



VST Industries Limited

July 28, 2023

The General Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

The Manager
Listing Department
National Stock Exchange of India Ltd.
“Exchange Plaza”
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

STOCK CODE : 509966

STOCK SYMBOL : VSTIND

Dear Sir/Madam,

Sub : Business Responsibility and Sustainability Report for the financial year ended 31st March, 2023

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, the Business Responsibility and Sustainability Report of the Company for the financial year ended 31st March, 2023 which forms part of the Report and Accounts of the Company is enclosed.

Please take the same on record.

Yours faithfully,
For VST INDUSTRIES LIMITED

PHANI K. MANGIPUDI
Company Secretary &
Vice President – Legal & Secretarial

Encl : As above.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity - L29150TG1930PLC000576
2. Name of the Listed Entity - VST Industries Limited
3. Year of Incorporation - 10th November 1930
4. Registered office address - 1-7-1063/1065, Azamabad, Hyderabad - 500 020, Telangana, India.
5. Corporate address - 1-7-1063/1065, Azamabad, Hyderabad - 500 020, Telangana, India.
6. E-mail - investors@vstind.com
7. Telephone - 040-27688000
8. Website - www.vsthyd.com
9. Financial year for which reporting is being done - FY 2022-23

10. Name of the Stock Exchange(s) where shares are listed - BSE/NSE

11. Paid-up Capital - ₹ 15,44,19,200/-

12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report -

Mr. Phani K Mangipudi, Company Secretary & Vice President-Legal & Secretarial

Telephone: +91 040 2768 8000,

E-mail: phanimangipudi@vstind.com

13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).

We do not have any subsidiary company/ companies, hence disclosures under this report are made on the standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
1.	Manufacturing of cigarettes containing tobacco	Manufacturing and marketing cigarettes	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/Service	NIC Code	% of total Turnover Contributed
1.	Cigarettes containing tobacco	12003	80.33%
2.	Unmanufactured tobacco	46202	19.67%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	2 factories at Azamabad and Toopran	13	15
International	-	-	-

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	26 States, 6 Union Territories
International (No. of Countries)	8

b. What is the contribution of exports as a percentage of total turnover of the entity?

10.03%

c. A brief on types of customers

Our customers are primarily adult consumers and new-age consumers who have an open mindset and are willing to try new brands introduced by us. Our robust brand portfolio caters to needs of diverse adult smoker groups across socio-economic strata through our New Age Brands (NABs) and Growth Heritage Brands (GHBs).

IV. Employees

18. Details as at the end of Financial Year i.e.

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	366	352	96.17	14	3.83
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	366	352	96.17	14	3.83
WORKERS						
4.	Permanent (F)	402	402	100.00	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	Total workers (F + G)	402	402	100.00	-	-

b. Differently abled employees

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	-	-	-	-	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	Total differently abled workers (F + G)	-	-	-	-	-

19. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	6	1	16.67
Key Management Personnel (Senior Management)	8	-	-

20. Turnover rate for permanent employees

	FY 2022-23			FY 22			FY 21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	20%	29%	21%	12.78%	11.76%	12.74%	8.70%	21.43%	9.19%
Permanent Workers	8.7%	-	8.7%	8.53%	-	8.53%	10.64%	-	10.64%

V. Holding, subsidiary and associate companies (including joint venture)

21.

- Name of the holding / subsidiary / associate companies / joint ventures (A) – None
- Do the entities indicated in the above table participate in the Business Responsibility initiatives of the listed entity? (Yes/No) – No

VI. CSR details

22.

- Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes
- Turnover: ₹ 1,67,018.04 Lakhs
- Net worth: ₹ 1,17,969.78 Lakhs

VII. Transparency and Disclosures Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy)	FY 2022-23			FY 22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	None	-	-	None
Investors (other than shareholder)	Yes	-	-	None	-	-	None
Shareholder	Yes	66	-	None	61	-	None
Employees	Yes	-	-	None	-	-	None
Customers	Yes	-	-	None	-	-	None
Tobacco farmer and traders	Yes	-	-	None	-	-	None
Suppliers	Yes	-	-	None	-	-	None
Wholesale traders	Yes	-	-	None	-	-	None

24. Overview of the entity's material responsible business conduct issues:

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
1.	Energy	Risk and Opportunity	<ul style="list-style-type: none"> Energy management reduces costs while also reduces the risk of energy scarcity. Effective energy management reduces the GHGs emissions and protects the environment. To meet the statutory compliance. 	We measure the facility's current energy consumption and identify opportunities to decrease energy consumption. We are also developing an energy management strategy with our team and act on the opportunities. We also educate our stakeholders i.e., employees, workers, and others on the importance of energy management and provide them guidance on managing the consumption.	<ul style="list-style-type: none"> Given the cost savings it can bring to the organization and bring down the GHG emissions. Increased operational cost in short term. Regulatory Implications

