



Vardhman

Delivering Excellence. Since 1965.



SCALING ESG SOLUTIONS IN TEXTILES



**VARDHMAN
TEXTILES LTD.**

ESG DATA BOOK FY 24-25

ABOUT US

Vardhman operates as a leading vertically integrated textile manufacturer in India, with a diverse range of products and services in the textile industry. As a world-class textile organization, we aim to produce diverse range of products for the global textiles market keeping Sustainability as the Core of our Business.

“

We have the largest spindle count in India.

Also, We are the largest producer of hand-knitting yarn. ”

VISION

ROOTED IN VALUES, CREATING WORLD CLASS TEXTILES

MISSION

VARDHMAN GROUP AS A WORLD-CLASS TEXTILE ORGANIZATION AIMS AT PRODUCING DIVERSE RANGE OF PRODUCTS FOR THE GLOBAL TEXTILES MARKET.

CORE BUSINESS AREAS

- Yarn Manufacturing
- Fabric Manufacturing
- Garment Manufacturing



OUR LOCATIONS

Punjab

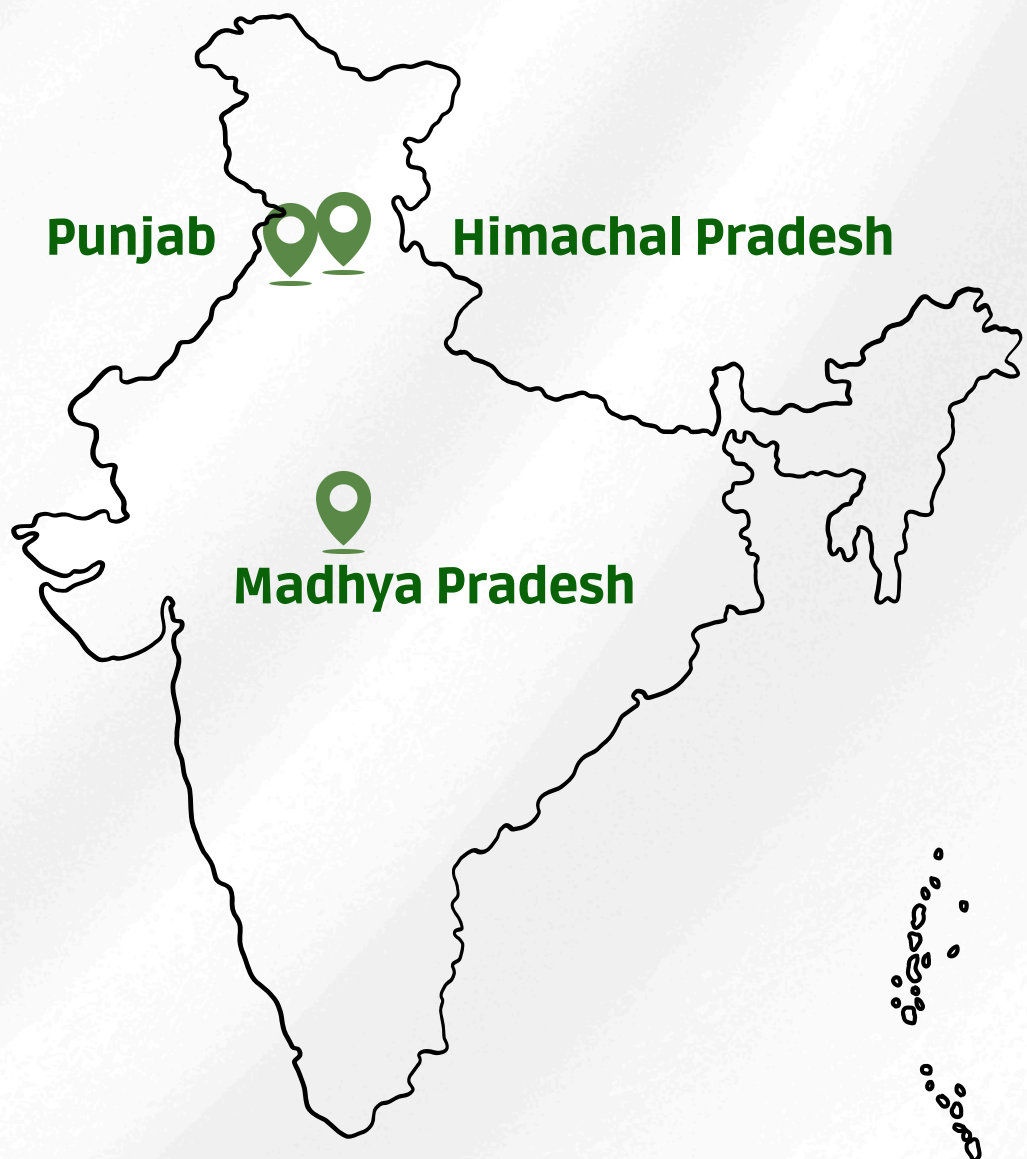
- Vardhman Spinning & General Mills
- Vardhman Apparels
- Arihant Spinning Mills

Himachal Pradesh

- Auro Textiles
- Auro Weaving
- Auro Spinning Mills
- Arisht Spinning Mills
- Vardhman Spinning Mills
- VMT Spinning Mills
- Renova

Madhya Pradesh

- Vardhman Fabrics
- Anant Spinning Mills
- Vardhman Yarns



SUSTAINABILITY ASSURANCE STATEMENT



Independent Limited Assurance Statement to Vardhman Textiles Limited on their Sustainability Information

To the Management of Vardhman Textiles Limited

Introduction

Intertek India Private Limited ("Intertek") was engaged by Vardhman Textiles Limited (hereinafter 'VTL') to provide an independent Limited Assurance on its Corporate Sustainability Assessment (CSA) response ("the Report"), as part of its 2025 Dow Jones Sustainability Index (DJSI) reporting. The scope of the Report comprises the reporting periods of FY24-25. The Report is prepared by VTL based on available sustainability reporting standards i.e. Global Reporting Initiative (GRI) and DJSI. The assurance was performed in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Objective

The objectives of this limited assurance exercise were, by review of objective evidence, to confirm whether any evidence existed that the sustainability related disclosures, as declared in the Report, were not accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

Intended Users

This Assurance Statement is intended to be a part of the annual Corporate Sustainability Assessment-DJSI disclosure of Vardhman for FY 2024- 25.

Responsibilities

The management of VTL is solely responsible for the development of the Report and its presentation. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement, whether due to fraud or error.

Intertek's responsibility, as agreed with the management of VTL, is to provide assurance and express an opinion on the data and assertions in the Report based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within.

Assurance Scope

The Assurance has been provided for selected sustainability performance disclosures (environmental, social and governance KPIs) presented by VTL in the Report. The standalone reporting boundary included data and information for the period 1st April 2024 to 31st March 2025 for the standalone operations of 100% of the operating locations/manufacturing facilities in accordance with GRI and DJSI.

Our scope of assurance included verification of internal control systems, data and information on core disclosures reported as summarized below:



SUSTAINABILITY ASSURANCE STATEMENT

Policies and materiality assessment

GRI 2-23: Policies and practices
GRI 2-29: Approach to stakeholder engagement
GRI 3-1: Process to determine material topics
GRI 3-2: List of material topics

Greenhouse gases

GRI 305-1: Direct (Scope 1) GHG emissions
GRI 305-2: Energy indirect (Scope 2) GHG emissions
GRI 305-3: Other indirect (Scope 3) GHG emissions

Energy

GRI 302-1: Energy consumption within the organization

Water

GRI 303-3: Water withdrawal
GRI 303-4: Water discharge
GRI 303-5: Water consumption

Waste

GRI 306-3: Waste generated
GRI 306-4: Waste diverted from disposal (e.g., recycled)
GRI 306-5: Waste directed to disposal

Human resources

GRI 405-2: Ratio of basic salary and remuneration of women to men

Health and safety

GRI 403-9: Work-related injuries

Supply chain

GRI 308-1/414-1: New suppliers screened using environmental/social criteria

Certificates

GRI 2-6: Other organizational practice (e.g., certifications)

The figures related to the verified KPIs are detailed in the annexure of this statement.

Assurance Criteria

Intertek conducted the assurance work in accordance with requirements of 'Limited Assurance' procedures as per the following standard:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.

A limited assurance engagement comprises of limited depth of evidence gathering including inquiry and analytical procedures and limited sampling as per professional judgment of assurance provider. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

Methodology

Intertek performed assurance work using risk-based approach to obtain the information, explanations and evidence that was considered necessary to provide a limited level of assurance. The assurance was conducted by desk review & stakeholder interviews with regard to the reporting and supporting records for the FY 24-25. Data and information supporting the Statement were historical in nature and proven by evidence. Our assurance task was planned and carried out during Nov-Dec 2025. The assessment included the following:

- Assessment of the Report that was prepared in accordance with the Sustainability Reporting Standards i.e. GRI and DJSI.
- Review of processes and systems used to gather and consolidate data.
- Examined and reviewed documents, data, and other information made available digitally.
- Conducted physical interviews with key personnel responsible for data management.
- Assessment of appropriateness of various assumptions, estimations, and thresholds used by VTL for data analysis.
- Review of sustainability disclosures on sample basis for the duration from 1st April 2024 to 31st March 2025 was carried out physically at VTL's sites.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed.



SUSTAINABILITY ASSURANCE STATEMENT

Conclusions

Intertek reviewed selected sustainability disclosures provided by VTL in its Report. Based on the data and information provided by VTL, Intertek concludes with limited assurance that there is no evidence that the sustainability data and information presented in the Report is not correct. The report provides a fair representation of sustainability disclosures and is in accordance with the GRI and DJSI standards to the best of our knowledge.

Intertek's Competence and Independence

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 43,500 people. The Intertek assurance team included competent sustainability assurance professionals, who were not involved in the collection and collation of any data except for this assurance opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek India Pvt. Ltd.



Pulak Mishra
Intertek Verifier
2025/12/18



Shilpa Naryal
Head of Sustainability
Intertek South Asia & MENAP
2025/12/19

No member of the verification team (stated above) has a business relationship with VTL's stakeholders beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.



SUSTAINABILITY ASSURANCE STATEMENT

Annexure:

Greenhouse Gases	Energy	Water
Scope 1 – 362777 tCO ₂ e Scope 2 – 554953 tCO ₂ e Scope 3 – 379224 tCO ₂ e	Total Non-Renewable Energy Consumption – 876116 MWh Total Renewable Energy Consumption – 306113 MWh	Total Water Withdrawn – 9.43 million m ³ Total Water Consumed – 4.52 million m ³ Total Water Discharged – 4.91 million m ³
Waste	Human Resources	Health and Safety
Total Waste Generated – 105692 MT Total Waste Recycled – 71864 MT Total Waste Incinerated – 208 MT Total Waste Sent to Landfill – 33620 MT	Average Hourly Earnings Executive Level – INR 7269.12 (Male) and INR 6177.58 (Female) Average Hourly Earnings Management Level – INR 836.38 (Male) and INR 558.31 (Female) Average Hourly Earnings Non- Management Level – INR 199.57 (Male) and INR 171.99 (Female) Gender Pay Gap (Mean) – 47% Gender Pay Gap (Median) – 23%	Total number of fatalities (employees) – 0 Total number of fatalities (contractors) – 0 LTIFR (employees & contractors) – 3.24
Supply Chain	Policies and Materiality Assessment	Certificates
Total number of suppliers – 2931 Total number of Significant Supplier – 139 Number of significant suppliers assessed – 70	All policies and procedures from company's website Double Materiality Assessment Report	ISO 14001, ISO 45001, ISO 27001 – 100 % Coverage





Message from our Chairman and Managing Director

Dear Shareholders,

At Vardhman, sustainability is not just a responsibility—it is a strategic driver shaping the future of our business. We are committed to building an organization that is resilient, future-ready and aligned to the actions required to achieve global climate goals.

During the year, we have significantly accelerated our green transition journey. We have invested about **₹850 crore in renewable and clean energy infrastructure, including biomass-based boilers, solar and wind power projects.** These investments will substantially enhance our green energy portfolio and will support us in decarbonizing our operations in the coming years.

In parallel, we are also pursuing energy efficiency as a core value driver. Our ₹1,200 crore modernization program across spinning and fabric divisions is aimed at replacing legacy equipment with advanced, automated, energy efficient and digitally-enabled machinery. This transformation will reduce utility consumption, enhance operational flexibility and improve overall resource productivity.

We have also partnered with the Manufacturer Climate Action Program (MCAP), aiming to cut our Scope 1 and Scope 2 emissions by 42% by 2030. By transitioning to biofuels, we are forging a path toward a greener and cleaner energy mix that aligns with our sustainability objectives.

As we move forward, Vardhman will continue to integrate sustainability into every stage of our value chain—responsible sourcing, clean production, circularity, and collaborative stakeholder development. We believe that through responsible and technology-led growth, Vardhman will continue to contribute meaningfully towards national climate priorities and global sustainability objectives.

Strengthening Social and Governance Frameworks

We are committed to enhancing our social and governance frameworks, recognizing that a comprehensive ESG strategy must include ethical business practices, community engagement, and strong corporate governance. Additionally, we have made significant progress in digitalizing our operations by adopting advanced tools and technologies that improve transparency, efficiency, and accountability throughout our processes. We continue to align our business practices with global standards in corporate governance. Our emphasis on ESG is an integral part of our strategy, and we remain dedicated to identifying and mitigating environmental and social risks that may impact our business.

With warm regards,
Shri S. P. Oswal
Chairman & Managing Director



ESG
ENVIRONMENTAL SOCIAL GOVERNANCE

Dear Shareholders,

Innovation has always been fundamental to Vardhman's success, and our efforts to promote sustainability through technology have established industry benchmarks. Our initiative, Renova, the Waste Cotton Recycling Plant, is a step that demonstrates our dedication to advancing the circular economy. By transforming textile waste into valuable fibers that re-enter the production cycle, Renova not only minimizes waste but also enhances resource efficiency, contributing to a more sustainable manufacturing ecosystem. We have increased our recycling capacity from **6 TPD to 11 TPD**.

In addition to tackling textile waste, we have made notable strides in managing plastic waste. This year, we achieved plastic positive status by recycling more plastic than we generate. **In FY 24-25, we recycled 1,698 MT of pre- and post-consumer plastic waste of CAT-II.** By ensuring that plastic waste is repurposed rather than sent to landfills, we are taking significant steps to reduce our overall environmental footprint.

Our ambitious 'GreenWeave' initiative underscores VTL's comprehensive strategy for enhancing our ESG performance. With unwavering efforts, our ESG CSA score in DJSI stood increased substantially from 20 to 72.

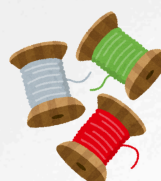


Message from our Vice Chairperson


Our commitment to responsible sourcing is further supported by a range of globally recognized certifications, including **Regen Agri, GOTS, GRS, Oeko-TEX, Organic, OCS, Recycled Polyester Fiber, CMI, BCI, Fairtrade, and FSC** certifications. This year, **34% of our raw materials are sustainably sourced.**

We have collaborated with **CDB by Cretes** for providing advanced yarn and hank dyeing systems to significantly reduce Steam and power consumption, Dyestuff & Water usage and Minimum liquor ratio (MLR). This leads to lower loads on the Environmental Treatment Plant (ETP), and contributes directly to Vardhman's environmental targets.

With warm regards,
Mrs. Suchita Jain
Vice Chairperson



ALIGNMENT OF VARDHMAN GOALS WITH UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Area	Commitments & Targets	UN SDG(s)
	Hazardous Substances ZDHC MRSL Compliance: 100% by 2030	SDG 12 – Responsible Consumption and Production 
	Biodiversity Net Positive Impact (NPI) on biodiversity by 2050 No gross deforestation by 2045	SDG 13 – Climate Action 
	Packaging Reduce virgin plastic by 20% by 2030 100% sustainable packaging by 2030	SDG 12 – Responsible Consumption and Production 
	Gender Diversity 20% women at management level by 2030- 45% overall gender diversity by 2030	SDG 5 – Gender Equality SDG 10 – Reduced Inequalities  
	Emissions 42% reduction in Scope 1 & 2 emissions by 2030 Net Zero by 2045	SDG 13 – Climate Action 
	Water 30% reduction in freshwater consumption by 2030	SDG 6 – Clean Water and Sanitation 
	Waste 50% reduction in waste to landfill by 2030	SDG 12 – Responsible Consumption and Production 
	Health & Safety Zero fatalities- Reduce LTIFR and first aid incidents by 25% YoY- Zero occupational diseases	SDG 3 – Good Health and Well-being 





Message from Our Chief Sustainability Officer (CSO)

Dear Shareholders,

We integrate sustainable practices into every aspect of our value chain, ensuring that we contribute positively to the planet while maintaining operational excellence.

Recognizing the importance of cotton as a vital input material, we have partnered with Better Cotton as a Programme Partner. This collaboration enables us to engage directly with over 12,000 farmers, emphasizing natural resource management, equitable work practices, and climate adaptation strategies. By providing farmers with sustainable farming techniques, we enhance soil health, optimize water usage, and lower the carbon footprint of cotton production. Significantly, this program prioritizes gender inclusion and equity, ensuring that women in farming communities have equal opportunities to participate and reap the benefits. These efforts not only advance a more sustainable supply chain but also promote economic and social development within agricultural communities.

We are committed to ensuring that all sourcing practice support the broader goals of environmental stewardship, fair labour and community well-being. In FY 2024-2025, approximately **36% of our raw materials (cotton and manmade fibers)** were sustainably sourced.

91% of packaging materials come from sustainable sources, with a focus on paper-based solutions such as cartons, separators, paper tubes and cones made entirely from recycled content or agro-waste.

In water stewardship, we are placing a strong emphasis on Water conservation, Circularity, especially in our dyeing processes. We have implemented Zero Liquid Discharge (ZLD) systems at our VFB and Auro Textiles facilities, ensuring complete recycling and reuse of wastewater within our operations. To further enhance this effort, we are installing a 2,500 KLD ZLD system at our VSGM location, which helps us to achieve 100% water recycling at these sites.



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We also prioritise environmental safety in our manufacturing processes, **with 97% of dyes and chemicals complying with the ZDHC MRSL standards**, ensuring reduced ecological impact and enhanced safety

With warm regards,

S. K. Jhamb

Chief Sustainability Officer,
Vardhman Textiles Ltd.



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Renova
VARDHMAN'S RECYCLE COTTON PLANT



VARDHMAN- ESG RATINGS

72 / 100**S&P Global**
RatingsESG Risk Rating **CORE** ?**18.6** Low
Risk

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

**SUSTAINALYTICS****52 / 100****CRISIL**
Ratings

VARDHMAN ESG GOVERNANCE STRUCTURE

At Vardhman, our ESG governance is led by a diverse Board of Directors committed to embedding ESG principles across our business strategy. The ESG Committee oversees vision setting, risk management, KPI monitoring and compliance with regulatory frameworks. Under the leadership of the Chief Sustainability Officer (CSO), we execute ESG strategies, maintain transparent disclosures and drive climate initiatives including Net Zero commitments, carbon neutrality and renewable energy integration.



ENVIRONMENT



KEY HIGHLIGHTS- ENVIRONMENT

19.92_{MW}

Solar Energy
Capacity Installed

91%

of packaging materials
sustainably sourced

4.33_{MN KL}

of waste water
Treated

10.86 %

Reduction in Scope 1 +2
Emissions
Base year FY 23-24

1698_{MT}

Plastic packaging
material Recycled
Plastic positive *

36%

of our raw cotton is
sourced sustainably

ENVIRONMENT

Environmental Policy



Vardhman Textiles Limited is fully committed to promote & ensure continual improvement in our Environmental, Health & Safety Performance. We are more focused on energy efficiency, water conservation and waste reduction. At the same time, we are providing a safe and healthy workplace for all our employees (permanent and contractual/outourced), contractors, visitors and other stakeholders. We will develop a culture of zero incidents and zero harm by preventing injuries and illnesses and promoting healthy lifestyles so that we can achieve our business objectives

Policy Link

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/EHS_POLICY.pdf

Environmental Management Systems (EMS)

EMS Verification	Coverage	Document/Certification link
ISO 14001 Standard	100% All operational manufacturing sites are ISO 14001 certified.	Certifications of Vardhman Group

Environmental Violations

Parameter	FY 2021	FY 2022	FY 2023	FY 2024
Number of violations of legal obligations / regulations	Nil	Nil	Nil	1
Amount of fines/penalties related to the above (in INR)	Nil	Nil	Nil	13.20 Lakh
Environmental liability accrued at year end (in INR)	Nil	Nil	Nil	Nil

ENVIRONMENT

GHG EMISSIONS

To further reduce our environmental impact, we are focusing on energy efficiency and transitioning to renewable energy sources. This includes eliminating coal and adopting low-carbon technologies. We are committed to achieving our sustainability goals and minimizing the carbon footprint of our products.

Scope 1: GHG Emissions

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
Scope 1 emissions	MT CO2e	4,53,445.3	3,23,221.7	2,82,820.1	362,777.00
Target for 2024-25			3,48,266 MT CO2e		

- The increase in Scope 1 emissions is due to a shift in our calculation methodology. We previously calculated emissions using US EPA emission factors; however, we have now shifted to the IPCC emission factor library. This globally recognized method offers a broader scope for our emissions calculations.

Scope 2: GHG Emissions

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
Scope 2 emissions	MT CO2e	5,14,439.4	6,42,468	7,46,819.6	554952.80
Target for 2024-25			7,02,010 MT CO2e		

Emission Reduction Targets

MCAP Target- VTL's commitment to attain a 42% reduction in emissions by 2030 under the Manufacturers Climate Action Program (MCAP).



Scope covered by the target	Target time frame	Baseline year emissions covered	% reduction target from base year	Is this target validated by the SBTi?
Scope 1+2 combined	2030	2024	42%	SAT Aligned

Emission Reduction Targets



Company	Country (HQ)	Region	Cascade Memb	MCAP Status	Type of Target	Validated (Month/Year)
Vardhman Textiles Limited	India	APAC	No	SAT Validated	Reduce absolute Scope 1 and 2 emissions by 42% from 2024 to 2030	Jul 1, 2025

<https://cascade.org/tools-programs/manufacturer-climate-action-program/>

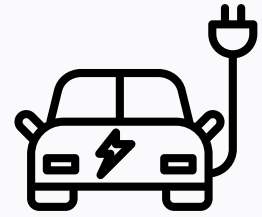
Scope 3- Indirect greenhouse gas (GHG) emissions

Scope 3 emissions refer to indirect greenhouse gas emissions that occur in a company's value chain. These emissions are not directly produced by the company but are a result of its up-stream & Down-stream activities.

