



VST INDUSTRIES LIMITED

ESG REPORT FY 2025-26

STRENGTH AMIDST TRANSITION



ENVIRONMENT

Preserve today,
protect tomorrow.



SOCIAL

Empower people,
strengthen communities.



GOVERNANCE

Act with integrity,
build trust.

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About the Report

(GRI 2-2, GRI 2-3, GRI 2-4, GRI 3-1, GRI 3-2)

VST Industries Limited ("VST", "the Company", "Our", "We") is one of India's established cigarette manufacturers, with over nine decades of operational presence in the country. This report is VST's fifth consecutive ESG disclosure which reflects our commitment to transparency, providing stakeholders with a clear and comprehensive account of our environmental, social, and governance performance for FY 2025-26. The report documents progress against sustainability commitments, the governance structures that underpin them, and the material risks and opportunities the Company is managing across its operations and value chain.

Reporting Period

April 1, 2025 to March 31, 2026*

*In line with our financial reporting period

Reporting frequency

Annually

Reporting Boundary

The reporting boundary for this disclosure encompasses all operations over which VST exercises operational control. This includes the

- manufacturing facility at Toopran, Telangana,
- corporate office in Azamabad, Hyderabad and sales offices.

Leaf cultivation regions across Telangana, Andhra Pradesh, Karnataka, and Gujarat are included within VST's value chain disclosures where material, particularly in relation to farmer engagement, agricultural practices, and supply chain sustainability.

Reporting Principles and Frameworks

Our disclosures are structured in alignment with the following frameworks and standards, spanning global best practices and India-specific regulatory requirements, to ensure our reporting is both internationally credible and locally relevant.



With reference to Global Reporting Initiative (GRI) Standards 2021



Business Responsibility and Sustainability Report (BRSR) framework



Task Force on Climate-related Financial Disclosures (TCFD)



International Financial Reporting Standards (IFRS) S2 Climate related Disclosures



United Nations Sustainable Development Goals (UN SDGs)



Restatement

No material restatements of data or information published in prior ESG reports were identified during the preparation of this report.

External Assurance

Independent assurance is central to VST's commitment to transparent and credible ESG reporting. For this report, VST engaged Société Générale de Surveillance (SGS) to independently verify the accuracy and completeness of the disclosures presented herein. The engagement was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) at a limited assurance level.

The complete Assurance Statement, including scope, methodology, and conclusion, is provided in the annexure of this report.

Forward Looking Statements

This report contains forward-looking statements reflecting VST's current expectations on future ESG performance. These statements, identified by words such as "anticipates", "expects", "believes", "estimates" and words of similar meaning, are based on current assumptions and projections.

Actual results may differ materially due to risks, uncertainties and external factors beyond our control. VST undertakes no obligation to publicly update or revise any such statements unless required by applicable laws and regulations.



Feedback

We encourage our stakeholders to share their insights and feedback on the contents of the report and our sustainability progress. Please send us your views at investors@vstind.com

You can also visit our website at <https://www.vsthyd.com/mainsite/> for more details about our company.





Message from the Chairman

Our strategic ESG pillars guide us as we move forward in our journey to create a more sustainable, inclusive, and ethical future. As we continue to innovate, engage, and integrate ESG considerations into every aspect of our business, we are committed to achieving long-term value for all stakeholders. We remain focused on transparency, integrity, and accountability in all that we do, and together, we will continue driving meaningful change.



Dear Stakeholders,

As we move forward in a rapidly evolving global landscape, placing sustainability at the core of our operations has become not only a strategic imperative but also a moral obligation. It is with great pride that I present our FY 2025-26 ESG Report, which highlights our ongoing commitment to responsible innovation, sustainable development, and corporate responsibility.

This year, we have continued to build upon our five strategic ESG pillars: Sustainable Operations, Care for People, Inclusive Growth, Sustainable Agriculture, and Responsible Governance. These pillars represent the foundation of our approach to achieving sustainable, measurable impact across our operations.

We remain committed to our ESG goals and 2030 targets, ensuring transparency and accountability in our actions. We have reduced our emissions intensity by more than 28% from our baseline. This is attributed to increasing investments towards renewable energy, fuel switch projects and energy efficiency measures. We are consuming approximately 33% of our electricity from renewable sources and our water positivity has improved to 2.69 times. Additionally, we have not only proven our expertise in climate stewardship but have also secured our position as an important participant in the Alliance for Water Stewardship.

We are committed to cultivating a high-performance culture, thereby contributing to business growth and excellence. We are embracing equal opportunity to nurture a diverse and inclusive workplace. Our focus is on creating unique and rewarding career paths, all while upholding the highest standards of occupational health, safety, and human rights.

We aim to maintain the current momentum and expand this initiative, which will support our transformative journey by ensuring employee engagement and motivation. Furthermore, we are committed to investing significant resources in the development of talent, focusing on enhancing their skills and fostering their leadership capabilities. The well-being and safety of our employees remain our utmost priority, and we are committed to maintaining a “zero accident” environment.

We have actively pursued the incorporation of ESG principles into our overarching business strategy,

spanning our entire value chain. To achieve this, we have crafted an all-encompassing ESG framework that covers material aspects vital to both our business activities and our stakeholders. The framework lays the foundation for identifying risks and opportunities, formulating strategic plans, and tracking progress using relevant key performance indicators.

Furthermore, our efforts strive towards setting a precedent in corporate social responsibility by actively engaging in community development and enhancing infrastructure. In line with this commitment, we have expanded our community engagement through a variety of initiatives that span rural development, healthcare and sanitation, education, and environmental sustainability. These initiatives have catered to the needs of approximately 1 Lakh lives during the year. We design these initiatives in partnership with relevant stakeholders to meet the specific needs of the community and to ensure their long-term sustainability.

Way Forward

Our strategic ESG pillars guide us as we move forward in our journey to create a more sustainable, inclusive, and ethical future. As we continue to innovate, engage, and integrate ESG considerations into every aspect of our business, we are committed to achieving long-term value for all stakeholders. We remain focused on transparency, integrity, and accountability in all that we do, and together, we will continue driving meaningful change.

I extend my sincere gratitude to all our stakeholders for their ongoing support and trust in us. We eagerly anticipate your feedback and valuable contributions. With your backing and our committed endeavours, we are optimistic that we will realize our sustainable development ambitions.

NARESH SETHI

Non- Executive Chairman





Message from MD & CEO

Our focus on sustainability continues to drive our strategy this year. We remain committed to developing innovative solutions that not only protect the environment but also support and empower the farming community. By strengthening farmers' resilience and promoting sustainable practices, we are creating a positive, long-term impact that aligns with our goal of responsible growth and shared prosperity.



Dear Stakeholders,

It is my privilege to present VST Industries Limited's ESG Report for FY 2025-26. Having joined the Company recently, I have had the opportunity to appreciate the strong values, responsible business practices, and sustainability-focused culture that have been nurtured across the organisation over the years.

This report reflects the collective efforts of our employees, farmers, business partners and leadership teams in advancing our environmental, social and governance commitments while delivering sustainable business performance.

During the year, VST continued to make steady progress across its key ESG priorities. We strengthened our renewable energy footprint, enhanced water conservation and circularity initiatives, advanced waste reduction practices, and continued our efforts towards building a more sustainable agricultural supply chain. Our focus on farmer welfare, workplace safety, employee wellbeing and community development remained central to our approach to responsible growth.

Our sustainability journey is guided by clear long-term goals and a commitment to continuous improvement. The progress achieved during FY 2025-26 demonstrates the strength of the systems, partnerships and governance frameworks that support our ESG agenda. Equally important, it reflects the dedication and commitment of our people, who remain at the heart of everything we do.

As we look ahead, we will continue to strengthen innovation in our sustainability initiatives. We remain committed to creating long-term value for all stakeholders while contributing positively to the environment, society and the communities in which we operate.

I would like to express my sincere appreciation to our employees, farmers, customers, business partners, shareholders and all stakeholders for their continued trust and support. Together, we will build on the strong foundation laid over the years and continue our journey towards a more sustainable and resilient future.

Warm regards,

Piyush Srivastava
Managing Director & CEO





The Year at a Glance



0.62 tCO₂eq/MNC*
GHG Intensity (Scope 1+2)

5.90 GJ/MNC
Energy Intensity

4.12 KL/MNC
Water Intensity

33%
Electricity from renewable energy sources

2.69 times
Water Positive

*MNC - million cigarettes

30,000
Eye patients benefited by the Eye hospital infrastructure project

2,000
Adolescent girl children benefited from empowerment programme

12,000
Village women benefited by the menstrual hygiene programme

400
People participated in clean environment drive walkathon

1,400
School children benefited by the school infrastructure project

750
Students encouraged to take up arts and sports



Zero
Incidents at Workplace

10,779
Number of contract farmers

7.58 INR Cr
CSR Expenditure

92,730 Total lives impacted under CSR

46%
Suppliers assessed by value

14,418
Villagers participated in mobile dispensary programme and blood check ups

10,750
Differently abled children participated in awareness in autism and audio impaired disorder project

400
Families benefitted by the construction of household toilets

5,000
Students benefited directly by the mid-day meal initiative



12.5%
Women's representation on the Board

50%
Proportion of the Board is Independent

Zero
Incidents of information security breaches or disciplinary action

Zero
Incident of corruption/bribery

100%
Employees received training on anti-corruption

100%
Employees received training on information security



Organization Profile



Who We Are

(GRI 2-1, GRI 2-6, GRI 2-7)

VST Industries Limited has been part of India's business landscape for over 90 years, building a legacy that reflects both experience and resilience. Originally established as Vazir Sultan Tobacco Company Limited on November 10, 1930, the company has grown steadily, becoming a familiar name in the cigarette industry while also engaging in raw tobacco trading.

As an associate of British American Tobacco Plc., VST Industries benefits from global expertise while staying deeply connected to the Indian market. Based in Hyderabad, the company has built a wide reach, in India through a strong network of distributors, wholesalers, and retailers.

At the heart of its operations is its manufacturing facility in Toopran, where a dedicated team of employees and workers maintain quality and consistency. Backed by its long-standing heritage and strong partnerships, VST Industries continues to grow while staying grounded in its values and commitment to the market it serves.



Employee Strength

359 **353**

Employees Workers



Measured by:

02 **08**

Top cigarette brands Products launched



Products Sold

5,910

MNC*

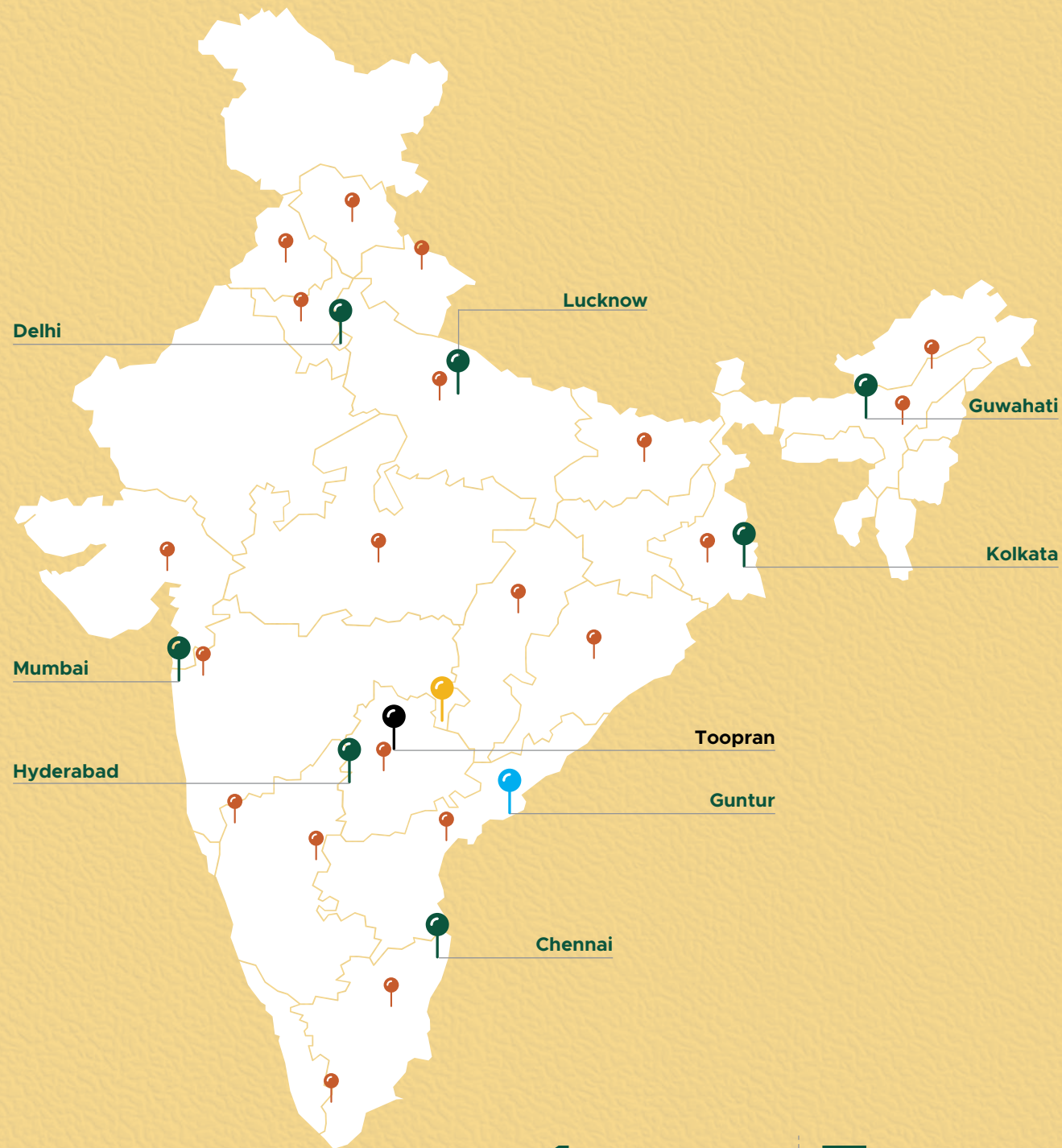


Net Revenue

2,04,195

INR Lakhs

*million cigarettes



Offices and manufacturing facilities

- Market presence (States)
- Regional offices
- Corporate Office
- Manufacturing facilities
- Leaf offices

1

Manufacturing Location

7

Regional offices in Hyderabad, Mumbai, Delhi, Kolkata, Chennai, Guwahati and Lucknow

800+

Wholesale dealers

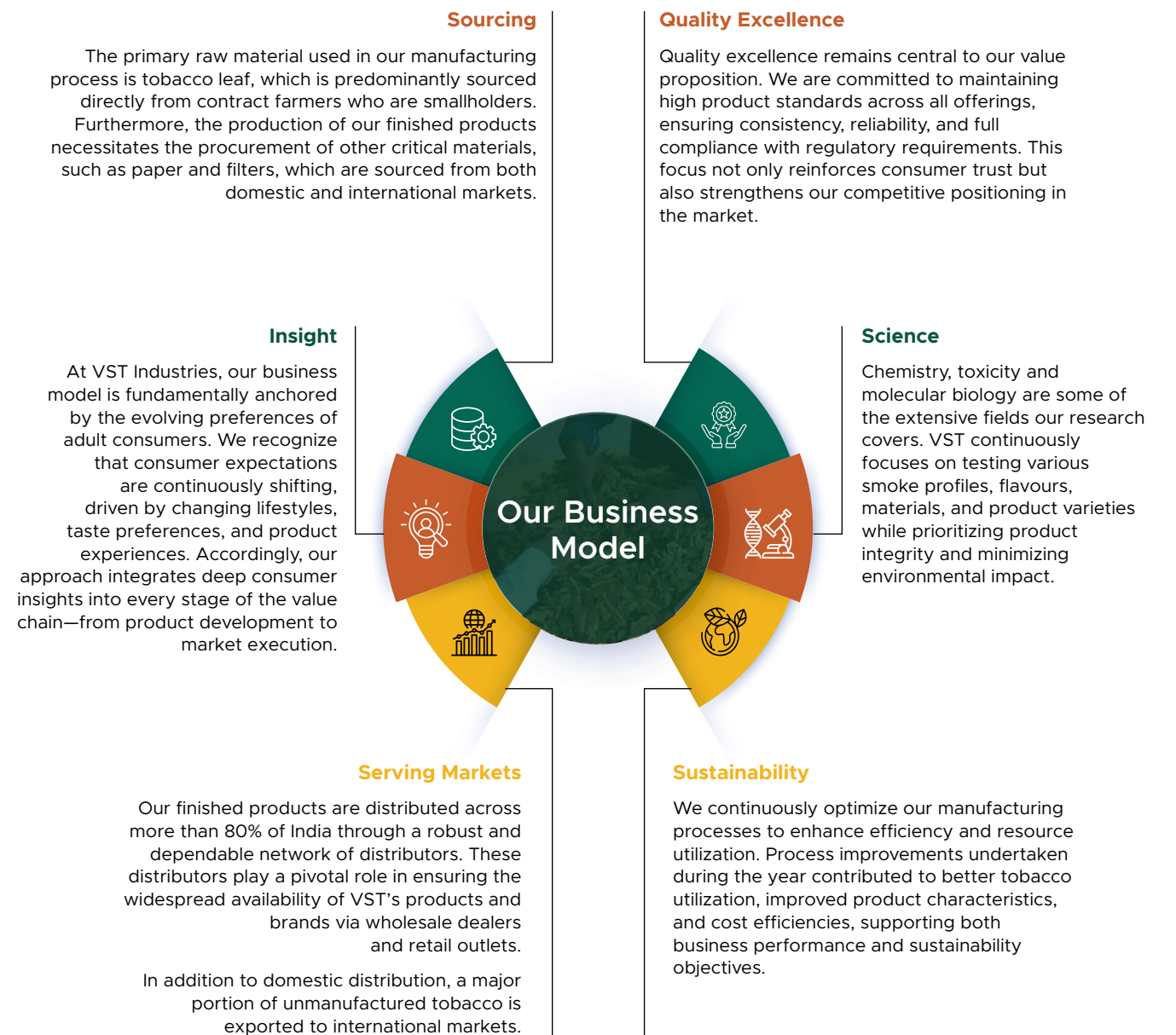
10 Lakh+

Retail outlets



Our Business Model

Our business model focuses on creating long-term value by remaining closely aligned with consumer needs, driving innovation, and maintaining strong operational and ethical standards. We aim to balance quality, sustainability, and efficiency across our value chain. The following pillars highlight the key elements that guide our approach and support consistent value delivery.





Memberships & Associations

(GRI 2-28)

VST maintains active engagement with leading industry associations and professional platforms, fostering collaboration with a wide range of organizations to remain informed on evolving perspectives and emerging trends. These associations serve as valuable forums through which we stay updated on the latest industry developments, best practices, and innovative technologies, thereby enhancing our environmental and social performance.



All India Management Association



Telangana and Andhra Pradesh Chambers of Commerce and Industry



Tobacco Institute of India



Confederation of Indian Industry

Confederation of Indian Industry

Certifications and Recognitions

Acknowledgements and accolades serve as a testament to our commitment to the stakeholders we serve and reinforce confidence in our ability to consistently deliver excellence. Presented below are the notable awards and recognitions conferred upon us.



Indian Green Building Council (IGBC) 'Gold Rating'



Water Stewardship (AWS) Certification for Water Stewardship



ISO 14001:2015- Environmental Management Systems



ISO 45001:2015- occupational health & safety





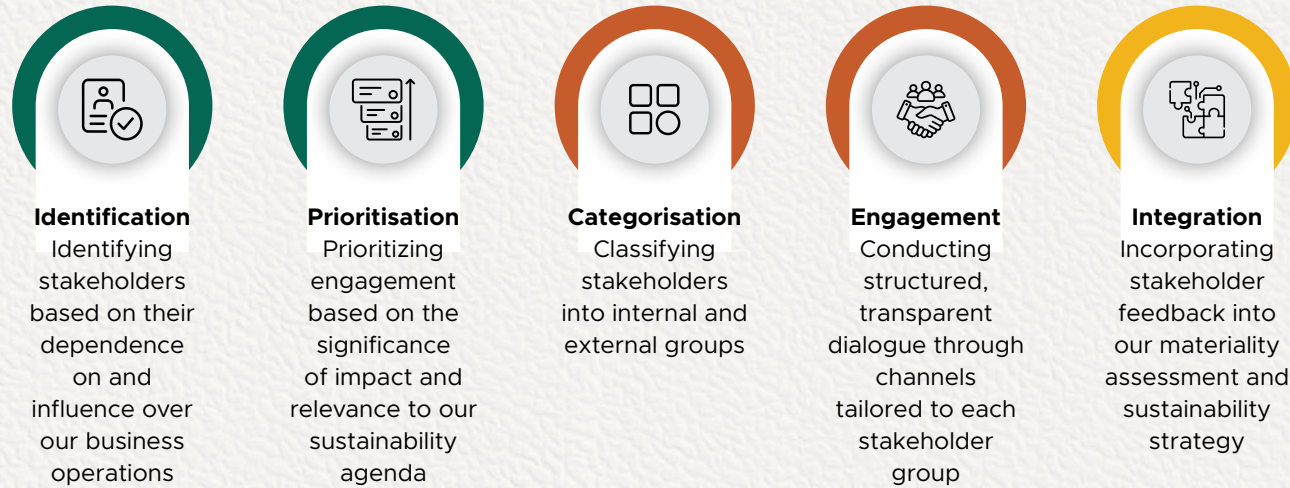
Sustainability Strategy

(GRI 2-29)

Through continuous engagement with our stakeholders, we align our strategy and decision making to sustainability principles. We engage with a diverse range of stakeholders — employees, investors, farmers, wholesalers, suppliers, local communities, and regulatory bodies — recognising that each group brings a distinct perspective to our business and its impacts. Their insights help us identify risks, surface emerging concerns, and ensure that what we prioritise reflects what matters to the people connected to our operations. We have structured our engagement to be consistent and substantive, with the feedback we receive feeding directly into our materiality assessment process.

Stakeholder Mapping & Engagement

We follow a structured process to identify and engage with stakeholders who are directly or indirectly impacted by our operations. Our approach ensures that engagement is consistent, tailored to each stakeholder group, and designed to capture perspectives that genuinely inform our sustainability strategy and decision-making.



Key Stakeholders & Engagement Mechanism

Stakeholder	Significance	Engagement Mechanism	Frequency	Areas of Interest
 Employees	Our employees are central to our operational performance and long-term business continuity. Their skills, engagement, and well-being directly shape our ability to meet our business and sustainability objectives.	» Town hall meetings » Employee trainings » Seminars/webinars » Quarterly newsletter » Collective bargaining process » Health & Safety committee meetings	Ongoing, Annually, Quarterly and Monthly	» Health, safety, and well-being » Career growth and skill development » Fair compensation and recognition » Diversity, equity, and inclusion » Workplace policies and grievance mechanisms
 Investors	Investors provide the financial capital that supports our growth and strategic direction. Their confidence in our governance, financial performance, and sustainability practices is essential to our long-term business continuity and market reputation.	» Annual general meeting » Interim financial statements » Director's report » Board meetings » Corporate disclosures » Press releases	Annually, Quarterly and Need based	» Financial performance and profitability » Corporate governance and accountability » ESG performance and sustainability disclosures » Regulatory compliance » Business strategy and growth prospects » Dividend distribution and shareholder returns

Stakeholder	Significance	Engagement Mechanism	Frequency	Areas of Interest
 Farmers	Contracted farmers are the foundation of VST's leaf tobacco supply chain. Their agricultural practices directly determine the quality and sustainability of our raw material sourcing. Engaging with them is essential to promoting responsible farming practices, ensuring fair labour standards, and building a resilient supply chain.	Seminars/ webinars/ Field visits	Ongoing	» Sustainable agricultural practices » Fair wages and labour rights » Elimination of child and forced labour in the leaf supply chain » Access to agronomic knowledge and capacity building » Climate resilience and adaptation in farming operations
 Wholesalers	Wholesalers form a critical link in VST's distribution network, ensuring our products reach the market efficiently and reliably. Their understanding of market dynamics, consumer demand, and trade conditions provides valuable commercial intelligence that informs our business decisions.	In-person/ virtual meeting Emails	Ongoing	» Product availability and supply chain reliability » Pricing and trade terms » Market developments and demand trends » Business conduct and compliance standards
 Local Communities	The communities in and around VST's operational areas and leaf cultivation regions are directly affected by our presence. Maintaining their trust and contributing to their well-being is both a social responsibility and a condition for our continued licence to operate.	» Training and awareness building programmes » CSR activities	Ongoing	» Local employment and livelihood opportunities » Access to education, health, and social infrastructure » Environmental impact of operations on surrounding areas » Community development and inclusive growth » Grievance redressal and transparent communication



Stakeholder	Significance	Engagement Mechanism	Frequency	Areas of Interest
 Suppliers	Suppliers provide the materials, services, and inputs that keep our operations running efficiently. Their reliability, quality standards, and adherence to responsible business practices are directly linked to our operational performance and our ability to meet our sustainability commitments across the value chain.	» In-person/ virtual meeting » Vendor meetings » Capacity-building initiatives	Ongoing	» Responsible sourcing and ethical business practices » Quality standards and supply reliability » Fair and transparent procurement practices » Compliance with regulatory and ESG requirements » Capacity building and long-term partnership development
 Regulatory Bodies	Regulatory bodies set the legal and policy framework within which VST operates. Maintaining proactive and transparent engagement with government and regulatory authorities ensures our continued compliance, supports our licence to operate, and keeps us aligned with evolving national policy priorities across environmental, social, and governance dimensions.	» Official notifications » Press releases Meeting with Govt. body as required	As and when required	» Compliance with applicable laws, rules, and regulations » Environmental and sustainability regulatory requirements » Occupational health and safety standards » Reporting and disclosure obligations » Tobacco industry-specific regulatory developments » Tax compliance and statutory obligations

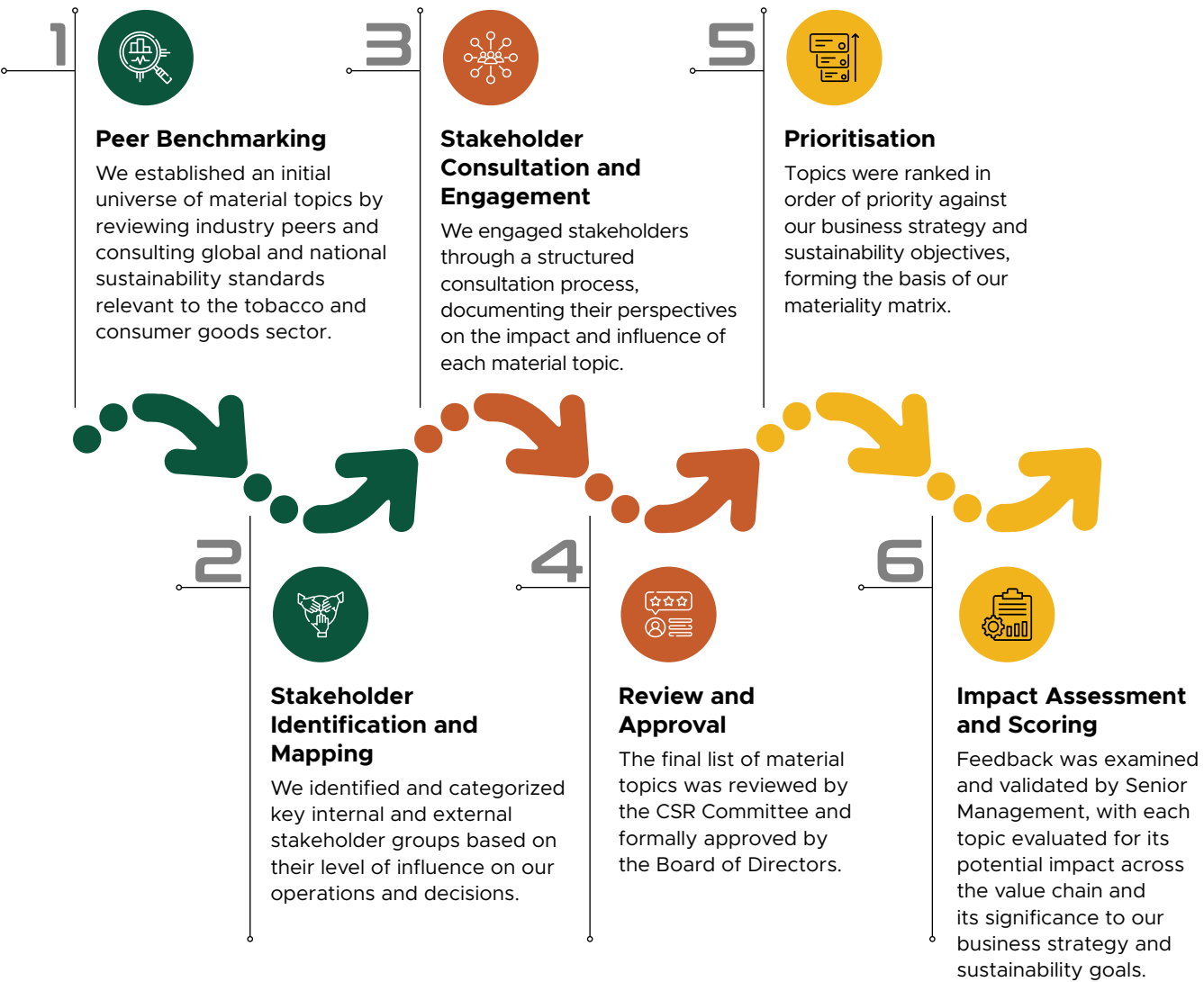
Materiality Assessment

(GRI 3-1, 3-2)

Identifying and prioritising the ESG topics that are most significant to our business and our stakeholders is fundamental to how we shape our sustainability strategy. We conduct a materiality assessment annually, ensuring our disclosures and commitments remain responsive to evolving stakeholder expectations, emerging risks, and shifting business conditions. The assessment is guided by the Global Reporting Initiative (GRI) Standards and culminates in Board approval, reinforcing its role as a strategic input rather than a reporting exercise.

