



POLICY ON CORPORATE SOCIAL RESPONSIBILITY

CHHATTISGARH STATE MARKETING CORPORATION LIMITED (CSMCL)

(04TH FLOOR, ABKARI BHAVAN, NEAR CHOKRA NALA, LABHANDIH, RAIPUR)

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1. Preamble

The concept of Corporate Social Responsibility (CSR) has gained prominence over the last few years, globally and is gaining increasing relevance in India. Organizations have realized that the Government alone will not be able to identify the socio-economic challenges of our society and implement changes to overcome these problems. With the rapidly changing role of the company in the society and in part to fulfil our obligations as a responsible corporate citizen, the company has adopted CSR as a strategic tool for sustainable growth. For the company in the present context, CSR means not only investment of funds for social causes but also integrating social empathy in all our business processes.

2. Introduction

At Chhattisgarh State Marketing Corporation Limited (CSMCL or 'the Company'), we sincerely believe that the actions of the organization and its community are highly inter-dependent.

It is our conviction that the engagement with social issues must be deep, meaningful and formed on the bedrock of long-term commitment; for that is the only way by which real change can happen on the ground. This is also reflective of the fact that such an approach serves both, enlightened business interest and social good. We run our social programs on a strong foundation of ethical principles, good governance and sound management. This includes, among other things, holding ourselves up to public scrutiny through a framework of transparent, rigorous reporting.

The company's business has profound impact on the people living in and around the areas where our operations exist. The obvious impact of the introduction of any activity in such an area changes the traditional lifestyle of its original inhabitants and indigenous communities and also changes the socio-economic profile of the area. In the aforesaid backdrop, the company's policy on CSR is broadly framed taking into account the following measures:

- a) Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness, especially with regards to the economically backward classes.
- b) Protection and safeguarding of the environment and maintaining an ecological balance.

The Company's CSR activities revolve around five guiding principles – Impact, Partnerships, Affirmative Action, Communication and Innovation. Both on its own and through constant collaborative interactions with our external stakeholders, CSMCL strives to become an asset in the communities where it operates.

The initiatives taken by the Company is in consonance with projects and programs relating to activities specified under Schedule VII to the Companies Act, 2013 ("Act") and Section 135 of the Companies Act, 2013.

3. Objectives of the Policy

The main objective of CSR policy is to make CSR a key business process for sustainable development of the society and base its objectives on the below keystones:

- To promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.

- to manage its operations using principles of sustainable development to minimize impact on environment and protect health & safety of our employees, service providers, neighbouring communities and customers,
- To support the activities/programs/ projects that benefit communities specially the areas like health care, education, hunger, poverty, malnutrition, environment, communities, stakeholders and the society,
- To ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programmes.

4. Scope and Applicability

This policy shall be applicable to all CSR initiatives and activities undertaken by all the employees of CSMCL for the benefit of different segments of the society.

5. Policy Statement

Our 'Core Purpose' is to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise".

In line with our Core purpose, our CSR vision is to focus our efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programmes designed in the domains of education, health and environment while harnessing the power of technology.

By investing our CSR efforts in these critical constituencies who contribute to nation building and the economy, we will enable our stakeholders and communities to Rise.

For CSMCL, responsible business practices include being responsible for our business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, CSR goes beyond just adhering to statutory and legal compliances, and creates social and environmental value for our key stakeholders.

6. CSR Thrust Areas

The Company has identified CSR Thrust Areas for undertaking CSR Projects/ programs/ activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/ NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Our commitment to CSR will be manifested by investing resources in any of the areas shown below –

6.1 Education

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools.
- Monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc.
- Adult literacy especially amongst those belonging to BPL family.
- Awareness programmes on girl education.
- Counselling of parents.

- Special attention on education, training and rehabilitation of mentally & physically challenged children/persons.
- Spreading legal awareness amongst people and disadvantaged sections of the society about their rights & remedies available.
- Promotion of Professional Education by setting up / giving aid to educational institutions offering courses in Engineering, Nursing, Management, Medicine, and in Technical subjects etc.
- Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.

6.2 Healthcare

- Promoting health care including preventive health care.
- Building awareness about sanitation and providing monetary support.
- Health care support through diagnosis and treatments.
- Senior Citizen Health Care Wellness Clinics.
- Awareness about Social evils like alcohol, smoking, drug abuse etc.
- Awareness about Child and Mother care.
- Organizing / Participating in Blood donation camps.
- Organizing Diabetics detection & Hypertension Camps.
- Provision of Fully equipped Mobile Medical Vans.
- To supplement the different programme(s) of Local/State Authorities.

6.3 Water Supply including drinking water

- Making available clean, safe and stable supply of drinking water.
- Installation / Repair of Hand Pumps / Tube Wells.
- Digging/Renovation of Wells.
- Gainful utilization of waste water from underground mines for cultivation or any other purpose.
- Development / construction of Water Tank / Ponds.
- Rain-water harvesting scheme.
- Waste-water treatment programs.
- Formation of a Task Force of Volunteers to educate people regarding proper use of drinking water.
- Empowerment to the villagers for maintenance of the above facilities for availability of water.

