

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 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 2021-22 (available at: www.vardhman.com) is based on the 9 Principles enshrined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L17111PB1973PLC003345
2. Name of the Company: Vardhman Textiles Limited
3. Registered address: Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
4. Website: www.vardhman.com
5. E-mail id: secretarial.lud@vardhman.com
6. Financial Year reported: 2021-22

7. Sector(s) that the Company is engaged in (industrial activity code-wise): Textiles, NIC Code 131
8. List three key products/services that the Company manufactures/provides (as in balance sheet): Yarn and Fabric
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5): The Company has 1 Liaison office at Bangladesh
 - (b) Number of National Locations: 17
10. Markets served by the Company – Local/State/National/International:

National / International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): ₹57.77 crore
2. Total Turnover (INR): ₹9,386.10 crore
3. Total profit after taxes (INR): ₹1,677.45 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.20%
5. List of activities in which expenditure in 4 above has been incurred: As per Annexure III of the Directors' Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies? Yes
2. 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
3. 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

Sr. No.	Particulars	Details
1	DIN number	00340459
2	Name	Neeraj Jain
3	Designation	Joint Managing Director
4	Telephone number	0161-2228943
5	Email id	neerajjain@vardhman.com

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.	Do you have policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	N	Y ISO 14001:2015 ISO 45001:2018	Y ISO 45001:2018	Y ISO 45001:2018	Y ISO 45001:2018	Y ISO 14001:2015	N	Y	N

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)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	NA								
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 https://www.vardhman.com/Document/Report/Compliances/BRR/Vardhman%20Textiles%20Ltd/BRR_2021-22.pdf. 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 the 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, 2022, the Company has 10 directors on its board (including the Chairman), of which 6 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' Responsibility Committee. The committees meet periodically during the year to supervise, review performance and advice on the necessary direction 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 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 at the link https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Code_of_Conduct_for_Directors_&_Senior_Management.pdf

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 to avail of the mechanism 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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Whistle_Blower_Policy.pdf

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 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 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 toward Sustainable development.

Our detailed ESG profile/report can be accessed online at <https://bit.ly/3JucgT2>

Responsible Sourcing of Raw Material

Cotton is a natural fibre grown on farms. Cultivating cotton involves skill as well as preparation. Testing soil for fertility, climatic conditions, geographic factors etc. is crucial to the growth of this natural fibre. What is more challenging is to retain the fertility of the land where it is produced and ensure the 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 ongoing aiming at improving the yield, introducing modified cultivating practices, reducing the production cost, minimizing the use of harmful pesticides and inorganic fertilizer, conserving natural resources like soil and water, providing 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, a financial contribution is made each year to the Cotton Collaborative Project of the 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 sustainable cotton programs.

Rural Development

India's villages are its soul, so unless its rural development is accounted for, growth will only be partial. Project Pragati is one way that we give back to our homeland. It is one of the primary rural development programs run under the Better Cotton

Initiative. Over the course of several years, we have supported several villages in their efforts to cultivate more crops while also providing thousands of farmers with training that has positively raised their yield capabilities. 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're always striving to offer quality healthcare facilities, educational support, hygienic living conditions and skill development conditions to people living in villages.

Better Cotton Initiative

BCI is another aspect of growth strategy of Vardhman that aims to make cotton a sustainable crop. 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 crop management practices as any contamination at the 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 and practices adopted by BCI farmers help in:

- promoting water stewardship
- caring for the health of 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, 1,758 farmers and 3,787 hectares of land, this project witnessed growth in leaps and bounds with the support from Junagarh University.

Year	2017-18	2018-19	2019-20	2020-21*	2021-22
Producer Unit	3	3	5	5	3
Villages	48	51	80	60	70
Farmers	9456	10047	13949	9471	9292
Learning Groups	252	268	379	250	290
Land	15973 hectares	18254 hectares	24173 hectares	13703 hectares	13564 hectares
License	Undergoing	Undergoing	3 years for 3 PUs & 2 years for 2 PUs	2 PUs in 2 nd year of license	2 PUs in 3 rd year of license
Production of BCI Bales	75,548	88,427	1,01,000	42,900	50,100

*Because of COVID-19, BCI Project Pragati was scaled down.

