossil fuel-based power generation 943,941 tonnes of carbon emissions would have been emitted in the environment, but through our solar based projects these carbon emissions were avoided. As our project capacity continues to grow the quantity of

carbon emissions we can curtail, is likely to increase.

Our scope 1 emissions result from diesel and petrol consumption through vehicles owned by us, whereas our scope 2 (includes guest house) emissions mainly come from electricity purchased at our plant sites.

Emissions (Scope 1 and Scope 2) in FY 2018-19	
Type of emission	Quantity (tCO2e)
Scope 1	114
Scope 2	280

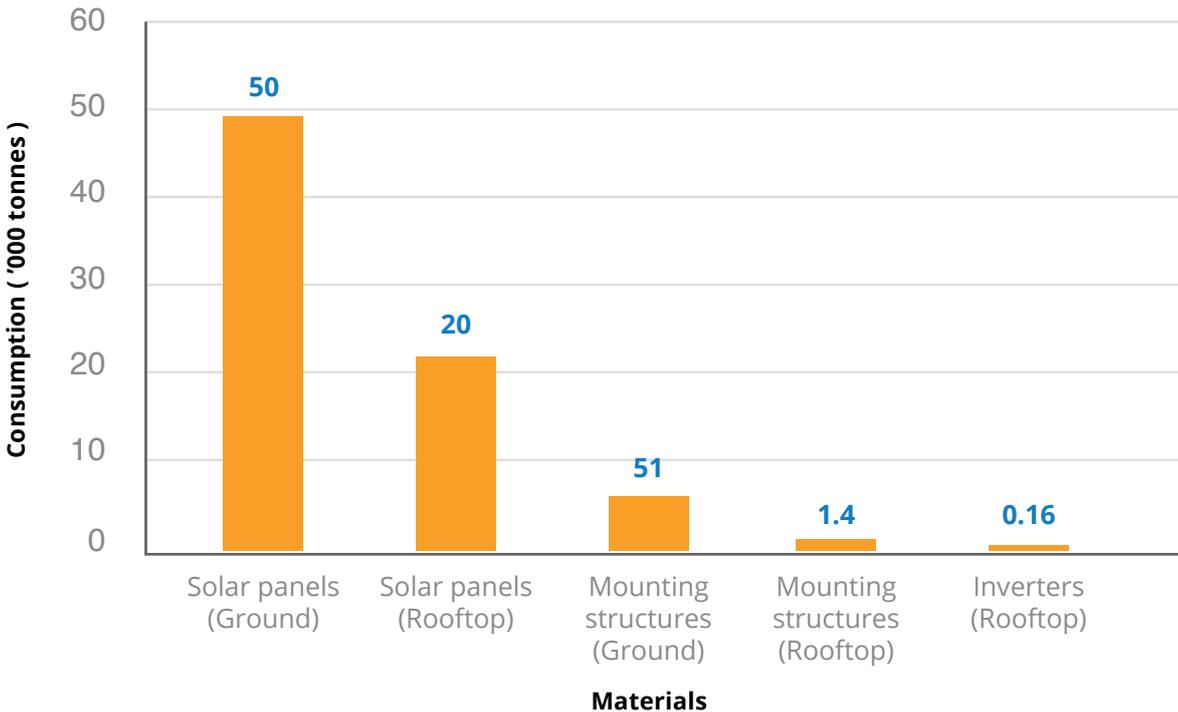
Our scope 1 and scope 2 carbon emissions per unit of economic activity is essentially zero.

Currently we do not measure energy consumed and emissions generated outside our organization in the supply chain, but we intend to do so in future.

Material Consumption

The materials used in our solar power plants consist mainly of solar panels and mounting structures. In the reporting period, we utilized just over 70,000 tonnes of solar panels and about 6,500 tonnes of mounting structures for our ground and rooftop operations across 24 plant locations and roofs. We also used about 160 tonnes of inverters to power our rooftop operations.

Materials consumed (in tonnes), 2018-19



5.3 Sustainable Water And Waste Management

Freshwater is a precious resource which is becoming scarce in many areas because of growing population, pollution of water resources and depleting groundwater. Some of the areas where we operate are arid and water stressed. Responsible stewardship of water resources is therefore an important aspect of our environmental management framework.

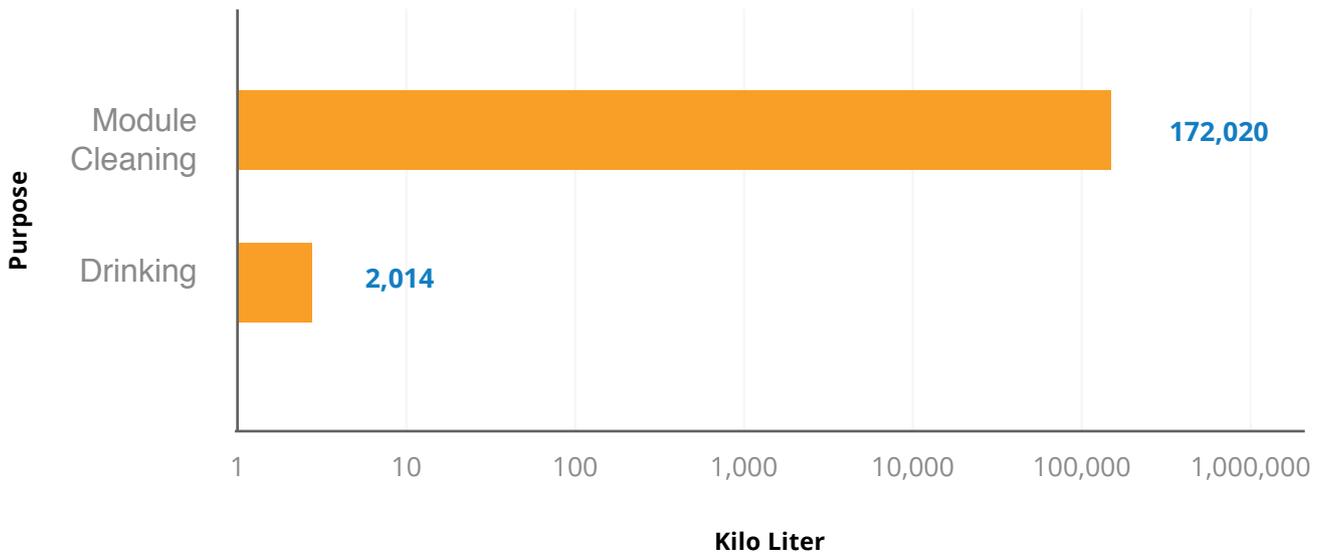
We do not withdraw any water from groundwater sources, as all our water is supplied by vendors. Since we do not withdraw groundwater, our water use has no direct impact on water availability for the local communities. Nevertheless, we monitor and review the volumes of water used at all our operational plants. We put a strong emphasis on creating awareness on water conservation at our plants and offices through advocacy and effective communication. In the coming years we aim to enhance our future readiness for water availability for commercial use by deploying dry-cleaning of panels for our new projects as well as building more and more rainwater harvesting (RWH) structures at various locations, which will have the additional benefit of improving the ground water table. Our primary use of water in operations is for cleaning solar modules. The amount of water needed varies from one location to another and depends on factors such as vegetation, module soiling, natural cleaning due to precipitation, and the commercial cleaning method deployed. We have reduced water usage in our operations by developing an innovative cleaning system, by cancelling unnecessary washing cycles and using effective washing methods like spraying. Since all the water used for module cleaning is absorbed by the ground surface, there is no effluent discharge from any of our facilities.

