

# Business Responsibility Report

## About Vardhman

Vardhman Textiles Limited (VTXL) is the flagship company of Vardhman Group with diverse operations across sectors. Vardhman's humble beginning dates back to 1965 when the Group started its first manufacturing unit at Ludhiana in the state of Punjab with 6000 spindles and is today one of the largest textile companies of India manufacturing Cotton Yarns & Fabrics.

Through its integrated operations across textile value chain from Cotton to Fabric and to Garments, it touches lives of millions of people and assures quality product and services to its customers.

## About This Report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2020-21 (available at: [www.vardhman.com](http://www.vardhman.com)) is based on the 9 Principles enshrined in the NVGs.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company: L17111PB1973PLC003345
- Name of the Company: Vardhman Textiles Limited
- Registered address: Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
- Website: [www.vardhman.com](http://www.vardhman.com)
- E-mail id: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)
- Financial Year reported: 2020-21
- Sector(s) that the Company is engaged in (industrial activity code-wise): Textiles, NIC Code 131
- List three key products/services that the Company manufactures/provides (as in balance sheet): Yarn and Fabric
- Total number of locations where business activity is undertaken by the Company
  - Number of International Locations (Provide details of major 5): The Company has 2 Liaison offices in Hong Kong and Bangladesh
  - Number of National Locations: 17
- Markets served by the Company – Local/State/National/International: National / International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (INR): ₹ 57.56 crore
- Total Turnover (INR): ₹ 5,787.64 crore
- Total profit after taxes (INR): ₹ 350.41 crore
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.49
- List of activities in which expenditure in 4 above has been incurred: Refer to Summary of CSR initiatives on page 54-63.

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies? Yes
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): No
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No

**SECTION D: BR INFORMATION****1. Details of Director/Directors responsible for BR:**

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 00340459
2. Name: Mr. Neeraj Jain
3. Designation: Joint Managing Director

(b) Details of the BR head

S. No.	Particulars	Details
1	DIN number	00340459
2	Name	Mr. Neeraj Jain
3	Designation	Joint Managing Director
4	Telephone number	0161-2228943
5	Email id	<a href="mailto:neerajjain@vardhman.com">neerajjain@vardhman.com</a>

**PRINCIPLE - 1**

Corporate Governance for Ethics, Transparency and Accountability

**PRINCIPLE - 2**

Sustainability of Products & Services across Life-cycle

**PRINCIPLE - 3**

Employee Well-being

**PRINCIPLE - 4**

Stakeholder Engagement

**PRINCIPLE - 5**

Human Rights

**PRINCIPLE - 6**

Protection and Restoration of the Environment

**PRINCIPLE - 7**

Responsible Advocacy

**PRINCIPLE - 8**

Supporting Inclusive Growth and Equitable Development

**PRINCIPLE - 9**

Providing Value to Customers and Consumers

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	<b>Do you have policies for:</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	<b>Has the policy been formulated in consultation with the relevant stakeholders?</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	<b>Does the policy conform to any national / international standards? If yes, specify?</b>	N	Y	Y	Y	Y	Y	N	Y	N
			ISO 14001: 2015	OHSAS 18001: 2007	OHSAS 18001: 2007	OHSAS 18001: 2007	ISO 14001: 2015		OHSAS 18001: 2007	

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Is it a board approved policy? If yes, has it been signed by MD /owner / CEO /appropriate Board Director?	Y, BOD	Y, CEO	Y, BOD	Y, BOD	N	Y, CEO	N	Y, BOD	N
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online	Refer Below								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the Company carried out independent audit /evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	N

(b) If answer to the question at serial number 1 against any principal, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	<b>N.A.</b>								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within the next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

**Annually**

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The hyperlink for viewing the same is [\\_\\_\\_\\_\\_](#). It is published annually in the Annual Report.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Corporate Governance for Ethics, Transparency and Accountability

We are committed to adopting the best corporate governance practices as manifested in the Company's functioning to achieve business excellence by enhancing the long term shareholder's value. Efficient conduct of business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices being followed at Vardhman.

The composition of the Board of Directors of the Company is governed by the Companies Act 2013 and SEBI Regulations 2015. As on March 31, 2021, the Company has 9 directors on its board (including the Chairman), of which 5 are independent, 3 are non-independent and 1 is non-executive non-independent director.

To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders' Relationship Committee. The Committees meet periodically during the year to supervise, review performance and advice on the necessary directions to be taken.

**Code of Conduct:** Vardhman has its Code of Conduct which extends to all directors and senior employees of Vardhman which aims at maintaining the highest standards of business conduct in line with the Ethics of the Company, provides guidance in difficult situations involving conflict of interest & moral dilemma and ensures compliance with all applicable laws. All senior employees have to read and understand this code and agree to abide by it.

The Code of Conduct is available at the Company's website link [https://www.vardhman.com/investor-desk#!company\\_information](https://www.vardhman.com/investor-desk#!company_information).

