

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**CIN: U51909MH2003PLC140116****CORPORATE SOCIAL RESPONSIBILITY POLICY****INTRODUCTION:**

National Commodity and Derivatives Exchange Limited (“NCDEX”) is a leading Nationwide Multi Commodity Exchange registered under the Companies Act, 1956 having its registered office at 1st Floor, Ackruti Corporate Park, Near G. E. Garden, L. B. S. Road, Kanjurmarg (West), Mumbai – 400 078. The stakeholders of NCDEX desire to participate in Corporate Social Responsibility (“CSR”) activities and wish to include CSR strategies as part of their management strategies for creation of a sustainable livelihood in society.

This Policy is aimed at implementing welfare measures in the society by addressing the concerns of the marginalized section of the society as part of their core business areas and to encourage employees to give back to the society. This Policy is made in accordance with the Companies Act, 2013 (“Act”) along with Companies (Corporate Social Responsibility) Rules, 2014 (“Rules”) and forms parts of NCDEX’s key business process and as per recommendations of the CSR Committee at its meeting held on October 20, 2014, this Policy has been approved by the Board of Directors of NCDEX (“Board”) in their meeting held on October 21, 2014.

NCDEX believes in connecting people to markets. Reaching out to underserved communities such as farmers is part of NCDEX’s DNA. Indian farmers have the spirit of innovation and the capacity to feed a growing population and to feed it better. NCDEX endeavours to help them gain access to the right incentives to do the job. Farmers need to be able to get their products to market, increase their competitiveness, and receive equitable price treatment when they do.

NCDEX believes in the partnership concept. This entails understanding the specific challenges small farmers face, and working towards creating meaningful solutions for the transition from a dark to a lit market.

CSR VISION OF NCDEX:

NCDEX's CSR vision is – *"to actively contribute to the social and economic development of farmers by helping them gain better access to markets. In so doing build a better, sustainable way of life for rural communities and raise the country's human development index".*



CSR COMMITTEE:

In accordance with the Act and the Rules, the Board has constituted the Corporate Social Responsibility Committee ("CSR Committee") consisting of 4 (four) members (including the Directors and Non-Executive Directors). The present members of the CSR Committee are mentioned hereinbelow and such membership of the CSR Committee shall be subject to review by the Board on a periodical basis:

- a) Mr. Srinath Srinivasan, Chairman;
- b) Mr. Chaman Kumar;
- c) Mr. Sunil Kumar; and
- d) Mr. Vijay Kumar V.

The CSR Committee shall, *inter alia*, perform the following functions:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the CSR activities proposed to be undertaken and such projects will be identified based on the proposed thematic areas as provided under the Act and the Rules therein;
- To recommend the amount of expenditure to be incurred on the CSR activities; and
- To monitor the implementation of the CSR Policy from time to time and take such other action as it may deem fit in pursuance of the CSR Vision of NCDEX.

CSR PROJECTS, PROGRAMMES AND ACTIVITIES

The initial focus of NCDEX will be on Gujarat and Maharashtra, where a sizeable number of Farmer Producer Organisations are active. These territories will be subject to periodical review.

All projects will be identified and prioritised in a participatory manner, in consultation with FPOs, local NGOs and other community influentials in each location.

There is a need to create facilities for cleaning, grading and packaging not only in spot markets but also in the villages from where produce is brought to the market for sale. There is a need to promote proper packaging after grading in conformity with FSSAI norms, so that, further chances of adulteration reduce. Besides this, there is a strong need to educate farmers about proper packaging and grading before they bring the produce to the market.

The focus areas will be on enhancing the marketability and marketing of crops through training in post-harvest crop management and FSSAI norms, providing appropriate quality testing facilities at doorstep, and establishing supply chain linkages.

PROPOSED ACTIVITIES:

1. Guidance for development of procurement manual that includes SOPs for post-harvest management and storage, price fixation / valuation guidelines, quality specifications for various kinds of produce under FSSAI, quality assessment techniques / technologies / systems, risk management protocols especially for storage, processing and logistics.

2. Develop SOPs and Checklists for Key Activities related to Harvest and Post-harvest Management by Farmers, which shall facilitate in achieving, a) better handling of produce during harvest and post-harvest processes by farmers; b) improving quality and reducing wastage arising from improper handling by farmers.
3. Develop an Operational Manual for Aggregation, Procurement and Storage of Agricultural Produce supplied by Farmers, which shall facilitate in achieving, a) Documenting key processes and guidelines for assessing quality and price of the agricultural produce supplied by farmers; b) Enabling transparency, fairness and agreement between farmers and procuring agency; c) Ensuring fulfillment of all regulatory compliances related to food procurement and storage.
4. Install quality testing machines for parameters, such as moisture, at FPO premises for easy access before transporting goods to market. Once fully phased in, farmers will benefit from seeing quality grading before they enter into a transaction.
5. Guidance and implementation support for financing of stocks using pledge/warehouse financing.
6. Technical assistance for integration of an online auction / bulk sales platform.
7. Market intelligence to connect anchor implementation partners to unmet demand for sustainable produce.
8. Rural sanitation for farmers initially in states like Maharashtra and Gujarat.
9. Engaging the services of organisations like the National Skills Foundation of India for the skill development of rural people and farmers.
10. Contribution to Prime Minister's National Relief Fund or any other fund setup by the Central Government.

TARGETS, TIMEFRAMES AND PERFORMANCE MANAGEMENT:

Prior to the commencement of projects, NCDEX will carry out a baseline study of FPOs and their challenges. The study will encompass various parameters such as – price information asymmetry, access to markets, buyer linkages, and state of post-harvest infrastructure, among others. From the data generated, a 1 year plan and a 3 year rolling plan will be developed for each FPO. These plans will be presented at the CSR Annual Planning and Budgeting meet. All projects will be assessed under the

agreed strategy, and be monitored every quarter, measured against targets and budgets. Wherever necessary, midcourse corrections will be made.

ORGANISATIONAL MECHANISM AND PERFORMANCE:

NCDEX will provide the vision under the leadership of its Board, CSR Committee and Managing Director. This vision will underline all CSR activities.

The projects will be executed by NCDEX and/or its eligible subsidiaries, volunteers, along with outside consultants wherever necessary. To measure the impact of the work done, a social satisfaction survey / audit will be carried out by an external agency.

PARTNERSHIPS:

Collaborative partnerships will be formed with the entire system of stakeholders with the expertise, the influence and the infrastructure to coordinate a fundamental shift, not only in our own operations, but in the way agricultural markets operate. This will help widen the NCDEX's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

SURPLUS OF CSR PROJECTS:

The surplus arising out of the projects or programs or activities shall not form part of the business profit of NCDEX and such surplus shall be invested in suitable bank deposits, liquid funds and other instruments offering adequate safety and reliability and any interest income earned on the foregoing shall be utilized for CSR purposes.

INFORMATION DISSEMINATION:

The NCDEX's CSR projects will be disseminated on its website, annual reports, house journals and through the media. NCDEX will provide employees, customers and external stakeholders with a significant depth of information about this issue through credible research, white papers, videos, stories, and social media.

MANAGEMENT COMMITMENT:

The Board, our management and all of our employees subscribe to the philosophy of ethical business. NCDEX believes and act on an ethos of transparency, freedom and inclusiveness, characterised by a

willingness to build a commodity ecosystem that works for everyone. This is the cornerstone of CSR Policy.

REPORTING

NCDEX shall provide an annual report which is to be included in the Board's Report on all CSR activities undertaken as per the format prescribed in the Rules. The internal monitoring group shall prepare such report on behalf of NCDEX.