We also monitor the water consumed at our locations for drinking purposes. The table and the chart below show the total water consumed along with the major categories of use. All our water is supplied by municipal authorities.

Water Consumption in FY 2018-19

Purpose	Unit	Water consumed in FY 2018-19
Drinking	Kilo Litres	2,014
Module Cleaning	Kilo Litres	172,020
Total	Kilo Litres	174,034

Water Consumption 2018-19 (Kilo Litres)



Water Conservation Measures

1. In-house module cleaning

While we use substantial amount of water in cleaning of solar panels, we aim to adopt solutions that may help us reduce water use and improve efficiency in our operations. One of the major challenges encountered in implementing any new solution is to build a standard design that operates irrespective of geographical area and module type, given that solar plants have uneven geographical conditions. Our innovation team conducts trials and learns with the process of continuous improvement. The innovation team has designed a water efficient inhouse module cleaning solution that we have been using since April 2018. The solution has improved the efficiency of cleaning (resulting in reduced water consumption) and reduced the cost of cleaning (the cost has come down from INR 25 to INR 10 per rack).

2. Rainwater harvesting

We continuously strive to improve ground water conditions. During FY 2018-19, we built additional rainwater harvesting structures at our two locations. This has brought the total capacity of our rainwater harvesting structures to 42,272 liters across several sites.



Waste Management

Substantial non-hazardous waste is generated during the construction of a solar power plant. Once the waste has been segregated on the basis of category, it is collected and stored at designated waste bins. A standard waste management plan is in place which governs the proper disposal of debris generated from each site. All hazardous waste is disposed as per the Hazardous Waste Management Procedure and is sent to vendors authorized by the Pollution Control Board.

The notable types of waste generated at our plants are:

1. Used batteries

As our solar installations are relatively new, we have not encountered much battery waste. However, in order to sustainably run our operations, we have a dedicated segregation area provisioned for storing and disposing used batteries. We follow a principle of reduction by avoiding over scaling of systems, reuse by repurposing what all can be sold to interested parties for second life functions and recycle what can't be reused.

2. Broken solar panels

Solar panels may get damaged during transportation, handling, installation or the operation phase. The damaged panels need to be handled with care because of the presence of traces of metals such as cadmium and selenium, as well as recoverable materials like glass, aluminum and semi-conductor materials. Broken or damaged solar panels are immediately shifted to a designated area in the scrap yard to avoid any kind of land contamination. The table below shows the type, amount and the disposal method of the waste generated during the reporting period.

Waste Generated and Disposal Method in FY 2018-19

Waste Type	Unit	Quantity	Disposal Method
Batteries	Nos	101	Sent to authorized recycler
Broken modules	KG	337,436	Currently stored at sites to send to authorized recycler



SECTION 06

Building A Culture of Care

6.1 Unleashing Human Potential

We have strongly held our belief that the years of our accelerated success can clearly be attributed to the virtue of people associated with Azure Power.

Over all these years, we have always had our diverse and strong work force as our constant source of strength. We believe that a highly skilled and motivated workforce is critical for the success of our business. We recognize our employees as one of the key contributors to our development and we take stride in providing adequate infrastructure to support their growth. We have an open and transparent system of holding two-way communication between our employees and organization. We enable our employees to realize their full potential while ensuring achievement of business goals. We effectively communicate what we expect from people and provide continuous mentorship and feedback for them to meet those



MR. RANJIT GUPTA
Chief Executive Officer



MR. H.S. WADHWA
Director & Chief Operating Officer



MR. MURALI SUBRAMANIAN
President

Governance Structure

As of 31st December 2019, Azure Power's Board of Directors consisted of 10 members, out of which one member was the Chief Executive Officer, one was Director & Chief Operating Officer and 8 were Independent Directors. We have one female Director on the Board of Directors.

INDEPENDENT DIRECTORS



MR. ARNO HARRIS



MR. RAJENDRA PRASAD SINGH



MR. SANJEEV AGGARWAL



MR. BARNEY RUSH



MR. CYRIL CABANES



MR. DEEPAK MALHOTRA



MR. MUHAMMAD KHALID PEYRYE



MRS. YUNG OY PIN (JANE) LUN LEUNG

6.2 Believing in Diversity and Opportunity

We recognize that employee diversity across gender and age are important to facilitate sustainable, profitable and responsible growth of an organization. The total strength of our employees as on 31st March 2019 is 653 of which 57 are women.

The notice period for operational changes is 3 months in line with the applicable regulations. In FY 2018-19, the employee turnover rate was 10.6%. We hired 183 new employees during the reporting period of which 35 were females.

New Joiners (in numbers): FY 2018-19

Sr No	Category	Male	Female	< 30 years	30-50 years	> 50 years
1	Senior management	11	3	0	13	1
2	Middle management	10	10	4	15	1
3	Junior management	112	22	102	30	2
4	Workers (Permanent)	15	0	13	2	0

Workforce turnover (including VRS, retirement and death) (in numbers) in FY 2018-19

Sr No	Category	Male	Female	< 30 years	30-50 years	> 50 years
1	Senior management	8	0	0	3	5
2	Middle management	19	4	9	13	1
3	Junior management	30	5	28	6	1
4	Workers (Permanent)	3	0	1	2	0

New Joiners Turnover (in numbers): FY 2018-19

Sr No	Category	Male	Female	< 30 years	30-50 years	> 50 years
1	Senior management	0	0	0	0	0
2	Middle management	1	0	0	1	0
3	Junior management	4	4	8	0	0

The following tables provide a breakdown of our governance body members in terms of age and gender diversity:

Percentage of individuals within the organization's governance bodies in each of the following diversity categories till March 2019.

