



METRO BRANDS LIMITED

**CORPORATE SOCIAL RESPONSIBILITY
POLICY**

**(As adopted on 4th June, 2015 and amended on
8th July, 2019 and 25th March, 2021 by the
Board of Directors)**

CORPORATE SOCIAL RESPONSIBILITY POLICY

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INTRODUCTION

The Business Dictionary.com has defined Corporate Social Responsibility (CSR) as “A company’s sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship, (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs, and (3) by earning adequate returns on the employed resources.”

Corporate Social Responsibility (CSR) is a concept whereby organizations serve the interests of the society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. Corporate social responsibility is not about just giving back randomly but about bringing benefits to all the stakeholders, including customers, employees and community at large.

Corporate Social Responsibility is an important business strategy because, to some extent a consumer wants to buy products from companies he trusts, a supplier wants to form business partnership with companies he can rely on, an employee wants to work for a company he respects, other concerns want to establish business contacts with companies seeking feasible solutions and innovations in areas of common concern. It is a tool to increase the reputation of the company in the eyes of society.

The concept of Corporate Social Responsibility (CSR) is not new in India. It emerged from the ‘Vedic period’ when history was not recorded in India. In that period, Kings had an obligation towards society and merchants displayed their own business responsibility by building places of worship, education, inns and wells. Although the core function of business was to create wealth for society and was based on an economic structure, the business community with their rulers believed in the philosophy of “Sarva loka hitam” which means “the well-being of all stakeholders.

Corporate Social Responsibility was not legally mandated in India. The Securities and Exchange Board of India (SEBI) considering the largest interest of the public, disclosures by the listed companies, and from the perspective of Environment, Social and Governance(ESG), decided to mandate inclusion of ‘Business Responsibility Report’ as part of the Annual report of the listed entities. SEBI amended the Listing Agreement vide circular number CIR/CFD/ DIL/8/2012 dated on August 13, 2012 by inserting a clause 55. The provisions of the circular were made applicable with effect from financial year ending on or after December 31, 2012.

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With the enactment of the Companies Act, 2013, India has become the first country in the world to make CSR mandatory. Earlier there was no formal guidance / roadmap with the Company in this regard. The introduction of CSR policy has given an opportunity to the Company to participate / support in the CSR activities in a better and organized manner.

MANDATORY REQUIREMENTS

In compliance with the requirements of Section 135 of the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, (including any statutory modification(s), amendment(s) or re-enactment thereof and respective circulars, clarifications, notifications issued by the Ministry of Corporate Affairs for the time being in force) **METRO BRANDS LIMITED** ('the Company') is, inter alia, required to:

- (i) Constitute a Board Committee to formulate and recommend to the Board a Corporate Social Responsibility (CSR) Policy, recommend the amount of CSR expenditure and monitor the CSR activities of the Company (as specified in Schedule VII of the Act) from time to time,
- (ii) Ensure that the Company spends, in every financial year, at least two per cent of the average Net Profits Before Tax (PBT) of the Company, made during the three immediately preceding financial years, in pursuance of its CSR Policy.

APPLICABILITY OF THE POLICY

This Policy shall apply to all CSR initiatives and activities taken up at various locations in India, preferably in the locations where the Company carries out its business operations.

OBJECTIVE OF THE POLICY

The objective of this policy to provide an appropriate roadmap and formulate the procedure and criteria for the Company to participate in organized and transparent manner in the CSR activities within the country while recognizing the interest of all its stakeholders and thereby support in building / strengthening the nation for the coming future.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

STRUCTURE

The Corporate Social Responsibility Committee ("CSR Committee") shall consist of

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three or more Directors amongst whom at least one shall be an Independent Director. The Members of the CSR Committee shall be:

1. Mr. Rafique Malik (Chairman) as the Chairman
2. Ms. Farah Malik Bhanji (Managing Director & CEO) as Member
3. Mr. Arvind Kumar Singhal (Independent Director) as Member

The Committee may formulate a CSR Sub-Committee with such other Directors / Executives of the Company from time to time as it may deem necessary and expedient.