**Vigil Mechanism/ Whistle Blower Policy:** The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Uniform Listing Agreement aims to provide a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases.

The Vigil Mechanism/ Whistle Blower Policy is available at the Company's website at the link [https://www.vardhman.com/investor-desk#!company\\_information](https://www.vardhman.com/investor-desk#!company_information).

### Principle 2: Sustainability of Products & Services across Life-cycle

The Sustainable Business Model and the framework driving towards identification and implementation of strategies that add value to the lives of numerous people linked, directly or indirectly, with the organization is a core strength of Vardhman. The image of Vardhman Group, and its position in the society has been developed by proactively and effectively fulfilling our responsibility towards the world around us. The three facets of sustainability namely – social, environmental and economic play a pivotal role in formulating our plan of action. A blueprint developed in compliance with national and international standards for the industry, emphasizing on initiatives towards Sustainable growth and development maps our journey.

This works with a long-term perspective, objectivity and apt understanding of the impact of choices made. Vardhman's Sustainability Drive, backed with innovation, is one of several initiatives to broaden the perspective towards Sustainable development.

### Responsible Sourcing of Raw Material

Cotton is a natural fibre grown in the farms. Cultivating cotton involves skill as well as preparation. Testing soil for fertility, climatic conditions, geographic factors etc. are crucial to the production of this natural fibre. What is more challenging is to retain the fertility of the land where it is produced and ensure quality of the yield with every produce.

To combat these challenges, initiatives like Better Cotton Initiative, Organic Cotton, Fair-trade Cotton, Cotton made in Africa (CMIA Cotton), Recycled Cotton, Artificial Fibres, etc. are on-going with the goal to improve the yield, introduce modified cultivating practices, reduce production cost, minimize the use of harmful pesticides and inorganic fertilizer, conserve natural resources like soil and water, provide decent working conditions and the right price to the farmers.

For encouraging and promoting the cultivation of Extra Long Staple (ELS) cotton in Madhya Pradesh (M.P.) which in turn would empower farmers, financial contribution was made to the Cotton Collaborative Project of Confederation of Indian Textile Industry - Cotton Development & Research Association (CITI-CDRA) to conduct research and identify better practices to increase the yield of ELS.

As a part of several sustainable cotton programs, run by global stakeholders, Vardhman Textiles consciously ensures that more than 30% of cotton sourcing is done from the sustainable cotton programs.

### Rural Development

The spirit of India lies in its villages and without the development of rural India, the growth of the country can only be partial. Project Pragati is one of the primary rural development programs run under Better Cotton Initiative under which several villages have been adopted and thousands of farmers trained to increase the yield. The project not only offers livelihood to people in these villages but also an opportunity to connect with the mainstream economy. Women empowerment and childcare are also important aspects of this project and every year we aim at bringing further improvements under this initiative. We constantly strive to offer healthcare facilities, education, hygienic living conditions and skill development opportunities to people living in villages.

### Better Cotton Initiative

BCI is an approach to make cotton a sustainable commodity. The initiative aims at ensuring optimum use of resources, profitability for the producers and maintaining the soil's fertility. The quality of cotton fibre relies highly on the crop

management practices as contamination at initial level can prove to be harmful. This initiative caters to the agricultural, social, environmental and economic aspects besides promising prosperity to the textile industry.

Global standards, practices adopted by BCI farmers help in

- ♦ minimizing the harmful impact of crop protection practices
- ♦ promoting water stewardship
- ♦ caring for health of the soil
- ♦ enhancing biodiversity and using land responsibly
- ♦ caring for and preserving fibre quality
- ♦ promoting fair work practices
- ♦ operating an effective management system

### Project Pragati

While BCI came into being in 2010, the adoption of villages by Vardhman started as early as 2003 under the village adoption scheme started in collaboration with Punjab Agricultural University (PAU), in Cotton growing villages in Punjab.

Researchers and experts from PAU and Krishi Vigyan Kendras were engaged to educate farmers about cultivating cotton crop long before BCI was formed. In 2015, the initiative was given a proper framework and project Pragati was launched. The implementation of BCI's crop management practices was first done in Gujarat. Starting with one Producer Unit (PU), 9 villages, 1758 farmers and 3787 hectares of land, this project witnessed growth in leaps and bounds with the support from SME from Junagarh University.

Year	2016-17	2017-18	2018-19	2019-20	2020-21
Producer Unit	3	3	3	5	5
Villages	47	48	51	80	60
Farmers	8327	9456	10047	13949	9471
Learning Groups	223	252	268	379	250
Land	14719 hectares	15973 hectares	18254 hectares	24173 hectares	13703 hectares
License	3 year	Undergoing	Undergoing	3 years for 3 PUs & 2 years for 2 PUs	2 PUs in 2 <sup>nd</sup> year of license
Production of BCI Bales	60,660	75,548	88,427	1,01,000	42,900

\*Because of COVID-19, BCI Project Pragati was scaled down as frequent movement was not possible.