Employee category	Gender		Age Group			Minority Group membership/ other
	Male	Female	< 30 yrs	30-50 yrs	> 50 yrs	
Senior management	75% (3)	25% (1)	0	100% (4)	0	Grievance Redressal Committee
Middle management	0	100% (1)	0	100% (1)	0	Grievance Redressal Committee
Senior management	50% (2)	50% (2)	0	100% (4)	0	ICC
Middle management	100% (1)	0	0	100% (1)	0	ICC
External Member	0	100 % (1)	0	100 % (1)	0	ICC
Senior management	66.66% (2)	33.33% (1)	0	100 % (3)	0	Ethics Committee

Percentage of employees per employee category in each of the following diversity categories till March 2019.

Employee category	Gender		Age Group		
	Male	Female	< 30 years	30-50 years	> 50 years
Senior management	87% (38)	13% (5)		70% (30)	30% (13)
Middle management	79% (108)	21% (23)	15% (20)	78% (102)	7% (9)
Junior management	92% (346)	8% (28)	58% (219)	40% (148)	2% (7)
Workers (Permanent)	99% (104)	1% (1)	54% (57)	40% (42)	6% (6)

We promote a culture of transparency, empowerment and meritocracy

At Azure Power, we believe that diversity plays a significant role in fostering innovation, transformation and customer centricity. By creating a diverse and equal workplace we can draw on a wide range of ideas from a workforce full of different skills, experiences, resources, talents and energies; all of which will give our business a competitive edge. Through embracing diversity and equality, we have created a much larger pool of talent for our business which will enable us to reap the benefits of a broader market, improved productivity and an enhanced profile within the community. Our Company has employees from various backgrounds with a vast variety of experience and knowledge. Regardless of gender, and all other parameters being equal, all employees are paid the same across different employee categories. The ratio of entry level wage offered to all employees is 1:1 and same is as per the government regulations. All employees gradually grow through a fair evaluation and promotion program.



Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation in FY 2018-19.

Azure Power believes in the fact that workplace equality is achieved when people can access and enjoy the same rewards, resources and opportunities regardless of race, color, sex, religion, political opinion, social origin, etc. We are firmly committed to providing equal opportunity in all aspects of employment and have zero tolerance towards illegal discrimination or harassment of any kind. We have been providing equal opportunity to women employees and minorities (disabled people) at all levels since our inception. The majority of our employees are non-white, given that our operations are based out of India. We fully enforce regulations at our workplace such as The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Equal Remuneration Act and Maternity Benefit Act, and have zero tolerance towards any case of non-compliance. There has been no incident of discrimination in the reporting period.

We promote the personal and professional growth of our employees by providing excellent primary and secondary benefits and development opportunities, ensuring that their needs are suitably met, and they are fully focused on fulfilling their official responsibilities.

Benefits that are standard for full-time employees of the organization, but are not provided to temporary or part-time employees by significant locations of operation	Unit	FY 2018-19	Documents referred / Supporting documents for validation
Group Personnel Accident Policy	INR	Yes	
Group Health insurance Policy	INR	Yes	
Joint Group Personnel Accident Policy	INR	No	
Stock ownership	INR		Yes, for selective employees
Retirement provision	INR	Yes	
Life insurance	INR	No	
Disability and invalidity coverage	INR		Covered in Personal Accident Policy
Parental leave	INR	Yes	
Any other benefits	INR		Maternity Benefits with Cretch Facility. Cab Facility, Long Service Award.

Benefits available for full-time employees in FY 2018-19

Sr No	Parental Leave availed by employees	FY 2018-19	
		Male	Female
1	Employees entitled to parental leave	307	11
2	Employees that availed parental leave	16	1
3	Employees who returned to work after the end of parental leave	16	1
4	Employees retained for 12 months after resuming from parental leave (consider employees who resumed in the previous FY)	14	1

Details of Parental Leaves availed by employees during FY 2018-19

6.3 Our Core Principles and Policies

Human Rights

We believe that every person deserves to be treated with dignity, and have their interests considered equally. At Azure Power, respect for human rights is ingrained in our culture. Our human rights commitment starts with our own employees, making sure that they feel respected at their workplace. The company has a dedicated policy on Human Rights. We prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, modern forms of slavery and any form of human trafficking and we prohibit the hiring of individuals that are under 18 years of age for positions in which hazardous work is required. There has been no case of forced or compulsory labor in our operations.

Although we do not have a formal freedom of association policy, we encourage a culture of open communication among our employees and have a standard grievance redressal mechanism to address any concerns they might have. Collective bargaining is not formalized as we have annual appraisal for all our employees.

We strongly believe that we are part of the communities in which we operate. We engage with these communities on matters which are of utmost importance to them. Our aim is to ensure that we maintain a harmonious relation with local communities, including indigenous people, as we conduct our business. We focus on considering their views and respecting their beliefs while we conduct our operations at sites. There has been no incident reported about the violation of rights of indigenous people in due course of our operations.

Anti-Bribery and Anti-Corruption Policy

Azure Power is committed to conducting its business ethically and in compliance with applicable domestic and foreign anti-bribery and anti-corruption laws and regulations. The Company prohibits bribery and other improper payments in the conduct of its business operations and has established processes to ensure compliance with the Anti-Bribery and Corruption policy and applicable laws and regulations, particularly, without limitation, the United States of America's Foreign Corrupt Practices Act ("FCPA").

This Policy applies to Azure Power Global Limited, and each division, subsidiary, affiliate, employee, officer, director, agent, and all persons or entities acting or purporting to act as a representative, advisor, or otherwise on behalf of Azure Power. Azure Power has a designated Compliance Officer who reports all matters in this regard to the CEO and Board of Directors of the Company on a quarterly basis.

During the reporting period, there were no incidents of any violation related to business ethics and governance.

