



Vardhmān

Vardhman Textiles ESG Databook

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 aims at producing diverse range of products for the global textiles market.

Our Vision

Rooted in Values, Creating World Class Textiles

Our Mission

Vardhman Group as a world-class textile organization aims at producing diverse range of products for the global textiles market.

Core Business Areas



Our Locations

Punjab

Ludhiana

- Vardhman Spinning & General Mills
- Vardhman Apparels

Malerkotla

- Arihant Spinning Mills

Himachal Pradesh

Baddi

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

Madhya Pradesh

Budhni

- Vardhman Fabrics

Mandideep

- Anant Spinning Mills

Satlapur

- Vardhman Yarns

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Sustainability Assurance Statement



Independent Limited Assurance statement on third-party verification of sustainability information

To the Management of Vardhman Textiles Limited, India

Introduction

Intertek India Private Limited ("Intertek") was engaged by Vardhman Textiles Limited ("Vardhman") to provide an independent limited assurance on its Corporate Sustainability Assessment (CSA) response ("the Report"), as part of its Dow Jones Sustainability Index (DJSI) FY-2023-24 reporting. The Report is prepared by Vardhman 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 FY-2023-24 of Vardhman.

Responsibilities

The management of Vardhman Textile Limited 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 Vardhman, 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 (social and environmental KPIs) presented by Vardhman in the Report. The standalone reporting boundary included data and information for the period 1st April 2023 to 31st March 2024 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 data and information on selected disclosures reported as

summarized in the table below:

Greenhouse Gas Emissions <ul style="list-style-type: none"> • Scope 1 – 2,82,820.130 T CO2e • Scope 2 – 7,46,819.648 T CO2e • 	Energy <ul style="list-style-type: none"> • Total renewable energy consumption – 28,914 Mwh • Total non-renewable energy consumption – 11,58,167 Mwh
Waste <ul style="list-style-type: none"> • Waste generated – 126476.33 MT • Waste recycled – 93974.95 MT • Waste disposed in landfill – 32438.24 MT • Waste Incinerated – 63.14 MT 	Water <ul style="list-style-type: none"> • Total water withdrawal – 10.08 Million cubic meters • Total ground freshwater consumption – 5.76 Million cubic meters • Total discharge – 4.32 Million cubic meters
Gender Pay <ul style="list-style-type: none"> • Executive level (Average gross hourly earnings per hour) –5131.51 Female and 5394.18 for Male • Management level (Average gross hourly earnings per hour) – 599.32 for Female and 680.82 for Male • Non-management level (Average gross hourly earnings per hour) – 144.52 for Female and 150.32 for Male 	Occupational Health and Safety <ul style="list-style-type: none"> • Fatalities – 3 for worker and for employees • LTIFR – 3.72 for employees and workers • LTIFR – 0.1 for Contractors
<ul style="list-style-type: none"> • EMS: Certification/Audit/Verification 	<ul style="list-style-type: none"> • Codes of Conduct: Systems/Procedures & Policies

Assurance Criteria

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

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.
- International Standard on Assurance Engagements (ISAE) 3410 for 'Assurance Engagements on Greenhouse Gas Statement.

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

Methodology

Intertek performed assurance work using a 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 with regard to the reporting and supporting records for FY 2023-24. Data and information supporting the Statement were historical in nature and proven by evidence. Our assurance



task was planned and carried out during December 2024-January 2025. The assessment included the following:

- Assessment of the Report that it 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 virtual interviews with key personnel responsible for data management.
- Assessment of appropriateness of various assumptions, estimations, and thresholds used by Vardhaman for data analysis.
- Review of sustainability disclosures on sample basis for the duration from 1st April 2023 to 31st March 2024 was carried out remotely through virtual interactions and screen sharing tools.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed.

Conclusions

Intertek reviewed selected sustainability disclosures provided by Vardhman in its Report. Based on the data and information provided by Vardhman, 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

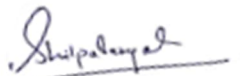
Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 43,500 people. The Intertek assurance team included competent sustainability assurance professionals, who were not involved in the collection and collation of any data except for this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

For Intertek India Pvt. Ltd.



Shashank Chaudhary
Verifier
Intertek India

24 January 2025



Shilpa Naryal
Head of Sustainability
Intertek South Asia & MENAP

25 January 2025

SANDEEP VIG Digitally signed
by SANDEEP VIG
Date: 2025.01.27
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Sandip Vig
Director-Business Assurance
Intertek India & MENAP

27 January 2025

No member of the verification team (stated above) has a business relationship with Vardhaman Textiles Ltd. 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.

About this Databook

The purpose of this Databook is to provide an overview of Vardhman Textiles' commitment to responsible practices in environmental, social, and governance (ESG) dimensions. It aims to transparently communicate the company's sustainability initiatives, achievements, and future goals, emphasizing its dedication to reducing environmental impact, enhancing social equity, and maintaining strong governance standards. By sharing this information, Vardhman seeks to engage stakeholders and demonstrate its leadership in promoting sustainable practices within the textile industry.

Vardhman Textiles recognizes its vital role in addressing global environmental challenges and is committed to advancing sustainability in the textile sector. As it looks ahead, the company remains focused on enhancing its sustainability initiatives, understanding that a strong commitment to ESG principles is essential for its success and the well-being of the planet and society.

Message from our Chairman and Managing Director



“

At Vardhman Textiles Ltd., sustainability is not just a goal—it is a journey that shapes our purpose and drives our every decision.

We have embraced Environmental, Social, and Governance (ESG) principles as the foundation of our operations, recognizing that our responsibilities go far beyond delivering economic value.

As a leading textile manufacturer, we operate in an industry that faces unprecedented challenges, including climate change, resource scarcity, and increasing societal expectations. These challenges also present opportunities, and we are committed to leading by example, addressing environmental concerns, uplifting communities, and fostering governance practices rooted in transparency

Over the past year, we have taken significant steps to align our operations with practices that prioritize ecological stewardship. By embracing innovation, we ensure that our operations remain environmentally responsible and resilient. Our adoption of renewable energy solutions, including solar and wind power, will reduce our dependence on conventional energy sources and mark a significant step towards achieving Net Zero emissions in the near future. Alongside energy efficiency, our focus on water conservation and waste management reflects our commitment to resource optimization and circularity, ensuring that natural resources are preserved for future generations.

As part of our continued dedication to water conservation, 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 and a 13,000 KLD system at *Baddi*, both of which helps us to achieve 100% water recycling at these sites.

Our commitment to diversity, equity, and inclusion drives us to foster an environment where every individual feels valued and empowered. We believe that a diverse and inclusive culture is key to sustainable growth. By championing gender equality, creating opportunities for marginalized groups, and prioritizing employee welfare, we are building a workplace that thrives on collaboration and shared success.

As we look to the future, our vision remains rooted in sustainability, innovation, and compassion. The path forward will undoubtedly present new challenges, but we are confident in our ability to inspire positive change, preserve the environment, and uplift the communities we serve. With the continued support of our employees, partners, and stakeholders, we will redefine what it means to be a responsible, forward-thinking organization. Together, we are shaping a brighter, more sustainable tomorrow—one where progress is inclusive, responsibility is embraced, and the legacy we leave is one of purpose and pride.

Mr. S. P. Oswal Jain

Chairman and MD, Vardhman Textiles

Message from our Vice Chairperson and Joint Managing Director

“

At Vardhman Textiles Ltd., sustainability is not merely an aspiration; it is a guiding principle embedded in every aspect of our operations.

As we navigate an increasingly complex and dynamic world, our commitment to sustainability remains steadfast. We view Environmental, Social, and Governance (ESG) principles not as obligations but as opportunities to drive meaningful change and ensure that our growth contributes positively to the world around us.

The textile industry stands at a critical juncture, with environmental challenges such as climate change and resource scarcity demanding urgent attention. At Vardhman, we have embraced this challenge head-on, aligning our strategies with global sustainability goals.



A significant milestone in this journey is our commitment to the **Manufacturer Climate Action Program (MCAP)**, through which we aim to achieve a 42% reduction in greenhouse gas (GHG) emissions by 2030. This ambitious target reflects our determination to minimize our environmental footprint and actively contribute to global climate action.

To achieve these goals, we are integrating energy-efficient technologies, optimizing production processes, and expanding our renewable energy portfolio. Initiatives such as **Project GreenWeave** exemplify our drive to achieve Net Zero emissions while ensuring full compliance with ESG best practices. This initiative represents more than an environmental goal; it is a testament to our unwavering focus on operational excellence and environmental stewardship.

Innovation has always been at the heart of Vardhman's success, and our efforts to promote sustainability through technology have set benchmarks in the industry. The **Renova , Waste Recycling Plant**, a first-of-its-kind initiative, reflects our commitment to advancing the circular economy. By converting textile waste into valuable fibers that re-enter the production cycle, Renova not only reduces waste but also enhances resource efficiency and contributes to a more sustainable manufacturing ecosystem. This plant embodies our ability to combine innovation with sustainability, creating solutions that benefit both the environment and the economy.

At Vardhman, we are guided by principles of transparency, accountability, and ethical conduct. These principles ensure that every decision we make aligns with our long-term vision for sustainability and stakeholder value creation. Our governance frameworks are designed to address risks proactively while fostering trust among all our stakeholders, enabling us to maintain resilience in an ever-changing business environment.

Our sustainability journey is also a reflection of the collective effort and dedication of our teams. At Vardhman, we strive to cultivate a culture that embraces collaboration, diversity, and inclusivity. We understand that our people are our greatest strength, and we remain committed to fostering an environment where every individual feels empowered to contribute and grow. By investing in skill development, embracing innovation, and prioritizing employee well-being, we continue to build a resilient and forward-thinking organization. As we look ahead, I am filled with optimism about the road we are charting for the future. Initiatives like MCAP, Project GreenWeave, and Renova are just the beginning of what we aim to achieve in the years to come. While the challenges before us are significant, they also present opportunities for innovation, leadership, and transformation. Our focus remains on maintaining operational excellence, driving sustainable innovation, and ensuring that every step we take aligns with our broader vision for a better tomorrow.

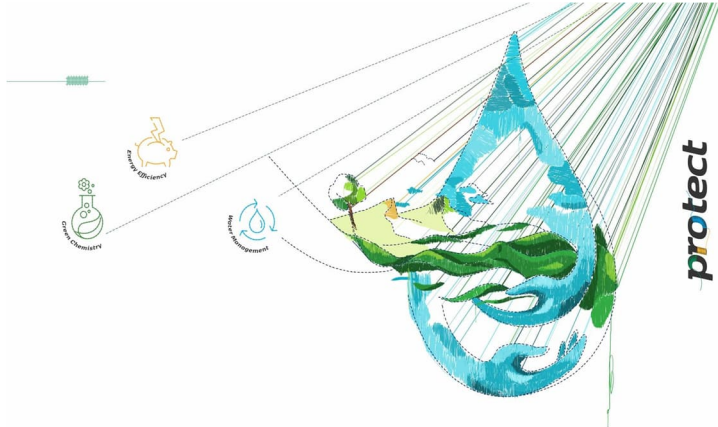
As we move forward, I am profoundly grateful for the dedication and support of our employees, partners, and stakeholders. It is your collective commitment that empowers us to explore new horizons and uphold our principles of sustainability and integrity. Together, we will shape a future where every step forward reinforces our commitment to environmental stewardship, responsible governance, and meaningful progress. Let us continue this journey with a shared vision and a unified purpose, crafting a legacy that inspires and endures.

At Vardhman, we remain committed to creating value that transcends financial gains, contributing to a world where businesses are a force for good. Sustainability is a journey, and with resilience, determination, and collective effort, we will continue to lead with responsibility and integrity. The future we envision is one where innovation and sustainability go hand in hand, and I am confident that together, we will make this vision a reality.

Mrs. Suchita Jain

Vice Chairperson & Joint MD
Vardhman Textiles Limited

ESG Highlights: PRO framework



protect

Environment

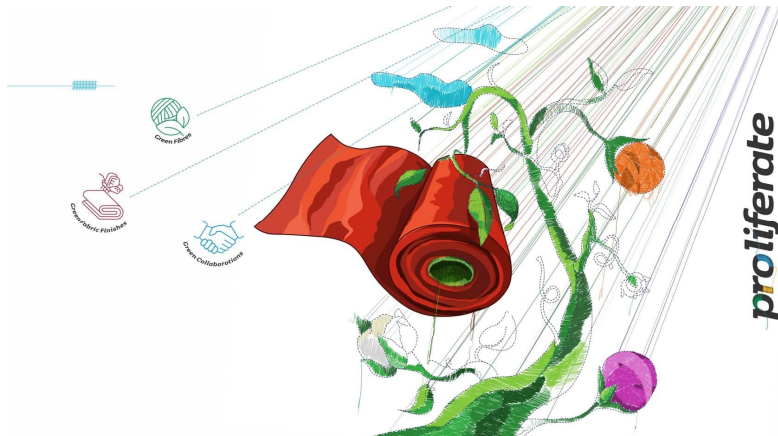
Proactively protect the environment and all its constituents

Social

Be responsible for the prosperity of all stakeholders



prosper



proliferate

Governance & Economic

Provide a strong organisational thrust to proliferate the green product portfolio

Environment

Vardhman is dedicated to minimizing its ecological footprint through initiatives aimed at reducing water consumption, enhancing energy efficiency, and eliminating hazardous chemicals from its processes. We have implemented advanced water management systems, including nine sewage treatment plants and multiple rainwater harvesting systems, significantly reducing freshwater usage while rejuvenating local water sources. Furthermore, we are transitioning towards renewable energy solutions, including solar power and biomass-based projects, to decouple growth from conventional energy consumption and lower greenhouse gas emissions.

Key Focus Areas



Emissions

42% reduction in Scope 1+2 combined by 2030 & Net Zero by 2045



Water

30% reduction in freshwater consumption by 2030



Waste

50% reduction in waste sent to landfill by 2030



Biodiversity

Committed to achieve Net Positive Impact (NPI) by 2050



Deforestation

No Gross Deforestation by 2045



Packaging

100% sustainable packaging by 2030



Plastic

20% reduction in virgin plastic by 2030



Hazardous Substances

100% ZHDC MRSL Compliance by 2030

Key points of our environmental strategy include:

Careful management and conservation of natural resources

Alignment with both short-term and long-term goals

Adoption of advanced technologies to lessen our ecological footprint

Focus on energy efficiency throughout our supply chain

Dedication to progressing towards a net-zero future as evidence of our strategy's success

Message from our Chief Sustainability Officer (CSO)



At Vardhman Textiles, environmental sustainability is not merely a responsibility—it is an ethos that drives our operations, a promise to future generations, and a commitment to creating harmony between industry and nature.

Our journey toward sustainability is founded on the belief that industrial progress must go hand in hand with ecological preservation.

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



The global textile industry is at a pivotal moment, with mounting pressures to address climate change, conserve resources, and adopt responsible manufacturing practices. At Vardhman, we embrace this challenge with an unwavering commitment to leading transformative change. We are reducing our environmental footprint through multi-faceted strategies that combine innovation, efficiency, and renewable energy solutions. Across our manufacturing units, we are implementing energy-efficient technologies to reduce consumption while transitioning to cleaner energy sources. By incorporating solar and wind energy into our energy mix, we are steadily decreasing our dependence on conventional fossil fuels and moving closer to achieving our Net Zero aspirations.

Water conservation forms a critical pillar of our environmental strategy. As a resource-intensive industry, we are acutely aware of the importance of sustainable water management. Our efforts in this area are reflected in the adoption of advanced water recovery systems, which ensure that we use water responsibly and efficiently. At our VFB and Auro Textiles facilities, we have installed **Zero Liquid Discharge (ZLD)** systems, which recycle and treat wastewater to make it reusable within our processes. These cutting-edge systems have enabled us to significantly reduce water consumption while minimizing our environmental footprint. To further enhance this effort, we are installing a 2,500 KLD ZLD system at our VSGM location and a 13,000 KLD system at Baddi, both of which helps us to achieve 100% water recycling at these sites.

Innovation lies at the heart of our efforts to promote a circular economy. Our **Renova , Waste Recycling Plant**, a first-of-its-kind facility, embodies this commitment. Renova transforms textile

waste into valuable fibers that are reintroduced into the production cycle, reducing dependency on virgin raw materials. This initiative minimizes waste, supports resource efficiency, and exemplifies our vision of a closed-loop textile manufacturing process. Renova demonstrates that sustainable innovation is not just achievable but essential for the future of the industry.

In addition to tackling textile waste, we have made significant progress in addressing plastic waste. We are proud to have achieved **100% recycling of plastic packaging waste** across all our units. By ensuring that plastic waste is repurposed instead of ending up in landfills, we are taking meaningful steps toward reducing our overall environmental footprint. These initiatives reflect our commitment to responsible production and the reduction of waste at every stage of our operations.

Our approach to sustainability extends to sourcing practices as well. Recognizing that cotton is a critical input material, we have collaborated with **Better Cotton** as a Programme Partner. This partnership allows us to work closely with over **12,000 farmers**, focusing on natural resource management, fair work practices, and climate adaptation strategies. By equipping farmers with sustainable farming techniques, we are promoting soil health, optimizing water use, and reducing the carbon intensity of cotton production. Importantly, this program also emphasizes **gender inclusion and equity**, ensuring that women in farming communities have equal opportunities to participate and benefit. These efforts not only contribute to a more sustainable supply chain but also foster economic and social progress within agricultural communities.

Our commitment to responsible sourcing is further validated by the range of globally recognized certifications we hold. These include **Regen Agri, GOTS, GRS, Oeko-TEX, Organic, OCS, Recycled Polyester Fiber, CMI, BCI, Fairtrade, and FSC certifications**. These certifications are a testament to our adherence to the highest standards of sustainability and ethical practices, reassuring stakeholders of our dedication to environmental and social responsibility.

While implementing these initiatives, we recognize that sustainability requires a governance framework that ensures accountability and precision. Our environmental programs are closely monitored and guided by clear policies and measurable targets. Oversight from our Board of Directors ensures that our sustainability goals remain a priority at the highest levels of decision-making. This integration of governance with environmental initiatives ensures that our efforts are not just well-intentioned but also impactful and aligned with global sustainability goals.