Category	Emission Tonne Co2e		Emission calculation methodology
Scope 3	FY 24	FY 23	
Category-2 Capital Good	13,441	5,059	Spend Based
Category-3 Energy	255,167	307,032	Quantity Based
Category-4 Upstream Transportation	48,983	37,004	Distance Based
Category-5 Waste Processing	8,091	12,802	Quantity Based
Category-6 Business Travel	340	228	Distance Based
Category-7 Employee Commute	3,549	34,853	Distance Based
Category-9 Downstream Transportation	49,653	154,209	Distance Based
Total Emissions	379,224	551,187	

Scope 3 Emissions Reduction Initiatives

Transition to Electric Mobility to Mitigate Scope 3 Emissions



Vardhman is taking targeted actions to reduce Scope 3 emissions, particularly under Category 3, 6 & 7 – Fuel- and Energy-Related Activities, Business Travel & Employee commute, by integrating electric vehicles (EVs) into its passenger fleet and prioritizing EVs for all new passenger vehicle procurements across the group, this transition reduces emissions associated with business travel.

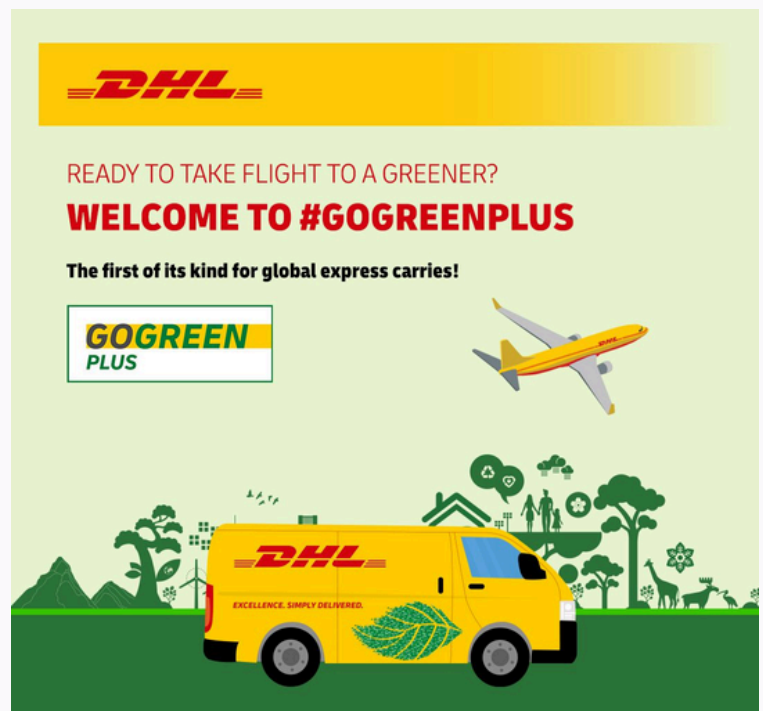
Additionally, the Company encourages low-carbon commuting by facilitating employee loan schemes for electric two-wheelers, extending emission reduction efforts beyond direct operations. These initiatives support Vardhman's broader decarbonization strategy and commitment to sustainable mobility.

Reducing Scope 3 Emissions through Sustainable Transportation and Logistics

Vardhman has also taken steps to reduce Scope 3 emissions from downstream transportation by partnering with DHL under its **GoGreen Plus (GGP) programme**. Through this initiative, DHL uses Sustainable Aviation Fuel (SAF) for air freight operations, leading to a reduction in greenhouse gas emissions associated with product transportation. Vardhman engagement in this programme supports lower-carbon logistics and contributes to the mitigation of Scope 3 emissions.



Vardhman
partnered with DHL
for its GoGreen Plus
(GGP) programme.



Scope 3 Emissions Reduction Initiatives

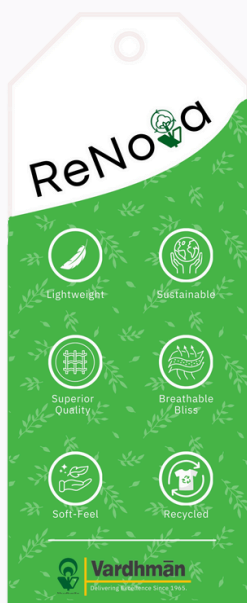
Sustainable Raw Material Sourcing (Scope 3 – Category 1)

The Company promotes the use of BCI, organic, recycled cotton, and recycled polyester (rPET) to reduce upstream Scope 3 emissions. Preference is given to suppliers providing low-impact and traceable raw materials. 34% of our primary raw material inputs are sourced sustainably (consisting of cotton and fibers). This includes materials certified by BCI, Organic, GOTS, FSC and GRS.



Closed-Loop Recycling and Circular Yarn Production to Reduce Scope 3 Emissions

Vardhman has promotes waste reduction and circularity by recycling spinning, fabric, and cutting waste through its in-house ReNova facility, where recovered fibres are converted into recycled yarn. This closed-loop approach enhances circularity and significantly reduces Scope 3 emissions, including GHG emissions, water footprint, and other environmental impacts, compared to the use of virgin raw materials.



ReNova
Recycle, Renew, Reimagine

"Where one textile's journey ends, another's begins – creating new life from the textile waste in a seamless cycle of Renova."



Energy

Our proactive approach towards efficient energy and emission management reflects our commitment to sustainability and cost efficiency. Through regular **Energy Audits**, we identify conservation opportunities across facilities. We are integrating renewable energy sources to reduce energy use and are committed to lowering our specific energy consumption through the Govt. of India's Perform, Achieve & Trade (PAT) scheme.

Major Energy & Emission Reduction Projects



Renewable Energy Expansion

Expansion of Rooftop Solar Plant- Behind the Meter Solar projects : We are expanding our Rooftop Solar Energy capacity to 70 MWp across various units. This reflects our commitment to Clean Energy adoption and reducing our dependence on Grid-based electricity. The Increased solar capacity will enable us to meet a larger share of our energy requirements through renewable sources, contributing meaningfully to our decarbonization goals..



Biomass based Boilers

In line with our green energy commitment, we are in the process of replacing coal-fired boilers with **three 80 TPH cogeneration biomass boilers at our Madhya Pradesh unit. Additionally, we are moving forward with the establishment of another 105 TPH cogeneration biomass boiler, integrated with a turbine at our Baddi facility in Himachal Pradesh.** These initiatives aim to utilize locally sourced agricultural residues such as rice husk, paddy straw, maize straw & soya husk & other biomass residues thereby reducing our reliance on fossil fuels. This transition not only lowers greenhouse gas emissions but also promotes sustainable rural development by supporting the local agri-waste economy.



Coal phase out

We are currently in the **process of phasing out coal at our VFB location by 2026**. As part of this initiative, we are **installing biomass-based boilers** and transitioning to more environmentally friendly solutions.

Bio gas plants

At our two locations Vardhman Fabrics, Budhni and Auro Textiles, Baddi, Biogas plants have been installed with a capacity of **120 kg/day** to produce in-house Biogas from organic waste which is used for cooking purpose.



RENEWABLE ENERGY





Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts

Power Purchase Agreements (PPAs)

In our Group units situated in various parts of the country, we are consuming a large chunk of our electricity demand from Grid i.e Electrical Power Distribution Company (DISCOM).

As per our commitment to the Sustainable Development Goals **SDG 7 (Affordable & Clean Energy)** and **SDG 13 (Climate Action)**, we are taking further noteworthy actions to convert our existing Power (Energy) mix to Green Energy keeping check on our environmental footprints.

The key details of our implemented Green Energy projects and further in pipeline are as below:

Long term Open Access Projects for our Madhya Pradesh Units :

1. We have entered into a PPA of Hybrid Power (Wind + Solar) for our Anant Spinning Mills unit with a capacity of 11.5 MW and expected energy supply of 67.5 Million Units/Annum.
2. For our Vardhman Fabrics Budhni Unit & Vardhman Yarns Unit, we have entered into a PPA of Hybrid Power (Wind + Solar) with a capacity of 19 MW and expected energy supply of 110.68 Million Units/Annum. Target Timeline - 2027

Long term Open Access Projects for our Punjab Units :

For our Arihant Spinning Mills & Vardhman Spinning & General Mills unit, we have entered into a PPA of Solar project with a capacity of 22.5 MW and expected energy supply of 52.4 Million Units/Annum. Target Timeline – 2027

Energy Consumption

Total energy consumption	Unit	FY 2021	FY 2022	FY 2023	FY 2024	Target for FY 2024
Total non-renewable energy consumption	Mwh	1,092,827	1,065,706	1,158,167	876,116	928,683
Total renewable energy consumption	Mwh	21,622	23,021	28,914	306,113	38900

*Increase in Renewable Energy has been attributed by two components as stated below:

1. Increase in installed Rooftop & Ground Mounted Solar Energy
2. Issuance of Certificate of 85% Green Energy for units located in the state of Himachal Pradesh by the Himachal Pradesh State Electricity Board Limited (HPSEBL)

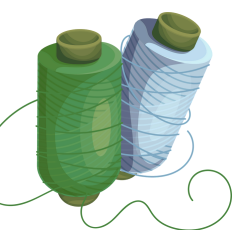
Energy Management Programs

Energy audits

In the energy audits, we always focus on system efficiency to identify the energy saving potential. Mandatory & Monitoring & Verification audits are being performed of the 09 nos. of units which are Designated Consumers and fall under the Perform Achieve Trade(PAT) Scheme being run by the Bureau of Energy Efficiency, Ministry of Power, Govt. of India.

Quantified targets to address energy savings

- We have implemented numerous initiatives aimed at reducing power consumption in alignment with our sustainability goals and to optimize production costs. In the fiscal year 2024-25, we achieved savings of approximately 45.11 lakh KWH units.
- Our energy-saving projects incurred an investment of ₹695 lakh, resulting in savings of ₹419 lakh, with a payback period of just 1.66 years.



Actions to reduce the amount of energy use:

- Replacement of OLD / Defective Distribution Transformers with new Energy Efficient Distribution Transformers as per IS-1180 AMD-4. We have replaced 02 nos. of Distribution Transformers which resulted in savings of **1.86 Lakh units/annum**
- Replacement of Old conventional Fluorescent Tube lights & Sodium Vapour Lamps with **Energy Efficient LED Lights**. Energy saving by using timer switch & motion sensors for lighting on/off. **We have replaced 3769 nos. of conventional fixtures with latest LEDs with lesser wattage and saving is 9.20 Lakh units/annum.**
- Replacement of old power consuming motors with new energy efficient IE3 & IE4 motors in various applications. - **investment of Rs. 19.9 Lakh with saving of 0.155 Lakh kWh & Rs. 1.15 Lakh.**
- Installation of Closed Loop system in H-Plant for reduction of frequency from 48 to 42 Hz (Autotuning of Supply Air Fan & Return Air Fan) with an **investment of Rs. 4.5 Lakh and a saving of 7.169 Lakh kWh & Rs. 52.04 Lakh.**
- Replacement of conventional Ceiling fans with new technology BLDC Fans. **We have replaced 12241 nos. of conventional fans to latest BLDC fans. Energy saving is 19.07 Lakh units/annum considering 250 days.**
- Installation of Old Supply & Return Air fans with Energy Efficient fans - **investment of Rs. 13.4 Lakh with saving of 0.266 Lakh kWh & Rs. 1.97 Lakh.**
- Optimization of Stenter Machines by reducing the speed of blowers **with a saving of 5.58 Lakh kWh & Rs. 37.9 Lakh.**
- Energy saved by replacing valve on Card, Comber, Link coner & Muratec Machines with an **investment of Rs. 3.0 Lakh resulting in saving of 0.156 Lakh kWh & Rs. 1.15 Lakh.**
- Reduction of speeds of H-Plant system & Optimization during winters & night time with Nil **investment resulting in savings of 3.491 Lakh kWh & Rs. 26.07 Lakh**



Evaluation of progress in reducing energy consumption:

We consistently conduct studies on-site using our calibrated meters both before and after the installation of equipment. This helps us verify the actual energy savings achieved post-installation. We approach each project in this manner: once we identify a project at the site, we monitor the actual consumption to verify the parameters associated with energy-efficient equipment. We then finalize the net savings calculation in collaboration with the equipment manufacturer to ensure we achieve the desired ROI.

Use of clean or green energy

The company produced **34,416 MWh of electricity from rooftop & ground mounted solar (Green Energy), (with an installed capacity of 19.9 MW)** in FY 24-25. In addition to the same, the use of 85% Clean Energy supplied by HPSEBL for our Himachal Pradesh units further increased our share of Renewable Energy Consumption. This achievement resulted in a reduction of **2,22,544 MT CO₂e**.



Investments in innovation or research and development to decrease energy consumption:

- We recognized the potential for energy savings through onsite studies using our own power analyzers. Occasionally, we also utilize energy audits for additional support, with an investment of ₹21.40 lakh in these audits.
- Moreover, we are implementing strategies to enhance energy efficiency based on our production activities, such as regulating temperature in line with the requirements of our machinery.
- Additionally, we consistently engage in global discussions regarding technological advancements, such as transitioning from induction motors to permanent magnets, which can achieve energy savings of 8-10%.

Energy efficiency training

We regularly conduct training sessions for our entire electrical teams & employees to inculcate the intent of energy saving & energy efficiency. Review Meetings centered on energy-saving initiatives & projects identification are held consistently within the organization & selected projects are further implemented after due concept validation.

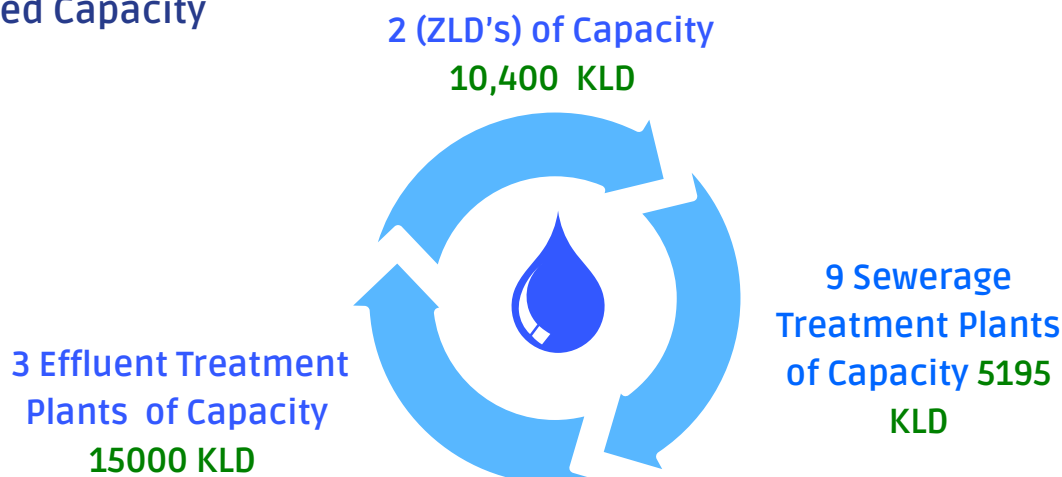


Waste Water Management



To effectively manage water consumption and minimise environmental impact, Vardhman Textiles Limited has established advanced **Effluent Treatment Plants (ETPs)** and **Sewage Treatment Plants (STPs)** across its operations. We have implemented state-of-the-art **Zero Liquid Discharge (ZLD)** systems with capacities of **8,400 KLD** in Budhni, Madhya Pradesh and **2,000 KLD** in Baddi, Himachal Pradesh, enabling complete recycling and reuse of treated water. Further strengthening our water sustainability efforts, we are in the process of installing a **2,500 KLD ZLD system** at our VSGM unit in Ludhiana, Punjab. With this addition, our total water reuse capacity will reach **12,900 KLD**, helping reduce freshwater consumption by upto 30%. These initiatives are aligned with our 2030 sustainability goals and commitment to responsible water stewardship

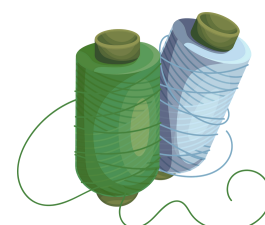
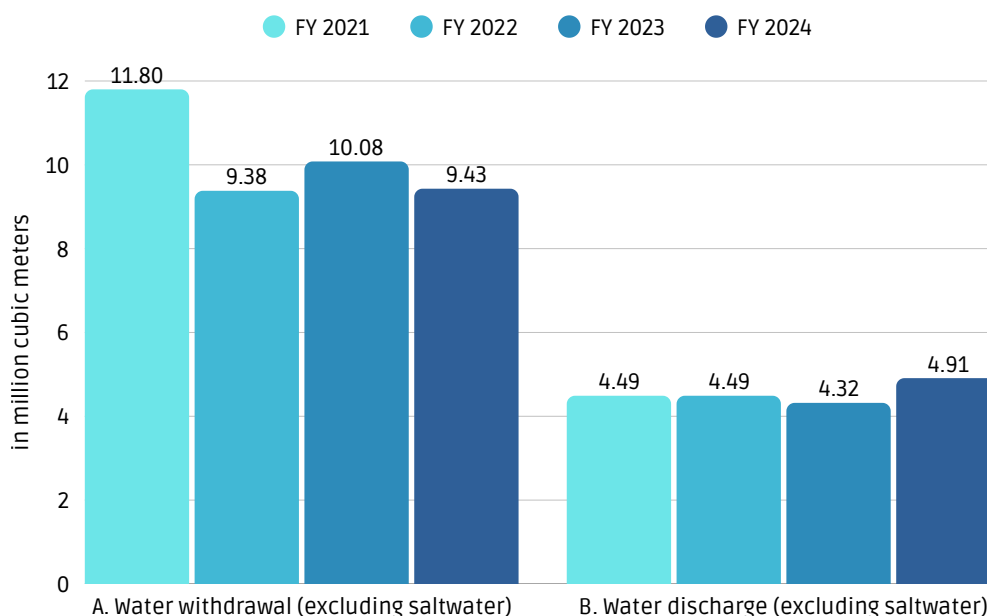
Installed Capacity



Water Consumption

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
A. Water withdrawal (excluding saltwater)	Million cubic Meters	11.8	9.38	10.08	9.43
B. Water discharge (excluding saltwater)	Million cubic Meters	4.49	4.49	4.32	4.91
Total net freshwater consumption (A-B)	Million cubic Meters	7.31	4.88	5.76	4.52
Target for year 2024-25	Net Freshwater Consumption: 5.00 Million cubic Meters				

Water Withdrawal & Discharge Trend Chart

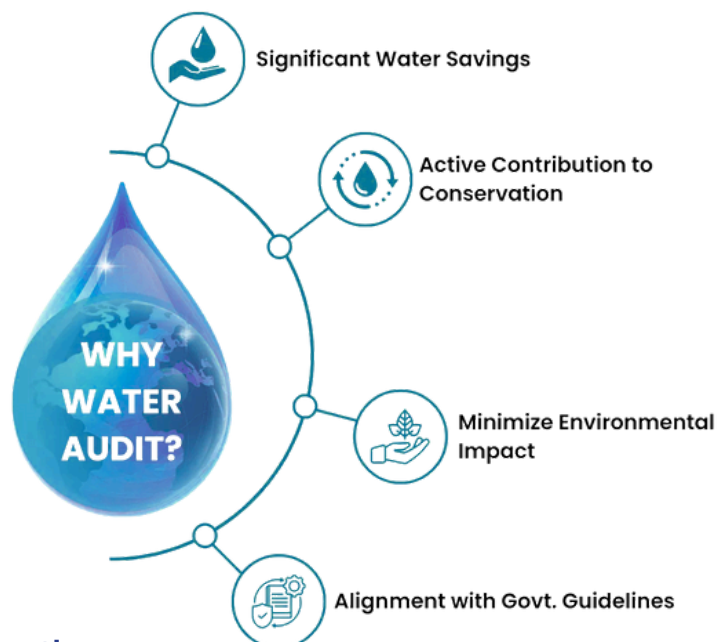


Water Efficiency Management Programs

Water Use Assessment

Vardhman adopts a proactive strategy to discover opportunities for enhancing water efficiency across its manufacturing facilities. We collaborate with third-party auditors to conduct regular water audits, offering industry best practices that we can adopt to minimize our water consumption. Evaluation of Water balance done at unit level to access, identify potential improvement areas & improve water budgeting, fix potential leaks & achieve over all objectives of sustainable resource management.

In addition, we regularly conduct third-party water audits through organizations such as **CII and FICCI**, along with audits mandated by customers, to evaluate our water systems, verify performance, and identify further opportunities for water efficiency improvement and better water management.



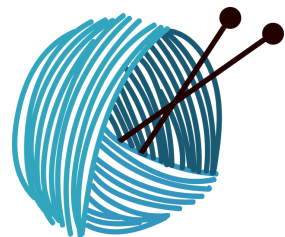
Actions to Reduce Water Consumption

- The Budhni facility features a Reverse Osmosis (RO) system with an 8,400 KLD capacity, successfully recycling **2060706.01 KL of water for process use in FY 2024-25**.
- The Baddi site operates a ZLD system with a 2,000 KLD effluent treatment capacity, employing bio-oxidation and RO-MEE processes **277344.77 KL water is recycled and reuse in process**.
- At Arihant Spinning Mills in Punjab, a **500 KLD RO system** has been implemented, achieving complete reuse of STP-treated water, with a portion also designated for landscaping needs.
- We have nine Sewage Treatment Plants (STPs) strategically positioned to manage domestic wastewater, boasting a total treatment capacity of **5,195 KLD**. During the same fiscal year, these STPs **treated 1.02 million KL of wastewater**, which is reuse for gardening, flushing and civil work and reduce our freshwater extraction

- Installation of **4th Stage of RO System** at VFB–Budhni, earlier we have 3 stage RO system.
- To further strengthen our sustainability efforts, we are in the process of installing a **2,500 KLD ZLD system** which encompasses MVRE & MBR technology at our VSGM location, which will further reduce about **80% of freshwater demand** in dyeing operations.
- **Dyeing Process Innovation with CDB (Valtech Group):** As part of our water innovation and conservation efforts, we have partnered with the Valtech Group to improve our environmental footprint through advanced technology adoption and process optimization. **We are transitioning our dyeing operations from a Material-to-Liquor Ratio (MLR) of approximately 1:9 to 1:6, resulting 30% reduction in freshwater consumption.** This improvement also leads to significant reductions in steam and power usage, contributing to both water efficiency and overall resource savings.
- **Dispenser System :** We have introduced a fully automated auto-dispensing system in our Yarn Dyeing operations to enhance both water and chemical efficiency. This system ensures precise dosing of dyes and auxiliaries, minimizes manual handling, and reduces wastage, resulting in improved process consistency and optimized resource consumption.

Actions to Enhance Wastewater Quality

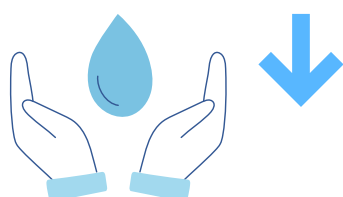
- Vardhman has adopted a Zero Liquid Discharge (ZLD) system to guarantee that the treated water meets high standards for reuse in our production processes.
- We have also improved water quality across our facilities by upgrading to **Moving Bed Biofilm Reactor (MBBR) technology**, which enhances the quality of treated water for various purposes, including flushing, cleaning, and gardening.
- At our Baddi plant, we have installed a Homogenization System to balance the effluent load before it enters the CETP tank.
- Implementation of an Eco Coagulation System at our VSGM unit has resulted in a remarkable decrease in water pollutants, **reducing color by 80% and Chemical Oxygen Demand (COD) by 50-60%, while also achieving a 30-40% reduction in chemicals used for water treatment.**
- RO Capacity Enhancement at VFB Location, the treatment capacity will increase from **8,400 KLD to 10,000 KLD.** Additionally, **a new 750 KLD fourth-stage RO is to be install to increase recovery from waste water.**



- Over 97% of our chemical and dyestuff inventory is ZDHC-MRSL compliant, ensuring that hazardous substances, toxic auxiliaries, and heavy metals are eliminated at the source before they can enter wastewater streams.
- Real-time online monitoring systems are connected to the State Pollution Control Board to maintain transparency and compliance.