The Company Secretary shall act as the Secretary to the Committee.

MEETINGS

The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of the Company.

The Committee shall review the implementation of the CSR Programs periodically and issue necessary direction from time to time to ensure orderly and efficient execution of the CSR programs in accordance with this Policy.

It shall be the responsibility of the CSR Committee to keep the Board apprised of the status of the implementation of CSR activities.

QUORUM

The quorum for a meeting of the CSR Committee shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two members, whichever is higher.

ROLE OF CSR COMMITTEE

The CSR committee shall institute transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. The role of the CSR committee will be as under:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013 (as amended from time to time).
- To recommend the amount of expenditure to be incurred on the activities in a financial year.
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.
- To formulate and recommend to the Board, an annual action plan in pursuance of

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the CSR policy, including:-

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes;
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company:

With the power to Board to alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

- Any other matter as may be considered by the Members of the Committee in furtherance of and to comply with the Corporate Social Responsibility Policy of the Company.

RESPONSIBILITIES OF THE BOARD

The Board shall:

- Form the CSR Committee and if required, reconstitute the committee and disclose the composition of CSR Committee.
- Approve the CSR Policy after taking into account the recommendations made by the CSR Committee, review the CSR Policy annually and if necessary, amend the policy.
- Approve and alter the annual action plan in pursuance of the CSR policy as recommended by the CSR Committee
- Ensure implementation of the activities under CSR.
- Ensure that the funds so disbursed have been utilised for the purposes and in the manner as approved
- In case of ongoing project, ensure monitoring the implementation of the project with reference to the approved timelines and year-wise allocation and to make modifications, if
- any, for smooth implementation of the project within the overall permissible time period
- Ensure expenditure of requisite amount on CSR every year as per law.
- Ensure the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year or such other rate as may be prescribed
- Disclose reasons for not spending the amount (if applicable) in the Annual Report to the Shareholders of the Company.

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CSR ACTIVITIES

The Act does not define the term CSR. As per rule 2(c) of the CSR Rules “Corporate Social Responsibility means and includes but is not limited to: (i) projects or programs relating to activities specified in Schedule VII of the Act; or (ii) projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will cover the subjects enumerated in Schedule VII of the Act.”

The Company shall focus on the CSR activities specified in Schedule VII of the Act as under. Activities relating to:-

- i. 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;
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. 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;
- v. 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;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- vii. Training to promote rural sports, nationally recognized sports, para-Olympic sports and Olympic sports;
- viii. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen

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Assistance and Relief in Emergency Situations Fund (PM CARES 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;

- ix. (a) 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; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

- x. Rural development projects.
- xi. Slum area development,
Explanation. - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any competent authority under any law for the time being in force.
- xii. Disaster management including relief, rehabilitation and reconstruction activities.
- xiii. Such other matters as may be prescribed by the Central Government or any State Government or any competent authority under any law for the time being in force.

Exclusions

- i. The CSR projects or programs or activities undertaken outside India will not be considered as CSR activities, except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.
- ii. Activities undertaken by the Company in normal course of its business will not be considered as CSR activities.

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- iii. Expenses incurred by the Company for fulfillment of any act / statute of regulations will not be considered as CSR expenditure.
- iv. One off CSR events or activities will not form part of CSR expenditure.
- v. CSR projects or programs or activities that benefit only the Employees of the Company and their families will not be considered as CSR activities.
- vi. Contribution of any amount directly or indirectly to any political party will not be considered as CSR activity.
- vii. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.

CSREXPENDITURE

CSR expenditure will include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR committee but will not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of the Schedule VII of the Act. Any surplus arising out of the CSR projects or programs or activities will not form the business profit of the Company and will be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified by the Central Government, within a period of six months of the expiry of the financial year.

SURPLUS:

In case a company spends an amount in excess of requirement provided under the Act, such excess amount, excluding surplus if any, will be set off against the requirement to spend up to immediate succeeding three financial years by passing Board Resolution to the effect.

