



**Azure Power**  
***CORPORATE SOCIAL RESPONSIBILITY***  
***(CSR) POLICY***

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## 1. PREAMBLE

Companies Act, 2013 has introduced mandatory Corporate Social Responsibility Regulations which are effective from 1<sup>st</sup> April, 2014. Section 135 of the Companies Act, 2013 ('the Act'), read with Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules') requires every company having:

1. Net worth of Rs.500 crore or more; or
2. Turnover of Rs. 1,000 crore or more; or
3. Net profit of Rs.5 crore or more

in any of three (3) preceding Financial Years to constitute a Corporate Social Responsibility Committee ('CSR Committee'). Further, the CSR Committee so constituted is required to formulate a Corporate Social Responsibility Policy ('CSR Policy') and recommend the same to the Board of Directors of the Company ('Board') for its approval.

In line with the CSR Regulations, Azure Power has developed a CSR Policy (hereinafter referred to as Policy) in alignment with its CSR vision, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen. The Policy lays down the areas of intervention, principles and mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act 2013.

The Policy shall apply to all the CSR programs and activities undertaken by Azure Power at various locations for the benefit of diverse sections of the society.

## 2. CSR VISION & PHILOSOPHY

Azure Power is a leader in the Indian Solar Industry. Azure Power developed India's first utility scale solar project in 2009 and has been at the forefront of developments in the sector as a developer, constructor and operator of utility scale, micro-grid and rooftop solar projects since its inception in 2007. With its in-house engineering, procurement and construction expertise and advanced in-house operations and maintenance capability, Azure Power manages the entire development and operation process, providing low-cost solar power solutions to customers throughout India.



Under the CSR vision of SHES (Safety, Health, Environment and Security), Azure Power aims at constantly working with the communities in different areas for the betterment of the masses.

In line with the aforesaid CSR philosophy, Azure Power has designed its CSR policy keeping in consideration the critical societal needs.

### **3. CSR PROGRAMS**

Companies Act, 2013 provides a comprehensive list of activities that may be taken up by the companies for meeting their CSR obligations. This list is prescribed under Schedule VII to the Companies Act, 2013 which is reproduced as under -

(i)	Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to 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 centers 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 including contribution to Clean Ganga Fund set up by the Central Government for rejuvenation of 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)	Measures for the benefit of armed forces veterans, war widows and their dependents;
(vii)	Training to promote rural sports, nationally recognized sports, Paralympics and Olympic sports;
(viii)	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women;
(ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
(x)	Rural development projects;
(xi)	Slum area development



### *CSR Objectives:*

In alignment with its CSR philosophy and Schedule VII requirements, Azure Power intends to focus on the following thematic areas:

- I. Preventive health care and sanitation including contribution to Swachh Bharat Kosh 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. Ensuring environmental sustainability
- IV. Rural development projects
- V. Slum area development.

Azure Power intends to achieve its CSR objectives in the above thematic areas by:

- ✓ Establishing a guideline for compliance with the provisions of CSR Regulations to dedicate a percentage of Company's profits for social project, and
- ✓ Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

Azure Power's current CSR activities with their execution modalities and implementation schedules is appended as **Annexure A**.

Apart from the above thematic areas, Azure Power may shortlist any other areas of intervention from amongst the prescribed CSR activities under Schedule VII of the Companies Act, 2013.

## **4. 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.

## 5. 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.

## 6. GOVERNANCE STRUCTURE

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



The CSR team would include the below to administer the CSR programs.

1. Mohor Sen: Head of Human Resource,
2. Jaspreet Sekhon: Head of Administration,
3. Samitla Subba: Head of Marketing,
4. Sanjay Chalana: Deputy General Manager Construction

The execution of said programs whether directly or through not for profit entities shall be governed and monitored by Azure Power's CSR committee.