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 effects of pesticides.
5. Involving women in the mainstream economy and spreading awareness about the importance of education, prevention of 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)
- RCS (Recycled Content Standard)

Recycled and Manmade Fibres

Cotton, Polyesters and other Fibres are recycled to reduce waste. In addition to the fibres purchased from external sources, we have processed more than 1,500 tons of waste in FY 2021-22 to create recycled products.

Quality	In Metric Tons approx.	Basic Value (in lac) approx.
Organic	16,000	31,000
BCI	56,600	77,200
Recycled Cotton	520	495
Recycled Polyester	6,600	6,800

Artificial fibres like Tencel and Lenzing Modal are made from an innovative, efficient close-Loop Technology with no impact on the environment, as compared to their alternatives. Committed to sustainable forestry, these fibres are developed with eco-friendly technology and mark themselves as the future of textile industry. Major benefits of these man-made fibres are:

1. Made with wood pulp from sustainably harvested trees which have the potential to rejuvenate themselves.
2. No chemical fertilizers or artificial irrigation facility is 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 of the product.
7. Minimal Waste.

New Sustainable Specialty fibres added during the year 2021-22 are:

Quality	In Metric Tons approx.	Basic Value (in lac) approx.
Ecomade Coolmax & Thermolite	70	330
Recycled Cocona	30	110
Refibra	8.5	25
Eco Made Lycra	12.0	145

Vardhman ReNova – our fibre recycling plant is operational since December 2021. The plant is designed to recycle Yarn Hard Waste/Fabric Clippings into usable fibre. As of now, we have procured 122 MT of textile waste from outside and are using 146 MT of internal Yarn Hard Waste as raw material for this plant.

Next year the estimated production of ReNova Recycling plant is 2000 MT.

Besides, Vardhman Textiles is registered with Textile Genesis which is a BlockChain traceability program.

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.

Owing to our thrust on Sustainability, we have won two awards at Sustainability 4.0 organized by Frost and Sullivan & TERI. Vardhman Fabrics was awarded with the Challenger's Award for large business, process sector and Jury Special Mention Award for water-saving initiatives.

We also have collaborated with GAP and participated in one of their Globally acknowledged Projects, "Women + Water Initiative" for the upliftment of Rural Women and Safe and sustainable water access to rural communities. Additionally, we are registered for Clean By Design with GAP, PVH & Target to incorporate the world's best practices in our ETP Operations and Safe Chemical Management.

Water Treatment

We have installed 3 Effluent Treatment Plants (ETPs) and 9 Sewage Treatment Plants (STPs) which utilize advanced technology to annually treat about 5.47 million KL and 1.36 million KL of waste water respectively. At Baddi, about 3.54 million KL of effluent from units - Auro Textiles 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 Budhni (our largest integrated facility), we have 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 the Bio-oxidation process. Although 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. The 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 removal and 91- 95% BOD removal to treat 0.73 million KL of effluent annually. 2000 KLD treated water from ETP is then recycled through RO-MEE for process re-use. To reduce salt & chemical consumption for water softening, we have recently commissioned 3 brackish water RO systems at Baddi of capacities 10000 KLD, 3000 KLD and 1000 KLD respectively.

Adhering to the set standard of treated water in our Company; we use all of the STP treated water in our plant operations, irrigation and horticulture. Likewise, 25% of the processed water is reused in Fabric Processing and Acrylic Washing. We constantly strive to improve on this figure by researching the potential ways to save water in all areas of our operations.

Water Recharge

To contribute toward the replenishment of groundwater, we have been continuously investing in water conservation initiatives. Since 2005, we are working on groundwater recharge and have 52 Rain Water Harvesting Systems (RWH) installed within our premises. These rainwater harvesting systems have a capacity to recharge 1.75 million KL of water annually.

