



SAGAR DIAMONDS LIMITED
Corporate Social Responsibility Policy

Table of Contents

Statement of Intent	2
CSR Activities	3
Corporate Social Responsibility Committee	4
• Composition of the Committee	
• Terms of Reference	
Implementation.....	5
Financing of projects.....	5
Review and Monitoring.....	6

Statement of Intent

India faces enormous challenges in provision of basic public services to large parts of the population, both in rural and urban centers. The Government has, over the years, made strides in bridging gaps in supply of public services through large interventions and programmes with a national footprint. Most of these programmes have received strong budgetary support to expand their reach. However, a lot of ground is to be covered in improving the quality of these services, albeit at a reasonable cost.

The country currently benefits from a demographic dividend – the large percentage of young and income generating population is India’s strength. There is, at the same time, a strong need to ensure that the youth are offered opportunities – to enhance their skills that can help the country maximize economic opportunities and to develop skills, empathy and ethical standards that would aid the process of nation building.

There is also a growing realization that complex and seemingly insurmountable social problems cannot be solved by individual organizations or a single stakeholder group. It requires different parts of the ecosystem such as funders, government, non-profits, corporates and media to work collaboratively to create long-term social change.

In doing so, Sagar Diamonds Limited (SDL) (the Company) believes that:

- It can play a meaningful role in bringing professionalism, leadership and discipline to projects in pursuit of Corporate Social Responsibility (CSR)
- Innovation can play a crucial role in developing ‘out of the box’ solutions to seemingly intractable problems
- It is crucial that any solution backed by the Company has the potential to achieve scale and be replicable across large geographies of India. In doing so, the Company will actively seek partnerships, with government and private entities, in an open source relationship that seek to maximize the impact of its solutions

The CSR policy of the Company will be guided by the core values of the Group:

Knowledge

- **Expertise:** We strive for a deeper understanding of our domain
- **Innovation:** We aspire to do things creatively

Action

- **Entrepreneurship:** We are empowered to act decisively and create value
- **Integrity:** We are consistent in our thought, speech and action

Care

- **Trusteeship:** We protect and enhance the interests of our customers, community, employees, partners and shareholders
- **Humility:** We aspire to be the best, yet strive to be humble

CSR Activities

Areas of interest for Corporate Social Responsibility

The Company has chosen the following areas for undertaking its CSR activities. These activities are covered under Schedule VII of the Companies Act, 2013:

1. Promoting preventive healthcare and sanitation and enabling availability of safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects.
3. Promoting gender equality and 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.
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 (including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga]
5. Contribution to PM National Relief Fund or any fund set up by Central Government for socio-economic development and relief and welfare of Scheduled Castes, Scheduled Tribes and other backward classes, minorities and women
6. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
7. Rural Development Projects
8. Providing donations or contributions or financial assistance to other CSR entities or to any Fund as may be permitted under the Companies Act, 2013 for the purpose of CSR.

The CSR committee may recommend any of the above activities and periodically review them. These focus areas may be reviewed by the CSR Committee from time to time and maybe modified to also include such other CSR initiatives which are covered under Schedule VII of the Companies Act, 2013 (as amended from time to time), as maybe recommended by the CSR Committee. The CSR Committee is also authorized to recommend changes in the policy, in line with the emerging societal circumstances and in consideration of changing national priorities of the government.

Corporate Social Responsibility Committee

Composition of CSR Committee

The Board has established a Committee of the Board as the Corporate Social Responsibility Committee. The Committee comprises three directors of the Board and its composition meets the requirements of Companies Act, 2013.

The Committee will meet as frequently as desired, to review policies, discuss the strategy, review project progress and set the direction for the future.

Terms of reference

The terms of reference of the CSR Committee are as follows:

1. Recommend to the Board, a CSR Policy (and modifications thereto from time to time) which shall indicate the CSR activities to be undertaken by the Company
2. Approve specific projects, either new or ongoing, in pursuance of the Areas of Interest outlined in this policy
3. Recommend the amount of expenditure to be incurred on the CSR activities
4. Review the progress of CSR activities being undertaken by the Company on a regular basis through discussions and field visits
5. Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects
6. Undertake such activities and carry out such functions as may be provided under Section 135 of the Companies Act 2013 and the Rules prescribed thereunder
7. Identify the Companies with which the Company can collaborate for carrying its CSR activities.

Implementation

The CSR activities of the Company are undertaken as projects or programmes or activities, either new or ongoing in line with the CSR Policy.

The Company may undertake CSR activities either directly by itself or through any of the following entities that have been established:

- a. Any one or more companies established by the Company or its Subsidiary or associate company under Section 8 of the Act
- b. Registered Trust
- c. Registered Society

The Company may pursue CSR Activities either on its own, including through donations or through other entities engaged in CSR activities.

Where the Company undertakes CSR Activities through an entity which is not established by the Company or its holding company or subsidiary or associate company, the entity is required to have an established track record of three years in undertaking similar programmes or projects. In such cases, the projects to be undertaken through these entities, the modalities for utilization of funds on such projects and the monitoring and reporting mechanism would be specified.

The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committee of such companies are in a position to report on such projects or programmes separately in accordance with the rules laid down under the Companies Act, 2013.

The CSR Activities specified under this Policy would be undertaken only in India. As part of its overall CSR Policy, the Company implements Employee Social Impact (ESI) - its ongoing programme offering volunteering opportunities for its employees.

Financing of projects

The Board shall ensure that the amount spent in CSR every year is, at least, two percent of the average net profits of the Company made during the three immediately preceding financial years. The amount of net profit will be calculated in accordance with the CSR Rules prescribed under the Companies Act, 2013.

The expenditure on CSR eligible for the purposes of this policy shall include all expenditure on projects or programmes or activities approved by the Board on the recommendation of the CSR Committee. Any contribution to the corpus for implementation of the projects or programmes or activities will also qualify as CSR expenditure.

Any surplus arising out of the implementation of projects or programmes or activities shall not form part of the business profit of the Company. Such surplus shall be retained in the same project or programme.

The Company may also collaborate with other companies and foundations for undertaking projects or programmes or CSR activities on a joint basis. In such an event, the Company may also accept funding support from other partners for the joint implementation.

Review and Monitoring

Where the CSR Activity is implemented through an entity established or controlled by the Company, the Board of Directors / Governing Board of such entity or its duly constituted Committee shall monitor the implementation of the CSR Activities for which funds are provided by the Company. The entities shall also follow practices to encourage good governance. The reports of the statutory audit and internal audit (wherever applicable) shall be presented and reviewed by the CSR Committee.

There shall be a regular monitoring and reporting of progress for implementing these projects.

In identifying any new long term programmes in future, it shall be ensured that the following are defined clearly and presented to the CSR Committee for approval:

- Programme objectives
- Needs assessment
- Solutions proposed and implementation methodology
- Potential partnership with corporates / foundations / nonprofit sector
- Implementation schedules covering timelines and milestones
- Baseline survey and criteria for impact assessment
- Measurable outcomes targeted by the project

To ensure effective implementation of the programmes undertaken in each project, a monitoring mechanism shall be put in place by each programme. This would take the form of an *Impact Assessment Study* on a periodic basis, through independent professional organizations. Till such time, the senior management shall internally review progress and impact and report to the CSR Committee at its next meeting. Wherever necessary, the Committee may recommend midcourse corrections to the project. Where the Company decides to undertake its CSR activities in collaboration with other Companies, the CSR committee shall periodically monitor the activities for which such donations are made.

The Company will report on the implementation of its CSR Policy every year, as may be prescribed under the CSR Rules.