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
2.	Emissions	Risk and Opportunity	<ul style="list-style-type: none"> Reducing greenhouse gas (GHG) emissions is a vital component of a larger sustainability plan to mitigate the impact of climate change. Mitigate the regulatory risk. Cost savings through resource efficiency. 	We are measuring emissions on an annual basis and tracking the same to identify opportunities for reduction. We are also increasing the contribution of renewables at own premises, substituting with cleaner fuels, and promoting sustainable agricultural practice to reduce our scope 3.	<ul style="list-style-type: none"> Increased Operational costs in short term. Reputational / Brand Image Regulatory Implications
3.	Water	Risk & Opportunity	<ul style="list-style-type: none"> Growing tobacco is a very water-intensive process. Limiting the consumption and effective usage, recycling, and disposal presents an opportunity as an eco-friendly manufacturing. 	We are supporting various initiatives towards water management & harvesting. Both of our manufacturing units have implemented Zero Liquid Discharge (ZLD). We are also finalising KPIs on measuring water withdrawal, consumption, discharged, recycled, and going to track the same on periodical basis to identify opportunities for reduction.	<ul style="list-style-type: none"> Increased operational costs. Reputational / Brand Image Non compliance resulting in fines / penalties
4.	Health and Safety	Risk	<ul style="list-style-type: none"> Health and safety impact company's practice on responsible organization. Effective H&S performance assist in attracting and retaining quality talent. 	We have an effective health and safety practices deployed in accordance with our policies on health and safety measures. We are finalising KPIs on measuring effectiveness of our safety practices including, conducting hazard identification and risk assessment across our value chain.	Bring the investment opportunities for us and reduces operational costs.
5.	Responsible Sourcing	Risk and Opportunity	<ul style="list-style-type: none"> It eliminates sustainability risks in the supply chain. It ensures the stakeholders especially investors and customers on the commodities that are sourced from responsible managed resources and responsible suppliers. 	<p>We have processes in place for integrating sustainability aspects in leaf sourcing.</p> <p>For the non-leaf suppliers', we assess performance on quality, delivery and price. However, going forward we will integrate sustainability aspects in all sourcing process.</p>	<ul style="list-style-type: none"> Improves environmental and social impact while increasing operational costs. Reputational / Brand Image.
6.	Waste Management	Risk and opportunity	<ul style="list-style-type: none"> Management of tobacco product wastes (TPW) at the consumer end. Waste management infrastructure has an important role in delivering sustainable development. 	Hazardous waste being disposed of through PCB approved recycling vendor. We monitor hazardous wastes in our manufacturing units and the wastes are within permissible limits as laid down by the regulators.	<ul style="list-style-type: none"> High operating costs.
7.	Farmer livelihood	Risk & Opportunity	<ul style="list-style-type: none"> Assisting farmers to cope the challenges related to agricultural practices. Increasing their earnings by improving farm productivity Supporting farmers to thrive in a marketplace. 	<ul style="list-style-type: none"> Engaging with key stakeholders for evidence based, non-discriminatory taxation and regulations that safeguard farmer livelihoods. Facilitating financing of agricultural equipment, awareness on reduction of crop losses, quality storage facilities and inventory management. 	Increased operational costs in the short term, while on the positive side it would bring better harvest and hence quality raw materials.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
8.	Circular economy	Opportunity	<ul style="list-style-type: none"> Achieve global climate and sustainable development commitments. Resource efficiency Protect human health and biodiversity. 	<ul style="list-style-type: none"> Ensure 100% recycling of post-consumer packaging waste Ensure 100% packaging is reusable/recyclable/biodegradable 	<ul style="list-style-type: none"> Investment opportunities. Reduction of costs in the long-term.
9.	Employment	Risk & Opportunity	<ul style="list-style-type: none"> Poverty reduction Enhanced productivities Boost companies' social performance as an attractive employer 	<ul style="list-style-type: none"> Employees are provided with skill enhancement training. We also undertake various feedback from employees on our HR practices and understand their need on a regular basis. 	Increased Operational costs however increase in financial earnings with increased productivity.
10.	Labour management relations	Risk	<ul style="list-style-type: none"> Essential for the success of businesses' operations-increased productivity and morale. Boost companies' social performance as an attractive employer. Better working relations with the union at the premises. 	We make contributions to defined contribution schemes such as labour welfare fund which are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the workers. As a company, we ensure our relationship with our workers union are cordial. We recognise the needs of the workers and address their concerns proactively through long-term solutions post interactions and discussions with the Union. We also undertake various feedback from labours on various ESG aspects.	Increased Operational costs however increase in financial earnings with increased productivity.
11.	Human rights	Risk	<ul style="list-style-type: none"> Potential to negatively impact company's ESG performance Violation of Human Rights leads to Regulatory, legal, and legislative challenges 	We have all the policies to mitigate the challenges of human rights and track any issues related to child labour, forced labour, involuntary labour, sexual harassment. We also maintain harmonious working environment with the Union at the factory and undertake feedback exercise on a continuous basis. As a company, we proactively recognise the needs of the workforce and address their concerns through long-term solutions post interactions and discussions with the Union.	<ul style="list-style-type: none"> Increased operational costs. Punitive actions by regulators/legal authority Reputational / Brand Image
12.	Business ethics	Risk	<ul style="list-style-type: none"> Highly opinionated business segment in terms of ethics Regulatory and legal challenges associated with the nature of business we are in. 	We have ensured strong ethical business culture, undertaken measures to have effective risk management such as responsible marketing and promotion of products.	<ul style="list-style-type: none"> Increased operational costs in audit and various checks. Punitive actions by regulators/legal authority
13.	Innovation	Opportunity	<ul style="list-style-type: none"> Development of new products Access to new geographies 	<ul style="list-style-type: none"> Build-in innovative product feature(s) and/or creative taste profile(s) leading to consumer delight and consumer appreciation of product. Ensure best in class quality which shall enhance product image and thereby build competitive edge in markets for our products within the regulatory regime 	Increased operation costs in R&D, Investment opportunities.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
14.	Consumer welfare	Risk & Opportunity	<ul style="list-style-type: none"> • Our abilities to prevent counterfeit products • Our ability to provide consumers with manufactured products that are aligned with societal expectation. • Access to the new geographies 	<ul style="list-style-type: none"> • Prevent counterfeit products or illegal trade we are partnering with the industry to identify inter-governmental efforts and public-private alliances in adopting appropriate measures like sensible taxation • Launching new products to meet consumer expectations through new/ innovative brands 	<ul style="list-style-type: none"> • Reduced profits associated with lower volumes and revenue loss • Increased operational costs in identifying and preventing counterfeit products. • Reduced ability to take price increase
15.	Community initiatives	Opportunity	<ul style="list-style-type: none"> • Build strong relationship with the communities in which the company operates • Promote economic growth and improve standard of living in the areas of CSR interventions. 	<ul style="list-style-type: none"> • Identification of vulnerable communities • Undertaking community need assessment • Selection of implementing partner • Baseline survey • Project implementation • Project monitoring and evaluation • Social impact assessment 	<ul style="list-style-type: none"> • Increase in operational cost • Reputational / Brand Image
16.	Climate resilience	Risk & Opportunity	<ul style="list-style-type: none"> • Disruption in tobacco raw material procurement. • Reduced risk of climate change. • Building operational resilience 	We are undertaking various steps to facilitate financing of agricultural equipment which are environmentally friendly and economically affordable. We have also started to monitor impact of climate change on our business process.	<ul style="list-style-type: none"> • Increase in operational cost. • Bring investment opportunities.
17.	Sustainable material	Opportunity	<ul style="list-style-type: none"> • Opportunity to mitigate the challenges associated with climate change. • Promote circular economy. • Reduced environmental implications. 	<ul style="list-style-type: none"> • Maximise use of recycled material • Ensure 100% packaging is reusable/recyclable/ biodegradable • Ensure zero risk of deforestation in operations 	<ul style="list-style-type: none"> • Increased operational costs in the short term. • Bring investment opportunities. • Increased costs in R&D.
18.	Training and education	Opportunity	<ul style="list-style-type: none"> • Reduced turnover, reduced external hiring costs and a more engaged and committed workforce • Mitigate risk of non-compliance • Increased productivity • High ROI 	Identify and develop the right skills and talent that can drive the business growth	Increased operational costs
19.	Regulatory compliance	Risk	<ul style="list-style-type: none"> • Increase the costs of running a business • Reduce the attractiveness of an investment • Invalidating business model 	Responsibilities, accountabilities, and reporting lines are systemically defined in all divisions of the Company and conform to meet all the regulatory compliance with applicable regulations. There are also audit procedures to assess compliance preparedness.	Increase operational costs with increase in costs of meeting compliance

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
20.	Diverse and inclusive work environment	Opportunity	<ul style="list-style-type: none"> Improve company's performance as it increases the likelihood of bringing people with different types of knowledge, views, and perspectives together Better innovative and problem-solving skills, improves talent attraction and retention, increases employee engagement and results in higher efficiency 	<ul style="list-style-type: none"> We have ensured that the skill and capability-based hiring continues, with no differentiation. We have taken initiatives to look for diversity slates for all non-field roles. We provide emphasis on formation of Lean in Groups for better support and guidance among women employees in terms of career development and celebrate achievements at work. 	No major financial impact

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	
Policy and management processes										
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes. The policies are noted by the Board of Directors of the Company. Implementation of policy decision is carried out by the management.									
c. Web link of the policies, if available	Policies which are internal to the Company are available on the intranet portal of the Company. Other policies are available on the website of the Company, www.vsthyd.com.									
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name the national and international codes/ certifications/ labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.			ISO 45001:2018				ISO 14001:2015, Indian Green Building Council (IGBC) 'Gold Rating'		ISO 17025:2017	

