

**TERA SOFTWARE LIMITED**  
**CORPORATE SOCIAL RESPONSIBILITY POLICY 2021**

1. **PREAMBLE:**

**A) Short title & Applicability:**

This policy, which encompasses the company's philosophy for giving back to society as the corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, is titled as the Company's CSR Policy.

The policy shall apply to all CSR initiatives and activities taken up not only at the various work units/centers and locations of the company but also in any other parts of the country, for the benefit of the society.

This CSR Policy shall operate as the corporate social responsibility policy of the Company for the purposes of Section 135 of the Companies Act, 2013 and the rules made thereunder including the Companies (Corporate Social Responsibility Policy) Rules 2014 ("CSR Rules") as amended from time to time.

This Policy is adopted by the Board of Directors on the recommendation of CSR Committee on 10th June, 2021 in replacement of the earlier CSR Policy approved on 30th May, 2014.

**B) CSR Vision Statement & Objectives:**

➤ **Vision Statement**

The core theme of the Company's CSR Policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the underprivileged.

Corporate Social Responsibility is a commitment of business to contribute for sustainable economic development by working with the employees, local community and society at large to improve their lives in ways that are good for business and development. It is the contribution of the corporate sector for philanthropic causes like education, health, water, environment and community welfare.

In alignment with vision of the company, through its CSR initiatives will continue to enhance value creation in the society, through its services, conduct & initiatives, so as to promote sustained growth of the society, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

➤ **Objectives**

The objectives of the Company's CSR Policy are to:

Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

To directly or indirectly take up programmes that benefit the communities over a period of time, in enhancing the quality of life & economic well-being of the local populace. The Company and the employees are to actively involve and participate in social welfare projects by voluntarily taking time off from work.

**C) Business principles:**

Our business principles prescribe that everyone in our Company needs to follow the operational standards. It also supports our approach to governance, corporate social responsibility and continuous improvement.

**2. SCOPE OF THE ACTIVITIES**

- i)** Eradicating hunger, Poverty and malnutrition, promoting healthcare and sanitation.
- ii)** Promoting education including special education and employment enhancing vocational skills especially among children, women & elders by the company directly or by funding Non-Government Organizations (NGO's) / Educational Institutions / Trusts / Organizations involved in Promotion of Education.
- iii)** Promoting gender equality empowering women, establishing of old-age homes, day care centers and such other facilities for senior citizens and majors for reducing inequalities in socially and economically backward groups.
- iv)** Relief to victims of Natural Calamities like Earth-quake, Cyclone, Drought & Flood situation in any part of the country.
- v)** Water Supply including drinking water.
- vi)** Providing Public Infrastructure like electricity/ Solar Lights/ i-ways, etc.
- vii)** Environment protection, animal welfare, agro forestry, conservation of natural resources.
- viii)** Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- ix)** Grant/donation/financial assistance/sponsorship to reputed Trusts and NGO's of the Society involve in upliftment of standard of the society.
- x)** Community Development activity including providing of broadband networking and Wi-Fi networking.
- xi)** Any other activity as may be specified under the Act from time to time.

The above list is illustrative and not exhaustive. The CSR committee of Board of Directors is authorized to consider also CSR activities which not included in this list. All activities under CSR activities should be environment friendly and socially acceptable to the local people.

### **3. RESOURCES**

#### **Funding & Allocation:**

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, our company shall allocate 2% of the average net profits made during the three immediately preceding financial years, in pursuance of its CSR policy calculated as per Sec-198 of the Companies Act, 2013, as its Annual CSR Budget in each Financial Year.

From the annual CSR Budget allocation, a provision will be made towards the expenditure to be incurred on identified Areas, for undertaking CSR activities on a year on year basis.

Allocation of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act, 2013 and rules made thereof as amended from time to time.

Every year, upon the recommendation of the CSR Committee the Board will make a budgetary allocation for CSR activities/ projects for the year. The budgetary allocation will be based on the CSR obligation of the Company for that financial year arrived in the manner provided under the Act.

- (a) The Company shall strive to spend the budgeted amount allocated for CSR activities/ projects planned for each financial year, within that year. If for any reason, the budget of a year remains unutilised, the same would not lapse and will be treated in the following manner:
  - i. In case of Ongoing Project, the unspent amount shall be transferred to an account i.e. 'Unspent CSR Account' within 30 days of end of the financial year, or within such other time period as may be specified in the Act or CSR Rules from time to time, and such sum shall be spent during the next three financial years from the date of transfer, in the manner prescribed under the Act read with CSR Rules, failing which, the Company shall treat the unspent amount in the manner prescribed under the Act read with CSR Rules.
  - ii. In case of activities/ projects other than Ongoing Project, the same shall be transferred to funds specified in Schedule VII of the Act, or any such other fund(s) as may be specified under the Act or CSR Rules, within 6 months of close of the financial year or within such other time period as may be specified from time to time.
  
