



CORPORATE SOCIAL
RESPONSIBILITY POLICY
OF
ESPRIT STONES LIMITED



CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREFACE :

Corporate Social Responsibility (“**CSR**”) is strongly connected with the principles of sustainability. Organizations should make decisions based not only on financial or operational factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Esprit Stones Limited (“**Company**”) to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders. Therefore, the Company’s CSR Policy is a statement containing the approach and direction given by its Board of Directors (“**Board**”), taking into account the recommendations of its CSR Committee and includes guiding principles for selection, implementation, monitoring activities as well as formulation of the annual action plan.

This Policy is framed pursuant to the provisions of section 135, Schedule VI of the Companies Act, 2013 (“**Act**”) and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“**CSR Amendment Rules**”), as amended from time to time.

(**Note:** The Act and CSR Amendment Rules are collectively referred to as “**Applicable Laws**”)

2. OBJECTIVE AND PURPOSE :

The key purpose of this Policy is to:

- (i) Outline the development areas in which the Company shall get involved in;
- (ii) Define the governance structure for CSR management within the Company.

3. FOCUS AREAS :

Our CSR strategy is to invest our time and expertise in driving positive changes in future through education, health care and sanitation, climate action and inclusive economy.

The Company has identified the following focus areas for its CSR Programmes as under:



(i) **Education –**

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

(ii) **Health care and sanitation –**

Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(iii) **Environment sustainability –**

Ensuring environmental sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.

(iv) **Community activities and Rural Development –**

Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports. Promoting Rural and slum area development projects.

(v) **Research and Development –**

Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or public sector undertaking or any agency of the Central Government or State Government.

(vi) **Emergencies and natural calamities –**



Our Company shall provide relief, support, rehabilitation, reconstruction activities etc. for disaster management in case of natural calamities or emergencies etc.

4. IMPLEMENTATION :

The Company's CSR Programmes will be implemented by itself or through:

- (i) a company established under section 8 of the Act or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 ("IT Act"), established by the Company, either singly or along with any other Company, or
- (ii) a company established under section 8 of the Act, or a registered trust or a registered society, established by the Central Government or State Government;
- (iii) an entity established under an Act of Parliament or a State legislature;
- (iv) a company established under section 8 of the Act or a registered public trust or a registered society, registered under section 12A and 80 G of the IT Act, and having an established track record of atleast three (3) years in undertaking similar activities.

Further, the Company may also collaborate with other companies for undertaking CSR projects / programmes or CSR activities in such a manner that the CSR committees of the respective companies should report separately on such projects / programmes / activities.

In case, the CSR Programmes are implemented through external agencies or Company established entities, the programmes to be undertaken by those agencies or entities will be specified, and it will be ensured that such programmes are covered in the objects laid down in the respective charter documents of such agencies or entities.

5. GOVERNANCE

The CSR Committee will review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its objectives. The CSR Committee will also guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation.

Every year, the CSR Committee will formulate and place before the Board, an annual action plan which shall include the following:



- (i) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (ii) The manner of execution of such projects or programmes;
- (iii) The modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (iv) Details of impact assessment, if any, for projects undertaken by the Company.

The Board is empowered to alter the annual action plan at any time during the financial year, basis the CSR Committee's recommendation and reasonable justification to that effect.

The CSR Committee will review the report on the CSR activities undertaken and keep the Board apprised, once every six (6) months, on the status of implementation of the CSR Programmes.

At the end of every financial year, the CSR Committee will consider an Annual Report on CSR activities and recommend the same for the approval of the Board. The said Annual Report will be disclosed as part of the Report of the Board of Directors & Management Discussion and Analysis of the Company ("Board Report").

6. CSR EXPENDITURE

The Board of the Company will ensure that the Company spends in every financial year, atleast two percent (2%) of the average net profits earned by it in the immediately preceding three (3) financial years, in pursuance of its CSR Policy.

The CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the CSR Plan. However, administrative overheads will not exceed five percent (5%) of the total CSR expenditure of the Company for the financial year.

Any surplus arising out of the CSR activities shall not form part of the business profit of a Company and shall (i) be ploughed back into the same project or (ii) shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or (iii) transfer such surplus amount to a fund specified in Schedule VII of the Act, within a period of six (6) months of the expiry of the financial year.

If CSR expenditure in a financial year exceeds the statutory limit, such excess may be set-off against CSR expenditure for the next three (3) financial years with the approval of the Board, on the recommendation of the CSR Committee.



Details such as composition of the CSR Committee, CSR Policy and projects approved by the Board will also be disclosed on the Company's website, for public access. The Board Report of the Company as regards a financial year shall include an annual report on CSR containing particulars as specified under the applicable laws.

In the event of any inconsistency between this Policy and the applicable laws, the applicable laws will prevail.

This Policy will be reviewed by the Board, on the recommendation of the CSR Committee, as and when deemed necessary.

7. Any subsequent amendment / modification to the provisions of CSR under the Companies Act, 2013 and / or any other applicable laws in this regard shall automatically apply to this Policy.