

# ESG Report **FY 2023-24**

VST INDUSTRIES  
LIMITED



**Stronger Roots, Stronger Tomorrow**



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# 01

## About the Report

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



VST Industries Limited is proud to release its third ESG (Environmental, Social, and Governance) report for the reporting period FY 2023-24. We recognize the significance of non-financial reporting in delivering precise and timely details regarding our efforts to address critical environmental and social risks affecting both our enterprise and our stakeholders. Thus, through this report we elucidate our sustainability charter and the strides we have made in improving our environmental, social and governance performance against targets.

### Reporting Period and Principle:

This report has been crafted in alignment with the guidelines set forth by the Global Reporting Initiative (GRI). To identify pertinent subjects that shape the content of the report and guarantee the integrity of the data, we have adhered to specific criteria:

- a) The GRI's core principles for content determination include Materiality, Stakeholder Engagement, Sustainability Context and Completeness.
- b) GRIs guiding principles for defining the quality: Balance, Clarity, Accuracy, Timeliness, Comparability and Reliability.

We also disclose our performance on business responsibility and sustainability aspects on annual basis through our Annual Report. All our reports for the previous years are available on our website at <https://www.vsthyd.com/mainsite/>

### Reporting Boundary:

The report boundary encompasses our production sites situated in Toopran and Azamabad (which also houses our corporate office) in Telangana, India, as well as the leaf cultivation regions distributed across Telangana, Andhra Pradesh, Karnataka, and Gujarat.

### External Assurance

We have also sought external assurance on our ESG report to provide authenticity of the information presented in this report. TUV SUD South Asia has provided independent assurance of the report and its contents using International Standard on Assurance Engagements (ISAE) 3000 (assurance for non-financial information), as set forth in the Assurance Statement included in this report.



# Message from the **Chairman**



**Our unwavering commitment to responsible business practices is evident in our dedication to corporate social responsibility. Through community interventions and infrastructure improvements, we aim to lead by example in the realm of ESG, setting a high standard for ethical and sustainable business conduct.**

Dear Stakeholders,

It gives me great pleasure to share with you the annual ESG report of VST Industries, which highlights our unwavering commitment to sustainable, ethical, and responsible business conduct. As we steer through an ever-evolving global sustainability landscape, I take pride in our continuous dedication towards our stakeholders and the 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. We remain committed to regularly communicate our progress regarding our ESG goals and targets for the year 2030, ensuring transparency and accountability in our actions.

This year, we have moved forward in our dedication to renewable energy by expanding our onsite solar capacity. This means that we have already achieved our target of 25% solar energy in overall electricity consumption by 2025. 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. This year, our efforts have resulted in 12.52% reduction in water consumption levels compared to its baseline values, leading to early achievement of our 2025 target of 5% reduction in absolute total water consumption and I am thrilled to share that we have been awarded the "Alliance for Water Stewardship Certification Gold Rating" for our Toopran unit which underscores our commitment to the sustainable management of water resources. Furthermore, our efforts have also been recognised by the government of Telangana as we have been awarded with the 'Best Management Award' for 2023.

Responsibility lies at the heart of our business ethos, and we strive to set 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 provided healthcare services to over 4,800 people, educational infrastructure benefitting 2,500+ children, improved the lives of 5,000 students with a mid-day meal program, and constructed household toilets for 575 families, benefiting over 2,800 people. We design these initiatives in partnership with relevant stakeholders to meet the specific needs of the community and to ensure their long-term sustainability.

I am pleased to report that our adoption of ESG principles has been a rewarding journey, helping us to fulfil our ambitions. We continue to be committed towards developing a company that is capable, sustainable, and scalable, always guided by our adherence to ESG principles.

I express my sincere gratitude to each one of you for your steadfast support, which has strengthened our resilience during these challenging times. Your input and feedback on this report and our progress are highly appreciated and encouraged.

Together, we will continue to drive positive meaningful change and forge a sustainable legacy for the future generations to come.

Thank you.

**NARESH SETHI**

Non-executive Chairman





# Message from MD & CEO

Dear Stakeholders,

In today's world, it is both a necessity and a moral obligation to place sustainability at the forefront of our priorities. Our actions as a responsible corporate citizen have been dedicated towards creating a future that is inclusive and regenerative for all our stakeholders.

We are delighted to present our third ESG report, which underscores our unwavering commitment to responsible innovation and leadership in sustainability. Our strategy is built on five foundational pillars that drive our sustainable development agenda. In Sustainable Operations, we are actively reducing our environmental footprint through more efficient practices. Our Care for People pillar reflects our dedication to creating a workplace that is supportive, diverse, and inclusive. Through Inclusive Growth, we are enhancing community well-being and championing consumer welfare. Our efforts in Sustainable Agriculture support farmers in adopting practices that ensure sustainability and resilience. Lastly, Responsible Governance is the bedrock of our approach, emphasizing compliance and ethical sourcing. This report is a testament to our progress and our steadfast dedication to forging a future that is both sustainable and just.

## Responsible governance

Our commitment to transparency is integral to our business decision-making process. We uphold this commitment by implementing strict and thorough policies and practices to ensure the integrity, accountability, and regulatory compliance of our systems and processes. Consistent with this commitment, we have developed a robust and comprehensive risk management framework that proactively addresses ESG-related challenges across our operations and supply

chain. Our dedication to these principles has been acknowledged by the Government of Telangana, which awarded us the 'Best Management Award' in recognition of our efforts.

Our goal is to keep striving towards minimizing potential threats and capitalize on opportunities for sustainable growth by weaving ESG considerations into our risk management strategies. Additionally, we aim to foster a culture of innovation that propels our pursuit of pioneering solutions, creating an environment that encourages creative thinking with the aim of producing significant and impactful outcomes. Our ambition is to consistently push the limits, inspiring our team to think innovatively and contribute to transformative progress.

## Care for people

We foster a culture of high performance, which in turn contributes to our business growth and pursuit of excellence. As an equal opportunity employer, we have made consistent efforts to cultivate a workplace that is diverse and inclusive. Our emphasis is on carving out distinctive and fulfilling career opportunities for our employees, while maintaining the utmost standards of occupational health, safety, and human rights. This commitment is exemplified by our "Gold Star" programme, designed to acknowledge accomplishments and desired behaviours, as well as to ensure fairness and transparency in recognition. Our goal is to sustain this positive momentum and broaden the reach of this initiative, which will aid in our transformative journey by ensuring employee engagement and motivation.

Additionally, we are dedicated to allocating substantial resources towards the development of our talent, with an emphasis on improving their

skills and nurturing their leadership capabilities. The health and safety of our employees remains the utmost priority in our continued commitment to sustaining a "zero accident" workplace.

## Sustainable operations

Our approach towards mitigating environmental challenges goes beyond mere compliance with legal statutes and regulations; we aim to exceed them. We proactively seek out and implement technologies that minimise our use of resources and lower our greenhouse gas emissions. Additionally, we continuously look for ways to encourage the reuse and recycling of materials and

to integrate the use of environmentally friendly materials throughout our business practices. During the reported period, our Toopran facility was honoured with the AWS "Gold certification," a milestone we view as a significant contribution to sustainable water management. The goals of AWS encompass improving water governance, enhancing water quality, and promoting responsible water usage within industries and communities. Aligned with AWS's principles, we have identified relevant risks, engaged with the appropriate stakeholders, and developed action plans on water reduction strategies, as well as increasing water availability through harvesting and recycling techniques. Our efforts have



**Our corporate mission puts sustainability at the forefront, emphasizing on the development of systems that safeguard and restore the environment, improve the livelihoods of farmers, and strengthen the resilience and welfare of the farming community.**



resulted in early achievement of our 2025 target of reducing absolute total water consumption by 5% and we have now achieved a 12.52% reduction. Recognising the critical issue of water scarcity in our community, we have focused on rainwater harvesting. Our current rainwater harvesting potential is 2.47 times the net water consumption in operations and we are on track to meet our 2030 target of having a potential of three times. Additionally, both of our manufacturing units have achieved Zero Liquid Discharge (ZLD) status, which is a testament to our dedication towards water sustainability.

As an organization aware of climate issues, we have increased our use of renewable energy and expanded upon our existing efforts to enhance energy efficiency. Our efforts have yielded a 3% reduction in total absolute energy consumption, while 25.6% of our overall electricity consumption is through solar energy. We continue to be proactive in reducing the climate change risks associated with our operational emissions, we have also begun to assess our Scope 3 emissions to gain insight into the impact of our entire value chain. We are actively collaborating with our suppliers, including contract farmers, to identify the challenges posed by climate change at the grassroots level and to find effective ways to address these challenges.

Sustainable agriculture

Our strategy for sustainable development is centred on the concept of creating shared value. We consistently endeavour to promote the development of systems that safeguard and restore the environment, improve the livelihood of farmers, and reinforce the resilience and prosperity of the farming community.

We invest in the agricultural community with the goal of enhancing farm productivity through a range of initiatives, including raising awareness about soil quality management, seed quality, and the mechanization of field operations. Additionally, we are committed to ensuring that levels of pesticide residues and Tobacco Specific Nitrosamines (TSNAs) comply with international standards. We have implemented significant measures to prevent any human rights abuses and to guarantee sustainable and equitable working conditions. At present 48% of our contracted farmers have been trained in VST’s ALP (Agricultural Labour Practices code) and have access to PPE (personal protective equipment) and

we aim to increase this to 100% contract farmers by 2025.

Furthermore, in partnership with our contracted farmers, we have undertaken efforts to upgrade barn structures, which serves to discourage deforestation activities. We are also making strides towards substituting traditional chemicals with biochemicals throughout the supply chain wherever possible, as well as adopting drip irrigation and the use of micro-sprinklers.

Inclusive growth


We are dedicated to meeting our obligations to all our stakeholders the best of our capabilities. Our pledge to consumer welfare is demonstrated by our compliance with COTPA guidelines and other relevant regulations. We engage in continuous dialogue with our stakeholders and the wider regulatory community, advocating for policies that serve the interests of both the industry and the community. Acknowledging the importance of robust community relations, we view them as the foundation of our successful and ethical business practices. We participate actively in a range of community development programs aimed at environmental protection, educational advancement, and the enhancing of access to health and sanitation.

During the year, we have organized eye care and healthcare camps, providing essential services to over 2000 people in the region, while also sponsoring a Mobile Medical Unit as part of ‘VST care’, directly benefiting 2800 people. We have provided infrastructural support to schools which has positively impacted the life of 2500+ children as a part of project ‘Gyaandeep’, and we have also continued our association with Aksahay Parta to implement the mid-day meal program, directly impacting 5,000 lives. Additionally, as part of ‘Swacch Ghar Mission’ we have constructed household toilets for 575 families, directly benefiting over 2800 people.

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.

ADITYA DEB GOOPTU  
Managing Director & CEO

Key Highlights



### Environment

0.63<sup>tCO<sub>2</sub>eq/MNC\*</sup>

GHG Intensity (Scope 1+2)

5.5<sup>GJ/MNC</sup>

Energy Intensity

4.31<sup>KL/MNC</sup>

Water Intensity

15%

Renewable energy in overall energy mix

\*MNC: Million Cigarettes




### Governance

17%

Gender diversity in Board

50%

Proportion of the Board is Independent



### Social

1.2<sup>LTIFR</sup>

15,302

Number of contract farmers

10.78<sup>INR Cr</sup>

CSR Expenditure

2,200

lives benefited through Solar lights and panel installation

575

families benefited through Household toilets constructions

3000

children impacted by Mid-day meals for school children



# Organization Profile

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



## Who We Are

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

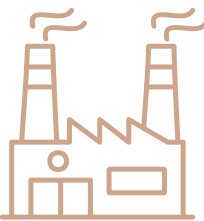
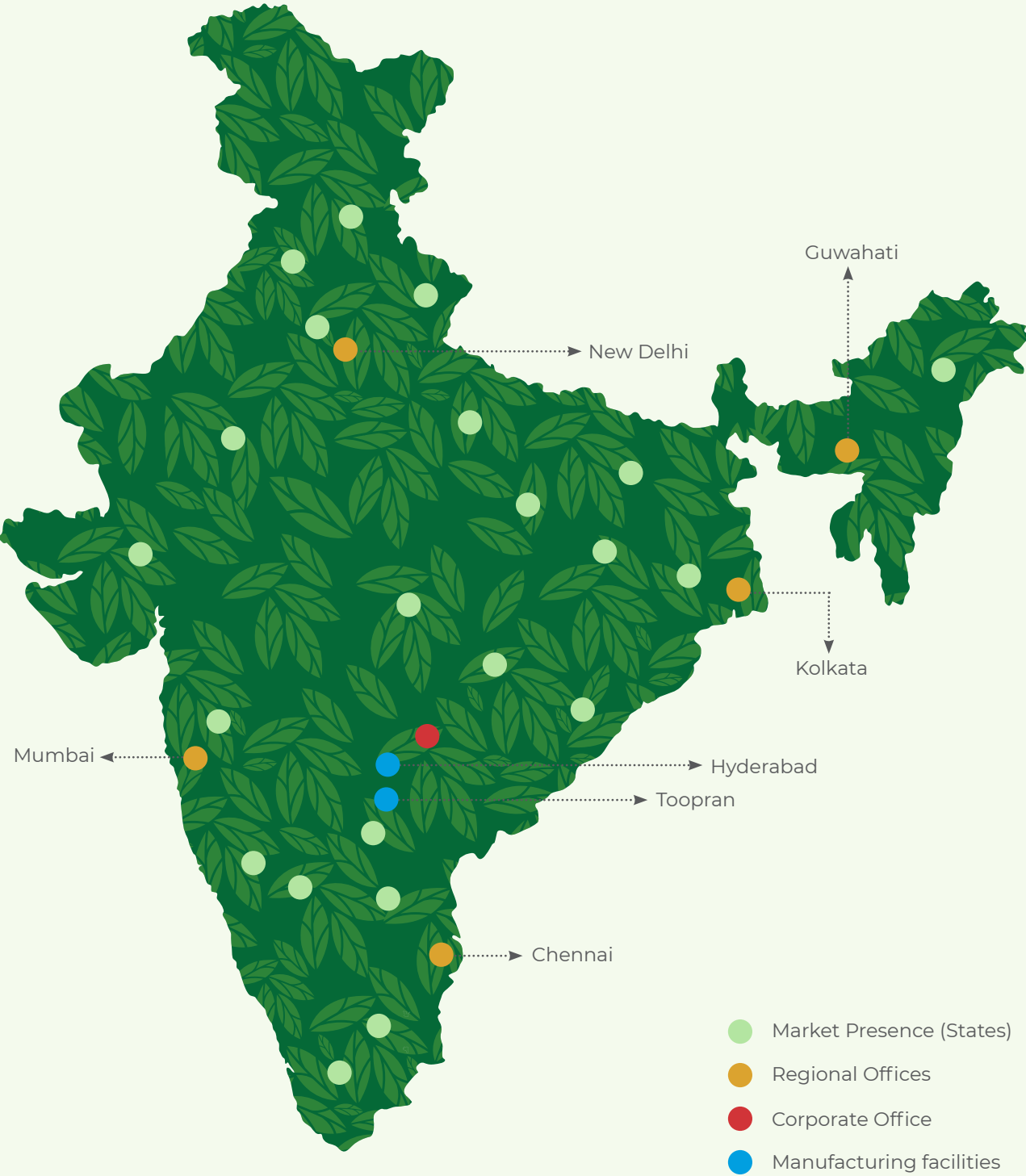
VST Industries Limited, originally known as Vazir Sultan Tobacco Company Limited, is one of India's oldest cigarette companies, boasting over 90 years in the industry. Founded on November 10, 1930, the company is engaged in the production and marketing of various well-known cigarette brands, as well as dealing in raw tobacco.

As an associate of British American Tobacco Plc., a world leader in the

tobacco sector, VST Industries is a publicly traded company based in Hyderabad, India. It serves a market that spans 80% of India's geographic area, supported by a dependable network of distributors, wholesalers, and retailers. The company operates manufacturing facilities in Toopran and Azamabad, employing over 750 people, including contract workers.



Offices and  
Manufacturing facilities



**2** Manufacturing facilities  
in Hyderabad and Toopran



**6** Regional offices in Hyderabad,  
Mumbai, Delhi, Kolkata,  
Chennai and Guwahati



**850**  
Wholesalers



**11 Lakh+**  
Retail Outlets



People Strength  
**772**  
Employees and Workers



Net Revenue  
**₹1,83,750**  
Lakhs



Products sold  
**6,334**  
MNC\*

\* MNC: Million Cigarettes

Products and  
Brands

GRI 102-2

VST caters to market demands with a variety of brands tailored to the preferences of adult consumers in India. Our strong brand portfolio addresses the diverse needs of adult smokers across different socio-economic groups, fulfilling our long-standing commitment to quality and enjoyment. This portfolio includes Growth Heritage Brands such as Charms, Special, and Moments, as well as New Age Brands like Total and Editions.



# Our Value Chain

(GRI 102-9, GRI 102-10)

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## Sourcing

Our primary ingredient for production is the tobacco leaf, which we source directly from contract farmers based in Andhra Pradesh, Telangana, Karnataka, Gujarat, and Maharashtra. Additionally, we acquire tobacco through suppliers participating in annual auctions, with a small portion imported from Zimbabwe.

Most of the farmers in our supply chain are smallholders. Our long-term contracts with these farmers provide them with a stable livelihood and ensure the reliability of our supply chain.

For producing our final products, we also need materials such as paper and filters, which we source from both domestic and international markets

## Operations

In our Primary Manufacturing Division (PMD), the procured tobacco leaves are processed by threshing them into stems and laminas. These components are then blended with various grades and subjected to a series of mechanical processes, including sieving, cutting, and drying. After blending, the laminas and stems are treated and stored in a humidified environment.

