

**1. PREAMBLE**

This Corporate Social Responsibility Policy (hereinafter referred to as 'CSR Policy') of Yarrow Infrastructure Private Limited ("Company" or "YIPL") is framed in terms of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the rules made thereunder.

Corporate Social Responsibility (CSR) is a Company's commitment to its stakeholders to conduct business in an economically, socially, and environmentally sustainable manner that is transparent and ethical. Stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and Non-Government organizations, local communities, environment, and society at large.

This CSR Policy encompasses Yarrow Infrastructure Private Limited's ("YIPL") philosophy for social responsibilities and lays down the guidelines and mechanism for undertaking projects, programs, and activities towards such duties.

This policy shall apply to YIPL, including all its subsidiaries, if applicable and all their employees.

Notwithstanding anything to the contrary contained in this CSR Policy but subject to applicable law, if the Company fails to meet the thresholds set out under Section 135(1) of the Act for three consecutive financial years, it shall not be required to:

- (i) Constitute/maintain the CSR Committee; and
- (ii) Comply with the provisions of this CSR Policy till such time as it again meets the criteria specified in Section 135(1) of the Act

**2. CSR VISION & OBJECTIVES****2.1 CSR Vision**

YIPL aims "To be a responsible business, creating positive impact to the Communities to achieve integration to the communities we operate in"

**2.2 CSR Objectives**

YIPL recognizes the value of doing business responsibly while contributing positively to the local communities. It believes that managing the impacts of its operations and supporting the communities it operates in is vital to achieving long-term sustainable success.

Therefore, YIPL is committed to assessing and responsibly managing the impact of our business on the community, seeking to engage our stakeholders to nurture open communication in the communities that we operate in and improve lives by developing sustainable solutions with long-term impact.

We encourage constant communication and consultation with the communities that we work in to ensure that their surroundings are as undisturbed as possible by our work.

As part of our commitment to supporting and developing communities, we regularly organize community-driven initiatives as part of our CSR activity through these focus areas:

- i. Eradicating hunger, poverty, and malnutrition, [promoting health care including preventive health care] and sanitation [including contribution to the Swach 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 the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents [Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows].
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports, and Olympic sports
- viii. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for social-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities, and women.
- ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government, and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

- x. Rural development projects.
- xi. Slum area development.

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

- xii. Disaster management including relief, rehabilitation, and reconstruction activities; and
- xiii. Any other project as may be specified under Schedule VII of the Companies Act, 2013, from time to time.

### 3. DEFINITIONS

**3.1 "Act"** means the Indian Companies Act, 2013 and the rules thereunder and any statutory modification or re-enactment thereof or other the Act or Acts for the time being in force in India containing the provisions of the Legislature in relation with the Companies.

**3.2 "Administrative overheads"** means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

**3.3 "Corporate Social Responsibility (CSR)"** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-

- activities undertaken in pursuance of normal course of business of the company;
- any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.
- contribution of any amount directly or indirectly to any political party.
- activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019.
- activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
- activities carried out for fulfilment of any other statutory obligations under any law in force in India.

**3.4 "CSR Committee"** means the Corporate Social Responsibility Committee of the Board constituted/reconstituted as per section 135 of the Act.

**3.5 "CSR Policy"** means a statement containing the approach and direction given by the board of the Company, considering the recommendations of its CSR Committee, and includes guiding principles for selection, implementation, and monitoring of activities

as well as formulation of the annual action plan as per the applicable Act and rules made thereunder.

**3.6 "International Organisation"** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947, to which the provisions of the Schedule to the said Act apply.

**3.7 "Net profit"** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- any dividend received from other companies in India and:
- as amended from time to time as per the Act

**3.8 "Ongoing Project"** means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board of Directors.

#### **4. CSR GUIDING PRINCIPLES:**

YIPL is committed to establish best practices in CSR and guided by the following principles:

**4.1 Shared Responsibility-** As CSR involves everyone in organization therefore sharing the responsibilities of ownership as well as its rewards.

**4.2 Openness and Accountability** – Openly communicate CSR policy, objectives, and performance to YIPL's shareholders, employees, local community, and society at large.

**4.3 Continuous Improvement-** As part of YIPL's best practices, the Company shall commit to measuring and improving its CSR performance, monitor the performance, set targets for improvement and report progress as per statutory requirements.

**4.4 Demonstrate Statutory Compliances-** Meet all relevant statutory legislation and compliances and where none exists will seek to develop and implement own appropriate methods and standards.

#### **5. CSR COMMITTEE**

**5.1** The CSR Committee shall be constituted in accordance with the provisions of the Act.

**5.2** The CSR Committee may invite other experts/ invitees as per its requirements.

**5.3** The CSR Committee, if constituted, shall be responsible for:

**Corporate Social Responsibility (CSR) Policy**

- i. Formulating the CSR Policy, including the annual CSR activities and their budgets as well as recommendation of any subsequent change/ modification to the CSR Policy.
- ii. Institute an implementation and monitoring mechanism for CSR activities.
- iii. Details of need and impact assessment, if any, as per the prevailing rules, for the CSR activities undertaken by the company.
- iv. Periodically updating the Board on the progress or any change in the CSR activity being made in the planned CSR activities.
- v. Providing a responsibility statement in the Board's report.

**5.4** The CSR Committee, if constituted, shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this CSR Policy.

**6. CSR EXPENDITURE AND ALLOCATION**

**6.1** CSR Committee, if constituted, shall recommend the annual budgeted expenditure for the Company. The CSR spend shall be as per the requirements of the Act.

