



Exceeding Expectations...Always

PEARL GLOBAL INDUSTRIES LIMITED

Policy on Business Responsibility and Sustainability Reporting (BRSR)

1. Background

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 Principles laid down in the National Guidelines on Responsible Business Conduct (NGRBC), were revised by the Ministry of Corporate Affairs, effective from 13th March, 2019. The primary rationale for the update is to capture key national and international developments in the sustainable development agenda and business responsibility field that have occurred since the release of the NVGs in 2011. Some of the key drivers of the NGRBC are given below:

- The UN Guiding Principles for Business and Human Rights (UNGPs)
- UN Sustainable Development Goals (SDGs)
- Paris Agreement on Climate Change (2015)
- Core Conventions 138 and 182 on Child Labour by the International Labour Organization (ILO)
- Annual Business Responsibility Reports (ABRRs) - Companies' Act 2013

In November 2018, the Ministry of Corporate Affairs (MCA) constituted a Committee on Business Responsibility Reporting ("Committee") for finalizing Business Responsibility Reporting formats for listed and unlisted companies, based on the framework of the NGRBCs. Securities and Exchange Board of India (SEBI) was also part of this Committee and worked on the report. The report of the Committee was released on August 11, 2020. The Committee recommended that the Business Responsibility Report be called the Business Responsibility and Sustainability Report (BRSR).

SEBI vide Circular dated May 10, 2021, has made Business Responsibility & Sustainability Report (BRSR) mandatory for Top 1000 listed entities by market capitalization with effect from 2022-23. 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. SEBI Circular further states that BRSR is an initiative towards ensuring that investors have access to standardized disclosures on ESG parameters. Access to relevant and comparable information will enable investors to identify and assess sustainability-related risks and opportunities of companies and make better investment decisions.

Pearl Global Industries Limited ("PGIL" or "the Company") being one of the top one thousand listed Companies as per the criteria mentioned above, has approved and adopted this Business Responsibility and Sustainable Reporting Policy (the "BRSR Policy").

2. Objective and Scope

The key objective of this Policy is to ensure a unified and common approach to the dimensions of Business Responsibility and Sustainability Reporting across the Company and act as a strategic driver that will help the Company respond to the complexities and challenges that keep emerging and be abreast with changes in regulations.

This policy shall be applicable to all the Directors, Key Management Personnel and employees of Pearl Global Industries Limited (Parent Company) and all its Group Companies including foreign subsidiaries, to the extent applicable.

3. Implementation of the Policy

The Directors of the Company shall have the authority to oversee the implementation of this Policy. The Directors may take support of such functional heads and internal and external experts, which he/she may deem fit, for the effective implementation of the Policy. Foreign subsidiaries of the Company shall participate in the Policy to the extent required under the laws of the country of their operation.

The Board shall be the reviewing authority of this Policy and may make suitable changes in this Policy from time to time. However, such alterations shall not be inconsistent with the provisions of any law for the time being in force.

4. Guiding Principles

The Company believes that 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.

In line with the revised guidelines of the National Guidelines on Responsible Business Conduct 2018, issued by MCA, the BRSR of PGIL will be primarily based on nine thematic pillars that are known as Principles, which are mentioned below.

PRINCIPLE-1:

BUSINESSES SHOULD CONDUCT & GOVERN THEMSELVES WITH INTEGRITY, & IN A MANNER THAT IS ETHICAL, TRANSPARENT & ACCOUNTABLE

Policy on Principle 1:

- a) PGIL has developed a Code of Conduct to which its Directors and Employees at all levels will abide by in order to maintain good governance, ethical practices, transparency, and accountability in PGIL operations and interactions with stakeholders across the value chain.
- b) PGIL will conduct periodic training programmes on awareness of code of conduct among its employees and stakeholders.
- c) The directors and employees of PGIL will report self-compliance to the policy on Code of Conduct.
- d) In the Annual report of the Company sent to shareholders, the Managing Director will certify compliance of the Company's code of conduct by Directors and Senior management.
- e) PGIL being a listed company will promptly post on its website information regarding quarterly, half yearly and annual financial results / statements (standalone as well as consolidated) of the company and annual financial results of its subsidiaries at regular intervals; notices of general meetings; intimations of "Record-date"; annual reports;

shareholding patterns and such other information as required under Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and provisions of the Companies Act, 2013 in such manner that the same is easily accessible to the Investors of the Company. The website will always remain updated.

- f) Neither PGIL nor any of its Subsidiaries (Indian and foreign) will engage in practices that are abusive, corrupt or anti-competitive.
- g) PGIL will avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines.
- h) The Company has dedicated e-mail id investor.pgil@pearlglobal.com for Investor correspondence.