The prohibition under the FCPA is very broad, and covers:

- cash payments;
- non-cash “payments”, benefits, and favors; and
- in certain circumstances, even gifts, entertainment, and hosted travel or training which would otherwise be deemed legitimate business expenditures

The Anti-Bribery and Anti-Corruption policy is officially communicated to all our employees at every location in order to ensure compliance with FCPA and taking stewardship in conducting our business ethically. The policy requires all Company personnel to undergo the Company’s anti-bribery and corruption training courses, which are rolled out by the Company from time to time. These mandatory trainings are held annually as well as for all new employees at the time of joining.

Third party assessments have been carried out for all our 12 operations identified by them for risks related to corruption.

Whistle-blower Policy

The whistle-blower policy is articulated to provide a conducive environment to employees and directors of Azure Power Global Limited and subsidiaries for safe and secure reporting of unethical conduct. This policy defines guidelines for employees and directors to report concerns related to unethical conduct without any fear of retribution. The whistle-blower policy not only provides protection against victimization but also provides direct access to the director nominated to play the role of Audit Committee in appropriate or exceptional cases. A whistle-blower can report any violations of the Code malpractices and events that have taken place or are suspected to take place.

Whistle-blower Protection Policy

We also have a Whistle-blower protection policy in which the identity of the whistle-blower will be kept confidential to the extent possible and permitted under the law. The protection under this policy may not be extended to the whistle-blower, if he/she is subject of any other complaint.

More details of all our policies are available on our website.

Employee Development and Training

We realize the need to update the skills of our employees according to the changing market requirements as well as to keep pace with developments in the industry. Training and development activities of our human capital not only enhances their professional skills but also leads to their overall personal development. Azure Power invests in training and development of its employees to build peoples’ capacities and competencies. During the reporting period, we invested 8,790 man-hours of training in our workforce.

Number of Trainings and Man-hours for Male Employees during FY 2018-19

Category	Unit	Total
Senior management	Number	257
	Manhours	1,310
Middle management	Number	622
	Manhours	2,050
Junior management	Number	1421
	Manhours	4,041
Workers (permanent)	Number	199
	Manhours	483

Number of Trainings and Man-hours for Male Employees during FY 2018-19

Number of Trainings and Man-hours for Female Employees during FY 2018-19

Category	Unit	Total
Senior management	Number	25
	Manhours	112
Middle management	Number	126
	Manhours	492
Junior management	Number	104
	Manhours	302

Number of Trainings and Manhours for Female Employees during FY 2018-19

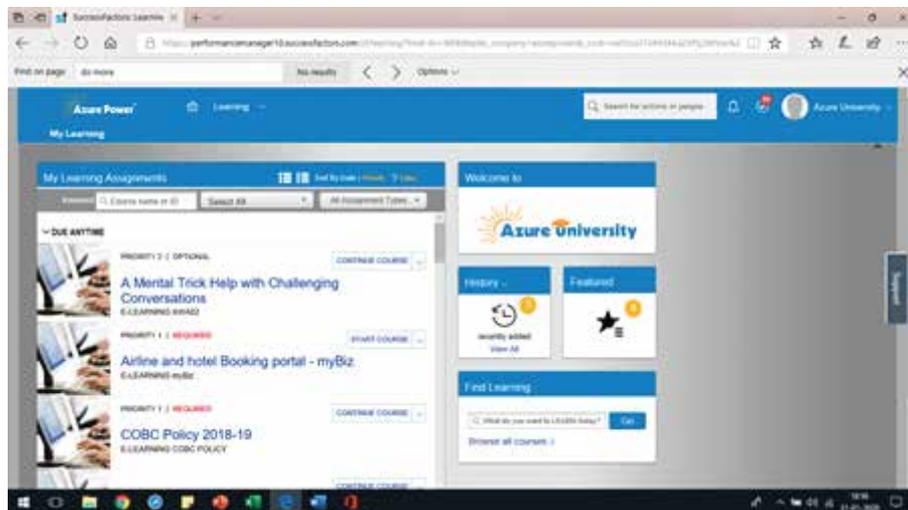
We have also incorporated a mechanism to assess the effectiveness of trainings. Such assessment allows us to identify the problem areas and thus improve the programs accordingly.

Percentage of employees receiving regular performance and career development reviews in FY 2018-19.

Employees receiving regular performance feedback	Male (Nos)	Female (Nos)
Senior management	38 (87%)	5 (13%)
Middle management	108 (79%)	23 (21%)
Junior management	346 (92%)	28 (8%)
Workers (permanent)	104 (99%)	1 (1%)

Learning Management System (LMS)

The Learning Management System is one of the key company-wide initiatives we launched last year to promote the culture of learning among our employees. This is an online platform where employees can access and choose from up to 125 courses and two e-learning modules. The courses are designed in the form of book summaries, videos, e-books and articles from renowned international publications. The array of topics covered range from technical to behavioral and analytical skills. Since its inception, LMS has seen plenty of uptake by our employees as it has significantly facilitated the ease of learning.



Dashboard view of LMS

Rewards and Recognition for employees

We have a very structured rewards and recognitions program to ensure high motivation among its employees. The employees are rewarded for their contribution through four categories of awards.



Spot Award

The award recognizes valuable contributions within a department and is given at the discretion of the head of the department. A letter of appreciation is displayed on the notice board of the Company and the employee is awarded a token of appreciation.



Performers of the Quarter

The idea is to recognize outstanding contributions made by an employee towards achieving the organization's objectives. The employees are evaluated based on quality and innovation, cost savings, delivery time, customer orientation and revenue generation. The performers are given public appreciation by way of announcement in open forums, a certificate of appreciation from the company and a token of appreciation.



Team Award

As and when any cross-functional team working on an assignment exceeds the requirements laid down for the work or achieves a milestone, the team, as an appreciation of the commendable work, is eligible for a team outing.



Annual Awards

There are two sub-categories within annual awards: (i) These are nominated from amongst the quarterly award winners; HR Head along with a management committee finalize the award winners; the award includes a leisure holiday with family to a resort.

(ii) Value Ambassador award – a winner is chosen out of those who display positive behavior and stand by core values of Azure Power – Entrepreneurship, Excellence, Socially Responsible and Honesty. Any individual can nominate his peer or subordinates for this award. A token of appreciation is provided to the awardees.

Our rewards and recognition system incentivize employees to grow in various facets of their jobs. The reward system at Azure Power also includes a component wherein people receive rewards based on their individual contribution to company's profits.