The cut tobacco is subsequently used in our Secondary Manufacturing Division (SMD), where it undergoes making, packing, wrapping, and parcelling operations to produce the final product.

## Serving Markets

Our finished products reach over 80% of India, thanks to our reliable distributors. These distributors ensure that VST products and brands are available to consumers through wholesale dealers and retailers. Additionally, a portion of the unmanufactured tobacco is exported to international buyers.

# Memberships & Associations

(GRI 2-28)

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VST actively engages with prominent industry associations and platforms, fostering collaborations with diverse professional bodies and organizations to stay informed about emerging perspectives and stay updated on current industry developments. Our collaboration with these forums and associations helps us stay abreast with latest developments, industry best practices and novel technologies that further augment the environmental and social performance of the company.



Tobacco Institute of India



The Federation of  
Telangana Chambers of  
Commerce and Industry



The Confederation of  
Indian Industry (CII)

# Certifications and Recognitions

Acknowledgments and accolades not only affirm our steadfast dedication to the stakeholders we serve but also inspire confidence in our ability to consistently achieve success. Listed below are the significant awards and recognitions received by us.



Our Head Office is a proud recipient of the gold rating by the Indian Green Building Council



As recognition of our sustainable water management practices, the Toopran unit was awarded the "Alliance for Water Stewardship Certification Gold Rating"





# 03

## Sustainability **Strategy**



Globally, a multitude of challenges impact both humanity and the environment, including the repercussions of global warming, resource scarcity, burgeoning populations, and demographic changes that strain environmental and social frameworks. As we intensify our shift towards a greener, more sustainable corporation, we recognize our obligation as a responsible and accountable organization to contribute to the development of an environmentally mindful, socially just, and well-governed society. We firmly assert that the most efficient means to create lasting, sustainable value for our stakeholders is by promptly acknowledging and addressing their concerns.





# Stakeholder Engagement

(GRI 2-29)

At VST, we prioritize the establishment and sustenance of strong relationships with our stakeholders, viewing it as fundamental to our business prosperity. Recognizing the collective advancement of our stakeholders as paramount, we prioritize engaging with them. Our aim is to understand the needs and concerns of all parties impacted by our operations, aiming for mutually beneficial outcomes. We are unwavering in our commitment to maintaining transparent, honest interactions with our stakeholders, which have significantly contributed to our company's growth. Moving forward, we are dedicated to integrating sustainability considerations into ongoing dialogues with stakeholders at every level, thus bolstering our capacity to identify both risks and opportunities.



Stakeholder	Mode of Engagement	Frequency of Engagement
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Town hall meetings</li> <li>Employee trainings</li> <li>Seminars/webinars</li> <li>Quarterly newsletter</li> <li>Collective bargaining process</li> <li>Health &amp; Safety committee meetings</li> </ul>	Ongoing, Annually, Quarterly and Monthly
<b>Investors</b> 	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Interim financial statements</li> <li>Director's report</li> <li>Board meetings</li> <li>Corporate disclosures</li> <li>Press releases</li> </ul>	Annually, Quarterly and on Need Basis
<b>Farmers</b> 	<ul style="list-style-type: none"> <li>Seminars/ webinars/Field visits</li> </ul>	Ongoing
<b>Wholesalers</b> 	<ul style="list-style-type: none"> <li>In-person/ virtual meeting</li> <li>Emails</li> </ul>	Ongoing
<b>Local Communities</b> 	<ul style="list-style-type: none"> <li>Training and awareness building programmes</li> <li>CSR activities</li> </ul>	Ongoing
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>In-person/ virtual meeting</li> <li>Vendor meetings</li> <li>Capacity buildings</li> </ul>	Ongoing
<b>Regulatory Bodies</b> 	<ul style="list-style-type: none"> <li>Official notifications</li> <li>Press releases</li> <li>Meeting with Govt. body as per requirement</li> </ul>	As and when required

# Materiality Assessment

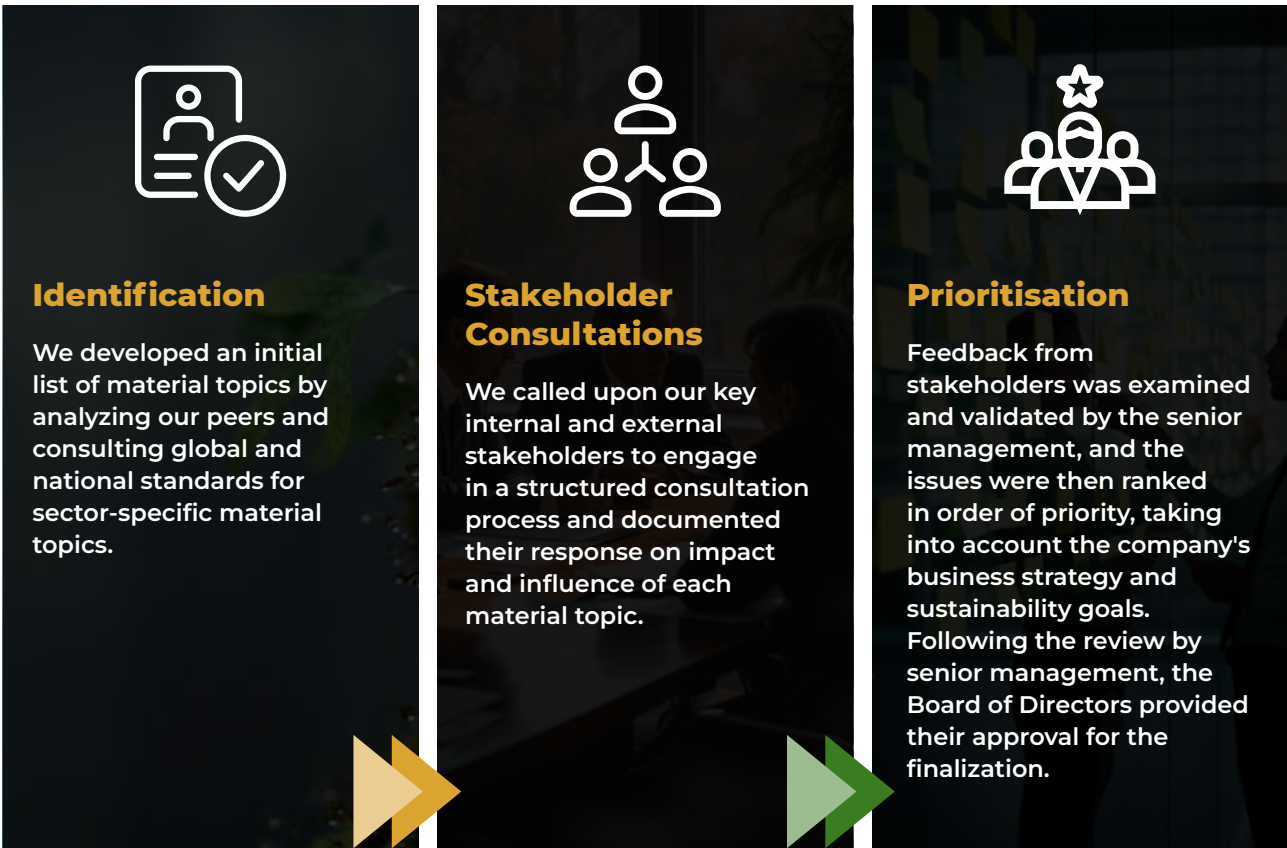
(GRI 3-1, GRI 3-2)

Our material topics encompass the issues that could impact our organization's capacity to create, uphold, or diminish value in economic, environmental, and social dimensions for our company, stakeholders, and the wider community. By placing emphasis on 'materiality', we seek to improve the relevance, credibility, and accessibility of our ESG reports. Conducting materiality assessments serves to yield tangible advantages for both our business and society by identifying and prioritizing the most significant issues, guiding

strategies through the development of action plans, and setting objectives.

## Materiality Determination Process

We engage in an ongoing process to evaluate significant issues integral to our comprehensive business strategy. This approach involves identifying common concerns across the company and adopting best practices to determine the material topics.



In the fiscal year 2022-23, we conducted a thorough materiality assessment in partnership with our stakeholders to identify and prioritize material topics. Each topic underwent comprehensive evaluation, considering its impact on the value chain and associated business risks.

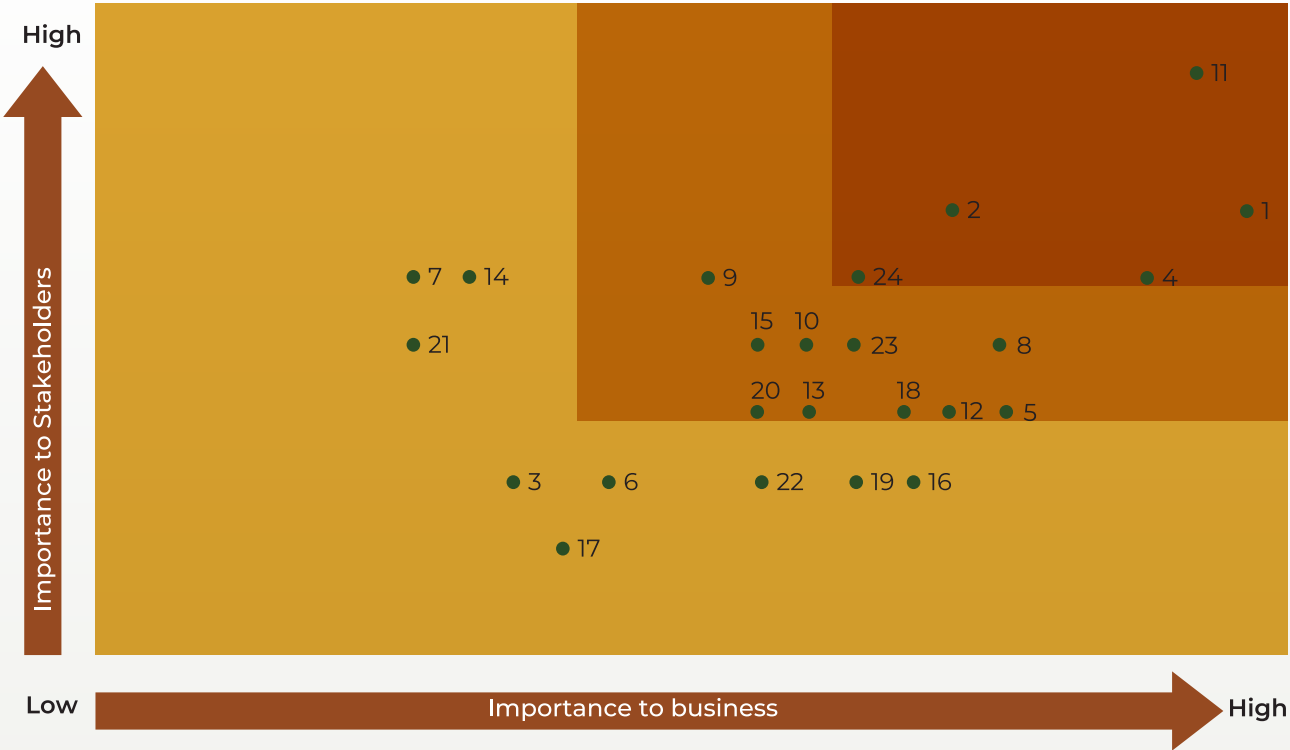
This year, upon reviewing our material topics, we found no significant alterations in our business

activities, resulting in no observed changes to our material topics.

The outcome of the materiality assessment exercise is presented in the form of matrix that depicts the material topics in respect to two dimensions significance to external stakeholders and importance to business. This approach enables us to address these issues systematically and in stages.



# Our Materiality Matrix



## VST's strategic ESG pillars and identified material topics

The identified material issues have been grouped into five strategic pillars according to their impact type and scope. Additionally, as a forward-thinking organization, we have set both short-term and long-term objectives for these key material topics, which are fundamental to our overarching sustainability agenda.







S. No.	Identified Material Topics	ESG Pillar	Impact Boundary
1.	Energy	Sustainable Operations	Manufacturing Facilities & Corporate Office
2.	Emissions	Sustainable Operations	Manufacturing Facilities & Corporate Office
3.	Climate Resilience	Sustainable Agriculture	Suppliers
4.	Water	Sustainable Operations Sustainable Agriculture	Manufacturing Facilities, Corporate Office, and Supply Chain
5.	Waste Management	Sustainable Operations Sustainable Agriculture	Manufacturing Facilities, Corporate Office, and Supply Chain
6.	Sustainable Material	Sustainable Operations	Manufacturing Facilities & Corporate Office
7.	Biodiversity	Sustainable Operations	Manufacturing Facilities, Corporate Office and Society
8.	Farmer Livelihood	Sustainable Agriculture	Suppliers
9.	Circular Economy	Sustainable Operations	Manufacturing Facilities, Corporate Office, and Supply Chain
10.	Human Rights	People & Culture	Manufacturing Facilities, Corporate Office and Supply Chain
11.	Health & Safety	People & Culture	Permanent and Temporary workforce and Nearby Communities
12.	Employment	People & Culture	Permanent and Temporary workforce, Nearby communities and Society

S. No.	Identified Material Topics	ESG Pillar	Impact Boundary
13.	Consumer Welfare	Inclusive Growth	Consumer
14.	Littering Prevention	Inclusive Growth	Consumer and Society
15.	Labour-Management Relations	People & Culture	Permanent and Temporary workforce
16.	Training and Education	People & Culture	Permanent and Temporary workforce
17.	Diverse and Inclusive Work Environment	People & Culture	Permanent and Temporary workforce
18.	Community Initiatives	Inclusive Growth	Permanent and Temporary workforce, Nearby communities and Society
19.	Regulatory Compliance	Responsible Governance	Management
20.	Business Ethics	Responsible Governance	Management and Employees
21.	Illicit Tobacco trade Prevention	Responsible Governance	Management, Employees and Suppliers
22.	Policy Advocacy	Responsible Governance	Management and Employees
23.	Innovation	Responsible Governance	Management and Employees
24.	Responsible Sourcing	Responsible Governance	Management, Employees and Suppliers





# ESG Roadmap: Onward to 2030

Our ESG objectives underscore our enduring commitment to sustainable practices and value creation for all stakeholders. We are dedicated in our pursuit of strong performance within ESG frameworks and in achieving our established ESG goals and benchmarks.

Our progress towards these targets is independently verified by assurance providers, and we report on our ESG performance annually

through our sustainability included in our ESG report and SEBI's Business Responsibility and Sustainability Report (BRSR). This ensures transparent and equitable communication with stakeholders.

Aligned with our support for the United Nations Sustainable Development Goals (UNSDGs), we have set a trajectory to achieve our sustainability goals by 2030.

ESG Pillar	Material topic	Target for FY 2030
Sustainable operations (Technical)	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% of packaging to be reusable, recyclable, or biodegradable by 2030
100% offsetting of plastic packaging (plastic neutrality) through post-consumer plastic waste collection and processing under Extended Producer Responsibility (EPR)		
Sustainable agriculture (Leaf)	Climate resilience	30% of contracted farmers (for Talmari & Oriental crops) to use drip irrigation by 2030
		30% of crop protection agents used by contracted farmers to be biofertilizer/biochemicals based by 2030
		20% improvement in soil organic matter by 2030 through green manuring crops for better water holding capacity
	Farmer livelihood	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
		Ensure 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.

ESG Pillar	Material topic	Target for FY 2030
Care for People	Diverse and inclusive work environment	Promote an inclusive work environment by: <ul style="list-style-type: none"><li>• Being an equal opportunity employer and provide equal opportunity to all employees based on merit and ability</li><li>• Providing 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</li></ul>
	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
Responsible Governance	Health & safety	Zero accident in own operations
	Regulatory compliance	Continue to comply with applicable regulatory requirements





# Responsible Governance

## Contents of this Section

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

8 DECENT WORK AND ECONOMIC GROWTH



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



We firmly believe that responsible governance is essential for meeting the needs and aspirations of all stakeholders. This involves ensuring transparency in transactions, implementing rigorous policies and practices for critical processes and systems, fostering clear accountability, integrity, and transparent governance practices, and adhering unwaveringly to the highest standards of compliance.



# Board Oversight

(GRI 2-9)

Our dedication to meticulous governance practices commences with the Board of Directors (referred to as the Board). Their guidance and input are pivotal in fostering business resilience and driving ongoing enhancements.

Comprised of six members, the Board is led by Mr. Naresh Kumar Sethi, serving as a non-executive director. The Board members exhibit diversity in

expertise, skills, accomplishments, and competencies.

The Board implements and oversees policies and procedures, endorsing confidence in the business strategy concerning economic, environmental, and social matters through various committees. VST has established several committees, including:



**MR. NARESH KUMAR SETHI**  
Non-executive director & chairman of the board



**MS. RAMA BIJAPURKAR**  
Independent Non-executive director



**MR. SUDIP BANDYOPADHYAY**  
Independent Non-executive director



**MR. RAJIV GULATI**  
Independent Non-executive director



**MR. S THIRUMALAI**  
Non-executive director



**MR. ADITYA DEB GOOPTU**  
Managing director and CEO



**Audit Committee:**  
The committee is entrusted with the responsibility to supervise the internal controls and financial reporting process.

