



SHYAM METALICS AND ENERGY LIMITED

Business Responsibility and Sustainability Policy

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1. Background:

SEBI vide its circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562, dated May 10, 2021 made Business Responsibility and Sustainability Report (**BRSR**) mandatory for top 1000 listed entities by market capitalization with effect from 2022-23. The Report is voluntary for the year 2021-22. The BRSR is a notable departure from the existing Business Responsibility Report (“**BRR**”) and a significant step towards bringing sustainability reporting at par with financial reporting.

The Ministry of Corporate Affairs (**MCA**), Government of India, released a set of guidelines in 2011 called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (**NVGs**). This was expected to provide guidance to businesses on what constitutes responsible business conduct. In order to align the NVGs with the Sustainable Development Goals (**SDGs**) and the ‘Respect’ pillar of the United Nations Guiding Principles (**UNGP**) the process of revision of NVGs was started in 2015. After revision and updation, the new principles are called the National Guidelines on Responsible Business Conduct (**NGRBC**) 2018.

The BRSR seeks disclosures from listed entities on their performance against the nine principles of the ‘National Guidelines on Responsible Business Conduct’ (‘**NGRBCs**’) and reporting under each principle is divided into essential and leadership indicators. The listed entity is required to report on both the indicators. It is an initiative towards ensuring that investors have access to standardized disclosures on Environmental, Social, and Governance (**ESG**) parameters to enable comparability across companies, sectors and time.

2. Purpose:

The Business Responsibility and Sustainability Reporting (BRSR) policy will promote transparency and accountability, serve as a tool to reduce Environment, Social and Governance (ESG) risks associated with the business, encourage us to engage with stakeholders to identify key business impacts, leading to continuous improvement and better corporate governance.

This BRSR Policy is based on principles laid down in National Guidelines on Responsible Business Conduct (NGRBC) published by the Ministry of Corporate Affairs.

3. Objective:

The main objective of the BRSR policy is to:

- Ensure Compliance
- Promote Transparency
- Enhance Stakeholder Engagement
- Leading to continuous Improvement
- Commitment to Sustainability

4. Scope and Applicability:

This policy shall be applicable to all the Employees, Directors and all the business divisions of Shyam Metalics And Energy Limited (“SMEL”). It shall also be applicable to all the units, including its subsidiaries and stakeholders of the company including value chain partners. The policy shall be reviewed by the Board of Directors as and when required and is subject to revision/ amendment in accordance with applicable laws as may be issued by relevant statutory, governmental and regulatory authorities, from time to time.

5. Implementation:

- The BRSR Head shall be responsible for the effective implementation and oversight of this Policy.
- The BRSR Head may take support of Chief Financial Officer or Company Secretary of the Company and such other functional heads and internal and external experts as he deems fit, for the effective implementation of the policy.
- The BRSR Head shall work along with the CSR Committee which shall assist the BRSR Head and shall be responsible for the purpose of implementation of BRSR Policy.
- The CSR Committee shall be responsible for reviewing, monitoring, and for oversight and decision-making on sustainability related issues.

6. Disclosures:

The BRSR Policy shall be disclosed in the Annual Report and on the website of the Company i.e. www.shyammetalics.com

7. Policy Review and Amendments:

The Board reserves the power to review and amend this Policy from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory, governmental and regulatory authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. Any exceptions to the Business Responsibility and Sustainability Policy must be consistent with the regulations and must be approved in the manner as may be decided by the Board of Directors.

8. Guiding Principles:

The Company believes that the business excellence can be achieved only by doing business on sound sustainability principles that address the dimension of good governance as well as environmental and social responsibility. SMEL's business practices would therefore be governed by the following guiding principles:

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8: Businesses should promote inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

9. Principle-wise Policy Statements:

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable

SMEL ensures that its business operations are run under the foundations of strong governance frameworks and guidelines that allow it to steer its economic, social, and environmental goals in a just and responsible manner. SMEL believes that accountability, transparency and responsibility are values that mould businesses for the long-term survival.