6.4 Environment

- Organizing sensitizing programmes on Environment Management and Pollution Control.
- Green belt Development.
- Afforestation, Social Forestry, Check Dams, Park.
- Restoration of mined out lands.
- Development of jobs related to agro product i.e., Dairy/Poultry/farming and others.
- Plantation of saplings producing fruit.
- Animal care.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna.
- Conservation of natural resources.
- Maintaining quality of soil, air and water.

6.5 Social Empowerment

- Training of rural youth for self-employment.
- To provide assistance to villagers having small patch of land to develop mushroom farming, medicinal plants, farming & other cash crops to make them economically dependent on their available land resources. Agricultural experts for above farming may provide training.
- Organizing training programmes for women on tailoring, Embroidery designs, Home Foods/Fast Foods, Pickles, Painting and Interior Decoration and other Vocational Courses.
- Setting up old age homes and such other facilities for senior citizens.
- Adoption/construction of homes, hostels and day care centres for women and orphans.
- Improvement and protection of adolescent girls.
- Promoting gender equality and empowering women.
- Adopting measures for reducing inequalities faced by socially and economically backward groups.
- Adopting measures for eradicating hunger, poverty and malnutrition.
- Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.

6.6 Sports and Culture

- Promotion of Sports and Cultural Activities for participation in State and National level.
- Promotion/Development of sports activities by conducting tournaments like Football, Kabaddi, Basketball, Cricket, Hockey, Badminton, Tennis, Swimming, Racing, etc.
- Providing sports materials for Football, Volleyball, and Hockey sticks etc. to the young and talented villagers.
- Promotion of National level teams, Sponsorship of National Sports events.
- Sponsorship of Cultural event to restore Indian Cultural Traditions and Values.
- Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.

6.7 National Heritage, Art and Culture

- Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.
- Setting up public libraries.
- Promoting and developing traditional arts and handicrafts.

6.8 Others

- Measures for the benefit of armed forces veterans, war widows and their dependents.
- Contribution to the Prime Minister's 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.
- Contribution or funds provided to technology incubators located within academic institutions which are approved by the central government.
- Rural development projects.
- Grant / donation / financial assistance / sponsorship to reputed NGOs of the Society / locality doing / involved in upliftment of the standard of the society.

- Relief of victims and Natural Calamities like Earth Quake, Cyclone, Draught and Flood situation in any part of the country.
- Disaster Management Activities including those related to amelioration/ Mitigation.
- Collection of old clothes / items from the employees and distribution to needy people.
- Any other activities that the CSR Committee of the Company may define from time to time.

The CSR areas highlighted in this policy shall be monitored and reviewed by the Management, CSR Committee and the Board of Directors (Board) from time to time. All CSR Initiatives/projects/programs/activities are and will continue to fall under the purview of schedule VII of the Act. The CSR Committee may include any other areas falling within the Schedule VII of the Act (and amendments thereto) from time to time.

The CSR initiatives as stated aforesaid will be ongoing initiatives of the Company and are proposed to be implemented on a continuous basis subject to review and monitoring by the CSR Committee and Board.

Director and General Manager / Deputy General Manager shall be authorized to consider CSR activities not falling in this list but covered under Schedule VII of the Companies Act, 2013.

All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society.

The approach of the Company shall be based on the following principles:

- CSR initiatives to focus on the areas around where the Company has its presence and operations.
- CSR initiatives to create awareness amongst employees and encourage involvement of employees in the CSR initiatives. To build programs that has internal participation.
- Company is committed to acquiring/ obtaining/ providing the expertise required to carry out the above activities and engage with any agencies of repute, if the need arises.
- The CSR committee would evaluate proposals for engagement and approve based on its merit.
- Company to actively participate in the CSR initiatives through structured programs and projects. The involvement of the Company shall be more towards participation on the ground rather than only administering the expenditure.
- Have an internal structure to implement the CSR philosophy of the Company under supervision of CSR Committee and the Board.

7. Implementation

- The Company will implement its CSR activities in accordance with Section 135 of the Companies Act 2013 and rules notified thereafter. The Company may undertake and/or initiate CSR activities through registered Trust/ Company under section 8 of the Companies Act 2013.
- When the Company's CSR Obligation exceeds Rs.10 Crore, an impact assessment shall be conducted by an Independent third party for projects with outlays of more than Rs.1 crore that have completed not less than one year before undertaking the impact study.
- CSMCL's support to any activity/program/project will depend on the scale of the activity/program/project and feasibility of the activity/program/project.

8. Composition of CSR Committee

Pursuant to Section 135 of the Companies Act 2013, and the amendments thereof the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee.

- The members of the CSR Committee shall be appointed by the Board of Directors of the Company. The CSR Committee shall constitute of at least two (2) or more members from the Board.
- The CSR committee shall hold at least one CSR Committee meeting in a financial year.
- The CSR agenda for the financial year shall indicate the activities to be undertaken for the financial year, and the expenditure to be incurred on the CSR programs and initiatives.