The activities implemented under this project include:

1. Creating awareness among the farmers and training them on various subjects like sowing techniques and optimum use of water etc.
2. Testing soil to understand the actual requirement of fertilizers/pesticides for the land.
3. Field demonstrations to show the difference between the yield from conventional methods and BCI methods.
4. Training the farmers to use personal protective equipment (PPE) to prevent any hazardous effect of pesticides.
5. Involving women in the mainstream economy and spreading awareness about the importance of education, child labour etc.
6. Keeping the environment clean and green by planting trees and painting the walls with beautiful messages in villages.
7. Distributing cotton bags to farmers to reduce contamination while picking the crop in fields.

### Organic Cotton

Other than BCI, we source organic cotton that is grown without using any chemical fertilizers or pesticides, on land where the use of chemicals is abandoned for at least three years and from plants which have not been genetically modified. We are certified in Organic Yarn for

- GOTS (Global Organic Textile Standard)
- OCS (Organic Content Standard)
- GRS (Global Recycle Standard)

### Recycled and Manmade Fibres

Cotton, Polyester and other fibres are recycled to minimize the waste. In addition to the fibres purchased from outside, we have processed more than 1,400 tons of waste in FY 2020-21 to create recycled products.

Quality	In Metric Tons approx	Basic Value (in lac) approx
Organic	8,000	1,200
BCI	69,400	8,675
Recycled Cotton	425	314
Recycled Polyester	7,700	6,160

Artificial fibres like Lenzing Modal and Tencel are renewable fibres made with an efficient close-loop technology. These fibres have negligible impact on environment as compared

to their alternatives. Committed to sustainable forestry, these fibres are made with green technology and mark themselves as the future of textile industry. Major benefits of these manmade fibres are:

1. These fibres are made with wood pulp from trees which have the potential to rejuvenate themselves.
2. No chemical fertilizers or artificial irrigation facility required.
3. The raw material is sourced from sustainably managed semi-natural forests which become home to bio-diversity.
4. Low Chemical and Carbon footprint.
5. Fully biodegradable and compostable fibre.
6. Enhanced durability and lifetime of product.
7. Minimal Waste.

New Sustainable Specialty fibres added during the year 2020-21 are:

Quality	In Metric Tons approx	Basic Value (in lac) approx
Ecomade Coolmax & Thermolite	82	345
Recycled Cocona	30	104
Refibra	7.5	18

### WATER

Water being a resource without which life cannot survive on Earth, remains our major priority in terms of sustainability measures undertaken by us. To ensure proper treatment of waste water and its safe discharge, we monitor the effluent quantities and treat to keep them well-within the standards set by Central and State Pollution Control Boards.

### Water Treatment

We have installed 3 Effluent Treatment Plants (ETPs) and 7 Sewage Treatment Plants (STPs) which utilize advanced technology to annually treat about 5.47 million KL and 1.22 million KL of waste water respectively. The treated water at Budhni is recycled and reused, saving about 3.06 million KL of fresh water annually. At Baddi, about 4.672 million KL of effluent from three units - Auro Textiles, Auro Textiles II and Auro Dyeing is sent to Common Effluent Treatment Plant (CETP) for treatment.

### Water Recycle and Reuse

**99% Water Recovery and Zero Chemical Treatment:** At our largest integrated facility at Budhni, we have installed a Zero

Liquid Discharge (ZLD) System with an Effluent treatment capacity of 11,000 KLD. This treatment plant at Vardhman Fabrics, Budhni works solely on Bio-oxidation process. Despite the fact that there is no chemical treatment performed, the COD and BOD removal efficiency of the plant is 90-92% & 96-98% respectively. 8,400 KLD of this biologically treated effluent is recycled through RO & MEE for reuse in the process. Rest of the ETP treated water is utilized for Green Belt Development. The recovery rate through RO & MEE is 99.0% and MEE recovered salt is disposed of at government authorized TSDF.

We have revamped and re-commissioned our in-house ETP at Baddi to significantly reduce the organic and inorganic pollutant load to the CETP achieving 85-90% COD and 91-95% BOD removal to treat 0.73 million KL of effluent annually.

Along with meeting the prescribed standards of treated water, we are using all of the STP treated water in plant operations, irrigation and horticulture. 25% of the processed water is reused in fabric processing and acrylic washing. It is our constant endeavor to improve this figure by continuously monitoring and researching on potential water saving opportunities.

### Water Recharge

So as to contribute towards replenishment of ground water, we have been continuously investing in water conservation initiatives. Since 2005, we are working on ground water recharge and have till now installed 52 Rain Water Harvesting Systems (RWH) within our premises. These rain water harvesting systems have the capacity to recharge 1.75 million KL water annually.

### ENERGY CONSERVATION

We keep investing in energy-efficient technologies and renewable energy to improve energy security. With an emphasis on green energy and alternative sources of energy, we have successfully achieved a downward trend in energy consumption per unit of produce. Electricity is a major requirement for the industry and so is looking for measures

to make optimum use of electric energy. With an approach for “Less input, more output”, we constantly strive to minimize the energy consumption and maximize the output.

