

**FAIRFREIGHT LINES PRIVATE LIMITED
CSR POLICY**



CORPORATE SOCIAL RESPONSIBILITY POLICY

Introduction

Company seeks to formulate a robust CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

CSR Object

The Company firmly believes that CSR is primarily, the responsibility of the Company in relation to the impact of its decisions and activities on the society and also the environment, through a transparent and ethical behavior which is:

- (a) consistent with sustainable development and welfare of society,
- (b) takes into account the expectations of stakeholders,
- (c) is in compliance with applicable law, and
- (d) is uniformly integrated and practiced throughout the Company.

Scope

In furtherance of its CSR objects, the Company proposed to meet its CSR obligation through a combination of one or more of the following:

- (a) CSR activities implemented by the Company on its own or along with other company, or
- (b) CSR activities implemented by the Company through own trust/society or trust/registered trust or society registered under Section 12A and Section 80G of the Income Tax Act, 1961/established by the company either singly or along with any other company, or
- (c) 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, or
- (d) CSR activities through any entity established under an Act of parliament or State legislature, or
- (e) 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.

Every entity which undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar. Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice. On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

Definitions

In this Policy, unless the context otherwise requires:

1. "Act" shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.
2. "Agency" (or Agencies) means any Section 8 Company or a registered trust/society/NGO/ institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.
3. "Approved Budget" shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
4. "Administrative Overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.
5. "Board" shall mean the Board of Directors of the Company.
6. "Company" shall mean Fairfreight Lines Private Limited and wherever the context requires, shall signify the Company acting through its Board.
7. "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
8. "CSR Committee" shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of two or more directors.
9. "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-
 - (i) activities undertaken in pursuance of normal course of business of the company:
Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
- (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- (v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

10. "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
11. "Group Companies" means Companies includes Companies promoted by the Company or its promoters
12. "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
 - (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
13. "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.
14. "Society" means a Society formed and registered under the Societies Registration act, 1860 by the Company and includes a society jointly formed and registered by the Company with all or any of its Group Companies.
15. "Thrust Areas" shall have the meaning as ascribed to them as per provision of the Policy.

16. "Trust" means a Trust created and registered under the India Trusts Act, 1882 by the Company and includes a Trust jointly created and registered by the Company with all or any of its Group Companies.
17. "International Organisation" means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.
18. "Ongoing Project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.
19. "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005).

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Rules.

Company demonstrates care for the community through its focus on education and skill development, health and wellness and environmental sustainability including biodiversity, energy and water conservation.

CSR may include other activities as laid down in Schedule VII of the Companies Act, 2013 more briefly described in the below mentioned thrust areas.

Thrust Areas:

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII of the Act, it proposes to undertake all the relevant activities on priority basis in the following Thrust Areas:

- i. eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. 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 [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga];
- v. 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 art and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents [Central Armed Police Forces (CAPF) and Central Military and Central Para Military Forces (CPMF) veterans, and their dependents including widows];
- vii. training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
- viii. contribution to the Prime Minister's National Relief Fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM Cares Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- xi. rural development projects;
- xii. slum area development; Explanation. - For the purposes of this item, the term '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.
- xiii. disaster management, including relief, rehabilitation and reconstruction activities.

Identification of CSR Projects:

1. CSR Projects needs to be identified and planned for approval of the CSR Committee with estimated expenditure and phase wise implementation schedules.

2. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
3. As a cardinal principle, the CSR Projects in Thrust Areas, shall be identified on the basis of a detailed assessment survey.
4. The Company may engage external professionals/firms/agencies if required, for the purpose of identification of CSR Projects.

Implementation of CSR Projects

The Company shall implement the identified CSR Projects by the following means:

I. Direct Method

1. The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The Company may also implement the identified Projects presently through its Trust or Society which is involved in CSR activities, within the scope and ambit of the Thrust Areas as defined in the Policy.
3. The Company may engage external professionals/firms/agencies if required, for the purpose of implementation of its CSR Projects.
4. The Company may collaborate with other companies for fulfilling its CSR objects through the Direct method, provided that the CSR Committees of respective companies are in a position to monitor separately such CSR Projects.