We understand that environmental sustainability is not static—it is an evolving responsibility that demands continuous innovation and adaptation. To stay ahead of emerging challenges, we are constantly exploring new technologies and approaches that enable us to push boundaries and redefine industry standards. Whether it is developing more efficient processes, expanding our renewable energy portfolio, or scaling up recycling initiatives, our focus remains on driving meaningful change.

Beyond innovation and technology, our commitment to sustainability is fueled by collaboration. We believe that collective action is essential to achieving a sustainable future. By working with

partners, suppliers, and communities, we aim to amplify the impact of our initiatives and inspire others to adopt similar practices. Together, we can create an ecosystem where sustainability is not just a value but a shared purpose.

As we look to the future, we are optimistic about the path we are forging. Our journey toward sustainability is one of progress and purpose, driven by the dedication of our teams and the trust of our stakeholders. The milestones we have achieved so far inspire us to aim higher and do more, knowing that every step we take brings us closer to a greener, more sustainable tomorrow.

We are proud to be at the forefront of environmental stewardship in the textile industry. Our commitment to sustainability is not just about meeting today's challenges—it is about creating a legacy of responsibility and resilience for future generations. By continuing to innovate, collaborate, and lead with purpose, we are confident that we can make a lasting impact on the environment and leave the world a better place for those who come after us.

Mr. S. K. Jhamb

Chief Sustainability Officer, Vardhman Textiles

Environmental Policy

Environmental Policy	EHS_POLICY.pdf
Board of Directors oversight	Yes

Environmental Management Systems (EMS)

EMS Verification	Coverage	Document/Certification link
ISO 14001 Standard	87% All operational manufacturing sites are ISO 14001 certified except for Vardhman Apparels & Renova plant. The Company is further looking to extend the coverage of ISO 14001 to the new unit Renova (Baddi) which will be completed in near future.	Certifications of Vardhman Group
Internal certification/audit/verification	13% Adhering to standards and operational excellence, both the Renova plant and Vardhman Apparels undergo routine audits conducted by a dedicated team from our Corporate Office in Ludhiana	

Environmental Violations

Parameter	FY 2021	FY 2022	FY 2023	FY 2024
Number of violations of legal obligations / regulations	Nil	Nil	Nil	Nil
Amount of fines/penalties	Nil	Nil	Nil	Nil

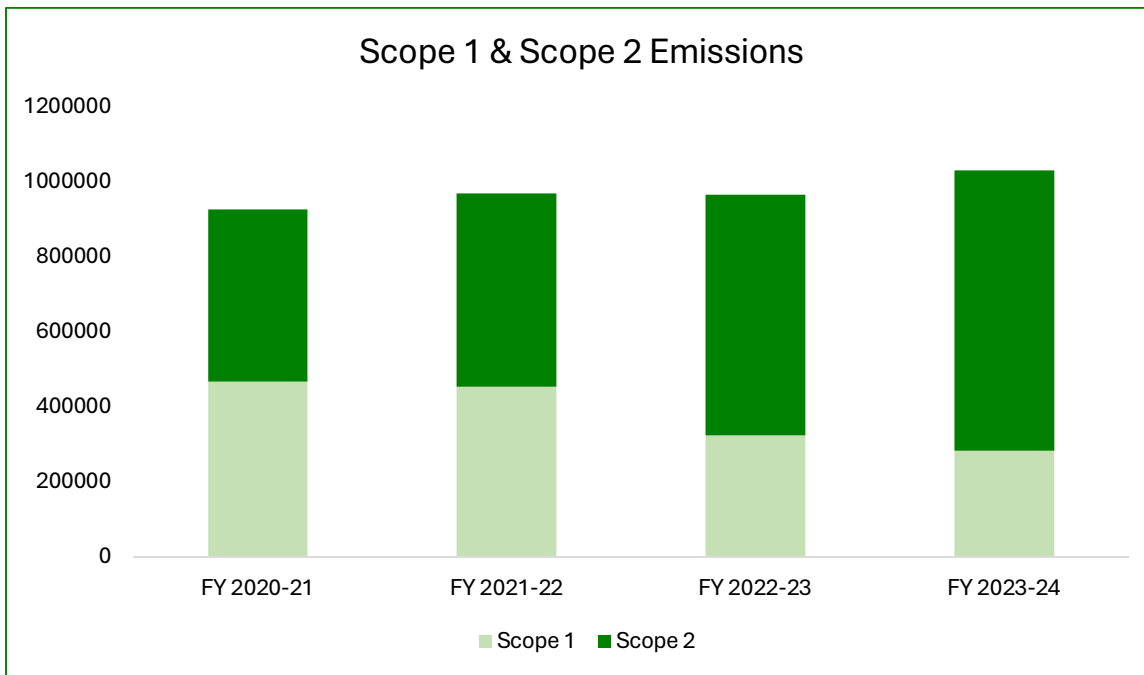
related to the above (in INR)				
Environmental liability accrued at year end (in INR)	Nil	Nil	Nil	Nil

Scope 1: GHG Emissions

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
Scope 1 emissions	MT CO ₂ e	4,66,319.7	4,53,445.3	3,23,221.7	2,82,820.1
Target for 2023-24			3,16,757 (2% reduction)		

Scope 2: GHG Emissions

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
Scope 2 emissions	MT CO ₂ e	4,60,288.3	5,14,439.4	6,42,468	7,46,819.6
Target for 2023-24			6,29,618.72 (2% reduction)		



Scope 3: 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 activities. We cover the following categories of Scope 3 emissions:

- Capital Goods
- Fuel- and Energy-Related Activities
- Upstream Transportation and Distribution
- Waste Generated in Operations
- Business Travel
- Employee Commute
- Downstream Transportation and Distribution

Managing these emissions is crucial for reducing our overall carbon footprint and achieving sustainability goals.

Parameter	Value (MT CO ₂ e) FY 2024
Scope-3 emissions - upstream & downstream (Mt of CO ₂ eq.)	5,51,187

Scope 3: GHG Emission Categories

Scope 3 Category	Emissions (MT Co ₂ e)	Emission calculation methodology and exclusions
Capital Goods	5,059	Spend Based
Fuel- and Energy-Related Activities	3,07,032	Quantity Based
Upstream Transportation and Distribution	37,004	Distance & Spend Based
Waste Generated in Operations	12,802	Quantity Based
Business Travel	228	Spend Based
Employee Commute	34,853	Distance Based
Downstream Transportation and Distribution	1,54,209	Distance Based

Emission Reduction Targets

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%	No

Vardhman Textile’s commitment to attain a 42% reduction in emissions by 2030 has been submitted for review to the Manufacturers Climate Action Program (MCAP). Reference link: [Manufacturer Climate Action Program - Cascale](#)

Energy Consumption

Total energy consumption	Unit	FY 2021	FY 2022	FY 2023	FY 2024	Target for FY 2024
Total non-renewable energy consumption	MWh	9,53,977	10,92,827	10,65,706	11,58,167	10,44,392 (2% reduction)
Total renewable energy consumption	MWh	14,522	21,622	23,021	28,914	27,625 (20% increase in RE)

Note for increase in non-renewable energy:

- Increased production output to meet higher market demand
- Expansion of manufacturing units and production capacity.
- Transition from coal-based boilers to grid energy-based boilers, leading to higher grid energy consumption.

Energy Management Programs

Quantified targets to address energy savings: We have set quantifiable goals for energy conservation across our operations. Nine of our units fall under the Perform, Achieve, and Trade (PAT) scheme, which is administered by the Bureau of Energy Efficiency under the Ministry of Power, Government of India. In alignment with the energy-saving targets established by the Bureau of Energy Efficiency, we are actively working towards meeting these objectives. Our approach includes the utilization of high-efficiency equipment such as transformers, motors, LED lighting, and harmonic filters, among others, to optimize our energy consumption and enhance our overall energy efficiency.

Actions to reduce the amount of energy use: We are replacing inefficient/defective equipment's while measuring actual energy consumption before or after installing the equipment's and calculating the energy savings accordingly. Following measures were taken:

1. **Upgrading transformers:** Replaced 6 units with IS-1180 Level 2 energy-efficient transformers. Measured actual energy consumption before and after installation. Calculated energy savings: approximately 458,000 kWh annually
2. **Transitioning to LED Lighting:** Swapped out about 12,139 traditional lighting fixtures with LED fixtures. Measured and calculated energy savings: 1.748 million units annually.
3. **Adopting BLDC Fan Technology:** Set to replace approximately 12,241 fans with BLDC technology. Anticipated energy savings: 18.99 million units annually.

For each of these actions, the actual energy consumption is measured before and after the installation of the new equipment to accurately calculate the energy savings.

Evaluation of progress in reducing energy consumption: Monitoring tools: Utilizing high-accuracy tools such as Power Analysers to monitor and evaluate the reduction in energy consumption. These tools help cross-check the energy savings against the projected figures.

Use of clean or green energy: We are actively pursuing the use of clean and renewable energy sources within our operations. Currently, we have implemented solar projects with a capacity of approximately 25-30 MWp, which are behind the meter project and for self-consumption.

Our initiatives for expanding green energy usage include the following:

- ✓ We plan to install solar projects totalling around 70 MWp across our units by the fiscal year 2025.
- ✓ An 11.5 MW hybrid power project, combining wind and solar energy, has been assessed and is in the process of being executed.
- ✓ We have evaluated the installation of a 28 MW biomass-based boiler with an accompanying turbine to generate green power.

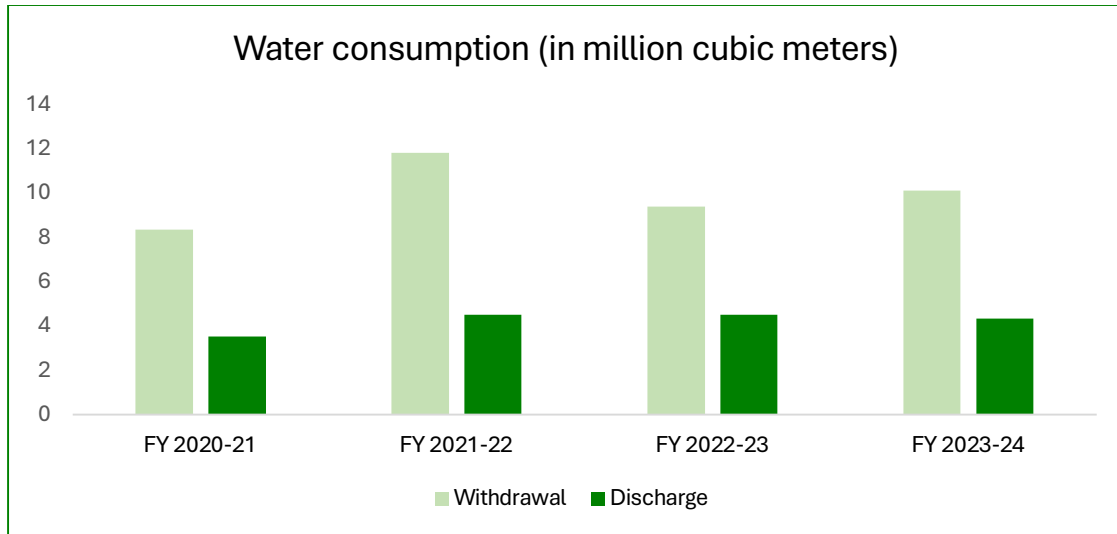
With these initiatives in place, we aim to achieve 40% green power generation within our group units, which will contribute to our total power consumption of 140 MWh, by the year 2026.



Picture: Solar Panels

Water Consumption

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
A. Water withdrawal (excluding saltwater)	Million cubic Meters	8.33	11.80	9.38	10.08
B. Water discharge (excluding saltwater)	Million cubic Meters	3.52	4.49	4.49	4.32
Total net freshwater consumption (A-B)	Million cubic Meters	4.81	7.31	4.88	5.76
Target for year 2023-24			Net Freshwater Consumption: 5.5 Million Cubic Meters		



Water Efficiency Management Programs

Vardhman's Commitment to Water Stewardship: Vardhman has instituted extensive water stewardship initiatives across its various facilities, emphasizing both the conservation of water resources and the advancement of water treatment processes. To effectively manage water consumption and reduce waste, the company has set up state-of-the-art Effluent Treatment Plants (ETPs) and Sewage Treatment Plants (STPs) at strategic locations. We have successfully implemented Zero Liquid Discharge (ZLD) systems at couple of our sites, ensuring that all treated water is recycled and reused, leaving no wastewater to be discharged into the environment.

Vardhman's dedication to sustainability transcends its own operations. As a committed corporate entity, we actively pursue partnerships with organizations that share our vision for a sustainable future. One such collaborative effort is the Women + Water Initiative, a project with GAP that focuses on empowering rural women by providing them with access to safe and sustainable water sources.

Moreover, Vardhman is a participant in Clean By Design, a program supported by GAP, PVH, and Target, which advocates for the adoption of best practices in ETP operations and the safe handling of chemicals. This program is a testament to Vardhman's pledge to meet international sustainability benchmarks and to continually enhance its water management strategies.

Our engagement in global sustainability programs is robust and diverse, including participation in the Inditex Care for Water Program (2022), the Carbon Leadership Program, and the CO2 Reduction Program with UNIQLO. Vardhman's collaboration with the CHEM-IQsm Program by VF Corporation further solidifies our resolve to ensure safe chemical practices and responsible water stewardship.

Water Use Assessment: Vardhman is proactive in seeking out opportunities to enhance water efficiency across its manufacturing units. We engage third-party auditors to conduct comprehensive water audits, providing an external perspective on our water usage and potential areas for improvement. Additionally, our internal teams conduct regular assessments to monitor water consumption patterns, pinpoint inefficiencies, and devise effective water conservation measures. This diligent and continuous approach to water management enables us to consistently refine our water efficiency practices and minimize waste, thereby supporting the sustainable use of this vital resource.

Actions to reduce water consumption: Vardhman operates three Effluent Treatment Plants (ETPs) at VSGM, VFB Budhni, and Baddi, boasting a cumulative treatment capacity of 15,000 KLD. During the fiscal year 2023-24, these facilities collectively processed 3.05 million KL of water, ensuring its proper treatment and subsequent reuse across various operational activities. Complementing our ETPs, we have nine Sewage Treatment Plants (STPs) strategically located to handle domestic wastewater, with a total treatment capacity of 5,195 KLD. In the same fiscal year, these STPs treated 0.93 million KL of wastewater, which was then repurposed for landscaping, sanitation, and construction activities, thereby reducing our dependency on fresh water sources.

Our commitment to Zero Liquid Discharge (ZLD) is showcased at two pivotal sites:

- The Budhni facility features a Reverse Osmosis (RO) system with an 8,400 KLD capacity, recycling 1,719,468.22 KL of water for process use in FY 2023-24.
- Our Baddi site operates a ZLD system with a 2,000 KLD effluent treatment capacity, incorporating bio-oxidation and RO-MEE processes to ensure water is reused in production.

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 serving landscaping needs.

Vardhman Fabrics has made strides in water reuse by adopting softening methods, allowing 72% of STP-treated water to be directly reintegrated into manufacturing, while the remaining 28% supports our green spaces. In FY 2023-24, Vardhman Fabrics recycled a total of 320,784 KL of treated water into its production cycle.

To maintain high standards of treated water, several units have been upgraded with Moving Bed Biofilm Reactor (MBBR) technology, enhancing water quality for diverse applications such as sanitation and landscaping.

Looking Ahead:

We are set to expand our ZLD capabilities with the planned installation of a 2,500 KLD system at the VSGM site. This advanced infrastructure will enable the full recycling and reuse of treated water in production, eliminating external wastewater discharge.

Furthermore, we aim to install a 13,000 KLD ZLD system at our Baddi facility. This will allow comprehensive on-site water treatment, ensuring all wastewater is recycled and reused, thus avoiding reliance on the Common Effluent Treatment Plant (CETP).

Actions to improve wastewater quality: Vardhman has implemented a Zero Liquid Discharge (ZLD) system to ensure that treated water is of sufficient quality for reuse in our production processes. We have also enhanced water quality across our units by upgrading to Moving Bed Biofilm Reactor (MBBR) technology, which improves the quality of treated water for various applications such as flushing, cleaning, and gardening. At our Baddi plant, a Homogenization System has been installed to even out the effluent load before it reaches the CETP tank. Additionally, the introduction of an Eco Coagulation System at our VSGM unit has led to a significant reduction in water pollutants, decreasing color by 80% and COD by 50-60%, while also achieving a 30-40% chemical reduction in water treatment.

Targets: We aim to achieve a 30% reduction in freshwater consumption by 2030.

Application of water recycling: Vardhman has integrated Reverse Osmosis (RO) systems at our Budhni and Baddi plants, with a collective capacity of over 10,400 KLD, to recycle water for production, reducing freshwater use. Additionally, our Sewage Treatment Plants (STPs) across various sites treat domestic wastewater for reuse in non-potable applications, conserving fresh water by repurposing 0.93 million KL in FY 2023-24.

Awareness training: Vardhman is committed to the effectiveness of our water efficiency initiatives and to this end, we regularly provide comprehensive training on water conservation to our employees. These educational sessions, orchestrated by the HR/IR Team at the unit level, aim to curtail water wastage and encourage judicious water use. Employees are instructed on the significance of conserving water and the measures Vardhman has adopted to enhance water efficiency. The training highlights actionable steps that employees can implement, including prompt leak reporting and integrating water-saving best practices into their daily routines.



Picture: ETP Plant

Packaging Materials

Commitment to packaging volume and Weight Reduction: Vardhman demonstrates a measurable group-wide commitment to reducing the volume and weight of packaging. Vardhman pledges to:

1. Achieve 100% sustainable packaging by the year 2030.
2. 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 pursuit to curtail the use of disposable packaging, we are committed to meticulously scrutinizing our business processes to identify and implement effective reuse of packaging materials. By reintroducing items such as plastic cones, separators, and poly bags into our internal supply chain, we maximize their lifespan before they reach the end of usability. Concurrently, we have already phased out the use of single-use plastic packaging from our operations. Our adherence to Extended Producer Responsibility (EPR) principles ensures that we not only refrain from using single-use plastics in our packaging processes but also take proactive measures to retrieve and recycle the packaging of our finished products.