Targets

We aim to achieve a 30% reduction in freshwater consumption by the year 2030.



In FY 24-25 we have
reduce **6.5% fresh water
consumption** in
comparison to last year.

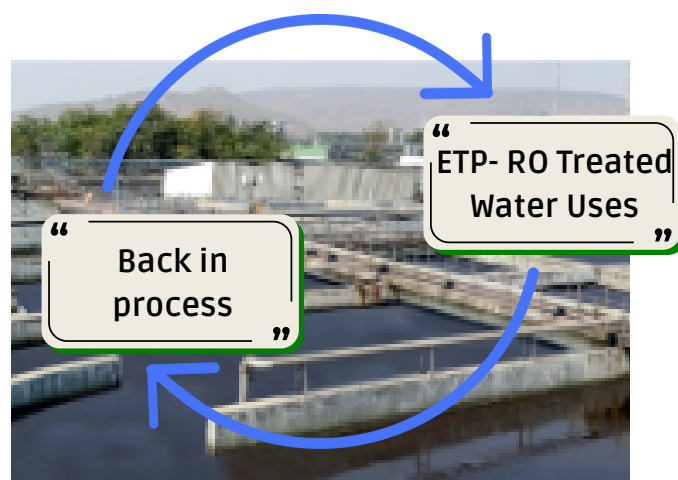
Application of water recycling

STP Treated Water Uses

- Toilet Flushing: Serves as a water source for flushing toilets in residential and commercial buildings.
- Landscape Use: Utilized for gardening and general landscape irrigation.
- Civil Work

ETP-RO Treated Water Uses

- Reintegrated into processes after undergoing advanced technologies such as RO and UF.



Awareness Training

We consistently provide comprehensive training on water conservation to our employees. Trainings are organized by the HR/IR Team at the unit level. These sessions aim to reduce water wastage and encourage mindful usage of water. Additionally, people are also trained on this important topic of water conservation through audio visual aids.

During the training, employees learn about:

- The significance of water conservation
- The measures Vardhman has implemented to improve water efficiency. The sessions focus on actionable steps that employees can take, such as:
- Reporting & fixing leaks promptly
- Incorporating water-saving best practices into their daily routines

Additionally, a Water Conservation Committee has been established, which holds regular monthly meetings to raise awareness and share ideas for reducing our water consumption in our operations

Waste Management

At Vardhman Textiles, waste management is central to our sustainability efforts. Guided by the 3R principle—Reduce, Reuse, Recycle—we aim to minimise environmental impact across operations. We've set up dedicated facilities for handling hazardous waste, e-waste, non-hazardous waste etc. and partner with authorized recyclers for responsible disposal. By complying with all regulatory requirements, we strive to cut landfill waste by 50% by 2030, emphasising waste reduction and reuse.



We have set up dedicated Waste Management facilities throughout our entities to manage different types of waste, including hazardous waste, e-waste and Non-Hazardous Waste.

Waste Audits

Vardhman Textiles Limited performs monthly waste audits across all its production facilities to monitor and analyze all types and quantities of waste generated. This systematic approach helps pinpoint opportunities for waste reduction and recycling, ensuring compliance and efficiency.



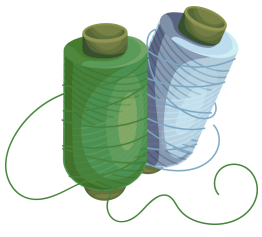
Action Plans for Waste Reduction:

- Brine Recovery System** – Installed an advanced salt recovery system to reduce freshwater consumption and minimize landfill footprint by reutilizing brine/salt waste, particularly from dyeing operations. This high-end technology uses specialized UF and NF membranes to produce high-quality brine, allowing it to be reused safely in the process. The system is expected to save approximately **2 MLD of fresh water while enabling the recovery of nearly 80% brine from wastewater**, further strengthening our circular water and chemical management approach.



- Waste Diversion and Landfill Reduction Efforts-** We have enhanced our recycling initiatives, resulting in increased recycling rates for paper, plastics, and metals. This ensures these materials are effectively repurposed and kept out of landfills. Our reuse programs focus on repurposing materials such as packaging, wood, and specific metals within our operations. This approach not only reduces the need for new resources but also minimizes overall waste generation. **In FY 24-25 Total 100% of fly ash generated at VFB location is diverted from landfill to brick making or road construction.**





Vardhmān

Delivering Excellence. Since 1965.



At our VFB location,
100% of FLY ASH
generated is redirected
from landfills and
repurposed for **brick
manufacturing and road
construction.**



- **Advancing the Circular Economy Through Textile Waste Recycling-** ReNova serves as a prime example of our vision for a closed-loop manufacturing system, **with capacity of 6 tonnes per day.** This initiative transforms both pre- and post-consumer textile waste into high-quality reusable fibers, which are reintegrated into our production processes. As a result, we significantly reduce our dependence on virgin raw materials, minimize waste generation, and enhance overall resource efficiency. We are currently considering expanding our ReNova plant to reach a capacity of **11 tonnes per day.**



RECYCLE COTTON





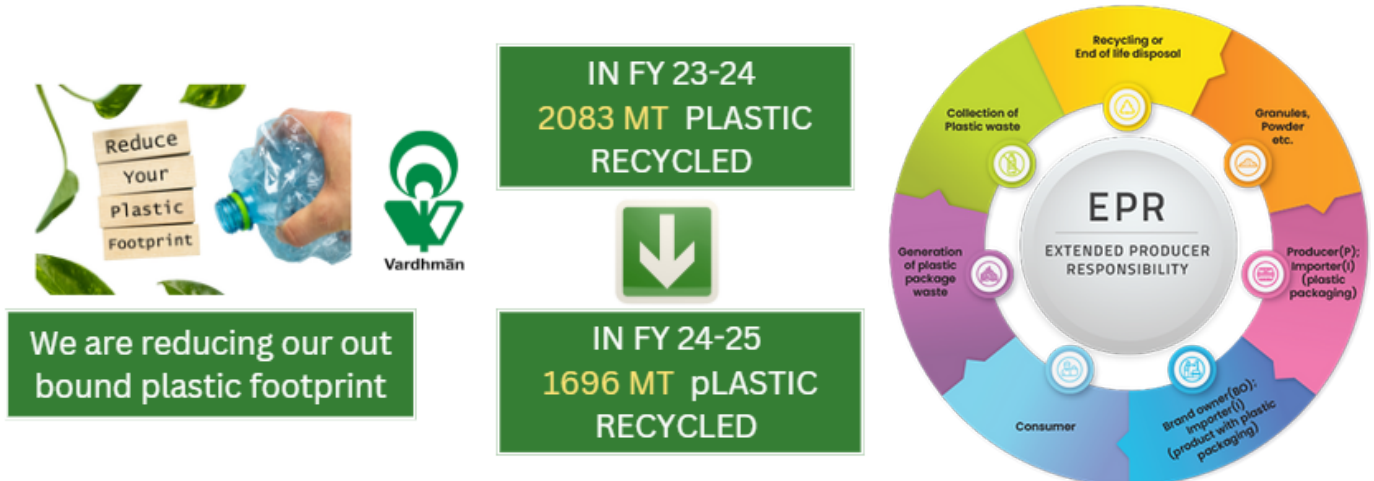
RECYCLE COTTON

The fibers generated are primarily sourced textile waste (Post & Pre Consumer), which are then processed and converted to quality fiber at Renova and then spin to perfection.

- ✓ High quality recycled fiber
- ✓ Natural and Breathable
- ✓ Sustainable and circular production
- ✓ GRS Certification



- **Plastic Positive-** We have achieved plastic positive status by collecting and recycling **1,698 MT of both pre-consumer and post-consumer plastic waste**. This accomplishment not only surpasses our initial targets but also reinforces our commitment to circular waste practices and extended producer responsibility



- **Sludge Repurposing for Greener Spaces:** The sludge generated by our Sewage Treatment Plants (STP), **repurposing it entirely for horticultural use at our operational sites**. This initiative turns what would typically be considered waste into a valuable resource that enriches our green areas. It supports sustainable landscaping practices while greatly minimizing the environmental impact associated with conventional disposal methods.

Quantified Waste Reduction Targets:

- Vardhman Textiles Limited has set a target to achieve a **50% reduction in waste sent to landfill by 2030**.

Innovation and R&D Investments:

- We have introduced **sludge dryer technology at our facilities in Punjab and Baddi** to effectively address the sludge generated by Effluent Treatment Plant (ETP) processes.
- **Installation of Volute Press which improves the sludge dewatering process.** It efficiently dries sludge up to 30-35%, offering a notable improvement in the overall sludge handling process. One of the key advantages of the Volute Press is its remarkably low power consumption compared to traditional decanter centrifuges, making it a more energy-efficient solution. This reduction in energy usage not only contributes to lower operational costs but also helps in minimizing the environmental impact of sludge management.



Sludge dryer



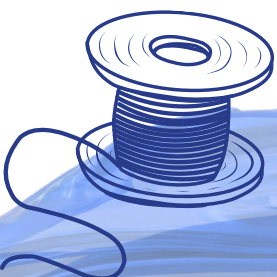
Volute Press

- our VSGM unit Installed an **Eco Coagulation Plant** to treat the high-color effluent stream from the Degrade Printing machine, achieving an **80% reduction in color intensity and approximately 50% reduction in chemical usage.**

Eco Coagulation Plant
Capacity: 20 KL/day

Employee Training:

- The company provides regular training to its staff on waste reduction & handling practices, including minimizing paper usage, proper waste segregation, plastic waste management & awareness and efficient resource utilization.



Waste Disposal

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
Waste Disposal	MT	44028	48,591	21,424	105692
Recycling/Reused	MT	31877	34,099	9,395	71864
Incineration	MT	-	-	63.14	208
Landfill	MT	12151	14,492	11,965	33620

- In FY 24-25, the waste disposal data has registered an increase because this year's inventory includes Fly Ash data.

Packaging Materials

Commitment to packaging volume and Weight Reduction:

- Achieve 100% sustainable packaging by the year 2030.
- Cut down on the use of virgin plastic in packaging materials by 20% by the fiscal year 2030.



Programs to increase the use of reusable packaging & Programs to phase out single use plastic packaging:

In our efforts to reduce disposable packaging, we are dedicated to thoroughly examining our business processes to pinpoint and adopt effective reuse of packaging materials.

By reintegrating items like plastic cones, separators, and poly bags into our internal supply chain, we extend their lifespan before they can no longer be used.

We have already phased out the use of **single-use plastic packaging** from our operations



Programs to increase the use of recycled material as packaging solutions:



- **Commitment to Recycled Materials:** We are dedicated to utilizing paper-based packaging materials, including cartons, separators, paper tubes, and paper cones, all made from 100% recycled content or agro-waste. This initiative significantly decreases our dependence on virgin materials and bolsters the circular economy.
- **Collaborations with FSC-Certified Suppliers:** We partner with suppliers who possess FSC (Forest Stewardship Council) certification to guarantee that the raw materials for our paper-based packaging are sourced responsibly. This collaboration reinforces our commitment to sustainability and advocates for responsible forest management.
- **Exploration of Alternative Sustainable Materials:** We are actively investigating eco-friendly packaging alternatives, such as biodegradable plastics (PLA) and natural fiber-based materials (e.g., hemp, jute, bamboo), which offer even more sustainable options for our packaging requirements.
- **Responsible Procurement for Polymer-Based Packaging:** For our polymer-based packaging, including HMLD bags, sheets, stretch wrap film, BOPP tape, and related materials, we ensure that all procurement occurs through EPR-certified vendors. This strategy reflects our commitment to responsible waste management and aligns with our sustainability objectives.

Goal to Replace Virgin Plastic: We are on track to substitute 20% of virgin plastic with recycled plastic by 2030. This initiative is a part of our broader strategy to enhance the use of recycled materials in our packaging solutions, thereby facilitating the transition to a circular economy.



Programs to increase the use of recyclable packaging and programs to ensure packaging is actually recycled:

We have attained plastic positive status by collecting and **recycling 1,698 metric tons of both pre-consumer and post-consumer plastic waste**. This achievement not only exceeds our original goals but also strengthens our dedication to circular waste practices and extended producer responsibility.

Allocation of R&D resources to sustainable packaging and alternative solutions:

We are actively exploring innovative yarn packaging solutions designed to minimize environmental impact. Here are the key methods we are currently considering:

- **Recycled Plastics (PET):** We are looking into the use of recycled plastic films and wraps made from post-consumer materials like PET. This approach decreases the demand for virgin plastic, reduces environmental harm, and supports the circular economy by repurposing waste.
- **Biodegradable Plastics (PLA):** PLA, which comes from renewable resources such as cornstarch or sugarcane, serves as a biodegradable alternative to conventional plastics. It naturally breaks down in landfills or composting environments, making it a more sustainable option for yarn packaging.
- **Natural Fiber-Based Packaging:** We are also considering packaging crafted from natural fibers, including hemp, jute, or bamboo. These materials are biodegradable, compostable, and renewable, offering a genuinely eco-friendly solution for yarn packaging.

By implementing these innovative solutions, we strive to reduce waste, encourage recycling, and contribute to a greener future while fulfilling our customers' needs.

Programs to increase the use of reusable packaging

Packaging Materials	Coverage (% of cost of goods sold)	Total Weight (metric tonnes)	Recycled and/or Certified Material (% of total weight)	Target 2024 (% of total weight)
Paper packaging	100%	14,284	100% Recycled Paper	100%

Programs to increase the use of recyclable packaging and programs to ensure packaging is actually recycled:

	FY 2021	FY 2022	FY 2023	FY 2024	What was your target for FY 2024?
A. Total weight (tonnes) of all plastic packaging	1461	1345	1314	1458	1400
B. Percentage of recyclable plastic packaging (as a % of the total weight of all plastic packaging)	100%	100%	100%	100%	100%
C. Percentage of recycled content within your plastic packaging (as a % of the total weight of all plastic packaging)	-	-	30-50% Recycle content (0.33%)	1.8%	
Coverage (as a % of cost of goods sold)	100%	100%	100%	100%	100%



SUSTAINABLE SOURCING

Sustainable sourcing is a key aspect of Vardhman Textile Limited's Sustainable Supply Chain Management. This involves the ethical and environmentally conscious procurement of goods and services. Through this, Vardhman aims to reduce its Scope - 3 carbon footprints, support communities, promote fair labor practices, and encourage the preservation of natural resources.



36%

of our raw cotton
is sourced
sustainably

25%

of our synthetic fibers
were sourced
sustainably.

91%

of packaging
materials come
from sustainable
sources

GREEN CERTIFICATIONS



SUSTAINABLE SOURCING

Vardhman Textiles Limited offers a wide range of sustainable yarns, including greige, dyed, and recycled options, made from materials like cotton, polyester, acrylic, viscose, and blends. Our diverse selection meets various customer needs with a focus on traceability.

We lead in sustainable yarn production in India, emphasizing innovation in sustainability. Our in-house processes ensure complete traceability, especially with BCI Cotton, linking back to the source for better analysis and quality control.

At Vardhman, our commitment to sustainability and ethical practices is reflected through a diverse range of green certifications, including Regen Agri, GOTS, GRS, Oeko-TEX, Organic, OCS, Recycled Polyester Fiber, CMI, BCI, Fairtrade and FSC. These certifications underscore our dedication to responsible sourcing and environmental stewardship. In FY 2024-2025, 36% of our cotton and 25% of manmade fibers were sustainably sourced.

Plant & Animal-Derived Textile Materials

Textile Materials	Amount (Metric Tonnes)	Standard Name(s)	% of material that is certified
Cotton	77708.47 MT	1. Better Cotton Initiative (BCI) 2. Organic Cotton 3. CMIA Cotton 4. Regenerative Agri Cotton + Good Earth Cotton 5. Fair Trade Cotton 6. Conversion 1 & 2 7. Reel Cotton	36%
Man-made cellulosic fibers (MMCF)	17988.7 MT	1. FSC (Viscose, Modal, Bamboo) 2. MODAL 3. Liva ECO (Viscose, Modal) 4. Other sustainable (circulose, Excel, Renewcel, Tencel, Refibra, modal zero carbon)	25%

Plastic Raw Material

Plastic materials in products	Amount Used	% of the total amount of materials used that comes from recycled sources
Polyester & Acrylic	11272	22.20%

Supplier Code of Conduct Policy :

We have an inclusive Supplier Code of Conduct Policy which is applicable to all the suppliers / business partners with whom we deal locally and internationally. This policy reinforces our commitment to follow ethical business practices, monitor our supply chain for the implementation of fair, labour friendly unbiased sustainable practices, further minimizing the environmental impact and adhering to relevant applicable Legal & other Requirements.

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Supplier_Code_of_Conduct_Policy.pdf

Sustainable Sourcing Policy :

This policy's objective is to ensure that all materials including cotton, man-made fibers & other natural fibers etc. procured by the Company are aligned with responsible sourcing principles, sustainability standards and ethical procurement guidelines. One of our primary goals is to prioritize environmental sustainability not only within our manufacturing facilities but also across the entire supply chain.

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Sustainable_Sourcing_Policy.pdf



LAWS Responsibility Prevention
Compliance RULES
SUPPLIER CODE OF CONDUCT
 Obligations **Environment** RIGHTS
POLICY **SAFETY** Guidelines
HEALTH Regulations



TRACEABILITY

Traceability and Transparency

We are certified by TextileGenesis™ for blockchain-based traceability, covering every stage from raw materials to final products. This ensures visibility through transactional certificates for sustainable materials like GOTS, OCS, GRS, RCS, and RegenagriCS, with third-party audits maintaining supply chain integrity.

Transaction certificates are issued at each ownership change to verify material authenticity. For Indian cotton, detailed purchase records for full traceability are preserved. VTL collaborates with farmers through the Better Cotton Initiative (BCI) to improve their sustainable farming skills. VTL imports traceable cotton from the USA and Brazil, supported by bale IDs. The U.S. Cotton Trust Protocol ensures sustainable cotton standards and supply chain transparency.

Our commitment to sustainability and transparency is strong as we work to improve responsible and traceable supply chain practices.



SUPPLY CHAIN MANAGEMENT

Vardhman selects and prioritizes suppliers based on their adherence to the Supplier Code of Conduct, quality standards, and ethical business practices, requiring them to disclose relevant certifications, audit results and compliance reports. The company consistently evaluates its purchasing practices through due diligence and assessments, both onsite and through desk evaluations, to determine how well our suppliers align with our Supplier Code of Conduct and Responsible Sourcing Policy. This evaluation includes site visits, visual inspections, and the distribution of a supplier ESG form for assessment. All suppliers are assessed based on the following key criteria:

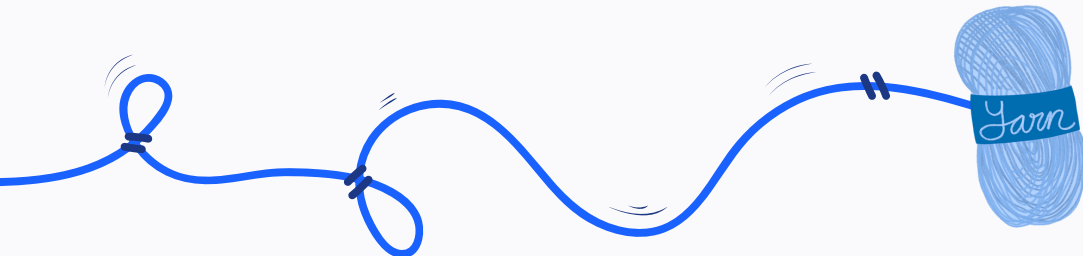
- Environmental management and compliance (e.g., emissions, waste, resource efficiency)
- Sustainable sourcing practices
- Labor practices and human rights
- Health, safety, and employee well-being
- Ethical business conduct and governance transparency
- Community and social impact



In alignment with the Company's commitment to maintaining the highest standards of Environmental, Social, and Governance (ESG) performance across its value chain, the supplier evaluation and compliance framework has been further strengthened during the reporting period.

All active suppliers were subject to assessment against the Company's established ESG criteria, encompassing areas such as environmental management, labor and human rights practices, occupational health and safety, business ethics, and governance standards. Suppliers identified as not meeting the minimum ESG thresholds are suggested to share the remediation plan & implement corrective measures.

Where suppliers fail to demonstrate satisfactory progress or compliance within the specified timeframe, their contracts renewals are reviewed for further process. This measure ensures that the Company's procurement practices remain consistent with its ESG principles and risk management framework, and that all partners in the supply chain operate in accordance with the Company's ethical, social, and environmental expectations.



By implementing this structured evaluation and exclusion process, the company aims to:

- Promote consistent adherence to ESG standards across all supply chain.
- Reduce exposure to environmental, social, and ethical governance risks;
- Ensure fairness and transparency in supplier decision-making;
- Support the company's overarching goal of sustainable and ethical value creation.

Supplier Selection and Management emphasizing ESG Practices

Preference is given to suppliers that actively engage in encouraging ESG practices. By integrating ESG criteria and thorough due diligence into the supplier selection and management process, the company seeks to:



- Strengthen responsible sourcing practices
- Mitigate environmental and social risks within the supply chain
- Enhance transparency and accountability in supplier relationships
- Support the achievement of long-term sustainability goals
- Build capacity within suppliers to align with our responsible sourcing policy and supplier code of conduct
- Meet the needs of our esteemed and valued customers

Supplier Selection / Evaluation

We have established minimum ESG criteria that all suppliers are required to meet prior to engagement. These criteria encompass:

- Compliance with applicable Legal environmental laws and regulations,
- Adherence to National & internationally recognized labor and human rights standards,
- Maintenance of ethical business conduct and anti-corruption practices, and
- Implementation of transparent governance structures.
- Robust environmental management systems (e.g., ISO 14001 certification) and initiatives to reduce carbon emissions, waste, and resource efficiency.
- Implementation of fair labor practices and workplace safety programs.
- Transparent ESG Reporting and continuous improvement initiatives.

Training Programs for company buyers and internal stakeholders on supplier ESG programs

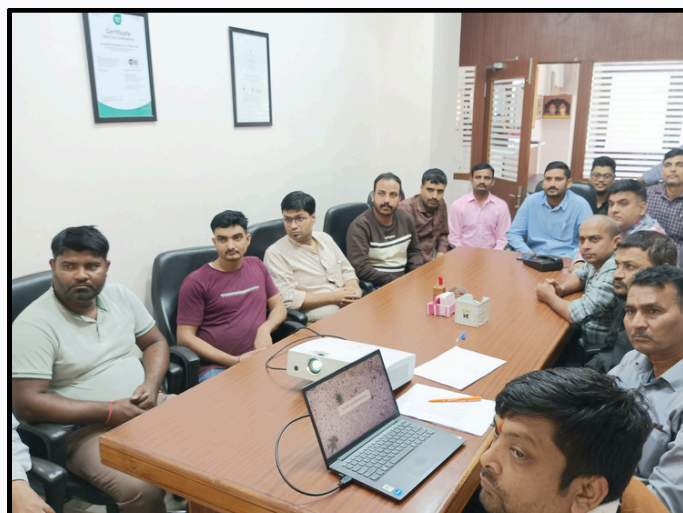
To ensure alignment with our ESG standards, we provide regular training and capacity-building sessions for our company buyers and relevant internal stakeholders.