SMEL strives to comply with the following core elements of its policy on Ethics, Transparency and Accountability:

- a. Developing governance structures, procedures and practices that ensure ethical conduct at all levels and promote the adoption of this principle across its value chain.
- b. Communicating transparently and assuring access to information about the decisions that impact relevant stakeholders.
- c. Conducting periodic training programmes on awareness on code of conduct among its employees and stakeholders.
- d. Not engaging in practices that are abusive, corrupt, or anti-competition.
- e. Truthfully discharging its responsibility on financial and other mandatory disclosures.
- f. Reporting on the status of its adoption of these guidelines, as suggested in the reporting framework in this document.
- g. Avoiding complicity with the actions of any third party that violates any of the principles contained in these Guidelines.

The Company has following policies that support the Company's initiatives to conduct business ethically and transparently:

1. Code of Conduct for Directors and Senior Management Executives
2. Anti-Corruption and Anti-Bribery Policy
3. Whistle Blower Policy
4. Code of Conduct for prevention of Insider Trading
5. Policy on Diversity of Board of Directors
6. Nomination and Remuneration Policy
7. Risk Management Policy

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

SMEL's endeavors to embed the principles of sustainability and safety in all its operations starting from workplace management, various stages of production and service lifecycle including procurement of raw material, manufacturing of product, transportation of raw materials and finished goods. The policy for sustainable products and services targets to maintain the right balance between environment protection, social well-being and economic growth.

In pursuit of the sustainable and safe products and services policy, SMEL is committed to work towards the following:

- a. Safety and optimal resource use over the life cycle of the product- from design to disposal and ensuring that everyone connected with it- designers, producers, value chain, members, customers and recyclers are aware of their responsibilities.
- b. Raising the consumer's awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
- c. While designing the product, SMEL ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
- d. Regularly reviewing and improving upon the process of new technology development, deployment and commercialization, incorporating social, ethical and environmental considerations.
- e. Recognising and respecting the rights of people who may be owners of traditional knowledge, and other forms of intellectual property, wherever relevant.
- f. Hazardous Identification and Risk Assessment are done at company level to identify the hazards and risk to mitigate the risk and establish a safe and sustainable way to do business.
- g. Safe disposal of Waste as per the standard and mandatory norms.

The Company has following policies in place that helps in Sustainable sourcing:

1. Sustainability Policy
2. Energy Policy
3. Water Policy

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

SMEL believes that employees are the backbone of an organization and building a culture of mutual trust and respect with the principles of fairness and transparency play a vital role in the success of the organization. All policies in the HR Manual are drafted keeping in mind the best interests of Company's employees driven by values such as Equality, Diversity and Inclusivity. SMEL shall endeavor to support the professional growth of its employees and reward performers.

SMEL's employee well-being policy aims to achieve the following:

- a. Respecting the right to freedom of association, participation, collective bargaining, and providing access to appropriate grievance Redressal mechanisms.
- b. Providing and maintaining equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.
- c. Avoiding use of child labour, forced labour or any form of involuntary labour, paid or unpaid.
- d. Taking cognizance of the work-life balance of its employees, especially that of women.
- e. Facilitating for the well-being of its employees including those with special needs.
- f. Ensuring timely payment of fair living wages to meet basic needs and economic security of the employees.
- g. Providing a workplace environment that is safe, hygienic humane and which upholds the dignity of the employees.
- h. Communicating this provision to their employees and train them on regular basis.
- i. Ensuring continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis.
- j. Promoting employee morale and career development through enlightened human resource intervention.
- k. Creating systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

The Company has following policies that support the Company in ensuring the well-being of all its employees:

1. Anti-Sexual Harassment Policy
2. Whistle Blower Policy

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

SMEL considers its employees, customers, its associates, suppliers, investors, regulatory agencies and local communities as key stakeholders. SMEL engages with its various stakeholders on a continuous basis to understand their concerns and assess their requirements and respond to their needs in an effective manner. SMEL strongly believes that an effective stakeholder engagement is based on good faith and goes beyond public relations.

To carry out constant stakeholder engagement, SMEL aims to do the following:

- a. Systematically identifying its stakeholders, understanding their concerns, defining its purpose and scope of engagement, and committing to engage with them.
- b. Acknowledging, assuming responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders.
- c. Striving to give special attention to stakeholders in areas that are underdeveloped.
- d. Resolving differences with stakeholders in a just, fair and equitable manner.