1



**Risk Management Committee**  
The committee is entrusted with the responsibility of monitoring and reviewing the risk management plan

2



**Nomination and Remuneration Committee**  
The committee is entrusted with the responsibility to identify and appoint suitable candidates for representing the Board based on qualification criteria and recommend remuneration for the Board

3



**Stakeholder Relationship Committee**  
The committee manages shareholder grievances and resolves immediately

4



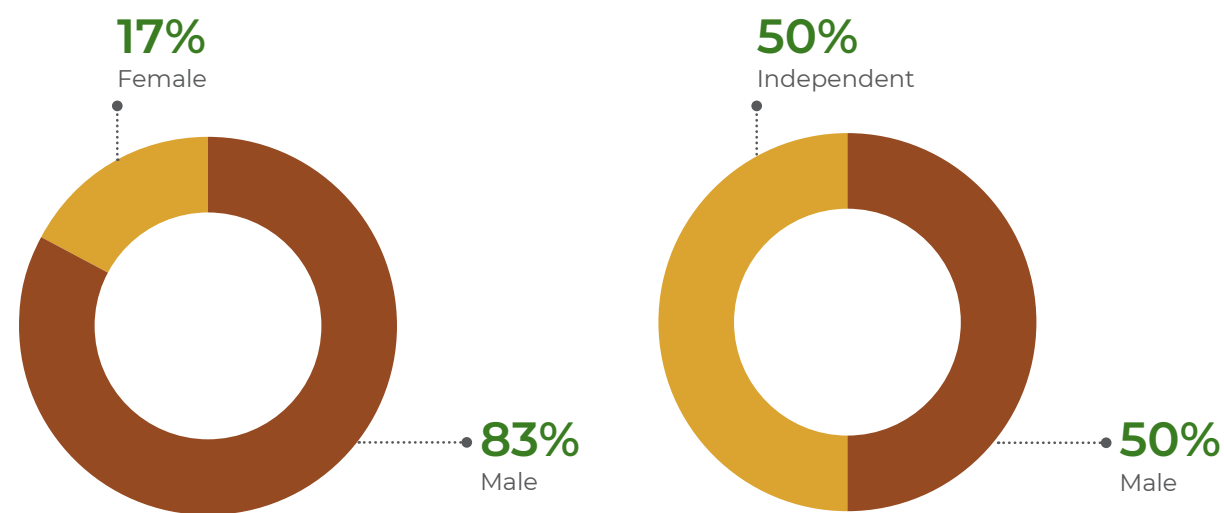
**Corporate Social Responsibility Committee**  
The committee is entrusted with the responsibility to monitor the implementation of the CSR projects / programmes / activities and approve the annual CSR budget for implementing CSR projects

5

 Chairperson



### Our Board Diversity



## ESG Governance

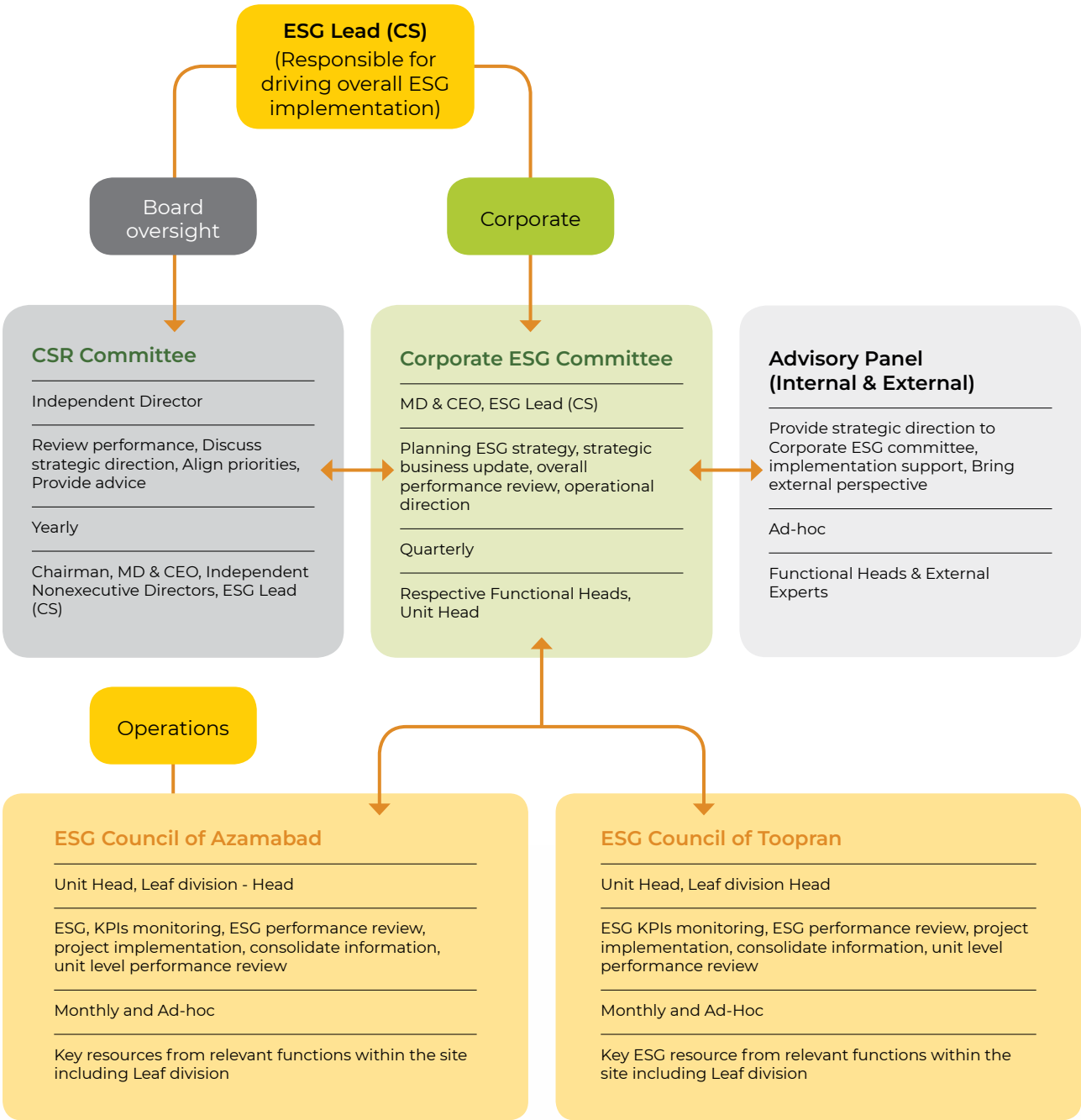
We have established a three-tiered ESG governance structure at the Board, Corporate, and Unit levels.

- i. At the Board level, the CSR Committee is responsible for reviewing performance, discussing strategic directions, aligning priorities, and providing feedback to the Corporate ESG Committee.
- ii. The Corporate ESG Committee is tasked with planning the ESG strategy, establishing the business mandate, reviewing overall ESG performance, and providing operational

direction to the ESG Council at the Unit level. The Committee seeks strategic guidance and implementation support from the Advisory Panel as needed.

- iii. The ESG Council oversees relevant ESG Key Performance Indicators (KPIs), assesses ESG performance against targets, and implements programs.

Additionally, our Company Secretary leads the overall ESG agenda of the organization, reporting to the CSR committee.





# Regulatory Compliance

## Policies, Principles and Standards GRI 2-23

Business ethics and integrity are fundamental aspects of our operations, guiding 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, leading by example in their behaviour and actions. We expect the same commitment from all employees, upheld through our Code of Conduct and

Ethics Policy. The Code of Conduct underscores each employee's responsibility to report any violations of the policy. Our Whistle-blower Policy empowers individuals to report concerns related to misconduct, unethical behaviour, fraud, bribery, corruption, or actions detrimental to the organization's reputation, without fear of reprisal.

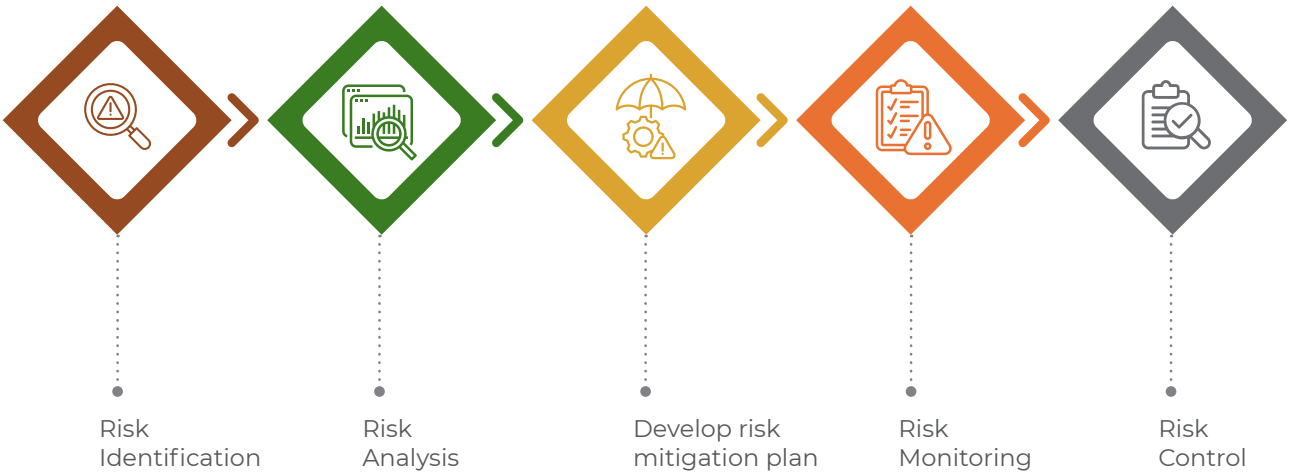
We have established a comprehensive set of corporate guidelines forming our policy framework, aiding in the proactive identification, management, and mitigation of business risks. Regular reviews and updates to our policies, reflect our commitment to foster a positive work environment.



## Risk Management (GRI 2-27, GRI 3-3)

We strive to integrate best practices for risk management, addressing both current and emerging risks at strategic and operational levels. The Risk Management Committee is tasked with

identifying and assessing principal risks to meet strategic objectives and ensuring a robust risk management system. It reviews the effectiveness of material risks across strategic, financial, environmental, social, governance, operational, and compliance domains.



Our geographical footprint exposes us to various risks stemming from economic, regulatory, political, and competitive landscapes. Here are the principal risks affecting VST's business and their mitigation strategies:

- I. Regulatory restrictions pose a threat to long-term revenue growth. We operate under stringent regulations such as the COTPA Act, with varying interpretations across states. To address this, we engage in ongoing dialogue with stakeholders and regulatory bodies while developing strategies to launch competitive brands within evolving regulations.
- II. Taxation changes may impact short-term revenue growth. Compliance with GST, excise, and other taxes could lead to price adjustments or absorb additional costs. To mitigate this, we engage with tax authorities, diversify our brand portfolio, and invest in distribution infrastructure.
- III. Regional disruptions can affect revenue and reputation. State-level trade restrictions or political unrest may disrupt operations. We address this through the development of secure supply chain strategies, insurance coverage, and business continuity planning.
- IV. Counterparty risk could affect capital and profitability. Delay or default in settlements with financial institutions may lead to liquidity issues. We mitigate this risk by investing in institutions with strong ratings and adhering to SLR principles.
- V. Data risks pose a threat to sensitive information. To prevent loss or misuse, we enforce IT policies, regularly review controls, and implement measures like data backup and disaster recovery.



# Responsible Sourcing

(GRI 308-2, GRI 414-2)



Our commitment to sustainability extends throughout our supply chain, where we strive to meet the expectations of adult users while upholding quality and regulatory standards. We actively guide our supply chain partners toward sustainability, emphasizing excellence, agility, and innovation. Our goal is to create value not only for ourselves but also for our suppliers.

**Supply Chain Philosophy**  
At VST, we are dedicated to upholding sustainable practices and ethical standards in managing our supply chain. We recognize that managing supply chain risks extends beyond preventing disruptions; it involves seizing strategic opportunities to create a positive impact. To ensure this, all our suppliers are bound by agreements that mandate adherence to minimum sustainability and ethical criteria, promoting a responsible and resilient supply chain. As we progress, we intend to integrate more comprehensive Environmental, Social, and Governance (ESG) criteria into our vendor

Our commitment to sustainability extends throughout our supply chain, where we strive to meet the expectations of adult users while upholding quality and regulatory standards.

onboarding process and develop a comprehensive Supplier Assessment Framework.

**Sustainable Supply Chain – What we do**  
We assess our suppliers based on their ability to meet the required quality standards and hold the necessary certifications within the specified timeframes. We actively encourage our value chain partners to minimize their environmental impact, respect human rights, and comply with relevant regulations.

Additionally, as the first step towards our supplier assessment framework, we have identified our critical suppliers by developing a comprehensive critical supplier identification framework in FY 2023-24. The purpose was to establish clear evaluation criteria that address both business and ESG risks. Our critical suppliers have been identified evaluating several key factors like the total procurement value, the availability of alternative suppliers, environmental and social risks, and geographic location. Scores have been attached to each of these identified key factors. The total score helped us to determine the criticality of each of our suppliers.

**Sustainable Supply chain – What we plan to do**  
Moving forward, we plan to initiate a comprehensive supplier screening and assessment

process to ensure that our partners align with our sustainability and ethical standards. This process will involve evaluating suppliers on key Environmental, Social, and Governance (ESG) criteria, as well as their ability to meet our quality and regulatory requirements. By implementing this rigorous assessment, we aim to strengthen our supply chain's resilience, reliability, and commitment to responsible practices.

Our Supplier Assessment Framework would include the following:

- **Supplier Screening:** New Suppliers will undergo suitability check, including financial solvency, compliance with environmental and labour regulations, safety policies and ethical business practices. Regular supply will begin only if the supplier meets or exceeds a certain score.
- **Supplier Assessment:** Existing suppliers will be evaluated using a questionnaire based on ESG criteria.
- **Corrective Actions:** Suppliers with non-conformities will have to submit corrective actions within a stipulated number of days.
- **Ongoing Evaluations:** Existing suppliers will be assessed annually or biannually, with increased frequency in case of recurring issues.

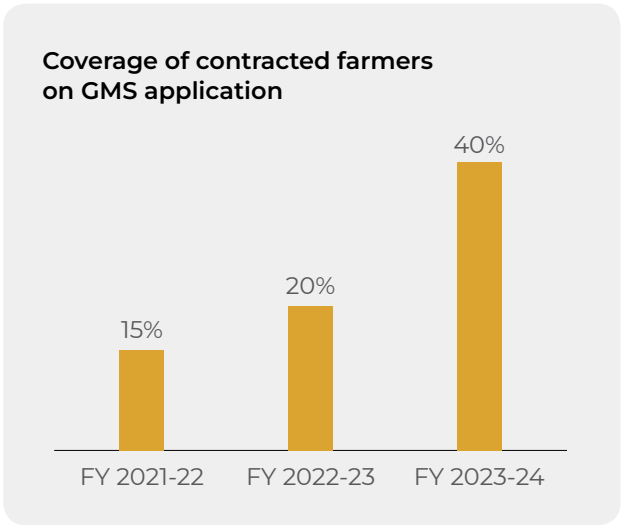
By following these detailed steps, we aim to foster a network of high-performing suppliers committed to sustainable and ethical practices.

**Integrating ESG in our Tobacco Supply Chain**  
Our procurement practices for tobacco leaf align with the Sustainable Tobacco Programme (STP), which sets minimum standards for contracted farmers and fosters continuous improvement through self-assessment and third-party review. This program, developed through cross-industry dialogue, aims to supply tobacco leaf meeting future environmental sustainability challenges and improving labour standards.

All agreements with farmers adhere to STP criteria, and they are translated into vernacular language to ensure effective implementation of Good Agricultural Practices (GAP) and safeguard farm workers' wellbeing through the Agricultural Labour Practices (ALP) Code.

Starting with the 2024 crop, VST has transitioned its GMS data collection from Pyxus to the Tracex

Food Sign application. This new platform offers enhanced features for monitoring and managing agricultural practices, leading to more efficient and accurate data collection. Additionally, the coverage for farmers under the GMS program has expanded to 40% during FY 2023-24, enabling a broader implementation of sustainable and quality farming practices. This shift aims to improve overall crop management and ensure higher compliance with industry standards. Field technicians are deployed to monitor and manage STP implementation. Equipped with the GMS mobile application, they oversee farm practices and ensure compliance with ALP standards. Field technicians also provide guidance to farmers, recommending practices aligned with their financial capabilities, thereby bridging the gap in sustainable farming practices.



**Enhancing Local Procurement**  
At VST, we prioritize socio-economic development by fostering partnerships with diverse and local suppliers. Localizing our supply chain not only reduces lead times but also minimizes our climate change impact by cutting emissions associated with our value chain. In FY 2023-24, local procurement accounted for 6% of our total procurement.

Collaborating with local flavour houses, we have developed new flavours for our products. This success has led us to transition flavour sourcing from Hamburg, Germany, to Hyderabad, India, enabling us to enjoy more efficient logistics, cost savings, and significantly reduced greenhouse gas emission.





# Innovation

As the preferences of adult smokers evolve, they are increasingly seeking innovative products beyond traditional brands. Our strategic emphasis on pioneering successful innovations has enabled us to maintain a strong market position.

We continually explore collaborations with technical specialists to enhance our product portfolio. Our unwavering focus on product innovation has been a key driver of our business growth, as highlighted in the following sections.

## Innovation at VST is guided by two main criteria:

### New Product Development:

Creating innovative features or taste profiles that delight consumers.

### Product Quality Excellence:

Achieving top-quality standards to enhance product image and gain a competitive edge within regulatory frameworks.

## Product Innovation

Our R&D division focused on driving product innovation to meet evolving consumer preferences during FY2023-24. We developed Tri Sensate products, offering unique sensory experiences through innovative flavour combinations, and introduced Demi Slim format products to cater to consumers preferring slimmer tobacco options. The implementation of Fresh-Lock packs marked a significant advancement in packaging innovation, ensuring product freshness and convenience. In the Indian market, we continued testing various smoke profiles, flavours, materials, and product varieties while prioritizing product integrity and

minimizing environmental impact. Our successful pilot programs, such as testing biodegradable packaging, led us to replace all BOPP packaging with 100% biodegradable alternatives.