These training programs cover:

Greenweave Program for Responsible Supply Chain

- As part of Vardhman's Greenweave Program, we organized trainings of our Supply chain partners on water stress and mitigation strategies, general safety, and plastic waste management. This includes methods to minimize environmental impact, such as improving water efficiency through technologies like water recycling systems, rainwater harvesting, and advanced irrigation techniques, including drip irrigation.
- Sustainable sourcing & other ESG policies and expectations: We offer comprehensive education to all our internal stakeholders and suppliers about our ESG criteria. This training covers how these criteria are applied in selecting, evaluating, and maintaining ongoing relationships with suppliers. Additionally, we ensure that our supplier code of conduct and sustainable sourcing policies are clearly communicated and understood by both internal as well external stakeholders to align with Vardhman sustainability goals and targets.
- Continuous improvement and engagement: Strategies for collaborating with suppliers to enhance ESG performance, including sharing best practices and supporting corrective action plans.

These training sessions are conducted for all participants in our supply chain, covering vendors related to cotton, manmade fibers, plastic packaging, machinery, dyes, and chemicals to foster a responsible supply chain.





Picture: Glimpses of Training program conducted for our supply chain partners on ESG Topics for awareness on- water stress and mitigation strategies, general safety, and plastic waste management.



Picture: Glimpses of Training program on ESG and its significance in sustainable sourcing for our internal stakeholders, conducted at the corporate office.

Supplier Screening

Supplier Screening Process

We implement a strategic and thorough supplier screening process to assess and select Critical suppliers, ensuring business continuity, relevance, and consideration of ESG factors, as well as risks related to country, sector, and commodities within the supply chain.

Our evaluation of suppliers is based on several key factors, including-

- Volume
- Size of the supplier base
- Specificity of commodities
- Regional focus
- Specialization in materials
- Critical nature of components
- Technical complexity
- Substitutability
- Compliance with ESG standards

Through this assessment, we have successfully identified 139 Tier 1 critical/significant suppliers. This evaluation encompasses ESG parameters, including child labor, bonded labor, working conditions, sustainable sourcing practices, quality standards, statutory compliance, and safety measures. By incorporating these assessments, we ensure that our supply chain remains resilient, ethical, and aligned with our long-term sustainability commitments.

Aspects for Supplier Screening

- Environmental
- Social
- Governance
- Business Relevance

Methodology for suppliers screening

- Country-specific risk
- Commodity-specific risk
- Sector-specific risk

2,931

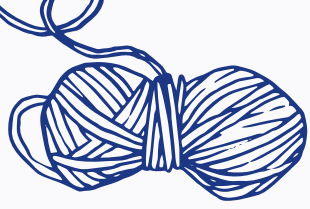
Total number of
Tier-1 suppliers

139

Total number of
significant suppliers
in Tier-1

74%

Percentage of total
spend on significant
suppliers in Tier-1



Supplier Assessment and Development

We have established a supplier assessment process that encompasses both desk-based reviews and on-site evaluations, examining supplier operating practices in accordance with our Supplier Code of Conduct.

- For desk-based reviews, we circulate the **Supplier ESG Assessment form** to all our suppliers. The questionnaire form is designed in alignment to the standards followed under global frameworks like **ISO 45001, ISO 14001 & SMETA**.



- For on-site assessments, our field team visits spinning factories, conducting audits and evaluations based on our ESG Checklist.
- Additionally, our procurement team regularly visits the factories of our machinery, plastic packaging, and chemical procurement vendors to perform regular checks.
- Acknowledgment on the Vardhman's Supplier Code of Conduct.

Supplier Assessment Parameters



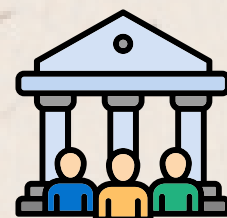
ENVIRONMENT

- Greenhouse Gas Emissions
- Energy Consumption
- Water Usage
- Pollution and Waste Management



SOICAL

- Human Rights
- Child labour
- Forced labour
- Working hours
- Gender Diversity
- Health & safety



GOVERNANCE

- Policies
- ISO certifications
- Compliances
- Ethics
- Goals & targets

Supplier Assessment

Supplier Assessment	FY 2024
Total number of suppliers assessed via desk assessments/on-site assessments	72
% of significant suppliers assessed	50.35%

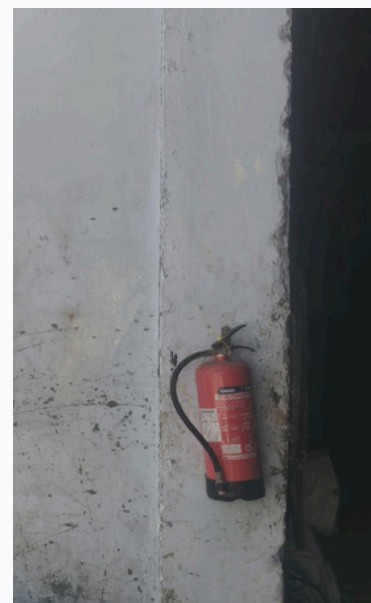
We assist suppliers in implementing ESG corrective actions and improvement strategies through both remote and on-site engagement.

- Remote support includes virtual guidance, training, and resource sharing.
- On-site visits offer hands-on root cause analysis, and verification of progress.
- This approach ensures effective and sustainable ESG improvements throughout our supply chain.

Corrective action plan support	FY 2024
Total number of suppliers supported in corrective action plan implementation	43
Percentage of suppliers with substantial impacts supported in corrective action plan implementation	60%



Improvements and Implementation of Corrective Actions:



Picture: Glimpses of Improvements done at our Supply chain partners facilities

Examples of some of the actions implemented are :

1. Install motor guarding to safeguard individuals from hazardous moving parts.
2. Install fire extinguishers for fire safety.
3. Put up important signboards, such as warnings for 440 volts or other hazards.
4. Display Prohibition of Child Labour signboards
5. Display pictorial signages for applicable PPE's
6. Display Policies at key places

Capacity building programs	FY 2024
Total number of suppliers in capacity building programs	70
Percentage of unique significant suppliers in capacity building programs	50.35%



Raw Material Programs

Vardhman prefers to source their raw materials from those suppliers who are certified under various sustainable standards and Eco labels, ensuring reduced environmental footprint, enhanced biodiversity and minimal ecosystem impacts.

Community Engagement and Farmer Capacity Building – Our Positive Impact on community

Under BCI Project, We engage with 12119 Farmers to make cotton production more sustainable by promoting water efficiency, reducing pesticide use and enhancing the livelihoods of cotton farmers

Status of BCI Project 2024-25

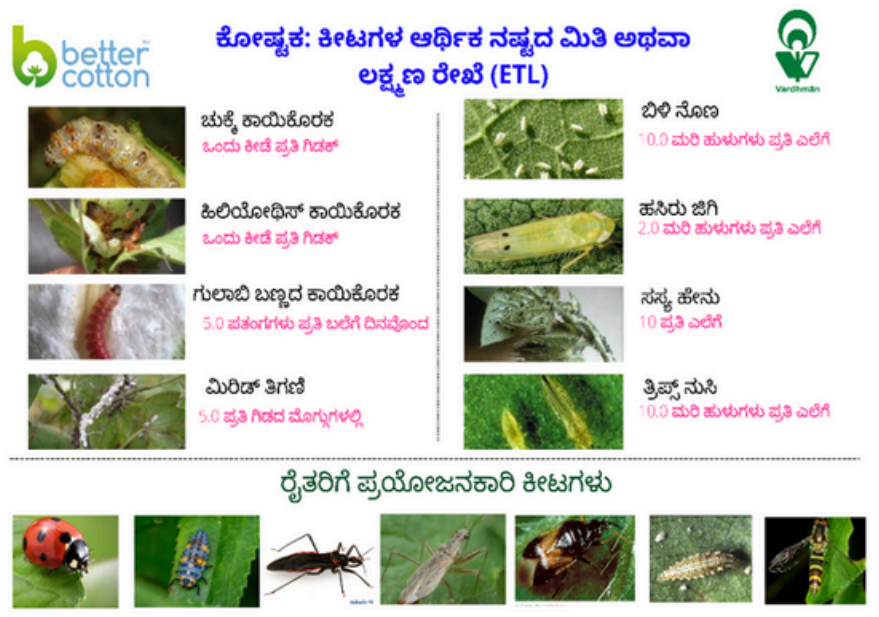
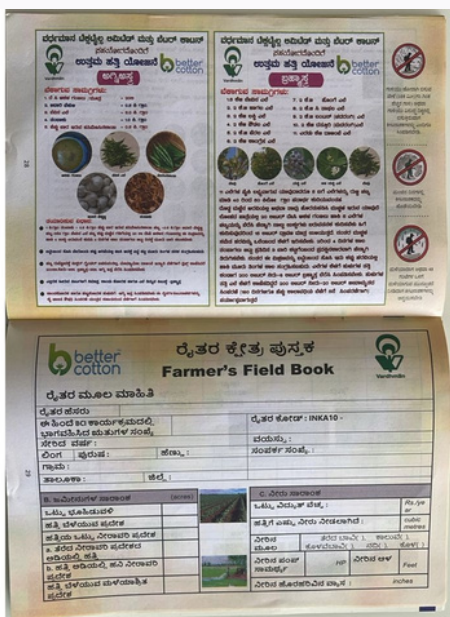
No. of Villages 101

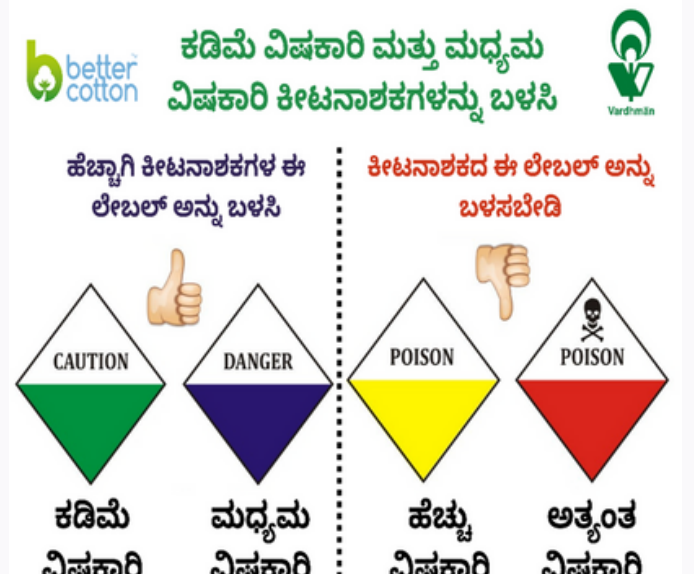
No. of Farmers 12119

Area (Hectares) 18148

Reduction of the negative environmental & Soical impacts of raw material production

Farmer field book and best cotton practices book - A comprehensive Farmer field book on the best practices in cotton cultivation has been developed to support the farmers in adopting improved & sustainable agricultural techniques. It includes guidance on land preparation, seed selection, sowing methods, pest management, appropriate water usage & post-harvesting practices





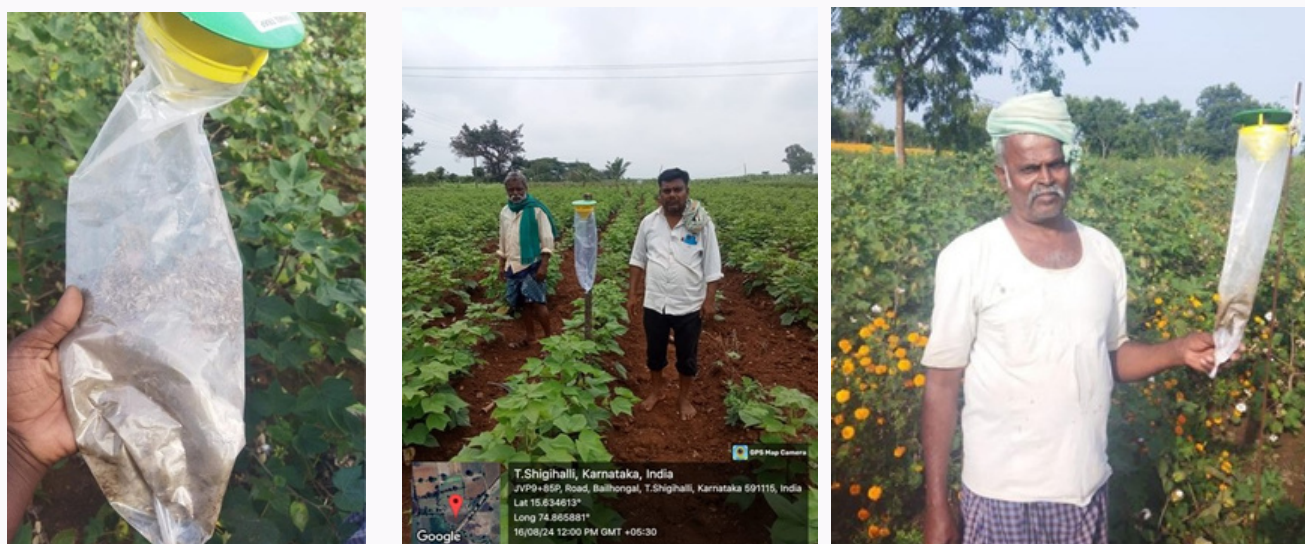
Picture: Snapshot of photos showcasing Framer Field Book in the Local Language of the region from where cotton is sourced

Training of Farmers- Integrated Nutrient Management training is imparted to farmers which includes 4R(Right source, Right Rate, Right time, Right place) Nutrient Stewardship approach of fertilizer application, Nutrient deficiency with symptoms and its recommendation, Fertigation method, Importance of foliar sprays and Micronutrients, Hazards of applying Nutrients when applied more than requirement. We have trained farmers on various methods of pest control such as Cultural, biological methods. Demonstration on Trap crop, Neem oil application, preparation of Jeevamrutha and Dashparani, Preparation of Foodspray, Using of Pheromone traps, Awareness on HHP's and Cocktail, Identification of Beneficial insects and its protection ,Awareness on Right dose and Colour label is done.



Picture: Glimpse of Farmer Training on Integrated Nutrient Management

Distribution of Pheromone traps-As part of our Integrated Pest Management strategy to combat the pink bollworm, we have distributed pheromone traps to 250 farmers. The pink bollworm (PBW) poses a severe threat to cotton crops, negatively affecting cotton quality by reducing staple length and strength while increasing trash content. This renders the fibers unsuitable for textile production and leads to considerable economic losses for farmers. Pheromone traps serve as an eco-friendly solution for insect control.



Picture: Glimpse of Pheromone traps used by farmers at field level

Livelihood and Skill Development programme for Women – We run Livelihood and Skill Development programme for women at Chachadi Village in collaboration with Women Welfare Society, Belagavi where we have trained women on craft making, Pickle making with various ingredients. Also trained women on marketing ideas like promotion through online websites.



Picture: Glimpse Skill Development programme for women Farmers

Our Sustainable Raw Material

1. Organic Cotton – Organic cotton is produced using farming methods that promote biodiversity, regenerate soil health and completely restrict the use of synthetic fertilizers and pesticides. Organic cotton is not only better for the environment but also benefits farmers by providing access to premium markets. In organic cotton production, only non-GMO seeds are used.

2. Better Cotton – Better Cotton aims to make cotton production more sustainable by promoting water efficiency, reducing pesticide use and enhancing the livelihoods of cotton farmers

3. Regenerative Cotton – Produced using regenerative agricultural techniques, which help restore ecosystems, improve soil health and increase biodiversity. Regenerative cotton is a key part of our strategy to create positive environmental impacts beyond reducing harm.

4. Recycled Cotton Fiber – Recycled cotton reduces the demand for virgin cotton, limits textile waste and conserves water and energy. Utilizing recycled cotton fibers not only promotes sustainability but also helps address the issue of cotton waste in landfills.

5. Fairtrade Cotton – Fairtrade-certified cotton ensures that farmers receive fair wages and adhere to rigorous social, economic and environmental standards. This approach not only helps farmers but also contributes to the overall sustainability of the cotton supply chain.

6. CMIA Cotton – A sustainable cotton initiative that aims to improve the livelihoods of African smallholder cotton farmers while promoting environmental and social standards in cotton cultivation.

7. Recycled Polyester- Polyester made from recycled plastic materials, such as used PET bottles, textile waste, post-consumer waste, or other polyester products. It helps to reduce the need for petroleum-based raw materials, minimizes waste and contributes to a circular economy in the textile industry.

8. Man-made fibers such as Bamboo, Ecovera, Ecoliva, etc.



In FY 24-25, 34% of our total raw material procurement was third party verified as sustainable. Furthermore, we aim to increase this share to 50% by 2030, although our procurement for sustainable raw materials is directly proportionate to order programs by our valued brands and we foresee to achieve this target as share of sustainable raw materials is going to increase globally.

34%

Currently Sustainable Raw
Material in FY 24-25

Target Sustainable
Raw Material

50% by 2030

Target- Recycled
raw materials

10% by 2030

BIODIVERSITY



Biodiversity Protection and No Deforestation Policy

Vardhman is dedicated to conserving biodiversity and managing natural resources sustainably. This framework emphasizes actions to prevent, reduce, and, when necessary, rehabilitate or restore biodiversity values affected by our operations. The Biodiversity Protection and No Deforestation Policy is overseen by the Board's Environment, Social & Governance (ESG) Committee.

Policy endorsed by-Board Chairperson of Board of Directors

Link of Biodiversity Protection and No Deforestation Policy -

https://vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Biodiversity_Protection_and_No_Deforestation_Policy.pdf

Our Commitment

Committed to **Net Positive Impact** by 2050.

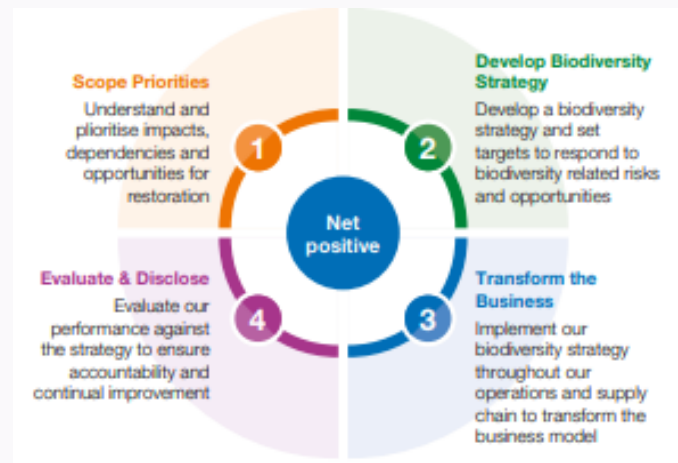
No Gross Deforestation by 2045

Scope of commitment-Own operations, supply and value chain partners

Biodiversity Risk Assessment

Biodiversity risk assessment is conducted by using the IBAT (Integrated Biodiversity Assessment Tool) for all the operating facilities, covering both operational areas and the upstream supply chain.

We follow the PDCA approach for our Biodiversity Management. Vardhman has utilized IBAT for assessing biodiversity risks at operational sites and aligned the process with the TNFD LEAP framework



Dependency-related biodiversity risks considered in risk assessment

Vardhman recognizes its dependency on biodiversity, particularly for sourcing raw materials, water, energy, and ecosystem services:

Raw Materials Sourcing: Vardhman depends on cotton (Better Cotton, Organic Cotton, regen agri) and forestbased fibers, with a focus on sustainable sourcing. In our overall cotton procurement portfolio, the proportion of sustainably sourced cotton has increased from **28% (FY 23-24)** to **36% (FY 24-25)**, demonstrating our sustained commitment to responsible sourcing and environmental stewardship.

Furthermore, approximately **9% of our cellulosic and other plant-based products** (excluding cotton) are FSC-certified, reaffirming our broader commitment to traceable, ethically produced, and environmentally responsible material sourcing.

Packaging Materials: Vardhman procured **91% of packaging materials** from sustainable sources, primarily using recycled paper.

Water Resources: Vardhman's textile operations depend on water for dyeing, washing, and processing, and the availability of fresh water is linked to healthy freshwater ecosystems.



Impact-related biodiversity risks considered in risk assessment

This assessment evaluates the direct and indirect impacts of Vardhman's operations on biodiversity and ecosystems, focusing on land, air, water, and soil quality. The company focuses on reducing dust and noise pollution, industrial waste, water resource depletion, and deforestation.

Assessment is conducted across all 13 operating sites, including adjacent core and buffer zones, and upstream activities by using desktop methods like IBAT for a baseline study within 50 km of their sites.

Link to detailed Report-

https://www.vardhman.com/Document/ESG/VTxL_Biodiveristy%20Risk%20Assessment.pdf

Key Initiatives for Biodiversity Protection:

As part of our commitment to biodiversity conservation and ecosystem restoration, we have planned large-scale plantation activities to restore degraded land and enhance green cover.

- Plantation drives with in our premises- Total 7,000+ trees planted during FY 24-25.



Picture: VC & JMD Mam at Plantation Drive (Corp Office Ludhiana)



Picture: Plantation Drive (Anant unit)

- **Miyawaki Forest Initiative**-Vardhman Textiles Limited has developed a Miyawaki Forest on one-acre site in Baddi, Himachal Pradesh, by planting **11,000 saplings representing 51 native** species. The Miyawaki method promotes dense, fast-growing, multi-layered forests that replicate natural ecosystems. By using indigenous plant species, the initiative significantly enhances local biodiversity, offering habitat and food sources for a variety of birds, insects and micro-organisms.



Vardhman Miyawaki Forest

Developed By :- Vardhman Textiles Ltd, Baddi (H.P)
(under CSR Initiative)
In Collaboration with :- BBN DEVELOPMENT AUTHORITY

Brief Details :-

- Developed on BBDA land measuring 7 Bighas 8 Biswa.
- 11000 Sapling of 51 Species planted in this forest.

Miyawaki Native Dense Forest Technique :-

- A modern plantation method used for afforestation - was developed by Japanese ecologist Dr. Akira Miyawaki in practice, the soil is amended for optimal growth, seedlings are spaced very close / together to induce competition and 10 times faster growth.

Advantages of Miyawaki Forest :-

- Better production of oxygen in this area and 30 times more dense compared to conventional plantations.
- 30 times better water retention and CO2 absorption also helps to noise and dust reduction.
- Retains ground water and thus recharging the ground water table.
- They attract more birds and insects and also helps in maintaining Biodiversity.