To encourage employees, particularly field staff in meeting overall objectives of SHES in Azure Power, ARIES Award was introduced which stands for (Azure Power's Reward and Recognition Initiative for Excellence in SHES)

The inception of ARIES award has helped in re-invigorating the SHES function in site-level staff and fostering a culture of high performance by covering all aspects of SHES. As an outcome of this, recognition based on the significance of the contribution is given to the concerned site employees, which helped the site staff to inculcate SHES as way of life at Azure Power.

Various awards under ARIES are mentioned below:



ARIES Champion of the year / CEO Award

Annually



ARIES Compliance Award

Bi-Annually



ARIES Social Enabler Award

Bi-Annually



ARIES Labor and Working Condition Enabler Award

Quarterly



ARIES Safety Award

Quarterly



ARIES Exemplary Performance Award

Monthly



ARIES Enabler Award

Quarterly

Various Awards under AERIS in FY 2018-19

Suggestion program

All employees are eligible to provide suggestion through the HR department which forwards them to the management committee. Special recognition is given to employees whose suggestion is implemented.

Employee Engagement

We understand that employee engagement is a key factor driving the growth of an organization since it has a direct impact on the quality of work, customer service and employees' satisfaction. Engagement with employees ensures that they are productive and innovative, and work towards individual and organizational growth.

Azure Power's approach to employee engagement is based on the following premises:

- Employee engagement is healthier when the drivers (motivators) of employee engagement are aligned to the needs of the organization.
- Every organization has its unique set of vision and goals. Consequently, the key drivers of employee engagement differ from one organization to another.

Promoting an exciting work culture

We believe in creating a work culture which allows employees to be motivated at their workplace. Our philosophy is to work together to make Azure Power a great place to work and promotes a culture of teamwork.

Some of the initiatives and measures we take to maintain and build enthusiasm among employees are:

Annual Outbound

This initiative aims to bring all the employees together on one platform to share the organization's vision, mission and strategy for the financial year, so that they work seamlessly towards one goal. It facilitates teambuilding and teamwork in the organization.

Celebrations

Azure Power has a policy of celebrating the various occasions, like employees' birthday, festivals, etc. to ensure a positive environment.

Appreciation

Appreciation and recognition for hard work is the key to motivate employees to perform to the best of their abilities. At Azure Power, we encourage discussion about the employees' achievements.

Communication

The company encourages regular communication between employees. We strive to improve communication channels to and from employees because we recognize that effective communication is an essential ingredient of teamwork. Some of the channels we use to achieve this are as follows:

- Periodical meeting of various Committees pertaining to different domains like Safety, Azure Power Management, Environment, Quality Circle Promotion, Suggestion Scheme Award, Annual Function Co-ordination etc. are organized on monthly basis or as per their schedules for understanding and management of organizational needs.
- Coffee with the CEO, periodical departmental meetings as well as All Hands Meetings with employees commit to provide a platform for equal opportunity to express the existing and foreseen issues – including the personal work-related issues – for individual and organizational improvements.

6.4 Shifting Towards a Better Workplace

Operational and personnel health and safety are of paramount importance to Azure Power. We realize that any untoward incident has the potential to not only undermine our efforts to make our operations safe and secure, but to also escalate stakeholder concerns and dent our corporate image.

Our commitment to a safe and conducive workplace for our people is encapsulated in our Health and Safety Policy which is approved by the top management. Additionally, our SHES manual provides detailed directions for all safety, occupational health and environment protection related activities. It also highlights the safety protocols and procedures that we have implemented across all our sites. Through this policy and procedures, we aim to:

- Continuously work towards zero harm to personnel, assets and the environment
- Always put safety first, evaluate risk and secure our working environment

- Ensure that all our business activities are conducted in alignment with applicable labor standards and fundamental human rights norms as laid down by the International Labor Organization and the Universal Declaration of Human Rights
- Boost safety consciousness by involving all direct and indirect workers in creating a safe work culture

We adhere to state and national-level health and safety laws such as the Labor Act, Factories Act, Compensation Act, Child Labor (Prohibition and Regulation) Act and Contract Labor Act.

The Head of SHES, who is responsible for implementation of Social, Environmental, Health and Safety Management Systems across all the Azure Power's Power project sites in India, reports directly to the CEO. The SHES Policy is applicable to all our employees as well as contractual associates.

Training and Awareness

Environment, Health and Safety training is the most important aspect at Azure Power and is mandatory for all associates, including the contractors involved in an activity. These training sessions are held on various safety topics such as Safety Induction, Fire Safety, Material Handling, HIRA, Control of Hazardous Materials, First Aid training, Incident/Accident Reporting Investigation, Near Miss Reporting and Electrical Safety. These sessions are conducted monthly, or as and when required, depending on the skill level of the associate and the scale of the project. The SHES Head and HR are responsible for conducting the training sessions, and they are held in a language and format customized to the target group.

The objectives of the training are to develop the understanding among staff and workers of various aspects of social, environmental, safety and health risks of the projects.



Training drills for our employees

Audits and Inspections

The company conducts periodic internal or external audits and inspections at selected sites to assess the status of implementation of the project's social, health, environment and safety plans. If non-compliance is identified in the course of the audit, corrective actions are formulated and implemented. Such cases need to be closed by the concerned department within a stipulated time frame. The findings of the audit are duly documented, and the outcome is communicated to the top management.

Below is a table of Health and Safety statistics from all our project locations during the reporting period.

Health and Safety statistics from all project locations during FY 2018-19

Sr No	Item	Unit	Total
1	Manhours	Hours	6,168,864
2	Near Miss	Nos	36
3	Incident/Accident	Nos	9
3.1	First Aid	Nos	3
3.2	Injury	Nos	2
3.3	Loss Time	Hours	9
3.4	Injury Rate (per million hours worked)	Percent	32
3.5	Fatality	Nos	1
3.6	Fatality Rate (per million hours worked)	Percent	16
3.7	Incident without injury	Nos	3
4	Manpower trained in SHES	Nos	6,088
5	Number of safety trainings provided	Nos	394
6	Non-compliance raised	Nos	111
7	Non-compliance closed	Nos	73
8	Open non-compliance	Nos	38

Health and Safety statistics from all project locations during FY 2018-19

Employee Engagement in Health and Safety

At Azure Power, we believe that any efforts to secure our employee's health and well-being are futile without their participation. In order to encourage employees, particularly field staff in meeting the overall objectives of SHES at Azure Power, we introduced the ARIES Award which stands for Azure Power's Rewards and Recognition Initiative for Excellence in SHES. The inception of this award has helped in re-invigorating the SHES function among site level staff and fostering a high-performance culture focusing on SHES. As an outcome of this, recognition is given to the site employees based on the significance of their contribution. This has helped site staff to inculcate SHES as way of life in Azure Power.

