

## Business Responsibility and Sustainability Policy



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## BUSINESS RESPONSIBILITY AND SUSTAINABILITY POLICY

<b>Document</b>	Business Responsibility and Sustainability Policy
<b>Version</b>	1.0
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<b>Approved by Board</b>	<b>27.03.2023</b>
<b>Reviewed by the Board</b>	<b>26.03.2024</b>

### 1. Introduction

In terms of amendment to Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') vide Gazette notification no. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, new requirements were introduced on ESG reporting called the Business Responsibility and Sustainability Report (BRSR). Further, as per the Securities and Exchange Board of India (SEBI) Circular dated May 10, 2021, Business Responsibility & Sustainability Report (BRSR) has become mandatory for the Top 1000 listed entities by market capitalization, resulting from 2022-23.

This Policy on Business Responsibility and Sustainability reporting ('BRSR Policy' or 'Policy') has been framed pursuant to the requirements of the Listing Regulations and is intended to ensure that the Company contributes towards sustainable development and fulfils its social, environmental and economical responsibilities.

This Policy reaffirms the Company's commitment to follow the Principles and core elements, in conducting its business, as laid down in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ("Guidelines") issued by the Ministry of Corporate Affairs towards conducting its business.

### 2. Background

The Indian government's Ministry of Corporate Affairs (MCA) published the National Voluntary Guidelines on the Social, Environmental, and Economic Responsibility of Business (NVGs) in 2011. The guidelines aimed to show the organization a path towards ethical business practices. The revision process of NVGs, which started in 2015, intended to align them with United Nations Sustainable Development Goals (SDGs). The National Guidelines on Responsible Business Conduct (NGRBC) 2018 are the new Principles following the review and update.

The motivation behind the update is to document significant national and international advances in sustainable development and business responsibility that have taken place since 2011.

Moreover, as per the Securities and Exchange Board of India (SEBI) Circular dated May 10, 2021, Business Responsibility & Sustainability Report (BRSR) has become mandatory for the Top 1000 listed entities by market capitalization, resulting from 2022-23. BRSR is a departure from its parent BRR and an upgraded version with an objective of making sustainability reporting similar to financial reporting. SEBI wants investors to access standardized disclosures so that they can evaluate the risks and opportunities themselves and make better investment decisions. In view of the requirements of SEBI for Business

Responsibility and Sustainability Report ("BRSR"), PNB Gilts Limited has formulated the Business Responsibility and Sustainability Policy.

### 3. Objective

The objective of this policy is to:

- ensure a unified and common approach to the dimensions of the business responsibility across the Company.
- act as a strategic driver that will help the Company to respond to the complexities and challenges that keep emerging and be abreast with changes in regulations.
- bring all business activities in line with the core NGRBC requirements of each Principle. Although the company's current policies address the requirements of the NGRBC Principles, the BRSR Policy will consider the core requirements more comprehensively and in a quantitative manner.

The company will assess its organization-level policies every year along with the BRSR KPIs and improve its framework to reinforce its commitment to Business Responsibility and Sustainability Report ("BRSR").

### 4. Scope & applicability

- This specifies the responsible business conduct of PNB Gilts Limited.
- This policy is designed to ensure a unified and common approach across the company and shall be applicable to all employees of the company.
- The NGRBC principles are to be used in aligning with applicable local and national standards and norms governing responsible business conduct.
- The NGRBC suggests that we follow these guidelines in our business operations which are within our control and also encourages our suppliers, vendors, distributors, partners, and other collaborators to do the same.

### 5. Principles of the policy

The Company believes that growth and stakeholder's value creation can only be achieved by doing businesses on strong sustainability Principles which address the dimensions of good governance as well as environmental and social responsibilities. The Company's business practices would, therefore, be regulated by the following Principles:

#### Principle 1: Ethics, Transparency and Accountability

*Business should conduct and govern themselves with Ethics, Transparency and Accountability.*

The Company shall strive to maintain high standards of ethics in all spheres of its business activities. The Board of Directors and Senior Management strive and endeavor to set examples of utmost ethical behavior for all levels across the Company making it an essential part of the work culture so that every employee of the Company conducts himself and represents the Company with professionalism, honesty and integrity, and conform to high moral and ethical grounds. The Principle stresses that the governance structure should align with SDG 16 (Peace, Justice and Strong Institutions) & SDG 17 (Partnerships to achieve the Goal).