5. Specific commitments, goals and targets set by the entity with defined timelines, if any.

Principles	Targets	Mandatory/ Voluntary	6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.
P2	30% of contracted farmers (for Talmari & Oriental crops) to use drip irrigation by 2030	Voluntary	On Track
P2	30% of crop protection agents used by contracted farmers to be biofertilizer/biochemicals based by 2030	Voluntary	On Track
P2	20% improvement in soil organic matter by 2030 through green manuring crops for better water holding capacity	Voluntary	On Track
P2	Farm Mechanisation: 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.	Voluntary	On Track
P2	100% Contracted farmers to be provided with CPA (Crop Protection Agent) boxes for safe storage	Voluntary	On Track
P3	100% Contracted farmers to be trained on use of agrochemicals and safe disposal	Voluntary	On Track
P3	Zero accident in own operations	Voluntary	Zero
P4	Promote an inclusive work environment by: <ul style="list-style-type: none"> Being an equal opportunity employer and provide equal opportunity to all employees based on merit and ability Provide inclusiveness training to management staff in order 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. 	Voluntary	On Track
P4	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	Voluntary	On Track
P5	Child labour/forced labour: "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"	Voluntary	On Track
P5	Minimum wage for farm workers: "We shall continue to ensure minimum legal wage is provided to farm workers"	Voluntary	On Track
P5	80% Contracted farmers to be GMS (farm level data recording tool) compliant	Voluntary	On Track
P6	50% renewable energy in overall energy mix (provided favorable regulatory scenario exists) by 2030 (Baseline 2019-20)	Voluntary	17.88%
P6	Aim to operate 100% of fleet (owned and third party) on electric vehicles by 2030 (Baseline 2019-20)	Voluntary	On Track
P6	Achieve carbon neutrality for VST's own operations by 2030 (scope 1+2 emissions)	Voluntary	On Track
P6	Rainwater Harvesting Potential equivalent to over 3 times the Net Water Consumption from own operations (Baseline 2019-20)	Voluntary	On Track
P6	95.6% utilisation of tobacco at Primary manufacturing	Voluntary	On Track
P6	100% of packaging to be reusable, recyclable, or biodegradable by 2030 (Baseline 2019-20)	Voluntary	On Track
P6	Achieve plastic neutrality through sustainable management of waste equivalent to the amount of plastic utilised in Packaging (Baseline 2019-20)	Voluntary	On Track
P7	Continue to comply with applicable regulatory requirements	Voluntary	On Track

GOVERNANCE, LEADERSHIP AND OVERSIGHT

7. Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)

We are pleased to publish our second Business Responsibility and Sustainability Report (BRSR) in alignment with the NGRBC principles for the FY 2022-23. The report demonstrates a link between the financial outcomes with its ESG (Environmental, Social, and Governance) performance and delineates the progress made by the Company in line with its commitment towards long term stakeholder value.

At VST, we have always believed in integrating ESG principles into our decision-making processes. Our longstanding support for agriculture in the arid region of Telangana is a testament to this commitment. Since last year, we have formally embarked on a journey to integrate ESG principles into our overall business strategy across the entire value chain. To achieve this, we have developed a comprehensive ESG framework, encompassing material aspects that are essential not only to our operations but also to our internal and external stakeholders. The framework has enabled the Company to integrate ESG into every aspect of its business strategy. It has not only enabled us to identify various risks & opportunities but also set an action plan to mitigate them and improve upon our performance against key objectives.

Our corporate governance framework serves as a strong demonstration of our dedication to integrity and accountability throughout our value chain. Since our inception, we have always strived to establish and maintain the highest standards of quality, environmental sustainability, health, and safety, in line with the latest management system standards. We are fully committed to promoting and respecting human rights across our value chain, fostering diversity and inclusivity in our workplaces, and upholding fundamental human rights and freedoms. Our extensive journey has enabled us to establish robust mutual trust, transparent systems, and long-term relationships with our stakeholders, driving sustainable development forward.

We have a well-defined vision, priorities and strategy in place to ensure the health and safety of our employees and have adopted a proactive approach to mitigate potential challenges. Our operating units have been certified with ISO standards, including ISO 14001:2015 for our environmental practices and ISO 45001:2018 for our safety practices. During the reporting period, we have received AWS –“Gold certification” for our Toopran facility. We consider this as one of the significant achievements to deliver our contribution towards sustainable water management. AWS's objectives include enhancing water governance, improving water quality, and ensuring responsible water use in industries and communities. In line with the AWS principles, we have identified relevant risks, consulted with concerned stakeholders and further action plans were formulated on water reduction measures, enhancing water availability through harvesting and recycling. Recognising the concerns surrounding water stress in our community, we have focused on rainwater harvesting and initiatives to promote efficient water uses and conservation. Furthermore, both of our manufacturing units has successfully achieved Zero Liquid Discharge (ZLD), reflecting our commitment to environmental stewardship.

As a climate-conscious organization, we have enhanced our reliance on renewable energy by 200KW and built on existing measures to improve our energy efficiency by upgrading the green building factory certification of the Toopran facility from a “Gold certification” to “Platinum certification”. Through such measures we have reduced our absolute GHG footprint by approximately 20%. While we remain vigilant in mitigating our climate change risks due to our operational emissions, we have also initiated the process of estimating our Scope 3 emissions to understand the impact of the value chain. We actively engage with suppliers including contract farmers to identify the challenges faced at the grassroot level due to climate change and explore viable solutions to mitigate those challenges.

We actively engage in CSR practices to uplift the community and improve their livelihood. It is essential to have sustainable and fair business practices while working with farmers to ensure that their rights are protected. Investing in projects such as building rural toilets, facilitating clean drinking water, and equipping solar lights in villages have enabled significant improvement in the quality of life for rural households through our intervention. By continuing to implement such community upliftment projects, we can make a positive impact and contribute to sustainable development.

We hereby thank all our stakeholders for demonstrating unflinching faith in our endeavors. This has been a great source of motivation for us to perform to the best of our abilities. We look forward to your continued support and insights so as to benchmark ourselves with the best practices in the area of ESG.

8. Details of the highest authority responsible for oversight of the Business Responsibility policy(ies).

Oversight of the Business Responsibility policy(ies).

1. Mr. Rajiv Gulati (Independent Non-Executive Director; DIN: 06820663) as the Chairman
2. Ms. Rama Bijapurkar, (Independent Non-Executive Director; DIN: 00001835)
3. Mr. Naresh Kumar Sethi, (Non-Executive Director; DIN: 08296486)
4. Mr. S. Thirumalai and (Non-Executive Director; DIN: 00011899)
5. Mr. Aditya Deb Gooptu (Managing Director & CEO; DIN: 07849104)

Implementation of Business Responsibility policy(ies).

Mr. Phani K Mangipudi, Company Secretary & Vice President - Legal & Secretarial Telephone: +91 040 2768 8000, E-mail: phanimangipudi@vstind.com

9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, the Board level Corporate Social Responsibility Committee are responsible for decision-making on CSR activities and overseeing Business Responsibility policy(ies). The following are the members of CSR committee of the Board.