Brand equity surveys play a crucial role in developing new products by offering a clear understanding of consumer preferences, brand strengths, and areas needing improvement. During the reporting year, the company conducted a brand health survey focusing on Total, Editions, and Charms. Utilizing quantitative research methodologies in selective towns across operating markets, the survey aimed to gauge the brand equity of these products and assess their market performance. This provided valuable insights into consumer perceptions and market dynamics, enabling the company to strategize and address brand equity challenges effectively.

## Process Innovation

Our efforts on process innovation centred on boosting the efficiency and cost-effectiveness of our tobacco blending processes in FY2023-24. Through experimentation with blend and process parameters, we achieved a remarkable 6% improvement in cut tobacco blend fill power. This enhancement not only optimized tobacco utilization but also led to significant cost savings for the company. Additionally, we collaborated with an international product innovation expert to gain insights from global trends to implement effective cost-saving measures within our processes. We firmly believe that adopting technological advancements and implementing structural changes will not only drive substantial growth for our organization but also provide a sustainable competitive advantage through waste reduction and resource optimization. At VST, our process innovations are strategically aligned to improve efficiency, reduce costs, and maintain our commitment to quality and sustainability.





# Care for People

## Contents of this Section

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

## SDGs Impacted



At VST, we prioritize cultivating an environment that encourages high-performance and prepares our organization for long-term business growth. In this pursuit, we tap into the dedication and knowledge of our committed staff, which are essential elements of our organizational ethos.

We have a collaborative process in place where in the head of Human Resources works closely with the Managing Director and the CEO to develop strategies for the effective management of our workforce. The Corporate Executive Committee (CEC) oversee the execution and completion of these strategies, under the leadership of the Managing Director.





The three levers of our Human Capital Strategy that will enable us in achieving our commitment are:

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

Draw in suitable candidates.

Employee involvement and well-being

Focus on Diversity and Inclusivity

Cultivating the company's employer reputation

Reimagine, Realign & Refresh

Managing Employee Performance

Tailored rewards and benefits

Contemporary in-house atmosphere and facilities

Recognition programs

Material Topic	Commitment
Diverse and inclusive work environment	<p>Foster a workplace that embraces diversity by - ensuring that we are an employer that provides equal chances to all staff members, with opportunities awarded based on individual merit and capabilities.</p> <p>Offer trainings on inclusivity to managerial personnel to cultivate a workplace that is free from discrimination, sexual harassment, and unfair prejudices affecting compensation, professional development, and employee benefits. These training aim to eliminate biases related to caste, religion, disability, gender, sexual orientation and orientation, race, colour, ancestry, marital status, or association with political, religious, or union organisation, or any majority/minority communities.</p>
Employment	Continue to invest in employee involvement and routinely carry out surveys on employee engagement to monitor for necessary adjustments and course correction, while also tracking on key performance indicators pertinent to the workforce.
Health & Safety	Strive to ensure zero accident in our own operations.

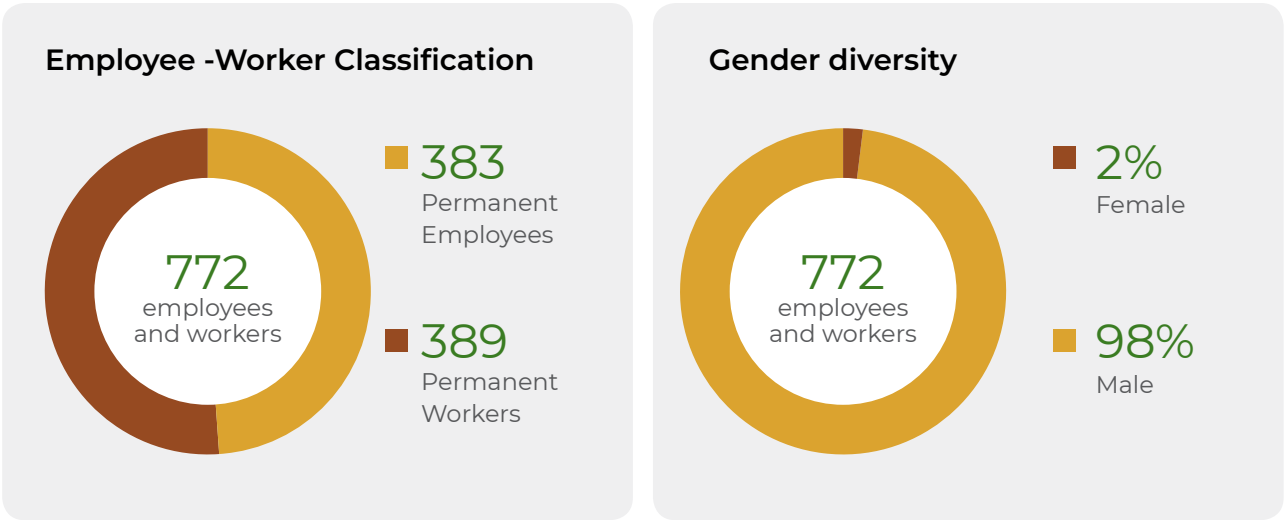
# Employment

(GRI 401-1, GRI 401-2, GRI 404-3, GRI 405-1)

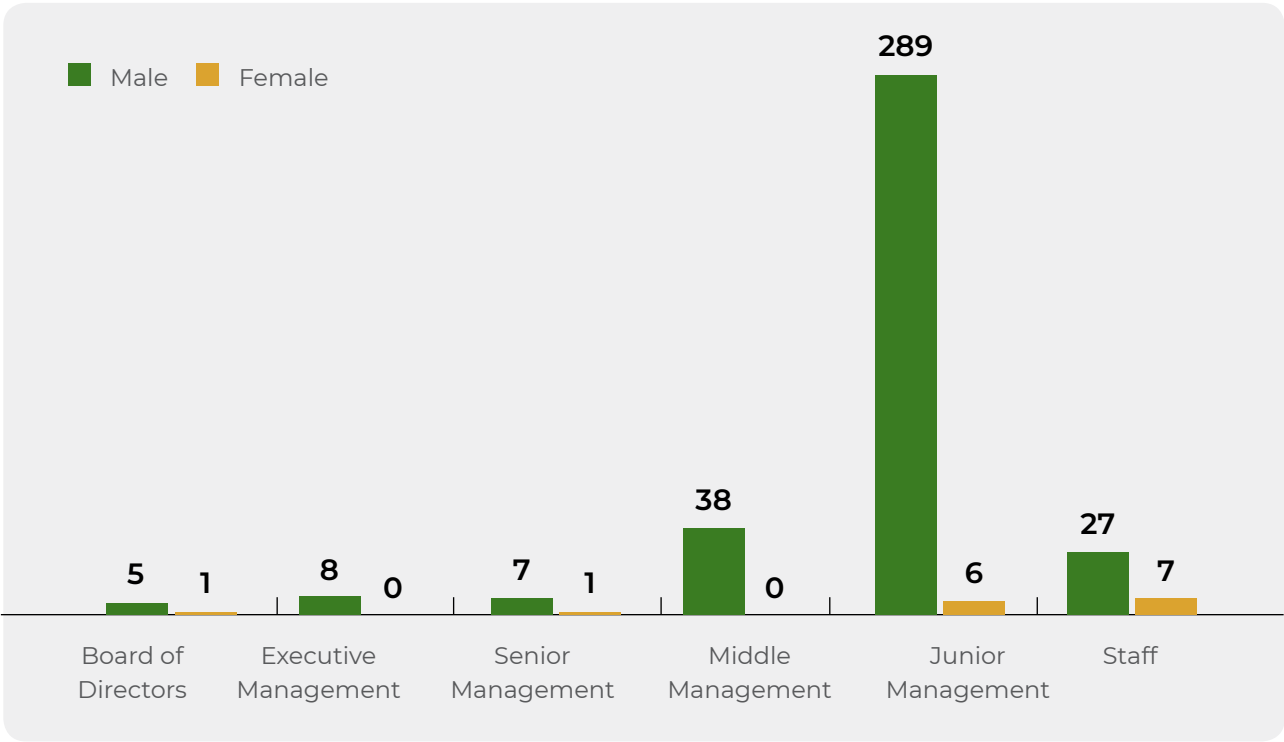
At VST, we deeply appreciate the efforts of our employees and understand that their commitment to achieving new standards of excellence has been instrumental in our sustained success and in building long-term value for our stakeholders. We highly respect and value the inputs from our

employees and acknowledge their dedication to maintaining the utmost standards, which contributes to lasting value for all our stakeholders. We aim to cultivate an outstanding workplace and offer appealing career opportunities, positioning our company as a desirable employer.

Our employee strength as on 31<sup>st</sup> March 2024 is 772 including both permanent employees and workers

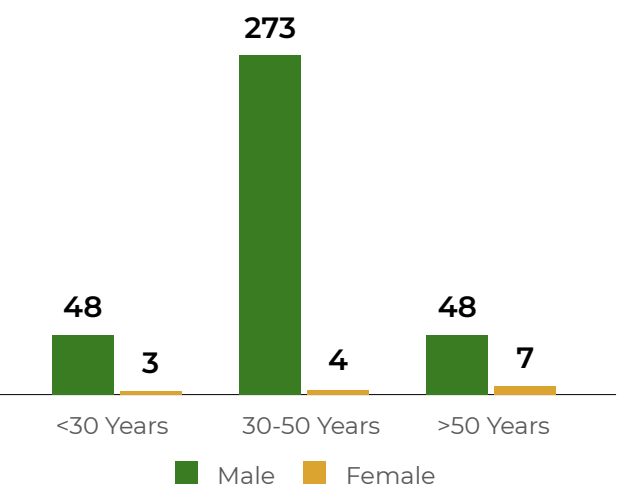


## Employee Catergorization by Designation





Categorization by Age of Permanent Employee FY 2023-24



**Attracting the right talent**

To consolidate our position as an attractive choice in the job market, we offer unique job opportunities that enhance our appeal. Our commitment to equality is unwavering, and we take pride in our equitable and impartial recruitment practices, ensuring that no candidate faces discrimination 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.

In line with this vision, we have initiated a Campus Connect program, designed to bridge the gap between academic achievements and professional aspirations. This initiative allows us to tap into the fresh perspectives and innovative ideas of the brightest minds from various educational institutions, positions us as an alluring option to attract the best talent while upholding our dedication to equality, ultimately contributing to the company’s sustained success and the well-being of our stakeholders.



## Campus Connect and Induction Program

Our innovative campus connect program seamlessly integrates with our comprehensive induction program to create a holistic onboarding experience for new hires, particularly fresh graduates. By engaging with top-tier educational institutions through the campus connect initiative, we not only attract young, vibrant talent but also ensure that these new recruits are welcomed into our corporate family with a meticulously structured induction process. This dual approach facilitates a smooth transition from academic life to the professional environment, offering recruits a robust support system from day one. As part of this welcoming process, we provide each new employee with a carefully curated joining kit, filled with tools and resources to kickstart their journey with us.

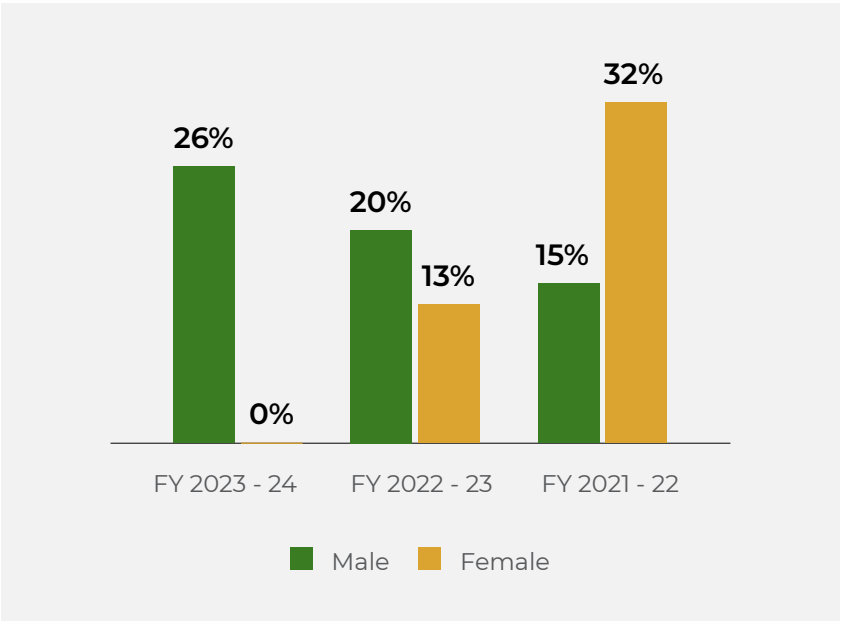
Additionally, we assign a buddy to every newcomer, ensuring they have a go-to person for guidance and support as they navigate their new roles. The induction program, with its tailor-made modules, further provides essential knowledge and resources, while the campus connect program extends the relationship beyond recruitment by offering mentorship from seasoned employees. Together, these programs enable us in nurturing and empowering our workforce from the outset, setting the stage for long-term success and employee satisfaction.



### New Employees Hired

	FY 2023-24	FY 2022-23	FY 2021-22
Male	93	71	52
Female	0	2	5
<b>Total</b>	<b>93</b>	<b>73</b>	<b>57</b>

### Employee Hiring Rate



### Employee wellbeing

We consider the welfare of our employees as a key factor in fostering happiness, enhancing competence, and ensuring overall satisfaction in the workplace. Our dedication lies in offering an extensive range of health and wellness benefits, designed to meet the varied requirements of our workforce. These include health benefits like medical insurance, personal accident insurance, maternity leave, and corporate partnerships with organizations that focus on health, education, and overall wellness.

Furthermore, our remuneration and benefits programs are designed to be fair, equitable, competitive, and consistent with sectoral benchmarks. At the end of each appraisal cycle, staff members are awarded with bonuses and incentives, in addition to having access to benefits like the provident fund, gratuity, and long-service rewards, all of which in addition to the basic pay.

Employee Category	Male		Female	
	Number	Median remuneration / salary / wages of respective category (in INR)	Number	Median remuneration / salary / wages of respective category (in INR)
Board of Directors (BoD)	5	77,40,000	1	63,60,000
Key Managerial Personnel	2	1,27,44,442	-	-
Employees other than BoD and KMP	366	9,71,502	14	11,32,082
Workers	389	10,15,910	-	-



100% of employees & workers are covered under health insurance.

100% of employees & workers are covered under accident insurance.

### Employee engagement

We acknowledge the invaluable contributions of our employees' knowledge, skills, and experience in achieving organizational success. VST is committed towards fostering a welcoming and inclusive atmosphere, facilitated by a range of engagement initiatives that are essential for maintaining a constructive workplace atmosphere.

During the reporting period, we witnessed a decrease in both employee and worker turnover, reducing from 21% and 9% in FY 2022-23 to 20% and 3% in the FY 2023-24. We attribute this to the careful re-evaluation, and reviewing, of our policies and processes by the leadership to keep retaining and attracting top talents, with the goal of making VST one of the most sought-after organizations in the long run. Additionally, we have taken several initiatives throughout the reporting period, such as the introduction of new modules for frontline sales, a campus-connect program and a new sales incentive policy called Pragati.

We are dedicated towards ensuring continuous enhancements and regularly engage with our employees to receive their feedback through satisfaction surveys. These surveys are an important means of understanding employee views of their work environment and for collecting suggestions for its improvement. We have introduced new ways for employees to connect and communicate, such as quarterly Town Halls, Two-Way talks, and Leaf Hangouts, to improve communication. Our objective is to build strong, trusting relationships with our all our employees, and their input is vital in guiding our strategic direction.

## Leaf Hangout Sessions

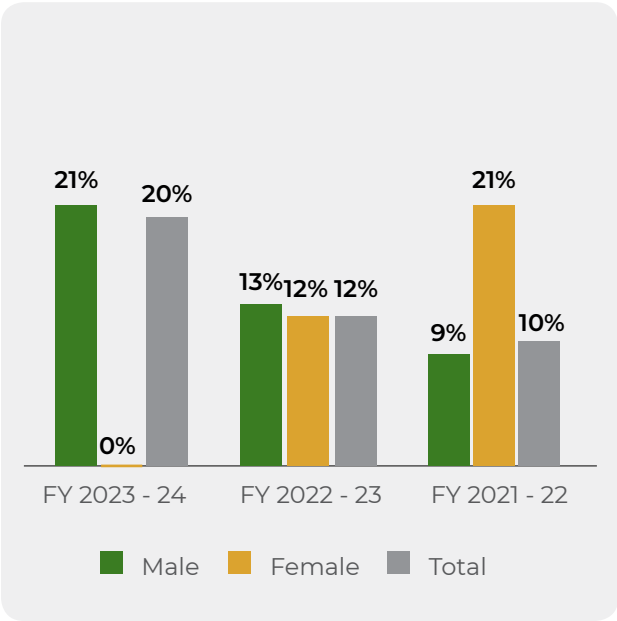
We at VST embraced an innovative approach to strengthen the camaraderie and professional development among our Leaf Function employees, who are primarily tasked with the sourcing and processing of tobacco leaves in rural areas. Aware of the challenges their remote work locations presented, such as limited connectivity with the broader organization and fewer opportunities for professional advancement, we aimed to enhance communication, soft skills, and engagement through strategic HR interventions.

To counteract these challenges and cultivate a stronger sense of community, we initiated programs like Leaf Hangout Sessions, Leaf Townhalls, and the Goldstar recognition program. Our Leaf Hangouts offered casual virtual gatherings to promote community engagement and professional growth, while our Leaf Townhalls provided formal updates on company-wide initiatives and strategic objectives. The Goldstar program was our way of celebrating the unique contributions and accomplishments of individuals and teams within the Leaf Function.