PRINCIPLE 2:

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE.

Policy on Principle 2:

At PGIL, our Sustainability Policy Integrates economic progress, social responsibility and environmental concerns with the objective of improving quality of life. We, at PGIL, always believe in integrating our business values and operations to meet the expectations of our customers, employees, partners, Investors, communities and public at large.

- a) PGIL will uphold the values of honesty, partnership and fairness in its relationship with stakeholders.
- b) PGIL shall provide and maintain a clean, healthy and safe working environment for employees, customers, partners and the community.
- c) PGIL will strive to consistently enhance its value proposition to the customers and adhere to its promised standards of service delivery.
- d) PGIL will respect the universal declaration of human rights, International Labour Organisation's fundamental conventions on core labour standards and operate as an equal opportunities' employer.
- e) PGIL shall encourage and support its partners to adopt responsible business policies, Business Ethics and our Code of Conduct Standards.
- f) PGIL will continue to serve its communities:
 - by implementing sustainable Community Development Programmes including through public/private partnerships in and around the area of operations.
 - by encouraging employees to serve communities by volunteering and by sharing their skills and expertise.

- by striving to deploy sustainable technologies and processes in all its operations and use scarce natural resources efficiently in its facilities.

- g) PGIL will also help communities that are affected by natural calamities or untoward incidents, or that are physically challenged, by establishing sourcing/ supply chain with emphasis on local procurement. PGIL management will commit necessary resources required to meet the goals of ESG.

PRINCIPLE 3:

BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

Policy on Principle 3:

PGIL respects the employees' right to freedom of association, participation and collective bargaining. Employees at all levels shall have freedom of association and be free to participate in collective bargaining. Workers' participation in Management shall be governed by a well laid down policy framework

- a) PGIL will provide equal opportunity to all employees starting from their recruitment irrespective of their caste, creed, gender, race, religion, and language. The employees of PGIL can belong to any part of the country and will be selected based on individual merit without any discrimination or preference.
- b) PGIL will also formulate schemes and policies to address health and welfare needs of employees and their families.
- c) PGIL will provide workplace environment that is safe, hygienic and which upholds the dignity of the employee.
- d) PGIL will ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities on equal and non-discriminatory basis.
- e) PGIL will also provide continuous training to its employees for personal and professional skill developments.
- f) PGIL will promote employee morale and career development through various HR policies.
- g) PGIL will frame stringent policies and practices to ensure that the employees especially female employees do not suffer harassment and create the environment where they feel safe and secure in discharging their responsibilities.
- h) PGIL will not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
- i) PGIL will take cognizance of the work-life balance of its employees, especially that of women.

- j) PGIL focuses on learning and development, to enhance the knowledge & skill and preparing its people to face challenges.

PRINCIPLE 4:

BUSINESSES SHOULD RESPECT THE INTERESTS OF & BE RESPONSIVE TO ALL THEIR STAKEHOLDERS

Policy on Principle 4:

PGIL's key stakeholders include employees, suppliers, customers, business associates, Investors, regulatory agencies and local communities around its sites of operations. Our Investors comprise of shareholders (including Institutional Investors).

PGIL values the support of its stakeholders and respects the interests and concerns they have. PGIL and its employees shall provide value-based services to all the stakeholders.

PGIL will have continuous engagement with its various stakeholders to understand their concerns and assess their requirements and respond to their needs in an effective manner.

- a) PGIL will endeavour to enhance stakeholder value by addressing the diverse Interests of various stakeholders including but not confined to shareholders, consumers, customers, employees, business partners, local community. Government and the general public.
- b) PGIL, through its Corporate Social Responsibility (CSR), will focus on sustainable development of the marginalised groups in the local communities around its sites of operations.
- c) The employees of PGIL will offer assistance, encouragement and service stakeholders to the customers in fair, equitable and consistent manner.
- d) As a part of CSR, PGIL will provide:
 - (i) Education: "Enhance the quality of education", "Bridge learning gaps and unlock student potentials", "Career guidance", Financial Support (Govt & PGIL)
 - (ii) Health: "Enhancing Preventive and Primary Care"
 - (iii) Environment Sustainability: "Increase green cover, contributing to environmental health", "Facilitate Ground water recharge", "Enhance area aesthetic through beautification effort"
 - (iv) Women Empowerment: "Foster financial self-reliance", "Provide opportunities for Growth in stitching, tailoring and factory work", "Support entrepreneurial setup aspiration for enterprise setup".
 - (v) Diversity and Inclusion: "to strengthen the socially marginalized groups by providing financial and other supports"

PRINCIPLE 5:

BUSINESSES SHOULD RESPECT & PROMOTE HUMAN RIGHTS

Policy on Principle 5:

PGIL is committed to uphold fundamental human rights in line with the legitimate role of business. Our approach will include adherence to corporate business policies and compliance with applicable laws including the human rights, as set out in the Indian law.