1. Mr. Rajiv Gulati (Independent Non-Executive Director; DIN: 06820663) as the Chairman
2. Ms. Rama Bijapurkar, (Independent Non-Executive Director; DIN: 00001835)
3. Mr. Naresh Kumar Sethi, (Non-Executive Director; DIN: 08296486)
4. Mr. S. Thirumalai and (Non-Executive Director; DIN: 00011899)
5. Mr. Aditya Deb Gooptu (Managing Director & CEO; DIN: 07849104)

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow-up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
We periodically conduct a comprehensive internal audit of our policies and evaluate and monitor any gaps found in the implementation of these policies.								

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATOR (Mandatory)

- Percentage coverage by training and awareness programmes on any of the principles during the financial year.

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	1	Familiarisation was provided on various topics related to regulatory changes	100%
Key Managerial Personnel (KMP)	1	comprising NGRBC principles, economic development, and other various market scenarios.	100%
Employees other than Board of Directors or KMPs	1	ESG awareness programmes by implementation partner.	100%
Workers	9	EHS trainings	100%

- Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

During the reporting period there have been no instances of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings with regulators/law enforcement agencies/judicial institutions.

Monetary				
Name of the regulatory / enforcement agencies / judicial institutions	NGRB Principle	Amount (₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine				Not applicable
Settlement				
Compounding Fee				
Non-Monetary				
Name of the regulatory/ enforcement agencies/judicial institutions	NGRB Principle	Brief of the case	Has an appeal been preferred? (Yes/No)	
Imprisonment			Not applicable	
Punishment				

- Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

There have been no cases registered by the entity or by directors/KMPs which resulted in fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings with regulators/law enforcement agencies/judicial institutions, in the reporting year.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable

- Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

We do not have any standalone anti-corruption or anti-bribery policy. However, we adhere to the Code of Conduct and Ethics Policy which reflects the commitments made by us around ethics and integrity. This policy is adopted to set forth the basic standards of ethical behavior, detection & prevention of any wrongdoing and to outline the expectations from employees and Directors of the Company in this regard.

<https://www.vsthyd.com/mainsite/documents/code-of-conduct-ethics-policy-and-guidelines-on-recruitment.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2022-23	FY 22
Directors	-	-
KMPs	-	-
Employees	-	-

6. Details of complaints with regard to conflict of interest

	FY 2022-23		FY 22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of directors	-	None	1	Closed
Number of complaints received in relation to issues of conflict of interest of KMPs	-	None	-	None

7. Provide details of any corrective action taken or under way on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

There has been no fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

LEADERSHIP INDICATORS (Voluntary)

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year.

Total number of training and awareness programmes held	Topics/principles covered under the training and it's impact	% of Business Value of Value Chain Member covered under BRSR training
1	Our company takes a proactive approach in working with our partners in the value chain to achieve mutual benefits through our business relationships. We collaborate with our suppliers to identify new opportunities for improvement, while also educating retailers and wholesalers on regulatory restrictions outlined by COTPA guidelines for packaging, labeling, advertising, and promotion. Our longstanding relationships with the tobacco farming community have allowed us to lead our business growth for decades. We strive to ensure that farmers have a sustainable livelihood by implementing good agricultural practices that increase crop yield and promote environmental benefits. To accomplish this, we have deployed field technicians who provide training and guidance on various agricultural practices, such as soil management, water management, nutrient management, cropping techniques, integrated pest management, and environmentally friendly curing practices	100%

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the board? (Yes/No) If yes, provide details of the same.
3. Yes. We have Related Party Transactions (RPT) and has also formulated a policy for determining the Material RPT and the details of such policies for dealing with RPT are disseminated on our website at <https://www.vsthyd.com/mainsite/documents/policy-on-related-party-transactions1.pdf>. There were no materially significant related party transactions between VST and the Directors, Promoters, Key Managerial Personnel, and other designated persons which may have a potential conflict with the interest of the company at large. We have obtained all Prior approval for all the related party transactions from the Audit Committee of the Board.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATOR (Mandatory)

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 22	Details of improvements in environmental and social impacts
R&D	0%	0%	R&D investments were made for developing product variants and improving the quality of existing products
Capex	0.3%	9.5%	<ul style="list-style-type: none"> Equipment purchases for converting incinerator/boiler at Tobacco processing plant from Diesel to Piped Natural Gas (PNG). Enhanced Solar Power Plant (Azamabad/Toopran)

2. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

We have procedures in place for sustainable sourcing of tobacco leaves and stems. We maintain long term contracts with farmers, requiring them to comply with the applicable labour laws as per the ALP (Agriculture Labour Practices) code and to practice good agricultural practices prescribed in the farmer handbook.

Field technicians are deployed to sensitise farmers on the requirements and provide necessary guidance on implementation of the good agricultural practices. We provide our field technicians with the GMS application to collect data and monitor progress of the farmer against the compliance checklist. The compliance checklist encompasses measures associated with:

- Seedbed management
- Agriculture Labour Practices (ALP)
- Transplanting
- Crop Protection Agents (CPA)
- Topping
- Curing
- Bulking
- Bailing and marketing

Some of the practices that testify the sustainability in our tobacco supply chain include:

- Toxicity and Pollution Control: Low tobacco specific nitrosamine (TSNA) is ensured through early purchase from farm and deraking tobacco leaves under natural conditions.
- Pesticide usage: VST ensures supply of Crop Protection Agents (CPAs), approved by the Central Insecticides Board and the Registration Committee, to the farmers. Farmers follow the guidelines on the recommended doses of individual CPAs prescribed in the Farmer Handbook. During procurement of tobacco leaves we undertake CPA residue analysis to ensure threshold limits are maintained.
- Soil nutrient management: Farmers practice crop rotation, multiple cropping, ploughing of the fields across the slope and addition of farmyard manure to enrich soil health.
- Curing: Majority of the farmers indulge in sun curing and the balance farmers undertake fire curing using crop residues such as tobacco stalks, maize husk, saw dust, sunflower head, ground nutshell and cotton stalks. Further we have increased the size of the barns which has improved fuel efficiency and reduced the period of curing.
- Non-tobacco related material (NTRM) removal: Bailing of tobacco is monitored by field staff. Bales identified to contain NTRM are rejected. Subsequently the bale is cleaned and purchased. Post purchases threshing is done in factories having NTRM Sorters.
- Health and safety: Prevention of Green tobacco sickness (GTS) is ensured through provision of Personal Protective Equipment (PPE) kits and access to water for sanitation and hygiene.
- Human rights prevention: Through implementation of the ALP code VST monitors and reviews the tobacco supply chain to prevent any form of discrimination, child labour, forced labour payment of minimum wages, as well as adherence to safe working conditions.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for:
- Plastics (including packaging),
 - E-waste,
 - Hazardous waste, and
 - other waste.

Yes, we have the processes in place to safely reclaim our products for reusing, recycling, and disposing at the end of life particularly related to E-waste, Plastics and Hazardous waste. We have partnered with State Pollution Control Board (SPCB) approved vendors who are authorized recyclers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) is applicable to us. We have partnered with SPCB approved recycler for implementation of EPR plan..