- (b) Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company and shall be treated in the following manner:
  - i. ploughed back into the same project; or
  - ii. shall be transferred to the Unspent CSR Account (if any) opened by the Company, from which the said amount shall be spent in pursuance of CSR policy and annual action plan of the Company; or
  - iii. such surplus will be transferred to a Fund specified in Schedule VII to the Act, or any such other fund(s) as may be specified under the Act or the Rules, within a period of six months of the expiry of the financial year.

- (c) The Board may during any financial year, approve to undertake CSR expenditure beyond the CSR obligation for that particular financial year. Such excess CSR spend shall be carried forward for setting-off against the CSR obligation of the Company for next three consecutive financial year in the manner decided by the Board.

#### **4. IMPLEMENTATION**

- 4.1 CSR programmes shall be undertaken by the Company on its own through its various work units/ centers.
- 4.2 Project activities identified by the Company under CSR may also be implemented by specialized agencies which could include the Trust created by the Company-Voluntary Institutions, Trusts, Self Help Groups, Mahila Mandals, Professional Consultancy Organizations, etc.
- 4.3 The time period/duration over which a particular programme will be spread will depend on its nature, extent of coverage and the intended impact of the programme.
- 4.4 Programmes which involve considerable financial commitment and are undertaken on a timeframe of 2-10 years, will be considered as 'flagship programmes' and accorded enhanced significance.
- 4.5 CSR activities should create social impact.
- 4.6 For CSR projects, the time-frame and periodic milestones should be finalized at the time of approval of the Project.

#### **4.7 The process for implementation of CSR programmes will involve the following steps:-**

- i) While identifying Short term and Long term programmes, all efforts will be made to the extent possible to define the following:
- a. Programme objectives
  - b. Baseline survey – It would give the basis on which the outcome of the programme would be measured.
  - c. Implementation schedules – Timelines for milestones of the programme will need to be prescribed.
  - d. Responsibilities and authorities.
  - e. Major results expected.

#### **4.8 Powers for approval:**

CSR programmes as identified by the Company will be required to be put up to the CSR Committee of the Board with due recommendations of the CSR Sub-Committees if any.

#### **4.9 Executing Agency/Partners:**

The CSR Committee will identify suitable programmes/projects for implementation in line with the CSR objectives of the Company and also for the benefit of the community for which those programmes are intended. These works would be done through:

- i) The Company at its work unit/center level.
- ii) Community based organization.
- iii) Voluntary Agencies(NGO's).
- iv) Trusts/Missions/Foundation/Sec-8 of Companies Act, 2013.
- v) Registered Mahila Mandala/Samitis/Panchayats/Self Help Groups.

#### **4.10 Criterion for identifying Executing agency:**

The amount to be spent towards administrative expenses shall not exceed 5% of the total CSR expenditure of the Company in one financial year calculated as per the provisions of Companies Act, 2013 and rules framed thereof and amended from time to time, in case of programme execution by NGO's/Voluntary Organizations/Trust/Sec-8 Company.

- The NGO / Agency/ Trust/ Company registered under Sec-8 of Companies Act, 2013 has a permanent office/address in India.
- The NGO/Trust/Corporation/Companies/Societies registered under Societies Registration Act/Trust Act/Sec-8 of the Companies Act, 2013.
- Possesses a valid Income-tax Exemption Certificate.
- The antecedents of the NGO /Agency/Trust/Companies registered under Sec-8 of the Companies Act, 2013 are verifiable/ subject to confirmation.
- Experience of the Trust /NGO's/Agency.
- Has obtained Unique CSR Registration Number from Ministry of Corporate Affairs

#### **4.11 Agreement between the Company and Executing Agency:**

Once the programme is approved by the CSR Committee of the Board of Directors and communicated to the work unit/ centers, they in turn will be required to enter into an agreement with each of the executing /implementing agency as per the Standard Model Agreement.

## **5. MONITORING AND FEEDBACK**

- To ensure effective implementation of the CSR programmes undertaken at each work unit/center, a monitoring mechanism will be put in place by the head of the work unit/ center. The progress of CSR programmes under implementation at work unit/ center will be reported to CSR Sub-Committee (if any) on a monthly basis. The CSR Committee of Board of Directors shall review the progress of activities on quarterly basis.
- CSR Committee will conduct impact studies on a periodic basis, through independent professionals third parties/ professional institutions, especially on the strategic and high value programmes.
- Work unit/ center offices will also try to obtain feedback from beneficiaries about the programmes.
- Appropriate documentation of the Company's CSR Policy, Annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- CSR initiatives of the Company will also be reported in the Annual Report of the Company.

## **6. CONCLUSION**

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Government from time to time.

*The Board will review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.*

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