



# vertis

infrastructure  
trust

Adopted by the Board of Investment Manager on:	May 19, 2023
Amended by the Board of Investment Manager on:	NA

# CORPORATE SOCIAL RESPONSIBILITY POLICY

## VERTIS INFRASTRUCTURE TRUST

*(formerly known as Highways Infrastructure Trust)*

### 1. Background

- 1.1. Vertis Fund Advisors Private Limited and its affiliates, subsidiaries, or entities managed by Vertis Fund Advisors Private Limited (herein after referred as **“Vertis”** or **“the Company”**) recognizes its responsibility in addressing some of the country’s most pressing challenges relating to education, health, equality, environment, rural sports, rural development, socio economic development and access to various facilities for a decent living of mankind.
- 1.2. The Company also recognizes the need for establishing a framework for identification of contribution and post contribution monitoring to ensure appropriate deployment of funds.
- 1.3. This Policy shall be adopted by all entities managed by Vertis. However, the formation and functioning of committees mentioned in the Policy is centralized and managed by Vertis.

### 2. Scope and Applicability

- 2.1. For the purpose of this policy the terms Corporate Social Responsibility (**“CSR”**) contribution or activity shall refer to all contributions made in kind or in funds or actions take in any of the areas permitted under Section 135 read with Schedule VII of the Companies Act, 2013 (**“Act”**) to address challenges faced by the communities interacting with the Company or nation at large, and shall include mandatory CSR Expenditure as required under the Act and also non-mandatory CSR Expenditure undertaken by the Company on a voluntary basis in CSR activities.
- 2.2. This Policy:
  - 2.2.1. Establishes guidelines for complying with the provisions of the Companies Act, 2013 by dedicating a percentage of Company’s profits towards social projects;
  - 2.2.2. Establishes appropriate procedures to ensure the implementation of CSR initiatives in letter and spirit;
  - 2.2.3. Serves as a guiding document to help execute and monitor CSR projects;
  - 2.2.4. Elucidates criteria for partner implementation agencies; and

- 2.2.5. Explains the manner in which the surplus, if any, from CSR projects will be treated.
- 2.3. This Policy applies to all Employees of the Company.
- 2.4. This Policy must be read in conjunction with applicable laws and regulations, and all other relevant Company policies and procedures, including but not limited to the Code of Conduct, the Anti Bribery and Corruption Policy, the Vigil Mechanism Policy, the Gifts and Hospitality Policy, Third-Party Code of Conduct and any other applicable policies of the Company.

### 3. Definitions

- 3.1. **“Act”** shall mean the Indian Companies Act, 2013, along with amendments thereto.
- 3.2. **“CSR Committee”** shall mean the CSR Committee of the Board instituted by the Company.
- 3.3. **“CSR Expenditure”** shall mean the expenditure proposed under this Policy.
- 3.4. **“Ethics and Compliance Committee”** shall mean the defined term as per the Ethics and Compliance Committee Charter.
- 3.5. **“Ethics Compliance Officer”** shall mean the Ethics Compliance Officer appointed as per Ethics and Compliance Committee Charter.
- 3.6. **“Employee”** refers to all employees of the Company and the Board of Directors, and shall include senior management, function / department heads, full-time and part-time employees, or employees on contractual assignments, such as temporary workers.
- 3.7. **“Government”** includes (i) national, regional, local or foreign government, or any government departments, ministries, or agencies exercising administrative, legislative, judicial, regulatory, or taxing functions of government (such as the Ministry of Road Transport and Highways), (ii) companies under government ownership or control, state-owned enterprises or public sector companies (such as National Highway Authority of India and the National Highways and Infrastructure Development Corporation Limited), (iii) any political party, and (iv) public international organizations.
- 3.8. **“Political Contributions”** can be in multiple forms, ranging from provision of cash contributions, political campaigns, provision of material resources, donations to political activist groups or NGOs with a political agenda, or funding of or purchase of seats at fund raisers or parties.
- 3.9. **“Public / Government Official”** includes all Government employees. The term includes not only individuals such as elected officials, concession authorities and government procurement officials, but also the employees of state-owned enterprises and public sector companies.

- 3.10. **“Quarter”** shall mean an annual quarter for each Financial Year.
- 3.11. **“Rules”** shall mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
- 3.12. **“Third Party”** or **“Third Parties”** includes business associates, advisors, individuals/entities providing contract management services, asset management services, partners (including joint venture partners), agents, intermediaries, representatives, suppliers, contractors, subcontractors, third party service providers, consultants, and any other individual or entity that performs services for or on behalf of the Company.

#### **4. Statutes and legislations**

- 4.1. This Policy is aligned and subject to the following legislations and rules established under the Act (as amended from time to time):
- 4.1.1. Section 135 of the Act;
  - 4.1.2. Schedule - VII of the Act;
  - 4.1.3. Companies (Amendment) Act, 2017; and
  - 4.1.4. General circulars as issued by the Ministry of Corporate Affairs from time to time.
- 4.2. In case any provisions set forth in this Policy are found to be conflicting with the applicable regulations and laws and/or statutory provisions, the latter would have an overriding effect on the provisions of this Policy.

#### **5. CSR Activities / Projects**

- 5.1. CSR activities may encompass any activity permitted under the Act as amended from time to time.