LEADERSHIP INDICATORS (Voluntary)

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

No. We have not conducted Life Cycle Perspective/Assessments (LCA) for any of our products.

NIC Code	Name of Product / Service	% of total Turnover contributed	% of total Turnover contributed	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Not Applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 22
None	-	-

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

We employ processes that reclaim our packaging materials (particularly plastic waste) for safe disposal at the end of life. During FY 2022-23, we undertook plastic waste management programmes under the EPR guidelines for safely disposing all non MLP plastic waste categories. During the reporting period we have collected 184.94 MT of post-consumer plastic waste across 31 states and union territories in India.

	FY 2022-23			FY 22		
	Reused	Recycled	Safely disposal	Reused	Recycled	Safely disposal
Plastic waste	-	-	184.94 MT	-	-	173.33 MT

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Cigarettes	100%

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATOR (Mandatory)

1. a. Details of measures for the well-being of employees

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance benefits		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent employees											
Male	352	352	100	352	100	-	-	-	-	-	-
Female	14	14	100	14	100	14	100	-	-	-	-
Total	366	366	100	366	100	14	100	-	-	-	-
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance benefits		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent employees											
Male	402	402	100	402	100	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	402	402	100	402	100	-	-	-	-	-	-
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

2. Details of retirement benefits for the current and previous financial year

Benefits	FY 2022-23			FY 22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	N	100	100	N
ESI	-	8	Y	-	8	Y
Others – NPS	55	-	Y	62	-	Y

3. Accessibility of workplaces Are the premises/offices accessible to differently abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Company's establishments are accessible to the differently abled. For easy commute and movements within the Company's locations, adequate wheelchair facilities are available along with ramp structures.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Although our company does not have an equal opportunity policy in accordance with the Rights of Persons with Disabilities Act, 2016, we strive to recruit the most qualified talent who share our company's values. We do not discriminate based on age, color, disability, religion, caste, or sexual orientation during the recruitment process. All employees are treated with respect and dignity, and opportunities for development and career advancement are based on performance, ability, and potential in alignment with our business requirements. Most of our establishments are accessible to the differently abled. For easy commute and movements within the Company's locations, adequate wheelchair facilities are available along with ramp structures.

5. Return to work and retention rates of permanent employees that took parental leave.

As VST, we promote a healthy and inclusive workplace. We provide our female employees with access to maternity benefits and ensure their financial and physical wellbeing. During the last two reporting period no female employee has availed maternity leaves.

6. Is there a mechanism available to receive and redress grievances for the Permanent and Non-permanent employees' categories of employees? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes, we have mechanism available to receive and redress grievances for the Permanent and Non-permanent employees' categories of employees. Employee feedback for workplace improvement helps in building trusted relations with the employees and ensures talent management through higher retention rates and less grievances that demand quick resolution. We also undertake employee satisfaction surveys every 3 years based on 6 major dimensions: positive work environment, trust in leadership, collaboration and communication, supportive management, meaningful work and growth opportunity.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Benefits	FY 2022-23			FY 22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)
Total Permanent Employees	366	-	-	369	-	-
Male	352	-	-	352	-	-
Female	14	-	-	17	-	-
Total Permanent Workers	402	402	100	404	404	100
Male	402	402	100	404	404	100
Female	-	-	-	-	-	-

8. Details of training given to employees

Category	FY 2022-23					FY 22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	352	42	11.9	352	100	352	352	100	352	100
Female	14	-	-	14	100	17	17	100	17	100
Total	366	42	11.9	366	100	369	369	100	369	100
Workers										
Male	402	339	84.3	402	100	404	300	74.3	404	100
Female	-	-	-	-	-	-	-	-	-	-
Total	402	339	84.3	402	100	404	300	74.3	404	100

9. Details of performance and career development reviews of employees

Category	FY 2022-23			FY 22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	352	352	100	352	352	100
Female	14	14	100	17	17	100
Total	366	366	100	369	369	100
Workers						
Male	402	402	100	404	404	100
Female	-	-	-	-	-	-
Total	402	402	100	404	404	100

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such a system?

We have implemented ISO 45001:2018 occupational health and safety management system at our manufacturing units located at Azamabad and Toopran.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We undertake Hazard Identification and Risk Assessment (HIRA) on an annual basis and Job Safety Analysis for individual activities on a routine basis to identify work related hazards. We have developed control measures which are designed to mitigate the identified work-related hazards and record the same in the risk register

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes. We have processes for workers to report the work-related hazards and to remove themselves from such risks. We encourage our workers to remove themselves from work in unsafe conditions and create awareness amongst other workers on the mechanisms to report near miss cases while bringing to the attention of the management on any unsafe conditions for investigation. We duly undertake subsequent implementation of corrective and preventive actions.

- d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services?

Employees have access to first aid through the health care centre available within the premises.

11. Details of safety-related incidents

Safety Incident/Number	Category	FY 2022-23	FY 22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	-	-
Total recordable work-related injuries	Employees	-	-
	Workers	-	-
No. of fatalities (safety incident)	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

We ensure safe and healthy workplace by:

- Implementing a robust emergency response plan in consideration of fire or explosion, electrical failures, chemical and fuel leakage; and conducting mock drills on quarterly basis

- Implementing safety guidelines to mitigate safety risks identified through job safety analysis
- Conducting internal safety audit as per IS 14489 on semiannual basis and external safety audit on biannual basis
- Quarterly reviewing of safety performance by the Board and top management
- Providing continuous training to employees and workers
- Undertaking periodic medical survey and medical checkups
- Inducing a safety culture by motivating and encouraging employees to provide suggestions to improving safety performance.
- Upgrading and replacing of machinery with class IV machine guarding

13. Number of complaints on the following made by employees:

	FY 2022-23			FY 22		
	Filed during the year	Filed during the year	Remarks	Filed during the year	Filed during the year	Remarks
Working conditions	-	-	None	-	-	None
Health and safety	-	-	None	-	-	None

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health and safety practices and working conditions.

Not Applicable

LEADERSHIP INDICATORS (Voluntary)

1. Does the entity extend any life insurance or any compensatory package in the event of death of?

	(Y/N)
Employees	Y
Workers	Y

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

VST engage vendors who are 100% compliant based on the track record.

3. Provide the number of employees having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 22	FY 2022-23	FY22
Employees	-	-	-	-
Workers	-	-	-	-

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No

5. Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

We currently undertake environmental and social assessment for our tobacco farmers. These assessments consider health & safety and working condition for the farming communities. One of the key risks in our tobacco value chain include exposure to Green Tobacco Sickness (GTS). We ensure the risk is mitigated by regularly sensitising and monitoring the farmers on the use of PPE while and during the time of harvesting and stitching. Going forward we plan to come up with a comprehensive assessment framework for our value chain partners incorporating relevant ESG considerations including checks on health & safety and working conditions. We plan to undertake corrective action once risks/concerns are identified through these assessments.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATOR (Mandatory)

1. Describe the processes for identifying key stakeholder groups of the entity.

We are committed to building strong relationships with our stakeholders, and as such, we have developed a rigorous stakeholder identification process that takes into account both the relevance and influence they have on the growth and success of our company. We firmly understand that our decisions can affect employees, suppliers, farmers, partners, shareholders, and communities. So, we seek to ensure that our stakeholders concerns are considered as we make business decisions. We receive various input from our wide stakeholders' group (ranging from individuals to policymakers) every year.