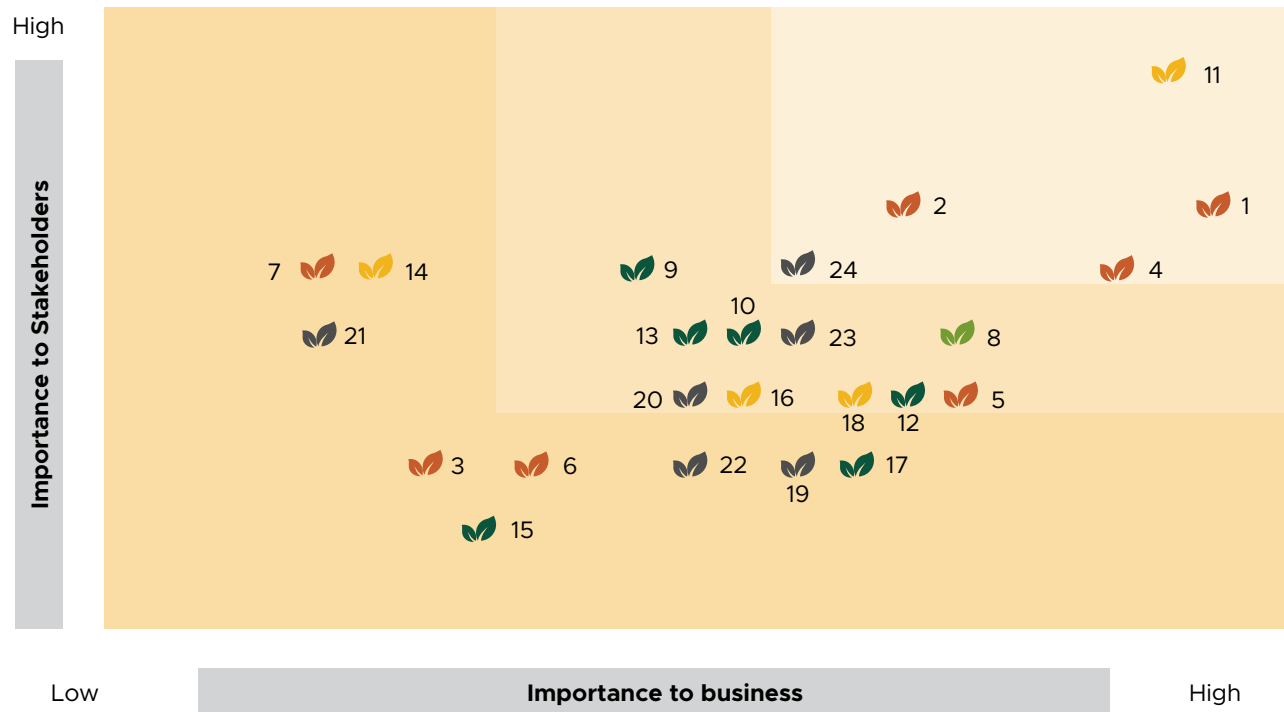
Materiality Approach

In FY 2025-26, we undertook a comprehensive materiality assessment in close consultation with key internal and external stakeholders. The process was designed to identify, assess, and prioritise issues that are critical to both our business strategy and stakeholder interests — evaluated for their potential impact across the value chain and associated business risks. The following six steps outline how we arrived at our material topics.





FY 2025-26 materiality assessment confirmed that our core business model and stakeholder priorities remain consistent with the prior year, with no changes to the identified material topics. The matrix below plots each topic against its significance to stakeholders and importance to the business, with topics further grouped by priority to inform resource allocation and action planning.



VST’s strategic ESG pillars and key material topics

For each material topic, we have assessed the associated financial risks and opportunities, identified whether the topic presents a risk or opportunity to our business, and defined our mitigation and management approach. These assessments are disclosed in detail in our Business Responsibility and Sustainability Report (BRSR).



ESG Pillar	Material Topics	Impact Boundary	Financial Implication	Priority
Sustainable Operations	1. Energy	Manufacturing Facilities & Corporate Office	Negative	High
	2. Emissions	Manufacturing Facilities & Corporate Office	Negative	High
	3. Climate Resilience	Suppliers	Positive	Low
	4. Water	Manufacturing Facilities, Corporate Office, and Supply Chain	Negative	High
	5. Waste Management	Manufacturing Facilities, Corporate Office and Supply Chain	Negative	Medium
	6. Sustainable Material	Manufacturing Facilities & Corporate Office	Positive	Low
	7. Biodiversity	Manufacturing Facilities, Corporate Office and Society	Positive	Low
	9. Circular Economy	Manufacturing Facilities, Corporate Office and Supply Chain	Positive	Low

ESG Pillar	Material Topics	Impact Boundary	Financial Implication	Priority
Care For People	10. Human Rights	Manufacturing Facilities, Corporate Office and Supply Chain	Negative	Medium
	11. Health and Safety	Permanent and Temporary workforce and Nearby Communities	Positive	High
	12. Employment	Permanent and Temporary workforce, Nearby communities and Society	Positive	Medium
	13. Labour management relations	Permanent and Temporary workforce	Negative	Medium
	14. Training and Education	Permanent and Temporary workforce	Positive	Low
	15. Diverse and inclusive work environment	Permanent and Temporary workforce	Positive	Low

ESG Pillar	Material Topics	Impact Boundary	Financial Implication	Priority
Inclusive Growth	11. Health and Safety	Permanent and Temporary workforce and Nearby Communities	Positive	High
	16. Consumer Welfare	Consumer	Negative	Medium
	17. Littering Prevention	Consumer and Society	Positive	Low
	18. Community Initiatives	Permanent and Temporary workforce, Nearby communities and Society	Positive	Medium



ESG Pillar	Material Topics	Impact Boundary	Financial Implication	Priority
Sustainable Agriculture	3. Climate Resilience	Suppliers	Positive	Medium
	4. Water	Manufacturing Facilities, Corporate Office and Supply Chain	Negative	High
	5. Waste Management	Manufacturing Facilities, Corporate Office and Supply Chain	Negative	Medium
	8. Farmer Livelihood	Suppliers	Positive	Low

ESG Pillar	Material Topics	Impact Boundary	Financial Implication	Priority
Responsible Governance	19. Regulatory Compliance	Management	Negative	Low
	20. Business Ethics	Management and Employees	Negative	Medium
	21. Illicit Tobacco Trade Prevention	Management, Employees and Suppliers	Negative	Low
	22. Policy Advocacy	Management and Employees	Positive	Low
	23. Innovation	Management and Employees	Positive	Medium
	24. Responsible Sourcing	Management, Employees and Suppliers	Positive	High

ESG Roadmap: Onward to 2030

We have defined clear, time-bound targets across each of our ESG pillars, covering our operations, our agricultural value chain, our people, and our governance practices. These targets are grounded in a simple belief: that sustainability progress must be measurable, tracked, and held to the same rigour as our financial performance. Our progress is independently verified, reported annually, and mapped to the United Nations Sustainable Development Goals as we work towards our 2030 commitments.

Sustainable Operations

MATERIAL TOPIC	TARGET for FY 2030		SDG LINKAGE
Energy	50% renewable energy in overall energy mix (subject to regulatory environment)	Aim to operate 100% of fleet (owned and third-party passenger vehicles) on electric vehicles by 2030	  
Emissions	Carbon neutrality/offsetting: 100% carbon offset for VST's own operations (scope 1+2 emissions) by 2030		 
Water	Rainwater Harvesting Potential equivalent to over 3 times the Net Water Consumption in own operations		 
Waste	100% offsetting of plastic packaging (plastic neutrality) through post-consumer plastic waste collection and processing under Extended Producer Responsibility (EPR)		 

Sustainable Agriculture

MATERIAL TOPIC	TARGET for FY 2030		SDG LINKAGE
Climate resilience	30% of contracted farmers (for Talmari & Oriental crops) to use drip irrigation by 2030	20% improvement in soil organic matter by 2030 through green manuring crops for better water holding capacity	 
	30% of crop protection agents used by contracted farmers to be biofertilizer/biochemicals based by 2030		
Farmer livelihood	“We have zero tolerance towards child labour or forced labour. We shall continue to have adequate measures in place to identify and mitigate such risks within the leaf supply chain” “We shall continue to ensure that the minimum legal wage is provided to farm workers”	Implement mechanization of field preparation and removal of stubbles for 100% of area under tobacco by 2030. Also, explore and implement mechanization of other farm operations (harvesting & plantation) for at least 20% of tobacco area by 2030.	   

Care for People

MATERIAL TOPIC	TARGET for FY 2030		SDG LINKAGE
Diverse and inclusive work environment	Promote an inclusive work environment by being an equal opportunity employer and provide equal opportunity to all employees based on merit and ability	Provide inclusiveness training to management staff to promote a work environment free from discrimination, sexual harassment and undue biases in compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status, or affiliation with a political, religious, or union organisation or majority/minority group	   
Employment	Continue to invest in employee engagement and conduct the employee engagement survey at regular intervals to track for any course correction, track relevant KPIs for the workforce		
Health & safety	Zero accident in own operations		

Responsible Governance

MATERIAL TOPIC	TARGET for FY 2030	SDG LINKAGE
Regulatory compliance	Continue to comply with applicable regulatory requirements	

Responsible Governance

Leading with integrity, innovation, and a commitment to ethical practices

4

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- » Board Oversight
- » ESG Governance
- » Policies, Principles and Standards
- » Risk Management
- » Policy Advisory
- » Responsible Sourcing
- » Innovation

SDGs Impacted





At VST, we believe responsible governance is fundamental to sustainable value creation and long-term stakeholder trust. This framework is built on integrity, accountability, transparency, and responsible leadership, which enables us to enforce stringent policies and practices for key processes and systems and adhere to the highest standards of compliance and governance.

Board Oversight

(GRI 2-9)

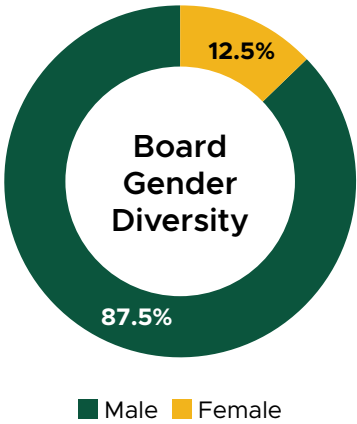
The Board of Directors serves as the foundation of VST's governance framework, offering strategic guidance, ensuring compliance with regulations, and protecting the interests of stakeholders. With a strong emphasis on integrity and independent judgment, the Board oversees management and ensures that operations remain consistent with the company's values and long-term vision.

Its members contribute to a wide range of expertise and perspectives, supporting sustainable growth and reinforcing high standards of governance. The selection and appointment of Board members is managed by the Nomination and Remuneration Committee, which places priority on professional competence, ethical behaviour, and suitability for the position.



Board Composition and Diversity

As of March 31, 2026, VST's Board of Directors has eight members, led by Chairperson Mr. Naresh Kumar Sethi, serving as a non-executive director. The Board meets regulatory requirements with 50% Independent Directors, enhancing objectivity and stakeholder protection. 12.5% of the Board members are women, reflecting a commitment to diversity and inclusive leadership. The average Board tenure is 4 years, balancing continuity with fresh perspectives. The Board composition complies fully with relevant SEBI and Companies Act regulations. A brief profile of the Board Members is available on our website at [profile_of_board_of_directors.pdf](#).



Board Skills and Expertise

Our Board of Directors provide strategic direction and strong governance oversight, guiding the Company towards sustainable growth and long-term value creation. Comprising an optimal mix of Executive, Non-Executive, and Independent Directors, the Board brings together diverse industry experience and independent judgment that enhance the quality of deliberations and decision-making.

To ensure that independent directors are well-versed in their roles, rights, and responsibilities, the Company conducts a familiarisation program, where they are introduced to key areas of the business. This includes orientation programs conducted by departments such as Legal & Secretarial, Marketing, Finance, and Technical, covering important aspects like the company's history, business model, industry position, production processes, and financial structure. The program also includes plant tours and visits to tobacco growing areas to help directors gain a comprehensive understanding of the company's operations.



Mr. Naresh Kumar Sethi
Chairman and Non Executive Director

1 2 3 4 5 6
■ ■ ■ ■ ■ ■



Mr. Alok Agarwal
Non Executive Director

2 5 4
■



Mr. S. Thirumalai
Non Executive Director

1 2 5 4
■ ■ ■ ■



Ms. Rama Bijapurkar
Independent Non Executive Director

1 2 3 4 5 6
■ ■ ■ ■ ■ ■



Mr. Sudip Bandyopadhyay
Independent Non Executive Director

1 2 3 6
■ ■ ■ ■ ■ ■



Mr. Rajeev Bakshi
Independent Non Executive Director

1 3 4 5 6
■ ■ ■ ■ ■ ■



Mr. Nelliappan Thiruambalam
Independent Non Executive Director

1 2 5 6
■ ■ ■ ■



Mr. Piyush Srivastava
Managing Director and CEO

2 4 5
■ ■ ■ ■

1. Audit Committee
2. Risk Management Committee

■ Governance
■ Marketing
■ GICS Level 1 sector experience
■ Chairman

3. Nomination and Remuneration Committee
4. Stakeholder Relationship Committee

■ Business Strategy
■ Finance and Regulatory
■ Sustainability

5. Corporate Social Responsibility Committee
6. Strategy Committee

■ Risk Management
■ Information security

Board Committees

To ensure focused governance supervision we have established a set of specialised committees, each with a distinct focus and set of responsibilities that align with our organisational objectives and regulatory requirements. These committees are essential in helping the Board provide effective stewardship of the entity by offering strategic guidance, ensuring accountability and fostering transparent relationships with our stakeholders.

We conduct periodic Board and committee performance evaluations to assess governance effectiveness and identify opportunities for continuous improvement. These evaluations are complemented by ongoing knowledge enhancement initiatives that equip Directors with insights on regulatory developments, industry trends, and ESG priorities, ensuring leadership readiness in a rapidly evolving business environment. Read about the roles and responsibilities of the Board Committees in section “Corporate Governance” of the Annual Report.

Frequency of Board Meetings

During the financial year, VST’s Board held 4 meetings to review and approve key operational, financial and corporate strategies. The Board adhered to governance rules by ensuring no more than 120 days between meetings for timely decision-making. Each meeting met quorum requirements with consistent Independent Director participation.

For any changes in by-laws, shareholder approvals were sought by the Board. During the year, Board engagement was high, with 100% average attendance.

Board Evaluation

VST’s Board conducted its Annual Performance Evaluation in line with the Companies Act, 2013 and SEBI regulations, assessing the Board, its Committees, the Chairperson and individual Directors through a structured, NRC-approved framework. This evaluation covered all Directors, focusing on factors like Board composition, effectiveness, participation and leadership. The Chairperson and Committees were also assessed for their roles and clarity of mandate with most non-executive/independent Directors holding four or fewer mandates. Executive Director compensation follows NRC recommendations, while Non-Executive Directors receive commissions within statutory limits, based on their contributions.

CEO Compensation

In this financial year, our CEO’s compensation, comprised variable components like Annual Performance Bonus and Long-Term Incentives tied to performance and tenure. These variables are based on targets including revenue, profit, cash flow, shareholder return, personal KPIs, strategic goals, client satisfaction, ESG and diversity. Details, including RSU vesting periods, are in the Director’s report.

INR **10.19** lakhs
Median Employee
Compensation:

5.97
CEO to Median
Employee
Compensation Ratio



ESG Governance

Our ESG governance framework integrates regulatory compliance, ethical business conduct, and sustainability considerations into the way we operate and make decisions. It confirms that our business priorities remain aligned with stakeholder expectations while supporting long-term value creation.

The framework is built on clear oversight, defined accountability, and strong internal control systems. Regular reviews help us stay responsive to evolving regulations, emerging risks, and changes in the business environment, while maintaining consistency in execution across the organisation.

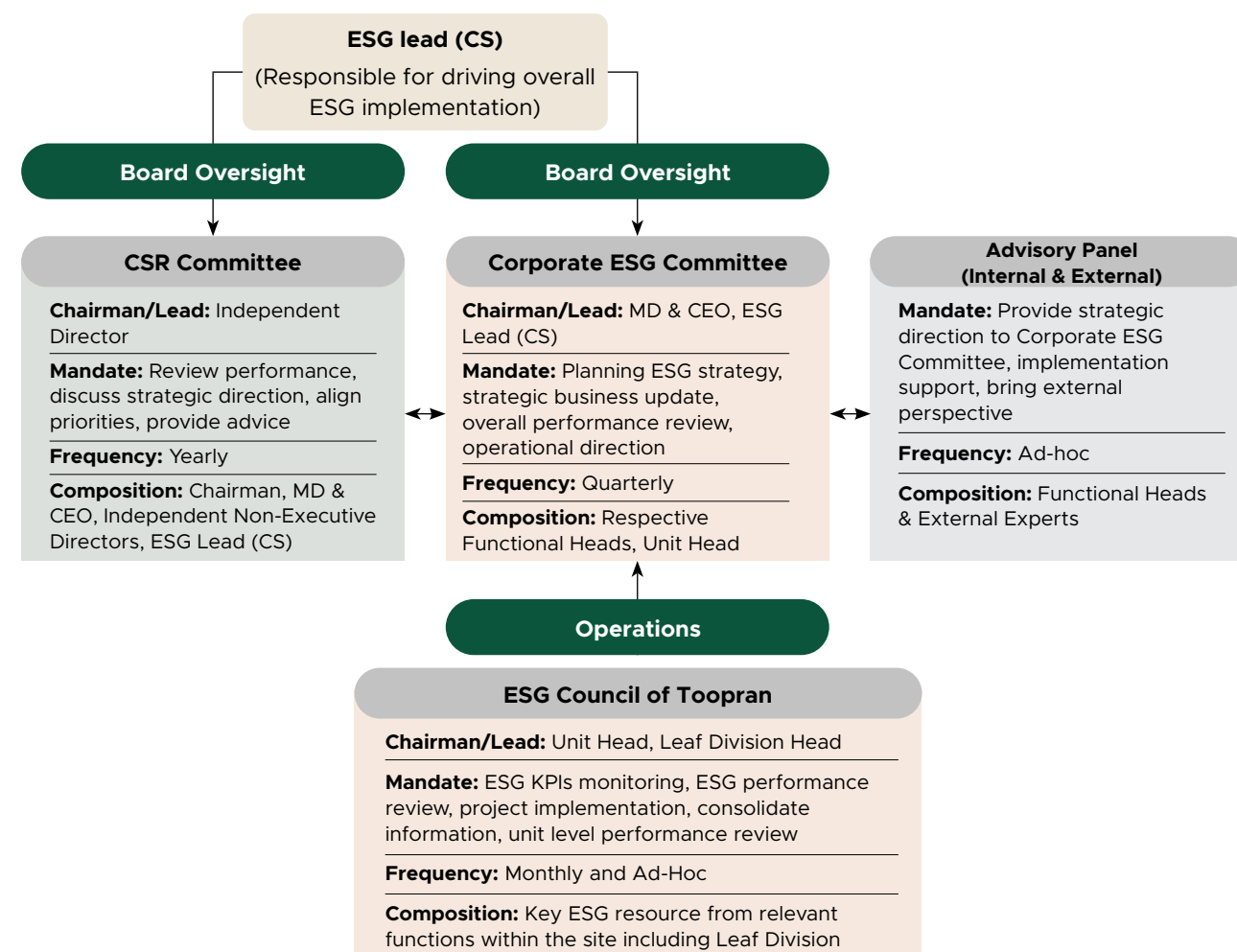
We have established a three-tiered ESG governance structure at the Board, Corporate, and Unit levels.

- I. Corporate Social Responsibility (CSR): This committee operates at the Board level and is led by an Independent Director. Its role includes assessing performance, offering strategic

guidance, and providing essential feedback to the Corporate ESG committee.

- II. ESG Strategy Committee: Headed by our Managing Director & CEO, this committee is responsible for formulating the ESG strategy, conducting a comprehensive performance evaluation, offering strategic updates, and providing operational direction.
- III. ESG Council: At the unit level, this committee, led by the respective unit heads, oversees the monitoring of ESG Key Performance Indicators (KPIs), conducts performance evaluations specific to the unit's ESG efforts, and manages the implementation and monitoring of projects.

Additionally, our Vice President- Legal & Secretarial leads the overall ESG agenda of the organization, reporting to the CSR committee.



Regulatory Compliance

GRI 2-23, GRI 2-27

Business ethics and integrity are core to our operations, shaping our interactions with stakeholders and ensuring compliance with relevant laws and regulations as responsible corporate citizens.

Our leadership sets the standard for ethics, integrity, transparency, and accountability, demonstrating these values through their actions. We expect all employees to uphold the same standards, as outlined in our Code of Conduct & Ethics Policy, which emphasizes each individual's responsibility to report any breaches of the policy.

In support of our commitment to ethical practices, our Whistle Blower Policy provides a secure and confidential platform for employees and directors to report any unethical behaviour, suspected fraud, or violations of the Code of Conduct. The policy ensures that whistleblowers can raise concerns without fear of retaliation or discrimination, with strict protection against unfair treatment, harassment, or victimization. Employees can report their concerns to designated personnel, including the Audit Committee, via email or in person. All reports are investigated thoroughly, and appropriate corrective actions are taken.

The Whistle Blower Policy guarantees the confidentiality of the whistleblower's identity, fostering an environment where employees feel supported in reporting misconduct. Furthermore, the policy ensures that no employee will be penalized for good-faith disclosures, reinforcing our commitment to transparency and integrity within the organization.

VST maintains a strictly apolitical stance and makes no contributions to political entities. Charitable

donations are limited to sustainability initiatives, local community causes, and cultural or sporting events, each assessed for legality and ethical propriety under applicable laws and our corporate governance framework.

We have established a comprehensive set of corporate guidelines forming our policy framework, aiding in the proactive identification, management, and mitigation of business risks. Regular reviews and updates to our policies reflect our commitment to fostering a positive work environment.

Zero

Breaches of the Code of Conduct recorded during the year

Zero

Cases of bribery and corruption recorded during the year

Zero

Complaints under the Vigil Mechanism or Whistle Blower Policy

100%

Employees received training on Anti-Corruption and Anti-bribery





Risk Management

(GRI 3-3)

At VST Industries, we are committed to integrating best practices for risk management at both the strategic and operational levels. The Risk Management Committee plays a crucial role in identifying and assessing risks that could impact our ability to meet our strategic objectives. The Committee, comprising directors and senior management, ensures that a robust risk management system is in place, enabling us to effectively navigate current and emerging risks.

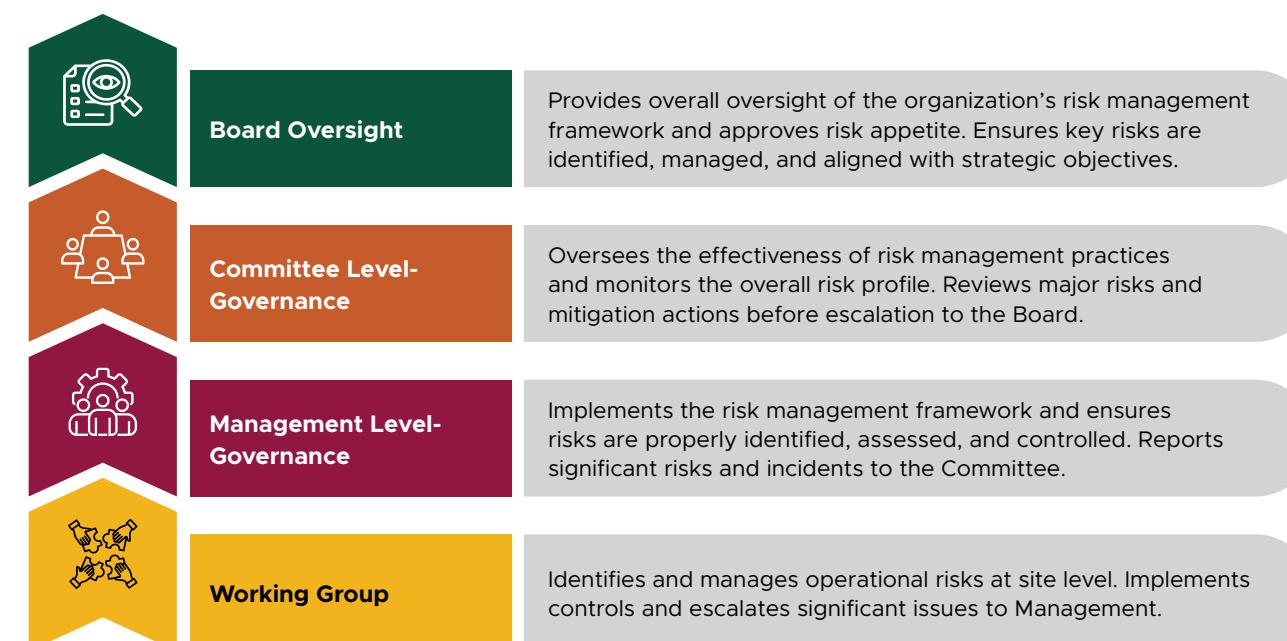
Risk Governance Framework and Oversight

VST has established a comprehensive risk governance framework anchored in a three-level structure that ensures strong oversight and accountability throughout the organization. At the highest level, the Board of Directors holds overall responsibility for risk governance, setting the enterprise risk appetite and ensuring the availability of adequate resources to support effective risk management. The Board entrusts focused oversight to its Risk Management Committee, which includes Directors and an Independent Director to bring impartial perspectives and diverse expertise. This Committee meets twice a year to review and approve risk management policies, assess enterprise-wide

risk exposure, and evaluate the effectiveness of mitigation measures to support business continuity.

At the management level, the Chief Financial Officer is responsible for translating Board-approved risk strategies into practical action plans. He leads a cross-functional Risk Management Team composed of senior managers who carry out periodic risk assessments, design targeted mitigation initiatives, and ensure consistent adherence to risk policies across the organization.

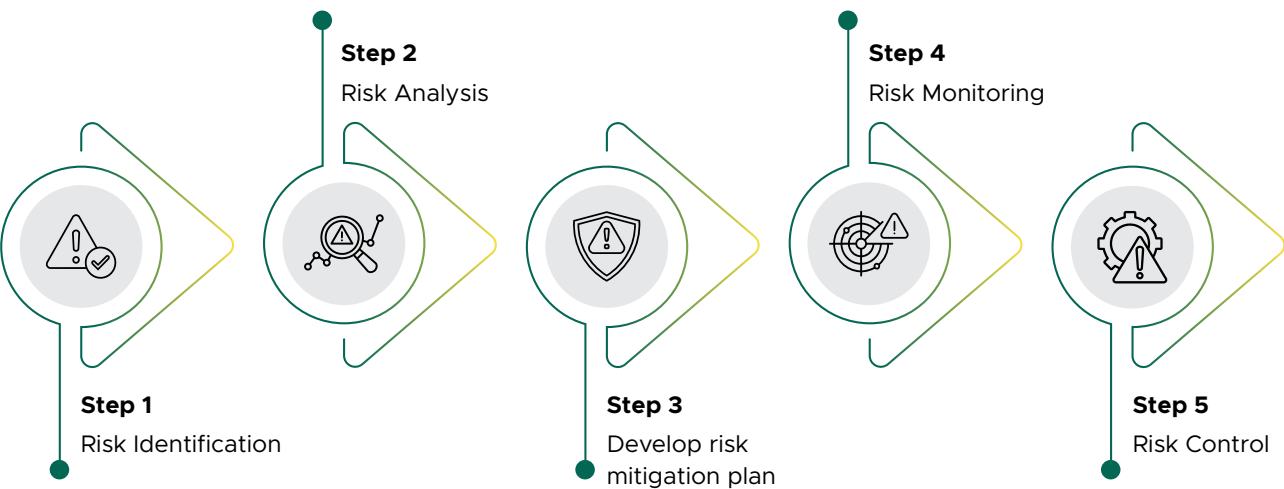
This integrated framework promotes effective communication and coordination. The Risk Management Team provides detailed analyses to the Chief Financial Officer, who maintains regular structured reporting to the Risk Management Committee. The framework is further strengthened by a dedicated internal audit function that conducts bi-annual reviews of internal control effectiveness. These reviews are supplemented by independent assessments from reputed external auditors and consultants who evaluate compliance and control systems. Oversight of financial reporting, regulatory compliance, auditor independence, and internal control effectiveness across all business segments is exercised by the Board-established Audit and Risk Management Committees.





Risk Management Approach

Our risk management process is comprehensive, covering a wide range of material risks including strategic, financial, environmental, social, governance, operational, and compliance risks. Through regular reviews, the Committee ensures that risks are managed efficiently and in line with VST’s overall business objectives.



Our geographical footprint exposes us to various risks stemming from economic, regulatory, political, and competitive landscapes.

Risk Review and Exposure

We maintain a structured framework for continuous risk review and exposure assessment, embedding risk management into both strategic planning and day-to-day operations. Through defined accountability and ongoing monitoring, we evaluate the nature, likelihood, and potential impact of key risks to ensure timely mitigation and sustained business performance.

Risks are reviewed monthly by Management to track exposure levels and mitigation effectiveness. The Risk Committee conducts a comprehensive half-yearly assessment of enterprise-wide risk exposure and presents its findings to the Board, ensuring informed oversight and alignment with strategic priorities.

Risk Culture

At VST, we are committed to building a strong risk-aware culture across the organisation. This is supported through structured training programmes, active leadership involvement, focused awareness initiatives, and practical simulations that help employees better understand and manage risks in their day-to-day roles.

Risk awareness is closely integrated into decision-making at all levels, ensuring that potential risks and opportunities are considered alongside business priorities. ESG considerations also form an important part of our risk framework, enabling us to address emerging challenges while supporting responsible and sustainable operations.

Risk Appetite

The Board provides overarching oversight of the enterprise-wide risk management framework, setting the tone and culture for robust risk governance. It approves key risk policies and frameworks, while the Risk Committee supervises the implementation of the ERM framework, including risk policies, procedures, defined risk appetite, and ongoing monitoring mechanisms.

The Board-approved Risk Appetite Framework, aligned with global best practices, articulates the risk-taking boundaries across strategic, financial, operational, cyber, and governance domains. It enables consistent and informed decision-making through clearly defined risk appetite statements, key risk indicators, and tolerance thresholds, which are periodically reviewed and reported to senior management and the Board Committees.



