

Corporate Social Responsibility (CSR) Policy

Introduction

The Ministry of Corporate Affairs, Government of India notified Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility.

"Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies efforts that go beyond what may be required by regulators or environmental protection groups. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

As per the provisions of Section 135 (1) of the Companies Act, 2013 the companies having Net worth of Rs. 500 crore or more; or Turnover of Rs. 1000 crore or more; or Net Profit of Rs. 5 crore or more during any financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee" with effect from 1st April, 2014.

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014 shall be required to incorporate in its Board's report an annual report on CSR containing the following particulars:

- A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs;
- The composition of the CSR Committee;
- Average net profit of the company for last three financial years;
- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of CSR Spent during the financial year;
- In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;

Role of CSR Committee

The CSR Committee constituted in pursuance of Section 135 of the Companies Act, 2013 shall be required to carry out the following activities:

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as 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.

The Objectives of the Policy

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- (i) Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- (ii) Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- (iii) Creating opportunities for employees to participate in socially responsible initiatives.

CSR Activities

The Supplyco CSR Policy recognizes that corporate social responsibility is not merely compliance with the law on compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014. Thus this organization commits to support initiatives in activities such as:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water and any related activities.
2. Promoting employment enhancing vocation skills and livelihood enhancement projects;
3. Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;

4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
5. 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;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Contribution to the Prime Ministers' National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
8. Rural development projects;
9. Slum area development.

Scope

All projects undertaken as part of the Corporation Corporate Social Responsibility Policy will be covered. The activity will further be developed, reviewed and updated by reference to relevant codes of Corporate Governance in line with the CSR Rules.

The Geographic reach

The Act provides that the Company shall give preference to the local area and areas around which it operates, and the Corporation will be conducting CSR activities in the state of Kerala wherein the Company has its operations.

Annual spends/Allocation of Funds

The Corporation will spend at least 2% of the average net profits of three immediate financial years in pursuance of CSR policy if the Corporation meets the criteria of profit. Presently Corporation's main business is market intervention to stabilize the price of essential commodities and implementation of various Government Schemes for the welfare of the poor.

CSR Committee

The CSR Committee will consist of three Directors, who shall meet to discuss and review the CSR activities and policy at least once in a year. The quorum shall be two members who are required to be present for the proceeding to take place.

Administration of CSR Projects

The Corporation can meet its CSR obligations by funneling its activities on its own or through a third party, such as a society, trust, foundation or Section 8 company (i.e., a company with charitable purposes) that has an established record of at least three years in CSR-like activities. Companies may also collaborate and pool their resources.

Implementation

- a) The investment in CSR should be project based and for every project time framed periodic mile stones should be finalized at the outset.
- b) Project activities identified under CSR are to be implemented directly or by Specialized Agencies.

Budget

As per the act the company shall spend in every financial year at least 2% of the average Net Profit made during the three immediate preceding financial years.

Amendments to the policy

The Board of Directors on its own and/or on the recommendation of CSR committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.
