



**GMR VISAKHAPATNAM INTERNATIONAL
AIRPORT LIMITED (GVIAL)**

**BOARD POLICY ON
"CORPORATE SOCIAL RESPONSIBILITY"**

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BOARD POLICY ON 'CORPORATE SOCIAL RESPONSIBILITY'

1. PREAMBLE

GMR Group recognizes that its business activities have wide impact on the societies in which it operates, and therefore effective socially responsible practices are required, giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities, other institutions and the environment. This policy encompasses the requirements of the Companies Act, 2013.

2. STATUTORY PROVISIONS

As per the provisions of Section 135(1) of the Companies Act, 2013, every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an Independent Director.

Provided that where a Company is not required to appoint an independent director under sub-section (4) of section 149, it shall have its Corporate Social Responsibility Committee of two or more Directors.

Sub-section (2) of Section 135 provides that the Board's report shall disclose the composition of the Corporate Social Responsibility Committee.

Sub-section (3) of Section 135 provides that the Corporate Social Responsibility Committee shall:

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

Sub-section (4) of Section 135 provides that the Board of every Company referred to in sub- section (1) shall:

- (a) After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the Company and disclose contents of such Policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed; and
- (b) Ensure that the activities which are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company.

Sub-section (5) provides that the Board of every Company referred to in sub-section (1), shall ensure that the Company spends, in every financial year, at

least 2% of the average net profits of the Company made during the three immediately preceding financial years [or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years], in pursuance of its Corporate Social Responsibility Policy.

Provided that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

Provided further that if the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of Section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Provided also that if the Company spends an amount in excess of the requirements provided under this sub-section, such Company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed.

Any amount remaining unspent under Sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Where the amount to be spent by a Company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such Company.

3. BACKGROUND

GMR Group is driven by a vision to make a difference to society at large by contributing to the economic development of the country, as well as working towards inclusive growth and improving the quality of life of the local communities. Towards this vision, the Group, through/with GMR Varalakshmi Foundation (GMRVF), partners with communities around all the group companies to drive various initiatives.

GMR Varalakshmi Foundation (GMRVF) is the Corporate Social Responsibility arm of the GMR Group. Its mandate is to develop social infrastructure and enhance the quality of lives of communities, especially those around the locations where the Group has a presence. Its vision is to make sustainable

impact on the human development of underserved communities through initiatives in education, health and livelihoods.

GMRVF is a Section 8 (not-for-profit) Company registered under Section 12A and 80G of the Income Tax Act, 1961 and with requisite track record as required under the Companies Act, 2013, read with the applicable Rules. It is governed by a Board chaired by the Group Chairman-GMR Group. It has its own professional staff drawn from top educational and social work institutions. GMRVF has been in existence for more than two decades.

GMRVF is organized in three wings i.,e (1) the **“Education Wing”** sets up and runs quality educational institutions, from pre-school to post-graduate level, towards making quality education accessible to all sections of the community, especially in under-served areas; (2) the **“Health Wing”** sets up and runs healthcare establishments to provide quality healthcare in under-served areas; (3) the **“Community Services Wing and Environmental Sustainability”** works with underprivileged communities to enhance their lives and livelihoods.

4. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

GMR Visakhapatnam International Airport Limited (GVIAL) forming part of GMR Group adopts the CSR Policy of GMR Group. GMR Group recognizes that its business activities have wide impact on the societies in which it operates and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations.

The Company is driven by Group’s vision to make a difference, specifically to society by contributing to the economic development of the country and improving the quality of life of the local communities. Towards this vision, the Company, through GMR Varalakshmi Foundation (GMRVF), help partners with the communities around the businesses to drive various initiatives in the areas of (a) Education; (b) Health, Hygiene and Sanitation; (c) Empowerment Livelihood; (d) Community Development; (e) Environmental Sustainability; (f) Heritage & Culture; (g) Others.

5. GUIDING PRINCIPLES FOR SELECTION & IMPLEMENTATION OF PROJECTS/ PROGRAMS UNDER CSR POLICY.

The Company will carry out its CSR activities on its own or contribute funds to GMRVF or any other eligible implementing agency, to carry on activities/multiyear projects or programmes indicated below. While the geographic focus of the CSR activities can be in and around the business operational area, the Company can support activities in any part of India with the approval of the CSR Committee and Board, or as per the Annual Action Plan.

(a) Education

- Support for promotion of education of all kinds (school education, technical, higher, vocational and adult education), to all ages and in various forms, with a focus on vulnerable and under-privileged;

- Education for girl child and the underprivileged by providing appropriate infrastructure and groom them as future citizens and contributing members of society;

(b) Health, Hygiene and Sanitation

- Ambulance services, mobile medical units, health awareness programmes and camps, medical check-ups, HIV/AIDS awareness initiatives, health care facilities and services, sanitation facilities; and
- Eradicating hunger, poverty and malnutrition, promotion of 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; and
- Reducing child mortality and improving maternal health.

(c) Empowerment & Livelihoods

- Employment enhancing vocational skills training, marketing support and other initiatives for youth, women, elderly, rural population and the differently abled, and livelihood enhancement projects; and
- Promoting gender equality, empowering women, working for senior citizens and measures for reducing inequalities faced by socially and economically backward groups; and
- Assist in skill development by providing direction and technical expertise for empowerment; and

(d) Community Development

- Encouraging youth and children to form clubs and participate in community development activities such as like cleanliness drives, plantation drives etc.

(e) Environmental Sustainability

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.

(f) Heritage & Culture

- 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;

(g) Others

- 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;

- Training to promote rural sports, nationally recognized 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 or the State Governments for socio-economic development and relief, and funds for the welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Other rural development projects;
- Slum area development;

Explanation: '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.

- Such other activities included in Schedule VII of the Companies Act, 2013 as may be identified by CSR Committee from time to time, which are not expressly prohibited.

[It may be noted that the above activities are indicative and are activities that the company may at any point of time engages but all such activities may not be taken up by the Company during the year. While the activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities.]

The expenditure incurred for the following activities shall not be treated as CSR activity by the Company:

- (1) Activities undertaken in pursuance of the normal course of business; and
- (2) Activities undertaken outside India; (except for training of Indian sports personnel representing any state or union territory at national level or India at international level); and
- (3) Activities that benefit exclusively the employees of the Company; and
- (4) Contribution to political parties GVIAl CSR Policy; and
- (5) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
- (6) Expenses incurred by companies for the fulfilment of any Act/Statute of regulations (such as Labour Laws, Land Acquisition Act etc.).

8. ANNUAL ACTION PLAN

The CSR activities can be undertaken either specific for one year or can undertake multi-year projects. The Committee every year will recommend an Annual Action Plan to the Board. This Annual Action plan with detail the following:

- (a) The list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- (b) The manner of execution of such projects or programs.
- (c) The modalities of utilization of funds and implementation schedules for the projects or programs.
- (d) Monitoring and reporting mechanism for the projects or programs.
- (e) Details of need and impact assessment, if any, for the projects undertaken by the Company: Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

9. MONITORING & REPORTING

- The CSR Committee shall meet at least once in a year to monitor the implementation of CSR Plan and its activities.
- The Company shall ensure that the CSR Policy, as amended from time to time, is displayed on the Company’s website.
- The Board shall include in its report to the shareholders, the annual report on CSR activities as per the format specified under the Rules.

10. AMENDMENT

Any amendment or modification in the Companies Act, 2013 and any other applicable regulations relating to the CSR Policy shall automatically be applicable to the Company.