Due to our following endeavors for saving energy, we have saved 284.17 lac kWh of energy in FY 2020-21:

#### Energy Saving Measures Implemented during FY. 2020-21

Replacement of conventional lighting fixture with energy efficient LEDs.

Replacement of sodium lamp fixture with energy efficient LED fixture.

Replacement of conventional street lights with energy efficient LED lights.

Installation of timer on under-loom lighting LED fixtures for inspection of fabric.

Installation of roof mounted solar plant (renewable energy source) to reduce carbon emission.

H plant optimisation by reducing frequency of VFDs and turning off the fans in winter season.

Suction pressure optimization in FDP plant of carding section by reducing the size of the pulley hence reducing load on motor.

Reduction in power losses by shifting the source of supply to a nearer transformer i.e by reducing the length of cable.

Modification & replacement of H-plant washer pump line to increase pressure, thus reducing the frequency of operation.

Installation of variable frequency drives.

Replacement of old rewind motors with energy efficient IE3 Motors.

Conversion of motor starting method from star delta starter to variable frequency drive.

Installation of timer on over head travelling cleaner in place of continuous running.

Replacement of old compressor with new energy efficient screw air compressor.

## Renewable Energy

Two major initiatives towards green energy undertaken by us are:

### ♦ Biogas plants

For solid waste management and generation of energy from renewable sources, we have established Biogas plants with a total capacity of 7MT/day at two of our locations – Auro Textiles, Baddi and Vardhman Fabrics, Budhni. Altogether, both plants have a capacity to generate 120 kg/day of biogas from organic waste. This gas is put to use at canteens and mess facilities for cooking, while the residual is used as manure for horticulture.

### ♦ Composting

The composting system set up for kitchen waste generates manure and is used for green areas at our premises.

## Solar Power

Solar Power Plants with total capacity of 13.1 MW are installed at Vardhman Fabrics and Vardhman Yarns in Madhya Pradesh for generation of 2.51 crore kWh/annum of electricity, subject to irradiance availability.

Solar powered kitchen automation equipment are installed in four of our units. We also utilize solar energy in water heaters at several of our hostels and residential campuses.

## Air

Climate change, emissions of greenhouse gases, depletion of ozone etc. are indicators of the deteriorating quality of air. We execute our responsibility towards restricting emissions by enhancing the energy efficiency of our processes as well as investing in low-carbon technologies. Over the years, a focused drive to improve the efficiencies of our operations has resulted in managing emissions to a significant extent. Some major initiatives taken are:

- ♦ Reduction in GHGs: Practices are adopted to reduce the emission of greenhouse gases such as Carbon Dioxide, Methane, Nitrous oxide etc.
- ♦ Sequestration: Trees, plants and other forms of vegetation play a great role in reducing the Carbon dioxide levels. For effective sequestration of Carbon dioxide, we promote afforestation, tree plantation and planting of various types of vegetation.

Plantation of trees and developing green belt remains our focus every year. Not only we maintain green areas within our premises, but also take the responsibility of generating awareness in masses about the need for planting more and more trees. Our employees enthusiastically participate in this drive and we have, till date, planted over 4.5 lac trees to combat air pollution.

## Principle 3: Employee Well-being

In a world where everything else is equal, human effort makes all the difference. We place immense value on our workforce and consider it our biggest, most valuable asset. At Vardhman, we have a culture of empowerment that values and respects individual potential and helps each one achieve it to the fullest. Our people own their jobs and not just perform them. We continuously strive to improve quality of work-life for total job satisfaction and social harmony for the employees.

1. Total number of employees – 24,111 (including contractual manpower)
2. Total number of employees hired on temporary/contractual/casual basis –3,195
3. Number of permanent women employees – 5,460 (does not include contractor female employees)
4. Number of permanent employees with disabilities- 30
5. Do you have an employee association that is recognized by management – No
6. What percentage of your permanent employees is members of this recognized employee association? – N.A.
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil



8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees- 79.67%
- (b) Permanent Women Employees- 82.59%
- (c) Casual/Temporary/Contractual Employees- 78.46%
- (d) Employees with Disabilities- 63.43%

The policies on the principle of Employee well-being are available on the Company's website at the following link:-

**Child Labour** - [https://www.vardhman.com/user\\_files/investor/Policy%20on%20Prohibition%20of%20Child%20Labour.pdf](https://www.vardhman.com/user_files/investor/Policy%20on%20Prohibition%20of%20Child%20Labour.pdf)

**Anti-Sexual** - [https://www.vardhman.com/user\\_files/investor/Anti%20Sexual%20Harassment%20Policy.pdf](https://www.vardhman.com/user_files/investor/Anti%20Sexual%20Harassment%20Policy.pdf)

**Bonded Labour** - [https://www.vardhman.com/user\\_files/investor/Forced%20Bonded%20Labour%20Prohibition.pdf](https://www.vardhman.com/user_files/investor/Forced%20Bonded%20Labour%20Prohibition.pdf)

#### Principle 4: Stakeholder Engagement

Vardhman recognizes employees, local communities surrounding our operations, business associates (marginalized farmers, network of suppliers, agents and dealers), customers and shareholders/investors as our key stakeholders.