ENERGY CONSERVATION

We keep investing in energy-efficient technologies for energy savings & power quality improvement, besides implementing renewable energy resource projects as a part of sustainability initiatives. With an emphasis on green energy and alternative sources of energy, we have successfully achieved a downward trend in per unit cost of energy.

Electricity is a major requirement for the industry and therefore, it is crucial to look for measures to make optimum use of electric energy. Our approach is to reduce the power consumption of the equipment by adopting the latest technology or making improvements. We constantly strive to minimize the energy input while meeting the system requirement.

Goals for Global Climatic Change:

A Conference of the Parties (COP 21) was held in Paris under the UN Body, UNFCCC in 2015. The agreement reaffirms the goal of keeping average warming below 2 degrees Celsius. India has submitted its Intended Nationally Determined Contributions (INDC) with the plan, policies, measures, actions etc. to combat climatic change. Some of India's INDC commitments include the following:

- Reducing emission intensity of its GDP by 33 to 35 per cent by 2030 from the 2005 level.
- Generating 40 per cent cumulative electric power

generation from non-fossil fuel-based resources by 2030.

- Supporting environmental initiatives
- Voluntary carbon disclosure programme for private sector handled by Carbon Disclosure Project, India.
- National Solar Mission- 20 GW to 100 GW by 2022.
- Nationwide Campaign for Energy Conservation targets to save 10 % of energy consumption by 2018-2019.
- Smart Cities Mission by building a clean and sustainable environment.
- Green Highways (Plantation & Maintenance) Policy- 140,000 km long "tree-line" along both sides of national highways.
- Faster Adoption and Manufacturing of Hybrid & Electric Vehicles.

Vardhman Group is taking initiatives by understanding its moral responsibility toward global interest - "keeping average warming below 2 degrees Celsius."

Renewable Energy

Green power is a subset of renewable energy and represents those renewable energy resources and technologies that provide the lowest environmental impact. Green power is defined as electricity produced from Solar, Wind, Geothermal, Biogas and low-impact small hydroelectric sources.

We have installed Solar Power Plants in our units Vardhman Fabrics & Vardhman Yarns under the Sustainability aspect – 'Avoidance of the depletion of natural resources to maintain an ecological balance.'

Further, we are planning to install more projects under renewable energy sources and will continue to contribute for achieving the global targets on climate change.

Solar Energy:

In Vardhman Fabrics (Budhni, MP), we have installed two separate captive solar plants with a capacity of 7.5 MW (Ground-mounted) and 1.6 MW (Rooftop-mounted). The plants have respectively generated 136.60 lac kWh and 23.75 lac kWh of power in FY 2021-22.

In Vardhman Yarns (Satlapur), we have 2.4 MW and 1.6 MW (both rooftop-mounted) solar power plants which have respectively generated 38.01 lac kWh and 24.35 lac kWh of power in FY 2021-22.

The Company generated 222.71 lac kWh units of electricity from the renewable source - (Solar) in FY 2021-22 leading to a reduction of 18485 units of CO2 emission in the atmosphere.

Due to our following endeavors for saving energy, we have saved 74.31 lac kWh of energy in FY 2021-22:

Energy Saving Measures implemented during FY 2021-22

Installation of variable frequency drives on suction fans, supply air fans, transfer pumps, and blowers.

Reducing the speed of fans in winter season through VFD.

Replacement of old conventional fluorescent tube lights and sodium vapour lamps with energy-efficient LED lights.

Using time-switch & motion sensors for switching lights on and off.

Replacement of old ceiling fans with new energy-efficient fans.

Reduction of voltage drop in cables by laying additional / higher sized cables / reducing the length of the cable by changing the source transformer.

Installation of HT & LT high-efficiency Compressors. Reduction in the Compressed Air consumption by replacing the Solenoid Valve and Valves Assembly in Linkconer.

Replacement of old Washer Pumps and motors of spinning section & H-Plant with new energy-efficient pumps.

Modification of circuit of anti-static power device and interlocking power ON with machine in running condition only.

