



## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

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## 1. Introduction

Corporate Social Responsibility (“CSR”) is the commitment of companies to contribute resources and support activities focussed on enhancing economic and social development. It is a companies’ efforts to improve the living conditions of the local area in which they operate and therefore the society at large. The activities initiated by a company as a part of corporate social responsibility reflect the intentions to create a positive impact on society without seeking any commensurate monetary benefits.

Tracxn Technologies Limited (“Company”) is committed to undertaking CSR activities in accordance with the CSR Regulations.

The Company manages its business in a sustainable and socially responsible manner. This principle has been an integral part of the Company’s corporate values and believes that corporate growth and development should be inclusive and every Company must act responsibly and contribute towards the betterment of society. The Company wishes to commit itself to contribute to society in every way possible for the organization.

The Company’s objective is to proactively support meaningful socio-economic development. It strives towards developing an enabling environment that will help citizens to realise their aspirations towards leading a meaningful life. The Company aims to identify critical areas of development that can contribute towards the well-being of the community.

The Corporate Social Responsibility Policy (“Policy”) of the Company sets out the framework guiding the Company’s CSR activities. The Policy also sets out rules for taking up and implementing CSR activities. The Policy, composition of the Corporate Social Responsibility Committee (“CSR Committee”), and projects approved by the Board of Directors (“Board”) shall be disclosed under a separate section on the website of the Company.

## 2. Scope of the Policy

The Policy would pertain to any or all activities undertaken by Tracxn Technologies Limited towards fulfilling its corporate social responsibility objectives. The Policy would also ensure compliance with section 135 of the Companies Act, 2013 (“Companies Act”), read with Schedule VII of the Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), each as amended from time to time

and the notifications and circulars issued by the Ministry of Corporate Affairs from time to time and the rules framed thereunder (“CSR Regulations”). This Policy will be periodically reviewed and updated in line with the relevant codes of legislation and best practices that can be adopted by Tracxn Technologies.

### 3. Governance Structure

Overall governance of CSR activities and approving the CSR Policy would be the responsibility of the Board through the CSR Committee.

(a) The CSR Committee shall:

- (i) Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy and outline the activities to be undertaken by Company as per the Companies Act;
- (ii) Review and recommend the amount of CSR expenditure, and the annual CSR plan to the Board;
- (iii) Monitor the CSR activities and compliance with the Policy on a regular basis; and
- (iv) Review and implement, if required, any other matter relating to CSR initiatives.

(b) The Board shall:

- (i) Approve the Policy and subsequent changes if any as per the recommendations of the CSR Committee;
- (ii) Ensure proper implementation of the CSR Policy along with monitoring and reviewing CSR Activities undertaken by the Company and provide inputs as and when required; and
- (iii) Ensure appropriate disclosures pursuant to the Act and Amendments thereof in the Annual Reports and Company’s Website in prescribed formats.

### 4. Composition

The CSR Committee shall consist of a minimum of 3 directors, including at least one

independent director and shall be in accordance with the requirements of the Companies Act, 2013 and the Rules made thereunder. The Board may change the composition of the CSR Committee from time to time in a manner deemed fit and as required under the applicable regulations.

## **5. Operating Framework**

- (i) CSR activities may be undertaken by the Company as deemed fit.
- (ii) Scope of CSR activities to be undertaken will be identified by the CSR Committee. An annual CSR plan shall be presented to the CSR Committee and, based on its recommendations to the Board of Directors for approval.
- (iii) The CSR Committee shall hold at least one meeting in every financial year to monitor, discuss and plan the CSR activities for the respective financial year
- (iv) The responsibility for implementation of identified activities shall be as per the organizational structure, approved by the Managing Director.
- (v) The annual plan shall incorporate the following:
  - (a) The prescribed outlay on CSR as per the Companies Act and related rules as amended from time to time;
  - (b) Key proposed CSR activities that need to be undertaken during the year, including analysis of their eligibility for classification as CSR under the Companies Act and related rules as amended from time to time, their conformity with the Policy and their implementation schedules;
  - (c) Proposed outlay on each activity including expenditure on administrative overheads and any headcount spend that might be involved;
  - (d) Activities to be undertaken by Company directly;
  - (e) Activities to be undertaken by any other entities and Company's contribution towards such entities; and
  - (f) Aggregate proposed outlay and reasons for any variance, compared to the prescribed outlay.
- (vi) The authority to incur CSR expenditures shall be as per the approved delegation of financial powers in the Company.