Vardhman identifies communities (with a focus on women and children from these communities) around our manufacturing facilities and small farmers in our inbound supply chain as disadvantaged, vulnerable & marginalized stakeholders.

Vardhman regularly undertakes initiatives to serve the interest of its disadvantaged, vulnerable and marginalized stakeholders. These are briefly described below:

Stakeholder group	Initiatives
Employees	<p>Our Employee policies safeguard employees against any kind of discrimination based on caste, creed, religion, geography, educational or social background, gender, age, family status, citizenship, disability, etc.</p> <p>We believe in the continuous people development through investment in the training &amp; development of our employees even in adverse business times.</p> <p>Women who form more than 26% of our workforce are given ample opportunities to accept greater roles at work and are treated with utmost respect. Ensuring the safety of women employees is a top priority for Vardhman.</p>
Local Communities around our manufacturing Locations	Development and deployment of need-based community programs in the areas of health, education, skill development, sanitation, livelihood etc. as part of Corporate Social Responsibility (CSR) initiatives.

Stakeholder group	Initiatives
Business associates	<p>Direct engagement with small and marginal farmers and providing free technical advice to them for improving yield of their cotton crop through deploying better farming methods. This provides an avenue for sustainable livelihood generation and capacity building for small farmers.</p> <p>We educate our agents about the new products and industry scenario and engage them in both formal and informal ways as they are the extended arms of Vardhman.</p> <p>Once in every two years we invite our dealers in customer meet and recognize their efforts in growing sales.</p>
Customers	We provide a dedicated sales team to ensure pre to post sales services to our customer. Post sales service ensures smooth usage of our products and problem solving through a partnership approach has helped us forge long lasting relationships with our customers.

### Principle 5: Human Rights

We subscribe fully to the basic tenets of human rights as defined in our Constitution. We adhere to the human rights principle of dignity of workforce regardless of the nation, location, language, religion, ethnic origin or any other status of an individual.

We have placed grievance redressal mechanisms in every manufacturing unit and we try to ensure a harassment free work environment along with workplace health and safety. A Labour Welfare Officer is placed in every manufacturing unit who is available in the plant round the clock to take care of ensuring the basic amenities to workers. Communication meetings between workers and senior officials are regularly conducted to redress the grievance of workers and maintain harmonious relations between the management and workers.

Prime importance is given towards maintaining better working conditions in the plants to take care of the health & safety of employees. We are certified under OHSAS 18001 by NSAI.

No complaint was received pertaining to human rights violation during the past financial year.

### Principle 6: Protection and Restoration of the Environment

- Vardhman has implemented stringent standards and policies for Environment, Health and Safety in all its manufacturing units.
- Changes in climatic conditions, issues like global warming and degradation of environment owing to over exploitation of resources are threats to existence of life on the planet. These challenges, however, are seen as opportunities to create sustainable products and manufacturing mechanisms at Vardhman. We invest heavily in developing future-ready technology and innovative solutions to minimize the strain textile industry

puts on the environment. Alternative energy, optimum consumption and replenishment of natural resources are some of the initiatives undertaken to back our goal of sustainable development. Dedicated teams have been deployed to devise and implement strategies to manage the environmental risks. In our endeavor to protect and restore environment, following steps have been initiated:

- Treatment of process effluent: We have established independent ETPs in major units and at other units, the effluent is treated at CETPs.
- Zero Liquid discharge (ETP, RO, MEE) system is installed at the largest integrated unit in Budhni to recycle entire waste water and make it fit for re-use in process.
- Sewage Treatment Plants have been installed for the treatment of domestic sewage. The treated STP water is consumed in process, gardening and flushing.
- Disposal of hazardous solid waste generated at the units is done only through CPCB/SPCB authorized disposal facilities.
- Ground water recharge is done through Rainwater Harvesting Systems.
- Boiler flue gases are passed through filter bags, ESP's or scrubber units.

These steps help in the reduction of raw water consumption, emission of greenhouse gases, generation of solid waste, effluent and other hazardous substances. Initiatives like these are effective in reducing the impact of industry on our natural resources and environment.

- We accord highest priority to the safety of human lives. New recruits have to mandatorily pass through Safety training before they are posted on the shop floor. While

there are regular refresher programs for employees at each level, visitors too are given security instructions before entering the premises so as to ensure workplace safety and minimize the probability of accidents.

In the light of ongoing coronavirus pandemic, the safety protocols have been revised as required. From thermal screening to quarantine and vaccination, we have taken every step essential for the safekeeping of our employees.