Optimization of H-plant running of Blow Room and Preparatory section in Winter season (4 Months Saving) and by reduction in Frequency of fans.

Stoppage and removal of ventilator fan, supply fan and booster fan motors on different machines.

Installation of suction ecorized tubes system on ring frame machines.

STP collection tank sludge pump (submersible) replaced by cutter pump.

Cooling tower fans replaced from GRP to EPOXY coated FRP blades.

AIR

Climate change, the emission of greenhouse gases and the depletion of the ozone layer are symptoms of an alarmingly polluted air. We carry on our responsibility in helping to reduce pollution by refining our energy efficiency measures and investing in low-carbon technologies. Over the years, a focused drive for greater efficiency has resulted in managing our emissions to a good extent. Some major initiatives include:

- Reduction in GHGs: Practices are adopted to reduce the emission of greenhouse gases such as Carbon Dioxide, Methane, Nitrous oxide etc.
- Sequestration: Trees play a great role in reducing carbon dioxide levels. To effectively sequester Carbon dioxide, we promote the practice of afforestation and tree plantation as well as encouraging others to plant different kinds of vegetation.

Planting trees and developing green belts remain our focus every year. Not only do we maintain green areas within our premises, but also take the responsibility of generating awareness in the masses about the need for planting more and more trees. Our employees enthusiastically participate in this drive and to date, we have planted over 4.55 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.

- Total number of employees. – 31,315 (including contractual manpower)
- Total number of employees hired on temporary/contractual/casual basis. –3,716
- Number of permanent women employees. – 8,886 (does not include contractor female employees)
- Number of permanent employees with disabilities- 41
- Do you have an employee association that is recognized by management. – No
- What percentage of your permanent employees is members of this recognized employee association? – N.A.
- 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

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - Permanent Employees- 83%

- (b) Permanent Women Employees- 85%
- (c) Casual/Temporary/Contractual Employees- 79%
- (d) Employees with Disabilities- 69%

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/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Child_Labour_Prohibition_Policy.pdf

Anti-Sexual - https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Anti_Sexual_Harassment_Policy.pdf

Bonded Labour - https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Forced_Bonded_Labour_Prohibition_Policy.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 & development of our employees even in adverse business times.</p> <p>Women who form 32% 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 Business associates	<p>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.</p> <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	<p>We provide a dedicated sales team to ensure pre to post sale services to our customer. Post sale service ensures smooth usage of our products and problem solving through a partnership approach has helped us forge long lasting relationships with our customers</p>

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

1. Vardhman has implemented stringent standards and policies for Environment, Health and Safety in all its manufacturing units.

2. Changes in climatic conditions leading to global warming and degradation of the environment owing to overexploitation of resources are threats to the existence of life on the planet. These challenges are contemplated to create sustainable products and manufacturing mechanisms at Vardhman. We invest heavily in developing advanced technology and innovative solutions to minimize the strain the textile industry puts on the environment. Alternative energy, optimum consumption and replenishment of natural resources are some of the initiatives undertaken to brace our goal of sustainable development. Dedicated teams have been deployed to devise and implement strategies to manage environmental risks. In our endeavour to protect and restore the environment, following steps have been initiated:

- Treatment of process effluent: We have established independent ETPs in wet processing units. At Baddi location the low TDS effluent is sent to CETP for treatment
- Zero Liquid discharge (ETP, RO, MEE) systems are installed at two locations to recycle wastewater and make it fit for re-use in the process.

- Sewage Treatment Plants are 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 to reduce in 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.

3. We accord the highest priority to the safety of human lives. All recruits have to go through the mandatory Safety Training Program before they are introduced to the shop floor. Regular refresher training is provided to employees at every level, and visitors are instructed on security measures to ensure workplace safety and reduce the probability of accidents.

In the light of the 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 safety 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 approved recyclers & TSDF.

5. Though we've not registered ourselves under any of the projects for Clean Development Mechanism, we've undertaken several initiatives for clean and sustainable growth, which is eco-friendly and promotes better management.

