



METRO BRANDS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY¹

¹ As adopted in Board meeting dated 8th July, 2011 and further amended vide resolution passed in Board meeting dated 20th May, 2022

I. OBJECTIVE

Metro Brands Limited (“**Company**”) believes that (i) it must conduct its business in a responsible manner addressing all the social and environmental concerns of its stakeholders which are an integral part of its strategic and governance framework; (ii) the concerns of long- term sustainability of its business, strategy and governance framework must be addressed appropriately.

This Corporate Social Responsibility (“**CSR**”) Policy seeks to achieve long term sustainability goals while at the same time keeping the best interests of all stakeholders uppermost in a balanced manner and contribute towards India’s efforts to attain the targets set in its Sustainable Development Goals 2030.

The Company recognizes the need for establishing trust at all levels with their stakeholders viz. consumers, suppliers, employees and others.

Securities and Exchange Board of India (**SEBI**) while mandating a new framework with effect from 01.04.2022 dealing with “Business Responsibility and Sustainability Reporting” (“**BRSR**”), has prescribed detailed guidelines with respect to nine basic principles outlined by it.

The Company believes that the new framework of BRSR is much wider in intent and scope and accordingly through this Policy, it is sought to streamline the CSR activities and other sustainability initiatives.

This Policy also seeks to ensure that the requirements of the regulatory framework are complied in letter and spirit. The regulatory framework at present mainly emanates from the following:

- a) Section 135 of the Companies Act, 2013 (“**Companies Act**”) read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**CSR Rules**”) and amended from time to time;
- b) Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021 issued by SEBI; read with regulation 34 (2) (f) of LODR Regulations vide Gazette notification no. SEBI/LAD-NRO/GN/2021/22dated May 05, 2021; prescribing a framework for BRSR applicable to certain specified categories of listed entities based on their market capitalization and amended from time to time.

II. MANDATORY REGULATORY REQUIRMENTS

Under the Companies Act

In compliance with the requirements of Section 135 of the Companies Act read with CSR Rules (including any statutory modification(s) or re-enactment thereof for the time being in force) the Company is, *inter alia*, required to:

- (i) Constitute a Board Committee to formulate and recommend to the Board: a) A CSR Policy; b) The amount of CSR expenditure; and c) 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 2% (two per cent) of the average Net Profits Before Tax (PBT) of the Company, made during the three (3) immediately preceding financial years, in pursuance of its CSR Policy.
- (iii) Ensure that the other requirements of the Companies Act and the CSR Rules are complied with.

Under Sebi (Listing and Disclosure Obligation Requirements) Regulations, 2016 (“Listing Regulations”)

Arising out of the amendment made to Regulation 34(2)(f) of the Listing Regulations, the Company is required to develop and implement a framework so as to be able to positively report on “Business Responsibility and Sustainability” every year outlining its progress on various parameters prescribed therein.

III. APPLICABILITY OF THE POLICY

This Policy shall apply to all CSR and sustainability initiatives & activities taken up at various locations in India. Since the Company has presence pan India, CSR projects undertaken by the Company shall be considered in vicinity of the Company. The Company shall ensure that, as far as possible, it shall take up CSR activity in the designated aspirational districts as identified by government bodies or such other are activities as maybe decided by the CSR and Sustainability Committee and Board of Directors falling under the list enumerated in Schedule VII of the Companies Act.

IV. SCOPE OF CSR AND SUSTAINABILITY COMMITTEE

The Company believes that in order to achieve the objectives of this policy, it is mandated that all initiatives undertaken by the Company under Environment, Social and Governance part are reported through the CSR and Sustainability Committee (“Committee”). In addition to its present scope of CSR activities, the terms of reference of the Committee shall also include the broad fundamental position of 9 principle’s enshrined in the BRSR as under:

1. **Business Ethics** – Uphold the values of honesty, partnership, and fairness in relationship with stakeholders.
2. **Product Responsibility** – Add to customer value by continuously developing and improving services and products as per the aspirations of our customers.

3. **Employee Wellbeing** – Provide and maintain a clean, healthy, safe, cheerful, and competitive working environment for employees.
4. **Stakeholder Engagement** – Encourage and support our partners to adopt responsible business policies, business ethics and our code of conduct standards.
5. **Human Rights** – Respect the universal declaration of human rights and shall operate as an equal opportunity's employer
6. **Environment Protection** –Protect the environment by trying to reduce environmental impact as well as to reduce the resource utilization – both activities carried out in-house and by suppliers.
7. **Public & Regulatory Policy** – Comply with the statutory requirements in a responsible and transparent manner.
8. **CSR** – Implement various projects through public / private partnerships in compliance with the requirements of Section 135 of the Companies Act.
9. **Customer relations** - Strive to consistently enhance the value proposition to the customers and adhere to promised standards of service and product delivery.

V. **STRUCTURE**

The Committee shall consist of three or more Directors amongst whom at least one shall be an Independent Director.

The Board of Directors of the Company shall ensure that the constitution of the Committee is in line with the provisions of the Companies Act and / or any other law applicable in this connection.

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 for the purpose of meeting the objectives of the CSR policy.

The Company Secretary shall act as the Secretary to the Committee as well as the sub-committee, if any, constituted.

VI. **MEETINGS**

The Committee shall hold at least two (2) meetings in a financial year, to discuss various issues on implementation as per this Policy.

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 and other sustainability initiatives in accordance with this Policy.

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

VII. QUORUM

The quorum for a meeting of the 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.

