

IDFC INFRA DEBT FUND LIMITED

Corporate Social Responsibility Policy

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Our Vision	<p>Corporate Social Responsibility (“CSR”) has been a way of life within IDFC Group ingressed into its philosophy and vision.</p> <p>The ‘headline’ objective of IDFC Infra Debt Fund Limited (“IDFC Infra Debt Fund” or the “Company”) CSR policy is to ensure that CSR activities are not performed in silos and that it be skilfully and inextricably woven into the fabric of the Company’s business strategy for overall value creation to all stakeholders.</p> <p>IDFC Infra Debt Fund believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the society, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities all over India befitting its status as a conscientious corporate citizen.</p> <p>This policy shall apply to all CSR initiatives and activities undertaken/to be undertaken by IDFC Infra Debt Fund at various locations, within India. :</p> <ol style="list-style-type: none"> i. directly; ii. through IDFC Foundation (“IDFC Foundation” or “Foundation”), a Section 8 Company under the Companies Act, 2013 (“the Act”) and a wholly owned subsidiary of IDFC Limited; or IDFC Institute, a Trust registered under the Indian Trust Act, 1882 and/or iii. through external agencies, Trust, Society, NGOs having the requisite track record of 3 years in the relevant project/programme.
Company’s Philosophy on CSR	<p>Since 2007, IDFC Limited, the ultimate holding company of IDFC Infra Debt Fund has formally set aside over 1.7% of its Profit After Tax (PAT) every year for CSR activities. Post incorporation of IDFC Foundation, a Section 25 Company, the CSR activities of IDFC are carried out through IDFC Foundation, which enables Foundation to invest in various non-commercial interventions.</p> <p>Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“Rules”) requires certain companies to mandatorily spend on CSR.</p>

	<p>IDFC Infra Debt Fund would carry out CSR activities as and when it falls within the purview of Section 135 of the Act.</p>
<p>CSR Committee</p>	<p>The CSR Committee of the Board of Directors (“Board”) would consist of 3 or more directors, out of which at least 1 director shall be an Independent Director.</p> <p>The CSR Committee, as mandated under Section 135 (3) of the Companies Act, 2013 shall –</p> <ol style="list-style-type: none"> i. formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act; ii. recommend the amount of expenditure to be incurred on the activities referred to in (i) above; iii. monitor the CSR Policy of the Company, from time to time; iv. annually report to the Board, the status of the CSR activities and contributions made by the Company; and v. any other requirements mandated under the Act or Rules issued thereunder. <p>The Objects and the Role of the Company shall also be dependent on the extant provisions of the Act, the Rules and other applicable Regulations, as amended from time to time.</p>
<p>CSR Activities</p>	<ol style="list-style-type: none"> 1. IDFC Infra Debt Fund’s CSR activities would be in the form of well-defined programmes or projects, the outcomes of which could be measured objectively. The objective of projects would be to explore small-scale decentralized solutions across the focus sectors defined in this policy, in consistence with the provisions of the Act. The projects would be conceptualized and designed based on a need identification exercise carried out in consultation with relevant stakeholders including government departments in the focus geographies. Wherever required, a research study may be conducted to evaluate different feasible models / options. If it is felt necessary to ensure smooth implementation of projects, a team of IDFC IDF/ IDFC Foundation/ IDFC Institute may work in close co-ordination with the relevant government departments of the State. The learning from such impact studies can be shared with the government agencies/relevant stakeholders, so as to demonstrate replicable solutions.

2. Schedule VII lists out the activities which may be included by companies in their CSR activities. The said activities include the following:

- eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- promoting gender equality, empowering women, setting up homes/hostels for women & orphans; setting up old age homes, day care centres & such other facilities for senior citizens and measures for reducing inequalities faced by socially & economically backward groups;
- ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, 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;
- 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;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 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;
- contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- rural development projects;
- slum area development and
- such other activities, as may be prescribed, from time to time.

3. However, out of the aforesaid activities, IDFC Infra Debt Fund's CSR activities would seek to -

- i. serve the poor, marginalised and underprivileged;
- ii. promote inclusion;
- iii. be sustainable; and
- iv. meet needs of the larger community and society.

4. IDFC Infra Debt Fund would primarily focus on CSR activities of the below areas, more particularly described in **Annexure A**

:

- i. livelihoods;
- ii. rural development projects;
- iii. promoting healthcare including preventive health care;
- iv. education;
- v. community engagement/development;
- vi. environmental sustainability;
- vii. disaster relief;
- viii. research & studies in all or any of the activities mentioned in Schedule VII.
- ix. others;

The scope of the policy has been kept as wide as possible, so as to allow the Company to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII of the Companies Act, 2013.