The following measures shall govern the policies and practices of the Company which shall strive to achieve ethical, transparent and accountable organization:

- The Company should develop necessary governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this Principle across the Company's value chain.
- The Company shall truthfully discharge their responsibilities on financial and other mandatory disclosures.
- The Company should not engage in practices those are abusive, corrupt or anti-competition.
- The Company shall ensure that genuine concerns of misconduct/unlawful conduct can be reported in a responsible and confidential manner through its Vigil Mechanism.
- The Company should communicate transparently and assure access to information about the decisions that impact relevant stakeholders.
- The Company should understand the significance of business in the context of society and the environment. Hence, they are supposed to take the responsibility for the smooth implementation and execution of these policies. They also will disclose their performances, as per the guidelines.

### **Principle 2: Product Life Cycle Sustainability**

*Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.*

The Company is a Non -Banking Financial Company and is not engaged in a business concerning design of products and related activities that could raise economic risks and/or hazardous opportunities. Accordingly, keeping in view the business of the Company, the Company is not required to undertake product life cycle sustainability.

### **Principle 3: Employee Well-being**

*Business should promote the well-being of all employees*

The Company understands the worth of a healthy and sound human resource. The Company focuses on ensuring the well-being of all its employees. The Company shall ensure that there is a systematic chain or hierarchy which allows better flow of information, ideas, suggestions and understanding amongst the employees and the management and there is in place a proper channel through which the grievances of the employees are taken up and addressed by the management. The Company believes in giving its employees ample opportunities to perform as employee wellbeing is imperative to achieve a profitable growth. The Company encompasses all policies and practices relating to the equity, dignity, and well-being and provision of decent work and includes SDG- 1 (No Poverty),3 (Good Health and Well-being),4 (Quality Education), 5 (Gender Equality),8 (Decent Work and Economic Growth),9 (Industry, Innovation, and Infrastructure), 11 (Sustainable Cities and Communities),16 (Peace, Justice, and Strong Institutions). The following shall govern the Company's efforts towards Employee Wellbeing:

- The Company should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance Redressal mechanisms.

- The Company should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
- The Company should provide and maintain 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.
- The Company should take cognizance of the work-life balance of its employees, especially that of women.
- The Company should provide facilities for the wellbeing of the employees including those with special needs.
- The Company should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.
- The Company should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees.
- The Company should ensure continuous skill and competence up-gradation of all employees by providing access to necessary learning opportunities, on an equal and nondiscriminatory basis.
- The Company should promote employee morale and career development through enlightened human resource interventions.
- The Company should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

#### **Principle 4: Stakeholders Engagement**

Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

The Company values the support of its stakeholders and endeavors to maintain a cordial relationship and safeguard the interests of all the stakeholders. The Company recognizes its employees, business associates, shareholders/ investors and regulatory authorities as key stakeholders. The Company shall strive to its engage with them through various mechanisms such as consultations with local communities, client meets, employee satisfaction etc. The SDGs covered in this principle are SDG- 1 (No Poverty), 5 (Gender Equality), 9 ( Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities), 16 (Peace, Justice and Strong Institutions). The following shall govern the Company's efforts towards stakeholders 'engagement:

- The Company should acknowledge, assume responsibility and be transparent about the impact of the policies, decisions, on the stakeholders.
- The Company should systematically identify stakeholders, understanding their concerns, defining purpose and scope of engagement, and commitment to engage with them.
- The Company should strive to give special attention to stakeholders in areas that are underdeveloped.
- The Company should resolve differences with stakeholders in a just, fair and equitable manner.

#### **Principle 5: Human Rights**

Business should respect and promote human rights.

The Company appreciates and believes that human rights are inherent, universal, indivisible and interdependent in nature. The Company respects and promotes human rights for all individuals. The Conduct Rules and Policies of the Company strive to ensure that the operations be conducted with honesty, integrity and openness with respect for human rights and interests of employees. The UN Guiding Principles steer this Principle on Business and Human Rights in its enunciation regarding the accountability of businesses concerning human rights. The mapped SDGs include - SDG 5 (Gender Equality), 8 (Decent Work and Economic Growth), 16 (Peace, Justice, and Strong Institutions). It upholds that responsibility so that negative human rights impacts can be avoided, and at the same time, it addresses such effects when human rights violations happen.

The following shall govern the Company's efforts towards ensuring respect for Human Rights:

- The Board of Directors and senior management shall be mindful of human rights Principles embedded in the Constitution of India while creating policies and practices in the organization.
- The Company should integrate 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.
- The Company should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace.
- The Company should not be complicit with human rights abuses by a third party.