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

- **Sourcing 100% Recycled Paper-Based Packaging:** We are committed to using paper-based packaging materials, such as cartons, separators, paper tubes, and paper cones, made entirely from 100% recycled content or agro-waste. This program significantly reduces our reliance on virgin materials and supports the circular economy.
- **Partnerships with FSC-Certified Suppliers:** We work closely with suppliers who hold FSC (Forest Stewardship Council) certification to ensure that the raw materials used in our paper-based packaging are responsibly sourced. This partnership strengthens our commitment to sustainability and promotes responsible forest management.
- **Research into Alternative Sustainable Materials:** We are actively exploring alternative, eco-friendly packaging materials such as biodegradable plastics (PLA), natural fiber-based packaging (e.g., hemp, jute, bamboo), offering even more sustainable options for our packaging needs.
- **For our polymer-based packaging, including HMLD bags, sheets, stretch wrap film, BOPP tape, and other related materials, we ensure that all procurement is done through EPR-certified vendors. This approach reflects our dedication to responsible waste management and supports our sustainability goals.**
- **We are on track to replace 20% of virgin plastic with recycled plastic by 2030. This initiative is part of our broader strategy to increase the use of recycled material as packaging solutions, thereby supporting the transition to a circular economy.**

- **Programs to increase the use of recyclable packaging and programs to ensure packaging is actually recycled:** We have achieved a plastic positive status by collecting and recycling 2083 MT of pre-consumer and post-consumer plastic waste, surpassing our targets and ensuring responsible waste management.

Allocation of R&D resources to sustainable packaging and alternative solutions: Shifting from High GSM to Lower GSM since 2014 onwards to reduce 38% Plastic Volume in HDPE. As part of our ongoing packaging innovation efforts, we are transitioning from 21-micron to 10-micron materials in our plastic packaging. This shift helps to reduce the overall consumption of plastic.

We are exploring innovative yarn packaging solutions that minimize environmental impact. Below are the key methods we are actively considering:

- **Recycled Plastics (PET):** We are exploring the use of recycled plastic films and wraps, made from post-consumer materials such as PET. This reduces the need for virgin plastic, lowers environmental impact, and supports the circular economy by giving waste a new life.
- **Biodegradable Plastics (PLA):** PLA, derived from renewable resources like cornstarch or sugarcane, is a biodegradable alternative to traditional plastics. It naturally decomposes in landfills or composting environments, making it a more sustainable choice for yarn packaging.
- **Natural Fiber-Based Packaging:** We are considering packaging made from natural fibers like hemp, jute, or bamboo. These materials are biodegradable, compostable, and renewable, providing a truly eco-friendly solution for yarn packaging.

By adopting these innovative solutions, we aim to reduce waste, promote recycling, and contribute to a greener future while meeting the needs of our customers

Programs to increase the use of reusable packaging

Packaging Material	Coverage	Total Weight (MT)	Recycled and / or certified material	Target FY 2024 (% of total weight)
Wood/Paper fiber packaging	100%	12,957	100%	100%

Plastic Packaging

Parameter	FY 2021	FY 2022	FY 2023	FY 2024	Target for FY 2024
Total weight of all plastic packaging	1,160	1,461	1,345	1,314	1,318 (2 % reduction)
% of recyclable plastic packaging (as a % of the total weight of all plastic packaging)	100%	100%	100%	100%	
% of recycled content within your plastic packaging (as a % of the total weight of all plastic packaging)	-	-	-	30-50% Recycle Content (0.33%)	
% of compostable plastic packaging (as a % of the total weight of all plastic packaging)	-	-	-	-	-
Coverage (as a % of cost of goods sold)	100%	100%	100%	100%	

Sustainable Raw Material Sourcing

Vardhman Textiles Limited boasts a comprehensive selection of specialized greige, dyed, and recycled sustainable yarns made from a variety of materials including cotton, polyester, acrylic, viscose, and specialized fibers, as well as blends. This wide-ranging portfolio enables Vardhman to meet diverse customer needs with a focus on traceability and alignment with both domestic and international customer preferences. Innovation is central to our operations, particularly in the area of sustainability, which is seen as the future of the textile industry. We have pioneered the production of recycled yarns in India, positioning itself at the forefront of sustainable textile

manufacturing. The company's in-house processes, from spinning to processing, ensure end-to-end traceability. For products like BCI Cotton, Vardhman offers traceability right back to the farm or gin, enhancing root cause analysis, operational efficiency, and quality control.

Our commitment to sustainable sourcing is demonstrated by the increase in sustainably sourced materials—from 16% sustainable cotton in FY22-23 to 31% in the current year, including materials with certifications such as Better Cotton, Organic, GOTS, FSC, and GRS. The company is also focused on increasing the procurement of cotton from vulnerable and marginalized communities as well as from rain-fed areas, thereby promoting sustainable sourcing practices that support social equity and environmental sustainability.

Furthermore, Vardhman is improving sustainable cotton farming practices by implementing drip irrigation systems in BCI projects to optimize water usage and enhance crop yields. The company is also advancing its polyester recycling initiatives by adopting cutting-edge textile-to-textile recycling technologies. These efforts underscore our dedication to a sustainable future for the textile industry while continuing to provide exceptional quality and value to its customers.

Plant & Animal-Derived Textile Materials

Textile Materials	Amount (Metric Tonnes)	Standard Name(s)	% of material that is certified
Cotton	Rs. 6,246.98 Cr (3,82,352 MT)	<ol style="list-style-type: none"> 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 	31%
Man-made cellulosic fibers (MMCF)	Rs. 458.66 Cr (23,271 MT)	<ol style="list-style-type: none"> 1. FSC (Viscose, Modal, Bamboo) 2. MODAL 3. Liva ECO (Viscose, Modal) 4. Other sustainable (circulose, Excel, Renewcel, Tencel, Refibra, modal zero carbon) 	20%

Plastic Raw Material

Plastic materials in products	Amount Used	% of the total amount of materials used that comes from recycled sources
Polyester & Acrylic	Rs. 502 Crore (43,942 MT)	14%

Waste Disposal

Parameter	Unit	FY 2021	FY 2022	FY 2023	FY 2024
Waste Disposal	MT	7,064	31,877	34,099	9,395
Recycling/Reused	MT	13,037	44,028	42,394	21,424
Incineration	MT	5,880	12,151	14,492	11,965
Landfill	MT	93	-	-	63
Other Disposal Operations	MT	-	-	-	-

Waste Management Programs

Waste Audits: Vardhman Textiles conducts monthly waste audits across all production facilities to track and analyse waste types and quantities. This process helps identify opportunities for waste reduction and recycling, ensuring compliance and efficiency.

Action Plans for Waste Reduction:

- 1. Salty Recovery:** At one of our Baddi unit locations, we aim to introduce cutting-edge Reverse Osmosis (RO) and Nanofiltration (NF) technologies for the treatment of dyeing wastewater. This initiative enables us to recover 100% of the salt used in dyeing applications, significantly reducing the volume of reject water and cutting down fresh salt consumption by 90% in our dyeing processes. By reusing water and salt, we are recycling valuable resources, lessening our environmental footprint, and enhancing operational efficiency.
- 2. Resource Efficiency:** Our Renovo facility is dedicated to sustainability, utilizing 100% pre-consumer textile waste for yarn production. We recycle materials such as clips, cotton hard waste, and weaving salvage waste, transforming them back into yarn. This recycling process not only reduces the water impact on our products but also results in a 50% lower Global Warming Potential (GWP) factor compared to virgin yarn. We are planning to double the capacity of the Renovo Plant from 6 TPD to 12 TPD, which will significantly increase our output of eco-friendly recycled yarn.

- 3. Hazardous Waste:** In our efforts to minimize our environmental impact, we are working towards utilizing 100% of the biological sludge from landfills as fuel for boilers and kilns at our Auro Textile and Vardhman Fabric sites. This initiative is aimed at reducing our carbon footprint. We are also transitioning towards salt-free dyeing by improving our Cold Patch Batch (CPB) production as an alternative to the traditional pad-dry-pad-steam methods. By optimizing CPB production, we aim to eliminate the need for salt in the dyeing process, thereby adopting more sustainable practices without compromising on colour quality and consistency. Furthermore, we are in the process of implementing a strategy to convert our ETP sludge into co-processed material in cement production through authorized third-party engagement. This approach will help us convert waste into energy and significantly reduce our reliance on landfills.

- 4. Waste Diversion and Landfill Reduction Efforts:** We have stepped up our recycling efforts, achieving higher recycling rates for paper, plastics, and metals, ensuring these materials are repurposed and diverted from landfills. Our reuse programs are designed to repurpose materials such as packaging, wood, and certain metals within our operations, thereby reducing the demand for new resources and minimizing waste generation.
 - **Plastic Positive Initiative:** We have achieved a plastic positive status by collecting and recycling 2083 MT of pre-consumer and post-consumer plastic waste, surpassing our targets and ensuring responsible waste management.

 - **Paper Recycling and Certification:** We are proud to report that approximately 100% of our paper is recycled. Our operations maintain a 100% recycling rate for all paper waste, further reinforcing our commitment to environmental stewardship.

Quantified Waste Reduction Targets: The company has set a target to achieve a 50% reduction in waste sent to landfill by 2030.

Innovation and R&D Investments: We have implemented sludge dryer technology at our Punjab and Baddi facilities to effectively tackle the issue of sludge produced by Effluent Treatment Plant (ETP) processes. Additionally, we have equipped our VSGM unit with an advanced E-Coagulation system, which has proven to significantly diminish the color value by 70-80%.

Employee Training: The company educates its staff on waste reducing behaviors, such as minimum paper usage, proper waste segregation, and efficient use of resources.

Integration of recycling programs:

Renova Recycling Plant Expansion: The Renova Recycling Plant stands at the forefront of textile recycling innovation. This state-of-the-art facility processes textile waste, including fabric clips, cotton hard waste, and weaving salvage waste, into new, high-quality fibers. Currently operating with a daily capacity of 6 TPD, the plant is a key driver in the production of sustainable recycled yarn, which is pivotal in revolutionizing the textile industry. Our approach not only mitigates waste but also embraces a circular economy in textile production, yielding positive outcomes for the environment and society.

Sludge Repurposing for Greenery: We have adopted a zero-waste policy for the sludge produced by our Sewage Treatment Plants (STP), repurposing it entirely for horticultural applications within operating sites. This initiative transforms what would be waste into a resource that enhances our green spaces, contributing to sustainable landscaping practices and significantly reducing the potential environmental burden of traditional disposal methods.

Fly Ash Utilization: The Budhni facility, which accounts for 80% of Vardhman’s total fly ash production, has made significant environmental progress by achieving a 100% repurposing rate for its fly ash, thus eliminating the need for landfill disposal. We collaborate with brick manufacturers who utilize this by-product, thereby supporting eco-friendly manufacturing and contributing to sustainable building practices.

Sustainable Plastic Management: In alignment with our Extended Producer Responsibility (EPR) commitments, we have achieved a significant accomplishment in sustainable packaging and plastic use. We ensure the collection and recycling of all finished product packaging, encompassing both post-consumer and pre-consumer materials. During the 2023-2024 period, we reached a landmark by recycling 100% of the plastic waste, totaling 2,083 metric tons. This initiative is a testament to our dedication to waste reduction and our active participation in fostering a circular economy.

Climate Governance

Indicator	Practice
Board oversight	ESG Committee
Frequency of climate-related issues on the board meeting agenda	Annual
Management responsibility	Executive level sustainability-specific committee

Climate-related management incentives

Entitled Position	Type of incentive	Incentivized KPIs
Chairman & Managing Director	Recognition	Emissions reduction Energy reduction Efficiency Purchasing Supply Chain Management
Other named Executives – Chief Sustainability Officer	Recognition	Purchasing Supply Chain Management Efficiency
Business Unit Managers – EHS Head, Energy Head, Sustainable Sourcing Heads	Recognition	Energy reduction Efficiency Purchasing Supply chain management Water Conservation Waste Reduction Occupational Health & Safety Sustainable sourcing of raw materials & other packaging items

The textile industry's reliance on fossil fuels for cotton manufacturing contributes significantly to greenhouse gas emissions, climate change and leading to economic and ecological disruptions. As climate risks like water scarcity impact production, stringent environmental regulations and consumer demand for sustainability are driving the need for industry adaptation. Transitioning to renewable energy and setting science-based targets for emission reductions can mitigate environmental impact and reduce operational costs. Innovating in low-carbon products and green energy initiatives positions companies as market leaders, attracting investors and creating new opportunities. Embracing these changes enhances brand value and ensures compliance with emerging climate-related regulations, securing long-term industry resilience.

Low Carbon Products

Type of product	Type & Description	Level of aggregation	% of total revenue*	Estimated total avoided emissions p.a. (t CO2e)
Low carbon product	Producing yarn from Virgin cotton and Recycled/Waste Cotton	Group of Products	2.5%	8120
Avoided emissions for third parties	Recycled Polyester	Products	1.8%	26,967

* % of total procurement

The above disclosed low carbon products are:

1. Renova- Sustainable Recycled Cotton Yarn: We have conducted a Lifecycle Assessment (LCA) of Renova, our recycled cotton yarn, to assess its environmental impact. The study revealed that **yarn produced from virgin cotton has 25 times more global warming potential** than yarn made from **recycled cotton**, demonstrating a significant reduction in carbon emissions. By **incorporating recycled cotton** into our production, we minimize textile waste, conserve water, and lower our reliance on virgin raw materials.
2. Recycled Polyester: 19% of the polyester we procure is recycled. Recycled polyester helps reduce dependency on fossil-fuel-based virgin polyester, lowers GHG emissions by avoiding 26, 967 MT Co2e / annum, and diverts plastic waste from landfills and oceans.

Net-Zero Commitment

Target time frame	Target scope & related emission reduction target (as % of base year emissions)
Base Year: 2024 Target Year: 2045	Target Scope: 1+2 Emission reduction target (as & of base year emissions): Net Zero by 2045

Scope 1 & 2 programs / activities to achieve the emission reduction targets:

- Current rooftop solar capacity is set to be expanded by 3 times by the end of 2025
- Add additional biomass-based capacity for steam and power generation as part of transition from coal to biomass
- Exploring possibility of finalizing a solar-wind hybrid Power Purchase Agreement (PPA) and a solar captive PPA over the next few years

- Electric vehicles (EVs) are being introduced for employee commutes as part of efforts to reduce reliance on diesel fuel and lower emissions.
- Planning a phased transition from LPG and propane to natural gas, aiming to reduce emissions and enhance sustainability

Biodiversity Risk Assessment

Biodiversity Risk Assessment Process	
References to methodologies or frameworks used for assessment	<p>IBAT Tool & TNFD Framework: Vardhman has utilized IBAT for assessing biodiversity risks at operational sites and aligned the process with the TNFD LEAP framework</p> <p>GRI 304 Standards for Biodiversity Risk: GRI 304-1 & GRI 304-2</p>
Dependency-related biodiversity risks considered in risk assessment	<p>Vardhman recognizes its dependency on biodiversity, particularly for sourcing raw materials, water, energy, and ecosystem services:</p> <p>Raw Materials Sourcing: Vardhman depends on cotton (Better Cotton, Organic Cotton, regen agri) and forest-based fibers, with a focus on sustainable sourcing. In FY 2024, approximately 31% of cotton and 29% of total raw materials were sustainably sourced, supporting biodiversity conservation in agricultural and forest areas.</p> <p>Packaging Materials: Vardhman procured 91% of packaging materials from sustainable sources, primarily using recycled paper.</p> <p>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.</p> <p>Ecosystem Services:</p> <ul style="list-style-type: none"> • Pollination: Vardhman’s raw materials, such as cotton, depend on pollinators like bees. • Soil Fertility: Biodiversity is crucial for soil health and sustainable agriculture.

	<ul style="list-style-type: none"> Climate Regulation: Forest ecosystems play a vital role in climate stability, impacting the availability of raw materials and reducing operational risks.
Impact-related biodiversity risks considered in risk assessment	<p>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. In FY 2024, 29% of their raw materials were sustainably sourced, adhering to CPCB, SPCB, and ZDHC standards. Initial assessments used desktop methods like IBAT for a baseline study within 50 km of their sites. A detailed assessment is planned for FY 2025-26, which will include field and desktop research, using tools like satellite imagery, IBAT, and the National Wildlife Database, with third-party certification.</p>
Scope of assessment	<p>Biodiversity risk assessment across all 13 operating sites, including adjacent core and buffer zones, and upstream activities.</p> <p>The goal is to establish a baseline for biodiversity and evaluate risks related to the company's operations and upstream activities</p>

Biodiversity Commitment

Biodiversity Policy	Biodiversity Protection & No Deforestation Policy – Biodiversity_Protection_and_No_Deforestation_Policy.pdf
Definition of biodiversity-related targets for priority areas to work towards no net loss	Committed to achieve Net Positive Impact(NPI) by 2050
Scope of commitment	Own operations, supply and value chain partners
Policy endorsed by	Board Chairperson of Board of Directors

No Deforestation Commitment

Policy	Biodiversity Protection & No Deforestation Policy – Biodiversity_Protection_and_No_Deforestation_Policy.pdf
Extent of policy/commitment	No Gross Deforestation by 2045
Scope of commitment	Own operations, supply and value chain partners
Policy endorsed by	Board Chairperson of Board of Directors



Picture: Plantation Drive



Picture: Sagrika Jain, Executive Director at Plantation Drive

Product Stewardship

Circular Fashion Commitment

Our textile company is dedicated to embracing circular fashion by integrating sustainability into the core of our business model. We commit to designing long-lasting, repairable, and recyclable garments, encouraging reuse, and minimizing material use to reduce textile waste and

environmental impact. We prioritize biodegradable materials and chemical safety to protect natural systems and human health, while also optimizing packaging to lessen waste. Through these actions, we aim to contribute to a resilient supply chain, promote responsible consumption, and support global efforts to mitigate climate change and resource depletion, leading the way towards a more sustainable fashion industry. Our circular fashion program includes group-wide commitments that are publicly disclosed, focusing on:

Implementing design strategies for cyclability: Vardhman is committed to integrating circular business models by focusing on recyclability, sustainable material choices, and innovative fabric design to extend product life cycles and reduce waste.