<p>Restricted Activities</p>	<ol style="list-style-type: none"> 1. The Company shall endeavour not to include any of the business activities undertaken in the normal course of business of the Company within the ambit of CSR activities. 2. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act. 3. CSR Projects or activities that benefit only the employees of the Company and their families. 4. No contribution to be made for any activities undertaken outside India. The surplus, if any arising out of the CSR projects or programmes or activities shall not form part of the business profit of the Company. 5. One off events such as Marathons/Awards/Charitable contributions/ Advertisement/Sponsorships of TV programmes etc. 6. Expenses incurred by companies for fulfilment of any Act/Statute of regulations. 7. Contribution in kind cannot be monetized 8. Monetization of pro-bono services of employees.
<p>CSR Expenditure</p>	<p>Every year, IDFC IDF would transfer to IDFC Foundation/IDFC Institute an amount equivalent to at least 2% of its average net profits (calculated as per Section 198 of the Act) made during the three immediately preceding financial years (less any contribution made directly by the Company or through any external agency/NGO) towards CSR activities.</p> <p>The costs of research and capacity building, grants for execution of projects/programmes, employee costs and other administrative overheads would form a part of the programmes and projects so selected.</p> <p>IDFC Infra Debt Fund shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. CSR Projects or Programmes or activities undertaken in India only shall amount to CSR Expenditure.</p> <p>If for some reason the funds remitted to IDFC Foundation are not utilized within the fiscal year, such unutilised funds would be automatically carried forward for utilization in the succeeding</p>

	<p>year(s) for CSR activities and will not form part of the business profits of the Company.</p>
Collaboration	<p>The Company may undertake the CSR activities on its own or through a Trust/ Society/ Not for Profit Company.</p> <p>The Company may collaborate for undertaking the CSR activities along with its group companies, including its eligible holding or subsidiary companies or any other companies outside the group, as the case may be.</p> <p>The Company may also undertake CSR activities through external agencies, NGOs having the requisite track record of 3 years in the relevant project/ programme and a report on the same shall be disclosed separately as may be prescribed from time to time under applicable provisions of Companies Act, 2013.</p>
Capacity Building/ Training	<p>The Company may build the CSR capabilities of its own personnel as well as those of implementing agencies through Institutions with established track record of atleast three financial years or such experience, as may be required under the applicable provisions of the Companies Act, 2013 as amended from time to time.</p> <p>The Company shall ensure that the total expenditure for training or capacity building of its personnel (including administrative overheads) does not exceed 5% of the total CSR expenditure of the Company in one financial year or such other percentage as may be prescribed from time to time under applicable provisions of Companies Act, 2013 as amended from time to time.</p>
Accounts and Audit	<p>A separate accounting for CSR related expense and receipts shall be maintained.</p> <p>In case specified projects or programmes are to be undertaken through third party agencies the Company would need to specify the manner of accounting and tracking the expenditure incurred through third party agencies.</p> <p>The amount spent on CSR by the Company will be subject to audit at such intervals, as may be required, from time to time.</p>
Monitoring/ Evaluation Mechanism and Assessment	<p>The Board shall ensure activities as are included in its CSR Policy of the Company are undertaken by the Company.</p> <p>The CSR Committee shall monitor the CSR Policy of the Company from time to time.</p> <p>The CSR Committee shall institute a transparent monitoring</p>