By implementing these focused initiatives, we successfully enhanced the communication channels, effectively bridging the gap between our field employees and the rest of the company. Moreover, the recognition and development opportunities provided through these programs motivated our employees to excel in their roles, resulting in elevated performance levels, ensuring they remained an essential component of our organization and contributed significantly to our overall success.

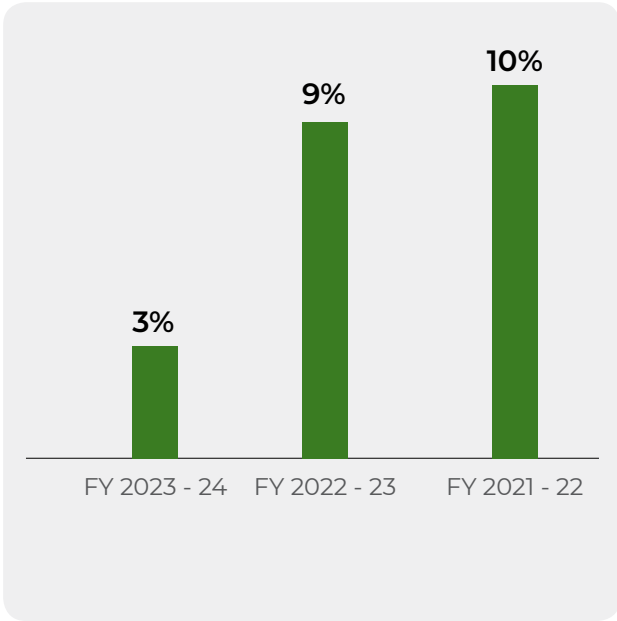
## Performance Management

### Employee Turnover Rate



We believe in a goal-based approach that considers achievements at both the organisational and individual levels. Goal setting is undertaken at the beginning of the year. These goals are derived from the strategic objectives determined by the leadership and are communicated with all members of the organization. Subsequently, Key Result Areas (KRAs) are identified and recorded in

### Worker Turnover Rate



the system based on these targets. At the end of each appraisal cycle, employees' performance is assessed in relation to the Key Result Areas (KRAs) that have been established, with a focus on maintaining the values of the organization.





# Succession Planning

This year we have initiated a comprehensive succession management process for the top-level management. This is a testament to our forward-thinking approach and our commitment to ensuring the long-term stability and growth of our organization. We have meticulously finalized the position competency requirements. These requirements serve as a blueprint to not only guide the current incumbents in their roles but also to systematically groom and prepare future leaders for eventual succession.

The established competency requirements are robust and multifaceted, encompassing a wide range of skills and attributes that are essential for effective leadership. Also, in tandem with defining the competencies for top-level management positions, we have also implemented a uniform competency framework for the execution of our talent development process. This framework is designed to be comprehensive and consistent across the organization, ensuring that all employees have a clear understanding of the expectations and the skills they need to develop to advance their careers within the company. It provides a structured pathway for employee growth and is integral to our efforts in identifying and nurturing high-potential individuals. Through targeted training programs, mentorship opportunities, and challenging assignments, we are actively investing in our people, equipping them with the competencies they need to excel in their current roles and to be ready to step into leadership positions when the time comes.

We aim to create a cohesive and transparent approach to leadership development. As we continue to refine and implement these processes, we are confident of honing and nurturing a robust pipeline of skilled and capable leaders who will carry our legacy into the future.



Over the course of the year, the Company has restructured its managerial competencies to give greater momentum to its ESG initiatives. These competencies are founded on five principal pillars: strategic mindset, customer/consumer focus, execution excellence, change leadership and people leadership.

## Strategic mindset

Align Biz. Performance

## Customer/consumer focus

Consumer centric approach

## Execution excellence

- Result Orientation
- Organizing Ability

## Change leadership

Ability to influence and impact

## People leadership

- Self-Motivated
- Team Skills
- Act with Integrity

	Male	Female
Percentage of employees receiving regular performance and career development reviews	100%	100%

## Rewards and recognition

We believe that acknowledging and rewarding our employees' hard work and efforts not only boosts their motivation and dedication but also contributes to the development of a robust employer reputation. Recognizing excellent performance and conduct also fosters a sense of joy, encourages collaboration, competitiveness, and loyalty towards the Company. It further allows the organization to channel attention towards the appropriate behaviours and goals.

In line with this philosophy, we introduced "Gold Star – a Recognition Programme" in January 2022. After a tremendously positive reception from our employees, the Gold Star Programme has become one of VST's premier events. This year, we introduced five new categories in our rewards and recognition program to. Additionally, we also organise quarterly ceremonies where awardees are honoured with tokens of appreciation, including mementos, certificates of recognition, and gift vouchers by our Managing Director and a Board member. Our rewards and recognition programs are designed to set the stage for "Excellence" in the future and to make the awards a coveted goal for our employees.





# Diverse and Inclusive Work Environment

VST is dedicated towards enabling a culture of diversity and inclusion across the entire organization, welcoming people from different cultures and backgrounds. Cultivating a diverse and inclusive workplace has always been a central part of our approach to developing teams at all levels within the organization.

We nurture an environment of diversity and inclusion by establishing an open culture and ensuring equal opportunities for career advancement and professional development for everyone, irrespective of their background. Our aim is to create a welcoming atmosphere where individuals from varied backgrounds can work together, voice their issues, and contribute to the decision-making process. Additionally, our facilities are designed to be accessible to people with disabilities, incorporating features such as ramps and wheelchair facilities to ensure ease of movement within the workplace.



**How we empower women**  
VST is committed towards enhancing women participation in senior leadership. The company has implemented programs to enhance gender diversity and empower women including mentorship programs and leadership development initiatives. To create a safe environment for its female employees, the company has constituted an Internal Complaints Committee as per the Sexual Harassment of Women at Workplace Act. Furthermore, women are also encouraged to participate in decision-making processes at all management levels

# Training and Education

(GRI 404-2)  
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Our approach to talent management is focused on creating a work environment that not only draws in exceptional talent but also fosters their continuous development and progression within the organization. Moreover, we endeavour to cultivate a workplace culture that is rewarding and stimulating, enabling to our employees to thrive both personally and professionally.

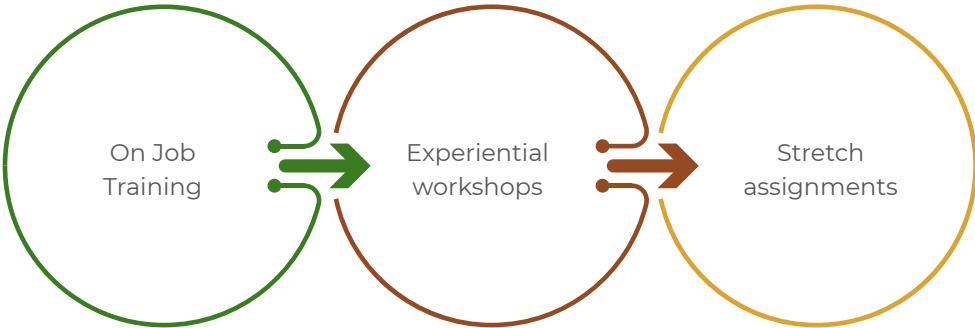
**Talent Development**  
At VST, we prioritize the growth and skill enhancement of our employees, focusing on cultivating their leadership qualities. To fulfil this objective, we allocate substantial resources towards training and developmental initiatives . Our fresh hires are acquainted with the company's ethos and principles via an extensive orientation process. Moreover, we provide customized training sessions designed to cater to the various tiers within the organization.

Every year, training needs assessments are carried out based on dialogue between employees and their direct supervisors. These needs are then charted out, and relevant training sessions are scheduled in accordance with the yearly training calendar. We follow a three-pronged approach to impart our trainings. These include:

We review our training curriculum annually and add fresh courses to ensure our organization's continuous growth and adaptation. We conduct inhouse training programs to develop frontlines and handhold first time managers while also collaborating with external experts to improve our employees' abilities, helping them stay agile in a dynamic environment. We have partnered with organizations like Upgrad to offer advanced skill training in specific operational areas in the leaf function and have brought in external consultants to run 'Raise Workshops' for our Marketing Managers. We have also been associated with all the top management institutes in the country and nominated three CEC members for the business story telling program at ISB Hyderabad.

We place great emphasis on continuity and have a strong succession framework for seamless execution. We focus on developing the next level of leadership through talent pipelines and leadership roadmaps. We also conducted inhouse training programs to develop frontlines and handhold first time managers.

Our objective is to be recognized as a top workplace extends beyond our employees' professional successes and also encompass their complete well-being. We are committed to fostering a culture that nurtures success while also emphasizing the importance of our employees' physical and mental health.



**4.12**  
Average hours of training per permanent employee and worker





# Health and Safety

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

We are dedicated towards ensuring a secure and healthy work environment for all employees, with the final goal of eliminate accidents. We recognize that cultivating a culture of safety is essential for attaining the highest standards of safety excellence within our organization.

Our manufacturing sites are ISO 45001:2018 certified, highlighting our commitment to enhancing health and safety performance. We set specific targets and consistently monitor our advancements in relation to these goals to ensure ongoing improvement.

The Vice President of our Technical Division is tasked with leading our company-wide health and safety initiatives. It is a standard procedure at VST to present a report on our safety performance to the Board every quarter. Our health and safety management systems are designed to adhere to local laws, implement a strong risk management strategy, provide essential safety training, and evaluate our performance metrics.

## Managing Compliance

We uphold the necessary permits and licenses in accordance with the mandates of the Factories Act and Management

Standards. This is ensured through regular in-house and third-party audits. Any discrepancies found in these evaluations are promptly rectified through immediate corrective actions, and subsequent preventative strategies are implemented to avoid future non-conformities.

## Risk Management

Our robust health and safety management system begins with identifying and mitigating hazards. Aligned with our aspirations to ensure 'Zero Accidents', we conduct Hazard Identification and Risk Assessments (HIRA) and Job Safety Analysis for routine and non-routine jobs, based on which risks are observed, assessed, and classified as the high, moderate, and acceptable, post which risk control and minimization measures are used to bring down the risk index within the acceptable limit.

Additionally, beyond our yearly risk assessment procedures, we also encourage and empower our employees to report any near misses to management. This ensures that necessary corrective and preventive measures are swiftly taken by investigating the underlying causes with high priority.

## Health & Safety awareness initiatives:

Encouraging employees for safety suggestions for improve the safety culture.	Involving employees in shop floor safety discussions and safety committee meetings	Conducting Safety Day competitions for employees and giving rewards for recognition	Introduced a Safety AR&VR Learning and development modules.
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Apart from the above initiatives we also undertake routine safety trainings which are crucial for risk mitigation by developing awareness among our workforces.

## Health and Safety Training

Building a culture of safety within a company involves key elements such as raising employee awareness about the health and safety risks associated to their tasks and delivering thorough training on critical safety procedures and emergency response strategies. We conduct daily on-site training

sessions and toolbox talks for all our workers, whether permanent or on contract, which foster a safety-conscious environment in the organization and progressively improve our employees' ability to proactively spot unsafe behaviours and conditions. Furthermore, to imbibe the culture of health and safety we celebrate important occasions such as safety day, to underscore our commitment to safety and use them as opportunities to further educate and engage our employees in safety-related activities. Furthermore, we also offer additional training programs, which are listed below.



EHS trainings conducted in FY 2023-24:



Induction training



Apprentice training



Safety training to contract w/m



SMD operator training



Good safety practices training



Fire safety training



PMD operator training



Electrical safety training



Work at height safety training



Shipping and WMS safety training



Forklift safety training



Canteen safety and LPG handling



Chemical safety training



Welding safety training



Housekeeping and gardening safety training

Zero Fatalities

Safety Performance

We consistently track our performance in health and safety by utilizing a combination of a set of leading and lagging indicators, while comparing our results to a series of established internal standards. This approach has been instrumental in enhancing our outcomes in this domain.

Human Rights

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

We recognize the essential role of respecting and upholding human rights. Our continued dedication to these rights is embedded within our Code of Conduct and Ethics Policy, which are reflected all our employment contracts and agreements with external parties. In alignment with our commitment to human rights, we comply with relevant local legislation and international standards, such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organization (ILO). Our focus is on fostering a secure workplace and safeguarding the rights of all individuals, which we achieve through rigorous monitoring systems and the consistent application of our policies and practices.

No Child Labour	<p>Our recruitment and security protocols ensure zero tolerance towards child labour. The recruitment policies clearly state that individuals must be at least 18 years old to be eligible for employment. During the hiring process, we meticulously examine necessary documents to confirm an applicant's age.</p> <p>Additionally, our security staff are educated and trained to inspect and authenticate the age and identity of third-party contract workers accessing our facilities.</p>
No Forced Labour	<p>We strictly forbid any employment practices that require an individual to be bonded, indebted, or obligated to the Company or its representatives. We do not permit the payment of cash deposits or recruitment fees as a condition for securing a job. Our recruitment is solely based on the merit and competence of the candidates.</p>
Non-Discrimination	<p>Our recruitment and career development processes are consistent, clear, and impartial, ensuring the prevention of discrimination based on caste, race, religion, or gender in accordance with Indian laws.</p>
Working Hours and Fair Wages	<p>Our employees receive equitable and just remuneration that reflects their abilities and experience. We ensure the prompt provision of salaries and statutory entitlements to support their social and economic well-being. Detailed wage records are maintained for each employee, clearly illustrating the breakdown of earnings based on hours worked, including clarity on overtime, bonuses, incentives, and any deductions for the month, in line with the minimum wage requirements of local legislation.</p> <p>Our employees are also granted regular weekly days off and holidays that align with local traditions and observe days of national and international importance.</p>
Freedom of Association and Collective Bargaining	<p>We acknowledge the involvement of the trade union, which is endorsed by all our permanent workers, in the decision-making process regarding employee welfare. We actively encourage our permanent workers to express their concerns collectively through their union representative.</p> <p>We strive to maintain a harmonious workplace and guarantee uninterrupted operations. Consequently, we recognise the needs of our workforce, we proactively address their issues with long-term solutions, following interactions and discussions with the Union.</p>



# Sustainable Operations

## Contents of this Section

- Energy & Emissions
- Water Management
- Waste Management
- Sustainable Material
- Circular Economy
- Biodiversity

## SDGs Impacted





At VST, sustainability practices are deeply embedded in our operations at every stage. Our manufacturing facilities are dedicated to minimizing their environmental footprint and associated impacts. We continuously strive to optimize natural resource utilization in our processes and products, keeping pace with technological advancements and evolving stakeholder expectations. Our Environment, Health & Safety (EHS) Policy outlines our vision to exceed regulatory requirements, demonstrating our commitment to a safe, healthy, and environment-friendly workplace through collaborative efforts between management and employees.

Regular reviews of our operational and environmental performance ensure compliance with our EHS Policy and help us engage with stakeholders to identify and mitigate environmental risks and challenges. Both of our manufacturing facilities have established environmental management systems certified to ISO 14001:2015 standards, aligning with our sustainable operations targets and reinforcing our commitment to sustainability. The table below outlines our targets for 2030 and their progress.

Target	Target Year	Status as of FY 2021-22	Status as of FY 2022-23	Status as of FY 2023-24	Material Topic
50% renewable energy in overall energy mix (subject to regulatory environment)	2030	4.3%	17.88%	15%	Energy
Aim to operate 100% of fleet (owned and third-party passenger vehicles) on electric vehicles by 2030	2030	0%	0%	<div><div>• No EV passenger Fleet. Feasibility study of EV buses in progress</div><div>• 14 forklifts are battery operated</div><div>• 1 EV charging stations for 4 wheelers</div><div>• 3 EV charging stations for 2 wheelers</div></div>	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	2.52	2.76	2.47	Water
100% of packaging to be reusable, recyclable, or biodegradable by 2030	2030	100%	100%	100%	Waste
100% offsetting of plastic packaging (plastic neutrality) through post-consumer plastic waste collection and processing under Extended Producer Responsibility (EPR)	2030	75%	100%	100%	Waste

# Energy and Emissions

(GRI 302-1, GRI 302-3, GRI 302-4, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7)

Rising energy consumption and increasing GHG emissions are major contributors to climate change, driving global warming and environmental degradation. Addressing climate change demands a collaborative effort from nations worldwide. It has become a priority for governments, businesses, and civil society, all aiming for net-zero emissions. India has committed to achieving net-zero emissions by 2070, and as a responsible corporate entity, VST has pledged to support this national goal by attaining carbon-neutral operations by 2030, alongside other environmental targets. Our energy consumption pattern for past 3 years is as under:

Financial Year	Total direct energy consumption (TJ)	Total indirect energy consumption (TJ)	Total energy consumption (TJ)	Total energy intensity (GJ/ MNC)
FY 2021-22	12.8	16.2	29	4.28
FY 2022-23	15.3	12.1	28.1	4.38
FY 2023-24	19.4	15.6	35	5.5

We acknowledge that our energy consumption has been increasing over the past three years and understand the critical importance of ongoing monitoring. Our energy transformation strategy centres on improving operational efficiency through innovative practices and energy-efficient technologies. Additionally, we are transitioning towards alternative fuels and energy sources to further mitigate our environmental impact. We are dedicated to sourcing 50% of our energy needs from renewable sources by 2030.