Circular Design & Recyclability: Vardhman prioritizes the development of products with inherent recyclability, even if current demand and infrastructure may not fully support it today. By increasing the use of mono-material compositions such as 100% cotton and 100% polyester, the company enhances the recyclability of its textiles, ensuring they can re-enter the material loop.

Use of Sustainable and Recycled Materials: Vardhman has implemented a design strategy that emphasizes the use of recycled polyester, 100% cotton, nylon, and Refibra, contributing to waste reduction, waste going to landfill and resource conservation. The company is also expanding its consumption of organic / sustainable cotton, further reinforcing its commitment to sustainable fiber sourcing. Currently, 31% of the total cotton procured and 29% of the total raw materials procured are from sustainable sources.

Product Innovation- We are developing innovative Stretch Fabrics for longevity. The innovative stretch fabrics will provide elasticity without traditional synthetic stretch filaments. By incorporating inherently stretchy fibers such as T400 and Sorona, enhances fabric durability and reduces the need for synthetic blends that hinder recyclability and reducing the environmental impact.

These initiatives demonstrate our proactive approach to circularity by improving recyclability at the design stage, integrating recycled materials, and innovating fabric compositions to enhance product lifespan and reduced environmental impact. This strategy not only aligns with global circular fashion goals but also positions the company as a forward-thinking leader in sustainable textiles.

Increasing the volume of used items collected: We are actively integrating circular business practices by incorporating recycled materials into its production processes, reducing reliance on virgin resources and minimizing textile waste.

We have adopted the use of recycled polyester and recycled cotton as primary inputs in its greige fabric production. By leveraging post-consumer recycled fibers and reutilizing

process waste and converting into fibres, we contribute to resource efficiency and waste reduction within the entire textile value chain. This initiative aligns with circular fashion principles by ensuring that textile materials are reintegrated into production rather than discarded, thereby reducing landfill waste and lowering the environmental footprint of new textile manufacturing.

Increasing the share of items made from recycled post-consumer textile fibers - Using recycled polyester in production: To support the transition towards a circular business model, we are prioritizing the use of recycled polyester sourced from both pre-consumer and post-consumer textile waste. As part of our broader strategy, we are strengthening partnerships with key suppliers to secure used textile fibers and are exploring innovative solutions for the use of post-consumer cotton fibers, such as recycled black fiber clippings as a valuable input for our production processes. This will not only help to enable a circularity in our business model and in our production processes but also contribute to reducing landfill waste, in line with the circular fashion principles. By adopting these circular practices, we aim to encourage sustainable fashion while aligning with global ambition for carbon reduction and responsible resource management.

Circular Fashion Programs

Program to reduce the temporality of collections: We are dedicated to transitioning towards a circular business model by implementing key programs that reduce environmental impact and extend the lifespan of products. One of our core initiatives focuses on reducing the temporality of collections, which includes developing high-performance fabrics with exceptional color retention, enhanced durability, and innovative fiber technologies. These efforts contribute to longer product lifecycles, reducing waste and minimizing the need for frequent replacements.

In a year, we dyed around 465,000 meters of fabric with exceptional color retention, making the fabric look more vibrant and ensuring long-lasting colors, along with an effective 'stay white' process. We have also developed 841,767 meters of fabric with superior physical protection and an extended lifespan. By utilizing innovative fiber technologies and cutting-edge solutions like Power Cotton, abrasion enhancers, and advanced fabric construction techniques to achieve optimal performance, we are not only enhancing the quality of our products but also encouraging circular fashion principles. These innovations align with our goal to support sustainable practices while ensuring the longevity and value of our products.

Program to reduce, recycle or reuse unsold goods to avoid their destruction: We are fully committed to the responsible management of unsold goods, aligning with circular fashion principles to minimize waste sent to landfills. Our program prioritizes reducing, recycling, and reusing unsold inventory to ensure these items are effectively repurposed.

By producing durable, high-quality textiles, we help reduce landfill waste and support a more sustainable business model.

Program to educate customers on how to use their products more sustainably and make them last longer: We are committed to educating our customers on sustainable product use and longevity. As a B2B company, we provide detailed wash care instructions to our customers, enabling them to maintain garment quality. These guidelines are then shared with end consumers (B2C) along with the products. By promoting best practices for washing, drying, and storing textiles, we help extend product lifespan, reduce frequent replacements, and minimize environmental impact, including waste sent to landfills

Program for consumers to repair their purchased products: This is not applicable to Vardhman textiles, as we operate in a B2B model and do not sell directly to end consumers. However, we support and enable circularity by providing high-quality, durable textiles that contribute to longer product lifespans in the consumer use phase.

Program to reduce shedding of plastic microfibers: We are actively addressing the shedding of plastic microfibers by transitioning to long filament inputs for woven and processed fabrics. This reduces microfiber shedding during manufacturing and post-consumer use, mitigating environmental impact. By enhancing fabric durability and structure, we minimize wear and tear, thereby limiting microfiber release into the environment during the use phase also.

Allocation of R&D resources towards circular fashion and/or cross-industry collaborations:

Our R&D efforts are dedicated to advancing circular fashion principles and fostering cross-industry collaborations. Key initiatives include:

1. **Innovative Dyeing Technologies:** Implementing single-bath dyeing processes for select customers to reduce water and chemical usage. We are also exploring advanced technologies like supercritical CO₂ dyeing, a waterless alternative.
2. **Sustainable Partnerships:** Collaborating with brands on 'Care for Water' projects to enhance water conservation and efficient water management across the textile value chain.
3. **Clean by Design Programs:** Engaging in 'Clean by Design' initiatives with various brands, focusing on chemical management, water efficiency, and wastewater treatment to minimize environmental impact.

These initiatives demonstrate our commitment to circular fashion and continuous improvement in sustainable production practices.

Circular Fashion Indicators

Particulars	FY 2024
Total weight of recycled post-consumer textile fibers included in new products (tonnes)	1658
Total weight of items produced (tonnes)	1658
Total weight of items sold (tonnes)	1658

Hazardous Substances Commitment

Indicator	Details
Description of commitment	100% ZHDC MRSL Compliance
Target Year	2030
Progress achieved towards target	As of the latest assessment, we have achieved 97% compliance, demonstrating significant progress toward the full phase-out of hazardous substances. We are committed to achieving 100% ZDHC MRSL compliance by 2030

Vardhman is steadfast in its dedication to sustainability and environmental responsibility, particularly within the dyeing and textile sectors where chemical usage is extensive. Embracing green chemistry practices, we aim to improve the sustainability of our production processes and lessen the environmental footprint of textile manufacturing. Our commitment to sustainable chemical management involves selecting chemicals that are both eco-friendly and safe for human health. We uphold strict standards and certifications, including compliance with the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL) and the Restricted Substances List (RSL), demonstrating our pledge to responsible chemical use in our operations.

Life Cycle Assessment

Vardhman Textiles, committed to environmental sustainability, has conducted a Life Cycle Assessment (LCA) to understand the environmental and climate change impacts of producing yarn from Virgin cotton vs. Waste cotton. This study carried out following the ISO 14040 & ISO 14044:2006 standards, compares the environmental impact across various life cycle stages. In FY 2023-24, we reutilized 884 MT of waste cotton in yarn production.

LCA Objective: The main goal of this LCA is to evaluate the potential environmental impacts of producing yarn from Virgin cotton and Recycled/Waste cotton at Vardhman Textiles' Auro Spinning Mill and ReNova plant, which account for 2.5% of product coverage. Specific objectives include:

- Assessing environmental and climate change impacts of yarn produced from Virgin cotton vs. Waste cotton.
- Promoting sustainable products in national and international markets.
- Reducing greenhouse gas emissions while expanding in the global market.
- Identifying potential environmental impacts and implementing mitigation measures.
- Informing decision-making, design improvements, and strategic planning.
- Using the LCA results as a marketing tool to highlight the eco-friendly nature of products made from recycled materials.

Approach and Methodology: The methodology involved reviewing existing LCA studies on cotton cultivation and recycled cotton, gathering primary data from Vardhman Textiles, and analyzing the processes. A suitable environmental LCA method was developed in accordance with ISO 14040 and ISO 14044 standards. Where primary data was unavailable, secondary data from reputable sources, including government websites, was used.

System Boundary: The study adopts a cradle-to-gate approach, comparing environmental impacts of virgin cotton yarns and recycled cotton yarns. The initial fiber production processes differ for the two materials, with virgin cotton having a more resource-intensive production phase.

Outcome:

- **Global Warming Potential:** Yarn produced from Virgin cotton has 25 times more global warming potential than yarn from recycled cotton.
- **Water Usage:** Water usage for Virgin cotton is 352 times greater than for recycled cotton.
- **Other Environmental Impacts:** Eutrophication and acidification are significantly higher for Virgin cotton, while the impact from recycled cotton is negligible.

Simplified LCA: To assess and improve the environmental impact of our products, we have utilized simplified Life Cycle Assessments (LCAs) conducted by our suppliers for the following raw materials consumed, which now include 29% of our raw and packaging materials. These LCAs offer a screening-level evaluation, allowing us to focus on key environmental aspects of raw materials and make an informed product design strategy. Based on the LCA results, we have incorporated the following sustainable materials into our production:

- Recycled Polyester
- Recycled Cellulosic
- Organic and OCS
- GRS and RCS
- Regenagri
- FSC-Claimed Cellulose

These materials reflect our commitment to reducing environmental & social impact across the entire product lifecycle, from sourcing to production. The LCA conducted by our suppliers

focused on identifying the most significant environmental & social impacts, with the simplified approach ensuring we could assess them efficiently while prioritizing data reliability. By utilizing these findings, we continue to integrate more sustainable materials and processes into our products.

Impacts covered by our life cycle assessment:

Resource Use:

- Abiotic depletion (fossil fuels)
- Land Use
- Water depletion

Ecological Consequences:

- Acidification
- Dust & Particulate Matter
- Eutrophication
- Global warming
- Ecotoxicity
- Ozone Depletion

Human Health:

- Human Toxicity

Resource Efficiency

% of Total Products providing resource efficiency benefits during their use phase	Description of benefits
22.46%	<p>We offer a diverse portfolio of products designed to enhance resource efficiency and sustainability in the textile industry. Our innovations focus on reducing water and energy usage, minimizing waste generation, and extending product durability. Here's a summary of our eco-friendly offerings:</p> <ul style="list-style-type: none"> ➤ Moisture Management (MM) Finish – This finish optimizes wearer comfort by effectively wicking away moisture, thus reducing the need for frequent laundering and conserving water and energy. It also curtails odor and bacterial growth. Production Share: ~2.03%.

- C0 Water-Repellent Finish – Fabrics with this finish require fewer washes due to their ability to repel liquids and stains, prolonging the product's life and conserving resources. It's also non-toxic, safeguarding the health of human, environmental & marine ecosystem. Production Share: ~1.03%.
- Resin Finish – Provides a durable press effect, reducing the need for additional washing and ironing. This results in lower energy consumption, reduced water usage, and an extended product life cycle, with no toxic impact on human health. Production Contribution of Resin Finish Product ~ 0.13% of total production
- Soil and Stain-Resistant Finish – Minimizes washing frequency by preventing deep stains, leading to reduced water and detergent usage over the product's lifetime. Production Contribution of Soil and Stain-Resistant Finish - 2.28% of total production
- Recycled Polyester – Manufactured from post-consumer polyester waste, eliminating the need for virgin petrochemical-based polyester. This significantly reduces fossil fuel dependency, energy consumption, and overall environmental impact. Production Contribution of Recycled Polyester – 3.33 % of total production
- Recycled Cellulose Fibers – Made from pre- and post-consumer textile waste, supporting circularity by diverting waste from landfills and reducing the demand for virgin raw materials. Production Contribution of Recycled Polyester – 0.42 % of total production
- Regenerative Agriculture (Regenagri) Fibers – Derived from regenerative farming practices that enhance soil health, increase biodiversity, and improve carbon sequestration. These fibres contribute to biodegradability and promote circularity. Production Contribution of Recycled Polyester – 0.31 % of total production
- Organic Cellulose Fibers – Organic cellulose refers to cellulose that is derived from plant-based sources

and produced without the use of synthetic chemicals or genetically modified organisms (GMOs), ensuring reduced chemical runoff and promoting biodegradability and circularity. Production Contribution of Recycled Polyester – 12.86 % of total production

- FSC-Certified Fibers – It refers to cellulose that comes from forests that are managed responsibly according to the standards of the Forest Stewardship Council (FSC), ensuring sustainable forestry practices that protect biodiversity, enhance carbon sequestration, and support circularity.
- Production Contribution of Recycled Polyester – 0.07 % of total production
- Our commitment to sustainable practices and enable circularity is evident in the integration of these innovations, significantly improving the environmental performance of our products compared to mainstream textile industry standards.

“ Social

Vardhman prioritizes the well-being of its workforce and the communities in which it operates. The company invests in training programs that foster holistic development and create inspiring work conditions. Additionally, Vardhman actively engages in community empowerment initiatives, focusing on education, healthcare, and sustainable livelihoods, particularly for marginalized groups.

Key Focus Areas



Diversity

Share of women in managerial position - 20% by 2030



Diversity

Share of women in total workforce -45% by 2030



Safety

Zero fatalities



Safety

Reduce LTIFR's & First aid incidents by at least 25% YOY basis



Safety

Zero Occupational Disease

Our Social Vision:

- *We consider our employees as our most valued asset, integral to achieving our goals and realizing our vision.*
- *Through numerous initiatives, we have fostered a strong, symbiotic relationship with our host communities, built on trust, respect and mutual benefit.*

Message from our Managing Director

“

At Vardhman Textiles, we consider our employees as our most valued asset, integral to achieving our goals and realizing our vision.

They are the fundamental pillars of our growth, contributing their talent, skills, attributes and knowledge to shape our future. Their dedication and expertise are reflected in the quality of our products and services.

Employee well-being is a cornerstone of our philosophy. We have implemented comprehensive programs aimed at enhancing physical, mental, and emotional health. From regular health check-ups and fitness challenges to yoga and meditation sessions, our initiatives ensure that employees feel supported and cared for. These programs are designed not just to promote wellness but also to create a work environment that fosters resilience and productivity.



Mr. Vikas Kumar

Learning and development remain central to our employee engagement strategy. At Vardhman, we are committed to equipping our workforce with the skills and knowledge required to excel in a constantly evolving industry. Our structured **skill development programs** focus on functional, technical, and behavioral training, enabling employees to remain competitive and adaptive. Furthermore, we offer **Leadership Development Programs (LDPs)** tailored for emerging and senior leaders, providing them with the tools to lead effectively and inspire their teams. Through coaching, mentoring, and specialized training sessions, we cultivate a pipeline of leaders who are prepared to take on future challenges.

Inclusivity and diversity are deeply embedded in our organizational culture. At Vardhman, we strive to create an equitable workplace where every individual feels empowered to contribute and succeed. With women comprising **33.79% of our workforce**, we are committed to fostering gender representation and equity at all levels. Our robust workplace policies, including a zero-tolerance stance on harassment and proactive measures led by our **Sexual Harassment Committee**, ensure a safe and inclusive work environment for all. These measures not only

reflect our commitment to diversity but also reinforce our belief that an inclusive workplace drives innovation and collaboration.

To ensure a seamless onboarding experience for new employees, we have implemented **Buddy Programs** that pair experienced colleagues with new joiners. This initiative helps integrate new team members into the organization, fostering a sense of belonging and camaraderie from the very beginning. Additionally, our **Assessment and Development Centres** are designed to identify high-potential employees and prepare them for leadership roles. By focusing on individual strengths and development areas, we enable employees to grow within the organization and take on responsibilities that align with their aspirations.

Internal mobility is another key focus area, empowering employees to explore diverse career opportunities within the organization. Through cross-functional movements and internal job postings, we encourage professional growth and development, fostering a culture of adaptability and innovation. This approach not only motivates our employees but also strengthens our organizational capabilities by leveraging diverse skill sets across functions.

Our commitment to employee engagement extends beyond structured programs. Regular feedback mechanisms and open communication channels ensure that employees' voices are heard, enabling us to continuously improve and adapt to their needs. By fostering a culture of transparency and mutual respect, we create an environment where individuals feel valued and motivated to contribute their best.

As we look to the future, we remain steadfast in our mission to empower our people and create a workplace where every individual has the opportunity to thrive. By prioritizing well-being, inclusivity, and development, we are building a resilient workforce that is equipped to navigate the challenges of tomorrow. At Vardhman, we recognize that our people are our greatest strength, and their success is the foundation of our organization's growth and sustainability.

Mr. Vikas Kumar

Managing Director, Vardhman Textiles

Workforce Breakdown: Gender

Diversity Indicator	Percentage Share
Share of women in total workforce	34%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	11%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	12%
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)	2%
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.)	46%
Share of women in STEM-related positions (as % of total STEM positions)	12%
Target	
Share of women in managerial position	20% by 2030
Share of women in total workforce	45% by 2030

Details	Overall	Junior Management	Middle Management	Top Management
Male	16,506	2,896	417	111
Female	8,423	397	22	2
FTEs	24,929	3,293	439	113
% of Female Workforce	33.79	12%	5%	2%

(continued in table below)

Details	Workers	Revenue Generating	STEM
Male	13,082	8,995	2,349
Female	8,002	7,573	308
FTEs	21,084	16,568	2,657
% of Female Workforce	38%	46%	12%

Workforce Breakdown: Nationality

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



Picture: Employee Group Photo on World Environment Day

Living Wage

In 94% of our units all the permanent employees & workers of Vardhman Textiles Ltd. are being paid more than the minimum wage, whereas all the Non-Permanent employees & workers (contractual workers) are being paid equal to the minimum wages.

Gender Pay Gap

Level (all figures per hr in INR)	Male	Female
Executive level	5,394	5,132
Management level	681	599
Non-management level	150	145
Overall	259	203

Gender Pay Indicators

Indicator	Difference between Women and men employees (%)
Mean gender pay gap	-27%
Median gender pay gap	+9%

Pay gap analysis: The contrasting figures between the mean and median gender pay gaps are reflective of the structural dynamics within the textile industry and our organization. While the mean pay gap favors men due to their greater presence in plant-level management roles, the

median pay gap favors women, highlighting their prominence in higher-paying executive and top management positions.