4. All the hazardous waste generated is stored and disposed of as per the statutory norms. Each unit has requisite facilities for proper management of e-waste, spent oil and ETP sludge. The disposal of such waste is carried out through CPCB/SPCB authorized recyclers & TSDF.
5. We have not registered ourselves under any project for Clean Development mechanism but have undertaken several initiatives on our own for clean, eco-friendly and sustainable growth.

**Clean Technology:** We utilize Aaga system, an organic composter to compost the food waste. By decomposing food waste generated from colonies, canteens, hostels etc., we have been meeting our cooking gas requirements through bio-gas plants at two of our locations – Auro Textiles, Baddi and Vardhman Fabrics, Budhni. These plants are capable of generating 120 kg/day of bio-gas. The remaining compost is used as manure in the green belt development inside the premises.

Solar water heaters have been installed at our hostels and campuses while Solar Kitchen Automation equipment are being used for cooking in four of our units.

**Energy Conservation:** Optimum utilization of resources as a principle is ingrained in all the processes at Vardhman. Energy conservation initiatives for reduction in power consumption and increasing efficiency are a regular feature.

**Reduction in water usage:** Treatment of wastewater and its utilization in gardening, process activities, flushing etc. results in reduction in the amount of usage of fresh water. For a limited natural resource like fresh water, conservation is a primary responsibility of the human kind. We make our contribution by regular metering, monitoring and controlling its consumption at all our sites.

**Water Conservation:** Our 52 Rainwater harvesting systems, ground water recharge initiatives and similar provisions allow us to conserve water. We have a capacity to recharge 1.75 million KL of water to the ground annually.

**Reduction in Office waste:** Our initiative to reduce waste generation at our offices include using jet hand dryers in washrooms to minimize usage of tissue rolls, printing on both sides of paper and generating awareness in employees to shift to paperless office model.

**Awareness Programs:** To spread awareness about environmental protection measures, every year we celebrate Earth Day, Environment Day, Environment Week and Water Saving Week. The activities held during such programs include Tree Plantation, Drawing Competition, Slogan Competition, Social media campaign etc.

**Plantations:** Plantation drives are carried out every year by us. To increase the green area around our factories, we have till date planted over 4.5 lac saplings.

**Environment and Safety Certifications:** All units of the Company are ISO 14001:2015 and ISO 45001:2018 certified.

6. The emissions at our units are within the permissible limits of applicable State and Central Pollution Control Boards.
7. The EHS policy is available on the Company's website at the link [https://www.vardhman.com/user\\_files/investor/EHS%20Policy.pdf](https://www.vardhman.com/user_files/investor/EHS%20Policy.pdf)

#### **Principle 7: Responsible Advocacy**

Vardhman is a member of several industrial and trade associations. These are listed as under:

- a. Confederation of Indian Industries (CII);
- b. Federation of Indian Chamber of Commerce and Industries (FICCI);
- c. PHD Chamber of Commerce and Industries (PHDCCI);
- d. Confederation of Indian Textile Industry (CITI);
- e. Texprocil

Being an industrial house, our major areas of concern are those public policies which deal with industry/business. Therefore, most of the time, our submissions are related to economic policy changes and other issues, which affect the sustainability and competitiveness of the industry.

These platforms are utilized to update the industry concerns to the relevant government offices through seminars, delegations and memorandums. Through these forums, we also provide our inputs sought by the State & Central Governments related to the current problems faced by the industry, future prospects and policy imperatives required to overcome bottlenecks.

These forums are used to advance the cause of the industry and are not used to take up company specific issues.

## Principle 8: Supporting Inclusive Growth and Equitable Development

Through CSR (Corporate Social Responsibility) initiatives as well as an ingrained mechanism for sustainable development in core business activities, Vardhman supports the principle of inclusive growth and equitable development. The Company has in effect, a detailed CSR policy monitored by a CSR committee appointed by the Board of Directors. CSR initiatives at Vardhman are developed with key emphasis on promoting education, offering advanced healthcare facilities, contributing to rural development, conservation of environment etc. The areas of emphasis are covered in Schedule VII of the Companies Act 2013.

A number of CSR programs are pursued profoundly within the close proximity to our units to enable effective supervision and maximize the impact of these developmental activities. While we equally participate in offering services for national causes, an emphasis is laid on ensuring that the intended effect of the initiatives taken is delivered to the target communities. Programs under this principle are developed and executed by:

### a) In-house teams

Our in-house teams remain vigilant and actively engaged with the marginalized section including farmers and local communities. These teams carry out need assessment and analyze the existing problems to formulate and implement suitable solutions benefitting the local population.

### b) Trusts

Community development initiatives are performed by inducing trusts and organizations dedicated for the cause. Close monitoring for the optimum utilization of resources invested helps in ensuring positive outcome from such drives. In the states of Punjab, Himachal Pradesh, and Madhya Pradesh, we have trusted entities that carry out developmental activities as per the directions of the Board.