## **Principle 6: Environment**

*Business should respect, protect and make efforts to restore the environment.*

The Principle highlights that businesses address issues like environmental-degradation, biodiversity conservation, sustainable utilization of resources, climate change mitigation and resilience efficiently. These are aligned with SDGs 2 (Zero Hunger), 3 (Good Health and Well-being), 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 10 (Reduced Inequalities), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life below Water) and 15 (Life on Land). The Company places high priority in ensuring and adhering to best procedures relating to environment protection. While the Company being a non-manufacturing concern, its operation doesn't result into any major impact on the environment, but it understands its responsibilities towards a sustainable environment. Hence, the Company commits to be responsible in the optimum utilization of available resources and reduction in the utilization of non-renewable resources.

The following shall govern the Company's efforts towards ensuring a sustainable environment:

- The Company should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
- The Company shall promote ecological sustainability and green initiatives by adopting energy & water saving mechanisms, sensitizing employees to reduce carbon & water footprint of the Company.
- The Company should assess the environmental impacts of its services and operations and implement strategies to minimize their unfavourable effects throughout the entire value chain.

- The company will keep track of their mobile & stationary emissions from time to time and will monitor the energy and water consumption regularly. Based on the results, the company will take subsequent measures.
- The Corporate Social Responsibility (CSR) initiatives undertaken by the Company may be driven towards the cleanliness drive of the Indian Government called – Swacchh Bharat Abhiyaan or other environment related projects.

### **Principle 7: Policy Advocacy**

*Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.*

The Company believes that a lot can be achieved if it works together with the Government, legislators, trade bodies and regulators to create positive social and environmental outcomes. As a responsible organization, PNB Gilts strictly abide by the guidelines of the regulators and legislative bodies across various socio-economic, and environmental parameters. Mapped SDGS in principle 7 are- 2 (Zero Hunger), 7 (Affordable and Clean Energy), 10 (Reduced Inequality), 11 (Sustainable Cities and Communities), 13 (Climate Action), 14 (Life Below Water), 15 (Life on Land), 17 (Partnerships to achieve the Goal). At PNB Gilts Limited, our effort has always been respecting the equity, and upholding the ethics and integrity across our policy advocacy positions. The following shall govern the Company's efforts towards ensuring responsible policy advocacy:

- The Company shall strive to create a positive impact in the business eco-system and communities by advocating best industry practices for the benefit of society at large.
- The Company will continue to be ethical, impartial and clear, in safeguarding the nation's interest and will not engage with anything that could lead to any adverse social impact.
- The Company, while persuading policy advocacy, shall ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
- To the extent possible, the Company should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.

### **Principle 8: Inclusive Growth**

*Business should support inclusive growth and equitable development*

The Company considers the society as an integral part of its business and believes that it cannot work in vacuum and therefore, as it grows, the society should also progress. The SDG goals that are intertwined in Principle 9 are 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 4 (Quality Education), 5 (Gender Equality), 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities), 13 (Climate Action), 14 (Life Below Water), 15 (Life on Land), 16 (Peace, Justice and Strong Institutions), 17 (Partnerships to achieve the Goal). In compliance with section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a CSR Policy through which it undertakes the CSR projects in areas and subjects mentioned in Schedule VII of the Companies Act, 2013. At PNB Gilts Limited, creating an all-inclusive and equitable society, with a special focus on the vulnerable and the marginalized, underpins the Company's motivation to bring long-standing value creation across its business activities.



- The Company intends to generate a more significant impact for its stakeholders through financial and human resources skills and knowledge.
- The Company aims to minimize the negative impact on socio-economic aspects that could result from its business operations.

### **Principle 9: Consumer Value**

*Business should engage with and provide value to their customers and consumers in a responsible manner.*

The Company is a Primary Dealer, duly registered with Reserve Bank of India. The Company is permitted to maintain Constituent SGL account with Reserve bank of India for its clients, which is different from its own SGL account and used exclusively for maintaining Government securities of its constituents in dematerialized form. The transactions on behalf of constituents and the operations in the Constituent SGL(CSGL) accounts are conducted in accordance with the guidelines issued by RBI on CSGL accounts. Following shall be done-

- The Company should disclose all information truthfully and factually as per applicable laws, through disclosure and other means, including the risks to the investors.
- The Company should have proper mechanism to solve all queries and complaints submitted by CSGL account holders.
- The Company shall promote and advertise its products/securities in ways that do not mislead or confuse the clients.
- The Company shall provide Updates/statements in accordance with RBI guidelines to all its CSGL account holders.

The SDG goals mapped in Principle 9 are number- 2 (Zero Hunger), 4 (Quality Education), 12 (Responsible Consumption and Production), 14 (Life Below Water), 15 (Life on Land).