Freedom of Association

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

Human Rights Due Diligence

Indicator	Details
Human rights due diligence process	<p>At Vardhman, we are committed to honouring the human rights of all individuals associated with our business. Our Human Rights Policy, along with our due diligence processes, covers a wide range of stakeholders including employees, workers, trainees, apprentices, contract labour, support staff, contract employees, interns, fixed-term employees, and retainers.</p> <p>Our policies on Human Rights, Non-Discrimination, Anti-Harassment and Supplier Code of Conduct demonstrate our dedication to identifying and addressing concerns related to child labour, forced labour, human trafficking, harassment, and discrimination throughout our operations and supply chain. We take proactive steps to develop strategies to mitigate these issues. As an equal opportunity employer, we ensure that all employment decisions, including hiring, compensation, promotions, and career advancement, are based on performance, education, and experience, without regard to race, religion, caste, gender, sexual orientation, or disability.</p> <p>To safeguard human rights, we have established a comprehensive system for due diligence, ongoing monitoring, and grievance resolution, which includes:</p> <ul style="list-style-type: none"> ➤ Internal policies and procedures designed to detect and evaluate any actual or potential non-compliance with Human Rights standards, with appropriate actions taken when necessary. ➤ Channels such as the Whistle-blower policy, Prevention of Sexual Harassment (POSH) policy, and Code of Conduct, which provide a platform for stakeholders to voice any human rights concerns or complaints. We ensure that these grievances are addressed swiftly and effectively.

	<ul style="list-style-type: none"> ➤ A dedicated grievance redressal committee within our manufacturing units that deals with all related issues accordingly. ➤ The implementation of Standing Orders that outline the grievance redressal mechanisms at Vardhman Textiles, with clear definitions of related terms. ➤ The establishment of various committees, including internal committees, work committees, POSH Committees, and Grievance Committees, as well as the Standing Order Grievance Redressal System, which are operational at both the corporate and unit levels to manage grievances effectively. <p>Through these initiatives, we are dedicated to upholding the highest ethical standards and protecting human rights throughout our entire value chain.</p>
Review of risk mapping	We do a systematic periodic review of the risk mapping of potential issues
Coverage for risk identification	<p>Our process covers the following:</p> <ul style="list-style-type: none"> ➤ 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	<ul style="list-style-type: none"> ➤ Forced Labour ➤ Child Labour ➤ Human trafficking ➤ Discrimination ➤ Equal remuneration
Groups at risk of human rights issues covered/identified	<ul style="list-style-type: none"> ➤ Own employees ➤ Women ➤ Children ➤ Indigenous People ➤ Migrant workers ➤ Third-party employee ➤ Local Communities

Human Rights Assessment

During the fiscal year 2023-24, our company conducted a comprehensive human rights assessment across all plants and offices. This evaluation scrutinized various human rights criteria, including child labor, forced or involuntary labor, sexual harassment, human trafficking, workplace discrimination, collective bargaining, and fair wages. The assessment was inclusive,

considering all employees, contractual workers, women, the local community, migrant workers, and other relevant groups. The findings of this assessment indicated no significant human rights risks, thereby eliminating the need for remediation actions or alterations to business processes.

Human Rights Mitigation & Remediation

Indicator	Details
<p>Processes implemented to mitigate human rights risks</p>	<p>The Company has implemented a comprehensive human rights due diligence process to proactively identify, assess, and mitigate any human rights risks. This process includes:</p> <ul style="list-style-type: none"> • Rigorous internal policies and procedures that are in place to detect and address any actual or potential non-compliance with human rights standards. When necessary, we take appropriate remedial actions to correct these issues. • Accessible reporting channels, such as the Whistle-blower policy, Prevention of Sexual Harassment (POSH) policy, and Code of Conduct, are established to empower stakeholders to report any human rights concerns. We prioritize the prompt and effective resolution of any grievances reported through these channels. • A specialized grievance redressal committee operates within our manufacturing units to ensure all human rights-related issues are managed and resolved appropriately. <p>In addition to these measures, we are committed to fostering a safe and informed workplace environment by conducting regular training sessions and awareness programs on human rights for our employees. We also 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.</p>
<p>Remediation actions taken</p>	<p>For the FY 2023-24, we are pleased to report that there were no recorded complaints concerning sexual harassment, workplace discrimination, child labor, forced or involuntary labor, or other human rights violations.</p>

Training and Development Inputs

Indicator	Details
Average hours per FTE of training and development	10.48 hours
Average amount spent per FTE on training and development	Rs. 883

Parameters		Avg. Training Hours	Avg. Cost per FTE
Gender	Female	9.35	-
	Male	9.3	-
Level	Worker	9	372
	Junior Management	10.3	560
	Middle Management	10.4	1,744
	Top Management	11.9	64,736
Type of training	Health & Safety	1.5	-
	Skill Upgradation	8.98	4,247
Total		10.48	882.87

- Total training hours (FY 23-24): 2,61,150 hours
- Investment in Training & Development (FY23-24): ₹2,20,26,631

Employee Development Programs

Details	Program 1	Program 2
Name & Description of the program	<p>Assessment & Development Centre (ADC): Vardhman is committed to nurturing its workforce and aims to align individual growth aspirations with tailored career pathways. The company has been successfully conducting its hallmark program, known as "MLP (Management Leadership Plus)," now rebranded as "V-CORE (Vardhman Competency Readiness Program)" and "ACE (Assessment for Career Enhancement)" for over ten years. Through a comprehensive suite of evaluation tools—including</p>	<p>Behaviour-Based Safety (BBS): It represents a proactive approach to enhancing the safety culture within our organization. This workshop encompasses several key components:</p> <p>Understanding the BBS Concept: Participants will gain a comprehensive understanding of the Behaviour-Based Safety process, which emphasizes the importance of individual and group behaviour in preventing accidents and promoting a safer workplace.</p>

	<p>aptitude and domain knowledge tests, psychometric assessments, collaborative tasks, group discussions, behavioral interviews, and role-playing scenarios—we measure both behavioral and functional competencies. Each assessment is overseen by a pair of panelists, one of whom is a specialist in the relevant subject matter.</p> <p>These activities are crafted to mirror the complexities of the professional environment, enabling us to spot those who are poised to thrive in these pivotal roles.</p> <p>By identifying personal strengths and areas for growth, we guide participants toward crafting a career path that is in harmony with the company's objectives.</p> <p>Individuals who successfully complete the assessment are promoted to the next level, while those who do not are provided with a year-long educational program to support their development and prepare them for re-evaluation the following year.</p>	<p>ABC Model of Behaviour: The Antecedent-Behaviour-Consequence (ABC) model is a cornerstone of BBS. It teaches that behaviour is influenced by what comes before it (antecedents) and the consequences that follow. Understanding this model helps in identifying and modifying workplace conditions that could lead to unsafe behaviours.</p> <p>Spot Correction of At-Risk Behaviours: The program trains employees to identify at-risk behaviours in real-time and to take immediate corrective action. This empowers employees to address potential safety issues promptly, reducing the likelihood of accidents.</p> <p>Measurement of Safe and Unsafe Behaviours: A key element of BBS is the ability to measure and track behaviours. This involves observing and recording safe and unsafe behaviours to identify trends, understand their impact, and develop strategies for improvement.</p> <p>By delving into these aspects, the workshop aims to instil a safety-first mindset among employees, encouraging proactive behaviours that contribute to a safer working environment for everyone.</p>
<p>Description of program objective/business benefits</p>	<p>Unbiased Talent Recognition: The program employs comprehensive assessments to objectively highlight each individual's competencies and</p>	<p>Behavioural Transformation: The ROKO TOKO Movement is a strategic initiative that focuses on transforming unsafe behaviours into safe practices, ensuring a</p>

	<p>pinpoint areas for development.</p> <p>Increased Employee Motivation: The initiative reflects the company's dedication to fostering employee growth and progression, boosting engagement.</p> <p>Optimal Job Alignment: By aligning employees' skills with job requirements, the program ensures individuals are well-suited to their roles.</p> <p>Enhanced Organizational Strength: Addressing skill gaps through the Assessment and Development Centres (ADCs) bolsters the company's overall performance.</p> <p>Leadership Development: The program is instrumental in spotting and nurturing employees with high potential for key positions, securing a robust leadership reserve.</p> <p>Promotion of a Progressive Culture: It promotes a workplace ethos of perpetual self-enhancement by offering constructive feedback for continuous personal and professional growth.</p>	<p>safer work environment.</p> <p>Enhanced Observation Skills: Employees will develop sharper skills for observing unsafe behaviours, which is crucial for early detection and prevention of potential safety incidents.</p> <p>Comprehensive Safety Mindset: The aim is to cultivate a 'Safety 360' mindset that extends beyond the workplace, encouraging employees to prioritize safety in every aspect of their lives.</p> <p>Leadership Commitment to Safety: There is a strong emphasis on leadership involvement and dedication to safety, which is essential for setting the tone and expectations for the entire organization.</p> <p>Empathy and Inclusivity: By promoting empathy among all stakeholders, from the top levels of management down, the programs aim to create a more inclusive and supportive work culture that values the well-being of every individual.</p> <p>Leadership and Managerial Engagement: The Engagement & Motivation Program is designed to boost the performance of the leadership team and frontline managers by fostering their ability to effectively lead and motivate teams on the shop floor.</p>
<p>Quantitative impact</p>	<p>Of the employees who engaged in the ACE program, 46.55% achieved promotion to the officer level.</p>	

% of FTEs participating in the program	28%	30.68%
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Human Capital Return on Investment

Indicator	FY 2021	FY 2022	FY 2023	FY 2024
a) Total Revenue Currency: INR	57,87,63,91,554	93,86,10,14,119	98,40,79,26,016	92,98,67,88,826
b) Total Operating Expenses Currency: INR	44,98,53,25,635	64,10,03,41,979	78,05,76,22,986	75,19,68,08,348
c) Total employee-related expenses (salaries + benefits) Currency: INR	5,49,86,99,540	7,13,92,75,717	7,49,96,22,760	8,20,60,51,708
Resulting HC ROI [a- (b-c)]/ c	3.344384491	5.168584226	3.713510223	3.167909868
Total Employees	20,916	27,599	28,283	24,929

Hiring

Indicator	FY 2021	FY 2022	FY 2023	FY 2024
Total number of new employee hires	7,005	9,762	8,819	8,684
Average hiring cost/FTE (INR)	3,810	3,104	2,993	3,756

Total number of new employee hires in FY 2023-24	8,684
Breakdown by Gender	
Total number of new employees hired (male)	4,339

Total number of new employees hired (female)	4,345
Breakdown by Age	
< 30 years	7,552
30 to 50 years	1,110
> 50 years	22

Performance Appraisal

At Vardhman Textiles, the Performance Management System (PMS) is a crucial component of employee appraisal, conducted manually on an annual basis. The process for staff and those below involves managers completing annual appraisal forms, followed by structured performance dialogues with the employee, their manager, and the Head of Department (HOD). After these discussions, employees receive formal feedback and a development plan. The HR department then calibrates the ratings and finalizes the PMS reports, which are submitted to the HR Council and the Chairman's Office. Based on these reports, the Chairman announces increments.

For officers and above, the appraisal process starts with self-assessment by the employees, who document their achievements and challenges. Their immediate reporting managers then assess these appraisals, with a subsequent review by a higher-level manager or department head. This is followed by structured performance dialogues and formal feedback, including a comprehensive development plan. The HR department finalizes the PMS reports after calibration. The Chairman announces grid-based increments and slab-wise salary corrections based on the finalized reports.

Vardhman Textiles is in the process of transitioning to a more advanced, system-based PMS using SAP SuccessFactors. This new online Annual Management by Objectives (MbO) process will be piloted across four units and includes online self-assessments by employees, performance dialogues with managers, and a calibration process by HR. The Chairman will then announce increments based on the finalized reports. This system aims to improve operational efficiency, enhance objectivity and transparency in evaluations, facilitate succession planning, and streamline the tracking of training and development needs. The shift represents a significant step towards fostering a culture of accountability, continuous learning, and growth within the company.

Employee Support Programs

Employee support programs	Details
<p>Workplace stress management</p>	<p>Comprehensive Wellness 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.</p> <p>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.</p> <p>Behavior-Based Safety (BBS) Programs: Our BBS programs are implemented at a group level, with a strong emphasis on leadership commitment and alignment from top management. These programs are introduced with a top-down methodology, actively involving employees at every level to integrate safety as a fundamental organizational principle. By treating BBS as a collective and almost "religious" pursuit, we cultivate a culture that prioritizes safety, promoting consistent safe practices and proactive behaviors. This strategic focus underscores the significance of safety in everyday operations and nurtures a shared dedication to fostering a secure work environment.</p>
<p>Sports and health initiatives</p>	<p>We are committed to cultivating an energetic and health-conscious workplace culture. A variety of indoor sports such as badminton, chess, and carom are organized to motivate employees to remain physically active and partake in amicable competition. Outdoor sports events, like the Vardhman Cricket League, are held under the motto "Fit Rahenge to Hit Rahenge," encouraging teamwork, strategic thinking, and enhanced communication among team members.</p>

Flexible working hours	Acknowledging the varied needs of our workforce, we have implemented several initiatives to provide flexibility in working hours: <ul style="list-style-type: none"> ➤ 15-Minute Relaxation Window: Employees can utilize a 15-minute grace period, up to three times a month, to manage unexpected situations. ➤ Short Leave Policy: Employees are entitled to two short leaves of up to two hours each per month, which do not affect their leave balance.
Working 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.
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.
Breast-feeding/lactation facilities or benefits	We provide a dedicated area for breastfeeding, complete with comfortable seating, privacy screens, and essential amenities. For new mothers living close by, we facilitate home visits during lunch breaks to care for their infants, ensuring a smooth integration of professional and caregiving roles.
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 milestones.

Employee turnover rate

Particular	FY 2021	FY 2022	FY 2023	FY 2024
Permanent Employees				
Total Turnover Rate	11.16	14.14	17.55	21.22
Voluntary Turnover Rate	9.81	12.97	17.36	18.8
Permanent Workers				
Total Turnover Rate	27	43.16	33.65	40
Voluntary Turnover Rate	8.92	7.02	8.2	7.43

Parameters		Total employee turnover rate			
		FY 2021	FY 2022	FY 2023	FY 2024
Employees		11.16	14.14	17.55	21.22
Age	< 30 years	19.09	24.08	34.38	32.67
	30 to 50 years	9.13	11.59	14.03	15.66
	> 50 years	11.87	7.01	12.09	11.54
Gender	Female	16.62	13.01	16.9	24.57
	Male	10.62	24.93	22.94	20.82

Trend of Employee Wellbeing

Employee Engagement Survey		FY 2023
Employee Engagement Score		75
<p>In the Employee Engagement Survey, following aspects were covered:</p> <ul style="list-style-type: none"> • Job satisfaction • Purpose • Development and Growth • Employee Wellbeing • Employee Engagement 		

Occupational Health and Safety (OHS)

Indicator	Measure FY 2024
OHS Policy	EHS_POLICY.pdf
Applicability	The policy is applicable to every employee (permanent & contractual/outsourced), Contractor, Visitor & other stakeholders impacted directly or indirectly by our operations upstream or downstream.
Policy endorsement	The highest decision-making body that endorses the OHS Policy is the ESG Committee of the Board.

OHS Programs

Indicator	Details
OHS Management System	ISO 45001: 2018 Standard

OHS Risk and Hazard Assessments: The company employs a meticulous Hazard Identification & Risk Assessment (HIRA) process to evaluate every workplace activity, with risk registers updated biannually and upon any changes in processes or conditions. Worker participation is encouraged for reporting near misses, and additional methods like audits, surveys, and cross-functional team meetings provide a comprehensive understanding of potential hazards.

Prioritization and Integration of Action Plans: Incident analyses conducted monthly inform targeted training and action plans, with quantified targets to eliminate fatalities and reduce other incidents by 25% year-over-year. An annual budget supports proactive safety initiatives, and the company's dedication to continuous OHS improvement fosters a strong safety culture.

Emergency Preparedness: The organization prioritizes safety with unit-specific Emergency Response Plans and regular mock drills to ensure readiness for unforeseen incidents. Weekly fire drills, biannual comprehensive drills, and the availability of fire tenders and trained personnel underscore the commitment to emergency preparedness for a variety of scenarios.

Evaluation of Progress: To enhance workplace safety, the company has installed fire-rated doors and guarding measures with interlocking systems, and employs a Behavior-Based Safety strategy, including the ROKO TOKO Movement, to encourage safe practices. Participation in various safety campaigns promotes awareness, and a stringent target of Zero Occupational Disease has been achieved through proactive environmental improvements.

Internal Inspections: Internal inspections are conducted by unit Safety Officers, Welfare Officers, and TPM Coordinators, with biannual audits by the Corporate Health & Safety team. Regular safety committee meetings at each manufacturing site ensure adherence to and refinement of safety protocols, contributing to ongoing safety improvement.

Investigation Procedures: A detailed procedure outlined in the Safety Manual guides the investigation of work-related injuries and incidents. Regular hazard assessments and comprehensive OHS training are provided, with an annual review of the HIRA documentation to keep it current with any changes.

OHS Training: OHS training is mandatory for all employees, with a comprehensive safety induction program and toolbox talks for contract workers. Thematic campaigns and a wide-ranging training curriculum aim to minimize health and safety incidents, with significant investment in training hours and high workforce participation.

OHS in Procurement and Contractual Requirements: OHS conditions are integral to procurement and contractual processes, with an Environmental, Health & Safety clause in the supplier code of conduct. Safety officers oversee critical tasks and expansions, and by FY 2024-25, a thorough document will be introduced to address all aspects of managing contractual workers.