	<p>mechanism for implementation of the CSR projects or programmes or activities undertaken by the Company which shall include the following :</p> <p>i) <u>Release of funds for CSR Project/Programme:</u> The amounts sanctioned for a CSR project or programme, will be released in stages or instalments as per progress, or as may be determined from time to time.</p> <p>ii) <u>Review by Board/CSR Committee:</u> The Board and CSR Committee will review the implementation of CSR on Annual basis.</p> <p>iii) <u>Utilisation Certificate:</u> Funds released to the implementing agency would be based on satisfactory utilization certificate duly certified by an authorised officer of the Implementing Agency.</p> <p>iv) <u>External Agency assessment:</u> The impact assessment/ evaluation of major projects may be carried out by an external agency to critically assess the fulfilment of project objectives.</p> <p>v) <u>Audit:</u> The amount spent on CSR by the Company will be subject to audit at such intervals, as may be required, from time to time.</p>
Tax Treatment	Tax treatment of CSR spent will be in accordance with Income Tax Act, 1961, as amended from time to time and other applicable rules or circulars issued by the Central Board of Direct Taxes.
Dissemination of Information	The CSR Policy of the Company shall be placed on the website of the Company viz. www.idfcidf.com . A detailed status report on the CSR activities carried out by the Company shall be disclosed every year as a part of the Boards' Report in the Annual Report. The CSR Committee will also make a Responsibility Statement stating that the CSR Policy implementation and monitoring thereof is in letter and spirit, in compliance with the CSR objectives of the Company.
Approved by	IDFC Infra Debt Fund Board after recommendation by CSR Committee of the Company.
Amendment	This Policy may be amended, from time to time, by the Board on the recommendation of the CSR Committee of the Company.
Review History	This CSR Policy shall be reviewed, as and when required.

Annexure A

CSR Programme	CSR Initiatives
Livelihoods	<ul style="list-style-type: none"> a) Conducting cattle care programs through Integrated Learning Development Centre (ILDC) and cattle camps. b) Sponsoring candidates for skill development and vocational training programmes offered at identified institutions. c) Creating, training and supporting entrepreneurs. d) Creating, training and supporting self help groups, federations, co-operatives, societies and similar institutions. e) Building capacities of farmers on improved methods of agriculture and other allied sectors. f) Developing water harvesting structures and irrigation facilities. g) Supporting farmers with quality inputs, technical know-how and timely information. h) Creating markets and marketing linkages for farm and forest based produce. i) Undertaking and supporting research on agriculture and other allied sectors. j) Sustainable livelihoods programmes for women empowerment. k) Setting up and running skill development centers, industrial training centers, diploma and polytechnic institutes, community colleges, etc.
Rural Development Projects	<ul style="list-style-type: none"> a) Improving water conservation and rain water harvesting b) Improving food security and enhanced nutrition c) Developing community infrastructure
Health such as promoting healthcare including preventive health care	<p>To address issues around affordability and accessibility of quality healthcare and bring about improvement in awareness and health seeking behavior in various parts of India, enabling a better living, through initiatives such as:</p> <ul style="list-style-type: none"> a) Primary, secondary and tertiary care facilities b) Conducting need based health camps and providing consultation, medicines etc. c) Working on maternal and child health d) Ensuring access to potable drinking water and hygienic sanitation

	<ul style="list-style-type: none"> e) Behavioral change for improved mother and child health f) Improving healthcare delivery through innovative outreach/awareness programmes g) Working for the visually impaired and physically challenged h) Working in the areas of Communicable and non-communicable diseases i) Using technology for training, competency evaluation and clinical decision support for medical professionals with a view to improve quality of healthcare j) Financial assistance to hospitals for providing free/concessional treatment to the Economic Weaker Sections (EWS) of the society.
Education	<p>Promoting education including access to quality education, Skill development and vocational training</p> <ul style="list-style-type: none"> a) Promoting early Child Care & Education, primary education, secondary education. b) Promoting digital literacy programmes. c) Providing basic amenities and improvement of infrastructure in schools. d) Enabling higher education through merit cum means scholarships, including for differently abled across the country. e) Using sports as a tool for development of students in both urban and rural areas f) Promoting higher education including setting up and supporting universities g) Skill development and vocational training h) Adult education programmes i) Improving access to Education, by adopting night schools with a view to Engage holistically through the entire cycle of mobilisation, infrastructure improvement and governance.
Community Engagement/development	In respect of all the areas as specified in Schedule VII.
Environmental sustainability	<ul style="list-style-type: none"> a) Ecological sustainability. b) Promoting renewable source of energy. c) Conserving biodiversity and supporting research, awareness and advocacy on issues related to biodiversity. d) Promoting awareness about environmental issues like rain harvesting.

	e) Funding research projects at technology hubs for environmental and social sustainability.
Disaster Relief	<ul style="list-style-type: none"> a) Extending relief measures during times of natural disasters, anywhere in the country. b) Undertaking and supporting rehabilitation measures post-disasters. c) Building capacities of local communities to respond to disasters. d) Developing expertise and resources to respond to disaster.
Research and Studies	Research and Studies in all or any of the activities prescribed in Schedule VII.
Others	Other infrastructure that would meet the objectives of inclusion and environmental sustainability such as water supply, sanitation, renewable energy, slum area development and affordable housing