Clean Technology: We use an organic composter called Aaga to manage food waste. By decomposing food waste, we have been able to meet our cooking gas needs through bio-gas plants. At two of our locations – Auro Textiles, Baddi and Vardhman Fabrics, Budhni – two plants, (having a total capacity of 7 MT/day) generate 120 kg/day of bio-gas. The remaining compost is used as manure in the green belt development inside the premises.

We have solar water heaters installed at our hostels and other residential campuses. The kitchens are equipped with solar energy-enabled equipment for cooking at 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 regular features.

Reduction in Water Usage: Treatment of wastewater and its utilization in gardening, process activities, flushing etc. results in a reduction in the amount of usage of fresh water. For a limited natural resource like fresh water, conservation is a primary responsibility of humankind. 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 includes 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 4.55 lac saplings.

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

6. The emission levels of our units are within acceptable limits set by the State and Central Pollution Control Boards.
7. The EHS policy is available on the Company's website at the link https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/EHS_Policy.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

Vardhman supports the principle of inclusive growth and equitable development through CSR (Corporate Social Responsibility) initiatives as well as an ingrained mechanism for sustainable development in core business activities. 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, conserving the environment etc. The areas of emphasis are covered in Schedule VII of the Companies Act 2013.

A number of CSR programs are pursued mostly in 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 the above-mentioned principle are developed and executed by:

a) In-house teams

Our in-house teams remain vigilant and actively engaged with the marginalized sections of society including farmers and local communities. These teams carry out need assessments 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 to the cause. Close monitoring for the optimum utilization of resources invested helps in ensuring a 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 the opportunity to learn and grow.

Women's Empowerment and the Right to Equal Opportunity

Offering an equal opportunity to women employees; allowing them to share the responsibility for development of the nation is critical to the working culture at Vardhman. We see women as a human resource that if utilized to their optimum potential can contribute a great deal to the development of the 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, and offer favourable working conditions and a healthy lifestyle in order to connect them to the mainstream.

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 at the end of each financial year. 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 towards Corporate Social Responsibility (FY 2021-22)

Promoting Education: Infrastructure, amenities and awareness

1. Construction of Mother Auditorium with a seating capacity of 885 persons at Sri Aurobindo College of Commerce & Management (SACCM), Ludhiana, Punjab. The estimated project cost is ₹14 crore.

2. Provided financial support of ₹3 crore to set-up Nanotechnology Research Laboratory at Shoolini University of Biotechnology & Management Science, Solan, HP.
3. Construction of toilet & science lab. and providing green boards, tables, UPS etc. to Govt. High School, Lehra Rahi, Zira, Firozpur. The estimated project cost is ₹30 lac.
4. Project Nandini – an initiative to promote awareness about menstrual hygiene management among adolescent girls & rural women – extended to Baddi region in Himachal Pradesh with the Himalayan 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.
5. Upgradation of existing infrastructure such as LAN Network, smart class equipment and admin. block renovation at Sri Aurobindo Public School, Baddi, HP. The estimated project cost is ₹80 lac.
6. Provided (textiles) lab. equipment to Govt. Polytechnic College Nasrullaganj, Sehore, MP. The estimated project cost is ₹20 lac.
7. Construction of well-equipped science lab. toilets, furniture, drinking water points etc. at Govt. Higher Secondary School, Bineka, Mandideep. The estimated project cost is ₹20 lac.
8. Upgradation of existing infrastructure such as LAN network, boundary wall with fencing, solar rooftop, smart classes and rubber floor mat of Indoor Badminton Hall at Sri Aurobindo College of Commerce & Management, Ludhiana. The estimated project cost is ₹215 lac.
9. Construction of toilet with basic amenities and pathway at Deaf & Dumb School, Malerkotla. The estimated project cost is ₹8.50 lac.
10. Financial support of ₹5 lac to District Administration for the Construction of child-friendly toilets in 37 Aganwadi centres of Ludhiana.
11. Providing cycle stand shed, furniture and drinking water facility at Govt. Higher. Secondary School Bayan, Budhni. The estimated project cost is ₹5 lac.