Identified risks and mitigation strategies

Our risk profile is organised around eight broad categories that reflect the key drivers of business performance and sustainability:



Regulatory restrictions

Risk overview	VST operates under an increasingly stringent regulatory regime (COTPA guidelines on packaging and labelling, advertising and promotion). This further gets complicated with adoption of differing regulatory regimes in different states and/or lack of consensus on interpretation/application. Such restrictive regulations which are subject to interpretation could result in not only penalties being imposed/loss of reputation but also impair our ability to communicate with adult smokers and/or to meet consumer expectations through new/innovative brand launches or geographic expansion.
Risk Mitigation Strategy	» Engage stakeholders and regulatory community through industry bodies. » Developing strategies and capabilities to effectively launch competitive and consumer acceptable brands within the changing regulatory environment.



ESG compliance risk

Risk overview	Rapidly evolving sustainability frameworks and ESG regulations across global markets create compliance challenges for traditional industries. Stricter environmental standards demand transparency in carbon footprint, sustainable practices, and responsible operations. Non-compliance risks include regulatory penalties, market access restrictions, increased operational costs, investor concerns, brand reputation damage, and competitive disadvantages against ESG-compliant peers.
Risk Mitigation Strategy	» Establish comprehensive sustainability frameworks aligned with international standards » Implement robust reporting mechanisms with third-party certifications » Track emerging sustainability regulations across key markets



Illicit trade

Risk overview	Non-Duty Paid (NDP) products in the form of counterfeit product, contraband (genuine smuggled product) and locally manufactured products on which applicable taxes are evaded, represent a significant and growing threat to the industry. Factors such as increased product prices (either for retailer or consumer) and economic downturn among others encourage consumers to shift to cheaper cigarettes which results in commoditisation of the Product and erosion of brand value resulting in undermining our investment in trade marketing and distribution.
Risk Mitigation Strategy	» Engage with the government for a stronger governance structure to curb illicit and counterfeit products » To counter the rising threat of illicit and duty-not-paid brands, the organisation will strengthen enforcement collaboration with authorities and explore market intelligence



Infringement of Intellectual property

Risk overview	VST relies on its registered trademarks and copyrights under which it sells its products to get competitive advantage. Infringement risk arises from delay in identification and action taken including limitation of judicial protection. In addition, as third-party rights (registered trademarks) are not always identifiable, there may be claims against the company for infringement of their intellectual property rights. Such infringement of trademarks results in reputational impact due to inability to protect its trademarks, disruption to normal business processes resulting in potential loss of revenue, unnecessary protracted litigation.
Risk Mitigation Strategy	» Provide ongoing training to all team members to recognize misuse of our trademarks and report it promptly so the Company can pursue legal protection. » Ensure new trademarks do not infringe trademarks belonging to others.



Taxation risks

Risk overview	VST's business is subject to GST, excise and other cesses as may be made applicable, which could require the Company to increase product prices and in the absence of such action, impact its business. The impact increases when due to changes in economic situation, consumers' disposable income reduces, resulting in down-trading to cheaper cigarettes including non-duty paid illicit cigarettes or alternative tobacco products.
Risk Mitigation Strategy	» Engagement with tax authorities at levels where appropriate » Regular management review to build a well-laddered brand portfolio across new segments including new brand creation » Capability buildup through investments in distribution infrastructure to increase geographical spread



Cybersecurity risk

Risk overview	VST's operations place high reliance on its digital data. Loss or misuse of any such sensitive information, or its disclosure to outsiders, including competitors and trading partners could potentially have a significant adverse impact on the Company's business operations and/or give rise to legal and financial liability.
Risk Mitigation Strategy	» VST has put in place cyber security policies and procedures which are reviewed regularly. » For continuity of the operations, we perform periodic assessment of information technology controls implemented like access controls, security and operations management, data back-up & recovery management, authorisation verification, firewalls



Emerging risks



Changing economic and geopolitical conditions leading to supply chain volatility

Risk overview	VST's supply chain and normal business processes are exposed to the risk of disruption. Such disruption could be caused through geopolitical tension, civil unrest, economic policy changes, health crisis, violent weather conditions or other natural disasters. This could result in potential loss of assets and increased costs due to more complex supply chain arrangements and/or maintaining inefficient facilities.
Risk Mitigation Strategy	» Establish multiple sourcing locations across different geographical regions » Develop long-term partnerships and conduct regular supplier evaluations » Develop scenario-based response strategies for various geopolitical situations



Carbon tax on products

Risk overview	Carbon tax is expected to increase the price of packaging goods, potentially impacting our margins in line with existing rates for other sectors.
Risk Mitigation Strategy	» VST will continuously monitor and collaborate with our business partners to increase the visibility of our carbon footprint throughout the supply chain.





Information Security Management

As a responsible organisation, we have established a strong cybersecurity framework to protect digital assets, ensure regulatory compliance, effectively manage cyber risks, and support business continuity. Our robust digital foundation strengthens operational resilience, data integrity, and governance across both manufacturing and corporate functions.

Enterprise-wide digital platforms provide real-time visibility, structured reporting, and secure data exchange, enabling informed decision-making and supporting ESG-aligned performance outcomes. Through ongoing investments in automation, system integration, and secure digital infrastructure, we continue to enhance reliability while reinforcing transparency and operational discipline.



Led by our IT Head, our digital risk governance is strengthened through a dedicated 24x7 Security Operations Centre (SOC) that enables real-time threat surveillance and swift incident response across our technology landscape.

We continue to reinforce our cyber defence architecture through advanced Security Information and Event Management (SIEM) solutions, Endpoint Detection and Response (EDR) systems and enhanced Web Application Firewall (WAF) controls.

Our secure cloud infrastructure and data backup ecosystem further safeguard critical information assets and support operational continuity.

We are strengthening our cyber preparedness through focused employee awareness programmes, a cross-functional security champions framework and periodic system evaluations aligned with CERT-In guidelines and global information security standards. We are also advancing digital resilience through the development of a Cyber Crisis Management Plan aligned with ISO 27001.

Together, these integrated measures strengthen our ability to anticipate emerging digital risks, protect stakeholder data and ensure secure and uninterrupted business operations.

100%

Employees completed mandatory cybersecurity training

100%

Operational sites underwent information security risk assessments and annual IT audits

Zero

Incidents of information security breaches or disciplinary action

IT Security Incident Reporting & Response Framework

In an evolving cyber risk landscape, we operate a structured, severity-based IT Security Incident Reporting and Response framework to ensure timely containment, clear escalation, and continuous strengthening of controls. Our approach integrates a defined response lifecycle with governance-led escalation protocols to safeguard business continuity and regulatory compliance.

Incident Response Lifecycle





Governance Escalation



Protecting Data, Preserving Trust

We respect and protect the privacy of all individuals who entrust their personal information with us. Conscious efforts are taken by the IT Security Team to ensure sound privacy management in compliance with the applicable laws and emerging regulations such as the Data Protection Bill, when enacted.

Our privacy policy provides appropriate information on data collection, storage & processing practices and security measures to protect against unauthorized access, alteration, disclosure or destruction of the user’s personal information and data stored in the online platform. As covered under the policy, we seek consent from consumers before collecting any personally identifiable information such as the name, email address, age, gender,

except in cases when the consumer specifically and knowingly provides such information on <https://www.vsthyd.com/mainsite/>. Also, we do not permit sharing personal information to any third party without first receiving their permission. We disclose that there have been no incidents concerning breach of customer privacy and loss of customer data in the last 3 years.

Continuous reviews reinforce accountability and strengthen trust in our data governance practices.

Zero Complaints about data breaches from external parties or regulators



Tax planning and risk management

VST’s tax planning approach is rooted in legality, transparency and commercial purpose, avoiding aggressive strategies or the use of tax havens. Tax treatments are applied consistently, and significant matters are proactively discussed with tax authorities. The tax function provides strategic guidance, oversees filings, manages interactions with authorities and ensures accurate reporting, with support from internal audits for control and escalation. VST maintains open, transparent and cooperative relationships with tax authorities to address concerns promptly.

A summary of our consolidated tax disclosure is as below:

Particulars	FY 2024-25	FY 2025-26
Earnings before Tax (in INR lakhs)	36960.9	39003.84
Reported Taxes (in INR lakhs)	7921.41	9778.47
Effective Tax Rate (in %)	21%	25%
Cash Taxes Paid (in INR lakhs)	8733.85	12301.2
Cash Tax Rate (in %)	24%	32%



Tax Strategy

VST’s Tax Strategy reflects our unwavering commitment to integrity, transparency and sound corporate governance. It outlines our approach to managing tax responsibilities and establishes the principles that guide tax-related decisions across the entire organization. This strategy is deeply embedded within our core value system, our enterprise risk management (ERM) framework and our internal compliance programs, including the Code of Business Conduct.

Approach to tax governance

VST has a strong Tax Governance Framework overseen by the Board of Directors and its Audit and Risk Management Committees, which regularly review significant tax issues, audits and litigations. A quarterly tax compliance certificate, internally and externally audited, is presented to the Board and committees. The Chief Financial Officer (CFO) is responsible for the Company’s tax strategy, risk management and governance. A tax team, supported by external advisors, manages daily operations. Compliance is monitored through a tracking system with early warning mechanisms, ensuring timely updates to the Audit Committee.



Responsible Sourcing

GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2

VST's approach to responsible sourcing integrates environmental, social, and governance criteria across our entire supply chain — from contracted tobacco farmers to material and packaging suppliers — ensuring that our commercial relationships meet both our internal standards and applicable regulatory requirements. We actively engage with our supply chain partners to promote sustainable practices, with a focus on excellence, agility, and innovation. Our approach aims to create shared value for both VST and its suppliers.

Supply Chain Philosophy

At VST, we are committed to advancing sustainable and ethical practices throughout our supply chain. We recognise that effective supply chain risk management extends beyond mitigating disruptions to identifying opportunities that generate positive environmental and social impact. Accordingly, all suppliers are required to comply with defined agreements that establish minimum sustainability and ethical standards, supporting a responsible and resilient supply chain.

Supplier Assessment Process

Our supplier assessment process begins with the identification of key suppliers, prioritised based on sector-specific risk considerations. Suppliers are evaluated against clearly defined criteria that address business risks as well as environmental, social, and governance (ESG) factors, ensuring focused oversight of the most critical supply chain partners.

Step-by-Step Assessment Process

Sustainability is integrated into the way we design, manage and strengthen our supply chain. We have established a structured ESG framework that enables us to systematically assess risks, drive accountability and build long-term resilience across our value chain.

Guided by the principles of the Triple Bottom Line- People, Planet and Profit, we work closely with our suppliers to promote responsible business practices, ethical conduct and environmental stewardship. Through our Supply Chain Sustainability Programme, we actively partner with stakeholders to enhance transparency, improve performance and co-create a supply ecosystem that is resilient, responsible and future-ready.

ESG INTEGRATION IN OUR SUPPLY CHAIN

Responsible • Structured • Accountable



Risk Assessment

Identification of Critical Suppliers

Undertake assessment of critical suppliers or high risk suppliers comprising 75% of our total procurement spend amongst other parameters such as commodity risk and geographic location.

Risk Identification

Structured review of supplier's industries and sectors to identify ESG risks impacting business continuity, operational resilience and brand reputation.



Governance and Assurance

Responsible Sourcing Governance

» Developed Responsible Sourcing Guidelines for assessment of ESG risk identification, mitigation and procurement.

Supplier Capacity Building

» Capacity building undertaken for procurement team to proactively monitor and review suppliers' progress on ESG parameters.
» Engage with suppliers to educate on the requirements of the Supplier Code of Conduct.

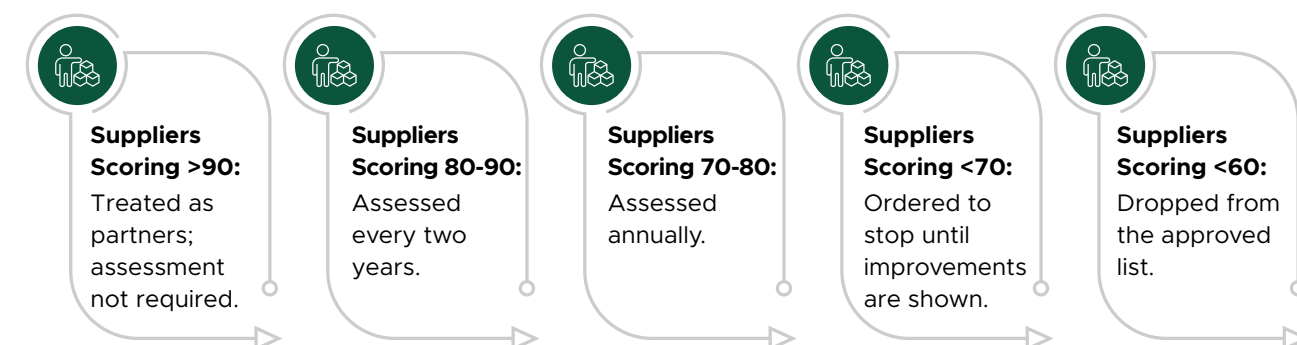
Self Assessment and On-site Verification

» Suppliers are expected to provide affirmation to the Supplier Code of Conduct.
» Suppliers undertake self-assessment on the ESG checklist.
» Physical inspections are planned for document verification and corrective action discussion.

ESG Value Chain Flow

Risk Mapping → Assessment → Governance → Enablement → Monitoring → Continuous Improvement

Scoring Criteria



During the reporting period, 10,779 contracted farmers were assessed via desk assessments/ onsite assessments representing 46% of the suppliers by procurement spend. Through the assessment no substantive impacts were identified.

By adhering to this detailed process, we aim to cultivate a network of high-performing suppliers who are committed to sustainable and ethical practices.



Integrating ESG in our Tobacco Supply Chain

Our tobacco leaf procurement practices are aligned with the Sustainable Tobacco Programme (STP), which establishes minimum compliance standards for contracted farmers and promotes continuous improvement through structured self-assessments and independent third-party evaluations. Developed through cross-industry collaboration, the STP is designed to address emerging environmental sustainability challenges while strengthening labor standards across the agricultural supply chain.

All contractual agreements with farmers are governed by STP criteria and are translated into local languages to facilitate effective understanding and implementation. These agreements support the adoption of Good Agricultural Practices (GAP) as outlined in the Farmers' Handbook, ensuring consistency and quality in farm operations. In parallel, we prioritize the well-being and rights of farm workers through the implementation of the Agricultural Labour Practices (ALP) Code, reinforcing our commitment to ethical labor practices and responsible sourcing.

VST has transitioned its GMS (Grower Management System) data collection from Pyxus to the TraceX Food Sign application, which enhances data collection capabilities for agricultural practices, improving both efficiency and accuracy. Coverage under the GMS program was expanded to 100% of farmers in FY 2024–25 across all tobacco varieties, significantly extending the adoption of sustainable farming practices. This enhanced coverage has enabled us to strengthen crop management, improve tobacco quality, and ensure consistent compliance with Sustainable Tobacco Program (STP) requirements.

During FY2025–26, the application was further enhanced to strengthen digital traceability and operational efficiency. Improvements include advanced farm-level data capture, enhanced processing traceability, and closer integration with internal reporting systems. The platform will continue to enable end-to-end traceability of tobacco leaf from farm to factory, supporting transparency and ESG compliance.

To support effective implementation, field technicians are equipped with mobile access to the GMS platform, enabling real-time monitoring of on-farm practices, verification of adherence to ALP standards, and delivery of tailored agronomic guidance aligned with farmers' financial capacities. The integration of the GMS mobile application has streamlined end-to-end processes—from farm operations to leaf procurement—resulting in improved operational efficiency, enhanced traceability, and better data-driven decision-making.

Aligned with VST's sustainable sourcing strategy, we procured leaf inputs and non-leaf inputs from assessed and certified sustainable suppliers during the reporting year. These procurements include leaf sourced from farmers monitored through the TraceX platform and non-leaf materials sourced from vendors certified by the Forest Stewardship Council (FSC). In aggregate, sustainable sourcing accounted for approximately 100% of the total procurement spend, reinforcing our commitment to responsible sourcing, environmental stewardship, and supply chain transparency.

100%

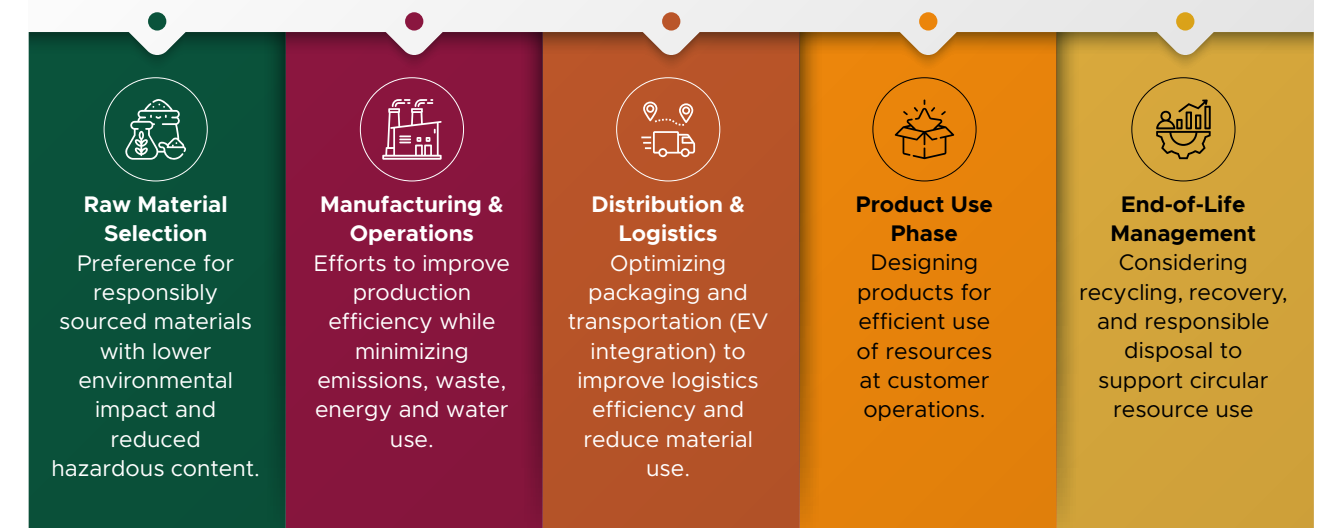
of leaf and non-leaf inputs are sourced from assessed or certified suppliers



Innovation

Our product innovation approach is guided by lifecycle thinking, integrating environmental considerations across all stages of product development. From material selection to manufacturing, distribution, product use, and end-of-life management, environmental criteria are considered to reduce impacts while maintaining product quality and performance. This approach supports responsible resource use, operational efficiency, and continuous improvement in product sustainability.

Key environmental considerations



Systematic focus on these priorities helps us enhance product reliability, strengthen regulatory compliance, and reduce our environmental footprint, while also contributing to the development of sustainable intellectual property.

As adult smokers' preferences evolve, there is a growing demand for innovative products beyond traditional brands. Our strategic focus on driving successful innovations has allowed us to maintain a strong market position. We continually explore collaborations with technical experts to enhance our product portfolio, with product innovation serving as a key driver of our business growth.

VST continuously focuses on testing various smoke profiles, flavours, materials, and product varieties while prioritizing product integrity and minimizing environmental impact. In FY 2025-26, we plan to launch new formats and flavours appealing to the emerging needs of adult smokers.

Understanding brand health is paramount as it plays a crucial role in developing new products by offering a clear understanding of consumer preferences, brand strengths, and areas needing improvement. Every year we proactively conduct a brand health survey across our operating markets, specifically for Editions, Total, and Charms through quantitative research in selected towns. This provides crucial intelligence on brand equity and market performance, enabling us to anticipate and effectively address any potential brand equity challenges or opportunities.

Innovation at VST is guided by two main criteria:

New Product Development:

Our focus on developing innovative features and taste profiles is key to delighting consumers and fostering brand loyalty.

Product Quality Excellence:

Our unwavering commitment to top-quality standards not only enhances our product image but also provides a crucial competitive edge while fully adhering to all regulatory requirements.



Process Innovation

In FY 2025-26, our process innovation efforts continued to focus on improving the efficiency and cost-effectiveness of our tobacco blending operations. By refining blend and process parameters, we have achieved significant tobacco utilization and cost savings. We also collaborated with an international expert to align our processes with the latest global trends, implementing additional cost-saving measures that further enhanced operational efficiency. At VST, we continue to leverage cutting-edge technological advancements and implement structural improvements to drive sustainable growth. Our focus on resource optimization, waste reduction, and process efficiency ensures we maintain a competitive edge while fostering long-term sustainability.

Enhancing Product Consistency and Reducing Tobacco Loss through Weight Variation Control

During FY 2025-26, the Company implemented a Six Sigma improvement initiative in the King Size Filter Tip (KSFT) segment operating on the cigarette making machine to reduce cigarette weight variation, improve process capability, and minimize tobacco losses. The initiative was undertaken in response to high process variability with respect to cigarette weight variation measured as Standard deviation (Sd), and lower Process capability (measured as Cpk value), affecting operational efficiency and tobacco utilization, amounting to approximately ₹14 lakhs negative variance between April and September 2025.

Using the DMAIC (Define-Measure-Analyze-Improve-Control) framework, the Company identified key operational and machine-related factors impacting manufacturing consistency and product quality.



Key Initiatives

To improve process capability and reduce cigarette weight variations, the Company implemented several corrective and preventive measures, including:

- 01 Standardized carding drum gap settings for uniform tobacco feed
- 02 Introduced weekly cleaning of tobacco hopper mesh systems
- 03 Strengthened preventive maintenance of suction fans, vibrator assemblies, and scanner units
- 04 Enhanced monitoring of tobacco moisture and auto weight control systems
- 05 Resolved suction leakages and return tobacco jamming issues

Additionally, the Company also conducted focused operator training on cigarette weight control systems, startup cleaning practices, Quality Test Module (QTM) report monitoring, scanner cleaning protocols, and machine handling procedures to strengthen operational discipline and reduce variability across shifts.

Impact

43%
Improvement in Process Capacity (CPK)

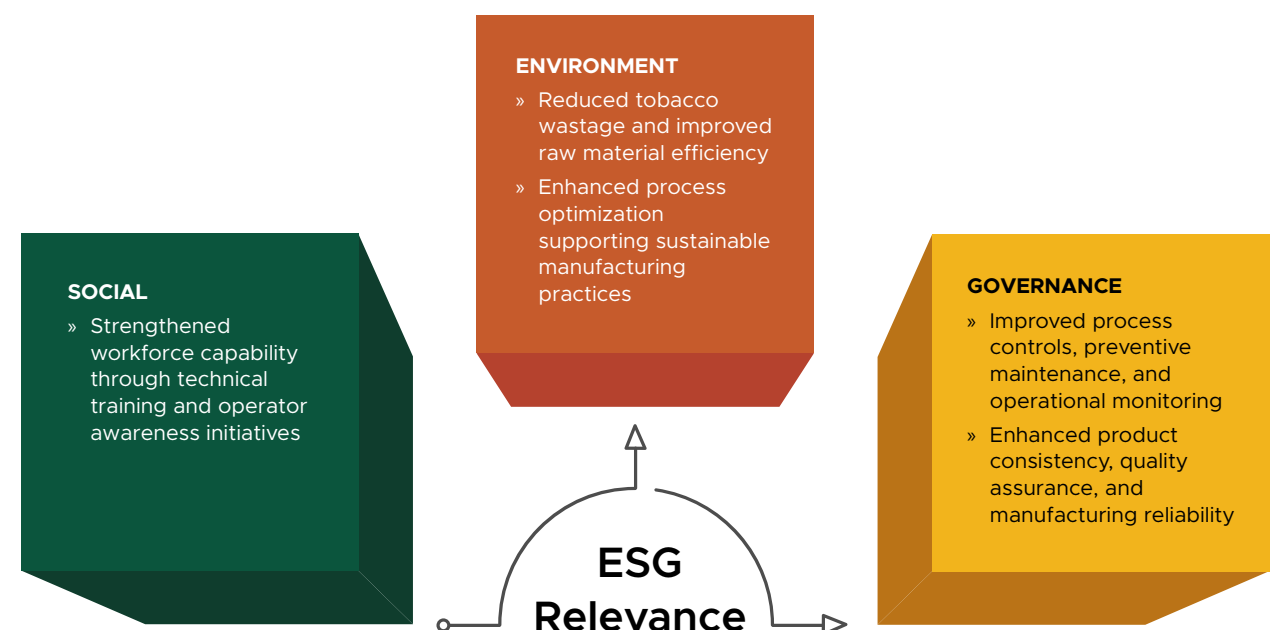
65% - 79%
Samples meeting target SD criteria

37.5%
Reduction in cigarette wastage

ZERO
Negative variance in tobacco losses

Additional Outcomes:

- » Improved manufacturing consistency
- » Improved machine stability
- » Improved process reliability



The initiative reflects the Company's commitment to operational excellence and responsible resource management through continuous improvement and sustainable manufacturing practices.



Care for People

Empowering our workforce and fostering a healthy, inclusive environment

Contents of this Section

- » Employment
- » Diverse and Inclusive Work Environment
- » Training and Education
- » Health and Safety

SDGs Impacted





Employment

At VST, our people are at the core of value creation, driving innovation, operational excellence, and long-term sustainability. We are committed to fostering a high-performance, inclusive, and empowering workplace that enables employees to thrive while contributing meaningfully to organizational growth. Our human capital strategy is anchored in building capabilities, strengthening talent pipelines, and enhancing employee engagement, supported by collaborative oversight by the Corporate Executive Committee, led by MD & CEO.

3 levers of our Human Capital Strategy for achieving our commitments

Capability & Talent

- » Talent Mapping – Identifying essential and pivotal positions Developing succession strategies for these positions
- » Strategy for enhancing skills and capabilities
- » Enhancing the digital proficiency of the sales team.

Culture & Connect

- » Attract suitable candidates.
- » Promote employee well-being
- » Strengthen diversity and inclusion
- » Cultivating the company's employer reputation

Reimagine, Realign & Refresh

- » Managing employee performance
- » Tailored rewards and benefits
- » Contemporary in-house atmosphere and facilities
- » Recognition programs

Corporate responsibility commitments categorized by specific material topics

Material Topic	Commitment
 Diverse and inclusive work environment	Promote a diverse and inclusive workplace by ensuring equal opportunity for all employees, with decisions based solely on individual merit and capabilities. Provide inclusivity training for managerial staff to help foster a work environment free from discrimination, sexual harassment, and unfair biases in areas such as compensation, career advancement, and employee benefits. These training sessions aim to address and eliminate prejudices based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status, political or religious affiliation, union membership, or association with any majority or minority groups.
 Employment	Continue to invest in fostering employee involvement and regularly conduct engagement surveys to assess workforce sentiment, enable timely adjustments, and monitor key performance indicators relevant to employee experience and organizational effectiveness.
 Health & Safety	Strive to ensure zero accident in our own operations.



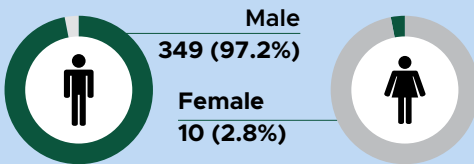
Building a Future Ready Workforce

We continuously strive to strengthen our position as an employer of choice by offering meaningful career opportunities that make us a preferred destination for talent. Our approach is anchored in fairness, transparency, and inclusivity, with a steadfast commitment to equal opportunity at every stage of the employee lifecycle.

We take pride in upholding recruitment practices that are free from bias and discrimination, ensuring that every candidate is assessed solely on merit and potential—irrespective of caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status, or any affiliation.

Through this approach, we not only build a strong and inclusive talent pipeline but also reinforce our commitment to sustainable growth and shared value creation for all stakeholders.

Employee Diversity by gender



Diversity by management position



Employee Diversity by age





Recruiting and retaining talent

VST is committed to attracting and retaining high-calibre talent through fair, transparent and inclusive hiring practices, aligned with its broader ESG and people strategy. Our recruitment approach is anchored in the principles of equal opportunity, meritocracy and non-discrimination.

VST ensures that all hiring processes are conducted without bias or discrimination on the basis of caste, religion, disability, gender, sexual orientation, race, colour, ancestry or marital status. Robust governance frameworks and standardised selection processes are in place to promote fairness, consistency and objectivity across all stages of recruitment.

Our Campus Connect Programme serves as a strategic lever to build a strong and diverse talent pipeline by engaging with reputed educational institutions and students from varied academic backgrounds. This initiative facilitates the transition

from academia to industry, while enabling the organisation to benefit from fresh perspectives, contemporary knowledge and innovative thinking. While campus hiring strategies are periodically aligned with evolving business requirements, sustained institutional engagement remains a key focus area. In parallel, VST continues to strengthen its workforce through lateral hiring across functions and levels. A structured recruitment framework, supported by credible talent partners, enables us to onboard experienced professionals with specialised domain expertise and leadership capabilities. Through a balanced approach to campus and lateral hiring, VST ensures a diverse, future-ready workforce that contributes to operational excellence and long-term value creation.



Employee Onboarding

VST's onboarding framework is designed to deliver a consistent, structured and inclusive experience for all new employees, supporting effective integration and long-term engagement. We follow a standardised onboarding process applicable to both campus recruits and lateral hires, ensuring alignment with organisational values, culture and business objectives from the outset.

All new joiners are introduced to the organisation through a comprehensive induction programme, complemented by a joining kit. The induction modules are tailored to provide insights into VST's business operations, governance practices, workplace policies and functional roles, enabling employees to develop a clear understanding of expectations and performance standards.

To facilitate seamless integration, VST has implemented a structured buddy programme, wherein each new employee is paired with an experienced colleague. This initiative supports knowledge sharing, enhances early-stage engagement and fosters a sense of inclusion and belonging within the workplace.

Through a combination of robust talent acquisition and a well-defined onboarding ecosystem, VST aims to build a diverse, future-ready and high-performing workforce. This approach reinforces our commitment to employee experience, inclusion and sustainable human capital development as part of our broader ESG strategy.

New Hires

	FY2023-24	FY2024-25	FY2025-26
Total number of new employee hires	90	78	96
New hires by gender			
Male	90	78	93
Female	0	0	3
New hires by age group			
18-30	33	23	28
30-50	57	55	67
>50	0	0	1
Percentage of open positions filled by internal candidates (internal hires)	2%	6%	2%
Average hiring cost/FTE	INR 55,000	INR 40,000	INR 1,29,000





Diverse and Inclusive Work Environment

VST is committed to fostering a diverse, equitable and inclusive workplace, recognising that diversity of thought, experience and background strengthens organisational resilience, enhances decision-making and drives sustainable value creation.