- a) Conduct business in a manner that respects the rights and dignity of all people, complying with all applicable legal requirements.
- b) Recognise our responsibility to respect human rights and avoid complicity in human rights abuses.
- c) Treat everyone who works for PGIL fairly and without discrimination. Employees, agency staff, vendors, customers and suppliers are entitled to work in an environment and under conditions that respect their rights and dignity.
- d) Respect the rights of people in communities impacted by our activities. We will seek to identify adverse human rights impacts and take appropriate steps to avoid, minimise and/or mitigate them.
- e) PGIL will, within its sphere of influence, promote the awareness and realisation of human rights across its value chain.
- f) Ensure compliance and adherence to all the applicable human rights laws and national laws. PGIL's policies strive to percolate these values at all levels in the organisation.

PRINCIPLE 6:

BUSINESSES SHOULD RESPECT & MAKE EFFORTS TO PROTECT & RESTORE THE ENVIRONMENT

Policy on Principle 6:

This Principle emphasizes the importance of environmental stewardship in ensuring long-term economic prosperity & societal well-being by highlighting the interconnections of environmental issues at the local, regional, & global levels, making it critical for businesses to address pollution, biodiversity conservation, sustainable natural resource management, & climate change (mitigation, adaptation, & resilience) in a fair, comprehensive, & systematic manner.

- a) PGIL will commit to assess the environmental consequences of its products & operations and take steps to reduce & mitigate consequences, where they cannot be avoided.
- b) PGIL will identify and evaluate environmental and climate impacts and its associated risks for all activities and formulate a mitigation strategy and environmental goals.
- c) PGIL will strive to adopt environmental practices & methods that reduce or eliminate the

negative impacts on/off their operations & supply chain.

- d) PGIL will engage internal and external stakeholders, including employees, customers, value chain partners and communities, continuously to provide training and raise awareness about environmental management policies and environmental impacts.
- e) PGIL will strive to substantially increase the share of renewable energy in the global energy mix and achieve the sustainable management & efficient use of natural resources.
- f) PGIL will strategize long-term and short-term goals to manage Greenhouse Gas emissions, emissions reduction targets, and an analysis of performance against those targets.
- g) PGIL will conduct independent assessment/ evaluation/assurance by an external agency to fulfill the BRSR principles requirement, when applicable.

PRINCIPLE 7:

BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC & REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE & TRANSPARENT

Policy on Principle 7:

PGIL interacts with Government/ Regulatory Authorities on public policy frameworks.

- a) PGIL while pursuing advocacy policy, will ensure that their advocacy positions are consistent with the principles and core elements contained in this policy enhancing business responsibility and transparency.
- b) To the extent possible, PGIL will utilise the trade and Industry chambers and associations and other such collective platforms to undertake such advocacy policy.
- c) PGIL will use Code of Conduct as a guide for its actions in influencing public and regulatory policy.

PRINCIPLE 8:

BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH & EQUITABLE DEVELOPMENT

Policy on Principle 8:

PGIL is committed to establishing competitive and sustainable value chains linked to the businesses which create sustainable livelihoods, especially among the poor in rural India.

PGIL, through NGOs, Trust and other organisations, investing the resources to support Inclusive growth and equitable development in and around its businesses as well as towards Nation Building at large.

CSR Vision of the Company is to accomplish passionate commitment to the social obligation towards communities, fostering sustainable and Integrated development, thus Improving quality of

life.

For Inclusive growth and equitable development, PGIL focuses on below five pillars of CSR among others:

- i. Education:
- ii. Environment
- iii. Women Empowerment
- iv. Health & Sanitation
- v. Diversity and Inclusion

PRINCIPLE-9

BUSINESSES SHOULD ENGAGE WITH & PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Policy on Principle 9:

PGIL is committed to continuously exceed customer expectations, in pursuit of its aim to be the most admired apparel manufacturing brand of the Country. The customer satisfaction is the key to PGIL's growth and success in this line of business. PGIL strives hard to provide better services to customers at large.

- a) PGIL will serve the needs of its customers taking into account the overall well-being of the customers and that of society.
- b) PGIL will promote and advertise its services in ways that do not mislead or confuse the consumers or violate any of the principles in this policy.
- c) PGIL will provide adequate training to employees continuously to meet the challenges of a dynamic business environment and will also provide adequate grievance handling mechanisms to address customers concerns and feedback.

5. Amendments

This Policy shall be subject to review as may be deemed necessary by the Board of Directors or considering any amendments in statutes.