Following are some other steps we have taken to further expand our measures towards employee well-being:

- Medical insurance provided to all employees
- Medical tie-ups with hospitals at remotely located sites
- Healthy work environment provided with implementation of air purifiers and distribution of anti-pollution masks
- Regular health checkup camps organized for employees at both corporate office and sites



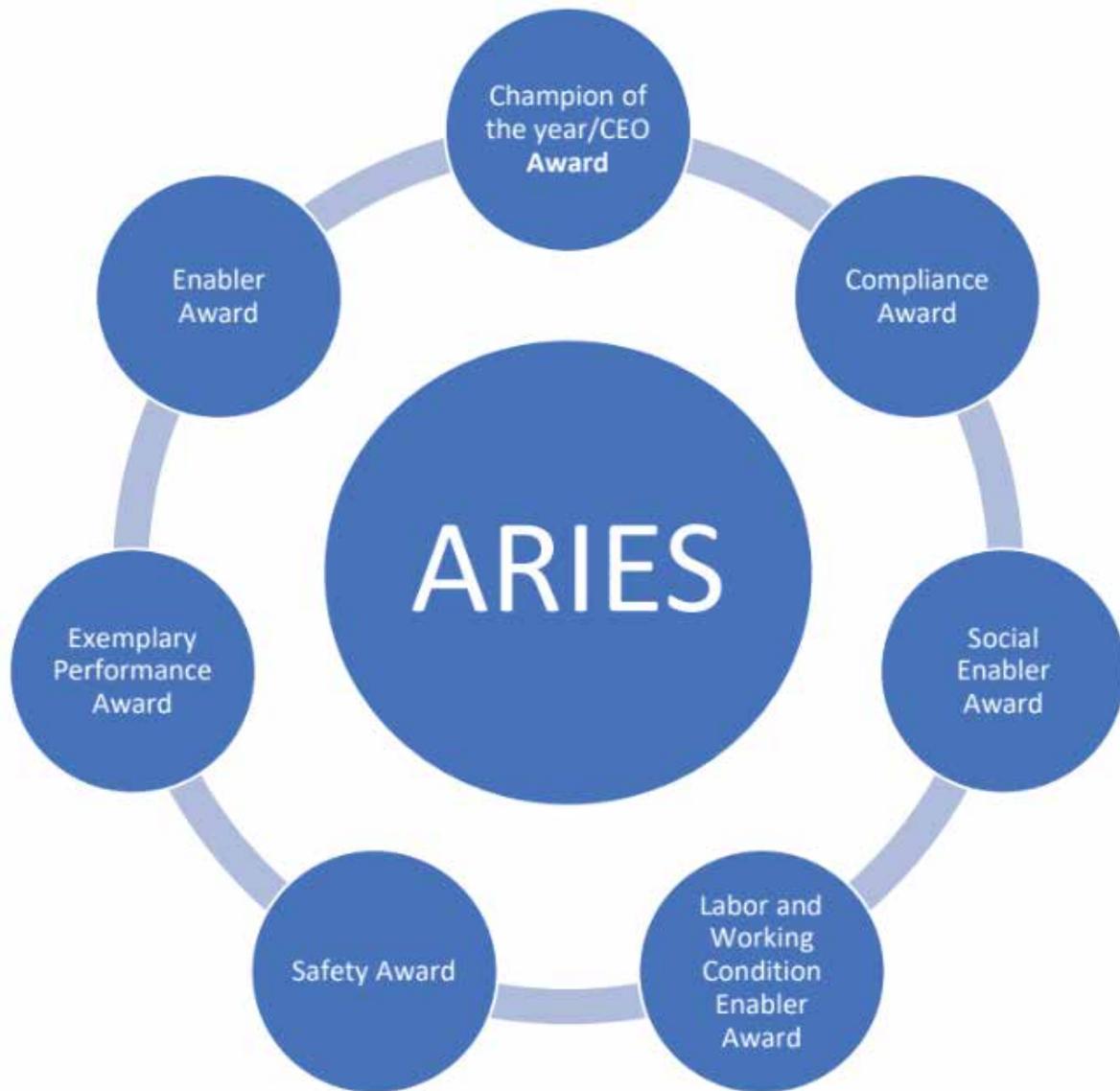
Health check-up camp at Head Office, Delhi

Case Study: ARIES Award

Safety Health Environment and Social (SHES) aspects during constructing and operating our solar assets have a direct bearing on our business. The ARIES Award was created to inculcate the culture of health and safety among our employees. The main objectives of this award are:

- Affect behavioral change among employees towards SHES culture
- Motivate staff to perform beyond expectation in SHES function
- Goal and evaluation criteria defined based on market conditions, lender's requirement and organizational need
- Goal and criteria paired with SHES behavior of ground level staff to identify incentive points
- Awards criteria developed to reinforce such behavior
- Transparent tracking and reporting system
- Internal training and calibration to enhance effectiveness
- Provide material impact on Azure Power's business process
- Reposition SHES system in Azure Power from being considered compliance requirement to a way of life

Under ARIES, several award categories have been institutionalized in order to incentivize a safety-first culture among our people.