VST continues to advance gender inclusion through targeted initiatives aimed at improving representation of women across functions and leadership levels. Focused hiring strategies, coupled with an enabling and supportive work environment, have contributed to a steady increase in women's participation during FY 2025–26.

VST's inclusion framework is underpinned by progressive people practices, including flexible work arrangements, maternity support programmes, inclusive travel policies, and structured capability-building interventions. Dedicated learning, mentorship and networking platforms are provided to support career progression and leadership development for women employees.



We integrate inclusive design elements into our facilities, ensuring they are accessible to individuals with disabilities.

Features such as ramps and wheelchair-friendly infrastructure are standard to facilitate mobility and create a supportive workplace for everyone.

Diversity, Equity, and Inclusion (DEI) training is mandated for all employees and delivered through structured online modules accessible via VST's intranet. These programmes are designed to build awareness and strengthen capabilities across key areas including:



promotion of diversity



protection of labour rights



the organisation's commitment to upholding human rights.



mental health and well-being

To uphold a safe and respectful workplace, VST has established a robust Internal Committee (IC) in compliance with the Prevention of Sexual Harassment (PoSH) Act. The Committee functions with independence and integrity, conducting regular awareness sessions and engagements to reinforce a culture of dignity, trust and zero tolerance towards harassment. We ensure our facilities are accessible through infrastructure enhancements and assistive provisions, ensuring equitable opportunities for individuals with diverse abilities.

Driven by strong governance and leadership commitment, VST continues to embed diversity, equity and inclusion as a core pillar of its ESG strategy, fostering a workplace culture rooted in respect, fairness and equal opportunity for all.

Diversity and Gender Inclusion

At VST, we recognise that a diverse workforce enhances organisational performance by bringing varied perspectives and innovative problem-solving approaches. We believe that diversity strengthens decision-making and fosters a collaborative, respectful, and resilient work environment. Accordingly, we remain committed to advancing gender equity and creating an inclusive workplace where all employees can grow, excel, and succeed in their careers.

Gender diversity across employees and workers



Male
98.56%



Female
1.44%

During FY 2025–26, our focused efforts have resulted in women constituting 3% of management roles, with more women joining the organisation during the year reflecting the progress of our targeted diversity initiatives. To further strengthen women's participation across all levels, we have implemented strategic measures such as flexible work arrangements for new mothers, tailored travel entitlements, and structured training programmes that support professional development, mentorship, and networking opportunities.

Parameters	FY 2025-26
Share of women in the total workforce (as % of the total workforce)	1.44%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	3%

Equitable Remuneration and Fair Practices

VST upholds equitable remuneration and fair employment practices as a fundamental component of its ESG framework, recognising their critical role in fostering an inclusive, high-performance and sustainable organisation.

We follow a structured and transparent compensation philosophy, anchored in the principles of fairness, equity and meritocracy. Remuneration decisions are based on objective parameters, including individual performance, role requirements, skills, qualifications and relevant experience, ensuring a consistent and unbiased approach across the workforce.

Committed towards maintaining a workplace free from discrimination, our policies promote equal opportunity and equal pay for equal work, irrespective of gender, age, caste, disability, marital status or other demographic attributes. This commitment is reinforced through established governance mechanisms and periodic reviews to ensure alignment with applicable regulations and best practices.





Compensation structures are regularly benchmarked against industry standards to ensure competitiveness and internal equity. VST's performance-linked reward framework strengthens a culture of accountability, where recognition, career advancement and financial rewards are directly aligned with measurable outcomes and individual contributions.

Through these practices, VST fosters a transparent and inclusive work environment that enables employees to thrive, contribute meaningfully and grow with the organisation. We remain committed to continuously strengthening our remuneration and people practices supporting long-term value creation and inclusive growth.

Gender Pay Gap Assessment

At VST, we are committed to advancing gender equality by progressively increasing the representation of women in our workforce, ensuring equitable access to development opportunities, and promoting pay equity across all levels of the organisation. As part of this commitment, we are planning to conduct our gender pay parity assessment to gain deeper insights into our pay structures and identify opportunities to strengthen equity across the organisation.

The proposed analysis will evaluate key metrics to understand gender-based variations in compensation, including mean and median pay gaps, as well as disparities in bonus distribution. It will also assess trends across different organisational levels—executive, management, and non-management—to develop a comprehensive view of pay equity.

We intend to leverage these insights as a critical step towards enhancing transparency and enabling data-driven interventions that further strengthen fairness and equity in our compensation practices.

Talent Management

At VST, building a future-ready workforce is a key pillar of our long-term sustainability and growth strategy. During FY 2025–26, we continued to implement a dual-track talent approach focused on attracting diverse talent and strengthening internal capabilities. High-potential employees are identified and fast-tracked through focused development interventions.

Our talent retention strategy is supported by leadership development programmes, opportunities for higher education and professional certifications, and stretch assignments that align individual aspirations with organisational goals. We also prioritise internal career progression through a structured internal job posting system, enabling employees to explore new roles and career pathways

while ensuring business continuity and succession readiness.

We remain committed to fair and responsible employment practices. Our approach includes offering wages above statutory minimum requirements with consideration for cost-of-living factors, robust monitoring of working hours and overtime, and ensuring fair compensation for additional work. Employee well-being and engagement are further strengthened through regular dialogue with workers' representatives, fostering transparency in workplace conditions. We extend social protection coverage beyond statutory provisions and actively encourage employees to utilise their paid leave entitlements, promoting work-life balance, health, and overall well-being across our workforce.



Succession Planning

VST has strengthened its talent management strategy through the implementation of a structured succession planning framework for senior leadership, reflecting its commitment to long-term organisational stability, continuity and sustainable growth.

During the year, we established clearly defined competency requirements for key leadership roles, providing a robust foundation to guide current leaders while systematically preparing high-potential employees for future succession. This forward-looking approach focuses on both enhancing the capabilities of existing incumbents and building a strong internal leadership pipeline.

To ensure consistency and alignment, VST introduced a uniform competency framework integrated with its broader talent development processes. This framework provides clarity on leadership expectations, critical skills and behavioural attributes required across levels, thereby enabling targeted capability building and career progression.

As part of its leadership development initiatives, VST collaborated with an external consulting partner to conduct structured assessment centres for high-performing sales managers. These assessments were aimed at evaluating leadership potential and identifying future-ready talent.



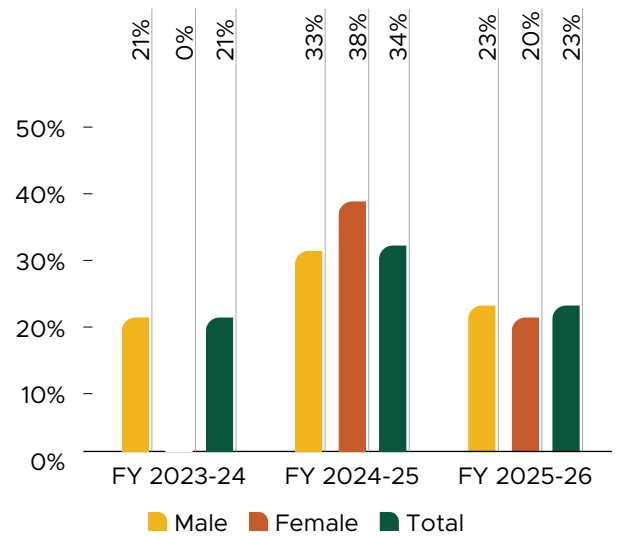


Selected participants were further supported through periodic mentorship sessions, designed to provide guidance, strengthen leadership capabilities and prepare them for expanded responsibilities.

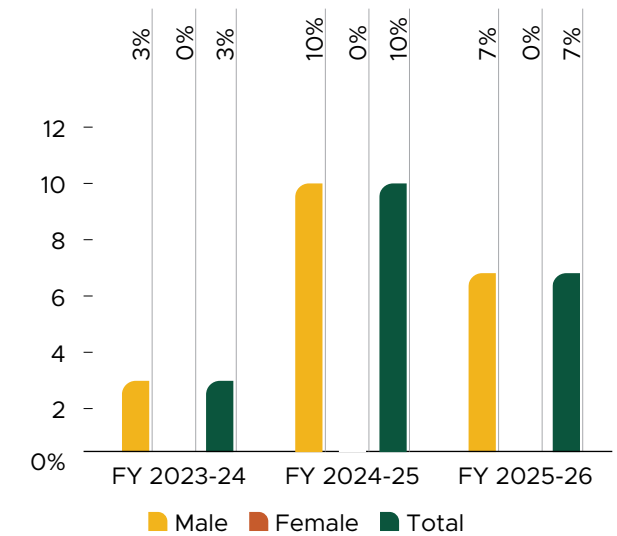
Through these initiatives, VST is institutionalising a systematic approach to leadership development

and succession planning. The Company remains committed to nurturing a strong pipeline of capable leaders equipped to drive strategic priorities and sustain organisational performance in alignment with its ESG objectives.

Employee Turnover Rate



Worker Turnover Rate



Employee Turnover Rate

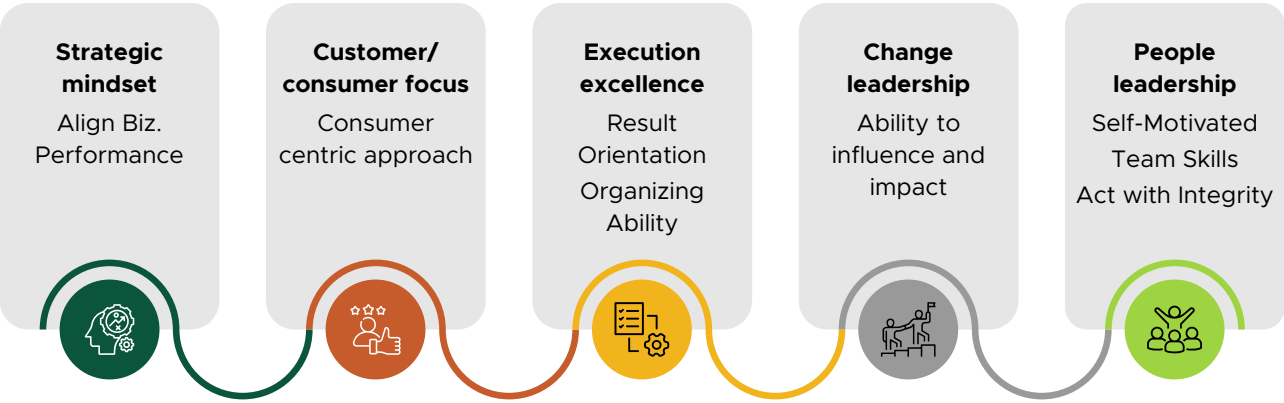
Parameters	Category	FY 2023-24	FY 2024-25	FY 2025-26
Gender	Male	21%	34%	23%
	Female	0%	38%	20%
Age	18-30 years	2%	4%	2%
	30-50 years	17%	24%	16%
	Over 50 years	2%	4%	2%
Management Level	Junior Management	17%	26%	19%
	Middle Management	3%	8%	3%
	Top Management	0%	8%	0.3%
Overall		21%	34%	23%

Performance Management Framework

We follow a Management by Objective (MBO) approach that recognizes achievements at both the organizational and individual levels. At the start of each year, goals are set in alignment with the strategic priorities defined by the leadership team and are communicated across the organization. Based on these objectives, Key Result Areas (KRAs) are established and documented in the system.

At the conclusion of each appraisal cycle, employee performance is evaluated against the defined KRAs, with an emphasis on upholding the organization's core values throughout the process. This includes a mid year and end year review.

This approach enables merit-based recognition, drives continuous improvement, and supports alignment with organisational and ESG objectives.



Our managerial competencies to accelerate progress on our ESG initiatives are built around five core pillars: strategic mindset, customer and consumer focus, execution excellence, change leadership, and people leadership.

Celebrating Excellence

During the year, we further strengthened our recognition practices by adopting a more inclusive and visible approach to celebrating both individual and team achievements. Town Hall sessions were leveraged as key platforms to formally acknowledge outstanding contributions, enabling leadership to directly appreciate employees and highlight success stories in front of the wider organization. This not only enhanced motivation but also reinforced a strong sense of pride and belonging among employees.

In addition, employee accomplishments were actively showcased across internal communication channels, including VST WhatsApp groups and other digital platforms. These real-time recognition mechanisms ensured broader visibility of achievements, encouraged peer-to-peer appreciation, and helped build a culture of continuous acknowledgment.

The recognition initiatives were implemented across multiple functions, including Sales, Manufacturing, IT, and Legal, ensuring that contributions from diverse teams were equally valued and celebrated. By recognizing excellence across functions, we strengthened collaboration, promoted knowledge sharing, and reinforced a unified organizational culture.



The Power Five

This category celebrates exceptional Territory Managers (TMs) who achieve superior business results based on Sales Quantity achievements. By focusing on these areas, TMs are motivated to achieve results that drive both individual and company growth.



The Super Coach

This award recognizes individuals who excel in coaching and mentoring their teams, facilitating a culture of Learning and development. Recipients are evaluated based on their efforts in Training, Sales Process Training, Merchandising, and Consumer Connect, while also driving significant performance improvements through coaching. The focus here is on nurturing leadership and improving team performance.



Cost Optimization Leaders

This category recognizes individuals who promote a culture of cost-consciousness within their teams. The key focus is on efficiency in work processes, implementation of cost-saving ideas, and executing high-value projects with minimal cost. This award celebrates those who bring financial prudence to the forefront, not just within their own teams but across the organization.



NPL Champs

The NPL Champs category acknowledges employees across various departments (including TM&D, R&D, HO Brands, Supply Chain, and Technical) who consistently go above and beyond to drive impactful results. From effectiveness of product launches and material innovation to product quality and manufacturing excellence, these individuals are instrumental in improving productivity. They contribute significantly to VST's growth by delivering value in key areas such as product innovation, market execution excellence, and delivery speed.



VST continues to strengthen its people-centric culture through structured rewards and recognition programmes that promote employee engagement, motivation and performance excellence across the organisation. During the year, participation in these programmes was witnessed across all departments and business units, reflecting strong organisational alignment and inclusive engagement.

VST organised multiple recognition platforms, including three flagship events, to acknowledge and celebrate outstanding employee contributions. The Gold Star Recognition Programme remains a key initiative in reinforcing a high-performance culture, encouraging cross-functional collaboration and enhancing VST's employer value proposition. Employee feedback indicates a positive impact on engagement levels, with notable improvements in employee satisfaction, motivation and overall workplace experience. These initiatives have contributed to fostering a culture of appreciation, where employees feel valued and recognised for their contributions.

VST remains committed to continuously strengthening its recognition frameworks by enhancing their scope and effectiveness. Through sustained focus on employee engagement and recognition, we aim to build a motivated, high-performing workforce aligned with its long-term ESG and business objectives.

Training and Education

(GRI 404-2)

Our learning and development framework comprises structured programs covering technical and technology-based skills, as well as professional development initiatives such as job-based education, training, mentoring, and leadership development. Soft skills training includes workshops on communication, decision-making, conflict resolution, and delegation. Acknowledging India's diverse workforce, our programs integrate organisation-wide DEI training to support inclusive participation and understanding.

We foster collaborative learning through cross-functional teams and internal networks that encourage employees to connect beyond their immediate roles. These platforms support knowledge sharing, innovation, and capability building through peer learning, project collaboration, and communities of practice.

In addition, our training ecosystem includes reskilling initiatives aimed at addressing the impacts of industrial and climate transitions. These programs ensure that all employees, including factory worker, remain agile and prepared for evolving business environments and sustainability requirements. To support this, we invest in a range of structured learning and development initiatives, designed to strengthen competencies, nurture future leaders, and build a resilient, future-ready workforce aligned with our strategic objectives.



Key Focus Areas for FY 2025-26

- » Enhanced Focus on Experiential Learning: Increased emphasis on on-the-job training and one-on-one sessions with leadership to enable practical learning and personalized development
- » Leadership Engagement & Capability Building: Direct interactions with leadership provided employees with strategic insights, guidance, and accelerated skill development
- » Structured Development Interventions: Conducted Development Centres and Assessment Centres to identify capability gaps, assess leadership potential, and design targeted development plans
- » Operational Excellence Training: Implemented Total Productive Maintenance (TPM), Total Quality Management (TQM), and 5S training (Sort; Set in Order; Shine; Standardize & Sustain) programs across manufacturing locations to strengthen process efficiency and quality practices



Average Training Hours

4.12

FY 2023-24

13.26

FY 2024-25

1.26

FY 2025-26

Average amount spent per FTE on Training and Development

INR 11,856

FY 2023-24

INR 5,084

FY 2024-25

INR 3,103

FY 2025-26

Average formal training hours per employee declined in FY 2025-26 as the Company shifted its learning approach toward experiential, on-the-job development and one-on-one leadership coaching. While formal classroom hours decreased, direct leadership interaction time increased significantly.

Employee Well-being, Compensation & Benefits

VST recognises employee well-being as a critical enabler of workforce productivity, engagement and long-term organisational sustainability. We adopt a holistic approach to well-being, focusing on physical, financial and social aspects to enhance overall employee experience and workplace satisfaction.

We provide a comprehensive suite of health and wellness benefits designed to address the diverse needs of its workforce. These include medical insurance coverage, personal accident insurance and maternity benefits, along with initiatives delivered in collaboration with specialised organisations to promote health awareness, education and overall, well-being. We have implemented a range of initiatives to address the diverse needs of our employees, providing access to resources, support systems and programs that enable them to flourish personally as well as in their professional area. By embedding well-being into our workplace culture, we aim to create an environment where every individual feels emotionally connected to their team, their department, their office and the organisation at large.

Our compensation and benefits framework is structured to be fair, transparent and aligned with

industry benchmarks. Remuneration practices are periodically reviewed to ensure competitiveness and internal equity, while reinforcing a performance-driven culture.

Post appraisal cycles, employees are recognised and rewarded through performance-linked incentives and bonuses. In addition, VST offers a range of statutory and long-term benefits, including provident fund contributions, gratuity and long-service awards, along with other employee entitlements beyond fixed compensation.

Our employee support framework spans the full tenure of an individual's journey with VST, including well-structured retirement transition initiatives. These programs are designed to offer personalised counselling and financial assistance, helping employees prepare for retirement smoothly. Support includes retirement planning services, continued access to health insurance benefits—covering pre-existing conditions—and meaningful recognition programs that acknowledge employees' contributions and enduring impact. Throughout the transition, our HR team stays closely engaged to ensure employees receive consistent guidance and

care, reinforcing our commitment to dignity and respect at every stage of employment. Through these initiatives, VST aims to foster a supportive and inclusive work environment that promotes employee

well-being, enhances capability and drives sustained organisational performance, in alignment with its ESG commitments.

Details on employee wellbeing programmes



Physical Well-being

- » Retirement Provisions (Pension, Gratuity, Provident Fund, Superannuation)
- » Group Accident policy (GPA)
- » Group Term Life Insurance (GTLI)
- » Periodic Medical Check-ups
- » Employee Health Scheme (covering in-patient and out-patient treatment)
- » Bi-weekly physiotherapy session at HO
- » Free nutritious meal at HO and factories
- » Vaccination drives
- » Sport activities (e.g., cricket matches)
- » Specialised doctors' workshop on health and nutrition
- » Workplace stress management



Emotional Well-being

- » Emotional health and stress management webinars
- » Parental leave (Maternity leave of 26 weeks)
- » Flexible hours and case-based work from home for male employees upon their return from maternity leave
- » Unlimited casual leaves for non-primary caregivers
- » Flexible work policy (flexibility for employees to clock 8 hours by starting work between 8:30 – 10:30)
- » Part-time working arrangement through certain phases
- » 30-minute rest break in the afternoon at Head Office
- » Celebrations of major festivals, Founders' Day, birthdays, picnics, cultural shows, employees, Fun Fridays



Financial Well-being

- » Retirement Provisions (Pension, Gratuity, Provident Fund, Superannuation)
- » Employee Stock Ownership Plan
- » Bonuses for stretch programs, high performance
- » Benefits such as home loan assistance, interest-free vehicle loan, laptop loan, and special medical assistance in case of medical exigency





Employee Engagement



VST recognises that the knowledge, skills and experience of its workforce are critical drivers of organisational success and long-term value creation. We are committed to fostering an inclusive and engaging work environment that enables employees to perform at their full potential while contributing meaningfully to business outcomes.

A range of structured employee engagement initiatives are implemented to promote collaboration, strengthen workplace culture and enhance employee experience. These initiatives are designed to build a sense of belonging, encourage participation and support a positive and cohesive organisational environment. VST continues to invest in capability development through targeted learning and development interventions. During the reporting period, key initiatives included the introduction of specialised training modules for frontline sales teams, aimed at strengthening market effectiveness and customer engagement. We also advanced our Campus Connect Programme to build a robust talent pipeline and enhance industry-academia collaboration. In addition, VST introduced a performance-linked sales incentive framework, “Pragati”, to drive motivation, recognise performance and align employee contributions with business objectives.

Through sustained focus on employee engagement, capability building and performance enablement, VST aims to position

itself as an employer of choice while driving employee satisfaction, organisational agility and sustainable growth in line with its ESG commitments.

VST is committed to fostering a culture of continuous improvement by actively seeking and integrating employee feedback into its people and organisational practices. Regular employee satisfaction surveys are conducted to assess workplace experience, understand employee perspectives and identify opportunities for enhancement across key areas of engagement and well-being.

To strengthen transparency and two-way communication, VST has established multiple interactive platforms, including Quarterly Town Halls, structured two-way dialogue forums and employee engagement initiatives. These platforms enable open communication on business performance, strategic priorities and future direction, while reinforcing the role of employees in driving organisational success.

Quarterly Town Halls serve as an important engagement mechanism to recognise high performance, celebrate achievements and share success stories, thereby fostering a culture of appreciation and alignment with our vision and goals. VST also leverages its corporate communication channels, including digital platforms such as LinkedIn, to enhance transparency and engagement. These platforms are used to communicate organisational developments, CSR initiatives and employee milestones, ensuring consistent and timely information sharing across the workforce.

By providing diverse and inclusive channels for communication and feedback, VST promotes a culture of trust, openness and collaboration, enabling employees to actively contribute to organisational development and long-term value creation in alignment with its ESG commitments.

Health and Safety

(GRI 403-1, GRI 403-2, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10)

VST is committed to providing a safe, healthy and secure work environment for all employees, with a long-term vision of achieving zero workplace incidents. We recognise that a strong safety culture is fundamental to operational excellence and sustainable business performance.

Our manufacturing facility is certified under ISO 45001:2018, reflecting VST's commitment to global standards in occupational health and safety management and continuous improvement in safety performance. We establish defined safety objectives and monitor progress through robust tracking mechanisms to drive ongoing enhancements.

Governance of health and safety is led by senior leadership, with the Vice President – Technical Division overseeing the implementation of the safety strategy. Safety performance is periodically reviewed at the highest level, including quarterly updates to the Board, ensuring strong oversight, accountability and alignment with organisational priorities.

VST's health and safety management system is aligned with applicable regulatory requirements and integrates structured risk management practices, regular training programmes and continuous monitoring of key performance indicators. We also undertake preventive healthcare initiatives, including periodic medical examinations such as audiometry tests in high-noise areas and vision assessments for employees in critical roles, to proactively safeguard employee well-being.



Regulatory Compliance

VST ensures full compliance with applicable health and safety regulations, including requirements under the Factories Act and other relevant standards. All necessary permits and licences are maintained and regularly reviewed. Compliance is monitored through internal audits and independent third-party assessments. Any non-conformities identified are promptly addressed through corrective and preventive actions, ensuring sustained adherence to regulatory and management system requirement.



Risk Management

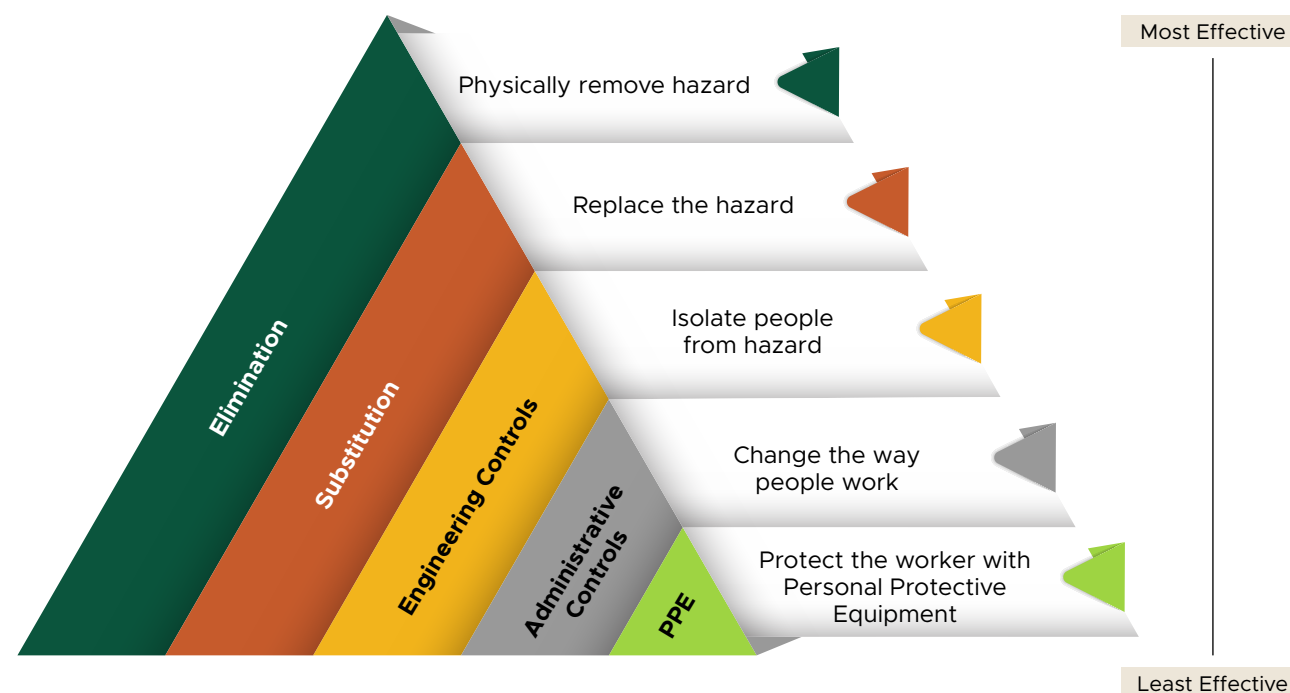
We adopt a proactive approach to risk management through systematic hazard identification and mitigation processes. Regular Hazard Identification and Risk Assessments (HIRA) and Job Safety Analyses (JSA) are conducted for both routine and non-routine operations to evaluate and categorise risks. Based on risk severity, appropriate control measures are implemented to eliminate or reduce risks to acceptable levels.

VST also promotes a strong safety culture by encouraging employees to report near-miss incidents and potential hazards. This approach enables timely investigation, root cause analysis and implementation of corrective and preventive actions, thereby strengthening workplace safety and supporting our commitment to achieving zero accidents.

To further strengthen our health and safety framework, we have implemented a range of risk mitigation initiatives, including:



Safety Management Framework-Hierarchy of Safety Risk Controls



At VST, we prioritize a robust Occupational Health and Safety (OHS) management system as the foundation of our operations. We conduct regular risk and hazard assessments using both quantitative and qualitative methodologies to identify potential workplace harms, including emerging risks from operational or equipment modifications. This proactive approach has allowed us to achieve a significant milestone: maintaining Zero Occupational Fatalities. For every identified risk, we develop prioritized action plans with specific control measures, clear responsibilities, and key performance indicators to monitor our progress.

To ensure continuous improvement, we maintain a systematic incident reporting and tracking mechanism that includes near-miss reporting. In the event of an incident, our multi-disciplinary teams conduct thorough root cause analyses to prevent recurrence, sharing these findings across all facilities. We have also integrated comprehensive emergency response actions throughout our organization to ensure robust preparedness. Through regular internal and external audits, safety communications, and cross-facility knowledge-sharing forums, we remain dedicated to evolving our safety protocols and training programs to protect our workforce.

Health and Safety Training and Awareness

VST recognises that building a strong safety culture is anchored in continuous awareness, capability building and proactive risk management. We place significant emphasis on equipping all employees, including permanent and contractual workforce, with the knowledge and skills required to identify, assess and mitigate workplace hazards effectively.

A structured health and safety training framework is implemented to ensure comprehensive understanding of safety protocols, standard operating procedure and emergency response mechanisms. These initiatives are designed to enhance preparedness, minimise risks and promote safe work practices across all operations.

During FY 2025-26, VST conducted regular on-site training programmes and toolbox talks to reinforce safety awareness and strengthen behavioural safety practices. These interventions focused on accident prevention, hazard recognition and adherence to safety standards, fostering a culture of shared responsibility and accountability.

Through continuous training and engagement, VST remains committed to embedding safety as a core organisational value, ensuring the well-being of its workforce and advancing its ESG objectives.





EHS trainings conducted in FY 2025-26:



Our Safety Performance During the Year

At VST, safeguarding our people remains central to our operational philosophy. Through continuous improvement, adoption of advanced technologies, structured training programmes and focused safety initiatives, we strive to maintain a secure and healthy working environment across all our locations.

We uphold a culture of transparency and accountability by ensuring timely reporting and systematic tracking of all workplace incidents, including lost time injuries and fatalities, through our structured incident management system. This disciplined approach enables us to monitor trends, strengthen preventive measures and drive sustained improvements in our health and safety performance, as detailed below.

Parameters (million-hours worked)	FY 2023-24	FY 2024-25	FY 2025-26
LTIFR (Contractors)	0	0	0
LTIFR (Employees)	0	0	0

Parameters (Number)	FY 2023-24	FY 2024-25	FY 2025-26
Fatality (Contractors)	0	0	0
Fatality (Employees)	0	0	0



Human Rights

(GRI 406-1, GRI 407-1, GRI 408-1, GRI 409-1)

We recognize the fundamental importance of respecting and protecting human rights across all aspects of our operations. This commitment is firmly embedded in our Code of Conduct and Ethics Policy, which is reflected in our employment contracts and agreements with external stakeholders.

VST aligns with all applicable local laws and international frameworks, including the Universal Declaration of Human Rights and the core conventions of the International Labour Organization (ILO). We are dedicated to maintaining a safe and respectful workplace, where the rights and dignity of every individual are upheld. This is supported by robust monitoring mechanisms and consistent enforcement of our policies and practices.