51 SPECIES

Ber	Bohar	Shivan
Bel	Neem	Chitrak
Tota	Rajain	Kashmir
Apta	Barhal	Kadamb
Jarul	Goolar	Karonda
Pipal	Kosam	Desi Amb
Jand	Pilkhan	Sukhchain
Harar	Kamini	Sambaloo
Arjun	Mahua	Desi Kikkar
Amia	Bakain	Suhanjana
Gutal	Jamun	Safed Aak
Dhak	Simmal	Curry patta
Teak	Shisham	Wood Apple
Ritha	Baheda	Chukrasia
Khirni	Lasoora	Harshingar
Khair	Jasmine	Paras Pipal
Falsa	Amaltas	Maihe Ber

Planted By :-
EcoSikh Charitable Society

Maintained By :-
Victory India National Organization

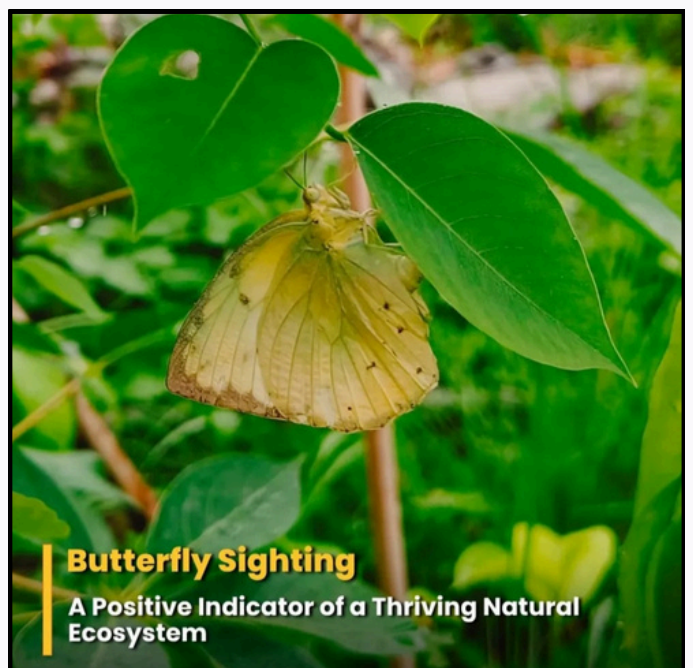







Mushrooms Emerge

The natural growth of wild mushrooms reveals rich microbial activity in the soil, a key indicator of forest health and organic regeneration



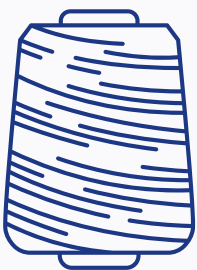
Butterfly Sighting

A Positive Indicator of a Thriving Natural Ecosystem




Giant Leaves Show Impressive Tree Health

Some trees have grown leaves that are over twice the size of a human hand—evidence of vigorous health, nutrient-rich soil, and proper care



- Vardhman Textiles Ltd. celebrates events such as World Environment Day and Van Mahotsav with full fervour, to raise awareness among employees and the community.

We are currently working with approximately 16,000 farmers through the implementation of Better Cotton, Organic Cotton, and Regenerative Agriculture projects across multiple cotton-growing regions.

- Conservation of natural habitats through protection of existing tree belts, grasslands, and water bodies within farm boundaries, restoration of degraded area, conservation of buffer zones and riparian areas
- Promotion of crop diversity and intercropping systems that attract beneficial insects, maintain soil fertility, and reduce pest incidence naturally.
- Use of biological pest control methods to replace hazardous pesticides, thereby preserving soil organisms, pollinators, and beneficial predators.
- Maintenance of vegetative field bunds and buffer zones, which serve as micro-habitats for birds, butterflies, and native flora.
- Reduction in agrochemical dependency and increased use of organic manure and compost to restore soil microbial activity and enhance below-ground biodiversity.
- Seed ball spreading in the hilly area.



Picture: Seed ball spreading at Bailongal, Karnataka.



- In addition to these practices, over 30,000 native and multipurpose trees have been planted on and around participating farmers' fields. The plantation initiative contributes to carbon sequestration, soil moisture regulation, and habitat connectivity, supporting local ecosystem resilience. The selection of tree species prioritizes indigenous and pollinator-friendly varieties, thereby reinforcing the ecological corridors across agricultural landscapes.



Phyllanthus emblica



Syzygium cumini



Bambusoideae (Family)



Magnifera Indica

Circular Fashion Commitment

Implementing design strategies for cyclability

Vardhman is dedicated to adopting circular business models by emphasizing recyclability, sustainable material selections, and innovative fabric designs to enhance product life cycles and diminish waste. Our commitment lies in dealing with brands creating durable, repairable, and recyclable garments, promoting reuse, and minimizing material consumption to lessen textile waste and minimize its environmental impact.



Core Strategies for Cyclability

Material Selection

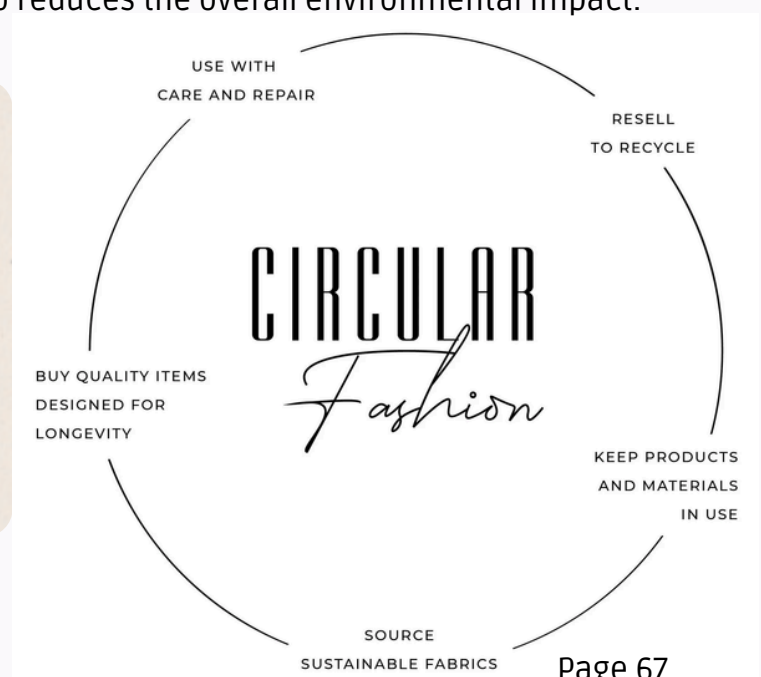
- Focus on choosing materials that are highly recyclable and compatible with existing recycling technologies.
- Incorporate fibers created from both pre- and post-consumer recycled content to enhance sustainability, such as yarn produced from recycled PET.

Durability- Designing products that are durable and long-lasting encourages users to keep them for longer periods, thus slowing resource loops.

- By incorporating high-quality fibers and yarns, along with various sustainability techniques such as eco-friendly finishing processes applied to fabrics, we can create designs that transcend fleeting fashion trends. This approach not only increases the number of wears per garment but also reduces the overall environmental impact.

Circular Fashion Commitment

- Increasing the recycling capacity at the Vardhman ReNova Unit from 6 TPD to 11 TPD.
- Target- 10% utilization of recycled raw materials by 2030.



Use of Sustainable and Recycled Materials

Vardhman has made the extensive use of sustainable and recycled materials a fundamental aspect of its business strategy. Their initiatives encompass raw material sourcing, in-house recycling, and product certification.

Key Sustainable and Recycled Materials Used

Better Cotton (BCI)

Fairtrade

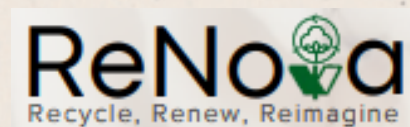
Recycled Polyester

CMIA Cotton

Fibers like Tencel, Modal, EcoVero, Refibra, LivaEco, and bamboo etc.

Recycling and Circularity Initiatives

ReNova™ Facility: This is a state-of-the-art fiber recycling plant that converts textile waste into high-quality, reusable fibers.



Increasing the Proportion of Products Made from Recycled Post-Consumer Textile Fibers-

To facilitate the shift towards a circular business model, we are focusing on using recycled polyester in our production. This polyester is sourced from both pre-consumer and post-consumer textile waste.

Circular Fashion Programs

Green Product Portfolio:

Vardhman have developed an exciting green product portfolio based on three key aspects - Green Inputs, Green Processes and Green Collaborations.

Sustainable Yarns

- Infeel Inner Wear Melange Yarn
- PROGREEN Sustainable Melange Yarn
- PEREORMA Active Wear Melange Yarn
- SANSPILL Low Pill Melange Yarn
- Refibra Yarn
- Reviva - Recycled Viscose



Sustainable Yarns

INFEEL

INNER WEAR MELANGE YARN

NEXT LEVEL YARN FOR SKIN TOUCH

ANTIBACTERIAL & ANTI-ODOR YARN

ANTIMICROBIAL
by Biora Cellulose

ANTIBAC VISCOSE

JANBOOCEL™

BAMBOO &
MICRO BAMBOO

SeaCell™

SEACELL



PROGREEN

SUSTAINABLE MELANGE YARN

TEMPERATURE REGULATING POLYESTER YARN



This slub yarn is made from recycled polyester fibers, which helps to reduce the environmental impact of the production process. PROGREEN also meets the Global Organic Textile Standard (GOTS) certification, which ensures that it has been produced sustainably and ethically.

SANSPILL

LOW PILL MELANGE YARN

SANSPILL FEATURES



Sanspill Low Pill Yarns stand out for their outstanding durability and comfort. The primary characteristic is its ability to resist pilling (the formation of small fiber balls on the fabric surface), which helps garments maintain a clean and new appearance over time. The yarn is engineered with low hairiness and a clean, dry feel, providing a smooth finish to the fabric.



Circular Design & Recyclability

Vardhman ReNova

ReNova Recycle Cotton is created from repurposed textile materials, transforming them into fiber form for future use as raw material in spinning high-quality yarns.

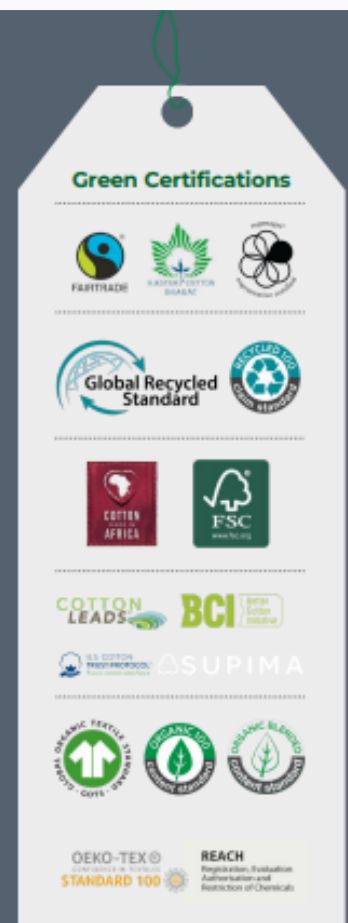


4,011 MT

Textiles preserved from Landfills till date*



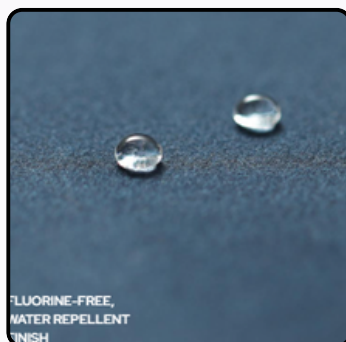
CERTIFICATIONS





Green Fabric Finishes

We have incorporated several green alternatives to ensure a sustainable finish that helps achieve product performance without lowering product sustainability.



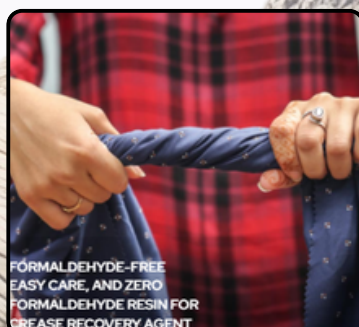
FLUORINE-FREE, WATER REPELLENT FINISH

It uses 60% renewably sourced raw materials and is up to three times more durable than existing fluorinated repellents.



miDori® bioDry 1.0 i

A plant-seed based softener that uses no crude oil and/or palm oil and has a considerably lower Carbon footprint.



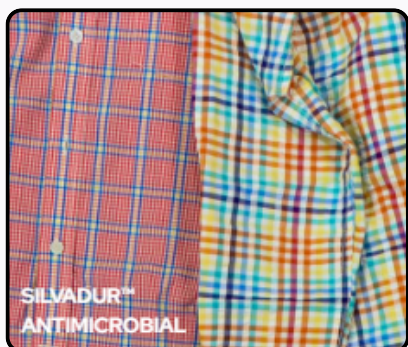
Formaldehyde- Free

Eliminates the use of Formaldehyde that is known for its toxic effects



Anti-Mosquito Finish

Specially formulated by HealthGuard® Premium Protection, it reduces and prevents diseases caused by mosquitoes. The world's first combined anti-mosquito, anti-fungal and antibacterial treatment, this finish is safe for humans and the environment and provides up to 85% efficacy even after several washes.

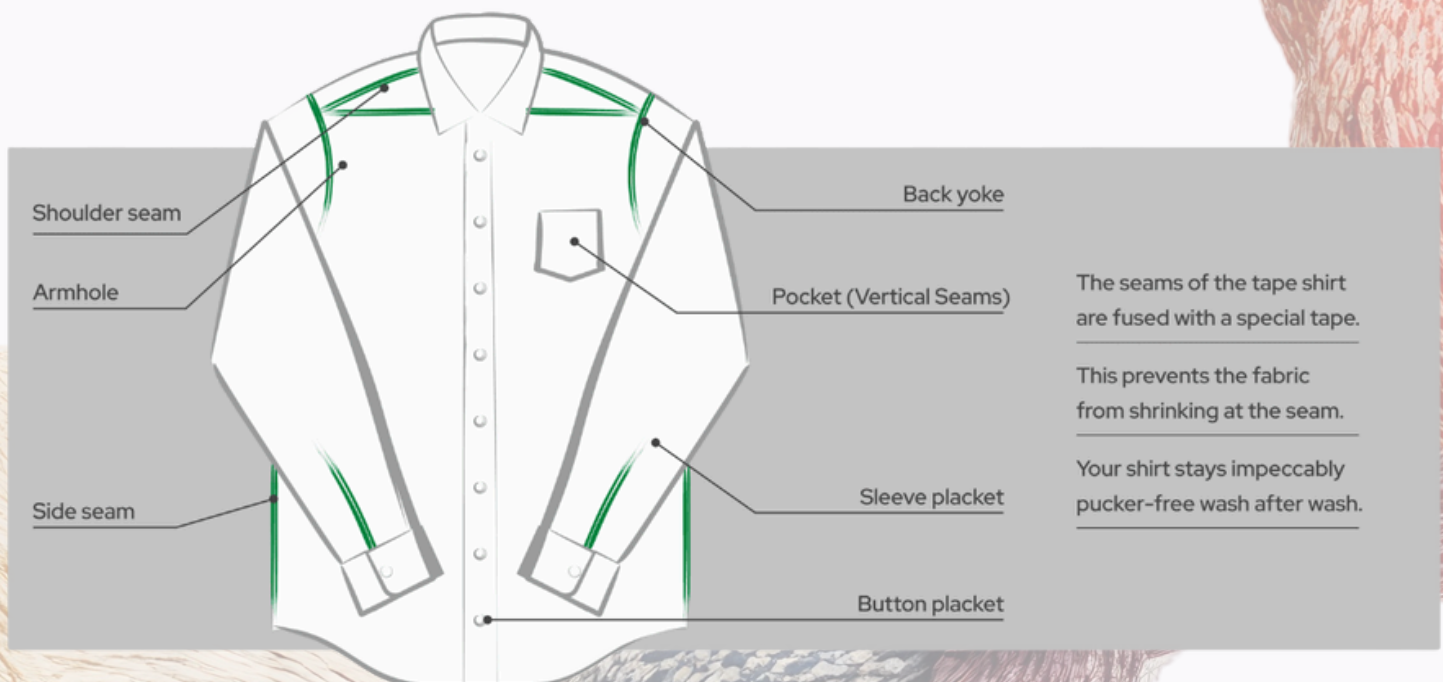


SILVADUR™ Antimicrobial

A durable, effective odour control technology for textiles that is recyclable and reusable. It uses silver ions (Ag+) instead of silver particles and is non-toxic, non-sensitising, and non-irritating to human skin.

Garments

We create high-quality formal and casual shirts, with a specialization in Post Cure and Taped Shirts. To ensure the delivery of our uniquely finished products, such as Post Cure shirts, we are equipped with a liquid ammonia treatment facility and a baking machine.



Sustainable Revenues

Revenues from:	FY 2022	FY 2023	FY 2024
Sustainable revenues Product/service description: Yarn, Fabric & Garments (In cr.)	2911	2958	3021
Total revenues (In cr.)	9841	9299	9587
Percentage of sustainable revenues (%)	30	32	32



Hazardous Substances Commitment

Vardhman is unwavering in its commitment to sustainability and environmental stewardship, especially in the dyeing and textile sector, where chemical usage is prevalent. By adopting green chemistry practices, we strive to enhance the sustainability of our production methods and reduce the ecological impact of textile manufacturing.

Our Sustainable Chemical Management Approach

- We prioritize the selection of chemicals that are both **environmentally friendly and safe for human health**.
- We adhere to rigorous standards and certifications, including compliance with the **Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL) and the Restricted Substances List (RSL)**.

This approach underscores our dedication to responsible chemical management in our operations.

Currently **97% of dyes and chemicals complying with the ZDHC MRSL standards**, ensuring reduced ecological impact and enhanced safety.

Our Commitment

100% ZHDC MRSL Compliance by 2030



Climate Governance

Vardhman Textiles Limited has established board-level ESG committee to oversee the climate-related risks and opportunities, demonstrating strong governance aligned to the Task Force on Climate-related Financial Disclosures (TCFD).

Vardhman has a dedicated ESG governance structure, with clear management-level responsibility for climate-related issues. A management position/committee led by the **Chief Sustainability Officer** is responsible for assessing, managing, and monitoring climate-related risks and opportunities. This function supports the Board by translating strategic direction into operational actions and ensuring implementation across the organization.

Board oversight
(ESG Committee)



Quarterly Climate-Related Topics
Discussed in the Board Meeting Agenda

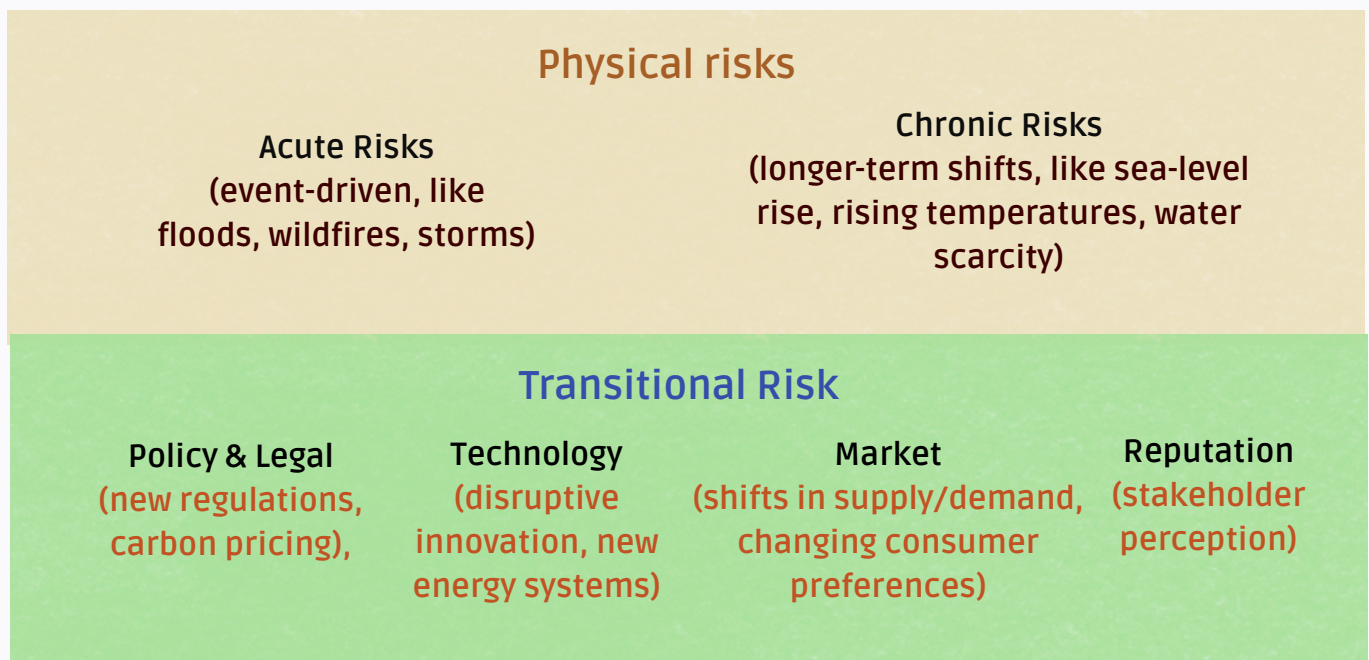


Management responsibility- Chief Sustainability Officer Mr. SK Jhamb

CLIMATE- RELATED RISKS AT VARDHMAN TEXTILES

Climate-related risks are identified based on Vardhman's Double Materiality assessment, aligned with CSRD ESRS guidelines. According to the TCFD, these risks are categorized into two main types: transition risks, associated with the shift to a lower-carbon economy and physical risks, linked to tangible impacts from climate change. To effectively address these risks, our financial planning and business strategy consider the potential financial impacts of climate-related risks and opportunities, enabling informed decision-making. Our strategy encompasses various aspects, including products, supply chain, research and development (R&D) and operations.

The following types of climate-related risks are included in the Company's risk assessment:



The Company identifies climate-related risks and opportunities across:

Short term: Regulatory compliance, energy efficiency, water availability

Medium term: Transition to low-carbon technologies, renewable energy adoption specifically in solar power, transition from coal to Biomass fuel.

Long term: Climate resilience, resource security, and sustainable product development.

Categorize assessed risks and opportunities based on different time horizons:

Short-term Risks (0-3 years)

Medium-term Risks (3-6 years)

Long-term Risks (6 years and beyond).

Link of detailed report-

<https://www.vardhman.com/Document/ESG/Vardhman%20TCFD%20report%20Final.pdf>

Climate-Related Scenario Analysis

Scenario Type	2°C or below 2°C	Above 2°C
Transition Scenario	IEA NZE 2050	IEA Stated Policies Scenario
Physical Scenario	RCP 2.6 (or SSP1 2.6)	RCP 8.5 (or SSP5 8.5)

Emissions Reduction Targets

Scope covered by the target	Target Timeframe	% reduction target from base year	Target validation	Progress
Scope 1+2	Base Year: FY 23-24	42%	SAT approved target under MCAP Program	10 % Reduction in Scope 1+2 in FY 24-25
	Target Year: FY 2030			

Net-Zero Commitment

Target time frame	Target scope & related emission reduction target (as % of base year emissions)
Base Year: FY 23-24 Target Year: 2045	Target Scope: 1+2 Emission reduction target (as % of base year emissions): Net Zero by 2045



Inspiring the Workforce through Climate-Related Initiatives

Vardhman Textiles Limited has established climate change-related incentives that are integrated into its performance management and leadership development framework. While climate performance is not just linked to direct monetary incentives, rather we more focus on recognition and career progression-based incentives to promote accountability.