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

1. Construction of patient waiting shed & providing portable washrooms for patient's attendants at Govt. Multi-Specialty Hospital, Sector- 16 Chandigarh. The project cost is ₹37.50 lac.
2. ₹25 lac contributed to Poor Patients Fund of Dayanand Medical College & Hospital (DMCH), Ludhiana.
3. Provided digital X-Ray machine worth ₹22.51 lac to Primary Health Center, Kanwan, Dhar and Civil Hospital, Gaj Basoda, Vidisha, MP.
4. ₹18 lac contributed to Cancer Treatment Fund of Christian Medical College & Hospital (CMCH), Ludhiana for diagnosis and treatment of economically weaker cancer patients.
5. Provided Colour Doppler Ultrasound Machine worth ₹17 lac to Vijayanand Diagnostic Centre, Ludhiana.
6. Strengthening the infrastructure of Mother and Child Hospital (MCH, Vardhman), Ludhiana to serve patients better. The estimated project cost is ₹10.45 lac. Besides ECG Machine worth ₹1.10 lac has been provided to the hospital.
7. Provided artificial limbs to 5 specially-abled people of Ludhiana with Greentech Foundation as an Implementing partner. The project cost is ₹5.00 lac.
8. Organized 16 Health Check-Up camps in the rural areas of Punjab, Himachal Pradesh and Madhya Pradesh. The project cost is ₹9 lac.
9. Provided a 30 KVA DG set worth ₹7 lac to Civil Hospital Dadasiba in Paragpur Kangra, HP.
5. Financial support of ₹10 lac to CITI CDRA for the Cotton Collaborative Project - research and development of long-staple cotton in Madhya Pradesh.
6. Installation of borewells and hand pumps in village Noorganj, Obedullaganj, Madhya Pradesh. The project costs ₹10 lac.
7. Provided 25 steel benches, tables and chairs each, as well as carried out the painting and renovation of Deen Dayal Rasoi and Bus Stand, Hoshangabad. The estimated project cost is ₹6 lac.
8. Installation of hand pumps in the neighbouring villages of Budhni to provide access to drinking water. The project cost is ₹6 lac.

Protecting Environment:

1. 6000 saplings, costing about ₹3 lac planted in the nearby areas of Budhni and Mandideep, Madhya Pradesh.

Promoting National Sports, Art & Culture:

1. Provided Gym equipment worth ₹25 lac to Police DAV Public School, Police Lines, Ludhiana.
2. Provided Akash Mehra, a sports person with financial assistance of ₹3 lac to upgrade his artificial legs and help him prepare for international/Paralympic long jump events.
3. Provided financial assistance of 10.00 lac to Guru Nanak Dev Bhavan, Ludhiana to complete the remaining construction work of the seminar hall.
4. Contribution of ₹7 lac to SAPTAK under project Sangeet Sankalp Saptah organized to scout talent, train, discover, and promote traditional arts and culture in the field of Indian Classical Music.
5. Contribution of ₹10 lac to Bhopal Literature and Art Festival, organized every year in Bhopal, MP.
6. Provided financial assistance of ₹5 lac to organize Budhni Khilona Utsav - Kiloniakari for the promotion and development of Rural Handicrafts in 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 70 villages and 10700 farmers. The project cost is ₹76 lac.
 2. Construction of a community hall in village Kalujanda, Baddi HP. The estimated project cost is ₹42 lac.
 3. 100 Solar Street Lights installed in 15 villages near Vardhman Fabrics, Budhni. The project cost is ₹20 lac.
 4. 90 Solar lights installed in 14 villages of block Pragpur and Mandi, HP. The estimated project cost is ₹15 lac.
- 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 assess 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 on the website at the following link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Textiles%20Ltd/Corporate_Social_Responsibility_Policy.pdf

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 about 10%.
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 department which carries out these surveys and gives inputs to respective business teams for undertaking new developments besides remedial action, as may be required.