Policy Foundation

Our Commitment to Human Rights

We are committed to respecting and protecting human rights across our workforce and operations. Our Code of Conduct and Ethics Policy and the ALP Code are anchored in the following principles:

- » Fair wages and ethical employment practices
- » Zero tolerance for child labour and forced labour
- » Equal opportunity and non-discrimination
- » Prevention of human rights abuses
- » Safe and healthy working conditions

Due Diligence Framework

Strengthening Risk Identification & Oversight

To enhance governance, we are working towards implementing a structured Human Rights Assessment framework that will:

- » Identify potential risks across operations and value chain
- » Evaluate impact and exposure in critical functions

- » Integrate human rights into risk management and supplier reviews
 - » Establish monitoring and review mechanisms
 - » Enable corrective and preventive action planning
- This forward-looking approach will strengthen accountability and proactive risk mitigation

Grievance & Protection Mechanism

Accessible, Transparent & Structured Redressal

We maintain a transparent and structured grievance redressal mechanism that allows employees to raise concerns without fear of retaliation.

Grievance mechanisms:

- » Toll-free grievance helpline, managed by a dedicated team of grievance redressal executives who ensure prompt and effective resolution of any reported concerns
- » POSH Committee: An Internal Committee is in place under the POSH framework to address complaints related to sexual harassment in a confidential, fair, and time-bound manner

- » Grower Management System (GMS)
 - » 100% of VST's contract farmers are covered under the Grower Management System (GMS) aligned with the Sustainable Tobacco Programme.
 - » Human rights concerns are recorded in GMS for corrective action. Comprehensive wage records—including earnings, bonuses, overtime, and deductions—are also maintained.
- This system promotes open communication, strengthens trust and supports an inclusive and accountable workplace culture.

Sustainable Operations

Driving efficiency and reducing impact for a greener future

6

Contents of this Section

- » Energy & Emissions
- » Water Management
- » Waste Management
- » Sustainable Material
- » Biodiversity Management

SDGs Impacted





Our approach to environmental management is guided by a comprehensive Environment, Health and Safety (EHS) Policy aligned with ISO 14001:2015 that defines commitments, establishes accountability, and sets the framework for our operations. This is complemented by a dedicated Environment Policy—a publicly available document outlining our environmental priorities and guiding principles across operations, enabling a structured approach to risk identification, performance monitoring, and continuous improvement. Building on this, we have achieved Alliance for Water Stewardship (AWS) Gold-level certification, reflecting independent validation of our water management practices across operations.

Target	Target Year	Status as of FY 2025-26	Material Topic
50% renewable energy in overall energy mix (subject to regulatory environment)	2030	33% of total electricity is from renewable energy sources	Energy
Aim to operate 100% of fleet (owned and third-party passenger vehicles) on electric vehicles by 2030	2030	No EV passenger Fleet. Feasibility study of EV buses in progress 14 forklifts are battery operated 1 EV charging stations for 4 wheelers 3 EV charging stations for 2 wheelers	Energy
Carbon neutrality/offsetting: 100% carbon offset for VST's own operations (scope 1+2 emissions) by 2030	2030	No offsets yet. We plan to undertake initiatives subsequently	Emissions
Rainwater Harvesting Potential equivalent to over 3 times the Net Water Consumption in own operations	2030	2.69 times water positive	Water
100% of packaging to be reusable, recyclable, or biodegradable by 2030	2030	100%	Waste
100% offsetting of plastic packaging (plastic neutrality) through post-consumer plastic waste collection and processing under Extended Producer Responsibility (EPR)	2030	100%	Waste



Climate Response

(GRI 201-2)

India's exposure to climate-related risks is intensifying. Erratic monsoons, rising temperatures, and increasingly frequent extreme weather events are no longer peripheral concerns for businesses — they are operational and financial realities. For manufacturers dependent on agricultural supply chains and continuous production, the consequences of unmanaged climate risk span disruption to raw material availability, infrastructure vulnerability, and growing regulatory and market pressure to demonstrate credible climate action.

VST has undertaken a structured climate risk assessment to evaluate both physical and transition risks that could materially affect its business. This assessment is aligned with IFRS S2 guidelines and covers VST's own manufacturing operations at Toopran, upstream activities including tobacco farmers across Andhra Pradesh, Telangana, and Karnataka, and downstream activities spanning production sites where finished goods are stored before reaching customers.

Climate Governance

Oversight of climate-related risks sits within VST's broader ESG governance framework. At the board level, climate matters are reviewed as part of the enterprise risk management process, ensuring that material climate-related risks and opportunities are visible to and considered by the board in strategic and financial decision-making. At the management level, designated function owners are accountable for climate risk identification, assessment, and response, with findings reported periodically to the board.

This governance structure ensures that climate considerations are not managed in isolation but are integrated into the same oversight mechanisms that govern VST's broader operational and financial risks.

Scenario Analysis

We use scenario analysis to assess the potential impact of climate-related risks on our business under different future pathways. This analysis is conducted across two categories — physical risks and transition risks and are evaluated over three-time horizons.



Climate scenarios considered	
Physical Risks	Transitional Risks
RCP 1.9	IEA's Stated Policies Scenario (STEPS)
RCP 2.6	Announced Pledges Scenario (APS)
RCP 7.0	Net Zero Emissions by 2050 (NZE)



Time horizons considered for assessment



Physical risk assessment

Physical risks arise from the direct impacts of a changing climate — both acute events such as floods, cyclones, and extreme heat, and chronic shifts in temperature and precipitation patterns. For VST, these risks are most consequential for manufacturing continuity, workforce safety, agricultural yield, leaf quality, and supply chain reliability. To assess these risks systematically, we used tools including the WRI Aqueduct Water Risk Atlas, ThinkHazard, and the World Bank Knowledge Portal, with future hazard trends modelled under IPCC Representative Concentration Pathway scenarios — RCP 1.9, 2.6, 7.0, and 8.5 — across Pessimistic, Business as Usual, and Optimistic projections for medium-term 2030 and long-term 2050.

IPCC Emission Scenario 1	RCP 1.9	SSP 1 (Optimistic)
IPCC Emission Scenario 2	RCP 2.6	
IPCC Emission Scenario 3	RCP 7.0	SSP3 (Business as Usual)
IPCC Emission Scenario 4	RCP 8.5	SSP5 (Pessimistic)



Acute Physical Risks

Nature of Risk
Riverine flood

- Impact of risk**
- » Disruption of supply chain and logistics, especially from tobacco plantation areas in Andhra Pradesh/Telangana.
 - » The Haridra River upstream of VST's Toopran site poses a rising riverine flood risk due to increased rainfall variability, potentially impacting operational infrastructure.
- Mitigation actions**
- » Undertook drip irrigation and sprinkler irrigation practices in tobacco cultivation.
 - » Development of a river catchment area management plan.
 - » Afforestation near the Haridra River catchment to improve soil retention and reduce surface runoff.
 - » Construction of stormwater collection ponds.
 - » Invest in flood barriers and elevation of critical equipment.
 - » Develop and regularly update a site-specific disaster response and business continuity plan.

Nature of Risk
Earthquake

- Impact of risk**
- The Toopran facility is situated in a region with low seismic activity; While the probability of such an event is low, the possible consequences could be severe, impacting both operations and workforce well-being.
- Mitigation actions**
- » Conduct seismic safety audits of buildings.
 - » Undertake emergency preparedness drills and SOPs
 - » Review and align insurance policies to cover earthquake risk.

Cyclone
Landslide

- Impact of risk**
- Cyclones could damage tobacco crops, delay logistics, and lead to damage to infrastructure and power disruptions.
- Mitigation actions**
- » Set up weather monitoring and early warning systems
 - » Promote semi-permanent crop shelters in cyclone-prone areas
 - » Strengthen roof structures and power backup systems.

Nature of Risk
Water shortage/drought

- Impact of risk**
- Water shortages may disrupt manufacturing operations at the Toopran facility, affecting processing activities and potentially leading to production delays and higher operational costs. Tobacco cultivation itself is less water-intensive, so minimal impact is expected on crop yield or leaf quality.
- Mitigation actions**
- » Continue expanding rainwater harvesting
 - » Maintain Zero Liquid Discharge (ZLD) status.
 - » Implement water-efficient processes and reuse systems like closed loop cooling system, low flow fixtures and sensor taps.
 - » Develop and regularly update a site-specific disaster response and business continuity plan.
 - » Expansion of drip and micro-sprinkler irrigation
 - » Invest in soil health and organic matter improvement for better water retention.
 - » Strengthen community-level watershed

Nature of Risk
Landslide

- Impact of risk**
- Minimal risk at Toopran due to flat terrain; possible indirect effect through disrupted logistics.
- Mitigation actions**
- No mitigation action required as the risk is low.

Nature of Risk
Extreme heat

- Impact of risk**
- » Heat stress on workers, affecting productivity.
 - » Strain on cooling systems and increased energy use
 - » Impacts crop quality and shelf-life of tobacco."
- Mitigation actions**
- » Install passive cooling and heat-insulating materials in buildings.
 - » Provide hydration stations, shaded rest areas, and heat awareness training.
 - » Use energy-efficient HVAC systems and increase reliance on solar energy.

Extreme High
High
Medium
Low



Chronic physical risks

Water stress

Nature of risk	Pessimistic			Business as Usual			Optimistic		
	SSP5 RCP 8.5			SSP3 RCP 7.0 2			SSP1 RCP 1.9, RCP 2.6		
Time Horizon	2030	2050	2080	2030	2050	2080	2030	2050	2080

Impact of risk

While tobacco is drought-resilient and VST’s manufacturing is not water-intensive, water scarcity during early crop stages can result in smaller leaves, lower quality, and reduced productivity. Rising water costs may also increase operational expenditure.

Mitigation actions

- » Implementation of drip and micro-irrigation systems for contract farmers
- » Enhancement of rainwater harvesting infrastructure
- » Maintaining the Zero Liquid Discharge (ZLD) status for Toopran facility
- » Continued adherence to Alliance for Water Stewardship (AWS) Gold standards at Toopran unit
- » Community water stewardship partnerships

Temperature variation

Nature of risk	Pessimistic			Business as Usual			Optimistic		
	SSP5 RCP 8.5			SSP3 RCP 7.0 2			SSP1 RCP 1.9, RCP 2.6		
Time Horizon	2030	2050	2080	2030	2050	2080	2030	2050	2080

Impact of risk

Extreme heat events may reduce labour productivity, affect leaf texture, and compress harvest windows, particularly in Telangana. Elevated curing temperatures may reduce product consistency and raise energy demands.

Mitigation actions

- » Promotion of heat-tolerant crop varieties and seasonal sowing adjustments
- » Improvement of barn ventilation and energy-efficient curing methods, including low-carbon curing using biomass
- » Worker health protections (PPE, hydration zones, early shifts, cooling stations)
- » Automated curing controls to manage heat intensity and ensure consistency

Temperature variation

Nature of risk	Pessimistic			Business as Usual			Optimistic		
	SSP5 RCP 8.5			SSP3 RCP 7.0 2			SSP1 RCP 1.9, RCP 2.6		
Time Horizon	2030	2050	2080	2030	2050	2080	2030	2050	2080

Impact of risk

Although initial effects on tobacco may be negligible, increased rainfall poses long-term risks including minor flooding, humidity-driven crop spoilage, soil erosion, and delays in leaf curing cycles. These factors could impact product consistency.

Mitigation actions

- » Provision of weather advisories and alerts to farmers to optimise sowing/harvesting
- » Promotion of elevated storage barns and drying shelters to safeguard harvested tobacco
- » Support for organic matter enrichment and green manure techniques to improve soil health and moisture absorption
- » Rainwater drainage systems at leaf procurement and storage points

● Extreme High ● High ● Low *Low: due to decrease in rainfall



Results from the Physical Risk Assessment

Riverine flooding emerges as our highest priority acute risk, given the Haridra River’s proximity to our Toopran facility and its sensitivity to increased rainfall variability. We assess water shortage and extreme heat at medium risk, with compounding implications for manufacturing continuity, crop yield, and leaf quality. Cyclones, earthquakes, and landslides are low to very low risk across our site locations and do not require significant mitigation investment at this stage.

On the chronic side, water stress is the most material long-term risk across all RCP scenarios we assessed. Even under optimistic pathways, water availability at Toopran remains a concern through 2050. Temperature variation escalates under pessimistic scenarios, affecting labour productivity, harvest windows, and energy demand across our operations and upstream farming regions. Taken together, water scarcity and excess precipitation are the defining physical climate risks for VST across all time horizons.

Transition Risks

Globally, the pace of climate policy action is intensifying — Carbon Border Adjustment Mechanisms (CBAM) are taking effect, science-based target adoption is accelerating across industries, and investor expectations around credible decarbonisation plans are rising. India is moving in the same direction, with its net zero commitment by 2070. For businesses operating in this environment, the question is no longer whether transition risks will materialise, but how quickly and through which pathways.

As a producer of tobacco products, we have identified and assessed transition risks and opportunities across our entire value chain including our farmers, against short, medium, and long-term horizons. Scenario planning was used to examine energy transitions over the next 20-30 years, considering changes in regulations, technology, markets, and their impact on reputation. IEA

scenarios — Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), and Net Zero Emissions (NZE) 2050 — were applied for this assessment.

The following parameters and assumptions were considered:

- » Transition risks, financial impacts, and vulnerabilities were identified for scenarios with global warming exceeding 2°C and scenarios well below 2°C, focusing on the time periods of 2030 and 2050
- » Scenarios were developed using publicly available data and reports from the International Energy Agency
- » Each risk was evaluated independently, without considering trade-offs between different risks
- » The assessed risks include policy and legal, technology, market, and reputational risks

Risk Map	STEPS		APS		NZE 2050	
	2030	2050	2030	2050	2030	2050
POLICY Action to constrain emission intensive activities & LEGAL increase in climate-related litigation claims.	No foreseeable carbon price in India		No foreseeable carbon price in India, however as per IEA APS Scenario Emerging market and developing economies with net zero pledges to have high Carbon Price No foreseeable carbon price in India, however as per IEA APS Scenario Emerging market and developing economies with net zero pledges to have high Carbon Price		No foreseeable carbon price in India, however as per IEA NZE Scenario Emerging market and developing economies with net zero pledges to have high Carbon Price No foreseeable carbon price in India, however as per IEA NZE Scenario Emerging market and developing economies with net zero pledges to have high Carbon Price	
	India Specific Regulations: Renewable Purchase Obligations National Carbon Market Perform achieve and Trade scheme Energy Conservation Act The above can increase indirect (operating) cost.					



Risk Map	STEPS		APS		NZE 2050	
	2030	2050	2030	2050	2030	2050
MARKET Shifts in supply and demand as consumers prefer sustainable alternatives	» Price sensitivity among customers due to rising taxes on tobacco under existing policies	» Continued reliance on fossil fuels risks exposure to global market fluctuations and trade penalties.	» Energy price spikes likely as demand for renewables and clean technologies outpaces supply. » Competitive pressures to reduce carbon footprints across the value chain (e.g., tobacco farming and logistics).	» Energy price fluctuations moderate as renewables gain a larger share, but reliance on hybrid systems continues to pose risks.	» Accelerated demand for alternatives to conventional tobacco products, such as harm-reduction options or herbal substitutes. » Lower reliance on fossil fuels ensures stable pricing; initial high costs for renewable adoption are offset by long-term stability in energy costs.	» Consumers demand carbon-neutral products, pushing non-compliant brands to irrelevance. » Predominant reliance on renewables ensures price stability, but initial investments in renewable infrastructure might increase capital expenditure in earlier phases.
TECHNOLOGY Development of emerging technology to support a lower-carbon economy	» Regulatory authority mandating use of more energy-efficient systems	» Investments required in storage systems as flexibility needs arise	» Rise in flexibility requirements for reliable source of renewable energy	» Rise in flexibility requirements for reliable source of renewable energy » India's pledges to reach net zero emissions by 2070 drive a faster decline in fossil fuel demand than in the STEPS	» Rapid improvements in energy efficiency	» Complete reliance on renewable energy » Increased cost due to investment in carbon capture technology
	» Adopting/deploying new practices and processes may involve high per-unit cost of utility-scale stationary batteries & Hydrogen electrolyzers » The direct use of renewables in total final energy consumption expands by 3% per year		» Increased research and development (R&D) expenditures in new and alternative technologies & physical modifications » Costs to adopt/deploy new practices and processes will incur high per unit Cost. (Utility-scale stationary batteries & Hydrogen electrolyzers etc.) » The direct use of renewables in total final energy consumption expands by 7% per year		» Increased research and development (R&D) expenditures in new and alternative technologies & physical modifications Costs to adopt/deploy new practices and processes will incur high per unit Cost. (Utility-scale stationary batteries & Hydrogen electrolyzers etc.) » The direct use of renewables in total final energy consumption expands by 9% per year	
REPUTATION: Perception of an organisation's contribution to a lower-carbon economy	» Limited decarbonization efforts and weaker ESG performance may reduce appeal to socially responsible investors.		» Consumer activism will lead to loss of revenue and missed growth opportunities » Pressure to transition toward reduced-risk products could intensify.		» Companies failing to meet net-zero commitments risk exclusion from global ESG-focused investor portfolios. » Disruption in Social Licence to operate » Decrease in revenue due to demand for low carbon products	

Result from the transitional risk assessment

We assess carbon pricing as a low direct risk in the near term, with no foreseeable mechanism under STEPS. Under APS and NZE scenarios, however, India's emerging Carbon Credit Trading Scheme and Renewable Purchase Obligations introduce meaningful medium to long-term regulatory exposure for our business. Market risk presents our most immediate challenge, as shifting consumer preferences, rising tobacco taxes, and trade fluctuations create revenue pressure that intensifies as the transition deepens. Technology transition costs escalate significantly under NZE, requiring capital investment in flexible energy systems. Reputational risk is cross-cutting, with limited ESG progress risking investor exclusion, reduced access to capital, and erosion of our social licence to operate.



Towards a Low Carbon Future

(GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7)

India's climate ambition is now backed by concrete policy architecture. At COP26, India announced its Panchamrit commitments, and has since progressively raised its ambition — most recently through its updated NDC for 2031–2035, which targets a 47% reduction in emissions intensity of GDP from 2005 levels by 2035, 60% of cumulative installed electricity capacity from non-fossil fuel sources by 2035, and a carbon sink of 3.5–4.0 billion tonnes of CO₂ equivalent through forest and tree cover, all aligned with India's long-term goal of achieving net zero by 2070. These commitments are being progressively translated into regulatory obligations for industry, with SEBI'S BRSR Core mandates raising the baseline for climate-related disclosure among listed companies. VST's response to this landscape is grounded in the recognition that carbon accountability is inseparable from sound business management. Our approach is built around three priorities: transitioning our energy mix towards lower-carbon sources, driving efficiency across our manufacturing operations, and progressively extending our emissions accountability into the value chain. The sections that follow detail our performance and progress across each of these areas.



Emissions Management

GRI (305-1 to 305-5)

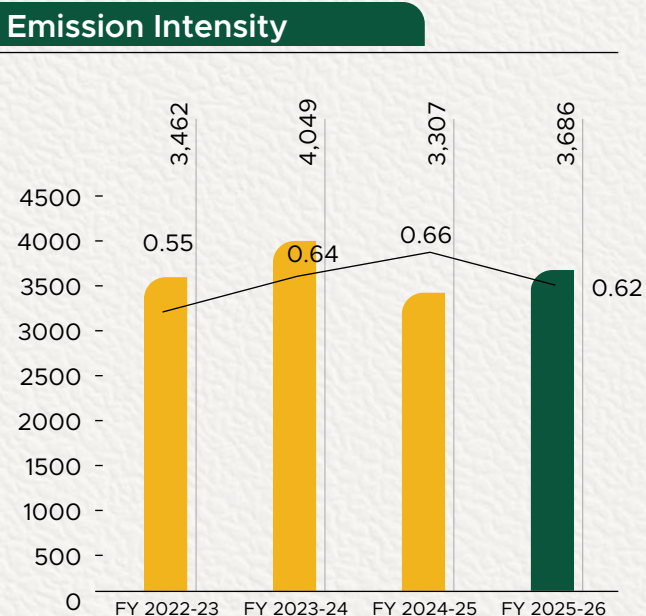
Managing greenhouse gas emissions is central to VST's low carbon agenda. We account for and actively manage all three scopes of GHG emissions — direct emissions from our manufacturing operations (Scope 1), indirect emissions from purchased energy (Scope 2), and value chain emissions both upstream and downstream (Scope 3). Our emissions accounting is conducted in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, with FY 2020-21 as our baseline year.

VST's internal target is to achieve carbon neutral emissions by FY 2030, in alignment with India's national climate objectives. Realising this ambition requires sustained reductions across all three scopes, supported by operational efficiency, renewable energy transition, and progressive expansion of our value chain emissions accountability.

Scope 1 and Scope 2 emissions

VST's combined Scope 1 and Scope 2 emissions in FY 2025-26 stood at 3,686 tCO₂e. We have reduced our emissions intensity by more than 28% from our baseline. This is attributed to increasing investments towards renewable energy, fuel switch projects and energy efficiency measures.

Financial year	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total Scope 1 and Scope 2 emissions (tCO ₂ e)	Emission Intensity (tCO ₂ e/ MNC)
FY 2022-23	643	2,819	3,462	0.55
FY 2023-24	910	3,139	4,049	0.64
FY 2024-25	985	2,322	3,307	0.66
FY 2025-26	1,009	2,677	3,686	0.62



Scope 3 Emissions

Beyond our direct operational footprint, VST recognises its responsibility for value chain emissions. Total Scope 3 emissions were 75,104 in FY 2025-26 which is more than 95% of our total GHG inventory.

Category	FY 2025-26 (tCO ₂ e)
Category 1- Purchased Goods and Services	9,485
Category 2: Capital Goods	530
Category 3 — Fuel and energy related activities (not included in Scope 1 and Scope 2)	1,158
Category 4: Upstream Transportation and Distribution	820
Category 5: Waste Generated in Operations	2
Category 6 — Business travel	407
Category 9 — Downstream transportation and distribution (road)	62,702
Total Scope 3 emissions	75,104
Scope 3 intensity (tCO ₂ e / million cigarettes)	12.71

Energy Management

GRI 302-1, GRI 302-3, GRI 302-4, GRI 302-5

Emissions performance and energy management are two sides of the same equation — the fuel mix we use, the efficiency of our processes, and the intensity of our utility operations all shape our emissions profile. More than 50% of total energy consumption across our facilities is attributable to utility operations, making energy management both an environmental and an operational priority. Our approach is formalised through an Energy Management System (ENMS), which provides the governance structure, monitoring infrastructure, and continuous improvement framework within which all energy-related programmes and initiatives operate.

Energy profile

VST's total energy consumption in FY 2025-26 stood at 34.9 TJ, comprising 21.2 TJ of direct energy and 13.7 TJ of indirect energy. Direct energy — drawn from high-speed diesel (HSD), piped natural gas (PNG), and onsite renewable sources — accounts for 60% of the total energy mix.

Financial Year	Direct Energy (TJ)	Indirect Energy (TJ)	Total Energy (TJ)	Energy Intensity (GJ/MNC)
FY 2022-23	15.3	12.5	27.8	4.40
FY 2023-24	19.4	15.6	35.0	5.53
FY 2024-25	20.3	11.5	31.8	6.05
FY 2025-26	21.2	13.7	34.9	5.90

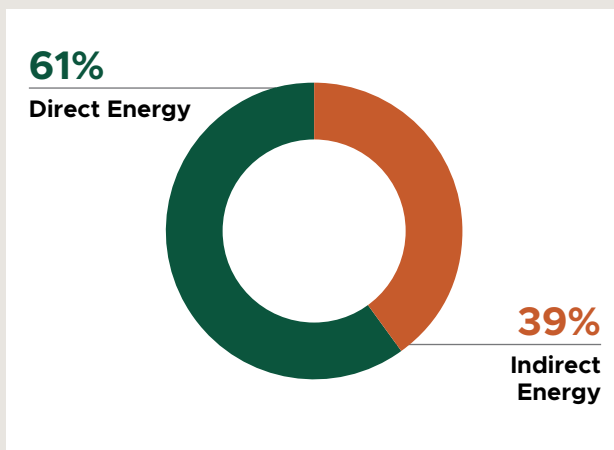
Energy Mix

Of VST's total energy consumed in FY 2025-26, **5,766 GJ** was sourced from renewable sources entirely from onsite solar generation at our Toopran facility — while **29,078 GJ** was sourced from non-renewable sources comprising grid electricity and fossil fuels.

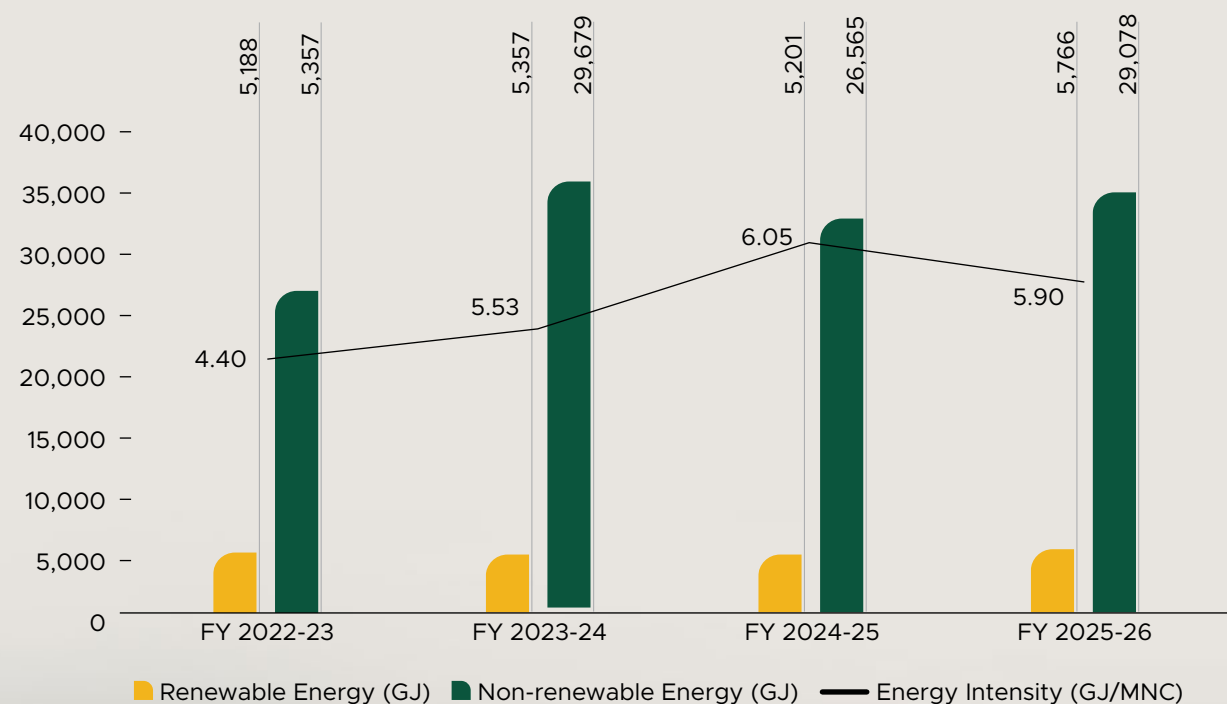
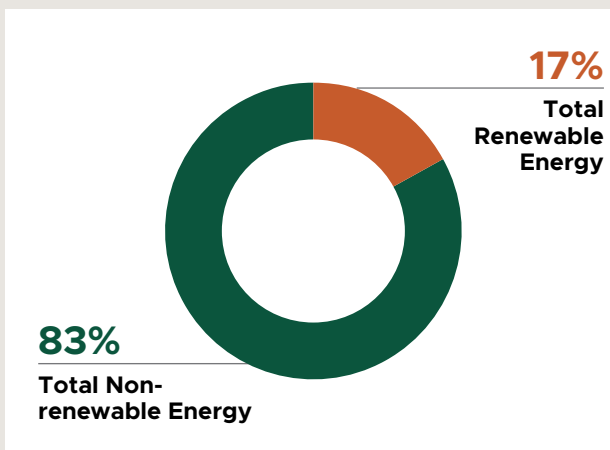
Parameter	FY 2022-23(GJ)	FY 2023-24 (GJ)	FY 2024-25 (GJ)	FY 2025-26 (GJ)
Total renewable energy	5,188	5,357	5,201	5,766
Total non-renewable energy	23,136	29,679	26,565	29,078



Energy Consumption By Source FY 2025-26



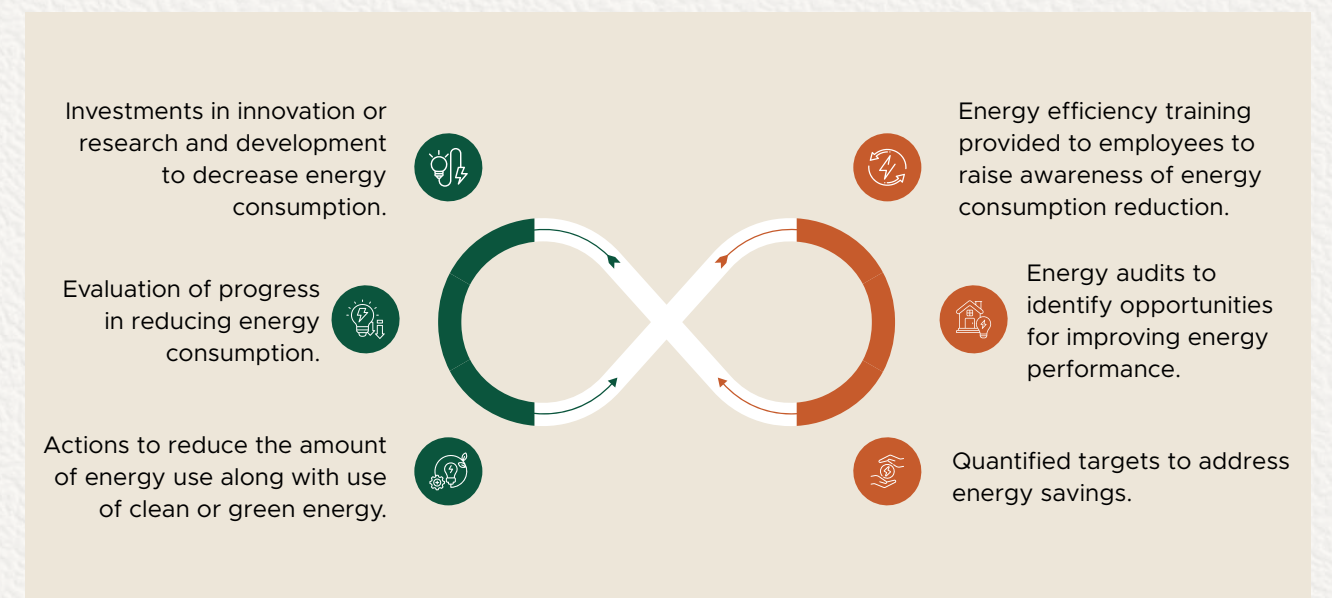
Proportion of Renewable Energy in FY 2025-26



Our Approach to Decarbonization

Reducing our carbon footprint requires action across the full spectrum of emission sources, from the fuels we combust and the energy we consume, to the efficiency of our processes and the composition of our energy mix. Our energy management programme is central to our decarbonization strategy focussing on identifying opportunities through energy audit, quantifying targets to address energy savings, evaluating progress, identifying investment opportunities through innovation, clean energy and energy efficiency. Further decarbonisation efforts are structured to address both the quantum of energy used and the carbon intensity of how it is sourced, with initiatives spanning renewable energy expansion, fuel transition, and operational efficiency. The sections below detail the specific actions taken and outcomes achieved during FY 2025-26.