Climate-related contributions are considered during the annual performance appraisal process, where leadership recognizes employees and management through job promotions, role enhancement, and assignment of additional responsibilities related to sustainability.

These incentives are linked to key climate and sustainability efforts, including reduction of emissions, improvement in energy efficiency, wastewater recycling in textile processing, and promotion of sustainable procurement of cotton and man-made fibers, which are critical to the Company's supply chain. The approach ensures that climate-related goals are embedded across the organization and that management and employees are accountable for sustainability performance.

Entitled Position	Type of incentive	Incentivized KPIs
Chairman & Managing Director	Recognition	<ul style="list-style-type: none"> • Emissions Reduction • Energy Reduction • Efficiency • Purchasing • Supply Chain Management
Other named Executives –Chief Sustainability officer	Recognition	<ul style="list-style-type: none"> • Emissions Reduction • Energy Reduction • Efficiency • Purchasing • Supply Chain Management
Business Unit Managers –EHS Head, Energy Head, Sustainable Sourcing Heads	Recognition	<ul style="list-style-type: none"> • Energy Efficiency • Supply Chain Management • Water Conservation • Waste Reduction • Occupational Health & Safety • Sustainable Sourcing of Raw Materials and Packaging Items

SOCIAL



**HUMAN
RIGHTS**



KEY HIGHLIGHTS- SOCIAL

34%

Share of women in total workforce comprising of all men & women (%)

Zero

Fatalities

7.3

Training hours per employee

38%

Share of Women Worker in total Workers (%)

Labor Practices



Labor Practices Commitment

- Equal pay for men and women for the same or similar work.
- No discrimination in recruitment, promotions, training, or transfers.

Paying Workers for annual leave

- Workers get adequate rest and maintain their health and efficiency.
- Provides financial security during the leave period.
- Encourages better work-life balance, spending time with family, mandatory EL for availing LTA.

Labour Practices Programs

- Regularly engage with workers' representatives on working conditions-Positive work environment is crucial for fostering employee engagement, improving job satisfaction, and driving overall organizational success. One of the key factors in creating such an environment is ensuring optimal working conditions.
- Skill Evaluation Point- In Vardhman, conduct skill evaluation of workers having 6 or more-month experience. During this exercise worker is evaluated on his behavioral and technical parameters like-speed of work, Performance Assessment, Discipline, Interpersonal Relation, Communication Skill, Behavior, Team Work, Time Management, etc.

Discrimination and Harassment

At Vardhman Textiles Limited, we believe that the strength of our organization lies in the diversity, talent, and integrity of our people. We are deeply committed to nurturing a workplace that is free from discrimination, harassment, and bias, where every employee feels safe, respected, and valued. Our Equal Opportunity Policy is a cornerstone of this commitment. It ensures that all employment-related decisions – including recruitment, compensation, training, promotion, and career development – are made solely on the basis of merit, qualifications, and performance. We strictly prohibit any form of unfair treatment on the grounds of gender, caste, religion, disability, age, marital status, or any other personal characteristic unrelated to professional capability.

At Vardhman, we actively promote an inclusive and participative culture where diverse perspectives are encouraged and respected. We recognize that an equitable work environment not only enhances employee morale but also drives creativity, innovation, and overall organizational excellence. To uphold these values, we have established clear policies and mechanisms to prevent and address workplace harassment or misconduct. Regular sensitization and training programs are conducted to build awareness about diversity, inclusion, and ethical conduct.

Our leadership remains steadfast in ensuring that every employee, regardless of role or background, has equal access to opportunities for growth and advancement. By fostering fairness, transparency, and accountability, we aim to create a workplace where everyone can thrive and contribute meaningfully to our shared success.

At Vardhman Textiles Limited, inclusion is not just a policy – it is a part of who we are and how we work. Together, we continue to build a culture rooted in respect, equality, and collective progress.

Equal Opportunity Policy-

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Equal_Opportunity_Policy.pdf



Workforce Breakdown: Gender

Diversity Indicator	Percentage Share
Share of women in total workforce (as% of total workforce)	34%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	12%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	13%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions(as % of total top management positions)	50%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	45%
Share of women in STEM-related positions (as % of total STEM positions)	4%
Target	
Share of women in managerial position	20% by 2030
Share of women in total workforce	45% by 2030

	Overall	Junior Management	Middle Management	Top Management	Workers	Revenue Generating	STEM
Male	15295	2285	525	2	12046	8974	649
Female	7901	346	21	2	7504	7454	27
Full-time employees	23196	2631	546	4	19550	16428	676
% of Female Workforce	34%	13%	4%	50%	38%	45%	4%

Workforce Breakdown: Nationality

Breakdown	Percentage share	Share in all management positions (senior) (as % of total management)
Indian	100%	100%

Gender Pay Gap

Level (all figures per hr in INR)	Female	Male
Executive level	6177.58	7269.12
Management level	558.31	836.38
Non-management level	171.99	199.57



Gender Pay Indicators

Indicator	Difference between Women and men employees (%)
Mean gender pay gap	47%
Median gender pay gap	23%

Freedom of Association

Indicator	Percentage Share
% of employees represented by an independent trade union or covered by collective bargaining agreements	0%

Human Rights Commitment

At Vardhman Textiles Limited, we are committed to conducting our business with integrity, transparency, and respect for human rights. We uphold the highest ethical standards across all our operations and ensure that every individual associated with our organization is treated with dignity and fairness.

Human Trafficking and Forced Labor

We maintain a zero-tolerance policy towards human trafficking, slavery, and forced or bonded labor in any form. Every person working with or for Vardhman does so voluntarily and under fair and lawful conditions. Our recruitment processes are transparent, and we ensure that no employee is compelled to work under threat, coercion, or debt.



Child Labor

We are firmly against the use of child labor in any part of our operations or supply chain. Vardhman strictly adheres to all applicable laws and international standards concerning the minimum working age. We continuously monitor our practices and those of our partners to ensure compliance.

Freedom of Association and Collective Bargaining

We recognize and respect the right of employees to freely associate, form or join trade unions, and engage in collective bargaining as permitted by law. We believe open dialogue and mutual respect between employees and management foster a healthy, cooperative, and productive work environment.

Equal Remuneration and Non-Discrimination

Vardhman ensures equal pay for equal work, free from gender or any other bias. We are committed to providing fair compensation and opportunities based solely on merit, skill, and performance. Our workplace culture promotes diversity and inclusion, rejecting any form of discrimination based on gender, caste, religion, ethnicity, disability, or any other personal characteristic.

Our Commitment

We hold our suppliers, contractors, and business partners to the same standards of ethical conduct. Regular audits, awareness programs, and compliance checks help us uphold these principles across our value chain.

At Vardhman Textiles Limited, our people are at the heart of our success. By protecting their rights and ensuring a safe, fair, and inclusive work environment, we strengthen the very foundation of our organization — one built on trust, equality, and respect for all

Human Rights Due Diligence

Our policies regarding Human Rights, Non-Discrimination, Anti-Harassment, and Supplier Code of Conduct reflect our commitment to identifying and addressing issues related to child labor, forced labor, human trafficking, harassment, and discrimination throughout our operations and supply chain.

- We take proactive measures to develop strategies aimed at mitigating these concerns.
- As an equal opportunity employer, we ensure that all employment decisions—such as hiring, compensation, promotions, and career advancement—are based solely on performance, education, and experience.
- We do this without regard to race, religion, caste, gender, sexual orientation, or disability.

Coverage for risk identification

Our process covers the following:

- Risk identification in our own operations
- Risk identification in our value chain or other activities related to our business
- Risk identification in new business relations (mergers, acquisitions, joint ventures, etc.)

Actual or potential human rights issues covered/identified

- Forced labor
- Human trafficking
- Child labor
- Equal remuneration
- Discrimination

Groups at risk of human rights issues covered/identified

- Own employees
- Women
- Children
- Indigenous people
- Migrant workers
- Third-party employees
- Local communities

Human Rights Assessment

Our company undertook a thorough human rights evaluation across all our plants and offices. This assessment examined multiple human rights criteria, such as:

- Child labor
- Forced or involuntary labor
- Sexual harassment
- Human trafficking
- Workplace discrimination
- Collective bargaining
- Fair wages

The evaluation was inclusive, considering all employees, contractual workers, women, the local community, migrant workers, and other relevant groups. The results of this assessment revealed no significant human rights risks, indicating that there is no need for remediation actions or changes to our business processes.

Human Rights Mitigation & Remediation

The Company has implemented a comprehensive human rights due diligence process aimed at proactively identifying, assessing, and mitigating potential human rights risks. This process includes:

- **Robust Internal Policies:** We have established stringent internal policies and procedures to identify and address any actual or potential non-compliance with human rights standards. When necessary, we take appropriate remedial actions to resolve these issues.
- **Accessible Reporting Channels:** Various reporting mechanisms, such as the Whistleblower policy, the Prevention of Sexual Harassment (POSH) policy, and the Code of Conduct. These channels empower stakeholders to express any concerns related to human rights, and we prioritize the swift and effective resolution of grievances reported through them.
- **Specialized Grievance Redressal Committee:** This committee operates within our manufacturing units to ensure that all human rights-related issues are addressed and resolved appropriately.
- In addition to these initiatives, we are committed to fostering a safe and informed workplace environment. We conduct regular training sessions and awareness programs on human rights for our employees. Moreover, we encourage open communication and feedback regarding the effectiveness of our policies and the overall workplace culture through an anonymous feedback system.
- Employees can share their insights and suggestions by contacting us at the dedicated email address: ethics@vardhman.com.

For the fiscal year 2024-25, there were no recorded complaints regarding sexual harassment, workplace discrimination, child labor, forced or involuntary labor, or any other violations of human rights.

Training and Development Inputs

Indicator	Details
Average hours per FTE of training and development	7.3
Average amount spent per FTE on training and development	1501.89

Parameters		Avg. Training Hours	Avg. Cost per FTE
Gender	Female	7.58	1501.89
	Male	7.16	
Level	Worker	6.57	
	Junior Management	10.59	
	Middle Management	14.41	
	Top Management	1	
Type of training	Health & Safety	1.6	
	Skill Upgradation	3.53	
	Others	2.17	



Employee Development Programs

Details	Program 1	Program 2
Name & Description of the program	<p>Assessment & Development Centre (ADC)-At Vardhman, we are deeply invested in fostering employee growth by aligning individual aspirations with customized career trajectories. For over a decade, our flagship initiative—originally called MLP (Management Leadership Plus)—has evolved into two distinct programs: V-CORE (Vardhman Competency Readiness Program) and ACE (Assessment for Career Enhancement). These programs utilize a robust framework of evaluation tools, including:</p> <ul style="list-style-type: none"> • Aptitude and domain-specific tests • Psychometric Profiling • Group exercises and collaborative tasks • Behavioral interviews • Role Play Simulations 	<p>Personal Advancement and Career Enhancement (P.A.C.E.) Program is a pioneering global initiative aimed at uplifting and empowering women working within the apparel supply chain. The program was developed with the vision of enabling female garment workers to thrive both personally and professionally by equipping them with essential life skills training.</p>
	<p>Each participant is assessed by a two-member panel, one of whom is a subject matter expert, ensuring a balanced and insightful evaluation of both behavioral and functional competencies. The design of these activities reflects real-world workplace challenges, helping us identify individuals who are well-prepared to take on critical roles. By uncovering each participant's strengths and development areas, we support them in shaping a career path that aligns with both personal goals and organizational priorities.</p>	<p>P.A.C.E. offers comprehensive training in a variety of critical areas- effective communication techniques, problem-solving strategies, and informed decision-making processes. Participants also gain valuable insights into managing time efficiently and coping with stress, which are vital for maintaining a healthy work-life balance. In addition to these core competencies, the program emphasizes financial literacy, helping women understand and manage their finances more confidently. It also covers important topics such as personal hygiene and sanitation, which contribute to overall well-being.</p>

Description of program objective/business benefits	Fair Talent Evaluation:	Enhancing Capabilities of Women in the Supply Chain
	The program uses a well-rounded assessment approach to objectively identify each employee's strengths and areas needing improvement.	To strengthen the personal and professional competencies of women employed across the supply chain, enabling them to take greater control of their lives, make informed decisions, and pursue meaningful career growth.
	Boost in Employee Engagement:	Promoting Gender Equality and Inclusion
	By demonstrating the organization's commitment to career growth and advancement, the initiative enhances motivation and involvement among employees.	To foster a workplace culture rooted in gender equality, inclusion, and empowerment, ensuring that women have equal access to opportunities, resources, and recognition within the organization.
	Better Role Fitment:	Driving Workforce Development
	Matching individual capabilities with job expectations ensures that employees are placed in roles where they can perform effectively and thrive.	To drive workforce development by facilitating skill-building initiatives and career advancement pathways, thereby enhancing the overall capability and resilience of the supply chain workforce.
	Strengthened Organizational Capability:	Boosting Employee Engagement and Retention

Description of program objective/business benefits	<p>By addressing skill gaps through ADCs, the company enhances its overall operational efficiency and resilience.</p>	<p>To boost employee engagement, productivity, and retention by creating a supportive environment where women feel valued, motivated, and equipped to contribute effectively to organizational goals</p>
	Leadership Pipeline Development:	Ensuring Compliance with Global Standards
	<p>The initiative plays a vital role in recognizing and grooming high-potential talent for future leadership roles, ensuring continuity and strategic depth.</p>	<p>To reinforce compliance with international buyer standards and expectations, particularly those related to ethical sourcing, labor rights, and gender-sensitive workplace practices.</p>
	Culture of Continuous Growth:	Creating Positive Social Impact and Aligning with UN SDGs
	<p>By offering constructive feedback and development opportunities, the program fosters a culture of ongoing personal and professional improvement.</p>	<p>To generate a positive social impact while aligning with the United Nations Sustainable Development Goals (UN SDGs), especially those focused on gender equality, decent work, and economic growth.</p>
Quantitative Impact	<p>Out of 85 Nominations, 42 were promoted to officer level for ACE Program which equals 49%</p> <p>Out of 79 Nominations, 43 were promoted to M1 Cadre for V CORE Program which equals 54%</p>	

Human Capital Return on Investment

Particulars	FY 2021	FY 2022	FY 2023	FY 2024
a) Total Revenue, as specified in the "Denominator" question Currency:	93,861,014,119	98,407,926,016	92,986,788,826	95,872,110,921
b) Total Operating Expenses Currency:INR	64,100,341,979	78,057,622,986	75,196,808,348	74,622,108,427
c) Total employee-related expenses (salaries + benefits) Currency:INR	7,139,275,717	7,499,622,760	8,206,051,708	8,677,981,064
Resulting HC ROI (a - (b-c)) / c	5.17	3.71	3.17	3.45
Total Employees, as specified in the "Denominator" question.	27,599	28,283	24,929	23,196

Hiring

Particulars	FY 2021	FY 2022	FY 2023	FY 2024
Total number of new employee hires	9,762	8,819	8,684	6707
Average hiring cost/FTE (INR)	3,104	2,993	3,756	11,700

Total number of new employee hires in FY 2024-25	6707
Breakdown by Gender	
Total number of new employees hired (male)	3300
Total number of new employees hired (female)	3407
Breakdown by Age	
< 30 years	5706
30 to 50 years	981
> 50 years	20

Performance Appraisal

- At Vardhman Textiles, the Performance Management System (PMS) is a key pillar of employee performance evaluation and professional development. The PMS operates on an annual cycle and covers all categories of employees, ensuring a fair, transparent, and structured appraisal process across the organization.
- For staff and officers, the process begins with self-assessment, where employees document their key achievements, challenges, and developmental needs. These are reviewed by their immediate reporting managers and further assessed by higher-level managers or Heads of Departments (HODs). Structured performance dialogues follow, during which formal feedback and individual development plans are discussed. The HR Department subsequently calibrates and finalizes the PMS reports, which are submitted to the HR Council and the Chairman's Office for review. Based on these reports, the Chairman announces increments through grid-based and slab-wise salary adjustments.
- For monthly-rated (workmen) employees, the increment process is conducted annually, effective from 1st January each year. The procedure mirrors the staff and officer appraisal framework, involving performance evaluation by immediate supervisors, calibration by departmental and HR teams, and final approval from the senior management. This ensures parity, transparency, and fairness in recognizing and rewarding performance across all employee categories.



- Vardhman Textiles Limited is currently transitioning to a more advanced, system-based PMS leveraging SAP SuccessFactors. The new online Annual Management by Objectives (MbO) process has been piloted across multiple units and integrates online self-assessments, manager dialogues, and digital calibration. This digital transformation aims to enhance objectivity and transparency in evaluations, facilitate succession planning, and streamline training and development tracking.
- The shift to a technology-enabled PMS represents a significant milestone towards fostering a culture of accountability, continuous learning, and growth, while ensuring equitable performance recognition for all employees, from workmen to leadership levels.

Employee Support Programs

Our organization is dedicated to fostering a holistic approach to employee well-being. We regularly organize comprehensive wellness programs that cater to the physical, emotional, and mental health of our team members. These programs encompass health screenings, personalized nutritional advice, and access to mental health resources. Our goal is to empower employees to manage stress effectively, achieve a harmonious work-life balance, and elevate their overall state of wellness.

Mindfulness and Yoga Initiatives: We have instituted mindfulness and yoga programs designed to assist employees in managing stress and enhancing their concentration. These initiatives include guided meditation sessions, workshops focused on stress reduction, and the application of mindfulness-based stress reduction (MBSR) techniques. Our aim is to provide tools that help our team members remain composed, focused, and more efficient in their daily responsibilities.



Picture: Glimpses of session dedicated to stress reduction and ZUBA.

Behavior-Based Safety (BBS) Program-

Vardhman has adopted the Behaviour-Based Safety (BBS) methodology for addressing workplace Safety across all its locations in FY 24-25. The initiative began in June 2024 at our Fabric Division in Baddi and was successfully extended groupwide by November 2024. Renowned safety expert Dr. H. L. Kaila, also known as Dr. BBS, led engaging workshops under the mission “Bharat Bane Surakshit”, with strong participation from top leadership to shopfloor teams. These sessions reinforced the importance of proactive safety behaviour and accountability.



Picture: Glimpses of the Behavior-Based Safety (BBS) Training program held at the corporate office and the Baddi location

Sport & health initiatives-

We are dedicated to fostering a vibrant and health-conscious workplace culture. We organize a range of indoor sports, including badminton, chess, and carom, to encourage employees to stay active and engage in friendly competition. Additionally, our outdoor sports events, such as the Vardhman Cricket League, operate under the inspiring motto, “Fit Rahenge to Hit Rahenge.” This initiative promotes teamwork, strategic thinking, and improved communication among team members.

VCL - Vardhman Cricket League

To encourage physical fitness among employees, we host the Vardhman Cricket League (VCL) each year, celebrating the spirit of sport and well-being.





Picture: Glimpses of VCL - Vardhman Cricket League

Work Conditions

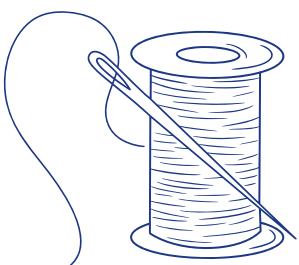
Flexible Working Hours : Recognizing the diverse needs of our workforce, we have introduced various initiatives to offer flexibility in working hours:

- **15-Minute Relaxation Window:** Employees may take advantage of a 15-minute grace period, up to three times a month, to address unforeseen circumstances.
- **Short Leave Policy:** Employees are permitted two short leaves of up to two hours each month, with no impact on their leave balance.

Work from home arrangements

We offer the flexibility of working from home on an exceptional basis and according to individual needs, embracing the evolving landscape of remote work environment.

Benefits of Flexible Work Arrangements



Childcare facilities or contributions

Our organization prioritizes the welfare of our staff and their families, which is why we offer specialized childcare amenities at each location. This includes the provision of a crèche, ensuring a secure and caring setting for the children of our employees while they work.



Picture: Glimpses of Creche at one of our facilities

Breastfeeding/lactation facilities or benefits

We offer a dedicated space for breastfeeding that features comfortable seating, privacy screens, and essential amenities. For new mothers residing nearby, we arrange home visits during lunch breaks to care for their infants, allowing for a seamless blend of professional responsibilities and caregiving duties.

Paid parental leave for the primary caregiver

We provide up to 26 weeks of paid parental leave for the primary caregiver, supporting them through significant family milestone.

Employee turnover rate

Particular	FY 2021	FY 2022	FY 2023	FY 2024
Total employee turnover rate	14.14	17.55	21.22	18.21
Voluntary employee turnover rate	12.97	17.36	18.8	16.7
Data coverage (as % of all FTEs globally)	100%	100%	100%	100%

Parameters		Total employee turnover rate			
		FY21-22	FY22-23	FY23-24	FY24-25
Employees		14.14	17.55	21.22	18.21
Age	< 30 years	24.08	34.38	32.67	32.5
	30 to 50 years	11.59	14.03	15.66	12.55
	> 50 years	7.01	12.09	11.54	11.99
Gender	Female	13.01	16.9	24.57	26.95
	Male	24.93	22.94	20.82	17.14

Occupational Health and Safety (OHS)



OHS Policy

Our policy is dedicated to ensuring a safe and healthy environment for all employees—both permanent and contractual/outsourced—as well as contractors, visitors, and other stakeholders. We will develop a culture of zero incidents and zero harm by preventing injuries and illnesses and promoting healthy lifestyles so that we can achieve our business objectives. The highest decision-making body that endorses the OHS Policy is the ESG Committee of the Board.

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/EHS_POLICY.pdf

OHS Programs

OHS / EHS Risk and Hazard Assessments

Vardhman Textiles Limited (VTL) implements a robust and systematic Hazard Identification and Risk Assessment (HIRA) approach, which forms a critical pillar of the company's Occupational Health, Safety, and Environment (EHS) management framework. This structured methodology enables proactive identification, prioritization, and mitigation of potential hazards across all operational levels, thereby strengthening workplace safety and driving continuous improvement.

Key Highlights of the HIRA Framework

1. Systematic & Structured Approach : VTL uses a well-defined HIRA methodology to identify hazards, assess associated risks, and establish effective controls across all manufacturing units. To ensure continual improvement, we follow the PDCA Approach



a. Comprehensive Coverage Across Operations : Hazard and risk assessments are conducted across every operational unit and supporting function, including Spinning, Weaving, Dyeing, Printing, Finishing & Utilities (boilers, compressors, electrical systems, waste handling, etc.)

2. Assessment of Routine & Non-Routine Activities : The assessments encompass all types of tasks, ensuring thorough risk identification:

- Routine operations (production processes, machine operations)
- Non-routine activities (machine repair, preventive maintenance, cleaning, civil activities shutdown/start-up)
- Material handling tasks (loading, unloading, storage)
- Chemical handling and storage procedures



Risk Assessment

- ☐ Elimination
- ☐ Substitute
- ☐ Engineering Control
- ☐ Admin Control
- ☐ PPE

Risk Mitigation measures planned as per Heirarchy of Control

3. Identification of a Wide Spectrum of Hazards : The HIRA process covers multiple hazard categories, such as:



4. Risk Evaluation & Prioritization : Each identified hazard is evaluated based on likelihood, severity, and exposure frequency, enabling prioritization and timely implementation of preventive and mitigating controls.