**6.2** The Board shall approve the allocation of the CSR Expenditure on the CSR activities and, to the extent possible, give priority to the local areas wherever YIPL has its operations. In case of lack of feasible/impactful CSR projects in the locality, the said funds shall be utilized for any other project as deemed suitable as per the act within YIPL.

**6.3** In case of any surplus arising out of CSR projects, the same shall not form part of business profits of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy and the annual action plan for the financial year in which such surplus has arisen. As per section 135 of the Act, the Company will report in its annual report to the shareholders of the Company, the allocated CSR budget in any of the financial years.

**6.4** The Board shall ensure that the administrative overheads relating to the general management and administration of CSR functions in the Company shall not exceed five percent of total CSR expenditure for the financial year.

**6.5** Where a company spends an amount in excess of requirement, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years subject to the conditions that –

- I. the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
- II. the Board of the company shall pass a resolution to that effect.

**6.6** The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by -

**Corporate Social Responsibility (CSR) Policy**

- I. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
- II. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- III. a public authority:

**6.7** The expenditure towards impact assessment studies shall be booked as per the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time.

**6.8 Unspent CSR amount** - If unspent CSR amount for any year relates to any 'ongoing projects' the unspent CSR amount shall be transferred to a special bank account for that year called 'Unspent Corporate Social Responsibility account' within 30 days from the end of financial year. Amount in 'Unspent Corporate Social Responsibility account' shall be spent within 3 financial years from the date of transfer. Failing which, the amount shall be transferred to a fund specified under Schedule VII within 30 days of completion of Third Financial year.

In other cases, the unspent CSR amount shall be transferred to a Fund specified under Schedule VII within six months from expiry of the financial year.

## **7. IMPLEMENTATION**

**7.1** The CSR Committee / Board shall ensure that the CSR activities are carried out in accordance with the CSR Policy and in compliance with the applicable Act and rules made thereunder.

**7.2** The projects, programs or activities identified by the CSR Committee/Board shall be implemented within the prescribed timelines.

**7.3** The Company shall undertake the CSR activities itself or through any of the following entities being duly registered with the Central Government and having a unique CSR Registration Number (with effect from 1 April 2021) or in accordance with the applicable Act, rules and regulations from time to time:

- i. a Company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961, established by the Company, either singly or along with any other company, or
- ii. a Company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- iii. any entity established under an Act of Parliament or a State legislature; or
- iv. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act,

1961, and having an established track record of at least three years in undertaking similar activities.

- 7.4** In the case of activity is implemented through the registered entity having a unique CSR Registration Number (with effect from 1 April 2021), suitable documents / agreements shall be entered into with them for the purposes of implementation of the CSR activity. The conditions of grant of amounts for all CSR activities and the break-up of the allocations shall be set out and evaluated from time to time.
- 7.5** The Company shall conduct proper due diligence prior to selection of an entity as its implementation agency, to verify the credentials and ensure that the proposed implementation agency is eligible and capable to be appointed as such.
- 7.6** The Company may engage such organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- 7.7** The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees/Boards, if constituted, of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
- 7.8** If it is observed that any CSR Activity taken up for implementation is found to be not suitable due to the changing context or not implemented properly for any reason, the CSR Committee/Board, may discontinue funding the project at any time during the course of implementation and use such funds for any other project. Further, CSR committee, if constituted, with approval of the board, may alter the annual plan with respect to the CSR activity or the allocation of the funds as deemed fit based on reasonable justification.

## **8. MONITORING MECHANISM AND IMPACT ASSESSMENT**

- 8.1** The CSR Committee/ Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- 8.2** In case of ongoing project, the CSR Committee/ Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
- 8.3** Head CSR of the Company shall organize Field visits at regular intervals to ensure effective implementation of CSR projects, programmes, and activities. He shall conduct regular and



interactive feedback sessions at all levels including with the implementation entities as well as the respective beneficiaries of all the CSR activities.

- 8.4** Head-CSR of the Company shall conduct impact assessment studies as may be required, by law or otherwise, from time to time, through internal Auditors and /or through independent professional third parties/professional institutions.
- 8.5** Head CSR shall report on the progress of the CSR activities to the Management /CSR Committee/Board at such intervals as may be require .

## **9. REPORTING AND RECORD KEEPING**

- 9.1** The CSR Committee/ Board, shall maintain proper minutes of all its meetings and shall prepare an annual report on CSR with such information and particulars as may be required by the Act and such report shall be included in the Board's report annexed to the financial statements.
- 9.2** The Board's report shall include an annual report on CSR containing such details as may be prescribed from time to time under the Act and the CSR Rules.
- 9.3** The CSR Committee/ Board will be responsible to ensure that the statutory requirements as may be prescribed from time to time under the Act and the CSR Rules are complied with.
- 9.4** The impact assessment reports, shall be placed before the CSR Committee/ Board, and annexed to the annual report on CSR, if required from time to time.
- 9.5** Display of CSR activities on its website - The composition of the CSR Committee, and CSR Policy and Projects approved by the Board shall be disclosed on the YIPL website for public information.

## **10. REVISION/ AMENDMENT**

The CSR Committee, if constituted, is empowered to amend or modify the CSR Policy and such changes shall be placed before the Board for its approval. The Board may subject to compliance with applicable law, at any time approve or alter, amend, or modify the CSR Policy, as it deems fit to comply with the statutory obligation to undertake the CSR Activities.

In the event of any inconsistency between this Policy and the applicable laws, the applicable laws will prevail.