



IL&FS Transportation Networks Ltd.

IL&FS TRANSPORTATION NETWORKS LIMITED

CSR POLICY

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CHAPTER – I

CSR OVERVIEW AND ITS CONTEXT

BACKGROUND

In an effort to proactively add value, reduce risk and enhance sustainability in its projects, the Board of Directors of Infrastructure Leasing & Financial Services Limited (“**IL&FS**”), the promoter company of IL&FS Transportation Networks Limited (“**ITNL**”) approved an Environmental and Social Report (“**ESR**”) as early as 1995. The objectives of the ESR were (a) to mainstream Environmental and Social (“**E&S**”) considerations in the overall project cycle, (b) to set examples of environmentally sound and socially acceptable practices, and (c) to inspire and encourage all stakeholders, including partners and co-investors

Adoption of the ESR at IL&FS led to the establishment of an E&S Management Group. Over the years, the changing business scenario and evolving national policies and legislations, has led the IL&FS group to review the experience on ESR and update and expand its scope. Consequently, in 2008, the Environmental and Social Policy Framework (“**ESPF**”) was formulated to establish an outcome-oriented framework that guides integration of E&S considerations within all businesses of IL&FS. Subsequent to adoption of ESPF at IL&FS level, ESPF guidelines were formulated and adopted by ITNL

The endeavour is to extend E&S efforts of IL&FS to the community in general and incorporate Corporate Social Responsibility (“**CSR**”) as a part of the DNA of the organization. Hence, to empower the community along its road projects, ITNL, in 2010 launched its CSR initiative by the name of ‘Parivartan’ on two of its projects viz. Pune-Solapur in the state of Maharashtra and Hazaribagh-Ranchi in the state of Jharkhand through IL&FS Education & Technology Services Limited (“**IETS**”)

Following the successful implementation of “Parivartan” in two projects, similar programs are under implementation across 4 additional projects in the states of Uttar Pradesh, Jammu & Kashmir, West Bengal, Odisha and Himachal Pradesh.

THE CONTEXT

ITNL promotes its CSR activities based on the conviction that all business activities must take CSR into consideration. At ITNL, CSR expands beyond responsibility within business operations, to include all voluntary actions undertaken to benefit the community and the environment around ITNL project areas. ITNL strongly believes that the road infrastructure it is building and financing today will shape the communities of tomorrow

ITNL believes that CSR is a concept whereby an organization serves the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations.

CSR is, therefore, the organization’s commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interest of its stakeholders.

VISION STATEMENT

ITNL envisions initiating collaborative and innovative interventions as a continuous process across various sectors of development to bring about a positive social change with sustainability. This will entail undertaking a variety of programs for quality education at government schools, employment linked skill development, livelihood skills for self employment and healthcare in the adjoining areas of road projects of ITNL, thus widening the project boundaries and its social frontiers.

THE ENDEAVOUR

ITNL is committed towards the holistic welfare of the society by working towards improving the lives of communities' inter-alia, through:

- Promotion of activities for energy conservation and environment protection.
- Promotion of education and skill development.
- Supporting community development activities in the vicinity of project sites spread across the country.
- Providing health care facilities to the deprived sections of society.
- Supporting rehabilitation/restoration work in areas affected by natural disaster/calamities.
- Ensuring continuing suitability, adequacy and effectiveness of CSR plans through periodic reviews.
- Developing employability skills in the youth to enhance employment opportunities and supporting capacity building through skills based training programs, functional literacy interventions and women empowerment.
- Building capacities in the community to lead initiatives for community development and advancement.
- Following a livelihood centred approach to holistic development of communities by undertaking context driven income generation activities, especially of the under-privileged.
- Focusing on interventions in the area of hygiene, healthcare and nutrition, education, natural resource protection and conservation, ensuring an improved quality of life.
- Undertaking any other activity/initiative as directed by the CSR Committee.

SCOPE AND OBJECTIVE OF THIS POLICY

The purpose of this policy document is to make the stakeholders aware about:

- CSR and how such activities are conducted in ITNL
- Associated practices of CSR.
- Focus areas of CSR.

On August 29, 2013, the President of India provided assent to the Companies Act, 2013 (the “Act”). Pursuant to Section 135 of the Act, CSR provisions are prescribed to stipulate greater responsibility by companies towards the society. As of date, ITNL meets

the eligibility criteria stipulated in Section 135 (and the Rules framed under the Act) and hence the provisions of the Act, in so far as CSR is concerned, are applicable to ITNL

As per the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of any eligible company (i.e companies meeting the requirements of Section 135 of the Act) shall, after taking into account the recommendations of the CSR Committee, approve the CSR Policy for the company and disclose the contents of such policy in its Report and the disclose the same on the website of the Company

CHAPTER – II

CSR FRAMEWORK

ITNL shall constitute a committee by the name “**CSR Committee**” comprising of three directors, one of whom shall be an Independent Director, as defined in the Act.