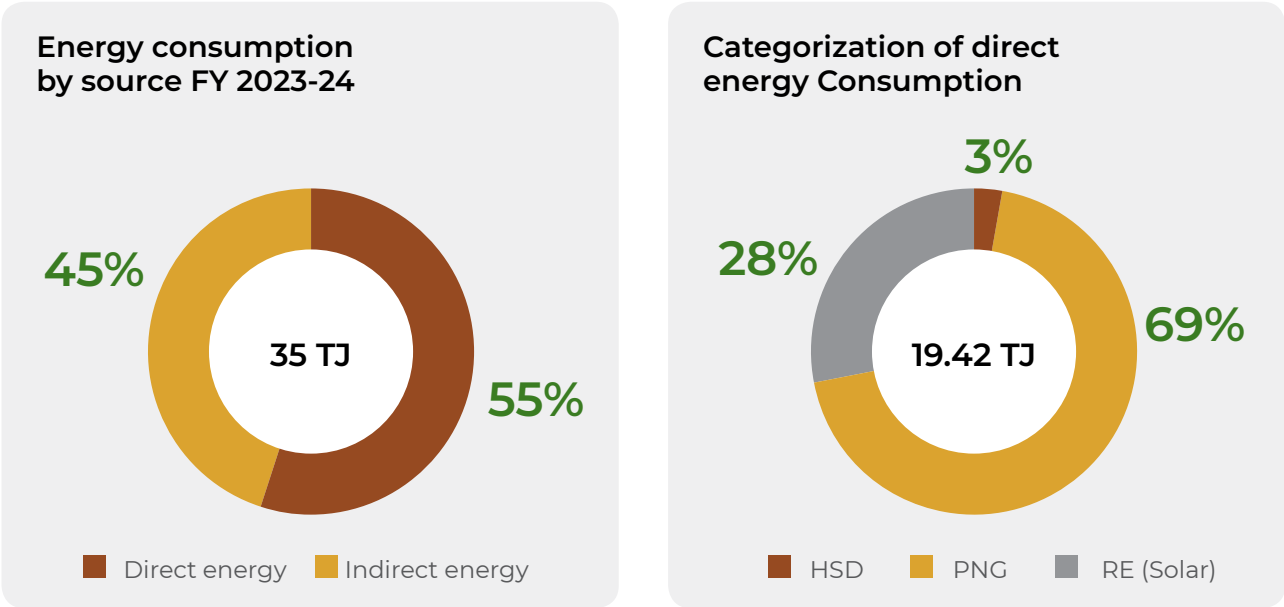
To achieve this, we have added a 200 KW solar power plant to our existing 1 MW solar rooftop capacity at our manufacturing plants and corporate office, totalling 1.2 MW. As we incorporate renewable energy into our operations, we are also exploring cost-effective and capital-free methods to access low-carbon energy sources. During the reporting period, VST consumed a total of 5.36 TJ of renewable energy.

Indirect energy represents 45% of our total energy requirements.





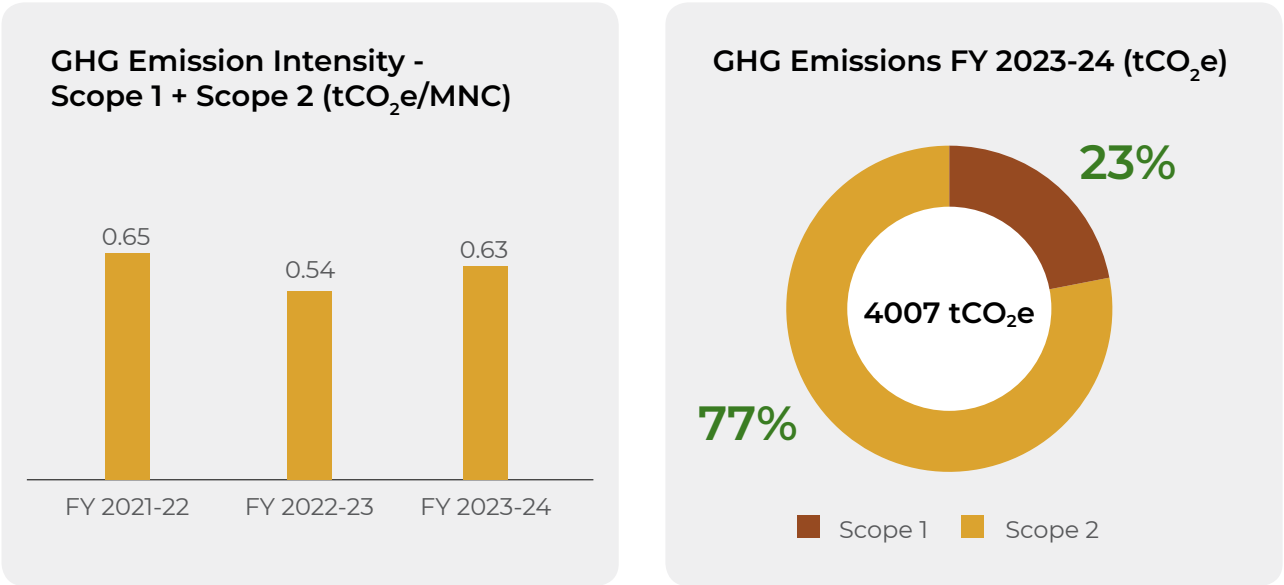
Direct energy, including High-Speed Diesel (HSD) and Piped Natural Gas (PNG), accounted for approximately 72% of the total direct energy consumption, while onsite solar plants contributed to 28% of our direct energy requirements.



We recognize our responsibility for all three types of greenhouse gas (GHG) emissions (Scope 1, Scope 2, and Scope 3) originating from our operations and both upstream and downstream in the value chain. During the reporting period, we have measured and monitored our Scope 1 and Scope 2 emissions.

The following table and graphs illustrate the organization's GHG emissions profile for the last three fiscal years:

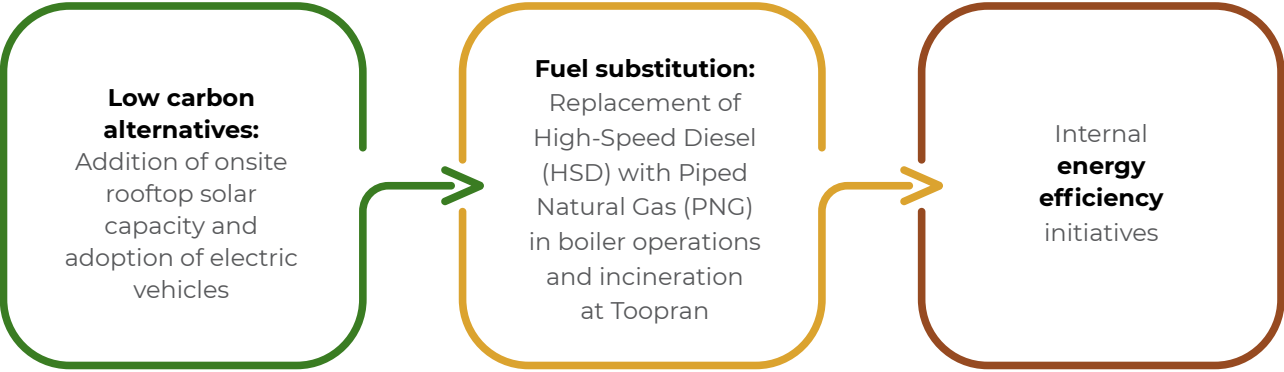
Financial Year	Scope 1 Emissions (tCO <sub>2</sub> e)	Scope 2 Emissions (tCO <sub>2</sub> e)	Scope 1 + Scope 2 (tCO <sub>2</sub> e)	Total GHG intensity (tCO <sub>2</sub> e/ MNC)
FY 2021-22	762	3559	4321	0.65
FY 2022-23	642	2819	3461	0.54
FY 2023-24	910	3097	4007	0.63



We are dedicated to evaluating and reducing emissions across our value chain. In FY 2023-24, we successfully estimated our Scope 3 emissions in three key categories: fuel and energy-related activities, Downstream transportation (excluding exports), and business travel. However, as we move forward, we plan to broaden our scope to include additional categories, further minimizing our environmental footprint.

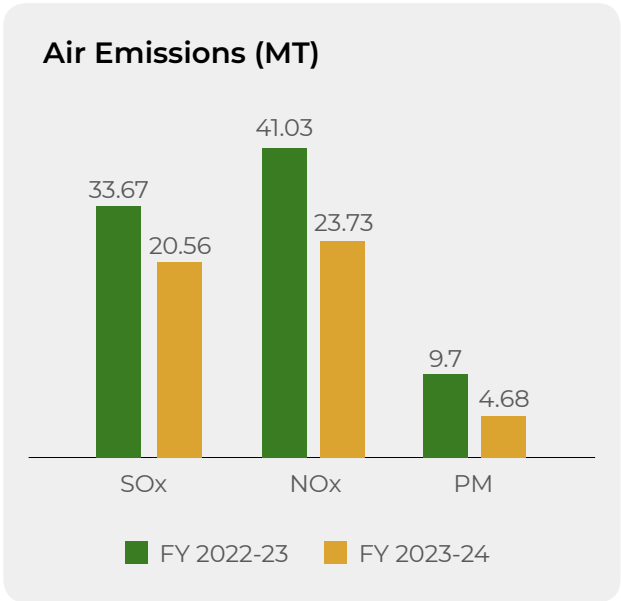
Category	Reporting Period	Total (in tCO <sub>2</sub> eq)
Category 3 - Fuel and Energy Related Activities (not included in Scope 1 and Scope 2)	FY 2023-24	1402
Category 6 - Business Travel	FY 2023-24	376
Category 9 - Downstream Transportation (Road) - Excluding Exports	FY 2023-24	1615
Total Scope 3 Emissions		3393

We have also undertaken various initiatives that act as levers for the reduction of our carbon footprint and subsequently our path towards, achieving carbon neutrality. Following are some such initiatives:



### Air Emissions

Ensuring air quality preservation both within and around our plants remains a top priority. We conduct monthly monitoring of stack emissions through NABL-accredited third-party agencies and have implemented proactive measures to mitigate dust pollution. This includes the installation of bag filters at our DG set stacks and piped natural gas projects. Our SOx emissions reduced by approximately 40%, NOx emissions reduced by 42% and PM by 52% during the reporting period. Below are our air emissions data for the last 2 reporting periods.





# Water Management

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

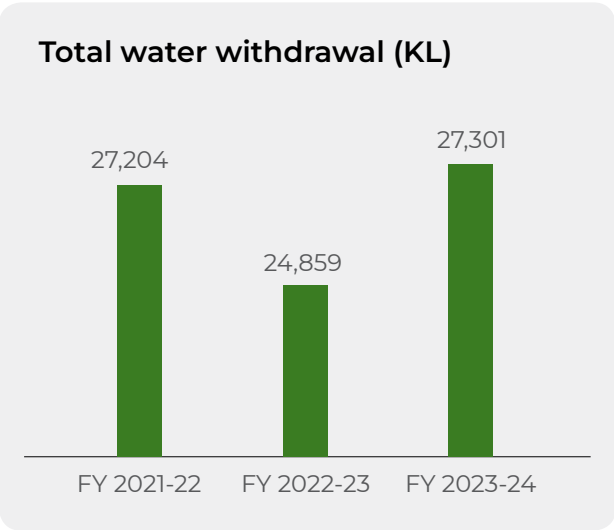
We acknowledge the water scarcity in various regions of our country and recognize the interconnection of the water cycle with the impacts of climate change. Guided by our Water Stewardship Policy, we consistently monitor water-related risks and opportunities through regular water audits and balance studies, conducted both internally and with the assistance of third-party experts. Based on these assessments, we develop action plans to mitigate risks.

Our robust water management practices have led to VST achieving certification from the Alliance for Water Stewardship. Our unit in Toopran has received a Gold rated certification from the Alliance for Water Stewardship during the reporting period.

### Water withdrawal:

At VST, we source water from various outlets, including groundwater and third-party municipal suppliers, in compliance with regulatory standards. Our primary use of water is for handling and blending tobacco leaf and stem. Additionally, water is utilized for drinking and domestic purposes. During the reporting period, we sourced only groundwater.

The summary of our water withdrawal for the last 3 financial years are as follows:



## Adopting Alliance for Water Stewardship (AWS) for Sustainable Cut Tobacco Manufacturing: VST Industries Limited's Path

VST Industries Limited values water stewardship as essential to sustainable business practices. We have adopted the Alliance for Water Stewardship (AWS) framework, a globally recognized standard that promotes sustainable water resource management by enhancing governance, improving water quality, and ensuring responsible water use across industries and communities.

Aligned with this framework, VST Industries Limited integrates water stewardship into its core business strategy, promoting responsible water use and conservation. Utilizing the World Resources Institute's (WRI) Aqueduct tool, we identified potential water risks and engaged with local communities to assess their impact on livelihoods. Based on this analysis, we developed an action plan focused on reducing water consumption, increasing availability through harvesting and recycling, and educating stakeholders throughout our value chain. These efforts contributed to our facility in Toopran achieving a gold rating certification from AWS during FY 2023-24, underscoring our commitment to proactive water stewardship and risk mitigation.

Water Intensity FY 2023-24  
**4.31 KL/MNC**

Financial Year	Surface Water	Groundwater (Borewells)	Third-Party Water (Municipality, IDC Water supply)	Total Water Withdrawal
FY 2021-22	0	26113	1094	27204
FY 2022-23	0	23527	1332	24859
FY 2023-24	0	27301	0	27301

### Water Conservation Strategy

As responsible water stewards, we aim to reduce our impact on freshwater sources and enhance our water efficiency, guided by our Water Stewardship Policy. Our strategies prioritize minimizing water consumption, exploring alternative water sources, and maintaining zero liquid discharge status across all our sites.

#### Zero Liquid Discharge

Both of our manufacturing plants operate as zero liquid discharge facilities. The wastewater produced on-site undergoes recycling for gardening purposes, and strict measures are taken to prevent any discharge of effluent beyond the facility boundaries. To promote responsible resource management, we conduct ongoing monitoring of groundwater usage and the performance of our effluent treatment plants. Furthermore, in adherence to pertinent environmental regulations, we regularly submit reports on groundwater and effluent to the pollution control boards.

#### Optimizing Water Consumption

Installation of low flow water fixtures at high water use areas

Installation of Sensor based water taps to reduce the water consumption

Effective monitoring of water consumption

Periodical maintenance of water infrastructure

#### Rainwater Harvesting

As we work towards our overarching aim of achieving triple water positivity by 2030, we are proactively building rainwater harvesting and recharging systems to sustain optimal groundwater levels. Presently, we have installed ten rainwater harvesting pits across our manufacturing sites, with a combined capacity to harvest 1,37,606 kilolitres of rainwater. These facilities are employed to recharge groundwater through percolation, demonstrating our unwavering dedication to responsible water stewardship. VST's operations have been 2.4 times water positive during FY2023-24.





# Waste Management

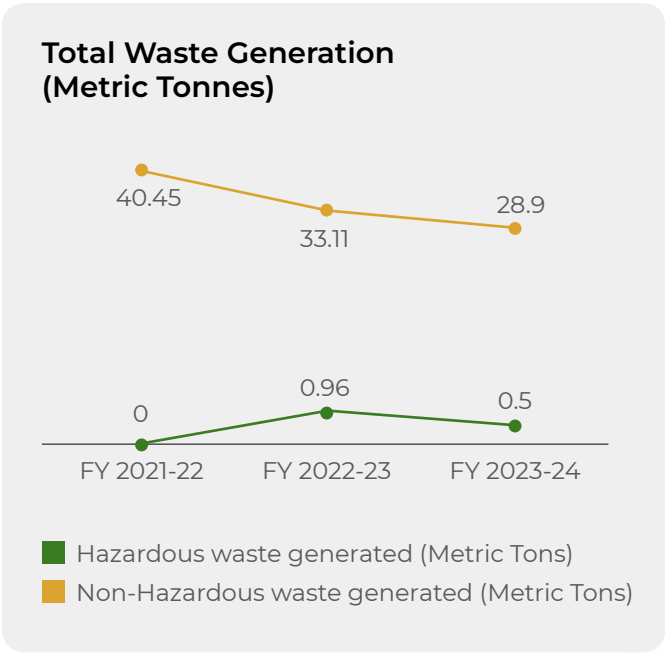
(GRI 306-1; GRI 306-2, GRI 306-3)

At VST, we understand the crucial role of responsible waste management in reducing our environmental footprint and advancing sustainability. Through our focused initiatives, we aim to foster a cleaner and more sustainable environment while adhering to international environmental norms.

Our proactive approach involves categorizing the waste generated at our facilities into hazardous

and non-hazardous types and ensuring appropriate disposal through approved methods. Hazardous waste is managed by approved third-party recyclers sanctioned by the State Pollution Control Board (SPCB), while non-hazardous waste is sold to scrap vendors. The waste generated from our operations has been steadily declining over the past 3 years as is evident from the table and trend lines presented below.

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Hazardous waste generated (Metric Tons)	NIL	0.96	0.5
Non-Hazardous waste generated (Metric Tons)	40.45	33.11	28.9



# Circular Economy

At VST, we recognize that every material possesses intrinsic value, both during its use and at the end of its lifecycle. This value can be unlocked through efficient and responsible waste management. We implement processes to reclaim our packaging materials, especially plastic waste, for safe disposal at the end of their lifecycle. In FY 2023-24, we increased the recovery of our non-MLP plastic

waste from 184.94 MT to 203 MT, recycling it through authorized recyclers. Additionally, as part of our commitment to the Circular Economy, we have switched to using 100% biodegradable BOPP overwrap instead of non-recyclable BOPP films. All of our paper and paperboard packaging materials are also recyclable.





# Sustainable Material

(GRI 301-1)  
.....

At VST, we integrate the 3R philosophy of waste management—Reduce, Reuse, and Recycle—into all our business practices. This approach not only aims to lessen the impact of resource depletion but also enhances the efficient utilization of materials. A key focus for us is ensuring that the materials we use in our production processes are recyclable. To achieve this, we continuously implement effective initiatives on the shop floor, invest in technology upgrades, and reengineer our processes. These efforts collectively help us optimize resource consumption and contribute to a more sustainable operation.

