

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Approved by the Board of Directors at its meeting held on April 30, 2024

1. Objective

Five-Star is a growing company and is committed towards social welfare of the common people as it caters to the needs of self-employed, informal segment of customers, belonging to middle income, primarily from semi urban and rural markets. The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their livelihood and well-being.

2. Governance Structure

The CSR Committee is the governing body that will define the scope of CSR activities for Company and ensure compliance with the Policy. The CSR Committee would comprise three or more directors including at least one independent director.

3. Constitution of CSR Committee and Formulation of CSR Policy

In accordance with Section 135 of the Act and Rules thereunder, the Company has a duly constituted Corporate Social Responsibility Committee of the Board (CSR Committee). The role of the CSR Committee, inter alia, includes the following:

- (i) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII to the Act.
- (ii) Recommend the amount of expenditure to be incurred on the activities.
- (iii) Monitor the CSR Policy of the Company from time to time
- (iv) Formulate and recommend to the Board, an Annual Action Plan in pursuance of this Policy which shall include the following, namely:
 - (a) the list of CSR projects or programmes 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 programmes;
 - (c) the modalities of utilization of funds 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

(Note: The Board of Directors of the Company may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect)

4. CSR Activities

- a. The company may undertake following CSR activities:
- b. 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;
- c. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- d. 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;
- e. 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 setup by the Central Government for rejuvenation of river Ganga;

- f. 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. measure for the benefit of armed force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- h. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports;
- i. contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;
 - (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
 - (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of
- j. Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- k. rural development projects.
- l. slum area development.
- m. disaster management, including relief, rehabilitation and reconstruction activities.
- n. Such other activities as covered under Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII to the Companies Act, 2013 (including any amendments or enactments thereof) from time to time.

5. CSR Outlay

The Company shall endeavour to spend, in every financial year at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years in pursuance of this Policy and in accordance with the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility) Rules, 2014. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy

Any unspent CSR amount or excess spent CSR amount shall be dealt with as provided in sub-section (5) & (6) of section 135 of the Companies Act 2013, read with the Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII to the Companies Act, 2013, as amended from time to time.

The Company may use the CSR capacities of their own personnel in executing the CSR activities and also effectively monitoring the same but such CSR expenditure including other administration overheads incurred for executing CSR activities shall not exceed 5% of total CSR expenditure of the company in one financial year.

6. Guiding Principles

The guiding principles for selection of the CSR projects, will be dependent on the long term objective of each project` credibility of the Institution that is involved in the implementation and the practical need for such projects.

7. Manner execution of projects, modalities of utilisation of funds, implementation schedule, monitoring and reporting process

a. Manner of Execution of Projects

The Company will undertake its CSR activities either directly or through a Registered Trust or through a Registered Society or establish another company under Section 8 of the Companies Act, 2013 or through collaboration with other entities. The Company will give preference to the local area(s) in and around our offices in India. If the CSR activities are carried out through a Registered Trust or Registered Society or Section 8 Companies, such agency shall qualify to undertake the CSR Activities on behalf of the Company as per the relevant provisions of the Companies Act 2013 & rules made thereunder, as amended from time to time.

b. Modalities of utilisation of Funds

The Company will utilise the CSR outlay for each financial year in sectors or activities specified as “CSR Activities”.

Further, the Chief Financial Officer of the Company shall issue a certificate to the effect that the funds disbursed towards CSR have been utilised for the relevant purposes and in the manner as approved by the Board.

c. Implementation Schedule, Monitoring and Reporting process

The Internal Audit Team or such other person as may be nominated by the Managing Director of the Company shall monitor the implementation schedules of the various CSR projects towards which the Company has made contributions, on the basis of the timelines indicated by the respective Institutions.

The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes /Activities and periodic reports shall be provided for review to the Board.

The Company shall constitute a team under the supervision of the Chief Financial Officer and Company Secretary & Compliance Officer for the purpose of monitoring the progress of various projects, utilisation of funds and timeliness of implementation.

Where considered necessary, the Managing Director may advise on-site visits for the purpose of carrying out a due diligence in the case of projects involving an outlay of Rs. 25 lakhs or more, except in the case of contributions made to the Central/State Government(s). Such on-site monitoring may be carried out either by the employees of the Company or through an independent external agency.

The Company Secretary & Compliance Officer shall submit a report to the CSR Committee after the closure of each financial year, providing therein brief details about various contributions made during the year under each broad head.

8. Resource Utilisation

The Company may use the CSR capabilities of their employees or avail of the services of one or more external agencies towards overseeing and monitoring the overall CSR programme of the Company. The administrative expenses to be incurred in this connection shall not exceed 5% of the total CSR outlay of the Company for the financial year.

9. Impact Assessment

The Company may take up appropriate evaluation and impact assessment of all or selected projects. Third parties may be engaged for this to ensure objective assessment. There shall be clarity about the objective/scope of the project and the need it is attempting to address.

Further, in respect of the projects to which the provisions of the Act and Rules thereunder relating to impact assessment are applicable, the Company, if required, shall undertake impact assessment, through an independent agency. The impact assessment reports shall be placed before the Board and shall be disclosed in such manner and at such place as may be prescribed in the Act.

10. Documentation

The CSR Team of the Company will make effort that CSR projects are documented and accountability is fixed at requisite level of the CSR process and the implementation mechanism. A repository of case studies and good practices may be compiled to learn from and build upon successful interventions.

11. Disclosure

The Company shall follow and comply with the requirements for disclosure of the CSR Policy and/ or CSR activities in the Board's Report and on the website of the Company or otherwise, as may be required in terms of the provisions of the Act, as applicable from time to time.

12. Amendment

Any subsequent amendment(s)/modification(s) in the Act, the Rules, Schedule VII to the Act or any other governing law, which makes any of the provision of this Policy inconsistent with such Act, Rules, Schedule VII to the Act or any other governing law, then the provisions of such Act, Rules, Schedule VII to the Act or any other governing law shall prevail and the Chairperson of the CSR Committee is authorised to carry out any further changes in the Policy to make it consistent with the amendment(s) in the Act, Rules, Schedule VII to the Act or any other governing law and the CSR Committee shall be kept informed of the same.