6.5 Sustainable Relationships with Suppliers

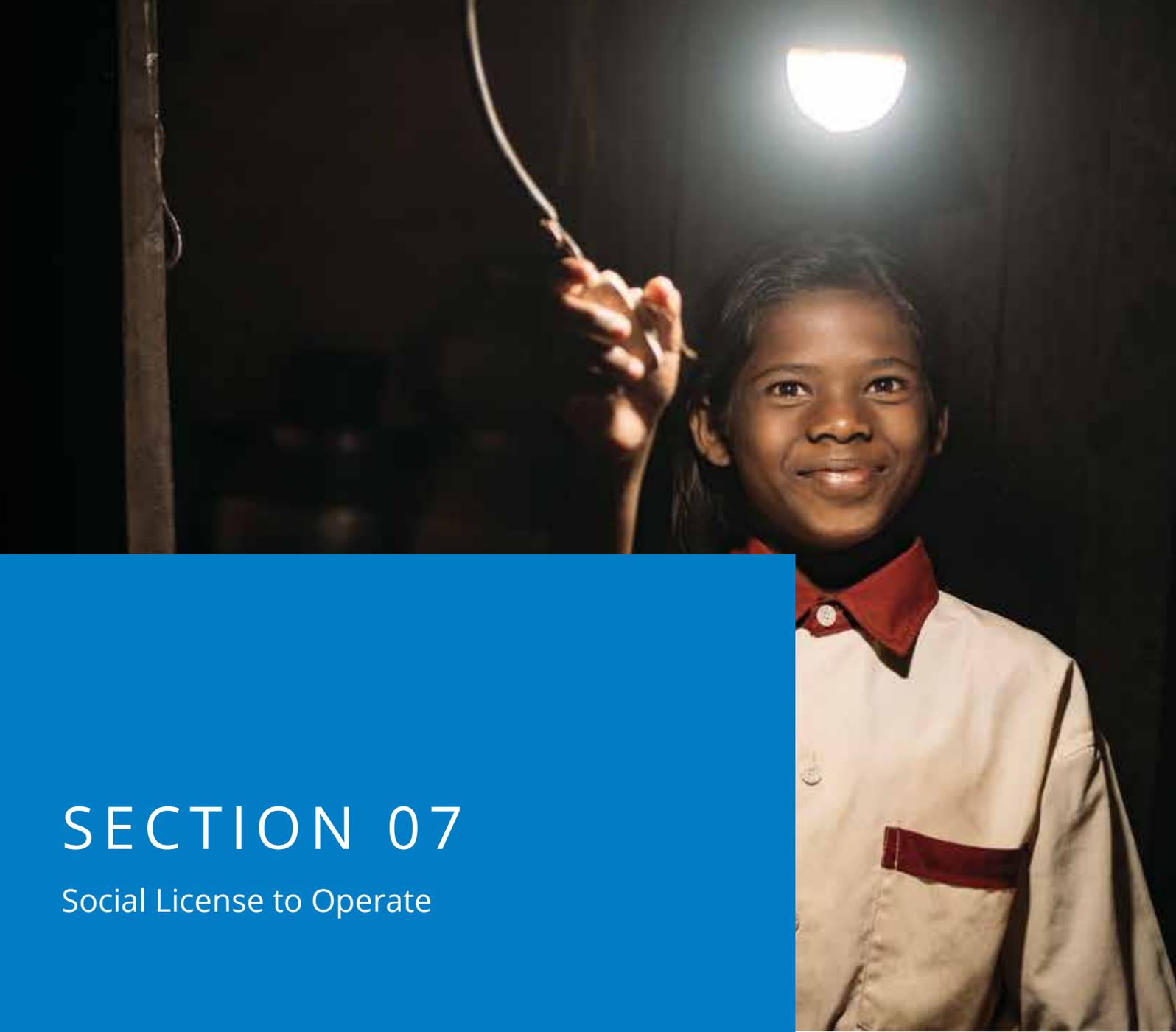
At Azure Power, we consider our suppliers to be vital to our business as they play a significant role in helping us achieve our business objectives. We therefore make efforts to foster long-term relationships with them, and to achieve mutually beneficial results. We also realize that being an essential part of the value chain, our suppliers and vendors have the potential for us to contribute towards lowering our ecological footprint and creating substantial social impact.

We purchase major components such as solar panels and inverters directly from multiple manufacturers. We utilize a supplier selection scorecard process to identify the right supplier partners who can meet our technical, quality and commercial needs. There are several suppliers in the market, and we select them based on expected cost, reliability, warranty coverage, ease of installation and other ancillary costs. We typically enter into master contractual arrangements with our major suppliers that define the general terms and conditions of our purchases, including warranties, product specifications, indemnities, delivery and other customary terms. We normally purchase solar panels and the balance of system components on an as-needed basis from our suppliers at then-prevailing prices pursuant to purchase orders issued under our master contractual arrangements. We generally do not have any supplier arrangements that contain long-term pricing or volume commitments, although at times in the past we have made limited purchase commitments to ensure sufficient supply of components. The prices of components for our solar power plants have declined over time as the manufacturers have lowered their cost of production.

Azure Power performs periodic cross-functional team reviews of our critical suppliers' performance using a balanced scorecard which focuses on the areas of Quality, Cost, Flexibility, Service, Technology and Sustainability. After onboarding of suppliers, we continue to validate supplier quality through periodic audits and weekly meetings with key suppliers.

We have more than 120 suppliers from 24 states. All our vendors and contractors are communicated about child labor, forced employment and environmental compliance. SHES compliance is essential part of the contract document. This document shall be a part of selection of service provider as "Contractors SHES Clause Agreement guidelines" which is to be strictly followed by the contractors. In addition, we have specific SHES criteria for shortlisting or appointing vendors on site services. The same will be conducted prior to engaging the vendor at site, this evaluation is to be carried out during selection of the vendor. None of our suppliers are considered to have any significant risk of incidents of child labor or forced / compulsory labor. There has been no case of any social incident in our supply chain during the reporting period.

During the reporting period, we onboarded 45 new suppliers, all of whom were screened on the basis of the applicable SHES criteria. There were no significant changes to our organization structure or our supply chain in this period.



SECTION 07

Social License to Operate

We are responsible corporate citizens and invest in the social and economic development of the communities residing close to our operational sites. Giving back to society has been the way of doing business at Azure Power. Our community initiatives undergo regular monitoring to ensure their effectiveness to the intended beneficiaries. We have even ensured we conduct a need assessment and initiate CSR activities for plants commissioned in the reporting year. This is not just to secure our social license to operate, but also to utilize our capacity and capital to create a difference in our area of operation. The Endeavour of our Corporate Social Responsibility Policy is to exceed the requirements of Section 135, Companies Act, 2013 and the Corporate Social Responsibility Policy Rules 2014. Our interventions during the reporting year have spanned across education, healthcare, infrastructure development, livelihood generation, women empowerment, water & sanitation and environmental sustainability.

Our corporate responsibility activities are overseen by a Board Committee titled “Corporate Social Responsibility Committee” which formulates and recommends to the Board CSR Policy from time to time. This committee comprises of two full-time directors.