Stakeholders who have a fundamental impact on company's performance	Needs of the Company's stakeholders	Stakeholders relevance and influence	Mutually beneficial relationship
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The Company map stakeholders' expectations and consideration for determining stakeholders.

Key Stakeholders	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half Yearly/ Quarterly / Others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors & Shareholders	No	<ul style="list-style-type: none"> ➤ Emails ➤ Newspaper ➤ Advertisement ➤ Website ➤ Notice Board 	<ul style="list-style-type: none"> ➤ Quarterly ➤ Annually 	<ul style="list-style-type: none"> ➤ Company's quarterly and annual earnings, ➤ Company's plan for the next financial year ➤ New market development ➤ Regulatory procedures
Customers	No	<ul style="list-style-type: none"> ➤ Product labelling 	<ul style="list-style-type: none"> ➤ Ongoing activities 	<ul style="list-style-type: none"> ➤ Information as per COTPA guidelines
Farmers	Yes	<ul style="list-style-type: none"> ➤ Advertisement, ➤ Notice, ➤ Communications during procurement 	<ul style="list-style-type: none"> ➤ Ongoing 	<ul style="list-style-type: none"> ➤ Procurement ➤ Quality assessment ➤ Grievance redressal ➤ Contract and Payment terms
Communities/ NGOs	Yes	<ul style="list-style-type: none"> ➤ Community Meetings ➤ Focused group discussion ➤ Grievance redressal 	<ul style="list-style-type: none"> ➤ Annually and on need basis 	<ul style="list-style-type: none"> ➤ Grievances ➤ Feedback ➤ Program improvement sessions ➤ Capacity building

Key Stakeholders	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half Yearly/ Quarterly / Others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employee	No	<ul style="list-style-type: none"> ➤ Employee forums ➤ Leadership forums ➤ Employee surveys ➤ Workplace platform 	<ul style="list-style-type: none"> ➤ Annually ➤ Need basis ➤ Ongoing 	<ul style="list-style-type: none"> ➤ Learning and development ➤ Well-being ➤ Grievance redressal ➤ Growth opportunities
Wholesalers	No	<ul style="list-style-type: none"> ➤ Emails ➤ Meetings 	<ul style="list-style-type: none"> ➤ On going 	<ul style="list-style-type: none"> ➤ Product quality and availability
Suppliers	No	<ul style="list-style-type: none"> ➤ Vendor meetings ➤ Capacity building 	<ul style="list-style-type: none"> ➤ Annual ➤ Need-basis 	<ul style="list-style-type: none"> ➤ Quality ➤ Local procurement
Government and Regulators	No	<ul style="list-style-type: none"> ➤ Policy intervention ➤ Advocacy 	<ul style="list-style-type: none"> ➤ Need basis 	<ul style="list-style-type: none"> ➤ Taxation ➤ Promotions ➤ Best practices

LEADERSHIP INDICATORS (Voluntary)

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

We have established a Corporate ESG Committee comprising of MD & CEO and ESG Lead (CS) having the role of planning of ESG strategy, overall performance review, and monitoring of operational direction. The Corporate ESG committee will provide feedback to the CSR committee on regular basis.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. During the exercise of identifying material issues pertaining to the company, we consulted both internal and external stakeholders to identify issues with significant social or environmental impact for us. We also understood the stakeholder's point of view on these issues.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

Towards upliftment of vulnerable and marginalised stakeholders, we have initiated support towards agriculture & horticulture development, water management & harvesting, training in farming techniques to the farmers etc.

We are also involved in various programs for the improvement of living conditions in tobacco growing areas. To further strengthen the social equity of the community, we sponsor initiatives like household toilets and solar street lighting to ensure higher standard of living of the farmers and their families.

PRINCIPE 5: Businesses should respect and promote human rights

ESSENTIAL INDICATORS (Mandatory)

1. Employees who have been provided training on human rights issues and policy(ies)

We understand our fundamental obligation to uphold and safeguard human rights, and we are dedicated to fostering a work environment that is diverse, inclusive, and equitable for all. Our approach towards maintaining a decent work environment and upholding the human rights of every individual involves strengthening our monitoring systems and systematic implementation of policies and procedures. Pursuant to our objectives for zero human rights incidents, we aim to make our employees conversant with the human rights principles and empower them to bring to our attention any acts of violation at our workplace through training. We plan to include human rights training as part of our annual training calendar for the upcoming reporting period to enable this process.

2. Details of minimum wages paid to employees

Category	FY 2022-23				FY 22					
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	366	-	-	366	100	369	-	-	369	100
Male	352	-	-	352	100	352	-	-	352	100
Female	14	-	-	14	100	17	-	-	17	100
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent	402	-	-	402	100	404	-	-	404	100
Male	402	-	-	402	100	404	-	-	404	100
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

3. Details of remuneration/salary

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category in ₹	Number	Median remuneration/ salary/wages of respective category in ₹
Board of Directors (BoD)	5	77,20,000	1	61,60,000
Key Managerial Personnel (other than BoD)	2	1,06,35,543	-	-
Employees other than BoD and KMP	349	10,74,717	14	11,31,946
Workers	402	10,37,718	-	-

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impact or issues caused or contributed to by the business?

Our Audit Committee has the responsibility of reviewing employee concerns that are reported through the Whistle Blower mechanism. Through the whistleblower mechanism, employees are encouraged to report any concerns related to human rights violations, such as harassment, victimisation, bullying, and discrimination, for a formal investigation and satisfactory resolution of the grievance.

To ensure that the tobacco supply chain follows ethical practices and complies with the human rights requirements outlined in the ALP code, we deploy field technicians to continuously monitor farm holdings for any violations. If any human rights violations are identified, they are reported through the GMS application, and we take appropriate action based on the severity of the violation to resolve the issue.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues

Our organization has established a Whistle Blower mechanism that empowers individuals to report any concerns related to human rights violations to management without fear of retaliation through a designated email or contact information. The mechanism also provides employees and Directors direct access to the Chairperson of the Audit Committee in exceptional cases.

To ensure that the tobacco supply chain operates ethically and complies with human rights requirements outlined in the ALP code, we have deployed field technicians to continuously monitor farm holdings for any violations. If any human rights violations are identified, they are reported through the GMS application, and we take appropriate action based on the severity of the situation to address the issue.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 22		
	Filed during the year	Filed during the year	Remarks	Filed during the year	Filed during the year	Remarks
Sexual Harassment	-	-	None	-	-	None
Discrimination at workplace	-	-	None	-	-	None
Child labour	-	-	None	-	-	None
Forced labour /Involuntary labour	-	-	None	-	-	None
Wages	-	-	None	-	-	None
Other human rights related issues	-	-	None	-	-	None

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

Our Whistle Blower mechanism empowers the complainant to bring to the attention of the management, any concerns related to discrimination and harassment without fear of punishment or unfair treatment by reporting at designated e-mail or contact details.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human right requirements are covered in business agreements and contracts with farmers through the Agriculture Labour Practices (ALP) Code. Through implementation of the ALP code, we monitor and review the tobacco supply chain to prevent any form of discrimination including child labour, forced labour, payment of minimum wages, as well as adherence to safe working conditions.