VIII. ROLE OF COMMITTEE

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

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act (as amended from time to time).
- To recommend to the Board, every year, for their approval, an annual CSR Action Plan delineating the CSR projects to be carried out during the financial year, including the budgets thereof, their manner of execution, implementation schedules, modalities of utilization of funds and monitoring & reporting mechanism for the CSR Programmes.
- To recommend the amount of expenditure to be incurred on the activities in a financial year.
- To monitor the CSR Policy of the Company from time to time.
- To recommend measures to align the sustainability initiatives of the Company with the requirements of BRSR.
- Any other matter as may be considered by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.

IX. RESPONSIBILITIES OF THE BOARD

The Board shall:

- Form a committee and, if required, reconstitute the Committee.
- Approve the CSR Policy after considering the recommendations made by the Committee.
- Review the CSR Policy annually and if necessary, amend the CSR Policy.
- Disclose the CSR Policy and composition of the Committee on the website of the Company and wherever else necessary.
- Ensure implementation of the CSR activities and sustainability initiatives as outlined in the recommendations made by the Committee and approved by the Board.
- Consider and approve the CSR Plan with such modification that may be deemed necessary. The CSR Plan may also be modified by the Board during the financial year, on the recommendation of the Committee.
- Ensure expenditure of requisite amount on CSR activities every year as per law.
- Disclose reasons for not spending the amount (if applicable) in the Annual Report to the

Shareholders of the Company.

X. CSR ACTIVITIES

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 Companies Act; or (ii) projects or programs relating to activities undertaken by the Board of Directors of a company in pursuance of recommendations of the 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.”

In view of the above, the Company shall focus on the CSR activities specified in Schedule VII of the Companies Act. These are 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;
- 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 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. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- 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 or any amendment thereto prescribed from time to time.

Exclusions

- i. The CSR projects or programs or activities undertaken outside India will not be considered as CSR activities.
- ii. Activities undertaken by the Company in normal course of its business will not be considered as CSR activities.
- 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 unless such CSR activity has potential for substantial social impact as recommended by the Committee.
- 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. Contribution of any amount directly or indirectly to any religious institution will not be considered as CSR activity.

XI. CSR EXPENDITURE

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 this 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 Companies Act. Any surplus arising out of the CSR projects or programs, or activities will not form the business profit of the Company and shall be ploughed back in such CSR activity as maybe recommended by the Committee.

XII. IDENTIFICATION OF PROGRAMS

The Committee will identify & recommend CSR activities and the amount of expenditure to be incurred on those activities Based on the needs arising in designated aspirational districts as identified by government bodies or such other areas as maybe deemed appropriate based on the study and discussion of the Committee. The Board of Directors ensure the implementation of the activities under CSR and ensure budget for the same.

If required, professional agencies may be engaged in conducting need assessment and identification of new implementing partners and projects.

XIII. FORMATION OF NEW COMPANY / COLLABORATIONS

The Board of Directors may decide to undertake its CSR activities approved by the Committee, through a registered trust, or registered society or a company established by the company or its holding company or subsidiary or associate company under section 8 of the Companies Act subject to the following requirements.

1. If such trust, society or company is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three (3) years in undertaking similar programs or projects.
2. The Company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

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 Companies Act & CSR Rules.

The foregoing considerations shall also apply with respect to implementation of other sustainability initiatives.

XIV. INDICATIVE CONDITIONS FOR COLLABORATING PARTNERS

In case of program execution by NGOs/Voluntary organizations, the following conditions may be evaluated or considered:

1. The NGO / Agency must have a permanent office / address in India.

2. The NGO should be a registered Trust, Section 8 company or a Society having a duly executed Trust Deed / Memorandum of Association.
3. It should have registration such as 12A, 80G, FCRA registration (if applicable).
4. It should have a PAN.
5. Last year audited statement of accounts.
6. Last year income tax return.
7. Last year FC return (applicable to organizations with FCRA registration).
8. The background /credentials of the NGO / Agency are verifiable / subject to confirmation.
9. Should have a team of professional expertise and system to maintain books of accounts and to generate necessary reports on the supported programs.
10. Should submit a formal CSR grant application form in the prescribed format.
11. If required, for new implementing partners, a due diligence visit must be conducted reviewing their governance standards, financial as well as programmatic workings, internal controls, staff strength, monitoring & evaluation methods, internal audits, statutory compliances etc. Further, a self-declaration on due diligence status shall be obtained from all new implementing partners.

Once the project and the executing agency has been approved on the basis of the due diligence visit report and formal proposal note, the Committee may issue a formal sanction letter and enter into an agreement/MOU with each of the implementing agency.

XV. 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 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. If required, periodic visits shall be conducted by the Committee / CSR sub-committee / Board of Directors, or the person authorized by them to ensure the implementation of the programs at the respective locations. The visits may include planned visits and surprise visits. The monitoring reports of each visit shall be submitted to the Committee / Board of Directors. Further, project progress reports shall also be submitted at regular intervals.
5. Partners/Implementing agency 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 Committee / sub-committee members or a 3rd party agency appointed

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

7. Impact Assessment may 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 as per provisions of Companies Act.

XVI. 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 and the same will be displayed on the Company's website.
2. CSR initiatives of the Company will be reported in the Annual Report of the Company.

XVII. OVERALL

- In case of any doubt with regard to any provision of the CSR policy and also in respect of matters not covered herein, a reference should be made to Committee / Board of Directors of the Company. In all such matters, the interpretation & decision of the Committee / Board of Directors shall be final.
- All provisions of this CSR Policy shall be subject to revision/ amendment in accordance with the Companies Act and CSR Rules 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 area of Environment, Social and Governance (ESG) and in the best interests of the stakeholders of the Company.
- In the event of any conflict between the provisions of this CSR Policy and of the Companies Act or CSR Rules or any other statutory enactments and rules; the provisions of Companies Act or CSR Rules or statutory enactments shall prevail over this CSR Policy. Any subsequent amendment/modification in the Companies Act and/or CSR Rules in this regard shall automatically apply to this CSR Policy.