Community interaction at the Jagdevwala Site

Azure Power strives to coexist harmoniously with society, our local community and nature. We commenced our community initiatives over three years ago at our operating units in Uttar Pradesh, Punjab and Rajasthan. The company's community involvement has been based on prevalent community needs, which in previous years have been identified through community visits and feedback submitted by the Village Development Committees (VDCs) formed by Azure Power. These VDCs comprise village level stakeholders who are interested in the overall development of the village and may consist of members from the local council, doctors, teachers, farmers, women and minority communities in the village.



Sabha Bhawan constructed by Azure Power

For the year 2018-2019, the total budget allocation towards community initiatives implementation was INR 33 million, which was spent on projects across five states. The bulk of this budget was spent in the state of Gujarat, where our interventions primarily focused on smart classes, RO filters, solar streetlights and skill development. These initiatives were carried out over 15 schools, in which both smart classes and clean water filtration systems (RO) were installed. Further, investment was made in skill development training of 1,066 individual beneficiaries and installation of 200 streetlights. In Punjab we provided modified two wheelers and motorized electric wheelchairs to 36 disabled army veterans. Further, smart classes were set up in 5 schools and RO filters installed in 15 industrial units. Rajasthan accounted for 8% of the total CSR expenditure, with interventions focusing on solar streetlights and smart class installations. Further, 4 schools were also fitted with RO filters.

The intervention areas for Karnataka were similar to that of Rajasthan, as the focus areas covered solar lights, RO filters and smart class installations. Two schools were equipped with smart classes and RO filters, and four solar streetlights were installed.

We have hired third parties to execute our community activities and the details are provided in the table given below:

Interventions done by Azure Power in FY 2018-19

Intervention	Vendor Name	Outreach
RO water filtration in schools (100 LPH)	Deltapure Water India Ltd	26 units installed across 4 states
Industrial RO filtration units (1000 LPH)	RO care India	15 industrial units installed in Punjab
Skill Development Training	Probe Research & Social Development Private Limited	1,066 individuals trained and 805 of those trained have been placed
Smart Classes	Next Education Pvt Ltd.	35 units installed across 5 states
Solar streetlight installation	MyWay Solar	228 solar streetlights installed across 4 states
Motorized wheelchairs for the benefit of disabled army personnel	Karma Healthcare Ltd	13 motorized wheelchairs delivered to disabled army veterans
Modified two-wheelers for the benefit of disabled army personnel	Yashodha Motors Pvt Ltd	23 modified TVS Jupiter scooters delivered to disabled army veterans

Given below is a state-wise summary of our CSR expenditure in the reporting period. Note: The CSR consultancy fees have accounted for 4.68% of the total budget.

Summary of CSR expenditure in FY 2018-19

State	Total Actual Cost (₹)
Gujarat	16,383,625
Punjab	9,282,474
Rajasthan	2,648,825
Karnataka	2,237,572
Andhra Pradesh	847,137
CSR Consultancy Fee	1,604,800
Total	33,004,433

Since the commencement of its community activities, Azure Power has actively worked on and provided support to the VDCs on proposed intervention areas which ranged from rural infrastructure, solar lights, industrial & home water purifiers, skill development training, smart classes and mobility solutions. Currently, Azure Power community activities span over six states and have both short term and long-term goals.

In line with its CSR philosophy and requirements as per Schedule VII of Sec 135 of the Companies Act 2013, Azure Power has focused on the following thematic areas:

- Preventive health care and sanitation including contribution to Swachh Bharat Kosh and making safe drinking water available;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Land and livelihood for rural areas;

Community Interventions

RO water filtration plants



RO Plant installed by Azure Power

Under Water Sanitation and Hygiene (WASH) initiatives, Azure Power installed 26 RO plants in various schools across four states and 15 additional industrial RO plants in Punjab. The capacity of these plants was decided after a thorough assessment of the prevalent community needs. Two plants of capacity 100 Liter Per Hour (LPH) & 1,000 LPH were finalized for schools and industrial purposes, respectively.

RO plants serve more than 2,000 children in Gujarat. Collectively, school initiatives have had an impact on close to 6,000 community members and 78 staff members as the Total Dissolved Solids (TDS) of the water in these regions is extremely high and ground water is unfit for drinking.



Skill development training



Skill development training in Gujarat

Azure Power supported skill development activities through trainings in 7 villages in Gujarat. The topics covered as part of the trainings included cutting & tailoring, computer operation, mobile repair and motorcycle repair. These hour-long trainings were conducted in batches of 30 students each and a total of 1,066 students were trained under the initiative. As a result of skills acquired through these trainings, the beneficiaries have been able to make a living through jobs such as data entry operator, mechanic etc.



Women learning cutting and tailoring at Skill Development Institute

Azure Power has helped youth across 7 villages by providing trainings post a need-assessment of the community, resulting in 805 young people from the villages getting employed in various jobs.



Skill development training in motorcycle repair



Skill development training on computer operation

Installation of solar streetlights

Azure Power supported installation of 228 solar streetlights in schools and villages across 4 states of India. Of the total installations, 200 installations took place in villages in Gujarat and the remaining 28 installations in local government schools across the other 3 states.

Solar streetlights have not only helped in environment sustainability but also in improving the safety conditions of the village. The intervention also provided a direct monetary benefit to the village councils by reducing power bills



Smart classrooms



Students benefitted by Azure Power

Education has been the central thematic area for Azure Power in the development of rural children. Our efforts in this domain have been centered around four components – availability, accessibility, infrastructure and learning quality. Not only do we help students meet their basic requirements, we try to ensure a well-rounded education.



Smart Classrooms at Village Bhadla, Jodhpur, Rajasthan

Azure Power has partnered with Next Education and constituted 35 smart classes in various schools across four states in India. These smart classes were set up with the aim of improving the holistic educational facilities for the students.

Azure Power and Next Education are making efforts to prioritize the implementation of the latest curriculum, which will have a direct impact on over 5,000 students across 5 states.

Mobility support to disabled army personnel: motorized wheelchairs and modified two wheelers



Azure Power is supporting 23 disabled army personnel in close coordination with the Veteran Sahayta Kendra, Patiala. In a survey conducted after the intervention, 65% of the beneficiaries reported being satisfied with the two-wheelers received by them while the remaining 35% of the respondents reported feeling very satisfied. Additionally, we impacted the lives of 13 disabled army personnel by facilitating the purchase of 13 motorized wheelchairs from the vendor Karma Healthcare.



SECTION 08

Annexure



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8.2.1 BACK OUTER COVER

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