9. Assessments for the year

	% of offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others - please specify	100%

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

We implement necessary steps and remedial measures in accordance with the established laws. Additionally, we maintain a continuous vigilance over these areas and ensure the implementation of effective checks and balances.

LEADERSHIP INDICATORS (Voluntary)

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

There have been no significant changes in business processes during the reporting period.

2. Details of the scope and coverage of any human rights due diligence conducted.

Yes, human right due diligence is undertaken across the tobacco supply chain in accordance with the Agriculture Labour Practices (ALP) Code.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

We at VST promote an inclusive workplace to a diverse people from different culture and background of society meet. We strive towards providing an inclusive infrastructure that takes into consideration the demographics of our workforce.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	100%
Discrimination at workplace	100%
Child labour	100%
Forced labour/Involuntary labour	100%
Wages	100%
Others - please specify	100%

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Based on the assessment done, there were no cases identified in the reporting period.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS (Mandatory)

1. Details of total energy consumption (in Joules or multiples) and energy intensity

Parameter	FY23	FY 22
	TJ	TJ
Total electricity consumption (A)	16.85 TJ	17.50 TJ
Total fuel consumption (B)	11.00 TJ	11.56TJ
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	27.85 TJ	29.06 TJ
Energy intensity per rupee of turnover (Total energy consumption/ (per rupee of turnover)	1667.48 J/₹	1863.88 J/₹
Energy intensity (optional) - the relevant metric may be selected by the entity (Per million cigarettes)	4.38 GJ/Million Cigarettes	4.28 GJ/Million Cigarettes

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We are in process of carrying out the independent assessment/evaluation/assurance by an external agency.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No.

3. Provide details of the following disclosures related to water.

Parameter	FY 2022-23	FY 22
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Groundwater	23,527 KL	26,113 KL
(iii) Third party water	1,332 KL	1,094 KL
(iv) Seawater/ desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	24,859 KL	27,204 KL
Total volume of water consumption (in kilolitres)	24,859 KL	27,204 KL
Water intensity per rupee of turnover (Water consumed / turnover)	1.48 cum/₹	1.74 cum/₹
Water intensity (optional) - the relevant metric may be selected by the entity (Per million cigarettes)	3.92KL/Million Cigarettes	4 KL/million cigarettes

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, both the manufacturing units of the company have implemented mechanism for Zero Liquid Discharge. The treated wastewater from the effluent treatment plant is utilised for landscaping purposes.

5. Please provide details of air emissions (other than GHG emissions) by the entity.

Parameter	Please specify unit	FY 2022-23	FY 22
NO _x	tonnes	41.03	22.36
SO _x	tonnes	33.67	28.68
Particulate matter (PM)	tonnes	9.7	6.72
Persistent organic pollutants (POP)	tonnes	-	-
Volatile organic compounds (VOC)	tonnes	-	-
Hazardous air pollutants (HAP)	tonnes	-	-
Others - please specify	tonnes	-	-

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity

Parameter	FY 2022-23	FY 22
Total Scope 1 emissions -Metric tonnes of CO ₂ equivalent (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	642.51 tCO ₂ e	762 tCO ₂ e
Total Scope 2 emissions -Metric tonnes of CO ₂ equivalent (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	2,819.45 tCO ₂ e	3,559 tCO ₂ e
Total Scope 1 and Scope 2 emissions (per rupee of turnover) tCO ₂ e	0.0207 tCO ₂ e/Lakhs	0.027tCO ₂ e/Lakhs
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity (Per million cigarettes)	0.53 tCO ₂ e/ Million Cigarettes	0.65 tCO ₂ e/ Million Cigarettes

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, we have undertaken projects on GHG reduction. The projects are mentioned below:

1. Onsite installation of solar rooftop at corporate office and two manufacturing units
2. Migrating to cleaner fuel - HSD to PNG for boiler operations at Toopran manufacturing unit
3. Continuous improvement in energy efficiency

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (In MT)	FY 22 (In MT)
Plastic waste (A)	34.84	38.93
E-waste (B)	-	-
Bio-medical waste (C)	0.20	0.16
Construction and demolition waste (D)	-	-
Battery waste (E)	-	1.36
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	0.96	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	36.00 MT	40.45 MT
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycle	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We are in the process of carrying out the independent assessment/evaluation/assurance by an external agency.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Our environment management practices emphasize on conservation of natural resources and efficient waste management procedures. We continuously monitor any hazardous wastes in our manufacturing units and have built processes to manage the wastes within the permissible limit as laid down by the regulators.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

The operations /offices are not in/around ecologically sensitive areas. However, we have obtained No Objection Certificate (NOC) issued by the pollution board and acquired consent to operate (CTO) from the department and get the same reviewed periodically.

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable. We are not required to conduct EIA as we fall under orange category					

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.

Yes, we are compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder. We adhere to the mechanism of state pollution control board on controlling pollution by optimising our production by improving technologies. We have obtained Consent to Establish and Consent to Operate as per Water Act, Air Act, EPA etc. The CTO is renewed on periodic basis.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties /action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not applicable				

LEADERSHIP INDICATOR (Voluntary)

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY23	FY 22
	TJ	TJ
From renewable sources		
Total electricity consumption (A)	4.32TJ	1.26 TJ
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	4.32TJ	1.26 TJ
From non-renewable sources		
Total electricity consumption (D)	12.53 TJ	16.24 TJ
Total fuel consumption (E)	11.00 TJ	11.56TJ
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	23.53 TJ	27.80 TJ

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We are in process of carrying out the independent assessment/evaluation/assurance by an external agency.

2. Provide the following details related to water discharged:

Our plants at both the locations have installed Zero Liquid which remove all the liquid waste from a system. The system helps us in reducing wastewater economically and produce clean water that is suitable for reuse. We reuse this water for the gardening purpose.

Parameter	FY 2022-23	FY 22
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(ii) To Groundwater	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(iii) To Seawater	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(IV) Sent to third parties	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(v) Others	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We are in process of carrying out the independent assessment/evaluation/assurance by an external agency.

3. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- i. Name of the area
- ii. Nature of operations
- iii. Water withdrawal, consumption, and discharge in the following format

No, our factories are not located in the water stress areas. Being an environmental stewardship company, we have installed Zero Liquid which remove all the liquid waste from a system. The system helps us in reducing wastewater economically and produce clean water that is suitable for reuse. We reuse this water for the gardening purpose.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

We are developing appropriate Data Management Systems to collect relevant data of Scope 3 emissions across our value chain.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Not applicable

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative
1.	Boiler Fuel conversion from HSD to PNG	Identified sustainability project for conversion of fuel HSD from PNG for our boiler operations in Toopran unit.	Significant reduction of the proportion of HSD consumption to the total direct energy consumption from 48% to 8%, thereby resulting in reduction of 85 tCO ₂ e.
2.	Renewable energy	Installation of 1MW solar power plant.	Achieving 17.88% of our energy mix from renewable energy sources
3	Roof-top Solar Panel Modules Cleaning System	Initiated a automated cleaning system using water to effectively clean roof-top Solar Panels by eliminating safety risk due to work at height	Effective and Reliable cleaning of Roof-top Solar Panels by conserving water as well as by eliminating safety risk due to work at height

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web-link.