Energy Management Programs



Operational Optimisation

Utility system optimisation

Utility operations account for approximately 50% of total energy consumption across our manufacturing processes. At our Toopran facility, VST undertook a comprehensive redesign of the utility plant layout based on ESG-aligned engineering principles, optimising energy flow and eliminating structural inefficiencies. A closed-loop system was implemented for Air Handling Units, Dry Room Fans, and compressors — minimising energy loss and maximising operational performance. A Building Management System was installed in parallel to enable real-time monitoring and control of energy usage, allowing timely interventions and sustained efficiency gains.

Utility energy reduction

6.5%

Monthly energy savings

6,510 kWh

Per month

Annual CO₂ avoided

~83 t



LPG to PNG

Canteen cooking operations at our Toopran unit have been converted from liquefied petroleum gas to piped natural gas — a lower-emission alternative that delivers improved burner efficiency and better heat utilisation. This transition forms part of a broader programme to systematically reduce dependence on higher-emission fuel sources across our operations.

Annual CO₂ reduction

~65 t

Expanding Our Renewable Energy Base

Solar plant efficiency improvement

The efficiency of VST's 1.18 MW on-grid solar power plant increased by 2.5% in FY 2025-26 compared to FY 2024-25, driven by enhanced maintenance practices. As a result, 30% of total power consumption at our Toopran facility is now met from the solar plant. This improvement has contributed to a measurable annual reduction in CO₂ emissions.

Solar plant efficiency improvement

+2.5%

Vs FY 2024-25

Annual CO₂ reduction

~145 t

Vs FY 2024-25

Solar street lighting expansion

15 kW of additional solar street lighting was installed at walkways and parking areas across our facility in FY 2025-26, bringing total off-grid solar lighting capacity to 40 kW. This expansion operates independently of the on-grid solar plant and directly reduces grid dependency for common area lighting across the facility.

Additional capacity installed

15 kW

FY 2025-26

Fleet Electrification

Our decarbonisation agenda extends beyond manufacturing operations to the fleet and material handling equipment within our facilities. We aim to operate 100% of our fleet, comprising both owned and third-party passenger vehicles, on electric vehicles by 2030. Progress toward this goal is already underway — 14 forklifts are currently battery operated, a feasibility study for EV buses is in progress, and charging infrastructure has been established across the facility with 1 EV charging station for four-wheelers and 3 EV charging stations for two-wheelers.

2030 target

100%

electric fleet

Battery-operated forklifts- 14
EV charging stations (4-wheelers)-1
EV charging stations (2-wheelers)-3

Employee capability is a structural component of VST's energy management approach. Regular energy efficiency training is conducted across manufacturing functions, embedding behaviours that sustain and reinforce the gains delivered through our technology interventions.

Going forward, our focus is on deepening utility efficiency gains, expanding Building Management System coverage, and progressively increasing renewable contribution through direct investment and clean energy partnerships. Where emissions cannot be eliminated through operational means, VST is exploring verified carbon offset projects to address residual emissions as our abatement pathways mature.

Other Air Emissions

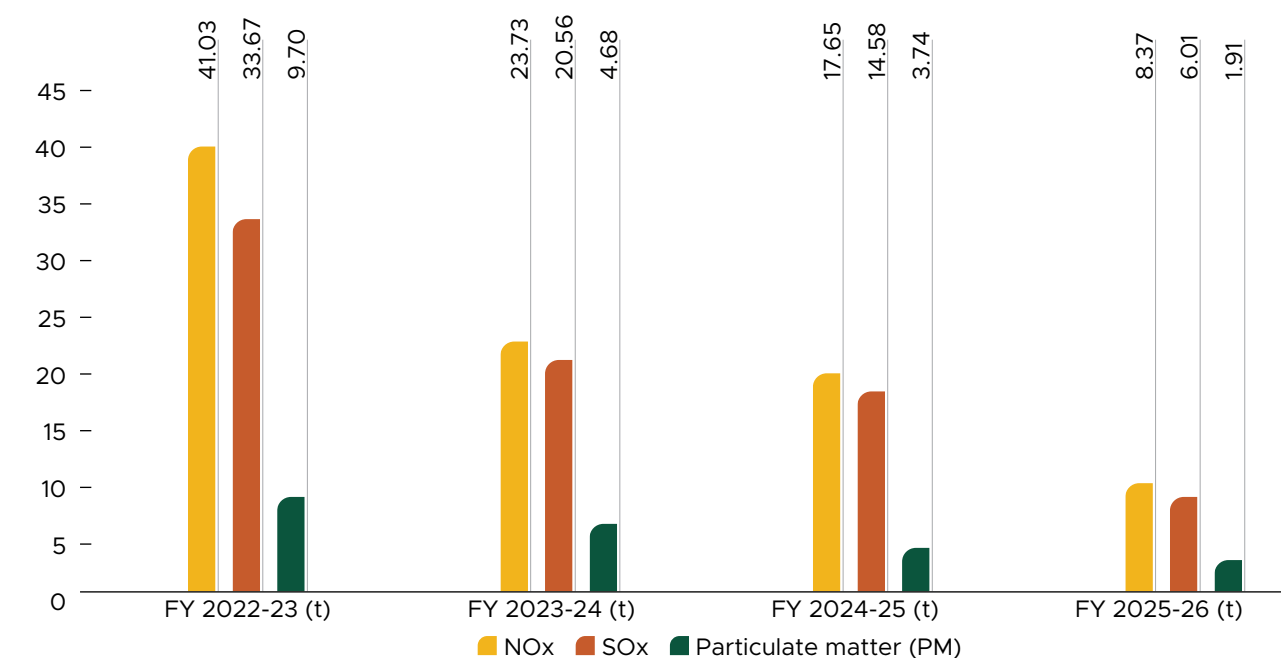
(GRI 305-7)

Our manufacturing processes involve diesel generator sets and fuel combustion systems that generate nitrogen oxides, sulphur oxides, and particulate matter — pollutants that require active monitoring and systematic mitigation.

Air emissions at our facilities are maintained well within permissible limits prescribed by the Central and State Pollution Control Boards and are subject to rigorous monthly monitoring conducted by NABL-accredited and MoEF-approved third-party laboratories.

Over the past four years, VST has implemented a series of targeted interventions that have driven a sustained and measurable reduction across all three pollutant categories, with PM, NO_x and SO_x each falling by approximately 80%. The table below presents four years of air emissions data across the three key pollutant categories tracked by VST. The consistent year-on-year reduction across all three pollutants reflects the compounding impact of successive operational and fuel-related interventions implemented across our manufacturing facility.

Pollutant	FY 2022-23 (t)	FY 2023-24 (t)	FY 2024-25 (t)	FY 2025-26 (t)
NO _x	41.03	23.73	17.65	8.37
SO _x	33.67	20.56	14.58	6.01
Particulate matter (PM)	9.70	4.68	3.74	1.91





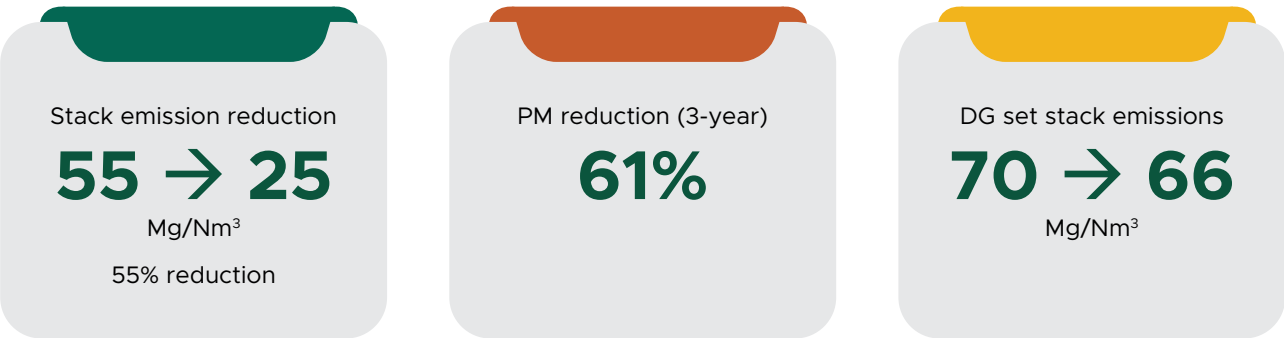
The sustained reduction in air emissions across FY 2022-23 to FY 2025-26 reflects a combination of fuel transition, technology upgrades, and emission control infrastructure deployed progressively across our Toopran facility.

Reducing Air Emissions at Source

Managing air emissions at our Toopran facility has been a sustained, multi-year effort — progressing from addressing the most significant emission sources to progressively tightening performance at each remaining point of release. All stack emissions are monitored monthly through NABL-accredited and MoEF-approved third-party laboratories, providing an independent and verified basis for the performance trends reported below.

The transition from high-speed diesel to piped natural gas across our boiler and combustion operations has been the most consequential intervention. PNG combustion produces significantly lower sulphur and particulate matter than HSD, and the impact on stack emissions was immediate and measurable — levels fell from 55 mg/Nm³ to 25 mg/Nm³, a reduction of 55%.

At DG set stacks, bag filters provide a mechanical barrier capturing fine particles before they are released into the atmosphere, contributing to a 61% reduction in PM at these sources over three years. In FY 2025-26, an engine fuel system upgradation on our DG sets — carried out in collaboration with the original equipment manufacturer — reduced DG set stack emissions from 70 mg/Nm³ to 66 mg/Nm³, tightening emission performance further at the source

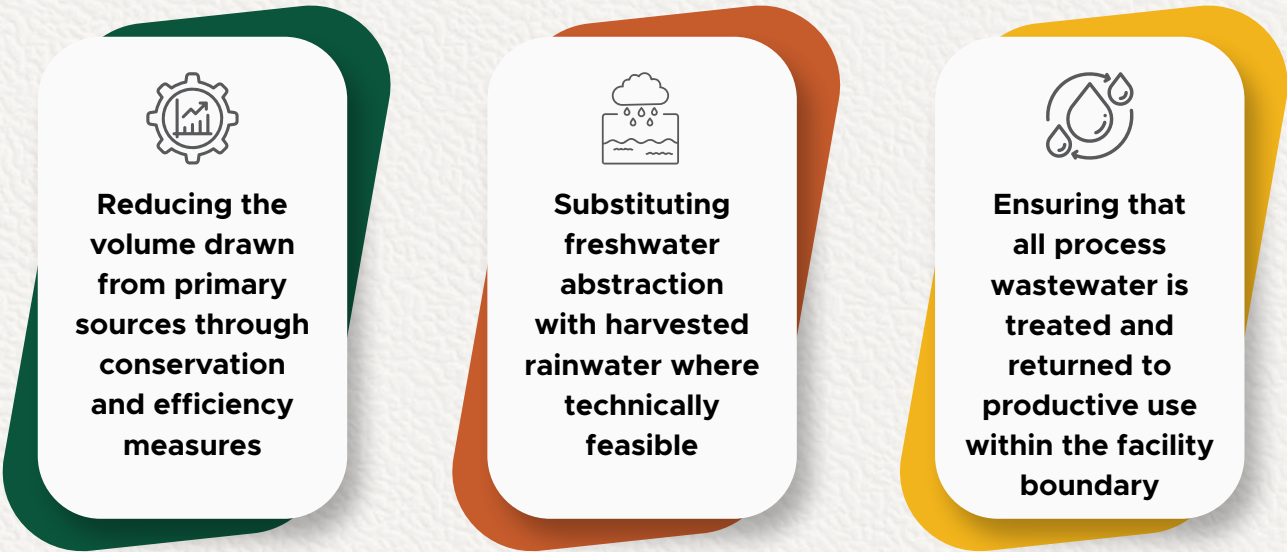


Water Management

(GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4)

Water stewardship at VST is governed by the Water Stewardship Policy, which sets out commitments on withdrawal management, conservation, wastewater treatment, and long-term water positivity. Water performance is tracked through regular audits and balance studies, conducted both by internal teams and third-party specialists. The Alliance for Water Stewardship (AWS) certification — at Gold rating for the Toopran facility — provides independent validation of water management systems against internationally recognised standards. This certification reflects site-level engagement on water risk assessment, stakeholder dialogue on shared watershed challenges, and continuous improvement in water use efficiency.

VST's water strategy responds to this exposure through three operational priorities:



Water Risk Assessment & Management

VST's water risk assessment is conducted across manufacturing operations and the tobacco supply chain using the WRI Aqueduct tool alongside the AWS standard framework. The two instruments operate at different scales: Aqueduct provides a catchment-level view of physical water stress, while the AWS framework translates that context into site-level governance and mitigation actions.

Water risk management is embedded within the Alliance for Water Stewardship Plan-Do-Check-Act cycle, structured across five outcome areas. The assessment is reviewed and updated annually with findings directly informing the conservation programme priorities and infrastructure investments at Toopran.

Water Withdrawal, Consumption and Discharge

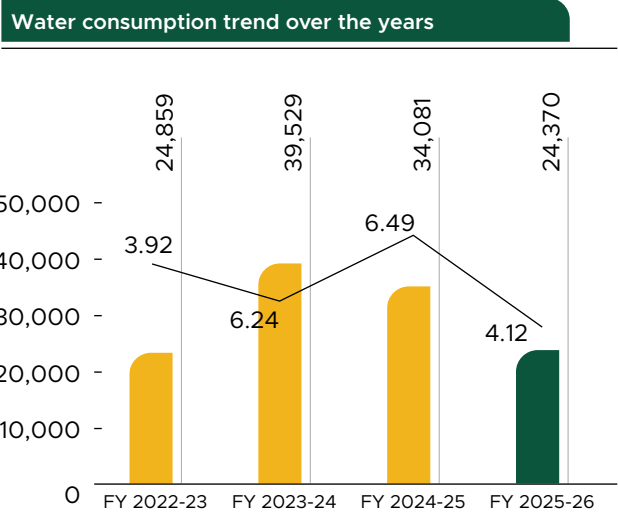
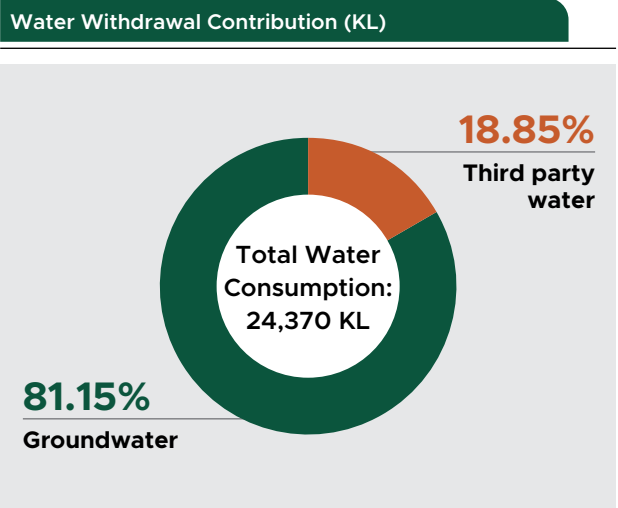
At VST, water is utilized for leaf conditioning and humidification, which are critical processes to maintain the pliability and blending characteristics of tobacco. Further water is consumed in cooling systems, domestic use across the plant, and ancillary infrastructure including fire suppression and civil maintenance. The quality and consistency of this supply directly affect process stability where any disruption to water availability carries an operational consequence.



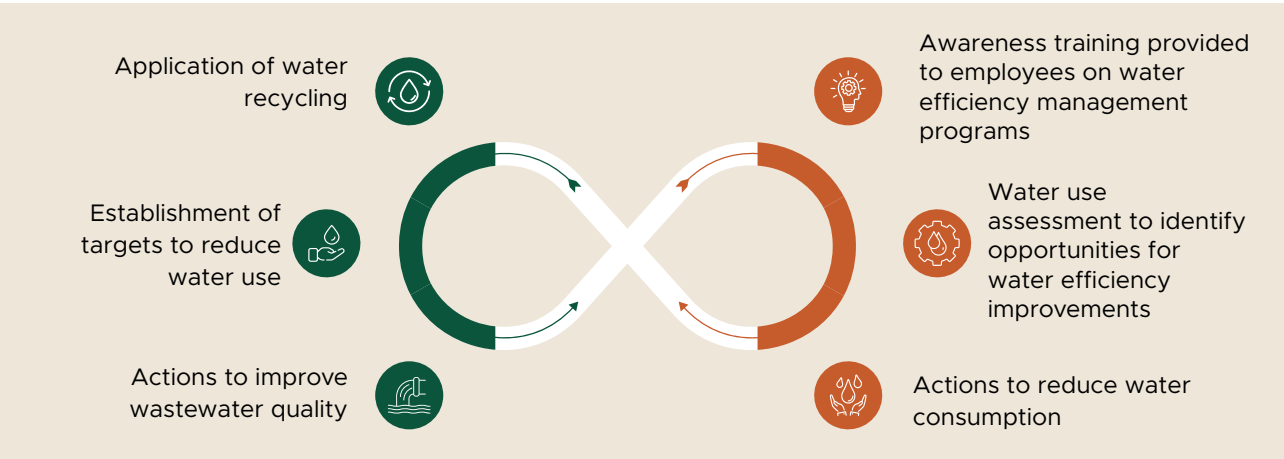
The facility draws primarily on groundwater sourced through bore wells, supplemented by third-party municipal and tanker supply. This sourcing profile creates a direct exposure to aquifer health in the Telangana region, where declining groundwater tables and seasonal variability in monsoon recharge are established trends. Rainwater harvested on-site is reported separately and is increasingly integrated into non-process use.

Water withdrawal, consumption and discharge by source (KL)

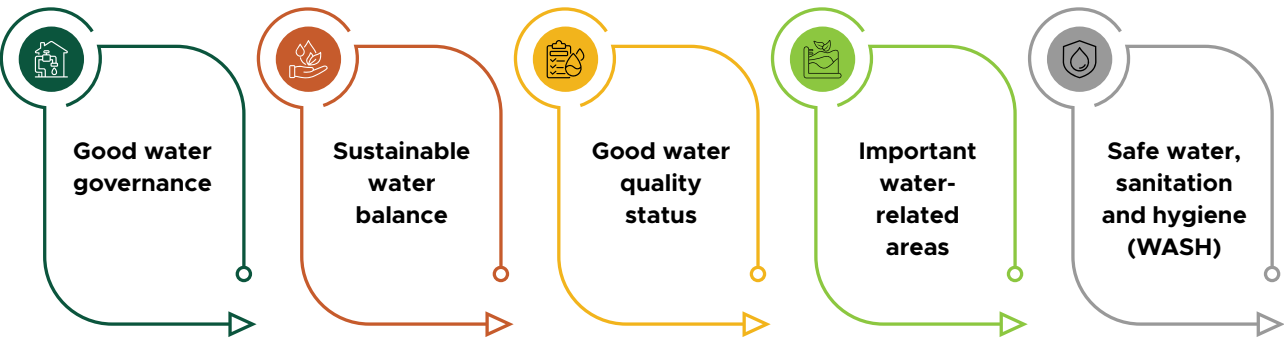
Source	FY 2022–23	FY 2023–24	FY 2024–25	FY 2025–26
Groundwater (bore wells)	23,527	27,784	23,326	19,777
Third-party supply (municipal / tanker)	1,332	11,745	10,755	4,593
Total water withdrawal (A)	24,859	39,529	34,081	24,370
Total Water Discharge (B)	0	0	0	0
Total Net Freshwater Consumption (A-B)	24,859	39,529	34,081	24,370
Water Intensity in terms of physical output (KL/MNC)	3.92	6.24	6.49	4.12



Water Efficiency Approach



Our Five Outcome Areas



Our water consumption has shown a significant reduction from previous year on year, driven by deliberate investments in conservation infrastructure, process optimisation, and responsible water use across our manufacturing operations. The initiatives detailed below have been central to achieving and sustaining this improvement.

Zero liquid discharge: Toopran manufacturing facility

The Toopran facility operates under a Zero Liquid Discharge (ZLD) system, resulting in 100% wastewater generated on-site passing through two treatment streams: an Effluent Treatment Plant (ETP) handling process wastewater and a Sewage Treatment Plant (STP) managing domestic wastewater. Treated water from both streams is reused within the site for gardening and landscaping purposes, completing the water cycle without external discharge.

At Toopran specifically, the rainwater harvesting system has been scaled to a capacity exceeding 4 times the site's annual water consumption — a deliberate investment in groundwater recharge and a tangible step toward the 2030 water positivity goal.

Rainwater harvesting: building toward water positivity

VST's long-term water ambition is to become 3 times water positive by 2030. Rainwater harvesting is the primary mechanism through which this ambition is pursued, supplemented by recharge pit infrastructure designed to restore groundwater levels in the vicinity of manufacturing sites.

VST's Toopran Site has 3 rainwater harvesting pits and 1 Rainwater Harvesting Pond have been constructed and are operational. In FY 2025–26, these structures harvested a total of 65,626 kilolitres of rainwater representing the combined capture potential across all pit locations.

Optimizing water consumption

To minimize water usage and improve sustainability, we have implemented several measures for infrastructure upgrades, behavioural measures, and monitoring systems. These include: -

- » Glue Can Cleaning: Installation of spray jet faucets reduced daily water consumption by 30%, saving ~1 KL per day and improving productivity.
- » AHU Efficiency: Modifications to eliminators, mist spray deployment, and air atomization achieved 15% efficiency gains, eliminating background losses.
- » Tank Overflow Prevention: Auto cut-off float valves eliminated overflow incidents, retaining water for productive use and reducing manual monitoring.
- » Smart Sanitation Fixtures: Introduction of low-pressure taps, sensor-based toilets, and dual-flush commodes minimized wastage from uncontrolled flow and user habits.



Saving Every Drop, Achieving Water Positivity

Water is a critical resource in cigarette manufacturing, consumed in cleaning operations, air handling systems, and utility infrastructure. Without monitoring and discipline, usage escalates, increasing costs and environmental burden. Internal audits by the Utility division identified three major areas:

- » Excessive water usage and time loss during glue can cleaning
- » AHUs with multiple eliminators caused continuous, uncontrolled water loss.
- » Frequent tank overflows due to absence of automatic cut off mechanisms
- » Additionally, conventional taps and toilets were found to waste large volumes due to uncontrolled flow and user habits.

Each issue was analysed, solutions designed, and interventions implemented with measurable outcomes.

Structural changes to AHU eliminators reduced unnecessary water carry over and introduced mist spray technology to optimize water distribution. Further to minimize water use and enhance cooling efficiency, we implemented effective atomization to enhance cooling efficiency while minimizing water use.

Automatic cut off valves were installed at tank inlets to stop inflow once tanks reached capacity. Further inlet pressure was adjusted to arrest overflow incidents and stabilize system operation.

We also installed press-operated spray jet faucets delivering high-pressure spray only on demand enabling faster and single-handed cleaning.

Through these interventions we achieved the following:

- » 30% reduction in daily water consumption during glue cleaning operations
- » Efficiency gains of 15% through AHU eliminator modifications, eliminating background utility wastage
- » Overflow losses fully prevented by automatic cut-off float valves, ensuring reliable water retention and operational discipline
- » Smart sanitation fixtures minimized wastage from uncontrolled flow and user habits

Together, these initiatives delivered measurable savings, strengthened operational discipline, and reduced specific water consumption from 6.49 KL to 4.12 KL per million cigarettes between FY 2024-25 and FY 2025-26.

Water Positivity Achieved:
2.69 X

Waste Management

(GRI 306-1; GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5)

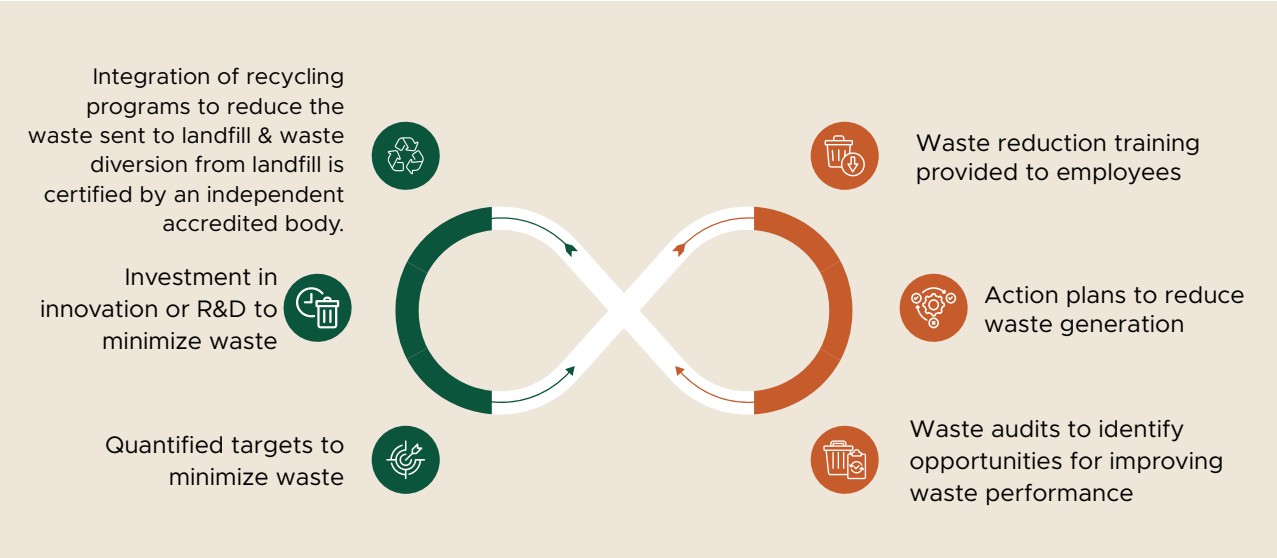
Waste management at VST is governed by our environmental management framework, aligned with the applicable regulatory requirements under India's waste management rules. Accountability is integrated into the governance structure, with designated leads at the facility responsible for consistent oversight, performance monitoring, and continuous improvement.

We classify waste into hazardous and non-hazardous categories at source, with segregation enforced through colour-coded bins and documented standard operating procedures across all operational areas. Non-hazardous waste, comprising plastic

waste and biomedical waste, accounts for 485.42 Metric Tons. Hazardous waste generated is handled exclusively by SPCB-authorised third-party recyclers. Biomedical waste is directed to an authorised incineration facility, and non-hazardous plastic waste is channelled to CPCB/SPCB-certified recyclers.

Tobacco manufacturing generates waste at multiple production stages. At Toopran, the principal streams are plastic waste from packaging materials, used oil from machinery maintenance, and biomedical waste from facility operations. Construction and demolition waste arises periodically from infrastructure works.

Waste Management Programs



Waste Types	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Hazardous waste generated (Metric Tons)	1.16	0.719	0.919	0.041
Non-Hazardous waste generated (Metric Tons)	318.53	318.99	373.62	485.42
Total waste generated	319.69	319.71	374.54	485.46





Waste management hierarchy

VST's waste management approach follows the established waste hierarchy, prioritising avoidance at the top and treating disposal as a last resort. Underpinning this hierarchy is a structured waste management programme covering audits, action plans, quantified targets, recycling integration, employee training, and investment in waste minimisation. Together, these elements shape how we respond to waste at every stage of generation and disposal across our Toopran operations.



Avoid

Eliminate waste generation at source through process design, material substitution, and operational efficiency.

The 5S initiative and Red tag system are applied across all VST operations to identify and remove wasteful practices before waste is created. Transition to 100% biodegradable BOPP overwrap has enabled us to eliminate non-recyclable material stream entirely.



Minimise

Reduce the volume of waste generated through improved process efficiency, productivity enhancement, and periodic waste audits.

Cigarette waste was reduced by 0.8% in FY 2025–26 compared to FY 2024–25 through productivity improvements. Regular monitoring tracks waste generation against targets and identifies intervention points.



Reuse

Reintegrate materials within the production cycle where feasible.

Packaging materials, facility maintenance supplies, and processed organic waste are repurposed directly.



Recycle

Direct materials to CPCB/SPCB-certified recyclers.

Plastic waste which is the largest single waste stream, is channelled to authorised third-party recyclers. All paper and paperboard packaging materials generated during production are recyclable. VST collects and manages post-consumer plastic waste from end users across multiple Indian states under EPR obligations.



Treat and dispose

Where recovery is not feasible, waste is treated responsibly.

Biomedical waste is incinerated at an authorised third-party facility in compliance with Biomedical Waste Management Rules. Hazardous waste (used oil) is handled by SPCB-certified authorised recyclers with complete documentation from generation to final disposal. Zero waste is sent to landfill.