5. Effective Controls Implementation after HIRA : For our Control measures, we follow the Hierarchy of Control Methodology.

6. Continuous Improvement Approach: Regular reviews, audits, and reassessments ensure that hazards are monitored dynamically, and new risks are captured due to process changes, equipment upgrades, or new materials.

7.Engagement of Cross-Functional Teams: Multidisciplinary teams—including EHS, operations, maintenance, quality, and HR—are involved to ensure that hazard identification is thorough and practical.

Prioritization and Integration of Action Plans- Vardhman Textiles Limited (VTL) evaluates each identified hazard using a Significance Index, accounting for both the likelihood and severity of potential incidents. This enables effective prioritization of risks and ensures that high-significance hazards are addressed promptly with reinforced controls and continuous monitoring, supporting the company's **"Zero Harm" objective**. The organization has set quantified safety targets, **including Zero fatalities and a 25% year-on-year reduction in incidents**. A dedicated annual safety budget supports proactive initiatives, system improvements, and training, strengthening VTL's commitment to ongoing OHS excellence and a strong safety culture.



Safety Targets

Zero fatalities

**25% year-on-year
reduction in incidents**



Internal EHS Audits - The Corporate Health & Safety team conducts monthly internal EHS audits across all units as per decided schedule. These audits help to address the following

- Assess workplace conditions and identify unsafe acts/conditions
- Review near-miss reports and incident trends
- Perform root cause analysis to develop effective preventive and corrective actions
- Check the emergency preparedness
- Check Compliance to various applicable legal & other frameworks

Insights from these audits feed directly into action plans, ensuring risks are systematically managed and overall safety performance continues to improve.

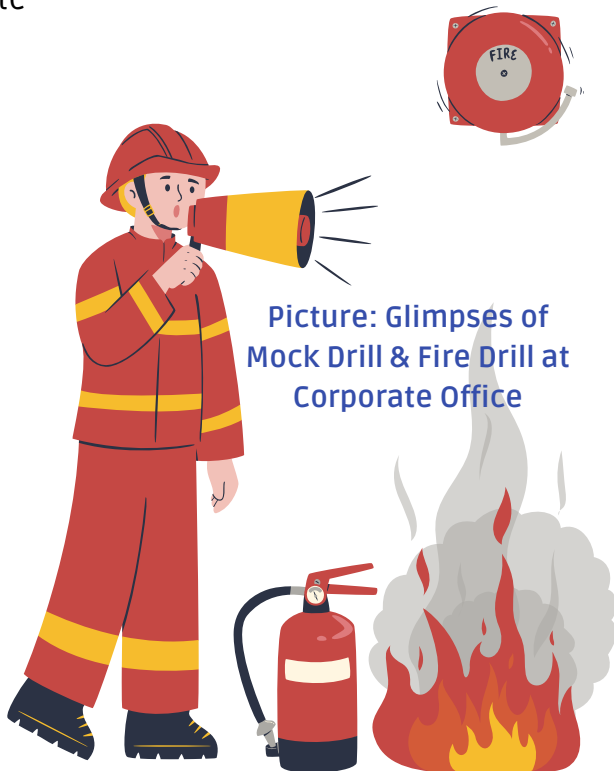
Emergency Situation- The organization maintains a robust Emergency Action Plan designed to guide a rapid, safe, and coordinated response to any unexpected incident. The plan clearly defines communication protocols, roles and responsibilities, evacuation routes, assembly points, and procedures for engaging external emergency services. To review our preparedness timely, we conduct series of emergency drills that strengthen readiness at every level:

- **Weekly Fire Drills** to reinforce our emergency firefighting response.

- **Regular Mock Drills (Evacuations)** to evaluate preparedness for various emergency scenarios.
- **Internal Participation Drills** conducted in line with the On-Site Emergency Plan, ensuring employees and response teams are trained to manage emergencies within the facility.
- **External Participation Drills** carried out as per the Off-Site Emergency Plan, involving local authorities, emergency responders, and community stakeholders to ensure seamless coordination beyond the facility boundaries.

Emergency drills are conducted across a wide range of potential scenarios to ensure comprehensive preparedness and an effective response capability. These scenarios include :

- Fire incidents in production areas, Fire in electrical installations, or Fire in Chemical storage zones
- Chemical spills, leakages, and toxic gas releases;
- Drills are also carried out for mechanical and equipment failures that require emergency shutdowns, along with electrical emergencies like short circuits or transformer malfunctions.
- Evacuation drills—both full-plant and zone-specific—are regularly practiced
- Drills for medical emergencies such as serious injuries, heat stress cases, or cardiac arrest situations.
- Drills for emergency Preparedness for natural disasters, including earthquakes, floods, etc



Picture: Glimpses of Mock Drill & Fire Drill at Corporate Office



Evaluation of progress - The organization is strongly committed to reducing OHS risks and workplace hazards through a proactive, structured, and continuously improving approach to safety management. This commitment is demonstrated through the implementation of robust safety policies, systematic risk assessments, and effective engineering and administrative controls that eliminate or minimize potential hazards. Continuous OHS surveillance, focused training programs, and frequent awareness campaigns ensure that employees remain well-informed and equipped with the competencies required to maintain a safe working environment.

To further strengthen its EHS performance, the organization aligns its teams with internationally recognized management systems such as the **ISO 14001:2015 Environmental Management Framework** and the **ISO 45001:2018 Occupational Health & Safety Management Framework**. Cross-functional teams are trained to understand and apply these standards, fostering accountability, environmental stewardship, and safety excellence across all levels. The organization also develops and certifies internal auditors for both ISO frameworks, ensuring robust internal evaluations, continual compliance, and sustained performance improvement.



**VTL's 100%
Units are
ISO 45001 certified**

Additionally, ongoing investments in safer equipment, workplace design enhancements, and digital monitoring tools further elevate safety standards. Culture-building initiatives—such as **Behavior-Based Safety (BBS) programs**, including the impactful **ROKO TOKO Movement**—strengthen hazard awareness, encourage safe behaviours, and reinforce a shared responsibility for safety. Together, these initiatives drive measurable progress and promote a resilient, proactive safety culture throughout the organization. A very Unique thing is the implementation of a Safety Calendar through which we decided Month wise topics and events are carried out in all units as per Safety Calendar. **Key topics covered are work permit system awareness Month, Chemical Safety Month, Electrical Safety Month, Near Miss reporting awareness month etc.** This has helped in implementing a structured approach towards enhancing the safety awareness drive and also keeping the Safety drive alive.

Internal Inspection - Vardhman Textiles Limited conducts regular and systematic internal inspections to ensure that all safety measures are effectively implemented and consistently maintained across its operations. These inspections cover a comprehensive review of work areas, machinery, equipment, processes, and employee practices to identify potential hazards, unsafe conditions, or deviations from established safety protocols.

Safety Officers, Welfare Officers, and TPM Coordinators actively participate in these inspections & Layered Audits to ensure that all work-related hazards are promptly identified, documented, and addressed through corrective and preventive actions. This collaborative approach ensures that hazards are eliminated or mitigated in a timely and effective manner.

In addition to unit-level inspections, **the Corporate EHS team** conducts regular audits of all operational units as per set schedule. These audits provide an independent evaluation of safety performance, verify compliance with organizational policies and regulatory standards, and assess the effectiveness of hazard control measures. Findings from these audits are used to **implement further improvements, enhance safety culture, and ensure continual advancement toward the organization's "Zero Harm" objectives.**

Investigation Procedures : Vardhman Textiles Limited maintains a structured and proactive approach to the investigation of workplace injuries and incidents. The primary objectives of these investigations are to provide immediate assistance to the injured employee, secure the incident site to prevent further harm, and promptly notify supervisors and designated safety personnel.

Our Newly developed & released **Safety Manual in this FY 2024-25** provides detailed guidelines for conducting thorough investigations of all work-related injuries and near-miss incidents, ensuring that each case is analyzed systematically to identify root causes, contributing factors, and any lapses in safety procedures. Findings from these investigations are used to implement corrective and preventive actions, enhance workplace controls, and prevent recurrence of similar incidents.



Picture: Glimpses of Safety Manual Launch

To maintain a proactive safety culture, we review and update our Hazard Identification and Risk Assessment (HIRA) documentation annually, incorporating lessons learned from investigations and any changes in processes, equipment, or operational practices. Additionally, comprehensive OHS training programs are conducted regularly, empowering employees with the knowledge, skills, and awareness needed to work safely, recognize hazards, and actively contribute to incident prevention.

Through this structured and continuous approach, Vardhman Textiles ensures that every incident is not only addressed effectively but also serves as an opportunity for continuous improvement, risk reduction, and the reinforcement of a zero-harm interdependent workplace safety culture.

OHS Training -OHS training plays an essential role in empowering employees with the knowledge and skills required to identify workplace hazards, adhere to safety protocols, and prevent accidents. By strengthening individual awareness and responsibility, OHS initiatives significantly contribute to creating a safer, healthier, and more productive work environment for all.

Training programs

Safety Change Maker, Behavior-Based Safety, and ISO 45001 & 14001 Internal Auditor Training

Health-focused activities

Dental camps , General Health Check up camp and eye check-up camps are organized to promote overall well-being.

Safety and environmental bulletins on topics like the **Ozone Layer**, **World Heart Day**, **Cancer Awareness**, **Recycling Day**, and **World Water Day** are also circulated regularly to enhance awareness and engagement.



Picture: Glimpses of Safety programs & Check up Camps

Safety Training through Audio-Visual Aids

1.Visitor Safety Animated Module - Safety has been significantly enhanced through the implementation of a standardized animated module for visitors, business partners, auditors and other stakeholders entering our premises. This visually engaging module effectively communicates vital information, including process overviews, safety systems, site-specific restrictions & emergency response procedures ensuring every visitor is well-informed and aligned with our safety expectations.

2.Innovative Training through Audio-Visual Aids – Permanent & Contractual Employees Safety Animated Module - Employees, both permanent and contractual—receive safety training through a specially designed animated module based on routine and non-routine activities carried out at our units. With this, We have successfully standardized the safety induction process across all locations. The module covers essential topics such as Work Permit, Electrical Safety, Firefighting & First Aid Procedures, Emergency Response, Road Safety, Chemical Safety and the importance of PPE's.



Picture: Glimpses of Safety Induction with the help of Audio Visual Aids for Permanent & Contractual Employees

OHS in Procurement and Contractual Requirements- To ensure compliance to the Occupational Health and Safety (OHS) standards, the Corporate projects & purchase department & Safety team plays a critical role in the assessment, verification, and approval of all procurement and major contractor-related tasks. This responsibility includes confirming that contractors adhere to the organization's safety policies, applicable legal requirements, and established performance benchmarks before any contract is awarded. During the evaluation process, in case of critical jobs & large work orders, the Safety team along with the CPPD team thoroughly examines the contractor's safety performance history, certifications, training records, risk-management practices, and availability of essential safety equipment and procedures. Contractors are approved, rated and qualified for work only when they meet all OHS requirements without exception. Also there is a procedure for carrying out evaluation every six months. This rigorous screening mechanism ensures that all outsourced activities are conducted safely and responsibly, reinforcing the organization's commitment to maintaining a safe, compliant, and hazard-free work environment.



Picture: Glimpses of Training programs- OHS in Procurement and Contractual Requirements.

Results of Proactive Initiatives taken to improve safety metrics

Fatalities

Fatalities	FY 2021	FY 2022	FY 2023	FY 2024
Zero fatalities	0	0	0	0
Contractors	1	0	3	0

Lost-time Injury Frequency Rate (LTIFR)

LTIFR	FY 2021	FY 2022	FY 2023	FY 2024
Employees & Contractors	2.77	3.16	3.72	3.24
Data Coverage	100%	100%	100%	100%

GOVERNANCE

Ethical conduct

GOVERNANCE

Decision-making

Risk management



KEY HIGHLIGHTS- GOVERNANCE

100 %

All 100% units are ISO 14001:
2015 & 45001: 2018 Certified

Zero

recorded

33%

Board Gender
Diversity

100 %

ISO 27001: 2022
Certified

Board Structure-

Board of Directors: One-Tier System

Particular	Measure
Size of the board	10
Board Composition	
Independent directors	5 (50%)
Executive Directors	4 (40%)
Other non-executive directors	1 (10%)

Board Diversity Policy

VTL believes that a diverse Board will promote inclusivity & enhance the quality of decisions made by the Board thus bringing the desired outcomes and promoting continual improvement for achieving sustainable and balanced development. The Company is committed to promote diversity in its Board, including but not limited to gender, age, nationality, ethnicity, race, cultural background, business experience, and educational background.

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Board_Diversity_Policy.pdf



Board Committees

Vardhman Textiles' Board operates through a set of specialised committees that provide focused support in key governance areas. While these committees execute responsibilities within their respective domains, the Board retains overarching accountabilities for all decisions. To ensure transparency and informed leadership, each committee regularly shares activity updates and circulates meeting minutes to all Board members.



BOARD COMMITTEES

- Audit Committee
- ESG Committee
- CSR Committee
- Risk Management Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee

Board Gender Diversity



3

Female Directors

Board gender diversity (%): **33%**



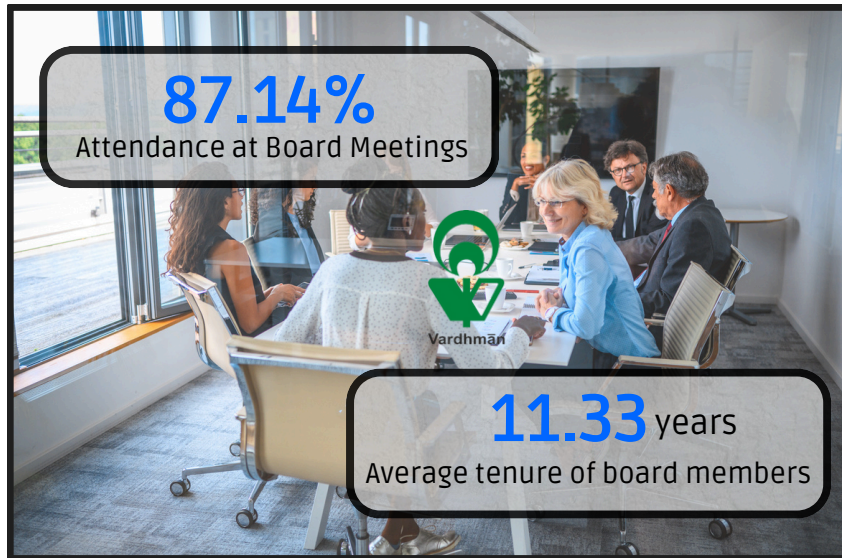
Mrs. Suchita Jain
VC & JMD



Ms. Sagrika Jain
Executive Director



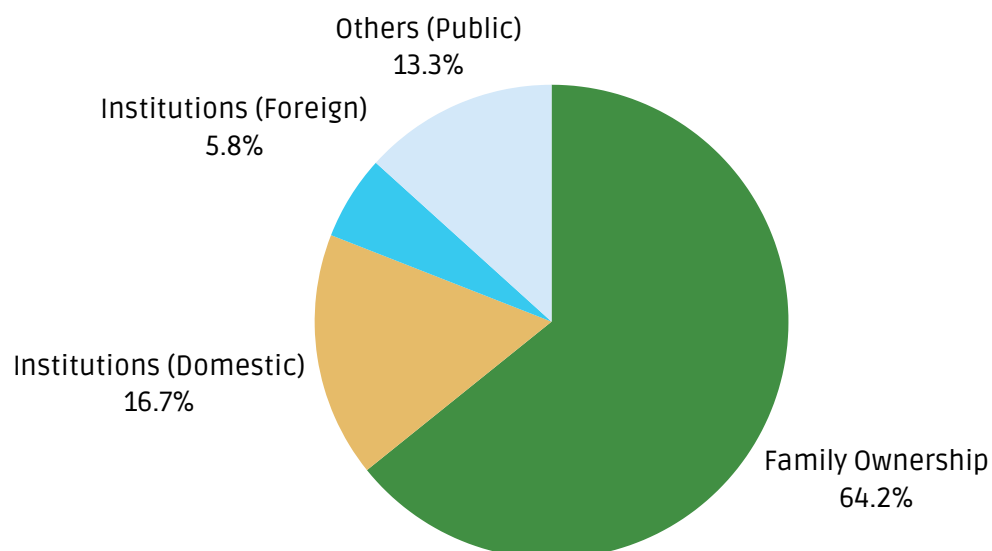
Mrs. Harpreet Kang
Independent Director



Government Ownership

Share of ownership

Share of ownership	%
Family Ownership	64.22%
Institutions (Domestic)	16.73%
Institutions (Foreign)	5.75%
Others (Public)	13.30%
Government	0%



Risk Governance Structure

Vardhman Textiles Limited has a structured risk governance framework with active involvement of the Board of Directors, senior management, and operational teams, ensuring effective oversight and execution of risk management.

Board-Level Responsibility

The Board of Directors holds ultimate responsibility for risk management and have approved a formal Risk Management Policy in line with the Companies Act, 2013 and Listing Agreement requirements. The Board, supported by the Audit Committee, periodically reviews key risks and mitigation measures to safeguard the Company's operations and ensure long-term sustainability.



Strengthening Risk Management through Our ERM Framework

Under the guidance of our Risk Management Committee, we prioritize robust risk management via our Enterprise Risk Management (ERM) framework. This framework enables us to identify and address a wide range of risks, such as financial, environmental, and strategic. Following a thorough assessment of climate-related risks and opportunities, we have integrated environmental considerations into our ERM, recognizing ESG risks as vital to our business.

Risk Rating matrix

Risk Rating matrix	
For the purpose of risk prioritization, each risk score will be determined by multiplying the assigned Impact level with its Likelihood level. The resulting score will be used to categorize risks into four distinct categories	
1	Critical: Risk with score ≥ 20
2	High: Risk with score ≥ 10 and less than 20
3	Medium: Risk with score ≥ 5 and less than 10
4	Low: Risk with score less than equal to 4

Impact						
Likelihood	Hihgly Likely/Certain (5)	Minor (1)	Moderate (2)	Medium (3)	Serious (4)	Critical (5)
		Medium (5)	High (10)	High (15)	Critical (20)	Critical (25)
	Likely (4)	Low (4)	Medium (8)	High (12)	High (16)	Critical (20)
	Moderate (3)	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
	Unlikely (2)	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

First Line – Operational Risk Ownership:

Business units, department heads, and employees own and manage risks in day-to-day operations. They are responsible for identifying, assessing, and mitigating operational, financial, environmental, compliance & other risks within their respective functions .

Second Line – Risk Management and Compliance Oversight:

Senior management oversees the risk management framework by setting control standards, monitoring compliance, and reviewing risk assessments, planning budgets, and regulatory requirements to ensure alignment with the Board-approved risk strategy .

Third Line – Independent Audit Function:

An independent internal audit function provides objective assurance on the effectiveness of risk management, internal controls, and governance processes, reporting its findings to senior management and the Audit Committee of the Board .

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Risk_Management_Policy.pdf

Risk Management Processes

Vardhman Textiles Limited has established a comprehensive and structured Risk Management Framework to identify, assess, review, and mitigate risks that may have a material impact on its operations, financial stability, and long-term performance. Risk management is embedded as an integral part of the Company's business processes across all levels of the organization, in line with statutory requirements and recognized best practices.

Risk Identification and Risk Review

The Company follows a systematic process of risk assessment, risk management and monitoring, and risk mitigation. Risks are identified across business, financial, operational, environmental, legal, human resource, and system domains. Risk reviews involve assessing the potential impact and likelihood of risks materializing, considering company-specific and industry-specific factors. These reviews support informed decision-making and help prioritize risks that may critically affect the Company's objectives.



Risk Exposure and Mitigation Actions

For identified material risks, the Company has defined risk mitigation measures to reduce both the severity and likelihood of adverse impacts. Examples include financial planning and cash-flow monitoring for liquidity risks, hedging strategies for foreign exchange risks, internal controls and whistleblower mechanisms for fraud risks, and SOPs, training, and technology upgrades for operational risks etc. These mitigation actions are reviewed regularly to ensure continued effectiveness in a changing & emerging risk landscape.

Review and Audit of Risk Management Processes

Risk management processes are supported by continuous monitoring and periodic reviews, including internal audit mechanisms. Internal auditors operate independently and are encouraged to report even minor non-adherence to procedures, ensuring objectivity and continuous improvement of risk management and internal control systems. The scope of these reviews extends beyond financial reporting to operational and governance-related risks.

Emerging Risks

Risk Category	Emerging Risk Description	Potential Impact on the Business (Long-term)	Mitigation / Strategic Response
Environmental	Stringent ZLD (Zero Liquid Discharge) compliance in the textile sector. Regulatory and societal pressure is increasing towards complete elimination of liquid discharge, especially for dyeing and processing units. While ZLD exists today, future tightening of standards, monitoring mechanisms, and enforcement intensity remains uncertain and evolving.	<ul style="list-style-type: none"> • Significant increase in capital and operating costs due to advanced ZLD technologies (RO, MEE, ATFD, energy-intensive systems). • Higher energy consumption impacting cost competitiveness and margins. • Risk of capacity constraints or production disruption during upgradation or non-compliance. • Potential need to redesign process flows and water-intensive product mix, impacting long-term business strategy. 	<ul style="list-style-type: none"> • Phased investment planning for ZLD upgrades aligned with long-term regulatory trends. • Adoption of water-efficient processes, low-liquor ratio machines, and cleaner production techniques. • Increased reuse and recycling of treated water to reduce fresh water dependency. • Energy optimization and integration of renewable energy to offset higher ZLD energy demand. • Continuous monitoring of regulatory developments and proactive engagement with industry bodies.

Technological	<p>Failure of core software systems and cyber risks due to increasing digitalization and use of integrated ERP, automation, and data-driven production systems. With growing reliance on digital platforms, cyber threats and system failures represent an emerging technological risk.</p>	<ul style="list-style-type: none"> • Production downtime due to failure of ERP, PLC, or automation software affecting planning, scheduling, and execution. • Loss or manipulation of sensitive business and operational data impacting decision-making. • Disruption in supply chain coordination, inventory management, and customer commitments. • Reputational impact and potential loss of stakeholder confidence in case of data breaches. 	<ul style="list-style-type: none"> • Strengthening IT infrastructure with redundancy, regular system upgrades, and preventive maintenance. • Implementation of robust cybersecurity frameworks, firewalls, and access controls. • Regular data backup, disaster recovery planning, and system resilience testing. • Employee awareness and training on cyber hygiene and data security. • Periodic IT audits and assessment of emerging cyber threats linked to new technologies.
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IT Security/Cyber security Governance

Board Member Responsible	Board committee which oversees cyber security strategy
Mr. Atul Khosla	Risk Management Committee
Executive Management Personnel Responsibility	
Mr. Rakesh Mishra	Chief Information Officer



Vardhman Textiles has two committees for information security:

Information Security Steering Committee (ISSC): Chaired by the EVP, meets annually, and provides strategic oversight and governance.