#### **6. CSR Committee**

- 6.1. **Constitution:**
- 6.1.1. CSR Committee shall be constituted with no less than 3 directors with at least one independent director. Provided if the applicable law requires any alternate composition, such requirement under applicable law shall be followed.
- 6.2. **Roles and Responsibilities of the Committee:**
- 6.2.1. Monitor this Policy from time to time and recommend changes as and when necessary to the Board of Directors;

- 6.2.2. Recommend CSR activities / projects to be undertaken by the Company under the CSR policy;
- 6.2.3. Identify and recommend possible implementation platforms and assist in selection of the implementation partners (if required);
- 6.2.4. Recommend the amount of expenditure to be incurred on CSR projects;
- 6.2.5. Report the status of activities or projects undertaken under this Policy to the Board of Directors;
- 6.2.6. Any other responsibility as assigned by the Board of Directors from time to time, under the Company's policies; and
- 6.2.7. Ensure compliance of all CSR activities with applicable laws and regulations and the Anti Bribery and Corruption Policy, Gifts & Hospitality Policy, or any other internal Company policy on compliance.

## **7. Other General Guidelines to be Followed**

- 7.1. Political Contributions are strictly prohibited by the Company.
- 7.2. Contributions made by the Company to community projects or charities need to be made in compliance with this Policy, *the Gifts and Hospitality Policy* and all other relevant policies of the Company and made to a bona fide charitable organization.
- 7.3. Additionally, while making any donations, including in their personal capacity, Employees are required to ensure compliance with the paragraphs on charitable contributions set out in the *Gifts and Hospitality Policy* of the Company.
- 7.4. Approval from the members of the Company must be obtained at a general meeting if required under the provisions of the Act or any other applicable law.
- 7.5. In certain instances where there is heightened risk of corruption, the Ethics and Compliance Committee may require diligence to be conducted before any contribution is made.
- 7.6. While making donations or charitable contributions, the management shall undertake adequate due diligence and present to the CSR committee to cover the following :
  - 7.6.1. The charity is legitimate and not a front for illegal operations;
  - 7.6.2. The payment will not be diverted to or otherwise benefit a government official or their immediate family or relatives;
  - 7.6.3. The contribution is transparent, made openly and will be properly recorded in the financial records;
  - 7.6.4. There is no Conflict of Interest (*please refer to Conflict of Interest Policy*)
  - 7.6.5. The charity and the contribution made are compliant with all applicable laws;

- 7.6.6. The contribution is not disguised as a bribe or any other improper payments;
- 7.6.7. The contribution is not given in exchange for a favourable decision by the individual requesting contribution; and
- 7.6.8. The contribution is not made to specific entities / charities at the request of Government Officials or any Third Parties of the Company.

## 8. CSR Funding and Expenditure

### 8.1. CSR budget:

- 8.1.1. Whenever the Company is making profits, the Company shall allocate at least 2% (two per cent) or such other percentage as is specified under the Act of the average net profits made by the entity as budget for CSR activities. The Company may undertake voluntary CSR Expenditure as well, as stated above. The Company shall present an indicative plan for spending the CSR budget to the CSR Committee during each year. The specific approval/ reporting of each activity / project shall be undertaken as per below.

### 8.2. CSR Expenditure:

#### 8.2.1. Expenditure through implementation agency:

- 8.2.1.1. **Approval Process:** The management shall provide details of all CSR Expenditure proposed to be undertaken through a Third Party (including any charitable contribution or implementation through a Non-Government Organization (“NGO”) / implementation agency) to the CSR Committee for its consideration. Such proposal shall outline the institutions shortlisted, past experience of the agency, proposed project, estimated spends, modality of monitoring the implementation, compliance with Clause 7.6 above and a declaration of there being no conflict of interest with any of the employees upon approval of such proposal (*refer to the Conflict of Interest of Policy*). The CSR Committee, after consideration, will present the approved implementation plan to the Board of Directors.
- 8.2.1.2. **Monitoring Process:** The CSR Committee shall develop methods to monitor the end utilization of funds and mechanism to keep records of including but not limited to:
  - i. Background information on non-government organizations or independent implementation partners;
  - ii. Clear action / work plan for utilization of funds subdivided by stages of execution;

- iii. Utilization certificate from NGO or independent implementation partner with details of expenditure incurred within 30 days of execution of every stage;
- iv. Proof of utilization of funds such as invoices, approvals, utilization reports and end beneficiaries and wherever possible site-visits can be made;
- v. In case payment is to be made in installments, then subsequent installments shall be released only after receipt of detailed utilization certificates for the previous installments;
- vi. The Third Party implementation agency shall present at least a quarterly progress report for each project outlining the stage of implementation and impact of the work.

#### **8.2.2. Expenditure undertaken directly:**

8.2.2.1. **Reporting:** All CSR activities implemented directly by the Company without a Third Party agency shall be presented to the CSR Committee to indicate the expenditure proposed to be undertaken and the details for the project for its records.

8.2.2.2. **Monitoring:** All such implementation activity shall be undertaken in compliance with policy/ SOP on procurement, and the management shall present to the CSR Committee a detailed report about the project upon completion of the project with adequate proof of completion and the impact of such work, to the extent quantifiable.

#### **8.3. Treatment of surplus:**

8.3.1. The Company hereby declares that any surplus arising and/or additional revenue generated out of CSR Activities undertaken by the Company shall not form part of the business profit of the Company and same shall be spent for undertaking CSR Activities only.

8.4. The CSR Committee shall refer all instances wherever a risk is identified, or a non-compliance is observed to the Ethics and Compliance Committee for further investigation.

### **9. Variations to the Policy**

9.1. This Policy shall be reviewed and updated annually or on an ongoing basis, based on need. The Company reserves its right to amend or modify this Policy in whole or in part, as may be deemed fit, at any time without assigning any reason whatsoever.