Fatalities

Fatalities	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employees	0	0	0	0
Contractors	0	1	0	3

Lost-time Injury Frequency Rate (LTIFR)

Indicator	Unit	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employees	LTIFR (n/million hours worked)	1.80	2.77	3.16	3.72
Data Coverage		100%	100%	100%	100%
Contractors	LTIFR (n/million hours worked)	0	0.7	0.25	0.1
Data Coverage		100%	100%	100%	100%



Picture: DOE training at Vardhman Fabrics, Budhni

Privacy Policy: Systems / Procedures

Aspect	Details
Privacy policy	Privacy & Data Protection Policy.pdf
Designated person/department responsible for privacy issues	Vardhman designates the Data Protection Officer (DPO) as the primary point of contact for all privacy-related issues.
Privacy policy system embedded in group-wide risk/compliance management	Yes, please refer pg. 8 of Privacy and Data Protection Policy
Disciplinary actions in case of breach (i.e. zero tolerance policy)	A zero-tolerance policy for breaches of the Privacy and Data Protection Policy
We conduct internal audits of the privacy policy compliance.	Yes

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

Online Strategies and Customer

Unit	FY 2021-22	FY 2022-23	FY 2023-24
% of total customers using your online services solutions / sales platform	0.1%	0.1%	0.23%
% of revenues generated online (e.g. through direct sales, advertising, etc.)	0.14%	0.12%	0.37%

Our customer base is predominantly B2B, with over 95% of orders being custom-made. Consequently, our online services and sales platforms have a relatively small footprint.

Customer Satisfaction Measurement

Parameters	Unit	FY 2021-22	FY 2022-23	FY 2023-24
Satisfaction Measurement	Percentage of satisfied customers	96%	96%	95%
Data Coverage	% of customers	47%	45%	69%

No Consumer complaints were received during the last 3 financial years regarding Data privacy, Advertising, Cybersecurity, Delivery of essential services and Restrictive Trade Practices/Unfair Trade Practices.

Brand Management Metrics

Sustainability metrics used in the brand survey:

- **Product Quality and Innovation:** Assessing customer views on the durability, functionality, and innovative aspects of our products, with a focus on sustainable design.
- **Reliability of Supply and Customer Service:** Evaluating the consistency and sustainability of our supply chain and the effectiveness of our customer support.
- **Use of Eco-friendly Raw Materials:** Measuring customer awareness and approval of our use of sustainable materials in product manufacturing.
- **Waste Reduction Efforts:** Gauging customer perception of our recycling initiatives and commitment to achieving zero waste.
- **Energy Efficiency in Production:** Determining customer views on our efforts to reduce energy consumption during production.
- **Water Conservation:** Assessing customer opinions on our initiatives to conserve water throughout our operations.
- **Ethical Labor Practices:** Evaluating customer perspectives on our adherence to fair labor practices and employee welfare.
- **Sustainable Product:** Evaluating whether customers recognize and value the sustainability of our products.

Quantified target set on the sustainability metric: 75%

CSR (Corporate Social Responsibility)

Indicator	Amount 2023-24
Amount spent on CSR (INR)	22,23,00,000
Number of persons benefited from CSR projects	63,000+
% of beneficiaries from vulnerable & marginalized group	100%



Picture: Vardhman School Development Program



Picture: Health Checkup camp

Governance

At Vardhman, we uphold rigorous Corporate Governance Policies that have consistently evolved to promote sustainable growth and increase corporate value. Our relentless dedication to ethical and legal practices highlights our commitment to generating long-term shareholder value. With the support of a strong Board of Directors, a comprehensive corporate governance framework, and a culture rooted in integrity, we remain steadfast in our promise to uphold these principles.

Key Focus Areas



Nil Report on breaches

Corruption/Bribery, customer privacy data, discrimination/harassment



Board Diversity

30% of directors are women directors



Sourcing

Sustainable cotton sourcing: 31%

Sustainable raw materials sourcing: ~29%



ESG Committee



Supplier Assessed in FY23-24: 24%

Our Governance Vision:

- *Our relentless dedication to ethical and legal practices highlights our commitment to generating long-term shareholder value.*
- *With the support of a strong Board of Directors, a comprehensive corporate governance framework, and a culture rooted in integrity, we remain steadfast in our promise to uphold these principles*

Message from our Joint Managing Director & Head - Yarn Business



“

At Vardhman Textiles, we uphold a governance philosophy deeply rooted in transparency, accountability, and ethical practices.

Our approach to corporate governance transcends compliance, focusing on fostering a culture of integrity, sustainable growth, and long-term value creation for all stakeholders. This commitment is embodied in our robust governance framework, which ensures that every decision and action aligns with our principles of fairness, respect, and responsibility.

The governance framework at Vardhman Textiles is supported by a diverse and experienced Board of Directors that brings expertise across various domains, including textiles, sustainability, business strategy, and global markets.

This diversity enables us to navigate complexities effectively and adopt forward-looking strategies that align with our organizational goals. Our Board not only monitors performance but also plays a pivotal role in steering our ESG priorities, ensuring that environmental and social considerations are seamlessly integrated into our corporate strategy.

Transparency is a cornerstone of our governance ethos. We ensure regular and comprehensive disclosures, enabling stakeholders to access critical information regarding our operations, performance, and strategic initiatives. This proactive communication builds trust and fosters confidence among investors, partners, and employees. Our policies, including the Whistleblower Policy and Vigil Mechanism, further reinforce our commitment to accountability by providing a secure platform for reporting concerns and ensuring ethical conduct across the organization.

Risk management is a critical component of our governance practices. Guided by a comprehensive Risk Management Policy, we proactively identify, assess, and mitigate risks that could impact our operations. From financial risks to environmental challenges, we have robust

mechanisms in place to address uncertainties and ensure business continuity. These efforts are complemented by our focus on internal financial controls, which are rigorously monitored and refined to maintain operational excellence.

Our governance policies are also designed to align with global standards, reflecting our dedication to ethical and sustainable business practices. From adopting the highest standards of corporate conduct to fostering inclusivity at the leadership level, we remain steadfast in our mission to create an equitable and progressive workplace. The promotion of gender diversity and representation within our leadership exemplifies our commitment to inclusivity and equitable decision-making.

At Vardhman, we recognize that strong governance is integral to achieving our Environmental, Social, and Governance (ESG) objectives. By embedding governance into the ESG framework, we ensure that our sustainability initiatives are executed with precision and accountability. For instance, our initiatives to achieve Net Zero emissions and promote a circular economy are guided by well-defined governance structures that prioritize long-term impact over short-term gains.

As we look to the future, we remain committed to refining our governance practices to stay ahead in an evolving global landscape. Leveraging innovation and technology, we continuously enhance our decision-making processes and strengthen our governance framework. This approach ensures that we not only meet but exceed the expectations of our stakeholders, reinforcing our position as a leader in the textile industry.

Mr. Neeraj Jain

**Joint Managing Director & Head –
Yarn Business, Vardhman Textiles**

Message from our Executive Director



Good governance is the foundation upon which enduring organizations are built, and at Vardhman Textiles, it is a principle we uphold with unwavering commitment. Governance, for us, is about creating an ecosystem where ethical practices, transparent decision-making, and stakeholder trust come together to drive sustainable growth. It is not merely about rules and frameworks; it is about ensuring that every action we take reflects our integrity and vision for the future



Sustainability lies at the heart of our governance priorities. By embedding Environmental, Social, and Governance (ESG) principles into our decision-making processes, we align our operations with global sustainability goals. Our governance framework ensures that initiatives—whether related to resource efficiency, ethical sourcing, or employee well-being—are executed with accountability and long-term impact in mind. These efforts not only advance our sustainability agenda but also reinforce our position as a responsible and forward-looking organization.

Our governance practices are built on inclusivity, transparency, and ethical leadership. At the core of this framework lies a diverse and experienced Board of Directors, whose collective expertise ensures balanced decision-making and strategic foresight. This diversity not only enriches our governance but also drives innovation by encouraging a variety of perspectives and ideas. It enables us to effectively address the complexities of today's business environment while preparing for the uncertainties of tomorrow.

Transparency is integral to our governance philosophy. Through consistent and detailed disclosures, we provide stakeholders with clear insights into our performance, strategies, and goals. By fostering open communication and maintaining strong accountability mechanisms, we ensure that our operations remain aligned with our values and stakeholder expectations. These efforts reinforce the trust we have built over decades and establish a robust foundation for continued growth.

Inclusivity and diversity are equally central to our governance approach. At Vardhman, we are proud to champion gender representation and equity, ensuring that opportunities are accessible to all. With women holding key leadership positions, we exemplify our belief that inclusivity drives progress and strengthens decision-making. Beyond representation, our workplace policies ensure a safe, equitable, and respectful environment for all employees, creating a culture where every individual feels valued and empowered to contribute.

Innovation and adaptability are key to ensuring that governance remains relevant in an ever-changing world. At Vardhman, we embrace technology and collaboration to continuously refine our practices. By leveraging digital tools to enhance oversight and decision-making, we ensure that our governance framework is agile and future ready. This dynamic approach allows us to anticipate emerging trends, address stakeholder expectations, and remain aligned with evolving global standards.

At Vardhman, we remain dedicated to enhancing our governance practices to meet the complexities of tomorrow while staying true to our principles of transparency, accountability, and ethical leadership. This commitment enables us to navigate challenges, seize opportunities, and create value for all our stakeholders.

I extend my gratitude to our employees, partners, and stakeholders, whose trust and support inspire us to uphold the highest standards of governance. Together, we will continue to lead with purpose and integrity, setting benchmarks for responsible business practices and shaping a legacy of shared success. Governance, for us, is not just about meeting expectations—it is about exceeding them and driving meaningful impact that benefits society, the environment, and our organization.

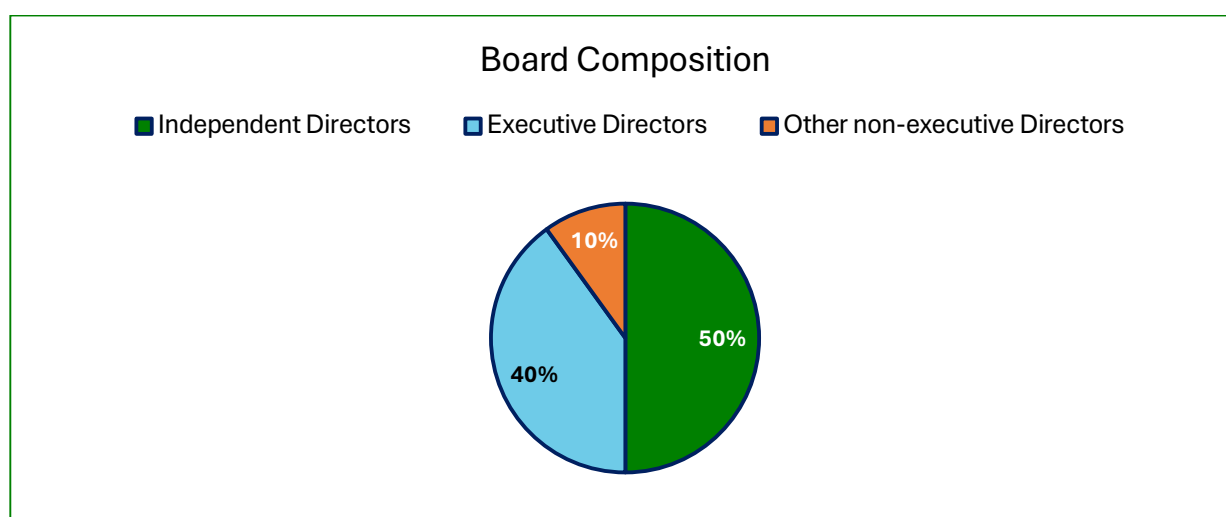
At Vardhman Textiles, we remain committed to creating a governance ecosystem that fosters trust, innovation, and sustainability. By staying true to our values and leveraging the strengths of our people, we are confident in our ability to lead with resilience and responsibility, ensuring a future of progress and shared prosperity.

Ms. Sagrika Jain

Executive Director, Vardhman Textiles

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%)



Corporate Governance

Indicator	Measure 2023-24
Board Independence Statement	We comply with National Stock Exchange (NSE) and SEBI(LODR) - India
Board Independence Target Share	The composition of the Board adheres to the statutory provisions of the Companies Act, 2013, as well as the Listing Obligations and Disclosure Requirements, necessitating a defined combination of Executive and Non-Executive Directors. Target share of independent directors on the board is 50%.
Board Gender Diversity	3 Female Directors Board gender diversity (%) : 30%

Average Board Meeting Attendance (%)	94.4
Average tenure of board members	12.68 years
Board Mandates: Number of non-executive/ independent directors with 4 or less other mandates:	<p>5 Directors:</p> <p>Names of these directors:</p> <ol style="list-style-type: none"> 1. Mr. Atul Khosla 2. Mr. Suresh Kumar, 3. Mr. Udeypaul Singh Gill, 4. Mrs. Harpreet Kaur Kang, 5. Dr. Prem Kumar <p>Number of other mandates for non-executive/ independent directors restricted to:</p> <ol style="list-style-type: none"> 1. Not more than 7 listed entities. 2. A person is serving as a whole-time director/managing director in any listed entity, then they shall serve as an independent director in not more than 3 listed entities.

Board Independence Criteria

#	Topic	Board Independence Criteria	Ms. Harpreet Kaur Kang	Mr. Udeypaul Singh Gill	Mr. Suresh Kumar	Mr. Atul Khosla	Dr. Prem Kumar
1	Independence	The person should not be a managing director, a whole-time director, or a nominee director	✓	✓	✓	✓	✓
2	Affiliations	They should not have any pecuniary relationship with the company, its	✓	✓	✓	✓	✓

		holding, subsidiary, or associate company, or their promoters or directors, during the two immediately preceding financial years or during the current financial year					
3	Relatives' Affiliations	None of their relatives should have any pecuniary relationship or transaction with the company, its holding, subsidiary, or associate company, or their promoters or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding	✓	✓	✓	✓	✓

		financial years or during the current financial year.					
4	No Employment	Neither the individual nor their relatives should have been key managerial personnel or an employee of the company, its holding, subsidiary, or associate company in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed.	✓	✓	✓	✓	✓
5	No Promoter Ties	The person should not have been an employee, proprietor, or a partner, in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed, of: -A firm of auditors or	✓	✓	✓	✓	✓

		<p>company secretaries in practice or cost auditors of the company or its holding, subsidiary, or associate company; or</p> <p>-Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary, or associate company amounting to ten percent or more of the gross turnover of such firm.</p>					
6	No directorship	<p>They should not hold directorships in more than seven listed companies. If they are serving as a whole-time director in any listed company, then they should not be an Independent Director in more than</p>	✓	✓	✓	✓	✓

		three listed companies.						
7	No non-compliance	They should not have been sanctioned for any offense by any court or regulatory body relating to securities markets or have been found guilty of any economic offense.	✓	✓	✓	✓	✓	✓
8	Any other conflict of interest	They should not be a director in any company that is holding, subsidiary, or an associate company of the company applying for the independent directorship.	✓	✓	✓	✓	✓	✓

Board Core Skills/Expertise

Board Member	Strategic Planning	Operational Experience	Industry	Finance	Leadership & Mgt.	Public Policy	ESG	Supply Chain
Shri Paul Oswal	✓	✓	✓	✓	✓			✓
Mr. Sachit Jain	✓	✓	✓	✓	✓			

Mr. Suresh Kumar		✓			✓	✓		
Mr. Udeypaul Singh Gill	✓	✓	✓		✓		✓	
Mrs. Harpreet Kaur Kang		✓			✓			
Dr. Prem Kumar	✓	✓	✓		✓	✓		
Mr. Atul Khosla	✓	✓			✓			
Mrs. Suchita Oswal Jain	✓	✓	✓	✓	✓			
Mr. Neeraj Jain		✓	✓	✓	✓			
Ms. Sagrika Jain	✓	✓	✓	✓	✓			✓

Board Industry Experience

Particular	Indicators / Measures
Number of independent or non-executive members with industry experience (e.g., excludes executives):	3
Please list the independent or non-executive directors included in the above count:	1. Mr. Sachit Jain 2. Dr. Prem Kumar 3. Mr. Udeypaul Singh Gill

Board Effectiveness

Particular	Indicators / Measures
Board Performance Review	For the fiscal year 2023-24, the Company's Independent Directors convened on March 22, 2024, to assess the performance of the Non-Independent Directors, the Chairman, and the Board as a collective entity. The evaluation process involved in-depth conversations regarding the contributions and effectiveness of the Non-Independent

	<p>Directors, the Chairman, and the overall governance by the Board.</p> <p>The Company has established a policy for the performance evaluation of Independent Directors, the Board, its Committees, and other individual Directors. This policy encompasses the criteria for assessing the performance of both non-executive and executive directors, ensuring a structured and transparent evaluation process.</p>
Board Election Process	Board members are elected individually (as opposed to elected by slate)

Family Ownership

Particulars	%
Total % of voting rights of founding individuals or family members individually	64.13%

Management Ownership

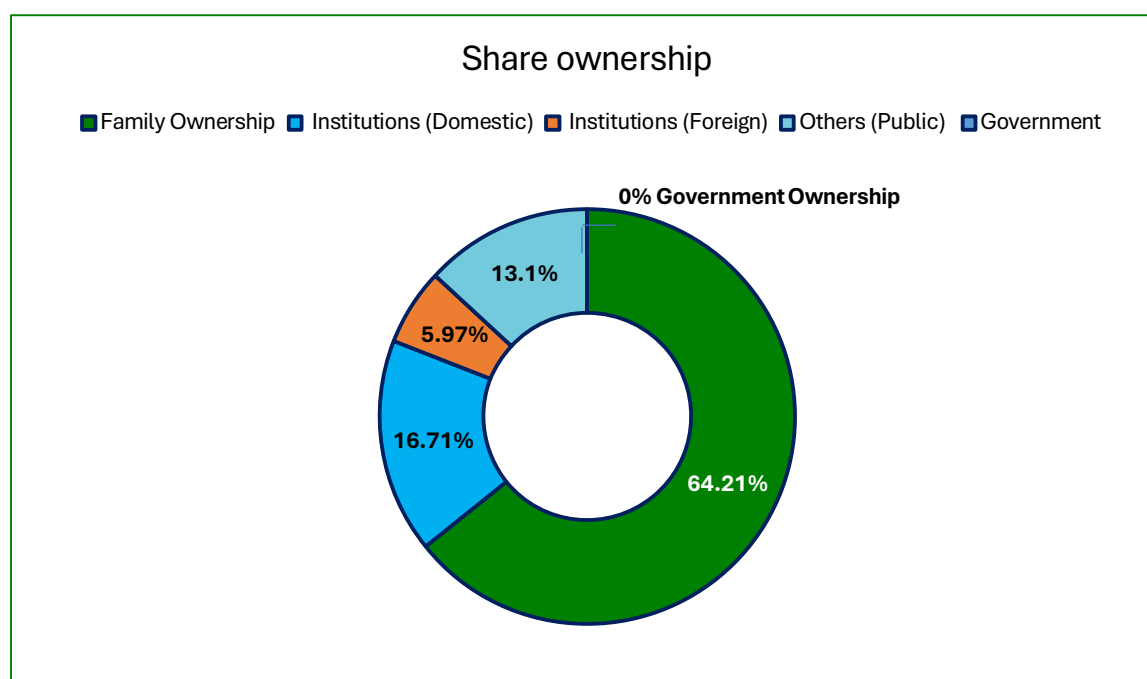
Position	Name	Multiple of Base Salary
CEO / Managing Director	Mr. SP Oswal	121.44
Average across other Executive Committee Members owning shares	Mrs. Suchita Jain Ms. Sagrika Jain Mr. Neeraj Jain (Basis shareholding & average share price on 31 Mar, 2024 and Basic salary)	24.04
CEO / Managing Director Compensation		
Total annual compensation of the Chief Executive Officer / Managing Director	INR 17,40,14,033	
Median and Mean annual compensation of all employees, except the Chief Executive Officer (or any equivalent position):	Median: INR 4,20,012	
The ratio between the total annual compensation of the Chief	414.31	

Executive Officer and the median employee compensation: CEO compensation divided by the median employee compensation		
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Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year 2023-24 was 10.14% whereas the decrease in the managerial remuneration for the same financial year was 8.97%

Government Ownership

No governmental institutions own more than 5% of the total voting rights.