The Company is committed to implement and maintain robust Business Continuity Management Systems (BCMS) for ensuring resilient business operations. To fulfill this commitment, we have established a holistic business continuity management system that identifies potential threats which may disrupt our operations and develop effective responses to minimise their impacts. This BCMS is fully aligned and integrated into our operations and processes across the organisation including technological capabilities. This ensures quick recovery of business operations after a disruption to minimise the impact on business, our customers, protect the interests of all our stakeholders, safeguard our brand image and reputation.

Our endeavor is to develop, implement, exercise and maintain Business Continuity Plans for critical business operations to ensure they can continue to operate with acceptable levels of disruption. We are also working on providing business continuity awareness to all employees and interested parties through trainings and consultations. The effectiveness of the BCMS will be reviewed on a regular basis to ensure continual improvement and to embed business continuity culture in the Company.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

To ensure the responsible sourcing of tobacco, we require our supply chain to adhere to the rigorous audit procedures outlined in the Sustainable Tobacco Programme. Our contracts with farmers are designed to align with these standards, and we monitor compliance through a team of field technicians who use the GMS application to track farmers' progress and ensure adherence to both contractual obligations and audit requirements.

Below, we have outlined the key environmental risks associated with our tobacco value chain and our strategies for mitigating these risks.

- I. **Waste management** - Tobacco cultivation requires high volumes of agrochemical usage. The containers of agrochemicals are hazardous in nature; hence it is essential to responsibly dispose the waste. Our contracts

specify guidelines on safe disposal of the containers. Upon emptying a container, the farmer is required to rinse the container three times and pour the liquid into the spray tank, following which the container is to be punctured to prevent re-use. Finally, the empty container is required to be disposed/recycled in accordance with the manufacturer's label recommendations and/or national regulations.

II. Water management - A small portion of VST's farmers is dependent on irrigation facilities for cultivation of the tobacco crop. We have developed plans to mitigate this risk by creating access to micro sprinklers and drip irrigation facilities to optimise water consumption and increasing water holding capacity of the soil through green manuring.

III. Climate change - Globally most farmers prefer curing of tobacco leaves through flue curing process which requires large scale deforestation for firewood. Majority of the farmers in our supply chain undertake sun curing, hence the risk of biodiversity loss is less. However, for the small portion of farmers undertaking flue curing, we are mitigating the risk by ensuring farmers utilise agricultural waste such as tobacco stalks, maize husk, saw dust, sunflower head, groundnut shell and cotton stalks as a substitute to firewood.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

16.58% of our value chain partners comprising of material suppliers and contract farmers are assessed on the basis of environmental criteria on an ongoing basis.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS (Mandatory)

1. **a. Number of affiliations with trade and industry chambers/associations. 4**

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/associations (State/National)
1.	All India Management Association	National
2.	Telangana and Andhra Pradesh Chambers of Commerce and Industry	State
3.	Confederation of Indian Industry	National
4.	Tobacco Institute of India	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

The Company has not engaged in any anti-competitive conduct.

LEADERSHIP INDICATORS (Voluntary)

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others - please specify)	Web Link, if available
1.	The Company pursues a Policy of interaction with the relevant regulatory authorities on issues pertaining to its Industry	The Company works with industry level associations which are governed by values of trust and commitment in the interest of all relevant stakeholders	Information under this head forms part of the Report of the Board Of Directors & Management Discussion Analysis for the year ending 31st March, 2023.	-	www.vsthyd.com

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS (Mandatory)

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

There has been no Social Impact Assessments (SIA) of projects undertaken in compliance with laws such as the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 as these are not applicable to us.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
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Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

We regularly engage in dialogue with the community and collaboratively design interventions to address their concerns. We also carry out annual need assessment studies to identify societal needs of target groups. We prioritise the requirements and allocate funds for the various social interventions in alignment with the CSR policy.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

	FY 2022-23*	FY 22*
Directly sourced from MSMEs/ small producers	1.49%	1.29%
Sourced directly from within the district and neighboring districts	6.68%	7.01%

* this data does not include farmers

LEADERSHIP INDICATORS (Voluntary)

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
--	-------------------------

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Our CSR programmes are not located in any aspirational districts.

S. No.	State	Aspirational District	Corrective action taken
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Not Applicable

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)**

No

- (b) **From which marginalised / vulnerable groups do you procure?**

None

- (c) **What percentage of total procurement (by value) does it constitute?**

0%

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

We have not engaged with any entity during the reporting period for deriving or sharing any benefits from the intellectual properties owned and acquired by us.

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Brief of the Case
Not Applicable		

6. Details of beneficiaries of CSR Projects

S. No.	CSR Project	No. of persons benefited from CSR projects	% of beneficiaries from vulnerable and marginalised groups
1	Naari Shakti	3,150	100%
2	Swachh Ghar Mission	4250	100%
3	VST Cares	210	100%
4	Swachh Roshni	300	100%
5	Mid-day Meal	25,000	100%
6	Gyandeeep	1,050	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS (Mandatory)

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We have a well-established consumer grievance handling system. We have put up a toll-free number, accessible on the product label as well as on the VST website through which consumers can register their complaints. The registered complaints are checked by the grievance redressal executive and based on the nature of the complaint after which concerned department is assigned for quick resolution.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

	FY 2022-23			FY 22		
	Filed during the year	Filed during the year	Remarks	Filed during the year	Filed during the year	Remarks
Data privacy	-	-	None	-	-	None
Advertising	-	-	None	-	-	None
Cyber-security	-	-	None	-	-	None
Restrictive Trade Practices	-	-	None	-	-	None
Unfair Trade Practices	-	-	None	-	-	None
Others	-	-	None	-	-	None

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	-	Not applicable
Forced recalls	-	Not applicable

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

We have framework/policy on cyber security and risks covered under data privacy. We firmly understand the loss or misuse of sensitive information, or its disclosure to outsiders, including competitors and trading partners, could potentially have a significant adverse impact on our business operations and potentially cause legal challenges in both monetary and non-monetary terms. Considering these potential impacts on us, we have put in place information technology policies and procedures which are reviewed periodically. We also have established information technology controls like data backup mechanism, disaster recovery centre, authorisation verification, etc. to protect the system.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No cases were raised during the reporting year and hence no corrective actions were taken.

LEADERSHIP INDICATORS (Voluntary)

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

We ensure our product packaging and labelling are in accordance with the Cigarettes and other Tobacco Products (prohibition of advertisement and regulation of trade and commerce, production, supply and distribution) Act, 2003 (COTPA). Our labelling on the products carries information on the product's characteristics including health impacts, traceability of product batch.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Our product labelling carry information on the product's characteristics including health impacts, in strict adherence to COTPA regulations.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

As Tobacco and cigarette products are not essential to consumers, hence there is no mandate to communicate any risk due to disruption/discontinuation of essential services to our consumers.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

We do not display product information over and above applicable acts and regulations however we ensure product packaging and labelling are in accordance with the COTPA rules (Cigarettes and other Tobacco Products Act).

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

b. Percentage of data breaches involving personally identifiable information of customers

There were no instances of data breach observed during the reporting year.