

CORPORATE SOCIAL RESPONSIBILITY POLICY

Karnataka Forest Development Corporation Limited

COMPANY BACKGROUND:

On the recommendation of the National Commission on agriculture KFDC Ltd, was established in 1971 by the government of Karnataka and incorporated as a Government Company under the provisions of the Companies Act, 1956, on 25th January 1971, with an objective to save the fast depleting forests and restore the ecological balance. KFDC has undertaken various projects for the development of vacant forest lands for raising plantations & to assist selling of various forests produce resulting therefrom.

OBJECTIVES OF KFDCL:

- 1) To develop land for raising Forest plantations and in particular Eucalyptus, Bamboo, Rubber, and such other suitable species in the State of Karnataka for the purpose of development of forest based industries.
- 2) To plant, grow, cultivate, produce and raise plantations of all varieties of forest plants and to buy, sell, process, distribute or otherwise, deal in all kinds of forest plants, tree crops & natural products.
- 3) To carry on the business of planters, cultivators, sellers and dealers on timber, plywood, pulpwood, matchwood and such other products of every description and to manufacture, dispose of, sell and deal in products of such plantations and other forest products of every description.

ORGANISATION:

The affairs of the corporation are being managed by the Board of Directors. The Chief executive of the Corporation is the Managing Director in the rank of PCCF who is assisted by Joint Managing Director of the rank of APCCF at the head Office and 2 Executive Directors of the rank of CCF at Shimoga for eucalyptus and the other at Mangalore for Rubber Plantations. Technical Personnels are taken from the Karnataka Forest Department on deputation basis to carry on the activities of the corporation in addition to its own recruited staff.

SHARE CAPITAL:

The authorised share capital of the Corporation is 25 crores and the paid up share capital of Rs.9.31 Crores which is completely held by the Government of Karnataka.

EUCALYPTUS PLANTATIONS:

Keeping in view the demand for raw materials for pulpwood and paper Industries, the corporation has raised successful pulpwood plantations in many districts of the state on degraded and low productive forest areas.

RUBBER PLANTATIONS :

The rubber plantations were initially raised by the Karnataka Forest Development with the aim of providing job to the Repatriates from Sri Lanka under Colombo plan. About 4443.43 Ha. of Rubber plantations raised by the Department in Dakshina Kannada have been transferred to this corporation for better management in the year 1981. After taking over the departmental rubber plantations all efforts have been made to improve the plantation by introducing high yielding varieties and maintaining them scientifically. Now, this corporation is one of leading rubber producers in the Government sectors in India.

The rubber plantations are looked after by the Executive Director stationed at Mangalore and assisted by Divisional Managers of Sullia, Arivernad and Subramanya Rubber Division. The Division Managers are of the rank of Deputy Conservator of Forests and the rubber processing factories are supervised by Manager (Factories).

The Corporation maintains 3 factories at Bilinele, Medinadka & Aivernad to process the raw latex to concentrate to Cenex and make ISNR.

Rehabilitation of Sri Lanka Repatriates the Rubber Plantations were originally raised to rehabilitate 1.110 families of Sri Lanka repatriates at the rate of 2 members from each family in the Rubber Plantations. So far 1852 repatriates have been permanently settled. Housing colonies specially meant for them with all necessary amenities, have been provided.

A Statement of turnover, expenditure, Profit and Revenue of the corporation for past five years is shown below;

Year	Total Revenue	Total Expenditure	Profit & (Loss)	Revenue by Sale of Rubber	Revenue by Sale of Pulpwood.
2010-11	7,100.02	4,856.23	2,243.79	6,051.00	278.00
2011-12	6,495.48	5,852.41	643.07	5,372.00	270.00
2012-13	7,692.30	4,946.68,	2,745.62	4,506.00	1,417.00
2013-14	13,050.00	6,889.00	6,161.00	4,470.00	7,635.00
2014-15	13,504.00	8,073.00	5,431.00	3,517.00	8,634.30

The Corporation has earned a revenue of Rs.135.04 Crores in the Financial Year 2014-15 which is the highest in the history of the Corporation.

The Corporation is striving to achieve its social and economic objective for which it was incorporated. All the officers, employees and workmen who have served the corporation have contributed their part to the progress of the Corporation and are responsible for the credentials/ milestones achieved by the Corporation till date.