### c) Other organizations

For healthcare, education and such benefits to reach the masses, we collaborate with public and private organizations like hospitals, schools etc. These initiatives aim at presenting underprivileged sections of society with the right to quality healthcare facilities and opportunity to learn and grow.

### Women Empowerment and the Right to Equal Opportunity

Offering an equal opportunity to women employees;

allowing them to share the responsibility of development of the nation is critical to the working culture at Vardhman. We see women as a human resource that if utilized to its optimum potential can contribute a great deal to the development of nation and therefore, take initiatives to augment women's participation in our workforce. However, bringing out women who never had a job before is not easy to come and requires tireless efforts. We reach out to them, counsel their families, offer favourable working conditions and healthy lifestyle in order to connect them to mainstream economy.

### Impact Assessment

Vardhman, in order to ensure that the benefit of CSR initiatives reaches the people who need to be supported, internally performs an impact assessment. This assessment helps us in understanding the efficacy of the programs in terms of delivering the desired benefits to the community and gaining insights for improving the design and impact of future initiatives.

### Contribution in CSR (2020-21)

**Promoting Education:** Infrastructure, amenities and awareness.

1. Construction of Vardhman Block comprising of 10 well-equipped Classrooms and separate toilets for girls & boys completed at Government Senior Secondary School, Ladhawal, Ludhiana, Punjab. Project cost is ₹ 1.77 crore.
2. Upgrading the infrastructure of Sri Aurobindo College of Commerce and Management, Ludhiana, Punjab. Project cost is ₹ 2 crore.
3. Construction of Mother Auditorium with a seating capacity of 800 people at Sri Aurobindo College of Commerce & Management, Ludhiana. The estimated project cost is ₹ 14 crore.
4. Sponsored education of four tribal students of Auro Mira Vidhya Mandir, Village Ketchla, Odisha. The project cost is ₹ 2 lac.
5. Provided financial aid of ₹ 5 lac to Nirdosh School, Ludhiana. The NGO, for last 42 years, is working for rehabilitation of the children suffering from Autism and other mental disorders.
6. Renovation, painting & water proofing of school building and repairing of floor in classrooms initiated at Govt. Middle & Primary School Pilikarar, Budhni, Madhya Pradesh. The estimated project cost is ₹ 8.49 lac.

7. Construction of toilets and drinking water facility at Government Primary School Murrah, Budhni to improve the hygiene and sanitation facilities. The estimated project cost is ₹ 5.61 lac.
8. Behavior Momentum India Foundation provided financial support of ₹ 2 lac for purchase of equipment for its Vocational Training Unit for adult with autism.
9. Project Nandini – an initiative to promote awareness about menstrual hygiene management among adolescent girls & rural women – extended to Baddi region in Himachal Pradesh with Himalaya Social Institute as the implementation Partner. Cost for project including sessions and installation of Sanitary napkin vending machines & incinerators is estimated to be ₹ 20 lac.
10. Financial support of ₹ 6 lac to Hunar Vikas Kendra run by District Administration, Ludhiana for skill development of youth.

#### **Promoting National Sports, Art & Culture:**

Provided sports T-Shirts to players in a cricket tournament at Budhni.

**Rural Development:** Rural Infrastructure Development; Water, Sanitation and Solar Electrification

1. Technical assistance to Cotton growing farmers for better farming practices and integrated pest management through Better Cotton Initiatives (BCI) Project Pragati in Rajkot- Gujarat covering 60 villages and 9471 farmers. The project cost is ₹ 63 lac.
2. Financial support of ₹ 10 lac to CITICDRA for the Cotton Collaborative Project - research and development of long staple cotton at Madhya Pradesh.
3. Constructed toilets and other facilities at Tehsil Office, Budhni to improve hygiene and sanitation facilities.
4. 148 Solar Street Lights installed at 32 villages of Dheem Kataru Panchayat at Jenjheli, Mandi, Himachal Pradesh. Project cost is ₹ 21 lac.
5. Provided 137 Solar Street Lights and Open Gym in 42 villages of Dev Block, Pragpur, Kangra, Himachal Pradesh. The project cost is ₹ 23 lac.
6. Installed 7 bore-wells and 5 Hand-pumps in the neighboring villages of Budhni, Madhya Pradesh to provide safe drinking water. Project cost is ₹ 10.50 lac.
7. Development of 3 village Ponds in Giridih, Jehangir & Bilaspur villages of Ludhiana.

#### **Protecting Environment:**

₹ 2 lac provided to Sardar Gurbachan Singh for spreading awareness among farmers to stop Stubble burning in Punjab.

#### **Welfare of Armed Force Veterans:**

1. ₹ 5 lac provided to Kendriya Sainik Board to support the families of Brave heart soldiers and for their welfare schemes.
2. 150 Blankets, 100 Track Suits and 50 Wheel Chairs provided to Ex- Servicemen, Veer Naaris & Widows of 63 Rashtriya Rifles (Bihar). Project cost is ₹ 6.20 lac.
3. 100 Blankets costing ₹ 2 lac provided to veterans of 1971 war.