Raw material	Unit	FY 2023-24
Filters	Million Nos	1313
HLPS	Million Nos	825
Cigarette paper	Million meters	378
PCT	Million meters	118
Adhesive	Metric Ton	134
CFC	Million Nos	0.59
Bundling Paper	Million meters	106
Inner Frame	Metric Ton	427
Gay wrapper	Million meters	9
BOPP	Metric Ton	132



# Biodiversity

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

As stewards of the environment, we are deeply committed to preserving local ecosystems and biodiversity. Our focus extends to protecting natural regeneration processes and fostering the coexistence of diverse ecosystems.

One key aspect of our commitment involves ensuring that the tobacco leaves we source do not contribute to deforestation of primary or protected forest areas. We promote sustainable practices among our contracted farmers, encouraging the use of renewable resources like self-sufficient firewood and biomass for tobacco curing.

Moreover, we advocate for the adoption of efficient curing technologies to minimize fuel usage and shorten curing periods, further reducing our environmental footprint.

Our commitment towards zero deforestation extends to our raw materials and packaging materials also.

Furthermore, both of our manufacturing facilities prioritize environmental sustainability by maintaining green cover and implementing plantation initiatives to expand overall green spaces. We have established new biodiversity areas through the planting of diverse plant species, enriching the local flora ecosystems where we operate. In sourcing paper and paperboard products, we are committed to sustainability by procuring materials from FSC/ PEFC certified sources, although the exact percentage used in relation to total consumption may vary. Additionally, as part of our commitment to wildlife conservation, we have supported a Whale Shark conservation project aimed at protecting these majestic creatures and fostering ecosystem diversity.

During the reporting period, procurement to the tune of 100% of tobacco leaf purchased cured from sources that have no risk of deforestation of primary and protected forests.



# Sustainable Agriculture

## Contents of this Section

- Farmer Livelihood
- Climate Resilience

## SDGs Impacted





At VST, our sustainable development strategy is centred on creating value that benefits our business, society, and the environment. Sustainable agriculture is one of our key focus areas, which includes implementing good agricultural practices on a larger scale to protect the environment, improving farmer livelihoods, and strengthening farming communities' resilience and well-being.

Our Farmer Handbook outlines these practices, which are supported by a team of field technicians who provide regular guidance to farmers. Equipped with the GMS mobile application, these technicians monitor various farming activities and ensure compliance with agricultural labour practices and environmental standards.

Data collected through the GMS application is analysed by our leaf function to track progress towards our sustainability goals. Our mid-term and long-term objectives for sustainable farming are outlined below, demonstrating our ongoing commitment to responsible agricultural practices.

Target	Target Year	Status as on FY 2023-24	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 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	60%	Farmer Livelihood
Explore and implement mechanization of other farm operations (harvesting & plantation) for at least 20% of tobacco area	2030	Shall research, Evaluate & identify successful technologies for mechanization of Harvesting & Plantation.	Farmer Livelihood
30% of contracted farmers (for Talmari & Oriental crops) to use drip irrigation	2030	5%	Climate resilience
30% of crop protection agents used by contracted farmers to be biofertilizer/ biochemicals based	2030	7%	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

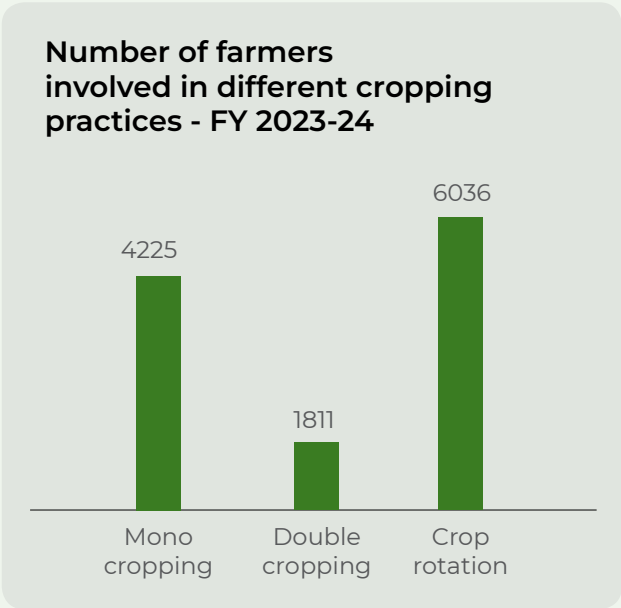
# Farmer Livelihood

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

We deeply value our contracted farmers as essential partners in realizing our overarching sustainability objectives. Despite encountering obstacles like climate change and geopolitical tensions our unwavering dedication remains steadfast in fostering the sustainable well-being of our farming community through a range of initiatives aimed at enhancing their livelihoods.

**Investing in Farming Community**

We prioritize investing in the farming community to foster sustainable agricultural practices and enhance livelihoods. Through strategic initiatives and support such as training programs, access to modern farming techniques, and promoting organic farming practices, we aim to empower farmers and strengthen agricultural resilience. At VST, we are committed to enhancing farmer livelihoods by ensuring fair trade practices and equitable partnerships throughout our supply chain. Through the following initiatives and support, we aim to empower farmers and strengthen agricultural resilience.





### Enhancing Soil Quality

We collaborate closely with farmers to mitigate the adverse effects of monocropping and intensive tillage methods, emphasizing the importance of soil quality. Through awareness-raising and promotion of alternatives like crop rotation, we have effectively reduced monocropping practices among farmers. We provide guidance on utilizing farmyard manure, green manure crops, and adopting reduced tillage to boost soil organic carbon levels, alongside discussions on the significance of utilizing leftover crop residue and soil sampling. This transition not only balances soil nutrient levels but also enhances soil health through increased organic matter.

### Boosting Agricultural Productivity

Through farmer trainings, we encourage the adoption of practices such as using healthy seedlings, applying fertilizers at the right time and dose, and implementing topping and suckicide techniques to improve tobacco production and nicotine levels while enhancing overall quality. Collaborating with the Tobacco Board, we have upgraded our tobacco production methods by introducing modern threshing plants and re-drying facilities, ensuring higher yields and compliance with export standards. Moreover, we advocate for seed varieties that prioritize both high yield and environmental sustainability. Additionally, we are exploring mechanization options for field preparation, stubble removal, and harvesting to boost farmer profitability through increased productivity and reduced production costs.

### Ensuring Optimal Quality

Ensuring top-notch quality is paramount alongside crop productivity for maximizing farmers' income. At VST, we guarantee compliance with international standards for pesticide residue levels and Tobacco Specific Nitrosamines (TSNAs). We monitor excellent produce quality by ensuring that our farmers practice detecting and removing Non-Tobacco Related Material (NTRM) by sorting and cleaning bales. We firmly believe that these measures improve farmer livelihoods and contribute to creating superior working conditions for the agricultural community.

As we strive to improve the livelihoods and well-being of farmers, we have been vigilant in monitoring agricultural practices to prevent human rights abuses. We provide training to our contractual workers on VST's ALP code.

### Protection of Human Rights

As we strive to improve the livelihoods and well-being of farmers, we have been vigilant in monitoring agricultural practices to prevent human rights abuses. We provide training to our contractual workers on VST's ALP code. At present 39% of our contractual workers have been trained in VST's ALP Code and have implemented the same. We deploy field technicians to monitor farms for human rights violations, which are reported via the GMS application. We prioritize cooperation and dialogue to address these issues and work to educate farmers on their responsibilities and how to report challenges. Our approach involves collaborating with farmers' families and communities to find sustainable solutions that promote social equity.

### Ensuring Safe Tobacco Cultivation

Tobacco cultivation is associated with significant health and safety risks, particularly pesticide exposure that can lead to Green Tobacco Sickness (GTS). To address the issue of GTS, we supply farmers and workers with Personal Protective Equipment (PPE) kits. At present, around 39% of our contracted farmers have access to PPE and we aim to gradually increasing coverage to 100% of contracted farmers. Additionally, we conduct training sessions to raise awareness about the causes of GTS and demonstrate proper PPE usage during field days, which are monitored by field technicians to ensure effectiveness.





# Climate Resilience

Establishing a climate-resilient supply chain is a critical component of our business strategy. To achieve this objective, we actively engage with farmers to raise their awareness of global climate issues and understand the specific challenges they face at the grassroots level due to climate change. By fostering direct communication, we gain valuable insights into their experiences and difficulties. These interactions enable us to collaboratively identify and implement practical solutions that effectively mitigate the adverse effects of climate change on their agricultural practices. Our goal is to ensure that our supply chain remains robust and sustainable in the face of evolving climate conditions. Additionally, we provide continuous support and resources to farmers, helping them adopt innovative techniques and technologies that enhance their resilience to climate-related disruptions.

## Sustainable Alternatives

Recognizing the significant environmental impact of synthetic fertilizers and pesticides within the tobacco supply chain, particularly the substantial greenhouse gas emissions such as nitrous oxide, we have initiated a pilot program to address these concerns. This program introduces farmers to biochemical suppliers, offering them sustainable alternatives to traditional synthetic products.

Through this initiative, we aim to reduce the environmental footprint of tobacco cultivation by promoting the use of eco-friendly fertilizers and pest control methods. Additionally, we provide farmers with training and support to effectively integrate these biochemical solutions into their farming practices. By fostering a shift towards more sustainable agricultural methods, we strive to mitigate the negative effects on the environment while maintaining high standard of crop quality and yield.

## Low Carbon Curing

Curing represents a major source of emission in the tobacco supply chain. To achieve low-carbon curing, we firmly oppose deforestation and the use of forest wood. Instead, we encourage our contracted farmers to adopt eco-friendly methods such as sun curing and air curing. Additionally, farmers are encouraged to utilize agricultural waste products like tobacco stalks, maize husks, sawdust, sunflower heads, groundnut shells, and cotton stalks for the curing process.

Managing the biogenic emissions from these agricultural wastes is a critical element of our strategy. We provide farmers with guidance and resources to optimize the use of these materials, ensuring they are used efficiently and with minimal environmental impact. By promoting sustainable curing practices and the use of renewable resources, we aim to significantly reduce the carbon footprint of tobacco curing, contributing to a more sustainable supply chain and a healthier environment.

## Water Stewardship

As climate change progresses, extended periods of low precipitation can increase water stress risks. At VST, we proactively evaluate water stress within our value chain and collaborate closely with stakeholders to develop sustainable irrigation methods that ensure local communities continue to have access to water. Recognizing the heavy reliance of tobacco cultivation on rainfall, we are dedicated to mitigating the risks of water scarcity due to inadequate precipitation.

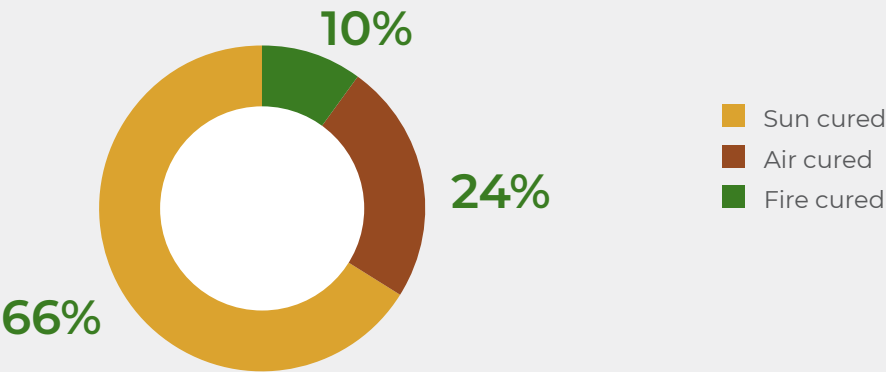
To tackle these challenges, we have implemented various initiatives, including drip irrigation, micro-sprinklers, and green manuring. Currently, around 50% of our farmers have access to alternative water sources for irrigation, and 39% of our nurseries are equipped with micro-sprinklers. These methods not only conserve water but also enhance soil health and crop yields. As committed water stewards, we regularly monitor the adoption of these practices

among our farmers and continuously seek opportunities to optimize water usage upstream in our supply chain. Our goal is for 100% of our nurseries to be equipped with micro-sprinklers by 2025.

## Waste Management

Agrochemicals and crop protection agents are essential for enhancing soil nutrients and crop yields. However, improper handling of hazardous waste can pose significant risks to human health and the environment. Our contracts mandate that farmers ensure the safe disposal of empty crop protection agent (CPA) containers by thoroughly rinsing and puncturing them to prevent reuse. We also educate farmers on safe agrochemical use and disposal practices, providing CPA boxes for secure storage. Currently, 48% of our farmers have been trained in the use of agrochemicals and the safe disposal of CPA containers and are complying with the same.

Curing practices followed in FY 2023-24  
(% of tobacco volume procured)





# 08

## Inclusive Growth

### Contents of this Section

- Responsible Marketing
- Littering Prevention
- Community Initiatives

### SDGs Impacted





We are committed to generating shared value and fostering inclusive growth across our entire value chain. Our dedication to fulfilling our responsibilities to stakeholders remains steadfast, as we closely collaborate with local communities near our manufacturing facilities to assess and address the impacts of our operations. Furthermore, we provide ongoing support to tobacco farmers in adopting new, sustainable cultivation methods.

Our CSR policy and initiatives, aligned with our vision and mission, outlines the different thrust areas for deploying CSR funds and implementing social development programs.

Furthermore, as a responsible corporate entity, we are fully committed to complying with the COTPA guidelines of 2016. Our adherence to these regulations governs our practices in packaging, labelling, advertising, and promotion, ensuring that we conduct our business with integrity and in accordance with the law. We engage in ongoing social dialogue with stakeholders and regulatory bodies, maintaining open and transparent communication channels. This dialogue is facilitated through our active participation in industry associations, which allows us to stay abreast of evolving regulations and community expectations.

# Responsible Marketing

(GRI 417-1, GRI 417-2, GRI 417-3)  
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At VST, our marketing practices are in strict compliance with the COTPA guidelines of 2016, as set forth by the Government of India. These guidelines are in harmony with the World Health Organization's Framework Convention on Tobacco Control (FCTC) treaty. Our adherence to these regulations ensures that all aspects of our marketing—labelling, packaging, advertising, and promotion—are conducted responsibly, with a clear mandate to prevent the dissemination of misleading information regarding tobacco products. To maintain this standard, all our marketing

## At VST, our marketing practices are in strict compliance with the COTPA guidelines of 2016, as set forth by the Government of India.

personnel go through a comprehensive training program led by our experienced senior staff. This program is designed to acquaint them thoroughly with the nuances of the COTPA guidelines. Parallely, our sales team plays a pivotal role in educating our stakeholders about the COTPA regulations. They provide robust support to our retail partners, which includes the distribution of “Not for Sale to Minors” signages, thereby reinforcing our commitment to responsible retailing.

Understanding the importance of addressing concerns and maintaining open lines of communication, we have established a toll-free number for the reporting of grievances. This service is managed by dedicated grievance redressal executives who ensure that any issues are resolved swiftly and effectively.

Our proactive approach extends to the fields as well, where our sales team routinely carries out surveys to engage with retailers, addressing their concerns, and keeping a vigilant eye on competitive activities. Additionally, we conduct consumer surveys that focus exclusively on adult smokers over the age of 21. These surveys are carefully designed to gauge brand equity and consumption patterns while strictly adhering to legal age restrictions. A key aspect of our policy is the deliberate exclusion of individuals under 18 years of age from any tobacco-related campaigns or activities, underscoring our commitment to responsible marketing practices.

In our ongoing efforts to uphold these standards, we are proud to report that in the fiscal year 2023-24, we have not received a single customer complaint. This achievement reflects our unwavering dedication to responsible marketing and the effectiveness of our policies in aligning with both national and international guidelines.

# Littering Prevention

VST is committed to minimizing its environmental footprint by adopting the circular economy principles, which emphasize on reintegrating every product or component used in our operations and product lifecycle back into the economic stream. To achieve this goal, we have partnered with authorized waste recyclers to organize clean-up initiatives targeting plastic waste littering. During the reporting period, we successfully collected and responsibly disposed of 208 metric tons of post-consumer plastic waste across India, collaborating with a recycler approved by the State Pollution Control Board (SPCB).

# Community Initiatives

(GRI 413-1)  
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Our Corporate Social Responsibility (CSR) Policy is aimed at fostering inclusive growth and equitable development. Following the guidelines outlined in Schedule VII of Section 135 of the Companies Act, 2013, we have identified focus areas for our social contributions. Through ongoing assessments of community needs, we strategically invest in projects aligned with our values and objectives, setting clear success metrics for both short and long-term initiatives. This approach enables us to maximize our impact in key areas and continually enhance the effectiveness of our CSR endeavours.

### Need Assessment Methodology

**In-depth Interviews:**  
Sarpanches,  
Government  
Education  
and Health  
Officials

**Focus Group Discussions :**  
Male and Female  
Farmers

**Household survey**

We have identified specific thematic areas where our strategic efforts bolster community engagement. These areas are closely aligned with our ESG strategic objectives and priorities, with a heightened focus on regions cultivating Barley and High Nicotine tobacco.


CSR Spend FY 2023-24	
Rural Development	0.88 INR Cr
Health & Sanitation	2.67 INR Cr
Education & Sports	5.55 INR Cr*
Environment & Sustainability	1.68 INR Cr
Total CSR Spend – 10.80 INR Cr	

\* Includes unspent amount from previous year - Rs.2.49 INR Cr



8

DECENT WORK AND ECONOMIC GROWTH



Rural Development

Empowering Women through Menstrual Hygiene: Naari Shakti Initiative

Skill development program - bolstering self-sustainability of rural women

3

GOOD HEALTH AND WELL-BEING



Health and Sanitation

VST Care - Eye care and Healthcare camps. Sponsored a mobile medical unit.

Swachh Ghar Mission - Enhancing sanitation facilities through construction of toilets

4

QUALITY EDUCATION



Education

Project Gyandeeep Upgrading educational infrastructure

Mid day meals promoting nutrition among disadvantaged children

13

CLIMATE ACTION



Environment & Sustainability

Sponsoring electric vehicles, solar lights and solar panels. Introduction of electric food van.