CSR VISION STATEMENT:

“Help Improve Lives of the villagers surrounding the plantations of KFDCL and any other activity leading to improvement of the Environment and reducing the pollution.”

The Vision statement is built on the three value pillars:

- ❖ Improving Lives
- ❖ Sustainable Development
- ❖ Care and Concern

OBJECTIVES OF COMPANY'S CSR:

COMPANY'S CSR policy intends to:

- ❖ Strive for economic development that positively impacts the society at large with a minimal resource footprint.
- ❖ Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

CSR BUDGET:

- ❖ The Board of Directors of the Company shall ensure that in each financial year the Company spends at least 2% of the average net profit made during the three immediately preceding financial years.
- ❖ In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company.
- ❖ As per section-135 of the Companies Act, 2013 ("the Act"), the Company will report in its annual report to the shareholders of the company, reasons, if any, for under spending the allocated CSR Budget in any of the financial year.

VALIDITY AND MAINTENANCE OF CSR POLICY:

- ❖ This CSR Policy of the Company has been approved by the Board of Directors and shall remain in force until modified by the Board.
- ❖ The CSR policy will be maintained by the CSR Committee of the Board of Directors and reviewed by the Board of Directors at periodic intervals.

Focus Areas

In alignment with our vision of building lasting solution for communities in and around our plantations a focused cluster approach will be adopted.

KFDC recognizes that ensuring lasting impact will require our CSR programmes to leverage our existing strengths, work with communities we

have access to, focus our interventions and where possible facilitate new ways of delivering services to address the most pressing social challenges.

The focus area will include:

1.1 Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

1. 2 Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects:

1.3 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;

1.4 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

1.5 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

- Any activity related to the above.

1.6 Measures for the benefit of armed forces veterans, war widows and their dependents

- Any activity related to the above.

1.7 Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports

- Any activity related to the above.

1.8 Contribution to prime minister's national relief fund or any other fund set up by the Central Government or State Government for socio-economic development and relief and funds for the welfare of the

Scheduled Castes, Scheduled Tribes and other backward classes, minorities and women.

- Any activity related to the above.

1.9 Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

- Any activity related to the above.

1.10 Rural development projects

1.11 Any other activity as notified or included in Schedule VII.

DOCUMENTATION AND REPORTING:

- ❖ In preparation of the annual CSR report to the shareholders of the Company, the CSR Lead, the CSR Committee of the Board of Directors will ensure the following:
 - CSR projects and programs are properly reported.
 - Accountability is fixed at each level of process and implementation.
- ❖ Reports may include:
 - Annual CSR report to the Ministry of Corporate Affairs, Government of India as per the format prescribed in the Rules
 - Directors report to the shareholders
 - Quarterly internal review reports, field visits reports and audit reports

BOARD OF DIRECTORS:

- ❖ Ensure that during every financial year, funds committed by the Company for CSR activities are utilized effectively and will monitor implementation regularly.
- ❖ Disclose in its Annual Report names of the CSR Committee members, contents of the CSR policy and ensure annual reporting of its CSR activities on the Company website and the Director's Report.
- ❖ Ensure annual reporting of CSR policy to the Ministry of Corporate affairs of India, as per the prescribed format.

CSR COMMITTEE:

❖ Composition of the CSR committee:

Sl. No.	Name of the Member	Designation
1.	Chairman, KFDCL	Chairman
2.	Vice Chairman, KFDCL	Member
3.	Managing Director, KFDCL	Member
4.	Secretary (Forests)	Member

❖ Responsibility of the CSR committee:

- Formulate the CSR policy and identify activities to be undertaken as per Schedule VII of the Companies Act 2013.
- Recommend CSR policy to the Board for its approval
- Recommend the CSR expenditure to be incurred.
- Regularly monitor the implementation of the CSR policy
- Change/modify the CSR policy as per requirement.

IMPLEMENTATION CSR ACTIVITIES:

- The Managing Director of the Company is authorized by the CSR Committee and the Board to do all such activities and deeds as may be necessary to give effect to the decision of the Board regarding CSR activities and its implementation.

DISPLAY OF THE CSR POLICY ON THE WEBSITE OF THE COMPANY:

This CSR policy approved by the Board of the Company shall be placed on the website of the company i.e., www.kfdcl.kar.nic.in