Risk Governance & Culture

Details	Name & Position	Reporting Line
Highest ranking person with dedicated risk management responsibility on an operational level	Mr. Rajeev Thapar, CFO	Risk Management Committee
Highest ranking person with responsibility for monitoring and auditing risk management performance on an operational level	Mr. Satnam Saini, Internal Audit Head	Audit Committee

Risk Governance Structure



Operational Risk Ownership (first Line): The first line of defense consists of the primary risk owners who are responsible for managing risks on a daily basis.

Risk Management & Compliance (second line): The Risk Management Committee serves as the second line of defense, with the responsibility of overseeing the activities of the first line and ensuring robust risk management practices are upheld throughout the organization.

Independent Audit Unit (third Line): The third line of defense is accountable to the governing body, which includes the Board or Audit Committee, and it provides independent assurance regarding the effectiveness of risk management practices.

Risk Management Process

Risk is an inherent aspect of all business operations, and at Vardhman, we are dedicated to proactive risk management. While it is impossible to eliminate all risks, implementing an effective risk management strategy can minimize, avoid, retain, or transfer them. Our Risk Management Committee is charged with the continuous oversight of our risk landscape and regularly reviews the efficacy of our risk management strategies and processes.

Risk management is an integral part of our operational framework, supported by a robust internal financial control system. The Audit Committee engages in quarterly reviews to monitor our exposure to operational risks and the effectiveness of our evaluation procedures, with the support of internal audit functions. Over the past year, these controls have been scrutinized by both the Risk Management Committee and the Audit Committee, and we are pleased to report that no significant weaknesses were identified in either their design or implementation.

The company proactively identifies key risks and formulates corresponding mitigation strategies. We assess and prioritize these risks based on their potential occurrence and impact, assigning them to high, medium, or low risk categories. For each level of risk, we develop targeted mitigation plans and evaluate their potential to reduce the risk's impact. All identified risks are then aggregated and documented within our comprehensive risk management policy.

Emerging Risks

Name of the risk	Responsible Sourcing	Human Resources
Category	<ul style="list-style-type: none"> • Environmental • Societal 	<ul style="list-style-type: none"> • Societal
Description	Responsible sourcing involves procuring materials in a way that minimizes negative environmental and social impacts while ensuring economic viability. This approach considers the entire supply chain, from the extraction of raw materials to the procurement of products, focusing on transparency, ethical practices, and sustainability. It includes using eco-friendly raw materials, ensuring fair labour practices, reducing waste, and promoting the reuse and recycling of textile materials.	This encompasses challenges such as Labour Turnover Risks, which relate to the potential difficulties in replacing departing employees, the necessity of training new hires, and the retention of critical skills within the workforce. Additionally, there are Unrest Risks, which include the potential for work stoppages due to strikes or lockouts, potentially disrupting business operations.
Impact	<ul style="list-style-type: none"> ➤ Costs associated to supply chain disruptions and delays leading to less reliant supply chain ➤ Reputational damage 	<ul style="list-style-type: none"> ➤ Operational Inefficiencies: High labor turnover disrupts production lines and workflow.

	<ul style="list-style-type: none"> ➤ Negative impact on brand value ➤ Rise in legal and regulatory costs and compensations in case of non-compliance ➤ Lack of traceability and credibility on sustainable sourcing claims leading to possible litigation ➤ Loss of market share to competitors who have better sourcing practices due to public awareness on sustainable sourcing ➤ Negatively impacted biodiversity and ecosystem services contribute to increased operational cost (cost of procurement) due to fall in crop yield 	<ul style="list-style-type: none"> ➤ Increased Costs: Frequent hiring and training of new employees elevate operational expenses. ➤ Loss of Expertise: Departure of skilled workers degrades product quality and craftsmanship. ➤ Lowered Morale: Constant turnover negatively impacts the morale of remaining staff. ➤ Production Halts: Strikes or lockouts can stop manufacturing activities entirely. ➤ Supply Chain Disruption: Labor unrest can interrupt the flow of materials and goods. ➤ Reputational Damage: Public labor disputes can tarnish the company's brand image. ➤ Legal Consequences: Failure to resolve disputes may lead to fines or legal sanctions.
<p>Mitigation Actions</p>	<ul style="list-style-type: none"> ➤ Improve Supplier Practices: Employ strategies to influence suppliers towards better practices, conduct regular compliance audits, 	<ul style="list-style-type: none"> ➤ Refine Recruitment Policies: Regularly update recruitment strategies to ensure the right fit for each role, focusing on skills, experience, and

	<p>and form partnerships focused on sustainable practices to reduce costs and preserve resources.</p> <ul style="list-style-type: none"> ➤ Enhance Supply Chain Traceability: Invest in technologies for product traceability from source to consumer, establish sustainability verification protocols, and educate all parties involved on maintaining traceability. ➤ Use Certified Raw Materials: Prioritize sourcing materials with responsible sourcing certifications, implement verification processes, and communicate the importance of these certifications to stakeholders. ➤ Respond to Sustainable Product Demand: Stay attuned to market trends for sustainable products, inform consumers about the benefits of sustainability, and adjust marketing to reflect the company's dedication to sustainable practices. ➤ Position as a Market Leader in 	<p>alignment with company culture.</p> <ul style="list-style-type: none"> ➤ Implement Management by Objectives (MBO): Adopt an MBO appraisal system that encourages employee participation and is consistent with job responsibilities, peer comparison, and individual performance. ➤ Periodic Compensation Reviews: Regularly assess and adjust compensation based on performance and market standards to maintain competitiveness and motivate employees. ➤ Promote Employee Development: Offer training beyond employees' specializations and create clear career paths for growth and development within the organization. ➤ Foster a Sense of Belonging: Build a company culture that values employees, recognizes their contributions, and instills a strong sense of commitment. ➤ Enhance Employee Welfare: Conduct activities that support
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	<p>Sustainability: Lead the market by innovating sustainable products, providing complete traceability, and actively promoting the company's sustainability initiatives to build a strong, trustworthy brand.</p>	<p>employees' well-being, including health initiatives and work-life balance programs.</p> <ul style="list-style-type: none"> ➤ Encourage Open Communication: Establish open lines of communication for employees to share suggestions and address issues, ensuring a responsive and inclusive environment. ➤ Maintain Cordial Relations: Prioritize positive relationships with all employees through fairness, respect, and regular dialogue to prevent unrest and ensure a harmonious workplace
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Codes of conduct: Systems/ Procedures

Aspect	Please provide supporting evidence for the aspect and indicate page numbers:
<p>Responsibilities, accountabilities and reporting lines are systematically defined in all divisions and group companies</p>	<p>Code of Conduct Policy (Pg. 10 & 11) Code_of_Conduct_Policy.pdf</p>
<p>Dedicated help desks, focal points, ombudsman, hotlines</p>	<p>Whistleblower Policy (Pg. 6 & 7) Whistle_Blower_Policy.pdf</p>
<p>Compliance linked to employee remuneration</p>	<p>If an employee is found guilty of any misconduct, appropriate action to be taken as appropriate. Code of conduct – Code_of_Conduct_Policy.pdf Anti-bribery and Anti-Corruption policy - Anti-Bribery, Anti-Corruption & Anti-Money Laundering Policy.pdf</p>

Employee performance appraisal systems integrates compliance/codes of conduct	Yes, integrated in performance appraisal form.
Disciplinary actions in case of breach, i.e. warning, dismissal, zero tolerance policy	If an employee is found guilty of any misconduct, appropriate action to be taken as appropriate Code of conduct – Code_of_Conduct_Policy.pdf Anti-bribery and Anti-Corruption policy - Anti-Bribery, Anti-Corruption & Anti-Money Laundering_Policy.pdf
Compliance system is certified/audited/certified by third party. Please review the additional information and question guidance banner for further detail.	Yes, Compliance portal is audited by internal auditors. Our system/procedures & policies are 3 rd party assured.

Reporting on breaches

Report on areas	Number of breaches in FY 2023
a. Corruption or Bribery	0
b. Discrimination or Harassment	0
c. Customer Privacy Data	0
d. Conflicts of Interest	0
e. Money Laundering or Insider trading	0

At Vardhman Textiles, we hold transparency in the highest regard within the sphere of business ethics. Our pledge to report breaches with full transparency establishes a standard for accountability. Proudly, we have encountered no complaints concerning breaches of customer privacy. This commitment is a clear indication of our resolve to address ethical issues decisively, manage them efficiently, and engage in forthright communication regarding our conduct. This level of candor not only cultivates trust but also strengthens our reputation as an organization deeply invested in honoring our ethical duties.

Tax Reporting

Tax Governance Principles

Our tax governance principles are as follows:

Compliance: We commit to full compliance with tax laws in letter and spirit, ensuring timely tax filing, reporting, and payment obligations.

Transfer Pricing: All intra-group transactions comply with arm's-length principles and international transfer pricing guidelines.

Tax Structure: We adopt business structures based on commercial considerations with substantial economic activity, avoiding the use of tax havens for tax management.

Transparency: We are committed to transparent 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 March 31,2024	Year ended March 31,2023
Profit before tax	790.98	987.04
Tax rate	25.17%	25.17%
Profit for the year	199.07	248.42
Differential tax rate on capital gain on sale of investments/mark to market gain on investment	-19.58	-6.28
Effect of indexation benefit on value of investment	-0.12	-4.74
Deductions u/s 80JJAA/80M	-2.03	-2.82
Effect of expenses considered as not deductible in determining taxable profit	7.08	6.59
Others	-1.07	-3.2
Total Income Tax Expense Recognized	183.35	237.97

The effective tax rate for the year ended March 31, 2024 is **23.18%** and for March 31, 2023 is **24.11%**.

Key Financial Information (Year ended March 31, 2024)

(INR Crores)

Tax Jurisdiction	India	Total
Related Party Revenue	60.75	60.75
Unrelated Party Revenue	9,237.93	9,237.93
Total Revenue	9,298.68	9,298.68
Profit before Income Tax	790.98	790.98
Income Tax-Cash Paid (Net of Refund)	207.45	207.45
Corporate Income Taxes Accrued	183.35	183.35
Stated Capital	57.83	57.83
Accumulated Earnings	8,747.12	8,747.12
Tangible Assets	3,693.35	3693.35
No. of employees	24,929	24,929

All our manufacturing units are situated in India & all business operations are carried out from India only.

Materiality

At Vardhman Textiles, we recognize the importance of sustainable business practices for both financial performance and societal well-being. To this end, we have integrated a double materiality assessment into our sustainability strategy, focusing on both the impact of our operations on the environment and society, and the financial implications of ESG factors on our business. This dual perspective allows us to address the most significant ESG issues effectively and ensure the long-term viability of our business. Our assessment methodology includes defining the scope, consulting stakeholders, and aligning with industry-leading frameworks like GRI, SASB, and TCFD. The results provide a strategic roadmap for integrating sustainability into our core business practices, addressing significant challenges, and supporting long-term value creation.

Double Materiality Analysis

VARDHMAN TEXTILES LTD.



#	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 Influence

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	✓

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
Business Case	<p>The textile industry's reliance on fossil fuels for cotton manufacturing contributes significantly to greenhouse gas emissions, climate change and leading to economic and ecological disruptions. As climate risks like water scarcity impact production, stringent environmental regulations and consumer demand for sustainability are driving the need for industry adaptation. Transitioning to renewable energy and setting science-based targets for emission reductions can mitigate environmental impact and reduce operational costs. Innovating in low-carbon products and green energy initiatives positions companies as market leaders, attracting investors and creating new opportunities. Embracing these changes enhances brand value and ensures</p>	<p>India faces significant water scarcity challenges, and the textile industry, being water-intensive, especially in processes like dyeing and finishing, can lead to local water shortages. Moreover, toxic chemicals from dyes and process wastewater can harm aquatic organisms and disrupt ecosystems when released into water bodies without proper treatment. Environmental regulations are becoming stricter, and water stewardship helps ensure compliance, avoiding fines and enabling uninterrupted operations.</p>	<p>A safe work environment with emergency preparedness and adherence to safety regulations enhances employee well-being. In contrast, healthcare burdens and industrial accidents cause community harm, leading to increased costs and productivity losses. Vardhman's implementation of safety training and health policies has reduced accidents and healthcare expenses. These proactive safety measures also contribute to employee retention, brand enhancement, and avoidance of legal issues, underscoring the company's dedication to health and safety.</p>

	<p>compliance with emerging climate-related regulations, securing long-term industry resilience</p>	<p>Responsible water use demonstrates a commitment to the well-being of local communities, which rely on the same water sources for agriculture and drinking water, thereby fostering positive relationships and social license to operate.</p> <p>Proactive water management helps mitigate risks associated with water scarcity and quality, ensuring long-term resource availability and stability in production</p>	
Business Impact	<ul style="list-style-type: none"> ➤ Cost ➤ Revenue ➤ Risk 	<ul style="list-style-type: none"> ➤ Cost ➤ Risk 	<ul style="list-style-type: none"> ➤ Risk
Business Strategy	<p>Cost saving by switching to Renewable energy sources. Commitment to decarbonization and setting MCAP (Manufacturer Climate Action Program) Science-Align targets for emission reductions.</p> <p>Expansion of green energy initiatives to increase the share of renewable energy in operations up to 50% by 2030. Innovating low-carbon products meets demand for sustainable products.</p>	<p>Implementation of advanced water conservation technologies, including Reverse Osmosis (RO) and Zero Liquid Discharge (ZLD) systems, using dyeing machine which operate on low material to liquor ratio (MLR). 100% operating units to be ZLD.</p>	<p>Identifying workplace hazards and assessing risks, which applies to both regular and irregular activities which is primarily achieved through our Hazard Identification & Risk Assessment (HIRA) process, which meticulously evaluates every process and activity.</p>

Material Metrics for Enterprise Value Creation

Material Issue	Climate Transition & Physical Risks	Water	Occupational Health & Safety
Target/Metric	<ul style="list-style-type: none"> ➤ Aim to achieve 40% green power generation within our group units, which will contribute to our total power consumption of 140 MWh, by the year 2026. ➤ Achieve a 42% reduction in combined Scope 1 and Scope 2 emissions by the year 2030, using 2024 as the baseline year. 	<ul style="list-style-type: none"> ➤ We aim to achieve a 30% reduction in freshwater consumption by 2030 	<ul style="list-style-type: none"> ➤ Fatalities to Zero ➤ LTIFR's & First aid incidents by at least 25% YOY basis ➤ Zero Occupational Disease
Target Year	Green energy: 2026 Emission Reduction: 2030	2030	Year on year basis
Progress	<p>Green energy:</p> <ul style="list-style-type: none"> ➤ We plan to install solar projects totalling around 70 MWp across our units by the fiscal year 2025. ➤ An 11.5 MW hybrid power project, combining wind and solar energy, has been assessed and is in the process of being executed. ➤ We have evaluated the installation of a 28 MW biomass-based boiler with 	<ul style="list-style-type: none"> ➤ Expanding our ZLD capacity with a planned installation of 2500 KLD system at VSGM unit & 13,000 KLD at Baddi unit. <p>This will allow comprehensive on-site water treatment, ensuring all wastewater is recycled and reused, thus avoiding reliance on the Common Effluent Treatment Plant (CETP)</p>	<ul style="list-style-type: none"> ➤ We maintain risk registers that are updated and reviewed every six months to ensure they reflect the current state of workplace conditions. ➤ Invested ~31,600 hours in health & safety training for our workforce. ➤ We've implemented "toolbox talk" sessions for contract workers

	<p>an accompanying turbine to generate green power.</p> <p>Emission Reduction:</p> <ul style="list-style-type: none">➤ Current rooftop solar capacity is set to be expanded by 3 times by the end of 2025➤ Add additional biomass-based capacity for steam and power generation as part of transition from coal to biomass➤ Exploring possibility of finalizing a solar-wind hybrid Power Purchase Agreement (PPA) and a solar captive PPA over the next few years➤ Electric vehicles (EVs) are being introduced for employee commutes as part of efforts to reduce reliance on diesel fuel and lower emissions.➤ Planning a phased transition from LPG and propane to natural gas, aiming to reduce		<p>engaged in sporadic civil work at our facilities to brief them on safety protocols before they start their tasks.</p>
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	emissions and enhance sustainability		
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Material Issues for External Stakeholders

Details	Impact 1	Impact 2
Material Issue for External Stakeholders	Occupational Health & Safety	Climate Transition & Physical Risks
Cause of the impact	<ul style="list-style-type: none"> ➤ Operations ➤ Supply chain Business activity coverage: >50% of business activity	<ul style="list-style-type: none"> ➤ Operations ➤ Products/Services ➤ Supply chain Business activity coverage: >50% of business activity
External stakeholders/areas evaluated	<ul style="list-style-type: none"> ➤ Society ➤ External employees (e.g. supply chain, contractors) 	<ul style="list-style-type: none"> ➤ Environment ➤ Society ➤ External employees (e.g. supply chain, contractors)
Topic relevance on external stakeholders	The well-being and protection of our human assets, including employees, customers, contractors, and farmers, is a top priority for the company. The labour-intensive work environment carries health hazards for our workforce, stemming from potential machinery malfunctions and human error, among other factors. Ensuring the safety of those who contribute to our operations is crucial for our company.	Climate change presents significant threats to the environment as well as day-to-day business activities. By mitigating climate change related effects, we conform to environmental norms, cut down on emissions, and advocate for sustainable business practices. This showcases our dedication to enhancing positive environmental impact, adhering to regulations, enhancing our corporate image and stakeholder trust
Output Metric	Zero Fatalities, LTIFR, No. of work-related injuries, No. of High- consequence work-related injury or ill health	Scenario Analysis, Climate risk assessment (Physical and Transition Risks)

		Please refer TCFD report for further details.
Impact Valuation	Health costs caused/ avoided	Access to product/service with positive impact provided
Impact Metric	Zero Fatalities, LTIFR, No. of work-related injuries, No. of High- consequence work-related injury or ill health	Scenario Analysis, Climate risk assessment (Physical and Transition Risks) Please refer TCFD report for further details.