**Promoting Healthcare:** Strengthening Infrastructure, Providing Medical Equipment and Contribution to Treatment of poor patients.

#### **Medical Equipment:**

1. Equipment worth ₹ 118 lac including Monitor (10), Defibrillator (2), Nebulizer (10), Video Laryngoscope, Bronchoscope, Ultrasound Machine & Probe, Flow Trac, AC and Body Freezer, Potable X-Ray Machine & BiPAP Machine (20), Non-invasive ventilator etc. provided to Christian Medical College & Hospital, Ludhiana, Punjab to set up a new COVID CARE Ward for critical patients.
2. 15 SOB Profile Test Kits and Water Cooler with UV Filter worth ₹ 1.60 lac provided for COVID Isolation Ward & High Dependency Care Unit (HDCU) of Civil Hospital, Ludhiana, Punjab.
3. 6000 PPE Kits provided to front line workers and Doctors of Government run and Charitable Hospitals of Ludhiana (Punjab), Baddi (HP), Budhni & Mandideep (MP) to fight COVID-19.
4. Eye & Dental Department of Police Hospital, Sangrur, Punjab provided with equipment worth ₹ 10 lac including Slit Lamp, Computerized Eye Testing Machine, Digital Distance Eye Testing Led, Eye Chair, OPG Machine, Compressor, Microscope and Multipara Monitor.
5. Mahatma Gandhi Memorial Medical College Indore, MP provided with Covid testing equipment worth ₹ 35 lac.
6. PPE Kits worth ₹ 43,000 provided to front line workers and Doctors of District Hospital Raisen, MP.

7. Oxygen Cylinders worth ₹ 3.50 lac provided to Government Hospital, Budhni, MP.
8. PPE Kits & Sanitizer worth ₹ 1.50 lac provided to district administration and Hospitals in Baddi, HP.
9. Financial assistance of ₹ 85,000 for establishing a Covid Sampling Kiosk at Community Health Centre, Baddi, Himachal Pradesh. Besides three ply surgical masks and gloves worth ₹ 1.09 lac were also provided.
10. Face masks, Gloves, Hand wash & Sanitizer worth ₹ 4.45 lac provided to Community Health Centers of Baddi and Nalagarh in Himachal Pradesh.
11. Digital X-Ray Machine worth ₹ 15 lac provided to Community Health Centre, Pir Saluhi, Dev Block, Pragpur, Kangra, Himachal Pradesh.

#### Medical Grants

1. Financial grant of ₹ 30 lac to Poor Patients Welfare Fund of Post Graduate Institute of Medical Education & Research (PGIMER), Chandigarh.
2. ₹ 30 lac contributed to the Cancer Treatment Fund of Christian Medical College & Hospital (CMCH), Ludhiana for diagnosis and treatment of economically weak cancer patients.
3. ₹ 25 lac contributed to Poor Patients Fund of Dayanand Medical College & Hospital (DMCH), Ludhiana.

#### Contribution to combat Covid 19:

1. Installation of flex board and posters in Ludhiana, Punjab for covid awareness. Project cost is ₹ 1.80 lac.
2. Distributed rations kits and everyday essentials to Old Age Home (Nishkam Sewa Ashram & Swami Vivekanand Swarg Ashram) of Ludhiana during lockdown.
3. Distributed rations kits / wheat flour bags to people in need during lockdown in Baddi (HP) and Bhopal (MP).

At all our units, we strive to continuously engage with surrounding communities and offer support by understanding the problems being faced by them.

Regular meetings and surveys are carried out to access the needs, priorities and expectations of the local community. Initiatives to be undertaken are designed and delivered in a transparent manner after evaluating the inputs from the residents of the locality.

The Company's CSR policy is available online on its website at the following link: [https://www.vardhman.com/investor-desk#!company\\_information](https://www.vardhman.com/investor-desk#!company_information)

#### Principle 9: Providing Value to Customers and Consumers

Adding value is not always about money or discounts. Understanding our customer is the key to add value. We try to understand what drives value for our customers and offer best quality products with a prime focus on developing memorable customer experience.

We take care of the expectations of our customers as well as other stakeholders. We implement practices to safeguard our environment and society. We consistently work to improve customer satisfaction and deliver value proactively by anticipating changes in customer's needs.

1. Pending customer complaints at the end of the financial year were of a routine nature and constituted 3-4%.
2. We disclose all the information on our labels in compliance with the legal requirements so as to enable customers to make an informed decision.
3. During the last five years, no cases have been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior.
4. As part of our stakeholder engagement strategy, Vardhman engages with its customers and carries consumer surveys for different products every year to know the customer satisfaction level so that necessary steps may be taken to enhance the same. There is a designated market research section which carries out these surveys and gives inputs to respective business teams for undertaking new developments besides remedial action, as may be required.