### **I. Responsibilities of the Board**

- ✓ The Board shall give its approval to the CSR Policy based on the recommendation of the CSR Committee
- ✓ The Board shall disclose of the content of the policy in its report
- ✓ The Board shall undertake to place the policy on the Company's website in the manner prescribed under section 135 of the Act read with CSR Rules



- ✓ The Board shall ensure that the CSR activities undertaken by the Company are prescribed in Schedule VII of the Act.
- ✓ The Board shall ensure that CSR projects included in the policy are duly undertaken by the company
- ✓ The Board shall ensure that the CSR projects are not undertaken in the normal course of business of Azure Power
- ✓ As part of its CSR policy, the Board shall ensure that no payment is made directly or indirectly to any political party
- ✓ The Board shall ensure that the Company spends, in every financial year, at least 2 percent of the average net profits made during the three immediately preceding financial years
- ✓ The Board shall ensure that the reasons for not spending of earmarked amount are disclosed in the Board's report in case the company fails to spend the mandated amount
- ✓ The Board shall ensure that Azure Power gives preference to the local areas around its operations for spending the amount earmarked for CSR projects
- ✓ The CSR Committee will be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or required by the Board

## II. Constitution of CSR Committee

The Board has set up a CSR Committee comprising of three directors namely:

S. No.	Name	Designation/Category
1	H.S Wadhwa	Director, COO, Azure Power
2	Barney Rush	Director, Azure Power
3	Bill Elmore	Director, Azure Power

### **Responsibility of the above Committee:**

- ✓ The CSR Committee shall formulate and recommend a CSR Policy to the Board for approval. The aforesaid CSR Policy must specify activities to be undertaken by the Company and should be prescribed under Schedule VII of the Act
- ✓ The CSR Committee shall recommend to the Board suitable CSR Activities to be undertaken during the financial year and amount to be incurred on such activities
- ✓ The CSR Committee shall recommend the amount of expenditure to be incurred on the shortlisted CSR activities
- ✓ The CSR Committee shall constitute a transparent and robust mechanism to monitor the implementation of CSR Policy as well as CSR projects from time to time
- ✓ The CSR committee shall perform such other functions as may be delegated and/or assigned by the Board from time to time

### **III. Responsibilities of CSR Team**

- ✓ The CSR Team shall seek time to time guidance from the CSR Committee regarding policy, budget and implementation guidelines
- ✓ The CSR Team will act as an executory support to the CSR Committee and will keep a close watch on the progress of the projects and the estimated outcome
- ✓ The CSR Team shall be responsible for recommending projects to be undertaken during the financial year to the CSR Committee
- ✓ The CSR Team shall recommend targets and timelines for implementation of developmental initiatives
- ✓ The CSR Team shall apprise CSR Committee with the project performance and status of CSR expenditure once every quarter
- ✓ The CSR Team shall facilitate effective implementation of Azure Power's CSR plan across sectors and regions
- ✓ The CSR Team shall allocate appropriate resources to achieve desired performance in alignment with Sustainability & CSR targets and initiatives
- ✓ The CSR Team shall be responsible for documenting and reporting of all CSR activities of the company in pursuit of the Companies Act and the CSR Rules



## **7. IMPLEMENTATION MECHANISM**

- ✓ CSR program will be undertaken by Azure Power in areas selected for interventions. Azure Power will choose to undertake need assessments as and when, it deems.
- ✓ Azure Power will encourage employees for volunteering in community service.
- ✓ 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.
- ✓ Azure Power may enter into partnerships with the government, business partners and communities to create a multiplier effect of its social and environment projects.
- ✓ 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 also implement the CSR programs either on its own or through a registered trust/society/section 8 company (formed under the provisions of Companies Act, 2013) established by such company either singly or along with its holding or subsidiary or associate company or any other company.
- ✓ Azure Power may use the services of internal teams, expert agencies, consultancy firms etc., wherever required for carrying out base line surveys, guidance on project design and implementation, due diligence of implementation partners, impact assessment surveys etc.
- ✓ The teams responsible for implementing the various CSR projects are mentioned in the section on the Governance Structure of the Policy.

## **8. MONITORING & REVIEW 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, time lines 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

The CSR committee will meet periodically to discuss the progress of CSR activities and apprise the Board with the progress and action plan, from time to time.



## **9. REPORTING FRAMEWORK**

- ✓ The CSR Team will monitor progress on CSR projects and CSR spend and report to the CSR Committee at regular intervals.
- ✓ Azure Power will report CSR performance in its annual report as per the structure and format prescribed in the notified CSR Rules.

## **10. AMENDMENTS TO THE POLICY**

The Board on its own and/ or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

## **11. MANAGEMENT COMMITMENT**

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.