The Board of Directors shall take into account the recommendations made by the CSR Committee and approve the CSR programs for the Company.

9. Role of the CSR Committee

- (i) All proposals under CSR activity would be referred to CSR Committee.
- (ii) CSR Projects will be undertaken based on the recommendation of the CSR Committee to the best possible extent, within the defined Thrust Areas.
- (iii) The CSR Committee will monitor and review the progress of activities undertaken/completed.
- (iv) The CSR Committee shall examine the project proposal related to Company for recommendation to the Board of Directors of the Company.
- (v) The CSR Committee will recommend the Annual Business Plan for CSR to the Board for its approval. The Annual Business Plan will include resource requirements and allocation across interventions and locations as per the approved CSR Policy.
- (vi) The CSR Committee shall recommend the amount of expenditure for each project/programme for approval of the Board.
- (vii) The Committee will review the strategy from time to time and may recommend new focus areas and projects as and when required.

10. Monitoring of the CSR Activities

- At Company level full-time CSR Committee should be constituted.
- It will be the responsibility of the CSR committee to monitor periodically the implementation of the projects/programmes/activities under this CSR Policy.
- Annual CSR Calendar activities will be cleared/ signed off by CSR Committee.
- The Board of Directors will monitor and review on a quarterly basis the progress of CSR activities undertaken/ completed.
- All the CSR initiatives of the Company will form part of the Directors' Report.
- The CSR committee may delegate to such work and authority to such person as it may deem fit for ensuring the smooth functioning of the committee.
- In order to ensure transparency and communication with all stakeholders, the CSR Policy will be uploaded on the Company website so that it is available in the public domain.

11. Partnerships

- Collaborative partnerships shall be formed with the internal as well as external stakeholders which shall include the Government, the village panchayats, NGOs, the District Authorities and other likeminded stakeholders.
The following minimum criteria will be ensured while selecting NGO's / voluntary organizations for programme execution:
 - (i) The NGO is a registered Society / Public Charitable Trust / not for profit organization established under section 8 of the Act.
 - (ii) The NGO has a permanent office / address in India.
 - (iii) The NGO has a valid Income Tax Exemption Certificate i.e. registration under Section 12A & 80G of the Income Tax.
 - (iv) The NGO has submitted a detailed project proposal and budget which has been approved by the CSR Committee.
 - (v) The NGO has a valid registration with Ministry of Corporate Affairs.
- Company may join hands with external experts and organizations with an established track record of at least 3 years who have done work or are capable of doing work in the areas identified by the Company as CSR initiatives.
- The Company may also collaborate with other companies for undertaking projects or programs or CSR activities.

12. Budgeting and Expenditure

CSMCL shall allocate a budget for various identified CSR projects/programs falling within the purview of the objectives of this policy, subject to the provisions of the Companies Act, 2013 and the Rules made there under.

The CSR expenditure shall include all actual expenditures including contribution to corpus or on project or programs relating to CSR recommended by the CSR Committee and approved by the Board of Directors within the purview of Schedule VII of the Act.

13. Treatment of Surplus

Any surplus generated from CSR projects undertaken by CSMCL in a particular financial year will be tracked and channelized into CSMCL CSR corpus. These funds will be used in development of the CSR projects in the following year and will not be added to the normal business profits.

14. Reflection of CSR Activities

The CSR activities will be reflected in the Annual Report under the head Report on CSR as per the particulars specified under CSR Rules and Accounts of the Company under Social Overhead (CSR).

The annual report on CSR activities shall be signed by Director and Chairperson of the Committee and will be placed on the website of the Company.

15. Unspent CSR Funds (if any)

- a) The company shall ensure that any unspent amount for an "ongoing project" during the relevant financial year shall be transferred within thirty days of the end of that year to a designated "Unspent CSR Account" opened by the company.

- b) The funds in the “Unspent CSR Account” shall be spent within three years. If still unspent, the funds shall be transferred to any fund mentioned in Schedule VII of the Companies Act 2013.
- c) The company shall also ensure that unspent CSR funds NOT related to an ongoing project (unallocated) at the end of the relevant fiscal year shall be transferred within six months of the end of that year, to a fund mentioned in Schedule VII of the Act.

16. Management Commitment

Our Board of Directors, our Management and all our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

17. Policy Guidelines

- All CSR Projects must be aligned as prescribed in Schedule VII of the Companies Act, 2013.
- CSR projects or programmes or activities must be undertaken in India alone.
- CSR activities must not include the activities undertaken in pursuance of normal course of business of the Company.
- Projects or programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR.
- CSR activities should be in project/ programme mode. One-off events such as marathons/ awards/ charitable contribution/ advertisements / sponsorship of TV programmes etc. will not qualify as part of CSR expenditure.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.

18. Amendments to the Policy

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to modification. Any amendment of any provision of this policy must be approved in writing by the Company's Board as per the recommendations of the CSR Committee and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment.