The terms of reference of the CSR Committee shall include the following:

- a) To frame and recommend to the Board of Directors, a CSR Policy, which shall indicate the activities to be undertaken by ITNL towards corporate social responsibilities.

For avoidance of doubt, the CSR Committee may adopt this Policy document *mutatis mutandis*, or with such modifications, alterations or revisions as it may deem fit, as the CSR Policy for its purpose.

- b) The following activities shall be included as part of the CSR activities:
 - promotion of education;
 - promoting gender equality and empowering women;
 - reducing child mortality and improving maternal health;
 - ensuring environmental sustainability;
 - employment enhancing vocational skills;
 - social business projects;
 - contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
 - such other matters as may be prescribed.
- c) To recommend the amount of expenditure to be incurred on the activities specified.
- d) To establish a monitoring mechanism so as to monitor the progress of the CSR activities. This will include recording the various details of the CSR activities and preparation of a report on the same. The details to be incorporated in the Report

on CSR activities, which shall subsequently be disclosed in the Board Report, shall be as per the format prescribed in **Annexure 1** hereto.

- e) To ensure a constant flow of CSR initiatives, which shall, in-turn, avoid carry-forward of funds allocated for each CSR initiative.
- f) To formalise an operational and organisational structure of each CSR activity.

CHAPTER – III

FUNDING AND IMPLEMENTATION

- a) Pursuant to the provisions of the Act, 2% of the average net profit of an eligible company for the last 3 financial years needs to be allocated towards CSR activities. From the annual CSR Budget, provision will be made towards the CSR activities on a year-on-year basis.
- b) ITNL will ensure monitoring, coordination and supervision of the agency, if any, entrusted with the responsibility for implementation of the project. For efficient and effective execution of the project, the CSR Committee shall be required to get the schedules prepared – Schedule-I (List of activities linked with timelines) & Schedule-II (Payments linked with milestones) which shall form an integral part of the agreement to be signed with the implementing agency.
- c) All approved CSR projects are to be implemented in accordance with the timeline prescribed by the respective CSR Committees.
- d) For implementation of in-house projects, the company's pertinent policies related to works and purchases are to be followed in general.

CHAPTER - IV

OPERATIONAL FRAMEWORK

The Act envisages a “CSR Foundation” for CSR initiatives. The Board of a company is empowered to decide to undertake CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company

CHAPTER - V

MONITORING AND REPORTING

The following instructions are to be followed for monitoring and implementation of CSR activities:

- Monitoring of CSR projects are absolutely essential.
- For all CSR projects / activities, close Supervision & Monitoring have to be done by the CSR Committee. The management should therefore provide MIS in the prescribed format and place before the Committee for review every quarter.
- After completion of the Project, a detailed Project Completion report must be prepared by the implementing agency in consultation with the ITNL Management, and a copy of the same must be made available to the Board of Directors along with Photographs and Audio/Visual presentations (Progress-based) duly endorsed by the CSR Committee for acceptance.
- The physical status should include photographs (preferably before and after completion of the project) with appropriate branding of the company's CSR initiative including company logo, name, etc. displayed in the background.
- With a view to derive the optimum mileage/visibility of the various CSR endeavors, appropriate and adequate measures shall be taken using all existent communication tools/media to project the company's contributions.

Annexure 1

Format for the Annual Report on CSR Initiatives to be included in the Board Report by qualifying companies

- (1) Provide a brief outline of the Company's CSR policy including the statement of intent reflecting the ethos of the company, broad areas of CSR interest and an overview of activities proposed to be undertaken.
- (2) Indicate the web-link to the CSR Policy. The Policy should include the full list of projects/activities/programmes proposed to be undertaken by the Company.
- (3) The composition of the CSR Committee.
- (4) Average Net Profit of the Company for last 3 financial years.
- (5) Threshold Limit - (2% of this amount as in 4 above)
- (6) Details of CSR activities/projects undertaken during the year:
 - (a) total amount to be spent for the year:
 - (b) amount carried forward from earlier years:
 - (c) amount spent during the year as per format given below:
 - (d) amount carried forward for the year

#	CSR project / activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others 2. Specify the state/ district (Name of the District/s State/s where the project / programme was undertaken)	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programme Subheads : 1. Direct expenditure on project 2. Overheads	Cumulative spend upto the reporting period	Amount spent: Direct/ through implementing agency*
1							
2							
	Total						

* Give details of implementing agency

- (7) In case the company has failed to spend 2% of its Average Net Profit (INR) of the last 3 financial years, the Company is required to provide reasons for not spending the amount.
- (8) A Responsibility statement, of the CSR Committee, that the CSR policy implementation and monitoring thereof is, in letter and spirit, in compliance with CSR objectives.

(CEO/Managing Director/Director)