The Company has following policies in place considering the interests of all its stakeholders:

1. Dividend Distribution Policy
2. Risk Management Policy

Principle 5: Businesses should respect and promote human rights

As a responsible Company, SMEL strives to ensure compliance with all relevant policies and regulations pertaining to Human Rights in line with national and international guidelines such as United Nations Guiding Principles for Business and Human Rights, International bill of rights and Declaration of Fundamental Rights at work as per the International Labor Organization.

SMEL firmly believes in the following:

- a. Understanding the principles of human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights.

- b. Appreciating that human rights are inherent, universal, indivisible and interdependent in nature.
- c. Integrating respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.
- d. Recognizing and respecting the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.
- e. Promoting and integrating the awareness and realization of human rights across their value chain.
- f. Not being complicit with human rights abused by third party.

Principle 6: Businesses should respect and make efforts to protect and restore the environment

SMEL believes its operational activities utilize resources both natural and social, and hence it is necessary to make conscious decisions by conducting periodic risk assessments to identify, assess and mitigate adverse impacts. The Company constantly identifies ways to optimize resource consumption in its operations and also believes that it has a responsibility to take care of the planet and preserve its beauty, resources and strength for generations to come.

The Environment Policy is built around the following:

- a. Utilizing natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
- b. Taking measures to check and prevent pollution. Assessing the environmental damage and bearing the cost of pollution abatement with due regard to public interest.
- c. Ensuring that the benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.
- d. Continuously seeking to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
- e. Developing Environment Management Systems (EMS) and contingency plans and processes that shall help it in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to its operations or that of a member of its value chain.

- f. Striving to report its environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
- g. Proactively persuading and supporting its value chain to adopt these principles.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

SMEL believes that a lot can be achieved when the company works together with the Government, legislators, regulatory authorities and trade bodies thus providing positive, social and environmental outcomes. The Company has always strived to create a positive impact in the business eco-system and communities by practicing pro-active advocacy not for securing certain benefits for industry, but for advocating certain best practices for the benefit of society at large. SMEL engages with industry bodies and associations to influence public and regulatory policy in a responsible manner.

The Company aims at doing the following:

- a. Ensuring that while pursuing policy advocacy its advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
- b. To the extent possible, Utilizing the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.
- c. SMEL works to make sure that every decision is made in a way that is open and accountable, and there is no room for abuse.

Principle 8: Businesses should promote inclusive growth and equitable development

SMEL is committed to establishing competitive and sustainable value chains linked to the businesses which create sustainable livelihoods, especially among the poor in rural India. The Company undertakes the initiatives through the CSR committee of the Board as per the CSR Policy of the Company. The CSR projects are in accordance with Schedule VII of the Companies Act, 2013 and rules made thereunder.

In order to fulfill its commitment SMEL aims at:

- a. Understanding its impact on social and economic development, responding through appropriate action to minimise the negative impacts.
- b. Innovating and investing in products, technologies and processes that promote the wellbeing of society.

- c. Making efforts to complement and support the development priorities at local and national levels, and assuring appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.
- d. Being sensitive to local concerns while operating in regions that are underdeveloped.

Corporate Social Responsibility (CSR) Policy acts as a force in encouraging community growth and development.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

SMEL strives to establish a responsible and transparent communication mechanism with the clients, customers and all people involved with the organization across different levels of functioning. The continued trust from our consumers has helped us built a legacy over the years. The Company strongly believes this to be the only sure way to grow and stay ahead of the curve in the increasingly competitive global market.

The Company aims to do the following:

- a. Considering the overall well-being of the customers and that of society at large, while serving the needs of the customers.
- b. Ensuring that it does not restrict the freedom of choice and free competition in any manner while designing, promoting and selling its products.
- c. Disclosing all information truthfully and factually as per applicable laws, through labelling and other means, including the risks to the individual and to the society from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner.
- d. Educating its customers on the safe and responsible usage of its products and services.
- e. Promoting and advertising its products in ways that does not mislead or confuse the consumers or violate any of the principles in these Guidelines.
- f. Exercising due care and caution while providing goods and services that result in over exploitation of natural resources or leads to excessive conspicuous consumption.
- g. Providing an adequate consumer feedback and grievance handling mechanism to address customer concerns and feedback.