Promoting biodiversity conservation.

# FOCUS AREA 1 Rural Development

INITIATIVES

Skill Development Programme

- Training rural woman for self-sustenance – Women Entrepreneurs
- Vocational Skill training program for youth

Menstrual Hygiene – Naari Shakti

about menstrual hygiene management and encouraging the use of reusable cloth pads. Approximately 10,900 women directly benefited from the initiative, positively impacting their families and communities. Through training and resources, the initiative not only empowered women but also improved their health, dignity, and overall well-being.

## Skill Development Programme – Empowering Entrepreneurs

In a concerted effort to bolster the self-sustainability of rural women in Toopran and villages of Kurnool district, Telangana, we initiated sponsored skill programs tailored for women entrepreneurs. Through this endeavour, a total of 300 women entrepreneurs and aspiring businesswomen have directly benefited from our skill program initiative. By providing training in financial discipline, soft skills, and other essential areas, we aim to empower these women, enabling them to thrive in their respective endeavours and contribute positively to their communities' economic growth and well-being.

## Naari Shakti – Facilitating Hygiene at Home

To address the challenge of limited access to affordable sanitary products in Undavelly Mandal, our Naari Shakti Initiative was launched. This initiative aims to promote menstrual hygiene and empower women in the Jogulamba Gadwal District of Telangana by raising awareness





# FOCUS AREA 2 Health & Sanitation

INITIATIVES

Swachh Ghar Mission

- Household toilets construction
- Creating awareness on safe hygiene habits

Providing medical support

## Swachh Ghar Mission – Enhancing Sanitation Facilities

Gramalaya, a non-profit organization specializing in health, sanitation, and hygiene promotion, has been an invaluable partner in VST Industries' 'Swachh Ghar' mission. Their expertise in sanitation initiatives and community engagement has been pivotal in identifying the urgent need for enhanced sanitation facilities in Telangana's Jog Lamba-Gadwal district. Collaborating closely with Gramalaya, we have successfully implemented

575 families directly impacted with a total headcount of 2,875 beneficiaries

Additionally, 10,000 people from nearby villages benefitted

the construction of toilets in individual homes, particularly those of farmers in the area.

Gramalaya's contribution encompasses providing technical expertise, conducting community awareness campaigns, and ensuring the long-term sustainability of the sanitation project. They've actively engaged with beneficiary villages and neighbouring communities, raising awareness about the significance of health and sanitation practices.

Through this collaborative effort, Gramalaya has played a vital role in fostering positive change and creating healthier living environments for communities in and around the Jogulamba-Gadwal district. Our joint endeavours have not only enhanced sanitation facilities but also heightened awareness about health and hygiene practices, ultimately improving the overall well-being of beneficiaries and neighbouring communities.

## VST Care - Enhancing Healthcare Accessibility

In our commitment to enhancing healthcare accessibility and promoting well-being in rural areas, we have undertaken several impactful initiatives during the reporting period:

- Collaborated with the Red Cross Society to organize Medical and Health Care camps in Toopran, delivering vital medical services to the local community.
- Partnered with L.V. Prasad Eye Hospital to conduct Eye Healthcare camps, offering essential eye care services in the region.
- Sponsored a Mobile Medical Unit (Ambulance) to serve 22 villages in Kurnool, providing immediate healthcare support.
- Achieved comprehensive health check-ups for 2000 individuals and essential eye examinations for 2800 people through the Mobile Medical Unit initiative.
- Operated a Mobile Dispensary that served approximately 80,000 individuals across the 22 villages, offering crucial medical assistance and support.

Through these endeavours, we remain dedicated to improving healthcare access and fostering well-being in rural communities.





# FOCUS AREA 3 Education and Sports

## INITIATIVES

- Mid-day meals
- Building school infrastructure
- Sponsoring sports at national level



## Mid-day Meals - Providing Nutritious Meals to Underprivileged Children

In our commitment to alleviating hunger and promoting nutrition among disadvantaged children, we have partnered with the Akshaya Patra to implement the Mid-day Meal program. This initiative aims to provide nutritious meals to underprivileged children in government schools and Anganwadis in Medak district, Hyderabad, ensuring they receive essential nourishment during school hours. By addressing classroom hunger and supporting children's overall well-being and academic performance, our efforts aim to make a positive impact on their lives. Through the Mid-day meal initiative, we have directly impacted the lives of 5,000 individuals.

## Mission Gyandeeep – Upgrading Educational Infrastructure



In our ongoing commitment to improving educational infrastructure and fostering a conducive learning environment, we have undertaken significant initiatives in various government schools, such as:

Upgraded infrastructure in three government schools in Toopran, improving educational facilities and learning environments for about 1,600 school children.

Sponsored the construction of a three-floor classroom building in Hindi Maha Vidyalay School, Vidyanagar, Hyderabad, benefiting approximately 1,200 students.

These endeavours reflect our dedication to enhancing educational opportunities and creating a positive impact on the lives of students in both rural and urban settings. Through these projects, we aim to empower students with better educational facilities, ultimately contributing to their academic success and overall development.

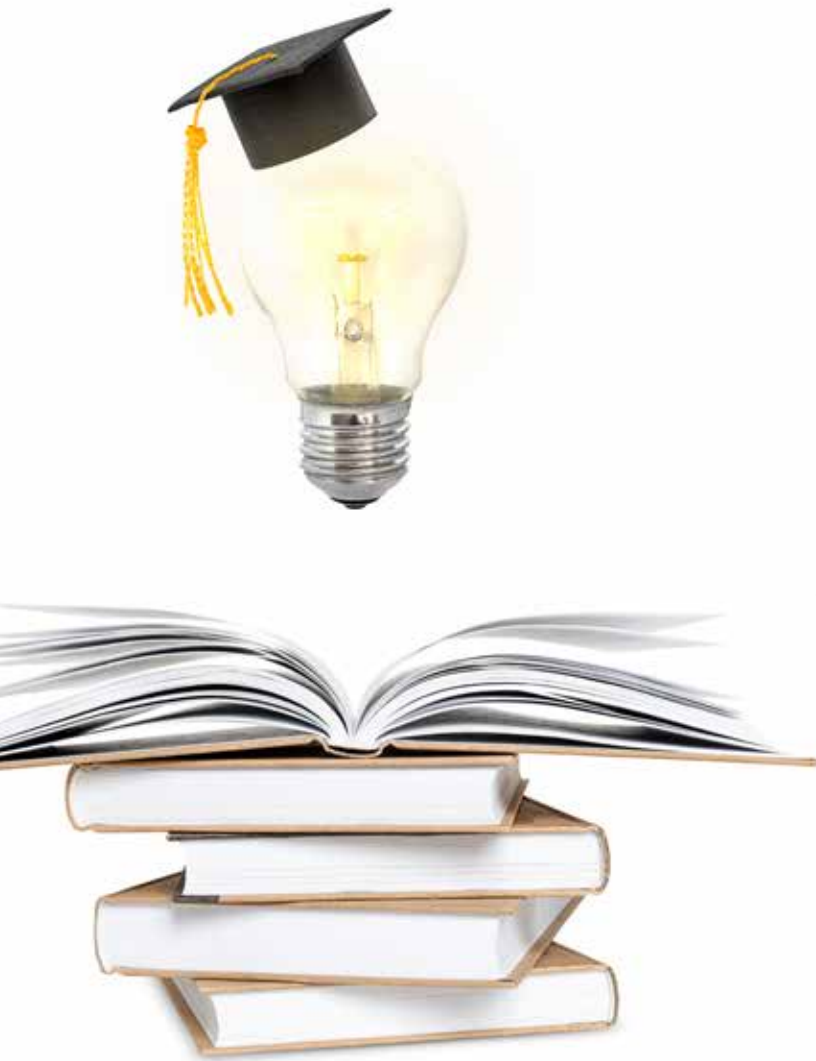
## Sponsoring sports at national level

As part of our commitment to fostering talent through sports development, we have initiated several impactful endeavours. We proudly sponsored a national-level chess competition tailored for blind children, providing them with a platform to showcase their skills and excel in the sport.

Additionally, we extended our support by sponsoring coaching sessions for Preeti Kongara, an esteemed participant in Asian and Olympics Yacht competitions, demonstrating our dedication to nurturing talent and excellence in sports.

Furthermore, we are actively encouraging and focusing on the development of 650 students, emphasizing the importance of arts, sports, and other extracurricular activities.

Through these initiatives, we aim to inspire and empower individuals to pursue their passions, achieve their potential, and represent the nation with pride on various platforms.





# FOCUS AREA 4 Environment & Sustainability

## INITIATIVES

Projects promoting sustainability e.g.: Solar panels in villages, schools etc.

Projects promoting conservation of wildlife.

## Projects promoting sustainability

In our commitment to promoting sustainability and environmental consciousness, we have undertaken various impactful projects aimed at reducing carbon footprint and fostering eco-friendly practices such as:

- Sponsored electric vehicles and installed solar panels and lights across rooftops in government schools, hospitals, and Cherlapalli jail in Telangana state to reduce carbon footprint and encourage eco-friendly practices.
- Provided electric vehicles for M/s Akshay Patra and M/s Devnar Blind School to minimize emissions and support cleaner transportation methods.
- Partnered with Secunderabad Club to conduct an environment protection awareness program, enhancing sustainable practice awareness within the community.
- Installed solar lights in Cherlapally Jail and solar rooftop panels in 16 schools across Telangana, benefiting inmates and students with clean energy sources.

- Introduced an electric food van in Medak District of Telangana, serving 350 students' nutritious meals and reducing carbon emissions.
- Organized a walkathon with 400 participants to promote environmental awareness and advocate for sustainable living practices.
- Committed to creating a greener, healthier environment for current and future generations, benefiting communities and cultivating a culture of sustainability.

Through these initiatives, we strive to create a greener and healthier environment for present and future generations, benefitting communities and fostering a culture of sustainability.

## Projects promoting conservation of biodiversity – in collaboration with Wildlife Trust of India

In our dedication to wildlife conservation and biodiversity preservation, we have sponsored a Whale Shark conservation project in collaboration with the Wildlife Trust of India (WTI). Through this endeavour, we have successfully engaged with over 100,000 individuals, instilling a sense of responsibility and spurring community action towards environmental preservation. Our educational outreach and advocacy work have been instrumental in enlightening the public about the significance of Whale Sharks and the urgent need to address the threats they face due to human activities. We hope to create a legacy of conservation that upholds the harmony between wildlife and human development.

Impact of our CSR initiatives - FY 2023-24			
CSR Initiative	Theme	*Direct impact	*Indirect impact
Menstrual Hygiene	Rural Development	10,000 Women benefitted	1,00,000 (Including 50000 people nearby villages)
Skill development programs	Rural Development	300 women entrepreneurs Aspiring entrepreneurs & 600 youth in Toopran	15,000 (Including 10,000 people through jobs and business beneficiaries in the villages)
Health care	Health & Sanitation	85,000 villagers benefitted	5,25,000 (including 1 lac people in nearby villages)
Toilet Construction	Health & Sanitation	575 families benefitted	10,000 (including 7000 villagers in the nearby areas)
Mid-day meals	Education & Sports	5,000 children benefitted	40,000 (including 3000 children going to school from villages and 15000 people)
School Infra support	Education & Sports	3,000 students benefitted	100,000 (including students in the subsequent batches and their families in the next 5 years)
Enhanced Education program	Education & Sports	650 students benefitted	20,000 (including 1000 students getting inspired along with their families)
Environmental awareness	Environment & Sustainability	800 inhabitants benefitted	4,000 (including families of the students)
Wildlife conservation	Environment & Sustainability	50,000 inhabitants benefit	1,00,000 (including Fishers, population in nearby villages)
Sports – Yatch coaching	Environment & Sustainability		1,00,000 (Approx estimate basis Youth Icon tag, press clippings)
*Through the CSR initiatives 2 lac lives are impacted directly and 1 million lives are impacted indirectly			



# CSR – Employee Engagement

We prioritize the active engagement of our employees in community support initiatives, recognizing the value of their involvement in making meaningful contributions. We also believe that their participation in these endeavours will

enhance the well-being of the communities, fostering a sense of fulfilment among employees as they contribute positively to society. With this aim in mind, we have developed a three-year annual action plan.

<b>CEC Participation in FY 2024</b> ..... CSR Volunteering initiated ..... On an average 25 employees participated in 5 CSRvolunteering programs ..... All HO Women employees Volunteered to participate in Menstrual Hygiene program in Kurnool .....	<b>Employee Participation FY 2025</b> ..... CSR volunteering for all employees at HO – Dedicated full day in a year in a year ..... Involve and engage teams for ideas and effective execution ..... Appreciation & Recognition for volunteer teams .....	<b>Sustained CSR Engagement Mode FY 2026</b> ..... Imparting skills required to maintain and sustain initiatives ..... Creation of CSR clubs seek and implementation of new ideas .....
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09  
GRI Index





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## Assurance statement on third-party verification of sustainability information

Unique identification number: 3153019423

TÜV SÜD South Asia Pvt Ltd. (hereinafter TÜV SÜD) has been engaged by VST Industries Ltd to perform a limited assurance verification of sustainability information in the Sustainability Report by VST Industries Ltd (hereinafter “Company”) for the period from 01.04.2023 to 31.03.2024. The verification was carried out according to the steps and methods described below.

### Scope of the verification

The third-party verification was conducted to obtain limited assurance about whether the sustainability information is prepared in reference to the reporting criteria of the 2021 Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter “Reporting Criteria”).

The following selected disclosures are included in the scope of the assurance engagement: Option “partial report” for reporting year Apr 1, 2023 – Mar 31, 2024

- the quantitative disclosures of following sustainability indicators in the SUSTAINABILITY REPORT”, published at [Welcome to VST Industries Ltd. \(vsthyd.com\)](https://www.vsthyd.com)
- GRI 2: General Disclosure
- GRI 3: Material Topics – 3-1, 3-2, 3-3;
- GRI 302: Energy– 302-1,302-3, 302-4;
- GRI 303: Water –303-1, 303-2, 303-3, 303-4, 303-5;
- GRI 305: Emission 305-1, 305-2, 305-3, 305-4, 305-5, 305-06
- GRI 306: Waste –306-1, 306-2, 306-3

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the integrated reporting, and accordingly, we do not express a conclusion on this information. It was not part of our engagement to review product- or service-related information, references to external information sources, expert opinions and future-related statements in the Report.

### Responsibility of the Company

The legal representatives of the Company are responsible for the preparation of the sustainability information in accordance with the Reporting Criteria. This responsibility includes in particular the selection and use of appropriate methods for sustainability reporting, the collection and compilation of information and the making of appropriate assumptions or, where appropriate, the making of appropriate estimates. Furthermore, the legal representatives are responsible for necessary internal controls to enable the preparation of a sustainability report that is free of material - intentional or unintentional - erroneous information.

### Verification methodology and procedures performed.

The verification engagement has been planned and performed in accordance with the verification methodology developed by the TÜV SÜD Group, which is based upon the ISAE 3000, and ISO 17029. The applied level of assurance was “limited assurance”. Because the level of assurance obtained in a limited assurance, the engagement is lower than in a reasonable assurance engagement, the procedures the verification team performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability information

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and applying analytical and other limited assurance procedures.

The verification was based on a systematic and evidence-based assurance process limited as stated above. The selection of assurance procedures is subject to the auditor's own judgment.

The procedures included amongst others:

- Inquiries of personnel who are responsible for the stakeholder engagement und materiality analysis to understand the reporting boundaries.
- Evaluation of the design and implementation of the systems and processes for compiling, analysing, and aggregating sustainability information as well as for internal controls
- Inquiries of company's representatives responsible for collecting, preparing and consolidating sustainability information and performing internal controls
- Analytical procedures and inspection of sustainability information as reported at group level by all locations.
- Assessment of local data collection and management procedures and control mechanisms through a survey at selected multiple sites located in AZHAMADAB and TOOPRAN

### Conclusion

On the basis of the assessment procedures carried out from 24.09.2024 to 30.09.2024, TÜV SÜD has not become aware of any facts that lead to the conclusion that the selected sustainability information has not been prepared, in all material aspects, in reference to the Reporting Criteria.

### Limitations

The assurance process was subject to the following limitations:

- The subject matter information covered by the engagement are described in the "scope of the engagement". Assurance of further information included in the integrated reporting was not performed. Accordingly, TÜV SÜD do not express a conclusion on this information.
- Financial data were only considered to the extent to check the compliance with the economic indicators provided by the GRI Standards and were drawn directly from independently audited financial accounts. TÜV SÜD did not perform any further assurance procedures on data, which were subject of the annual financial audit.
- The assurance scope excluded forward-looking statements, product- or service-related information, external information sources and expert opinions.

### Use of this Statement

The Company must reproduce the TÜV SÜD statement and possible attachments in full and without omissions, changes, or additions.

This statement is by the scope of the engagement solely intended to inform the Company as to the results of the mandated assessment. TÜV SÜD has not considered the interest of any other party in the selected sustainability information, this assurance report or the conclusions TÜV SÜD has reached. Therefore, nothing in the engagement or this statement provides third parties with any rights or claims whatsoever.

### Independence and competence of the verifier

TÜV SÜD South Asia Pvt Ltd. is an independent certification and testing organization and member of the international TÜV SÜD Group, with accreditations also in the areas of social responsibility and environmental protection. The assurance team was assembled based on the knowledge, experience and qualification of the auditors. TÜV SÜD South Asia Pvt Ltd hereby declares that there is no conflict of interest with the Company.



Place, Date

01-Oct-2024

Mumbai

Prosenjit Mitra

GM- Audit Services

(Business Line - Verification, Validation & Audit)

Sanjeev Sharma

Sr. Lead Auditor



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