## **6. Decision making by the CSR Committee**

The CSR Committee shall at all times act in a manner that is consistent with the provisions contained in this Policy and the CSR Regulations.

## 7. CSR Spending

- (i) The Company shall attempt to spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years or such amount as may be recommended by the CSR Committee from time to time in pursuance of this Policy.
- (ii) The Company shall undertake CSR spending in accordance with the CSR Regulations, as amended from time to time.
- (iii) If the Company fails to spend the allocated funds for CSR activities, the Board's Report shall specify reasons for the same

## 8. CSR Implementation

- (i) The Board shall ensure that the CSR activities are undertaken by the Company itself in the manner prescribed under the CSR Regulations and as amended from time to time or through an entity as one of the below:
  - (a) 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 (43 of 1961), established by the company, either singly or along with any other company;
  - (b) 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;
  - (c) any entity established under an Act of Parliament or a State legislature; or
  - (d) 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.
- (ii) The Company may also partner with international organisations to design,

monitor and evaluate the CSR programme as per its Policy and scope.

- (iii) The Company may also join forces with other companies for undertaking CSR projects or programmes or activities in such a manner that the CSR committees of respective companies are in a position to report these separately in accordance with the rules.
- (iv) The Board shall content itself that the allocated funds have been utilised for the said purpose and in a manner so approved and the chief financial officer of the Company or any other person responsible for financial management shall certify to the effect.
- (v) The Board shall monitor the implementations of ongoing projects with reference to the approved timelines and year-wise allocation and shall be competent to make any required modifications, to ensure smooth implementation of the project within the overall permissible time period.
- (vi) The CSR Committee shall put together and recommend to the Board, an annual action plan in pursuance of its Policy, which shall include the following:
  - (a) the list of approved CSR projects or programmes to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
  - (b) the manner of execution of such projects or programmes as specified in the CSR Rules;
  - (c) the methods of funds utilisation and implementation schedules for the projects or programmes;
  - (d) monitoring and reporting mechanism for the projects or programmes; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the company,

Provided that the Board may alter the plan at any time during the financial year, as per the CSR Committee's recommendations with reasonable justifications for the same.

## 9. Monitoring

A transparent and effective monitoring mechanism needs to be adopted by the CSR

Committee to monitor the implementation of proposed CSR programmes

- (a) CSR activities' progress shall be regularly reviewed by the CSR Committee.
- (b) The Chief Financial Officer shall be responsible for monitoring CSR expenses with respect to the plan and submission of the same to the CSR Committee and the Board.
- (c) The Board of Directors shall review the progress of CSR activities, at least once a year.
- (d) In case the Company wishes to implement its CSR activities through a registered Trust or Society or through a Company registered under section 8 of the Act, a progress report prepared by such Trust / Society / Company needs to be submitted on a quarterly basis to the CSR Committee for review and any additionally required recommendations. (e) The CSR Committee shall regularly report to the Board on the progress made by the Company about the implementation of its CSR activities.

## 10. Disclosure

The Board's Report of the Company covered under these rules for any respective financial year shall include an annual report on CSR activities containing particulars specified by the CSR Regulations.

The above information shall also be made available on the Company's website.

## 11. Corporate Social Responsibility Activities

CSR projects or programmes to be undertaken by Company in India will be considered and approved by Company's CSR Committee. Company's primary focus areas for CSR activities would include:

- Education, Healthcare and Medical Relief
- Vocational Skills
- Environmental Sustainability
- Activities covered under Schedule VII

The following activities will not qualify as CSR Activities:

- Activities conducted under the normal course of business
- Activities that benefit only the employees of Tracxn Technologies Limited and their families
- Any kind of contributions made to a political party.

## 12. Effective Date

The Policy shall be effective from the date of approval of the Board of Directors of the Company i.e. 12<sup>th</sup> August 2021.

## 13. Amendments

The Policy may be reviewed and amended from time to time by the Board based on the recommendations of the CSR Committee.

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*Note: This Policy has been approved by the Board of Directors of the Company at their meeting held on 12<sup>th</sup> August 2021.*