Details of Hazardous Waste

Parameter	Unit	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Total hazardous waste recycled/reused	MT	0.96	0.525	0.86	0
Total hazardous waste disposed	MT	0.20	0.194	0.059	0.041
Hazardous Waste landfilled	MT	0	0	0	0
Hazardous Waste incinerated with energy recovery	MT	0	0	0	0
Hazardous Waste incinerated without energy recovery	MT	0.20	0.194	0.059	0.041
Hazardous Waste otherwise disposed, please specify	MT	0	0	0	0
Hazardous Waste with unknown disposal method	MT	0	0	0	0

Non-Hazardous Waste (in MT)

Parameter	Unit	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Non-Hazardous waste Recycled/ Reused (MT)	MT	318.53	318.99	373.62	485.42
Non-Hazardous waste Disposed (MT)	MT	0	0	0	0
Waste landfilled	MT	0	0	0	0
Waste incinerated with energy recovery	MT	0	0	0	0
Waste incinerated without energy recovery	MT	0	0	0	0
Waste otherwise disposed	MT	0	0	0	0
Waste with unknown disposal method	MT	0	0	0	0





Sustainable Material

(GRI 301-1)

The materials VST sources, from cigarette papers and filters to packaging components and flavourings, account for a substantial share of the environmental footprint embedded in each product before it reaches the consumer. Decisions made at the sourcing stage, about what materials are specified, from whom they are procured, and under what standards, determine outcomes that no amount of on-site efficiency can fully offset. VST’s sustainable

sourcing agenda addresses this upstream dimension of its environmental responsibility, setting direction on material composition, packaging recyclability, and supplier standards. Notably, none of the materials used in our manufacturing processes involve hazardous substances, reflecting a deliberate approach to material specification that prioritises both human health and environmental safety.

Raw material	Unit	FY 2025-26
Filters	Million rods	15,13,776
Hinge Lid Packs	Million pcs	8,23,844
Cigarette paper	Million metric tonnes	3,77,938
Adhesive	Metric tonne	148
Corrugated Fibre Board Container	Numbers	5,95,284
Metallised Paper/Foil	Million metric tonnes	1,01,019
Inner Frame	Metric tonne	451
Gay wrapper	Million metric tonnes	8,523
Biaxially Oriented Polypropylene	Metric tonne	197
Tear off ribbon	Million metric tonnes	1,14,948
Casings	Metric tonne	123
Flavours	Metric tonne	127
Outer boxes	Million pcs	3,940
Printed cork tipping	Million metric tonnes	1,11,874
Miscellaneous	Metric tonne	49

5%

by Weight

Renewable raw materials

100%

Recyclable

Paper and paperboard packaging

100%

Biodegradable

BOPP overwrap

VST's production requires two broad categories of input: core product materials comprising filters, papers, adhesives, casings, and flavourings that constitute the cigarette itself, and packaging materials that enclose, protect, and present the finished product.

Two levers shape the sustainability of VST's material portfolio: the sourcing origin of inputs — whether renewable, recycled, or responsibly certified — and the end-of-life profile of packaging materials, which determines whether what VST puts into the market can be recovered once it leaves.

On sourcing origin, approximately 5% of raw materials by weight are drawn from renewable resources — primarily naturally derived inputs such as casings and flavourings. Increasing this share, and documenting it with greater methodological rigour,

is an active area of focus. On end-of-life profile, VST has conducted a structured review of its packaging inputs — assessing material types, recyclability, and the availability of sustainable alternatives — to identify where the portfolio can move toward fully recyclable or compostable specifications.

VST’s approach to biodiversity is organised across two distinct but connected domains. The first is the manufacturing site itself, covering how VST manages the direct ecological footprint of its operations at Toopran and what it does to actively restore and enhance the natural environment within and around the facility. The second is the supply chain, covering how VST ensures that the tobacco leaf it sources and the paper and packaging materials it procures do not come at the cost of forest cover, primary habitats, or the agricultural biodiversity that contracted farmers depend on.





Biodiversity Management

(GRI 304-1, 304-2, 304-3)

Biodiversity at the Toopran site

VST has reviewed its manufacturing operations at Toopran and confirmed that no adverse biodiversity impacts have been identified at or around the site. This finding informs the direction of VST's on-site biodiversity programme, which goes beyond impact avoidance to active ecological enhancement.

The centrepiece of this programme is the development of green cover across the facility. Thirty thousand saplings comprising various species of Ficus multi head plants have been planted at Toopran, creating a sustained vegetative layer across operational areas. Alongside this, themed lawns and breakout spaces have been developed using waste material upcycled from within operations, an

approach that draws directly on ESG principles to reshape how the facility interacts with its immediate environment. In FY 2025-26, these efforts have been reinforced through formal partnerships with SCUBEINFRA and Srisai Gardenings, bringing specialist horticultural and landscape expertise to programme implementation and upkeep.



30,000

Saplings planted in FY 2025-26



Biodiversity mitigation approach

VST's biodiversity actions are structured around the mitigation hierarchy, prioritising avoidance of negative impacts, followed by reduction of land and

resource pressure, active restoration of green cover on-site, and the embedding of responsible sourcing standards across the supply chain.



Avoid

Prevent deforestation and habitat loss

100% of tobacco leaf procured from sources confirmed to carry no risk of deforestation of primary or protected forests. Zero deforestation commitment applied across VST's full leaf sourcing base.



Reduce

Minimise land and resource pressure

Sustainable agricultural practices promoted among contracted farmers, including use of self-sustained firewood and biomass for tobacco curing. Energy-efficient curing technologies advocated to reduce fuel consumption and shorten curing lead times.



Restore

Regenerate green cover on-site

30,000 Ficus multi head saplings planted at Toopran. Themed landscaped spaces developed using upcycled waste from operations. Partnerships with SCUBEINFRA and Srisai Gardening supporting programme implementation and maintenance.



Transform

Responsible sourcing across the value chain

100% of paper and paperboard inputs from FSC or PEFC certified sources. Sustainable agricultural practice promotion extended to contracted farmers across the tobacco supply chain.

Sustainable Agriculture

Nurturing the land and supporting
farmers for a resilient future

7

Contents of this Section

- » Farmer Livelihood
- » Climate Resilience

SDGs Impacted





At VST, our sustainability approach focuses on generating shared value for the business, society, and the environment. Sustainable agriculture is a priority area, aimed at expanding the adoption of good agricultural practices that safeguard natural resources, improve farmer incomes, and enhance the resilience and well-being of farming communities.

These practices are documented in our Farmer Handbook and reinforced through consistent support from field technicians who provide regular technical assistance. Using the GMS mobile application, technicians track farm-level activities, ensure compliance with labour standards, and promote environmentally responsible farming. The

GMS application has been fully rolled out across all tobacco varieties, with a recently introduced traceability feature.

The deployment of the GMS mobile application has strengthened efficiency across the value chain, from cultivation through procurement. Traceability during processing has also been initiated, allowing for improved identification of tobacco origins. Data captured through the GMS platform is analysed by our leaf function to measure progress against sustainability targets. Our defined mid-term and long-term sustainable farming goals reflect our continued commitment to responsible agricultural practices.

Target	Target Year	Status	Material Topic
We have zero tolerance towards child labour or forced labour. We shall continue to have adequate measures in place to identify and mitigate such risks within the leaf supply chain	2030	No child labour/forced labour case reported	Farmer Livelihood
We shall continue to ensure that the minimum legal wage is provided to farm workers	2030	Complied	Farmer Livelihood
Implement mechanization of field preparation and removal of stubbles for 100% of area under tobacco	2030	Field preparation has achieved 100% mechanization, while 80% of farmers adopted mechanized stubble removal	Farmer Livelihood
Explore and implement mechanization of other farm operations (harvesting & plantation) for at least 20% of tobacco area	2030	Will evaluate and identify successful technologies for mechanization of harvesting and plantation, aiming to cover at least 5% of the tobacco area	Farmer Livelihood
30% of contracted farmers (for Talmari & Oriental crops) to use drip irrigation	2030	10%	Climate resilience
30% of crop protection agents used by contracted farmers to be biofertilizer/biochemicals based	2030	10 %	Climate resilience
20% improvement in soil organic matter through green manuring crops for better water holding capacity	2030	5% of the contracted farmers use green manures to improve soil organic content. The soil will be tested 2–3 years later to measure improvement in soil organic content.	Climate resilience



Farmer Livelihood

(GRI 406-1, GRI 407-1, GRI 408-1, GRI 409-1, GRI 413-1)

We place strong emphasis on investing in our farming community to promote sustainable agricultural practices and improve livelihoods. Through targeted initiatives—including training programs, access to modern farming techniques, and the promotion of organic farming—we strive to empower farmers and build agricultural resilience. At VST, our commitment extends to ensuring fair trade practices and fostering equitable partnerships across our supply chain.

VST places strong emphasis on building farmer capability through structured training, field-level advisory support, and access to modern agricultural practices. The VST Farmer Handbook — which codifies recommended practices across the crop cycle — remains the foundation of this effort, with field technicians conducting regular farm visits to translate these guidelines into practical action. Training programmes cover agronomic best practices, optimal fertiliser and pesticide use, curing techniques, and quality standards including the identification and removal of Non-Tobacco Related Material (NTRM). Farmers with access to consistent field guidance report improved yields, lower input costs, and reduced post-harvest rejections — outcomes that improve both farm-level economics and supply chain efficiency.

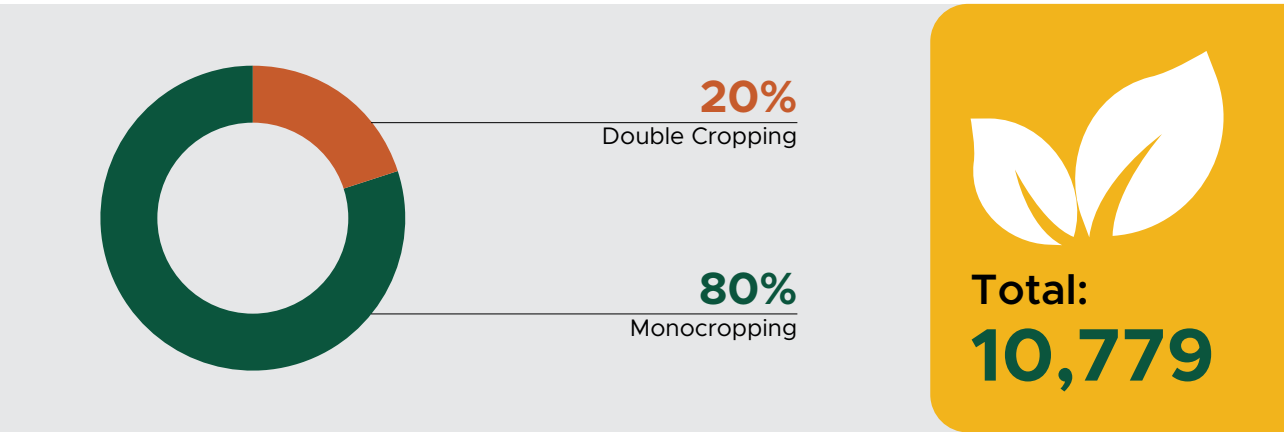
The following strategic initiatives reflect our ongoing efforts to support and uplift the farming community.

Enhancing Soil Quality

Monocropping and intensive tillage progressively deplete soil health, increasing input dependency and reducing long-term productivity. VST actively promotes alternatives: crop rotation, double cropping, reduced tillage, green manuring, and regular soil sampling to monitor organic matter levels. In FY 2025-26, 10,779 farmers were engaged across varying cropping practices, with 20% practicing double cropping — indicating a meaningful shift away from purely monocropping systems.

Farmers who have adopted rotation and reduced tillage practices under VST's guidance report better soil structure, improved moisture retention, lower pest pressure, and more balanced nutrient use. While long-term quantitative data on soil organic matter improvement is still being developed, early field assessments point to a consistent positive trajectory.

Number of farmers involved in different cropping practices - FY 2025-26





Increasing Agricultural Productivity

Mechanization of farm procedures has been a priority for us at VST, addressing the dual challenges of rising labour costs and the need for timely and precise field operations. Field preparation has now achieved full mechanization across contracted areas, while 80% of farmers have adopted mechanized stubble removal. Farmers report measurable improvements in operational timeliness, reduced labour dependency, and lower overall cultivation costs. Challenges remain around equipment access for smaller and marginal growers, and VST continues to support shared equipment models and farmer-level training to close this gap.

In collaboration with the Tobacco Board, VST has modernized tobacco production processes through advanced threshing plants and re-drying

facilities, enabling better yield consistency and improved alignment with international export quality standards. Subsidized inputs — including tarpaulins, suckericides, and fertilizers — are provided to support big-leaf and oriental tobacco crops.



Ensuring Optimal Quality

VST adheres strictly to Crop Protection Agent (CPA) recommendations outlined by the Central Tobacco Research Institute (CTRI) and the Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA). Regular leaf testing ensures compliance with international limits for pesticide residues and Tobacco Specific Nitrosamines (TSNAs).

Area Managers guide farmers on Good Agricultural Practices (GAPs), proper curing, storage, and timely interventions to prevent contamination. To maintain exceptional quality, we support our farmers in implementing effective practices for identifying and eliminating Non-Tobacco Related Material (NTRM) thorough sorting and cleaning of bales. The focus on detecting and removing Non-Tobacco Related

Material (NTRM) has improved tobacco quality, enhanced acceptance, and decreased farmer purchase rejection.

Farmers are now more aware of quality standards, leading to better post-harvest practices. This includes provision of regular training sessions, field demonstrations, and awareness programmes, supplemented by the provision of materials such as tarpaulins and curing racks. Routine field visits and hands-on guidance from VST field team ensures compliance and drive continuous improvement. We believe that maintaining high quality standards not only enhances marketability but also strengthens farmer livelihoods and fosters improved working conditions within the agricultural community.

Protection of Human Rights

To improve farmer livelihoods and well-being, we monitor agricultural practices to prevent human rights violations. VST monitors farms for compliance with Agricultural Labour Practice (ALP) standards through the GMS application and regular field technician visits. Contractual worker training coverage on the ALP Code has increased from 45% in FY 2024–25 to 50% in FY 2025–26 with training

delivered through structured farmer meetings and field programmes. We emphasize collaboration and open dialogue to address concerns, while also educating farmers about their responsibilities and the appropriate channels for raising issues. Our approach extends to engaging with farmers' families and communities to develop sustainable, socially equitable solutions.

Ensuring Safe Tobacco Cultivation

Tobacco cultivation poses notable health and safety risks. Pesticide exposure, can result in Green Tobacco Sickness (GTS). To mitigate this VST provides Personal Protective Equipment (PPE) kits to contracted farmers. Coverage has increased to 60%

in FY 2025–26 from 50% in the previous year with a structured plan to expand coverage by 10% annually to reach 100% by FY 2030. Farmer feedback from assessments indicates a reduction in GTS incidence among those using PPE consistently.



Climate Resilience

VST's approach to climate resilience begins with implementing climate adaptation practices across supply chain. We work alongside farmers to understand the challenges they face on the ground, co-develop practical responses, and equip them with the knowledge, inputs, and technologies to manage an increasingly unpredictable growing environment. Building this resilience at the farm level, across the supply chain, and over the long term is both a responsibility to the communities we work with and a strategic imperative for the business.

Sustainable Alternatives

Synthetic fertilizers and pesticides carry a significant environmental cost in the tobacco supply chain, contributing to greenhouse gas emissions, soil degradation, and the contamination of local water systems when improperly managed. We have been working to shift our contracted farmers toward bio-based alternatives, connecting them with biochemical suppliers and providing training on the integration of biofertilizers and biochemical crop protection agents into their standard farming practices.

As of FY 2025–26, 5% of contracted farmers have adopted natural farming practices that eliminate synthetic fertilizers and pesticides entirely. Bio-based crop protection agents now account for 10% of

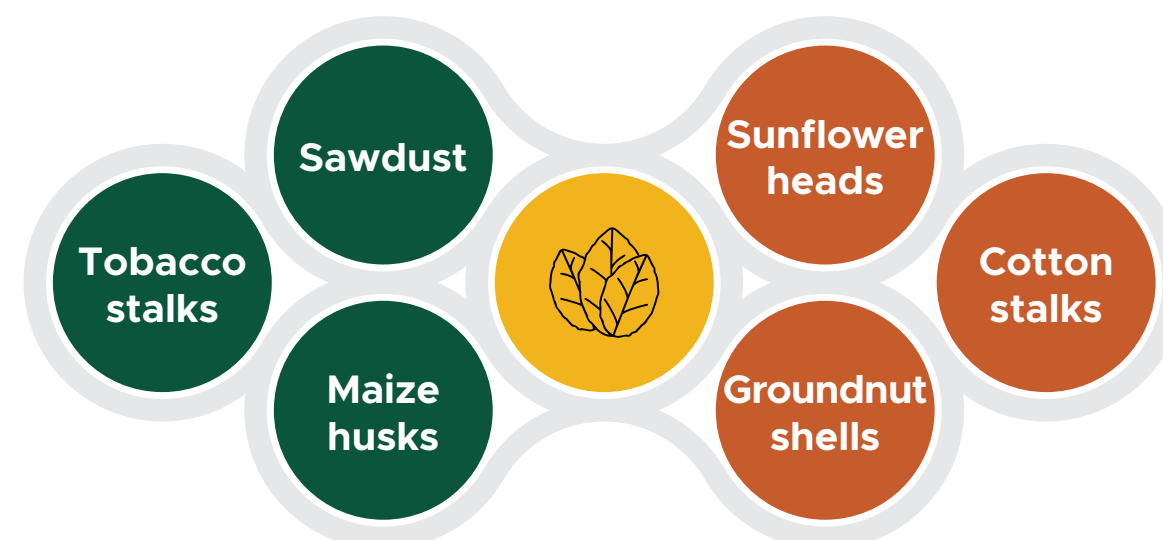
total crop protection use across contracted farms, against a FY 2030 target of 30%. Progress at this stage is measured and deliberate — adoption is constrained by access, familiarity, and the need to demonstrate yield parity before farmers commit to a full transition. Our role is to reduce these barriers through demonstration plots, subsidized access, and field-level advisory support.



Low Carbon Curing

Curing is among the most energy-intensive stages of tobacco production and one of the primary sources of emissions in the leaf supply chain. Historically, the fuel used in curing barns was wood, coal, or agricultural residues, directly determines the carbon intensity of this process. We discourage deforestation-linked wood use and actively promote environmentally lower-impact curing methods.

Alternative fuels promoted for fire curing — displacing unsustainable wood

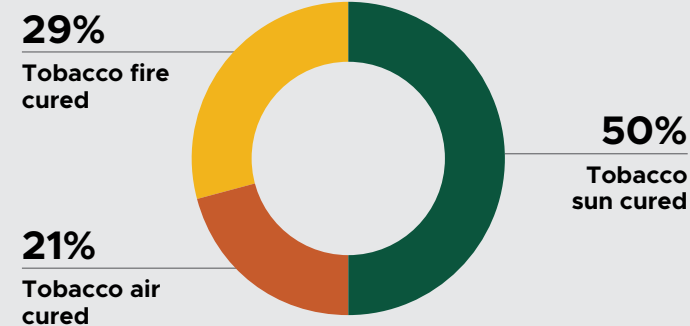




We encourage our contracted farmers to adopt environmentally friendly methods such as sun curing and air curing and provide them with subsidized materials such as tarpaulins and curing rack materials. For fire-cured tobacco, we support a transition away from unsustainable fuel sources by promoting the use of agricultural waste materials such as tobacco stalks, maize husks, sawdust, sunflower heads, groundnut shells, and cotton stalks as alternative fuels in curing barns.

Curing practices in FY 2025-26

(% of tobacco volume procured)



VST has implemented targeted support initiatives, including farmer training on efficient curing techniques, promotion of improved barn designs, and guidance on the use of agricultural waste to reduce wood consumption. These efforts are strengthened through field demonstrations, technical advisory services, and awareness programs, enabling farmers to adopt more sustainable and cost-efficient curing practices while enhancing leaf quality and environmental outcomes.

Smart Water Use in Agriculture

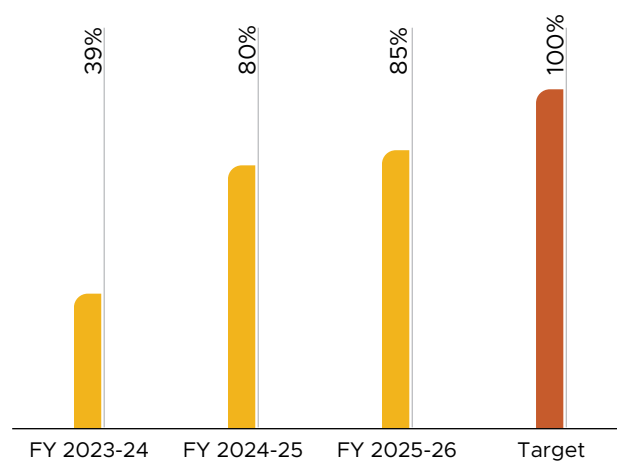
Because tobacco cultivation is predominantly rain-fed, dependence on rainfall makes water stress a material risk. Prolonged dry spells during critical growth stages directly affect yield and leaf quality. At the nursery stage, where water management is both feasible and impactful, we have made targeted investments in micro-irrigation technology.

As of FY 2025–26, approximately 85% of our tobacco nurseries are equipped with micro-sprinklers, up from 80% the prior year and on track toward our target of 100%. Rain pipe irrigation systems have also been deployed alongside micro-sprinklers to further optimize water application at the nursery stage. These technologies reduce water wastage, improve germination consistency, and support seedling quality, which represents the first and most critical input into the crop cycle.

Further, we are working towards expanding drip irrigation adoption among our contracted farmers for the Talmari and Oriental crop varieties, with a target of 30% adoption by FY 2030. Current adoption stands at 10%, and our focus for the coming years is

on strengthening awareness, demonstrating the yield and water efficiency benefits, and improving access to affordable micro-irrigation equipment for smaller growers.

% of nurseries covered with microsprinklers

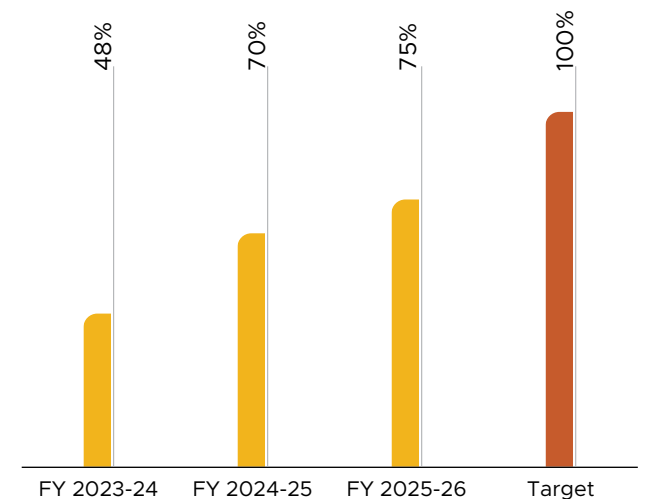


Minimizing hazardous waste in agriculture

The improper disposal of crop protection agent containers is a persistent source of chemical contamination in agricultural landscapes. Empty CPA containers, if not handled with care, cause residues to leach into soil and water and pose direct health risks to farm households. We require all contracted farmers to follow strict disposal protocols — rinsing, puncturing, and safe storage of containers prior to collection — and provide training and field-level guidance to support compliance.

Farmer training coverage on safe agrochemical use and CPA container disposal reached 75% in FY 2025–26, up from 70% the prior year. Training is delivered through structured farmer group meetings and field visits by our technicians, with compliance verified through regular farm visits. The year on year improvement reflects a consistent and achievable path toward full coverage.

% farmers trained on agrochemical use





VST INDUSTRIES

ROUND TABLE INDIA FTE SCHOOL BLOCK

ZILLA PARISHAD HIGH SCHOOL SURARAM

SHANKARAMPET MDL, MEDAK DIST, TELANGANA



Inclusive Growth

Building communities and promoting sustainable well-being for all



Contents of this Section

- » Responsible Marketing
- » Littering Prevention
- » Community Initiatives

SDGs Impacted





Our ESG approach is anchored in responsible value creation, stakeholder inclusivity, and strong governance practices, guiding our efforts to deliver sustainable and equitable outcomes across our operations and value chain.

We are committed to creating shared value by driving inclusive growth across our value chain, ensuring that our business success contributes meaningfully to broader socio-economic development. We actively engage with communities around our manufacturing locations to assess, manage, and mitigate the social and environmental impacts of our operations. Our efforts extend to supporting farmers in transitioning to sustainable cultivation practices through targeted interventions, capacity building, and long-term partnerships. Guided by our CSR policy, which is aligned with our vision and mission, we focus on priority areas to

enable effective resource deployment and deliver high-impact social development initiatives. We ensure full compliance with the Cigarettes and Other Tobacco Products Act (COTPA), 2016, adhering to legal and ethical standards in packaging, labelling, advertising, and promotions. Additionally, we maintain transparent and continuous engagement with stakeholders and regulatory bodies through structured dialogue and active participation in industry forums. Through ongoing collaboration and awareness of evolving regulatory and societal expectations, we remain committed to strengthening responsible business practices.

Responsible Marketing

(GRI 417-1, GRI 417-2, GRI 417-3)

At VST, we uphold strict adherence to the Cigarettes and Other Tobacco Products Act (COTPA) 2016, issued by the Government of India. These guidelines align with the World Health Organization’s Framework Convention on Tobacco Control (FCTC), ensuring that our marketing efforts—including labelling, packaging, advertising, and promotional activities—are conducted responsibly and without disseminating misleading information about tobacco products.

To ensure compliance, all marketing personnel undergo comprehensive training conducted by senior team members to familiarize them with the intricacies of the COTPA regulations. Additionally, our sales team plays a crucial role in raising awareness among stakeholders. They actively support retail partners by distributing “Not for Sale to Minors” signage and reinforcing responsible retailing practices.

To maintain transparency and accountability, we have set up a toll-free grievance helpline, managed by a dedicated team of grievance redressal executives who ensure prompt and effective resolution of any reported concerns.

Our proactive approach also extends to field engagement. Our sales team regularly conducts retailer surveys to understand concerns, provide support, and monitor competitive activity. We also

conduct consumer research strictly among adult smokers over the age of 21, aimed at assessing brand equity and consumption patterns. In line with our commitment to ethical marketing.

No customer complaints were received during FY 2025-26, reflecting our ongoing commitment to COTPA compliance and responsible marketing.



Littering Prevention

At VST, we are committed to reducing our environmental footprint by embracing circular economy principles. This approach focuses on reintroducing products, materials, and components back into the economic cycle, thereby minimizing waste and maximizing resource efficiency throughout our operations and product lifecycle.

During the reporting period, we successfully collected and ensured the environmentally responsible management of 183 metric tonnes of post-consumer plastic waste across India. This achievement underscores our proactive commitment to environmental stewardship and reinforces our contribution to national and global efforts aimed at addressing plastic pollution.

As part of this commitment, we have partnered with State Pollution Control Board (SPCB)-authorized waste recyclers to implement organized clean-up initiatives targeting post-consumer plastic waste. These efforts aim to curb environmental pollution, particularly from plastic waste, and promote responsible disposal practices.

We continue to explore innovative ways to close the loop in our value chain—such as increasing the use of recyclable materials in packaging and encouraging reverse logistics systems—ensuring our sustainability practices are not only compliant but forward-thinking and impactful.



Consumer Awareness and Responsible Disposal

At VST Industries, we are committed to promoting responsible consumer behaviour and environmental stewardship. We actively encourage consumers to adopt responsible disposal practices and contribute to reducing the environmental impact of product waste.

Through awareness initiatives and stakeholder collaborations, including partnerships with relevant institutions and community groups, we support education on proper waste disposal and sustainable practices. Our approach focuses on driving behavioural change, fostering accountability, and strengthening community participation in maintaining cleaner surroundings.

As part of our broader sustainability agenda, we continue to explore opportunities to enhance consumer awareness and integrate responsible disposal practices across our value chain, reinforcing our commitment to environmental responsibility and sustainable development.



Community Initiatives

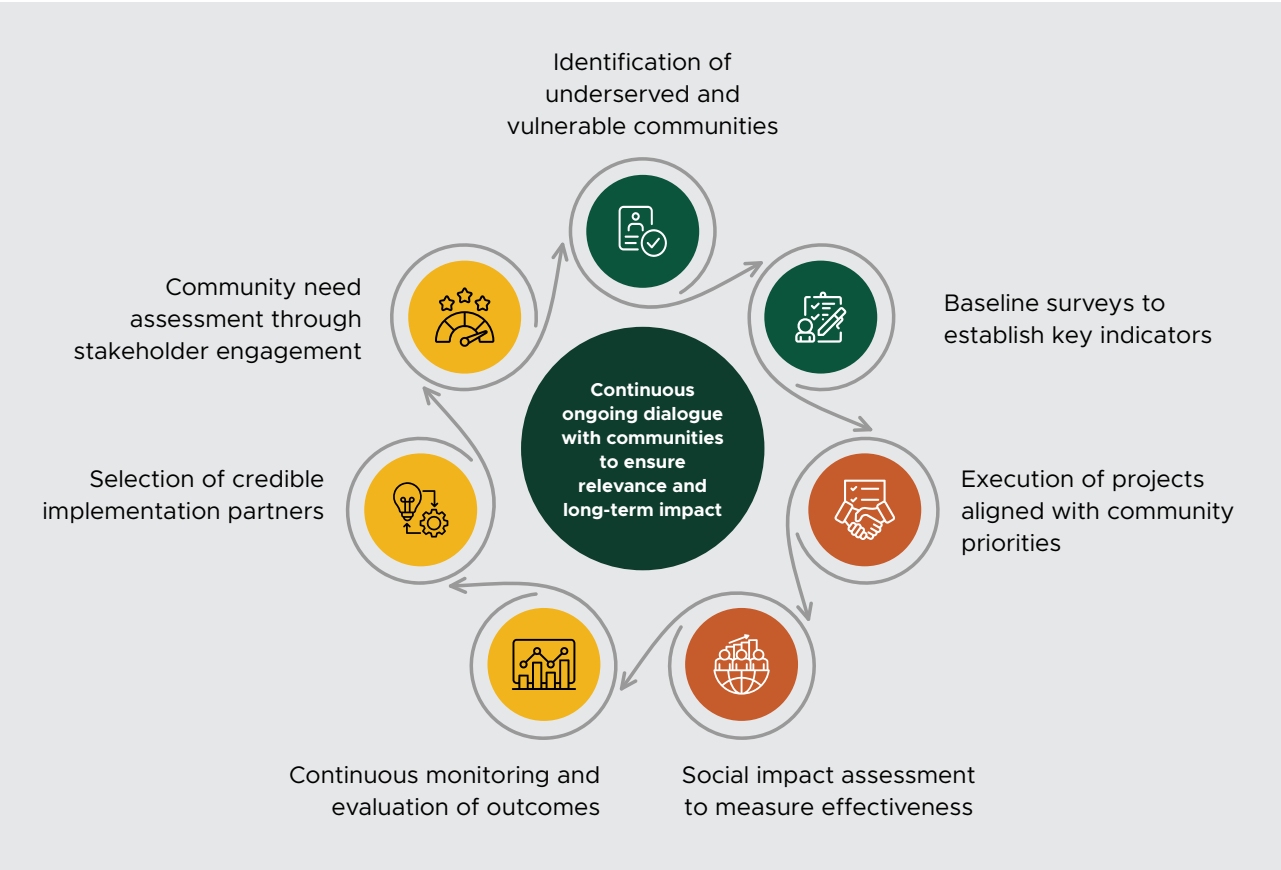
(GRI 413-1)

Our Corporate Social Responsibility (CSR) framework is anchored in our commitment to inclusive growth and equitable development. In alignment with Schedule VII of Section 135 of the Companies Act, 2013, we have identified priority focus areas to drive meaningful and sustainable social impact. Through continuous assessment of evolving community needs, we strategically channel our resources into initiatives that are aligned with our core values and business priorities.