Information Security Management Forum (ISMF): Headed by the CIO, meets bi-annually, and manages the operational risk management methodology, reviews controls (incident management, vulnerability management, etc.), and approves residual risks.

The ISSC focuses on high-level strategy, while the ISMF handles detailed, operational risk management and implementation of controls.

Both committees (ISMF & ISSC) work together to establish, implement, and maintain controls documented in the Statement of Applicability. Their responsibilities include assessing cyber threats, reviewing audit results, monitoring ISMS performance metrics, evaluating security solutions, and approving resource allocation and budgets for continuous improvement. In accordance with ISO/IEC 27001:2022 (Information technology – Security techniques – Code of practice for information security management), VTL has established and implemented controls as documented in the Statement of Applicability.

Information Security Policy

Vardhman Textiles has established an Information Security Policy aimed at safeguarding the confidentiality, integrity, and availability of its information assets.

Key policy objectives and practices include but are not limited to the following aspects-

- Risk-Based Approach: Using risk assessments to identify critical assets, threats, and vulnerabilities.
- Incident Response: Ensuring timely response and recovery from security incidents.
- Awareness & Compliance: Mandating information security awareness training for all stakeholders and complying with legal/regulatory requirements.
- Defined Roles & Responsibilities: Clear assigning of roles and responsibilities with segregation of duties to prevent misuse.
- Continual Improvement.

 **Policy Link**

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Privacy_&_Data_Protection_Policy.pdf



Information Security Management Programs

Vardhman Textiles' Business Continuity Management (BCM) procedure ensures that information security activities and critical business functions can withstand and swiftly recover from disruptive incidents.

The BCM aims to:

- Maintain information security and protect sensitive data during a disruption.
- Ensure the availability and integrity of critical information assets.
- Utilize robust contingency plans and data recovery sites to minimize operational impact.
- Regularly assess and update security controls to adapt to evolving threats.

Vardhman Textiles (VTL) manages technical vulnerabilities throughout the asset lifecycle using industry best standards (OWASP, SANS, CIS) for identification, evaluation, and monitoring.

Vulnerability scans are performed on defined frequency across all systems. Additionally, external parties are contracted to perform independent vulnerability scans and penetration testing on VTL assets after receiving approval from the Information Security Head and CIO.

Vardhman Textiles (VTL) utilizes an internal audit procedure to evaluate the effectiveness of its information security controls, verify ISMS compliances and foster continual improvement. Audits are conducted annually or after significant changes occur. Audits are performed by Vardhman's own cross-functional teams and follow four standard stages: Planning, Fieldwork, Reporting, and Follow-up Review.

Vardhman has achieved the certification of ISO 27001:2022 through ISOQAR Certification Body.

Link-

https://www.vardhman.com/Document/Certifications/ISO_27001_Entity_level_certification_Vardhman.pdf

**ISO 27001:2022
certified**

VTL has a well-established escalation process for employees to report incidents, vulnerabilities and suspicious activities, which is well defined in the Information Security policy.

Level	Escalated to	Mail Ids
Level 1	IT Security Manager	sanjaygoyal@vardhman.com
Level 2	CIO	rakeshmishra@vardhman.com

Information security awareness training

Vardhman Textiles (VTL) ensures that all employees and users are aware of information security threats and concerns through formal communication and mandatory training programs. Key trainings include awareness training to all employees through webinars & emails, desktop screensavers to understand their security responsibilities.

- Training is delivered through mandatory animated modules and policy awareness sessions, which are assigned and shared in each employee's profile via the SuccessFactors platform.
- It is compulsory for all new employees to undergo information security awareness training as part of their induction process, overseen by the HR Department.
- The cybersecurity training covers awareness of different types of attacks and the risks of AI in a corporate setting.

Cyber awareness and cybersecurity training includes:

Data and record management – how to monitor and manage company data securely



Passwords and authentication – how to create strong passwords and how to implement multi-factor authentication

Phishing attacks – how to spot them and how to report them

Cyber security breaches

ZERO

Total number of information security breaches

The company maintains a zero-tolerance policy for breaches of the Privacy and Data Protection Policy.

Aspect	Description
Privacy policy applies to the entire operations, including suppliers	Yes, VTL's privacy policy is applicable to entire operations which extends to all suppliers and third party service providers that process personal information on behalf of Vardhman group.
Designated person or department responsible for privacy issues	Yes, Person from Vardhman's legal team is nominated for handling privacy related issue, with mail id pankajgupta@vardhman.com This is also available publically.
Privacy policy system embedded in group-wide risk/compliance management	Yes, Privacy policy is applicable group wide along with compliance management procedure as well.
Disciplinary actions in case of breach (i.e. zero tolerance policy)	Yes, a well-defined disciplinary action plan is well defined and in case of any breach, zero percent tolerance policy is applicable and communicated to the employees.
Conduct third-party audits of the privacy policy compliance	Third Party assurance has ben done for all policies as well as procedures under ISO 27001:2022 certification.
Conduct internal audits of the privacy policy compliance	Yes, we conduct internal audits to check the privacy policy compliance and audits are conducted on annual basis.

Customer Privacy Information

Customers are informed about	Practice
Nature of information captured	Yes
Use of collect information	Yes
Possibility for customers to decide how private data is collected, used, retained and processed	Yes
How long the information is kept on corporate files	Yes
How the information is protected	Yes
Third-party disclosure policy (private and public entities)	Yes

DOUBLE MATERIALITY ASSESSMENT

At Vardhman Textiles, we understand the significance of sustainable business practices for both financial success and societal health. To achieve this, we have incorporated a double materiality assessment into our sustainability strategy, which focuses on:

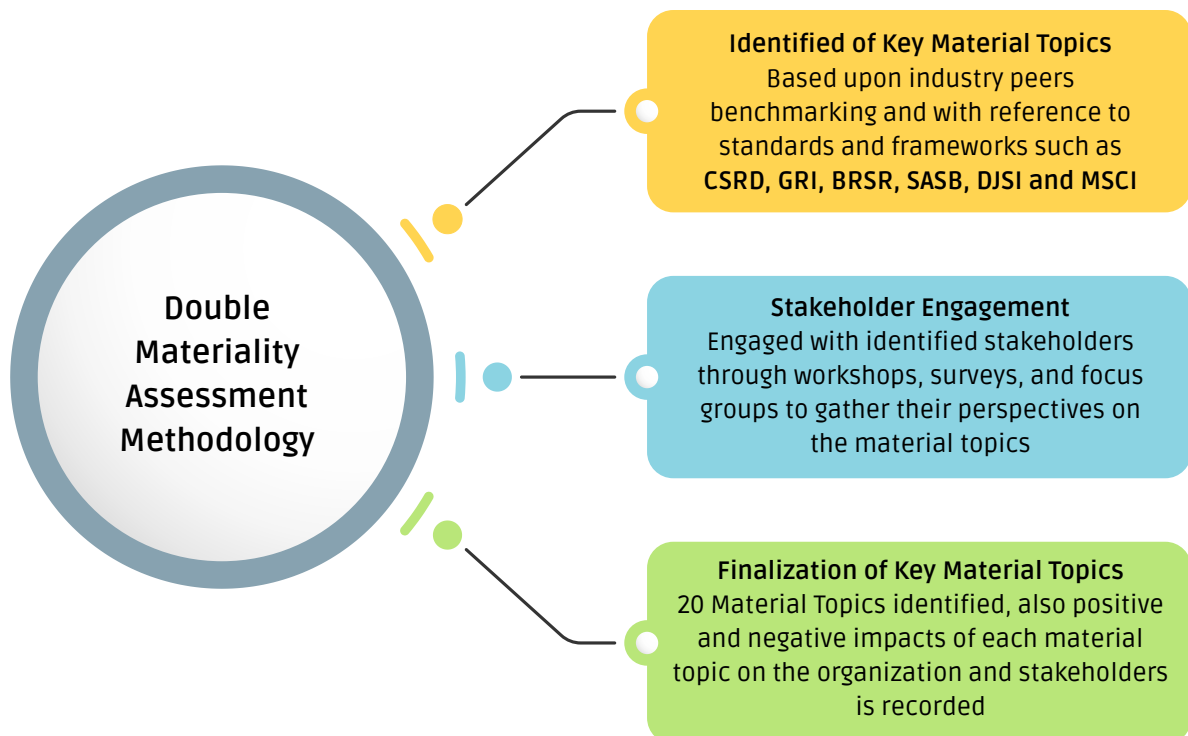
- **The impact of our operations on the environment and society**
- **The financial implications of ESG (Environmental, Social, Governance) factors on our business**

This dual approach enables us to effectively tackle the most pressing ESG challenges while ensuring the long-term sustainability of our operations.

Our assessment methodology consists of:

- **Defining the scope**
- **Consulting with Internal & External stakeholders**
- **Aligning with prominent frameworks such as GRI, SASB, and TCFD**

The outcomes of this assessment provide a strategic roadmap for embedding sustainability into our core business practices, addressing key challenges, and fostering long-term value creation.



Vardhman Textiles integrates material sustainability issues directly into its Enterprise Risk Management (ERM) framework to ensure ESG factors inform long-term strategic planning. Through the Risk Committee, we enhanced our ERM system to align with international standards, formalizing the inclusion of ESG-related risks within our risk register. This integration ensures that climate, social, and governance controls are monitored with the same rigor as financial risks, strengthening our control environment and information flow.



DOUBLE MATERIALITY ASSESSMENT



Material Topics

1 Climate Change

2 Water Stewardship

3 Responsible Sourcing

4 Waste Management

5 Customer Satisfaction

6 Product Stewardship

7 Human Capital Development

8 Pollution

9 Health & Safety

10 Biodiversity

11 Business Ethics and Conduct

12 Corporate Governance

13 Human Rights & Labour Practices

14 R&D and Innovation

15 Product Quality and Product Safety

16 Data Privacy & Security

17 Diversity, Inclusion and Equal Opportunity

18 Resource Efficiency

19 Community Engagement

20 Policy, Law & Regulation In fluence

Materiality Analysis

Materiality Analysis conducted/reviewed	Every 3 years
Involvement of external stakeholders in identifying material issues	✓
Material Issues are prioritized in a materiality matrix	✓
Materiality assessment results signed off by Board of Directors and Senior Management	✓
Materiality assessment process verified by a third-party assurance provider	✓

Material Issues for Enterprise value Creation

Particulars	Material Issue 1	Material Issue 2	Material Issue 3
Material Risk or Opportunity	Climate Transition & Physical Risks	Water	Occupational Health & Safety
Type of impact	Risk	Cost	Risk
Business strategies	Reducing reliance on fossil fuel-intensive processes and shifting to renewable energy helps to decrease greenhouse gas emissions, thereby mitigating climate change.	Reduced freshwater consumption leads to long-term cost savings and improved ESG ratings	Proactive safety training reduces workplace incidents, enhances productivity and builds employee trust.

Materiality Metrics for Enterprise Value Creation

Material Issue	Climate Transition & Physical Risks	Water	Occupational Health & Safety
Target/Metric	Achieve a 42% reduction in combined Scope 1 and Scope 2 emissions by the year 2030, using 2024 as the baseline year.	We aim to achieve a 30% reduction in freshwater consumption by 2030	Fatalities to Zero LTIFR's & First aid incidents by at least 25% YOY basis
Target Year	Emission Reduction: 2030	2030	Year on year basis
Progress	10% reduction in Scope 1 & 2 in FY 24-25 as compared to baseyear	6% reduction in freshwater consumption compare to FY 24-25	0 Fatalities recorded

Material Issues for External Stakeholders

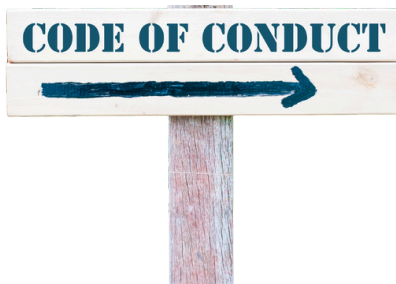
	Impact 1	Impact 2
Material Issue	Climate Transition & Physical Risks	Occupational Health & Safety
Cause of the Impact	Operations Supply chain Business activity coverage: >50% of business activity	Operations Supply chain Business activity coverage: >50% of business activity
Target Year	Environment, External employees (e.g. supply chain, contractors), Society, Consumers	External employees (e.g. supply chain, contractors), Society
Topic relevance on external stakeholders	Positive	Positive

Codes of conduct: Systems/ Procedures

Code of Conduct Policy

This policy is applicable to all employees, including both permanent and contractual workers, as well as senior management personnel, encompassing board members and any stakeholders engaged with the company. Stakeholders also include vendors, customers, contractors, and all partners in the value chain.

The primary objectives of implementing a Code of Conduct are to encourage ethical behavior in all facets of the company's operations, prevent unethical practices such as money laundering, insider trading, and anti-competitive actions, ensure compliance with relevant laws and regulations, and cultivate an inclusive, safe, and environmentally responsible workplace.



https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Code_of_Conduct_Policy.pdf

Corruption and Bribery- Engage in fair and transparent business dealings. Refrain from practices such as bribery, corruption, or unfair competition. All interactions with clients, suppliers, and partners should be grounded in honesty and mutual respect.

Discrimination- The company will not tolerate any behavior that could be deemed offensive, humiliating, intimidating, or bullying, nor any form of harassment or discrimination based on:

Age, Gender, Caste, Creed, Religion, Language, Race, Color

This also includes avoiding actions that unfairly harm the reputation and career prospects of other employees during recruitment or employment.

Conflicts of Interest- Employees must act in the best interests of the company, excluding any personal preferences or advantages when interacting with customers, suppliers, contractors, or anyone conducting business with the company.

Confidentiality of Information- Maintain the confidentiality of all information acquired while performing duties, disclosing it only when authorized or legally required.

Antitrust/Anti-Competitive Practices- Engage in fair and transparent business interactions. Avoid activities such as bribery, corruption, or unfair competition. All dealings with clients, suppliers, and partners should be based on honesty and mutual respect.

Money Laundering and Insider Trading- Prevent unethical practices, including money laundering and insider trading.

Environment, Health, and Safety- Employees are expected to act responsibly towards the environment, promoting sustainable practices in their professional activities. Aim to minimize waste and support initiatives that encourage environmental stewardship.

Whistleblowing- Employees, senior management, and stakeholders can report any actual or potential violations of the code or events that could impact the business or reputation of the company through the following channels:

- Email: ethics@vardhman.com
- Direct submission to the respective unit grievance committee or in writing to the HR department, detailing the issue and desired resolution.

Anti-Bribery & Anti-Corruption Policy

This policy is applicable to everyone associated with Vardhman Group, including directors, senior managers, officers, employees (whether regular, fixed-term, or temporary), consultants, contractors, trainees, seconded staff, home-workers, casual workers, agency staff, volunteers, interns, agents, sponsors, and any other individuals connected with us or any of our subsidiaries and their employees, regardless of location. Collectively, these individuals will be referred to as “associates” in this policy



[https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Anti-Bribery,_Anti-Corruption_&_Anti Money_Laundering__Policy.pdf](https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Anti-Bribery,_Anti-Corruption_&_Anti_Money_Laundering__Policy.pdf)

Guidelines for Gifts-

- Acceptance of gifts is discouraged.
- Employees are strictly forbidden from using their official positions to solicit, demand, accept, obtain, or be promised gifts from third parties, customers, suppliers, or any individuals associated with Vardhman.
- Receiving money or cash equivalents, such as gift cards, gift certificates, or vouchers, is never allowed.

Guidelines for Charitable & Political Contributions-

- Donations must be legal and ethical under local laws and practices.
- Proper due diligence should be conducted to verify the background of the third party, ensuring that the recipient is a legitimate charitable organization and has no connections to any government official who can influence decisions in favor of Vardhman.
- The donation will not be misused in exchange for a business benefit or advantage

Training for Anti-Bribery and Anti-Corruption-

- The Company's zero-tolerance stance on bribery and corruption is clearly communicated to all agents, suppliers, contractors, and business partners at the beginning of their relationship with the Company and as necessary thereafter.

Associates should promptly notify their Reporting Manager and/or Functional Head or consult with the designated HR SPOC if they believe, suspect, or have reason to believe that a breach of this policy has occurred.

Whistleblowing Mechanism

The Company is dedicated to upholding the highest standards of ethical, moral, and legal conduct in its business operations. To support this commitment, the Company encourages employees to report any instances of unethical behavior, suspected fraud, or violations of the company's code of conduct or ethics policy. Employees are invited to voice their concerns freely, without fear of retaliation or unfair treatment.

Vigilance and Ethics Officer

Name - Mr. Sanjay Gupta Vardhman

Address Textiles Limited Chandigarh Road,
Ludhiana-141010



Email- sanjaygupta@vardhman.com

All documents and records related to Protected Disclosures are treated as confidential information. Access will be limited to the Whistleblower, the Vigilance and Ethics Officer, the Chairman, the CEO, the Chairman of the Audit Committee, and other members of the Audit Committee. Any investigations, reports, or subsequent actions will typically remain undisclosed to the public, except where mandated by legal requirements or regulations.



Policy Link

[https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Whistle Blower Policy.pdf](https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Whistle%20Blower%20Policy.pdf)

Reporting on breaches

At Vardhman Textiles, we regard transparency as a foundational element of our business ethics. We are committed to addressing any breaches with openness, thereby establishing a benchmark for accountability. We are pleased to report that we have not received any complaints related to violations of customer privacy, corruption, discrimination, or money laundering.

Report on areas	Number of breaches in FY 2024
Corruption or Bribery	0
Discrimination or Harassment	0
Customer Privacy Data	0
Conflicts of Interest	0
Money Laundering or Insider trading	0

Online Strategies and Customer

	FY 2021	FY 2022	FY 2023	FY 2024
% of total customers using company's online services solutions/sales platform	0.10%	0.10%	0.23%	46.37%
% of revenues generated online (e.g. through direct sales, advertising, etc.)	0.14%	0.12%	0.37%	3.25%



Tax Reporting

Tax Governance Principles

- **Compliance:** We pledge to adhere fully to tax laws in both letter and spirit, ensuring timely filing, reporting, and payment of taxes.
- **Transfer Pricing:** All intra-group transactions will align with arm's-length principles and adhere to international transfer pricing guidelines.
- **Tax Structure:** We establish business structures based on commercial considerations and substantial economic activity, steering clear of tax havens for tax management.
- **Transparency:** We are dedicated to providing clear disclosure of tax-related information in our financial and annual reports, including country-by-country reporting where applicable.

Reconciliation of Tax Expense and Accounting Profit

(All amounts in INR Crores)

Particulars	Year Ended 2025	Year Ended 2024
Profit before tax	1149.69	790.98
Tax at the Indian Tax Rate of 25.168% (2023-24 : 25.168 %)	25.17%	25.17%
Tax for the year	289.35	199.07
Differential tax rate on capital gain on sale of investments/mark to market gain on investment	-10.9	-19.58
Effect of indexation benefit on value of investment	0	-0.12
Deductions u/s 80M	-12.72	-2.03
Effect of expenses considered as not deductible in determining taxable profit	9.12	7.08
Exemption u/s 54D	-6.92	0
Others	2.69	-1.07
Total Income Tax Exp Recognised	270.63	183.36

Key Financial Information (Year ended March 31, 2025)

(All amounts in INR Crores)

Tax	Year Ended 2025
Related Party Revenue	43.62
Unrelated Party Revenue	9543.59
Total Revenue	9587.21
Profit before Income Tax	1149.69
Income Tax-Cash Paid (Net of Refund)	223.35
Corporate Income Taxes Accrued	270.63
Stated Capital	57.83
Accumulated Earnings	9520.01
Tangible Assets	4074.92
No. of employees	23,196





POLICIES & IMPORTANT WEBLINKS



Vardhman

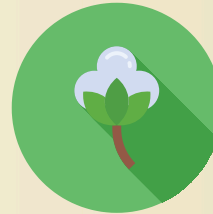
Delivering Excellence. Since 1965.



EHS Policy



Biodiversity Protection and No Deforestation Policy



Sustainable Sourcing Policy



Supplier Code of Conduct Policy



Anti-Bribery, Anti-Corruption & Anti-Money Laundering Policy



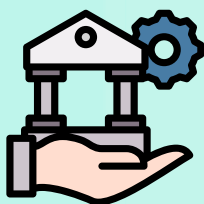
Equal Opportunity Policy



POSH Policy



Human Right Policy



Whistle Blower Policy



Tax Strategy Policy



Information Security Awareness Policy



Privacy & Data Protection Policy



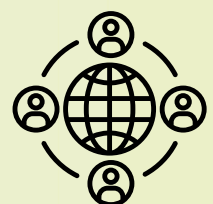
Corporate Social Responsibility Policy



Risk Management Policy



Clawback Policy



Related Party Transaction Policy



POLICIES & IMPORTANT WEBLINKS



Vardhmān

Delivering Excellence. Since 1965.



Forced Bonded Labor Prohibition Policy



Child Labor Prohibition Policy



Nomination & Remuneration Policy



Archival Policy



Responsible Marketing Policy



Code for Independent Directors Policy



Board Diversity Policy



Stakeholders Grievance Redressal Policy



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[ESG Vision](#)

[ESG Policies](#)

[ESG Performance](#)

[ESG Initiatives](#)

ESG FACTSHEET

Sustainability is a key pillar of our business strategies. We understand the critical role that the textile industry plays in environmental conservation, responsible sourcing and social responsibility. We have taken concrete steps to minimize our ecological footprint by implementing energy-efficient technologies, reducing water consumption and adopting eco-friendly manufacturing processes.



ESG Fact Sheet

CERTIFICATIONS

ISO 14001:2015

Vardhman Spinning and General Mills

Arihant Spinning Mills

Vardhman Apparels

Auro Textiles (AT-I, AT-II, AD, MSM)

Auro Weaving

Arisht Spinning Mill

Auro Spinning Mills

VMT

VSM

ReNova

Vardhman Fabrics Budhni

Vardhman Yarns

Anant Spinning Mills



100%

ISO 14001 certified

CERTIFICATIONS

ISO 45001:2018

Vardhman Spinning and General Mills

Arihant Spinning Mills

Vardhman Apparels

Auro Textiles (AT-I,AT-II,AD & MSM)

Auro Weaving

Arisht Spinning Mills

Auro Spinning Mills

VMT

VSM

ReNova

Vardhman Fabrics Budhni

Vardhman Yarns

Anant Spinning Mills



100%

ISO 45001 certified



CERTIFICATIONS

ISO 27001:2022

ISO 27001 Entity level certification Vardhman



AWARDS AND RECOGNITION



Vardhman participated in the first-ever Sustainability Summit, organised by the Chamber of Industrial & Commercial Undertakings (CICU), Ludhiana & got felicitated for VARDHMAN'S GREEN INNOVATIONS



Corporate Award for Excellence in Occupational Safety & Health Practices for our approach towards a Zero Harm Interdependent Safety Culture



Pollution Control, Waste Management & Recycling (PCWR) AWARD for "Recycling Technology and Process Innovation" for our ReNova Plant



In the 16th CICU National Kaizen competition 2025, our Vardhman Spinning & General Mills unit got felicitated on the topic "To improve Human Safety in Unimix machine"



Vardhman Textiles Limited
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