II. Indirect Method

1. The Company may implement the identified CSR Projects through Agencies, subject to the condition that:
 - The activities pursued by the Agency are covered within the scope and ambit of Schedule VII of the Act provided
 - The Agency has an established track record of at least three years in undertaking similar programs or projects, and
 - The Company has specified the Project to be undertaken through the Agency which shall preferably be in Thrust Areas, the modalities of utilization of funds on such Projects and the monitoring and reporting mechanism which shall be at least once in a month.
2. The Company may collaborate with other companies for fulfilling its CSR objects through the Indirect method provided that the CSR Committees of respective companies are in a position to monitor separately such Projects.

Monitoring

Monitoring process for CSR Projects shall include the following:

Evaluation of Planned Progress V/s Actual Progress

Actual expenditure V/s expenditure as per Approved Budget

Fund allocation and others**A. Fund allocation**

1. The Company, during every Financial Year shall attempt to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three 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 CSR Policy.
2. The CSR Committee shall prepare a CSR Annual Action Plan for the above which shall include:
 - i. Identified CSR Projects
 - ii. CSR expenditure and manner of execution of CSR projects
 - iii. Modalities of utilization of funds and Implementation Schedules
 - iv. Monitoring and reporting mechanism
 - v. details of need and impact assessment, if any, for the projects undertaken
3. 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.
4. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee.
5. In case the Company fails to spend the statutory minimum limit of 2% of Company's average net profits of the immediately preceding three years, in any given financial year, the Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section (3) of section 134.

B. Others

1. The CSR Committee shall ensure that major portion of the CSR expenditure in the Annual Plan shall be for the Projects in the Thrust Areas. However, there shall not be any preference given to any particular Thrust Area for budgetary allocation and it shall be made purely as per the identified CSR Projects on need basis.
2. Mr. Piyush Kumar Asthana and Mr. Shingo Koma, Director(s) of the Company be and are hereby jointly or severally authorized to decide on Projects to be implemented through the Indirect Method within the allocation as per the Annual Plan.
3. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
4. If the Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that – (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any (ii) the Board of the company shall pass a resolution to that effect.

5. The Company may build CSR capacities of their own personnel or personnel of its Trust or Society, as well as those of the Agencies through institutions with established track records of at least three Financial Years but such expenditure including expenditure on administrative overheads shall not exceed five percent of total CSR expenditure of the company in one financial year.
6. The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
7. A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
8. The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
9. In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.
10. The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –
 - (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority.
11. The CSR Committee shall ensure that if the CSR obligation of the Company is ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
12. The CSR Committee shall ensure that the Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed

five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

13. Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in Schedule VII of the Act.

Governance

The Company through a registered trust or a registered society can undertake CSR activities as per the provisions of Companies Act, 2013. Accordingly, such other entity will work closely with and support the Board and CSR committee in implementing CSR activities of the Company, assist the CSR Committee in identifying the areas of CSR activities, programs and execution of initiatives as per defined guidelines. It will also assist the Board and the CSR Committee in reporting the progress of deployed initiatives and making appropriate disclosures (Internal/ External) on a periodic basis.

Duties and Responsibilities:

1. Board of Directors

The Board shall include in its Report the Annual Report on CSR Projects as per the format provided in the Annexure to the Rules.

2. CSR Committee

At FLPL, our CSR governance structure will be headed by the Board Level CSR committee that will be ultimately responsible for the CSR projects undertaken. The committee will report to our Board of Directors. Any change in the constitution of CSR Committee may be done as per recommendation of the Board of Directors on timely basis. The Committee consists of following Directors:

- Mr. Piyush Kumar Asthana, Chairperson and Managing Director
- Mr. Shingo Koma, Director

2A. Implementation and monitoring committee

Internal CSR committee will work under the guidance of The Corporate Social Responsibility Committee. The Internal CSR committee constitute following people:

1. Mr. Piyush Kumar Asthana, Managing Director
2. Mrs. Munmun Ghosh – Senior Manager – Finance & Accounts
3. Mr. Mangesh Karekar – Manager – Finance & Accounts

The responsibilities of the Committee are:

1. The CSR Committee shall monitor the implementation of the CSR Policy and approved CSR Budget. For this purpose, the CSR Committee shall meet at least once a year.
2. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
3. The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting of the following year for Board review and finalization.
4. The CSR Committee shall ensure that the CSR Policy, CSR Committee and CSR projects approved by the Board are displayed on the Company's website.

Review Periodicity and amendment:

1. CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.
2. The CSR Committee shall review the Policy every two years unless such revision is necessitated earlier.

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