All CSR interventions are supported by clearly defined performance indicators and outcome-based metrics, enabling systematic monitoring and evaluation across both short- and long-term horizons. This structured and adaptive approach enhances the effectiveness, scalability, and impact of our initiatives, ensuring sustained value creation for the communities we serve.

Our Approach to Community Development

At the core of our approach lies continuous engagement with communities to assess whether our initiatives are creating meaningful and sustainable change. To ensure effectiveness and impact, we follow a structured and participatory approach:



CSR Strategy and Focus Areas

Aligned with national priorities and the United Nations Sustainable Development Goals (SDGs), our CSR strategy emphasizes innovation, scalability, and sustainability. We focus on creating long-term value by addressing critical social needs and fostering inclusive development. The following thematic areas were identified during the current reporting period for the deployment of CSR funds.

Theme	Project	Impact
 Rural development	» Skill Development Programme – Empowering youth through skill development	» 2,000 girls were directly trained and empowered
 Health and sanitation	» Naari Shakti – Facilitating hygiene at home » Swachh Ghar Mission – Enhancing rural sanitation and health facilities » Bhavishya Bharat: Taking healthcare to doorsteps	» 570 Women entrepreneurs successfully started selling the sanitary cloth pads, » 400 families benefited through the programme and an additional 40,000 members nearby will benefit from the toilet construction » 12,000 women benefitted from this initiative » Mobile dispensary served 14,418 people from 44 villages » 30,000 eye patients benefit in twin cities Hyderabad in a year » 10,750 children with disabilities received treatment for hearing impairments
 Education and sports	» Access to Nutrition: mid-day meal distribution to underprivileged children in Medak » Mission Gyandeep –Empowering education through infrastructure and access	» Improved nutrition and school engagement for over 5,000 children through mid-day meal » Enhanced learning environments and attendance for 2,250 students through school infrastructure upgrades
 Environment and sustainability	» Lighting Kondapur: A step towards sustainable rural living » Projects promoting conservation of biodiversity – in collaboration with Wildlife Trust of India	» Sponsored an environmental protection awareness program in partnership with Secunderabad Club, engaging 400 participants in a walkathon to promote environmental stewardship and reaching 14,312 people through awareness activities. » Implemented projects promoting the conservation of natural resources in collaboration with Gram Panchayats and GHMC, while also supporting rural infrastructure through the installation of solar lights in villages to enhance energy access and sustainability.

Through this integrated approach, VST Industries continues to strengthen its commitment to responsible business practices and inclusive, sustainable development.

Each initiative is guided by clearly defined success metrics, enabling us to track progress and measure outcomes across both short-term and long-term horizons. This structured and responsive approach allows us to maximize the reach and effectiveness of our CSR efforts, ensuring meaningful and lasting contributions to society.



Thematic areas identified for FY 26



Rural Development

- » Women farmer self help groups.
- » Farmer training on modern farming techniques
- » Training on personal hygiene and menstrual cycle hygiene.
- » Vocational training/Empowerment in rural setups

0.60 INR crores
CSR Expenditure (FY2025-2026)



Health and Sanitation

- » Facilitate holistic medical support & health awareness
- » Health screening camps and referral linkages with hospitals
- » Toilet Construction

3.42 INR crores
CSR Expenditure (FY2025-2026)



Education & Sports

- » Education support through infrastructure for schools, mobile libraries and IT infrastructure
- » Mid day meals for students
- » Support athletes representing nation

3.49 INR crores
CSR Expenditure (FY2025-2026)



Environment & Sustainability

- » Solar energy solutions for irrigation pumps, street lights, Primary Health Care Centers and Schools
- » Promote Electric Vehicles usage
- » Wildlife protection
- » Clean Environment

0.07 INR crores
CSR Expenditure (FY2025-2026)



Through the CSR initiatives
1 Million
plus lives are impacted directly & indirectly and still counting...

FOCUS AREA 1

Rural development

Skill Development Programme – Empowering Youth



VST is committed to fostering inclusive growth by enhancing employability among rural youth. In alignment with this objective, we have partnered with the Sambhav Foundation to implement a structured vocational skill development programme targeting underserved communities.

The initiative focuses on bridging the skill gap by equipping young individuals with industry-relevant capabilities. Participants are enrolled in comprehensive training modules covering technical skills, soft skills, english communication, and workplace readiness. The programme is designed in line with market demand, with a focus on sectors such as retail, business process outsourcing (BPO), and customer service.

During the reporting period, we have undertaken initiatives to empower adolescent girls through the Girl Icon Programme in rural communities in the state of Uttar Pradesh. This intervention focuses on building confidence, leadership, awareness, and

life skills among young girls, enabling them to make informed decisions and pursue better opportunities.

This initiative aligns with national priorities on skill development and employment generation and contributes to the advancement of key UN Sustainable Development Goals (SDGs), including SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities).

Encouraged by the positive outcomes, VST plans to scale the programme to additional geographies and integrate digital learning components to further strengthen its impact and outreach.

2,000
girls were directly trained and empowered





FOCUS AREA 2

Health & Sanitation

Naari Shakti – Facilitating hygiene at home



VST continues to advance community well-being through targeted interventions in women's health and hygiene. In the Kurnool district of Andhra Pradesh, where awareness of menstrual health and access to sustainable hygiene solutions remain limited, we have implemented the Gramalaya Initiative to address this critical need.

The programme aims to improve access to affordable menstrual hygiene products for women in Undavelly, Alampur & Manapadu mandal of Jogulamba Gadwal District while promoting dignity, health, and well-being. Designed as a holistic intervention, it seeks to break the stigma surrounding menstruation through focused awareness campaigns and capacity-building workshops. These sessions educate women and adolescent girls on menstrual health, safe hygiene practices, and the benefits of adopting sustainable alternatives.

A key component of the initiative is the promotion and distribution of reusable cloth pads, offering an eco-friendly and cost-effective alternative to conventional disposable products. This approach not only reduces the financial burden on beneficiaries but also contributes to minimizing menstrual waste, aligning with the broader environmental objectives. To ensure long-term sustainability and community ownership, the programme includes skill development initiatives that train women to manufacture reusable pads. This enables continued access to hygiene products while creating livelihood opportunities and fostering grassroots entrepreneurship. Till date, the initiative has directly impacted over 15,000 women, driving increased awareness, behavioural change, and improved health outcomes across communities. By addressing menstrual health through a culturally sensitive and empowerment-driven approach, the Naari Shakti Initiative contributes to enhanced quality of life, dignity, and confidence among women. The programme aligns with key national priorities and supports the achievement of UN Sustainable Development Goals, including SDG 3 (Good

Health and Well-being), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), and SDG 12 (Responsible Consumption and Production).

570

Women entrepreneurs successfully started selling the sanitary cloth pads,

12,000

women benefitted from the Menstrual Hygiene initiative

2,000

people benefitted from household toilets



Swachh Ghar Mission – Enhancing rural sanitation and health



Access to safe and adequate sanitation continues to remain a critical challenge across rural India, directly impacting public health, dignity, and socio-economic development. In response, VST, in partnership with Gramalaya, implemented the Swachh Ghar Mission in 4 villages at Jogulamba Gadwal district. This community-driven initiative aims to enhance sanitation infrastructure while fostering sustainable behavioural change among underserved farming communities.

The program focused on the construction of individual household toilets, addressing critical sanitation gaps through a participatory approach. Emphasis was placed on ensuring that the facilities are accessible, durable, and easy to maintain, thereby enabling long-term usability.

Beyond infrastructure development, the initiative incorporated awareness campaigns, technical guidance, and continuous community engagement to promote improved hygiene practices. These efforts have led to measurable improvements in quality of life. Beneficiary households have reported saving approximately 1.5 to 2 hours per day, previously spent accessing open defecation sites—time now redirected towards productive and educational activities.

The intervention has also contributed to improved health outcomes, with a reduction in water-

borne and vector-borne diseases such as typhoid and malaria. Importantly, the initiative has had a significant positive impact on women's safety, dignity, and well-being by eliminating the need to access sanitation facilities during unsafe hours.

The Swachh Ghar Mission has benefitted over 400 families to date and continues to drive progress toward cleaner, healthier, and more inclusive rural communities. This initiative aligns with our ESG commitments by advancing public health, promoting gender equity, and supporting sustainable community development.

400

families benefitted through the programme and an additional

40,000

members nearby will benefit from the toilet construction





Bhavishya Bharat: Taking healthcare to doorsteps



VST remains committed to advancing equitable access to quality healthcare, particularly in underserved and remote regions such as Kurnool and Raichur. Through a combination of mobile healthcare delivery and strategic infrastructure support, we continue to enhance community health outcomes and promote preventive care.

As part of its commitment to community development and healthcare access, VST has undertaken multiple initiatives across Telangana and neighbouring regions. To address immediate healthcare needs in underserved areas, a Mobile Medical Unit (ambulance) was deployed, extending essential medical services to 22 villages in Kurnool and 22 villages in Raichur. Strengthening healthcare infrastructure, VST also supported the establishment of an eye hospital in collaboration with the Rotary Club of Secunderabad. Additionally, we sponsored a BERA (Brainstem Evoked Response Audiometry) machine along with a controlled environment facility to support diagnosis and treatment of hearing impairments in children, complemented by awareness programmes conducted across villages under the Greater Hyderabad Municipal Corporation. These initiatives collectively contribute to enhanced

healthcare accessibility, early diagnosis, and improved quality of life in the communities served.

Through these targeted initiatives, VST continues to reinforce its ESG commitment to community well-being by improving healthcare accessibility, strengthening medical infrastructure, and fostering inclusive and sustainable development.

Mobile dispensary served

14,418

people from 44 villages

30,000

eye patients benefit in twin cities of Hyderabad in a year

10,750

children with disabilities received treatment for hearing impairments.



FOCUS AREA 3

Education and Sports

Access to Nutrition: for mid-day meal distribution to underprivileged children in Medak



At VST Industries Limited, we recognize that access to nutritious food and quality education are fundamental to holistic child development. In alignment with this commitment, we partnered with Akshaya Patra Foundation to implement the Mid-day Meal Programme in Medak district, supporting children from underserved communities. Through this initiative, freshly prepared and nutritionally balanced meals are provided daily to children in government schools and Anganwadis, often serving as their primary source of nutrition. The programme has contributed to improved classroom attentiveness, enhanced school retention, and better overall health outcomes, thereby fostering a conducive learning environment.

Collectively, the initiative has positively impacted over 5,000 children by improving nutritional intake, encouraging consistent school attendance, and contributing to a reduction in dropout rates. Additionally, it has alleviated food security concerns among families, reinforcing trust in community support systems.

Improved nutrition and school engagement for

5,000

 children



Mission Gyandeeep –Empowering education through infrastructure and access



Aligned with its commitment to nation-building and social equity, VST Industries Limited continues to strengthen the educational ecosystem in underserved communities through Project Gyandeeep. The initiative focuses on transforming government schools into inclusive, safe and learning environments across both rural and urban regions.

Under this programme, infrastructure enhancements have been undertaken in government schools at Kollur and Kurnool, benefiting approximately 1,400 students by providing access to better facilities and a more conducive academic setting. Enhanced learning opportunities were given to 100 youth to build a career in law through support to NALSAR, Hyderabad.

A key focus of the initiative has been addressing structural barriers to education, particularly for girls. The provision of clean sanitation facilities and essential amenities has contributed to increased school attendance and retention, as it enhances safety, dignity, and parental confidence in sending their children—especially girls—to school. Further focussed attention was provided to 750 children for

overall grooming and development in Brahmanpally schools to encourage them to take up arts and sports as extracurricular activities.

In addition to infrastructure development, the programme is complemented by nutritional support through mid-day meals, which serve as a critical enabler for consistent attendance. For children from economically disadvantaged backgrounds, access to meals at school reduces household burden and supports sustained engagement in education. By integrating infrastructure development with nutrition support, Project Gyandeeep is enabling improved learning outcomes and fostering long-term academic and social development. The initiative reflects VST's ESG commitment to inclusive growth by promoting access to quality education, enhancing gender equity, and supporting community upliftment.

Enhanced learning environments

2,250 students



FOCUS AREA 4

Environment & Sustainability

As part of our commitment to sustainability and environmental stewardship, we have launched several impactful initiatives aimed at reducing our carbon footprint and fostering eco-friendly practices. These include:

Lighting Kondapur: A step towards sustainable rural living



In many rural areas, inadequate public lighting continues to limit mobility, safety, and access to education after sunset. Villages such as Kondapur faced similar challenges, where the absence of reliable street lighting restricted community interaction, affected evening study routines for students, and raised safety concerns for residents.

Addressing these gaps, VST Industries Limited implemented a solar-powered street lighting initiative across Kondapur and nearby villages. The projects aim to promote the conservation of natural resources in collaboration with Gram Panchayats and GHMC, while also supporting rural infrastructure through the installation of solar lights in villages to enhance

energy access and sustainability. Additionally in the current financial year, VST sponsored an environmental protection awareness program in partnership with Secunderabad Club, engaging 400 participants in a walkathon to promote environmental stewardship and strengthen community awareness on sustainability issues to 14,312 people.

Environmental protection awareness program - walkathon

400 participants





GRI INDEX

Statement in Use	VST has reported in reference to the GRI Standards for the period between 1st April 2025 to 31st March 2026
GRI 1 Used	GRI 1: Foundation 2021

Disclosure	Indicator	Disclosure title	Page number/comment
GRI 2: General Disclosures 2021	GRI - 2 - 1	Organizational details	12
	GRI - 2 - 2	Entities included in the organization's sustainability reporting	2
	GRI - 2 - 3	Reporting period, frequency and contact point	2
	GRI - 2 - 4	Restatements of information	4
	GRI - 2 - 5	External assurance	4
	GRI - 2 - 6	Activities, value chain and other business relationships	12-15
	GRI - 2 - 7	Employees	13
	GRI - 2 - 8	Workers who are not employees	13
	GRI - 2 - 9	Governance structure and composition	32
	GRI - 2 - 10	Nomination and selection of the highest governance body	Please refer to "Report Of the board of Directors & management Discussion and Analysis for the year ended 31st March, 2026" section of the Annual report
	GRI - 2 - 11	Chair of the highest governance body	32
	GRI - 2 - 12	Role of the highest governance body in overseeing the management of impacts	34
	GRI - 2 - 13	Delegation of responsibility for managing impacts	34
	GRI - 2 - 14	Role of the highest governance body in sustainability reporting	34



Disclosure	Indicator	Disclosure title	Page number/comment
GRI 2: General Disclosures 2021	GRI - 2 - 15	Conflicts of interest	Please refer to Business Responsibility and Sustainability Reporting (BRSR) FY 25-26, Principle 1, Question 2 of Leadership Indicator
	GRI - 2 - 16	Communication of critical concerns	34
	GRI - 2 - 17	Collective knowledge of the highest governance body	31
	GRI - 2 - 18	Evaluation of the performance of the highest governance body	33
	GRI - 2 - 19	Remuneration policies	36
	GRI - 2 - 20	Process to determine remuneration	33
	GRI - 2 - 21	Annual total compensation ratio	33
	GRI - 2 - 22	Statement on sustainable development strategy	6
	GRI - 2 - 23	Policy commitments	35
	GRI - 2 - 24	Embedding policy commitments	36
	GRI - 2 - 25	Processes to remediate negative impacts	35
	GRI - 2 - 26	Mechanisms for seeking advice and raising concerns	35
	GRI - 2 - 27	Compliance with laws and regulations	35
	GRI - 2 - 28	Membership associations	16
	GRI - 2 - 29	Approach to stakeholder engagement	19
	GRI - 2 - 30	Collective bargaining agreements	Please refer to BRSR FY 25-26, Principle 3, Question 7 of Essential Indicator



Disclosure	Indicator	Disclosure title	Page number/comment
GRI 3: Material Topics 2021	GRI-3-1	Process to determine material topics	23
	GRI-3-2	List of material topics	23
	GRI-3-3	Management of material topics	23
GRI 201: Economic Performance 2016	GRI - 201 - 1	Direct economic value generated and distributed	Please refer to the Annual report FY 24-25
	GRI - 201 - 2	Financial implications and other risks and opportunities due to climate change	77 For more details please refer to BRSR FY 25-26
	GRI - 201 - 3	Defined benefit plan obligations and other retirement plans	Please refer to BRSR FY 25-26, Principle 3, Question 2 of Essential Indicator
	GRI - 201 - 4	Financial assistance received from government	NIL
GRI 202: Market Presence 2016	GRI - 202 - 1	Ratios of standard entry level wage by gender compared to local minimum wage	Please refer to BRSR FY 25-26, Principle 5, Question 2 of Essential Indicator
GRI 203: Indirect Economic Impacts 2016	GRI - 203 - 1	Infrastructure investments and services supported	114
	GRI - 203 - 2	Significant indirect economic impacts	114
GRI 204: Procurement Practices 2016	GRI - 204 - 1	Proportion of spending on local suppliers	46
GRI 205: Anti Corruption: 2016	GRI - 205 - 1	Operations assessed for risks related to corruption	100% of the operations are assessed
	GRI - 205 - 2	Communication and training about anti-corruption policies and procedures	35
	GRI - 205 - 3	Confirmed incidents of corruption and actions taken	35
GRI 206: Anti Competitive Behaviour: 2016	GRI - 206 - 1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	33



Disclosure	Indicator	Disclosure title	Page number/comment
GRI 207: Tax Strategy: 2019	GRI 207-1	Approach to tax	45
	GRI 207-2	Tax governance, control and risk management	45
	GRI 207-3	Stakeholder engagement and management concerns related to tax	45
	GRI 207-4	Country-by-country reporting	45
GRI 301: Materials 2016	GRI - 301 - 1	Materials used by weight or volume	98
	GRI - 301 - 2	Recycled input materials used	98
	GRI - 301 - 3	Reclaimed products and their packaging materials	98
GRI 302: Energy 2016	GRI - 302 - 1	Energy consumption within the organization	85
	GRI - 302 - 2	Energy consumption outside of the organization	85
	GRI - 302 - 3	Energy intensity	85
	GRI - 302 - 4	Reduction of energy consumption	85
	GRI - 302 - 5	Reductions in energy requirements of products and services	85
GRI 303: Water and Effluents 2018	GRI - 303-1	Interactions with water as a shared resource	91
	GRI - 303-2	Management of water discharge-related impacts	91
	GRI - 303-3	Water withdrawal	91
	GRI - 303-4	Water discharge	91
	GRI - 303-5	Water consumption	91
GRI 304: Biodiversity 2016	GRI - 304 - 1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	100
	GRI - 304 - 2	Significant impacts of activities, products and services on biodiversity	100



Disclosure	Indicator	Disclosure title	Page number/comment
GRI 304: Biodiversity 2016	GRI - 304 - 3	Habitats protected or restored	100
	GRI - 304 - 4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	100
GRI 305: Emissions 2016	GRI - 305 - 1	Direct (Scope 1) GHG emissions	84-85
	GRI - 305 - 2	Energy indirect (Scope 2) GHG emissions	84-85
	GRI - 305 - 3	Other indirect (Scope 3) GHG emissions	84-85
	GRI - 305 - 4	GHG emissions intensity	84-85
	GRI - 305 - 5	Reduction of GHG emissions	84-85
	GRI - 305 - 7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	89
GRI 306: Waste 2020	GRI - 306 - 1	Waste generation and significant waste-related impacts	95
	GRI - 306 - 2	Management of significant waste-related impacts	95
	GRI - 306 - 3	Waste generated	95
	GRI - 306 - 4	Waste diverted from disposal	95
	GRI - 306 - 5	Waste directed to disposal	95
GRI 308: Supplier Environmental Assessment 2016	GRI 308-1	New suppliers that were screened using environmental criteria	46
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	46
GRI 401: Employment 2016	GRI - 401 - 1	New employee hires and employee turnover	57,62
	GRI - 401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	66
	GRI - 401 - 3	Parental leave	Please refer to BRSR FY 25-26, Principle 3, Question 5 of Essential Indicator



Disclosure	Indicator	Disclosure title	Page number/comment
GRI 402: Labor/ Management Relations 2016	GRI - 402 - 1	Minimum notice periods regarding operational changes	As per the employee policy of the Company
GRI 403: Occupational Health and Safety 2018	GRI - 403 - 1	Occupational health and safety management system	69
	GRI - 403 - 2	Hazard identification, risk assessment, and incident investigation	69
GRI 403: Occupational Health and Safety 2018	GRI - 403 - 3	Occupational health services	69
	GRI - 403 - 4	Worker participation, consultation, and communication on occupational health and safety	69
	GRI - 403 - 5	Worker training on occupational health and safety	69
	GRI - 403 - 6	Promotion of worker health	69
	GRI - 403 - 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	69
	GRI - 403 - 8	Workers covered by an occupational health and safety management system	69
	GRI - 403 - 9	Work-related injuries	69
	GRI - 403 - 10	Work-related ill health	69
	GRI - 404 - 1	Average hours of training per year per employee	66
	GRI - 404 - 2	Programs for upgrading employee skills and transition assistance programs	65 For more details Please refer to BRSR FY 25-26, Principle 3, Question 4 of Leadership Indicator
GRI 404: Training and Education 2016	GRI - 404 - 3	Percentage of employees receiving regular performance and career development reviews	63
	GRI - 405 - 1	Diversity of governance bodies and employees	31,59
GRI 405: Diversity and Equal Opportunity 2016	GRI - 405 - 2	Ratio of basic salary and remuneration of women to men	59



Disclosure	Indicator	Disclosure title	Page number/comment
GRI 406: Nondiscrimination 2016	GRI - 406 - 1	Incidents of discrimination and corrective actions taken	73
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI - 407 - 1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	73
GRI 408: Child Labor 2016	GRI - 408 - 1	Operations and suppliers at significant risk for incidents of child labor	73
GRI 409: Forced or Compulsory Labor 2016	GRI - 409 - 1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	73
GRI 410: Security Practices 2016	GRI - 410 - 1	Security personnel trained in human rights policies or procedures	Please refer to BRSR FY 25-26, Principle 5, Question 1 of Essential Indicator
GRI 411: Rights of Indigenous Peoples 2016	GRI - 411 - 1	Incidents of violations involving rights of indigenous peoples	73
GRI 413: Local Communities 2016	GRI - 413 - 1	Operations with local community engagement, impact assessments, and development programs	114
	GRI - 413 - 2	Operations with significant actual and potential negative impacts on local communities	114
GRI 414: Supplier Social Assessment 2016	GRI - 414 - 1	New suppliers that were screened using social criteria	46
	GRI - 414 - 2	Negative social impacts in the supply chain and actions taken	46
GRI 415: Public Policy 2016	GRI - 415 - 1	Political contributions	34
GRI 416: Customer Health and Safety 2016	GRI - 416 - 1	Assessment of the health and safety impacts of product and service categories	112
	GRI - 416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	112

Disclosure	Indicator	Disclosure title	Page number/comment
GRI 417: Marketing and Labeling 2016	GRI - 417 - 1	Requirements for product and service information and labeling	112. For more details please refer to BRSR FY 25-26, Principle 9, Question 2 of Essential Indicator
	GRI - 417 - 2	Incidents of non-compliance concerning product and service information and labeling	112
	GRI - 417 - 3	Incidents of non-compliance concerning marketing communications	112
GRI 418: Customer Privacy 2016	GRI - 418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	44



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INDEPENDENT LIMITED ASSURANCE STATEMENT

Independent Limited Assurance Statement to VST Industries Limited on its Sustainability Report for FY 2025-26

VST Industries Limited

P. O, Box No. 1804
Azamabad, Hyderabad 500020,
Telangana, India

Nature of the Assurance

SGS India Private Limited (hereinafter referred to as 'SGS India') was engaged by VST Industries Limited (the 'Company') to conduct an independent assurance of the disclosures under the Sustainability Report (the 'Report') pertaining to the reporting period of April 1, 2025, to March 31, 2026. The Sustainability Report has been prepared in line with the Global Reporting Initiative (GRI) Standards. This "Limited level" of assurance engagement was conducted in accordance with "International Standard on Assurance Engagements (ISAE) 3000 (Revised)", The Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards.

Intended Users of this Assurance Statement

This Assurance Statement is provided with the intention of informing all VST Industries Limited's Stakeholders.

Responsibilities

The information in the report and its presentation are the responsibility of the management of the Company. SGS India has not been involved in the preparation of any of the material included in the report.

Our responsibility is to express an opinion on the text, data, and statements within the defined scope of assurance, aiming to inform the management of the Company, and in alignment with the agreed terms of reference. We do not accept or assume any responsibility beyond this specific scope. The Statement shall not be used for interpreting the overall performance of the Company, except for the aspects explicitly mentioned within the scope. The Company holds the responsibility for preparing and ensuring the fair representation of the assurance scope.

Assurance Standard

SGS has conducted a Limited level Assurance engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information). Our evidence-gathering procedures were designed to obtain a '*Limited level of assurance*'. The procedures performed in a limited assurance engagement are designed to support expectations regarding the direction of trends, relationships and ratios rather than to identify misstatements with the level of precision expected in a reasonable assurance engagement.

Statement of Independence and Competence

The SGS Group of companies is the world leader in inspection, testing and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from VST Industries Limited being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the Sustainability Report Assurance



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Scope of Assurance

The assurance process involved assessing the quality, accuracy, and reliability of ESG Indicators within the Sustainability report for the period April 1, 2025, to March 31, 2026. The reporting scope and boundaries, including One Head office and one plant

Assurance Methodology

The assurance comprised a combination of desktop review, interaction with the key personnel engaged in the process of developing the report, on-site visits, and remote verification of data. Specifically, SGS India undertook the following activities:

- Assessment of the suitability of the applicable criteria in terms of its comprehensiveness, reliability, and accuracy.
- Interaction with key personnel responsible for collecting, consolidating, and calculating the ESG KPIs and assessing the internal control mechanisms in place to ensure data quality.
- Application of analytical procedures and verification of documents on a sample basis for the compilation and reporting of the KPIs.
- Assessing the data reporting process at the Site as well as the plant level and the aggregation process of data at the Corporate Office level.
- Critical review of the report regarding the plausibility and consistency of qualitative and quantitative information related to the KPIs.

Limitations

The assurance scope excludes:

- Disclosures other than those mentioned in the assurance scope.
- Data review outside the operational sites as mentioned in the reporting boundary.
- Validation of any data and information other than those presented in "Findings and Conclusion."
- The assurance engagement considers an uncertainty of $\pm 5\%$ based on materiality threshold for Assumption/estimation/measurement errors and omissions.
- The Company's statements that describe the expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company, and assertions related to Intellectual Property Rights and other competitive issues.
- Strategy and other related linkages expressed in the Report.
- Mapping of the Report with reporting frameworks other than those mentioned in Reporting Criteria above.

SGS India verified data on a sample basis; the responsibility for the authenticity of data entirely lies with the Company. The assurance scope excluded forward-looking statements, product- or service-related information, external information sources and expert opinions. SGS India has not been involved in the evaluation or assessment of any financial data/performance of the company. Our opinion on financial indicators is based on the third-party audited financial reports of the Company. SGS India does not take any responsibility for the financial data reported in the audited financial reports of the Company.

Findings and Conclusions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the ESG KPIs (listed below) reported in the Sustainability Report are not prepared, in all material respects, in accordance with the reporting criteria.



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The list of ESG KPIs that were verified within this assurance engagement is given below:

Indicator	GRI Disclosure
General Disclosures 2021	2-1 to 2-30
Material Topics 2021	3-1 to 3-3
Economic Performance 2016	201-1 to 201-4
Market Presence 2016	202-1, 202-2
Indirect Economic Impacts 2016	203-1, 203-2
Procurement Practices 2016	204-1
Anti-corruption 2016	205-1 to 205-3
Anticompetitive Behavior 2016	206-1
Tax 2019	207-1 to 207-4
Materials 2016	301-1 to 301-3
Energy 2016	302-1, 302-2, 302-3, 302-4, 302-5
Water and Effluents 2018	303-1, 303-2, 303-3, 303-4, 303-5
Emissions 2016	305-1, 305-2, 305-3, 305-4, 305-5, 305-7
Waste 2020	306-1, 306-2, 306-3, 306-4, 306-5
Supplier Environmental Assessment 2016	308-1, 308-2
Employment 2016	401-1, 401-2, 401-3
Labor/Management Relations 2016	402-1
Occupational Health and Safety 2018	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Training and Education 2016	404-1, 404-2, 404-3
Diversity and Equal Opportunity 2016	405-1, 405-2
Non-discrimination 2016	406-1
Freedom of Association and Collective Bargaining 2016	407-1
Child Labour 2016	408-1
Forced or compulsory labor 2016	409-1
Security Practices 2016	410-1
Rights of Indigenous Peoples 2016	411-1
Local Communities 2016	413-1, 413-2
Supplier Social Assessment 2016	414-1, 414-2
Political Contributions 2016	415-1
Customer Health and Safety 2016	416-1, 416-2
Marketing and Labeling 2016	417-1, 417-2, 417-3
Customer Privacy 2016	418-1



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For and on behalf of SGS India Private Limited

 Kalpesh Thombare National Sustainability Manager – ESG & Sustainability Services, SGS India 7 th June 2026	 Tushar Girigosavi Lead Verifier – ESG & Sustainability Services, SGS India Team Member: Sarvesh Gurav 7 th June 2026
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