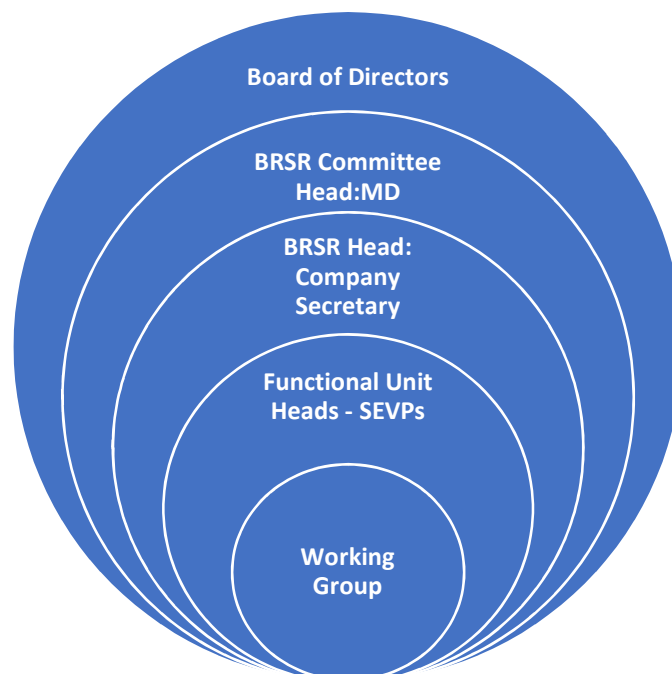
## **6. Implementation**

The company has constituted an internal BRSR Committee that will be responsible for reporting & publishing the BRSR guidelines. The Managing Director & CEO of the Company shall be responsible for implementing the Policy. BRSR Head shall be the Company Secretary of the Company. The Managing Director & CEO/ Company Secretary may take support of such functional heads and internal and external experts, which he/she may deem fit for effective implementation of the Policy. Functional Heads – SEVPs shall be the other members of BRSR Committee.

- The BRSR Policy will be found on the Company's official website and can be accessed by all employees, regulatory agencies, and other stakeholders. As a part of the organization, all employees must strictly follow the Policy. They will undergo different training programs to get acquainted with the Policy and its implementation.
- Each BRSR committee member will be responsible for reporting from their respective functions.
- The BRSR Committee will also be in charge of recognizing different sustainable development initiatives and looking into their implementation across the organization. The Company will set up adequate grievance-redressal measures to take into account the concerns of various stakeholders.
- The BRSR Committee guidelines will be executed by all relevant officials and will be coordinated by the BRSR Head.

- As per the rule of SEBI, from the financial year 2022-2023, it is mandatory for the listed entities to file the BRSR in time. The report will be insightful for the investors as it would help them make better investment decisions and encourage the entities towards a more meaningful association beyond a transactional relationship with all stakeholders. The managing director and the BRSR head will ensure compliance with SEBI requirements and a timely filing of the BRSR.

The sustainability initiatives will be implemented by a working group, members of which will be decided by the BRSR Committee Head. The working group will, as deemed appropriate, might engage with service providers for limited or reasonable assurance on the reported metrics as per guidance provided by SEBI or any other regulator. The proposed structure of the working group that would oversee the management of sustainability initiatives is given below.



**Board of Directors (BOD):** At the highest level of authority in the company, the BOD will supervise the organization's overall sustainability strategy and performance. The board of directors will delineate the boundaries for sustainability and establishes the organization's long term sustainability vision.

**BRSR Committee Head:** The BRSR committee head is the Managing Director of the organization, will be responsible for implementing the sustainability strategies. The committee head will also set the sustainability policies and standards for the organization and supervises the sustainability risks and opportunities. The BRSR Committee head will set the sustainability targets, oversee sustainability risks and opportunities, and will ensure that sustainability is integrated into the organization's decision-making processes

**BRSR Head:** The company Secretary who is also the BRSR head will administer the sustainability-related issues across the organization and take the ownership of the data for computation of KPIs.

**Functional Unit Heads:** Functional Heads – SEVPs shall be the other members of BRSR Committee. They are the sustainability coordinators for different departments and will be in charge of executing

sustainability initiatives under their respective sections. They will coordinate with the BRSR head to ensure that the department's activities align with the organization's sustainability goals and policies.

*Working Group:* Working Group will work with the Functional Unit Heads to ensure that the sustainability initiatives are integrated in all the departments of the branch(es) of the respective regions. They will also collect the quantifiable KPIs for computation, monitor the energy/water/emission and keep a check of all sustainability metrics.

## **7. Disclosure**

This Policy shall be appropriately communicated within the Company across all levels and shall also be disclosed on the Company's website <https://www.pnbgilts.com/>

## **8. Review/Amendment**

This Policy may be amended by the Board, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the provisions of the Listing Regulations, from time to time. Any amendments in the Listing Regulations shall be binding even if not incorporated in this Policy.