IDENTIFICATION OF PROGRAMS

The CSR committee will identify and recommend CSR activities and the amount of expenditure to be incurred on those activities. The Board of Directors ensure the implementation of the activities under CSR and ensure budget for the same.

Professional agencies may be engaged in conducting need assessment and identification of new implementing partners and projects.

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FORMATION OF NEW COMPANY / COLLABORATIONS

The Board of Directors may decide to undertake its CSR activities approved by the CSR Committee by itself or through the following entities having unique CSR Registration Number:

- (a) 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 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) 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; or
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The Company may also collaborate with other companies, Government Agencies or NGOs for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in position to report separately on such projects or programs in accordance with the Act.

The Board of Directors may decide to directly implement its CSR projects through profit making organizations who have the required skills to implement these projects to the Company's satisfaction.

CAPITAL ASSETS:

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which will be held by -

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority

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TRANSFER OF UNSPENT CSR AMOUNT:

In case of ongoing / multi-year project (Project having timelines of three years excluding the financial year in which it was commenced):

If the company is unable to spend the prescribed amount under CSR, such amount remaining unspent will be transferred within a period of thirty days from the end of the financial year to the 'Unspent Corporate Social Responsibility Account', opened for that financial year in any scheduled bank and the company will strive to spend such amount within a period of three financial years from the date of such transfer.

If such unspent amount is not exhausted in full within a period of three financial years, the Company will transfer such amount to a Fund specified by the Central Government, within a period of thirty days from the date of completion of the third financial year.

In case of no ongoing / multi-year project:

If the company is unable to spend the prescribed amount under CSR, the Company will transfer such unspent amount to a Fund specified by the Central Government, within a period of six months of the expiry of each financial year.

MONITORING AND EVALUATION PROCESS

1. CSR team will be formed with a Team Head for a successful and satisfactory conduct / implementation of the CSR program.
2. To ensure effective implementation of the CSR programs undertaken at each location, a monitoring process will be put in place by the CSR Committee. The progress of CSR programs under implementation will be reported to the Board of Directors of the Company on regular intervals as may be decided with the Board.
3. If possible Feedback shall be obtained and documented from the beneficiaries and prominent local personalities about the programs.
4. Periodic visits may be conducted by the CSR Committee / Board or the person authorized by them to ensure the progress of the programs at the respective locations. The visits may include planned visits and surprised visits. The monitoring reports of each visit shall be submitted to the CSR Committee / Board.
5. Partners shall be required to report narrative as well as financial updates periodically in the specified reporting formats of the Company.
6. Depending upon the quantum of the grant and as per the need, the Accounts/Audit Team of the Company or the CSR Team members or a 3rd party agency

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appointed by the CSR committee shall conduct periodic financial audit of all the CSR activities and report to the CSR Committee / Board of Directors of the Company. The Accounts / Audit Team shall, from time to time, also guide the respective Partners and / or CSR team of the Company on necessary compliances.

7. Impact Assessment, as and when applicable, shall be conducted on a periodic basis, through CSR team of the Company and/or independent professional third parties, especially on the strategic and high value programs and such report will be annexed to the annual report on CSR.
8. The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

INFORMATION SHARING WITH ALL CONCERNED

1. Appropriate documentation of the Company CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis. The CSR policy of the Company, annual action plan and composition of CSR Committee will be displayed on the Company's website.
2. CSR initiatives of the Company will be reported in the Annual Report of the Company.

OVERALL

- In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference should be made to CSR Committee / Board of Directors of the Company. In all such matters, the interpretation & decision of the CSR Committee / Board of Directors shall be final.
- All Provisions of this CSR Policy shall be subject to revision/ amendment in accordance with the Act and Rules of the Companies Act, 2013 and Guidelines on the subject as may be issued by the Government of India, from time to time.
- The Company reserves the right to modify, cancel, add, or amend this Policy in order to adopt the best practices in the Industry and in the interest of the stakeholders of the Company.