Supply Chain Management

Supplier ESG Programs

Particular	Indicator/Measure
Oversight of Supplier ESG programs	Board ESG Committee

Oversight of Supplier ESG Programs

We have established a robust governance structure for ESG oversight, led by our Board-level ESG Committee and supported by the Steering Committee on the supplier ESG programs. The ESG Committee ensures adherence to sustainability and ethical standards across procurement and supplier management.

Our Steering Committee, comprising the Chairman & Managing Director, Vice Chairman & Joint Managing Director, Joint Managing Director, Director of Corporate Responsibility and Materials Department (CRMD), Area Managers of CRMD, and the Chief Financial Officer, plays a crucial role in overseeing procurement practices. Meeting quarterly, the committee reviews supply chain risks, ESG compliance, and sustainable procurement strategies.

To reinforce ESG commitments, procurement processes are aligned with our Supplier Code of Conduct and SOPs, ensuring responsible sourcing. Regular discussions are held to review the procurement of all raw materials, including sustainable cotton varieties such as Regenerative Agriculture, Better Cotton Initiative (BCI), Organic, Fair Trade, and Cotton Made in Africa (CMIA),

recycled polyester and other key materials. Supplier ESG performance is continuously monitored through on-site visits, third-party certifications, and regular assessments, ensuring compliance with our sustainability standards.

Ongoing Review of Purchasing Practices to Align with Supplier Code of Conduct and Mitigate ESG Conflicts:

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. We prioritize suppliers who follow fair business practices, uphold strong labour standards, support diversity and inclusion, and contribute positively to the communities in which they operate. Additionally, we prefer suppliers who demonstrate a commitment to sustainability through eco-friendly practices, such as reducing waste, utilizing renewable energy, minimizing carbon emissions, and holding sustainability certifications. Our evaluation also considers corporate governance structures, transparency, and ethical conduct.

To ensure ongoing compliance, we conduct regular audits, site visits, and assessments of our suppliers. These checks are designed to verify adherence to our Supplier Code of Conduct and ESG standards. Whenever areas for improvement are identified, we work closely with suppliers to enhance their practices. The frequency of purchasing practice reviews is determined based on specific business needs, with a structured review process conducted annually by the procurement team, supported by ESG specialists.

Suppliers are excluded from contracting if they cannot achieve minimum ESG requirements within a set timeframe:

At Vardhman, we uphold the highest standards of ethical conduct, integrity, and compliance. Any violation of our Supplier Code of Conduct is treated seriously, requiring prompt corrective action.

Process for Non-Compliance:

1. **Corrective Guidance & Warnings:** For suppliers that do not meet the required ESG parameters, we follow a structured approach to encourage compliance. Initially, we issue 2-3 warnings, clearly communicating non-compliance issues through meetings. During this period, we guide suppliers in enhancing their ESG compliance by providing necessary training, workshops, and best practice resources. However, if a supplier fails to take corrective actions, they are excluded from the procurement process for a specified period.

Specific ESG violations that can lead to exclusion include are but not limited to:

- Water mismanagement and improper waste management
- Health and safety violations
- Discrimination and harassment
- Child and forced labour violations
- Lack of transparency in business operations
- Violation of ethical sourcing standards
- Poor corporate governance

Before making a final decision on exclusion, we assess the severity and impact of the supplier's non-compliance. If a supplier is flagged for non-compliance, the decision on exclusion is made after a thorough evaluation. Re-integration into the supply chain is possible when a supplier demonstrates measurable improvement, successfully addresses past issues, and provides third-party validation of their compliance.

Exclusion & Legal Actions: Continued non-compliance may result in:

1. Termination of the business relationship
2. Legal penalties or other corrective actions as per company policies and applicable laws
3. Reintegration: Excluded suppliers may be reconsidered only after providing third-party audit validation and demonstrating sustained ESG compliance.

Excluding a supplier due to ESG non-compliance can impact the supply chain through operational disruptions, increased costs, quality variability, reputational risks, and legal challenges. To mitigate these risks, we implement proactive supply chain diversification, transparent communication, strategic sourcing, strong contracts, and continuous monitoring.

Vardhman remains committed to responsible sourcing while maintaining a zero-tolerance approach for severe violations such as child labor, forced labor, and unethical business practices.

Preference for Suppliers with Strong ESG Performance through Minimum ESG Criteria Weight in Selection and Contract Awarding:

Preference for suppliers with better ESG performance in selection and contracting In our supplier selection and contracting process, we prefer suppliers with ESG compliance and responsible

practices by integrating ESG criteria into our supplier assessment framework. We prefer suppliers with third-party audit / compliance certifications and eco-labels for both production and office procurement, as this reflects a reduced environmental and social impact while ensuring adherence to statutory compliance and ethical standards.

Training Programs for Buyers and Internal Stakeholders on Involvement in Supplier ESG Initiatives:

We conduct capacity-building programs and training sessions for our buyers, suppliers, and internal stakeholders on sustainable and responsible business practices. These programs equip them with the necessary knowledge to support, implement, and enforce ESG leading practices across our supply chain and business operations.

Our dedicated ESG department oversees these initiatives, organizing both internal and external training programs to enhance awareness and compliance with sustainability and ethical standards.

Additionally, we provide ongoing development programs for suppliers, offering:

- Guidance on responsible cotton sourcing and quality parameter
- Training on sustainability protocols and Supplier Code of Conduct compliance
- Annual Ginner’s/Agent’s meets to educate and align suppliers with ESG expectations

Through these efforts, we aim to build a resilient, transparent, and ethically responsible supply chain, fostering continuous improvement and responsible business practices.

Supplier Screening

Particular	Indicator/Measure
<p>Systematic Supplier Screening Process</p>	<p>We follow a strategic and comprehensive supplier screening process to evaluate and select significant suppliers, ensuring business continuity, relevance, ESG aspects, as well as country, sector, and commodity risks within the supply chain. We assess suppliers based on key factors such as volume, supplier base size, commodity specificity, regional focus, material specialization, criticality of components, technical complexity, substitutability, and adherence to ESG standards. Through this rigorous evaluation, we have identified 216 Tier 1 critical/significant suppliers.</p> <p>Our significant suppliers are also required to maintain traceability systems and actively participate in traceability</p>

	<p>assessments. Certifications such as Organic, GRS, BCI, and Fair Trade are also encouraged, with mandatory documentation for organic cotton, including farm scope, farm TC, and Ginner’s scope.</p> <p>On an annual basis, we evaluate all suppliers who supply more than 5,000 bales during the cotton year. This evaluation includes ESG parameters such as child labour, bonded labour, working conditions, sustainable sourcing practices, quality aspects, statutory compliance, and safety measures. By integrating these assessments, We ensures that our supply chain remains resilient, ethical, and aligned with its long-term sustainability commitments.</p>
Aspects for Supplier Screening	<ul style="list-style-type: none"> ➤ Environmental ➤ Social ➤ Governance ➤ Business Relevance
Methodology for suppliers screening: Risks considered in your screening process	<ul style="list-style-type: none"> ➤ Country-specific risk ➤ Commodity-specific risk ➤ Sector-specific risk

Supplier Assessment & Development

Particular	Indicator/Measure
Supplier Assessments	<p>Vardhman Textiles Limited (VTL) has established a robust supplier assessment framework to ensure the integrity and sustainability of its supply chain.</p> <p>We have developed a comprehensive supplier assessment process that includes both desk-based reviews and on-site assessments, where supplier operating practices are evaluated in alignment with our Supplier Code of Conduct. This includes, but is not limited to, assessing supplier practices in the following areas:</p> <ul style="list-style-type: none"> ➤ Product quality ➤ Sustainable / certified material ➤ Delivery performance ➤ Adherence to statutory compliances imposed by pollution control boards ➤ Labour practices and working conditions ➤ Ethical standards ➤ Other ESG standards

	<p>For sustainable raw material procurement, we require our suppliers to conduct and provide independent third-party assessments of their practices in alignment with leading ESG standards. Suppliers are also expected to share the audit and verification reports or certificates with us.</p> <p>In FY 2023-24, we sourced approximately 29% of our total raw materials from sustainable/certified sources, including Organic, Regenerative Agriculture (Regen Agri), Fair Trade, GRS materials, and FSC certified products.</p> <p>We are also running BCI Cotton projects in Gujarat and Karnataka, where we provide support to farmers in following Better Cotton Practices. These initiatives promote regenerative farming, enhance biodiversity, and use land and water responsibly throughout the entire cotton farming cycle, from sowing to harvesting and ginning. These projects cover over 70 villages, 10,000 farmers, and approximately 20,000 hectares of land sown under BCI cotton.</p> <p>Furthermore, each year, we also conduct a detailed assessment of all suppliers who provide more than 5,000 bales of cotton during the season. Our assessment criteria are comprehensive, covering product quality, delivery punctuality, adherence to delivery schedules, staff competence, effectiveness in resolving disputes, and the accuracy and completeness of transactional documentation. Our representatives routinely visit ginning factories to inspect cotton lots and evaluate factory conditions firsthand. These visits allow us to assess quality aspects, labor practices, working conditions, statutory compliances, and health and safety protocols. While these inspections have been conducted informally, We recognize the need for a more standardized approach to ensure consistency and thoroughness.</p> <p>Audit Findings and Remediation: The outcomes of all audits are communicated to suppliers and contractors. In cases where nonconformities are identified, suppliers are expected to promptly address the issues. A Corrective Action Plan is developed in collaboration with the supplier and is subject to verification through either desktop reviews or follow-up audits within an agreed timeframe.</p>
<p>Supplier Development</p>	<p>Vardhman Textiles Limited (VTL) is committed to supplier development as a key driver of long-term business success and sustainability. We understand that a strong and responsible supply chain is essential for ensuring the quality, efficiency, and resilience of our operations. Our comprehensive supplier development approach includes training, capacity building, and the promotion of sustainable practices to ensure our suppliers</p>

are aligned with our Environmental, Social, and Governance (ESG) goals.

Key Elements of Vardhman's Supplier Development Programs are:

Training and Capacity Building: We conduct targeted capacity-building programs and training sessions designed to equip suppliers with the necessary knowledge and tools to implement sustainable and responsible business practices. These programs focus on:

- Supporting ESG leading practices across the supply chain.
- Ensuring suppliers understand and comply with sustainability standards and the Supplier Code of Conduct.

Our dedicated ESG department oversees these initiatives, organizing both internal and external training programs that enhance awareness and promote compliance with sustainability and ethical standards.

Ongoing Supplier Development Support: We provide ongoing development programs aimed at:

- Guidance on responsible cotton sourcing and adherence to quality parameters.
- Training on sustainability standards and sustainable agriculture practices.
- Annual Ginner's/Agent's meets, which serve as an essential platform to educate suppliers and align them with Vardhman's ESG expectations.

Modern Agricultural Training Programs: Vardhman recognizes the critical role that agricultural practices, particularly those of cotton farmers, play in ensuring product quality and sustainability. Our modern agricultural training programs focus on:

- Adoption of Sustainable Farming Practices such as crop rotation, organic farming, and the use of non-genetically modified seeds.
- Regenerative Agricultural Practices: We have initiated

	<p>projects in Gujarat and Karnataka that assist farmers in adopting regenerative practices, fostering biodiversity, and promoting responsible land and water use across the entire cotton cultivation cycle—from sowing to harvesting and ginning. Through these efforts, we have reached over 70 villages, engaged 10,000 farmers, and impacted approximately 20,000 hectares of land sown with Better Cotton Initiative (BCI) cotton.</p> <p>Water Conservation and Stewardship: Water management is a key focus of our supplier development programs. We educate farmers on water-saving techniques such as drip irrigation and rainwater harvesting to combat water scarcity and reduce the environmental impact of farming. Vardhman has conducted over 1,077 programs covering:</p> <ul style="list-style-type: none"> ➤ Water stewardship and water budgeting at cotton farms. ➤ Climate change mitigation and adaptation in agriculture. ➤ Soil health management and non-chemical practices for soil preservation. ➤ Biodiversity enhancement and riparian zone protection. <p>Additionally, 460 programs focus on maintaining cotton fiber quality and resolving contamination issues, ensuring our suppliers meet the highest quality standards.</p>
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KPIs for Supplier Screening

Supplier Screening	FY 2023-24
Total number of Tier-1 suppliers	2979
Total number of significant suppliers in Tier-1	216
% of total spend on significant suppliers in Tier-1	78%
Total number of significant suppliers (Tier-1 and non-Tier-1)	216

KPIs for Supplier Assessment and Development

Supplier Assessment	FY 2023-24	Target for FY23-24
Total number of suppliers assessed via desk assessments/on-site assessments	340	300
% of significant suppliers assessed	24%	15%

IT Security/Cyber security Governance

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

Cyber security breaches

Indicator	2023
Total number of information security breaches	0
Total number of clients, customers and employees affected by the breaches	0

Product recalls

Indicator	Measure
Total number of product recalls in FY 2023-24	0

Policy Links



[Anti-bribery & Corruption Policy](#)



[Equal Opportunity Policy](#)



[Remuneration Policy](#)



[Code of Conduct](#)



[Human Rights Policy](#)



[POSH Policy](#)



[Cyber Security Policy](#)



[Child Labour Prohibition Policy](#)



[Whistleblower Policy](#)



[Tax Strategy Policy](#)



[Policy of Preservation of Documents](#)



[Related Party Transaction Policy](#)



[Sustainable Sourcing Policy](#)



[Biodiversity Policy](#)



[Environment, Health & Safety \(EHS\) Policy](#)



[Privacy & Data Protection Policy](#)



[CSR Policy](#)



[Forced Bonded Labour Prohibition Policy](#)



[Risk Management Policy](#)



[Clawback Policy](#)

Certifications

1. ISO 14001 certifications

- i. [Vardhman Fabrics](#) is certified ISO 14001:2015
- ii. [Arihant Spinning Mills \(A unit of Vardhman Textiles Ltd.\)](#) is certified ISO 14001:2018
- iii. [Vardhman Acrylics Limited](#) is certified ISO 14001:2015
- iv. [Auro Spinning, Auro Weaving, VMT, Arisht Spinning & Vardhman Spinning Mills](#) is certified ISO 14001:2015
- v. [Auro Textiles \(A unit of Vardhman Textiles Ltd.\)](#) is certified ISO 14001:2015

2. ISO 45001 certifications

- i. [Vardhman Fabrics](#) is certified ISO 45001: 2018
- ii. [Arihant Spinning Mills & Vardhman Spinning and General Mills](#) is certified ISO 45001:2018
- iii. [Auro Spinning, Auro Weaving, VMT, Arisht Spinning & Vardhman Spinning Mills](#) is certified ISO 45001:2018
- iv. [Auro Textiles \(A Unit of Vardhman Textiles Ltd.\)](#) is certified ISO 45001:2018
- v. [Vardhman Acrylics Limited](#) is certified ISO 45001:2018

3. ISO 9001 certifications

- i. [Vardhman Apparels \(A Unit of Vardhman Textiles Ltd.\)](#)

Awards and Recognition



	Award 1	Award 2
2019	Multiple TEXPROCIL honours for Highest Exports, of Processed Yarns, Greige Fabrics & Bleached/Dyed/Yarn Dyed/Printed Fabrics by Textile Export Promotion Council	Gold Award in ICQCC, Held at Tokyo, Japan - Quality Circle, Jay Vishwakarma, Auro Textiles
2020	Frost & Sullivan & TERI Sustainability Awards, Challenger's Award for Large Business Process Sector & Jury Special Mention Award for Water Saving initiatives	Platinum Award in ICQCC held at Dhaka, Bangladesh Quality Circle Prabhat, Vardhman Fabrics
2021	India CSR Project of the Year Award for Education, For its unique CSR project – Vardhman School Development Programme (VSDP)	
2022	Excellent Performance in Sustainable Chemical and Waste Water Management Program by Apparel Impact Institute to Vardhman Fabrics at CBD (Clean By Design) Program Sponsored by GAP and Supported by STS- BlueWin Academy, UK	Economic Times Promising Plant Award, at the prestigious Economic Times Promising Plant 2022 awards ceremony, Pune
2023	Employer of the Future Award showcased in Fortune India's compilation titled 'Employers of the Future'	India CSR Award 2023 in India Corporate Social Responsibility Awards