

Varroc Engineering Limited

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VARROC/SE/INT/2025-26/95

October 16, 2025

To,

The Manager- Listing
The Listing Department,
**National Stock Exchange of India
Limited**
Exchange Plaza, Plot No. C/1, G
Block, Bandra-Kurla Complex,
Bandra (East), Mumbai-400 051.
NSE Symbol: VARROC

The Manager – Listing
The Corporate Relation
Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001.
BSE Security Code: 541578
[Debt: 975062]

Sub: Detailed Sustainability Report for the Financial Year 2024-25 (Additional Report)

Ref.: Regulation 30 and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) and our communication dated July 29, 2025

Further to our captioned communication, please find enclosed the detailed Sustainability Report for the Financial Year 2024–25.

The Company had earlier submitted its Business Responsibility and Sustainability Report (BRSR) along with the Annual Report for FY 2024–25 on July 29, 2025, pursuant to Regulation 34(2)(f) of the Listing Regulations. The Company is now voluntarily submitting its detailed Sustainability Report to provide additional ESG-related disclosures for the reference of stakeholders.

Aforesaid Report is also available on the website of the Company at www.varroc.com.

We request you to take the same on record.

For Varroc Engineering Limited

Anil Ghatiya
Company Secretary & Compliance Officer

Encl: a/a



SUSTAINABILITY

REPORT **FY'2025**

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OUR ESG PRACTICES

About the Report

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

Sustainability isn't just a checkbox—it's the heartbeat of our strategy and the compass guiding our growth. We believe true progress means creating value that goes far beyond the bottom line—value that safeguards the environment, uplifts communities, and strengthens ethical business practices. With great pride, we unveil our second Sustainability Report, a reflection of the passion, purpose, and progress that shaped our journey over the past year.

Our stakeholders—employees, customers, investors, partners, and the communities we serve—are at the centre of this journey. Their expectations inspire us to do better, and their trust motivates us to go further. By sharing our progress openly, we aim to strengthen these relationships and reaffirm our commitment to responsible, transparent business practices. This report is more than just numbers and milestones: it's a testament to our belief that long-term success depends on creating a positive impact for all our stakeholders. As we advance on our ESG journey, we remain focused on building a future where sustainable growth benefits everyone.

Reporting Scope

This section has been developed in alignment with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), United Nations Sustainable Development Goals (UNSDGs), ISO standards, and the Business Responsibility and Sustainability Reporting (BRSR) requirements issued by the Securities and Exchange Board of India (SEBI). We have further formalised our extended scope to start alignment with the Responsible Supply Chain Initiative (RSCI). Collectively, these outline our ESG performance along with the corresponding key performance indicators (KPIs).

Reporting Boundary

The data provided in this section primarily pertains to all of Varroc's offices and plants in India. It encompasses data and activities from our operations for the fiscal year ending FY 2024-25.

Forward-looking Statement

Our forward-looking statements, along with regular communications from our management, convey projections and anticipated outcomes based on current strategies and underlying assumptions. The ESG section provides insights into our future outlook, supporting investors in making informed decisions.

Contact Details and Feedback

Share your feedback or queries regarding this report with:

Manohar N. Sethpalani

Head of Quality, ESG & EHS, Manufacturing India.

Email id: manohar.sethpalani@varroc.com

MESSAGES FROM OUR LEADERSHIP



Tarang Jain
Chairman & MD

"Sustainability is no longer a choice—it is our responsibility, our strategy, and our promise to the future. As we continue to serve a rapidly evolving global automotive industry, our unwavering focus remains on creating value that is both sustainable and shared—across our supply chains, our communities, and our planet. We made significant strides in reducing our environmental footprint, advancing energy-efficient manufacturing, and strengthening our ESG governance. But sustainability for us is not a milestone—it is a mindset. It is embedded in our design philosophy, our material choices, our partnerships, and the way we empower our people. As we move forward, we do so with purpose: to lead responsibly, act boldly, and drive transformation in every part we make and every partnership we forge."



Arjun Jain
Director & CEO- Business I

"Our shift towards creating and supplying automotive parts with minimal environmental footprint, stems from our desire to act as an ethical and socially responsible business. With technology at the forefront, we are embedding sustainability into our designs and production processes, to create a positive impact on the environment and the communities in which we operate."

AWARDS AND ACCOLADES

St Andrews Prize for the Environment	2024
WRI Ross Center Prize for Cities:Top 5 Finalist	2024
Platinum Award to VEL-Ex Chakan Platinum Award to VPL-IV (Chitegaon) Silver Award to VPL-CK (Chakan) Platinum Award to VPL-II (Ranjangaon)	2024
ACMA excellence award - Bronze Medal for Varroc Polymer R&D for tailgate	2024
HMSI - Annual Suppliers Convention 23-24 Delivery Management Forging and M/Cing Parts	2024
MSIL Supplier Conference 2023-24 Special Support in Managing Parts Development in Short Time	2024
India's Leading ESG Entity by Dun & Bradstreet India as a part of ESG Champions of India 2023-24 publication	2024
ACMA HR Best Practices in Gender Diversity Competition	2024
BAL-Q Platinum Award at the BAVA Pantnagar Cluster Convention	2024
Certificate of Appreciation at the ACMA Atmanirbhar Excellence Awards Ceremony	2024
CII-ITC Sustainability Award for Significant Achievement in Corporate Excellence 2024	2024
ISO/IEC 27001:2022 Certification	2023
Varroc TYC Auto Lamps, Chongqing won the Excellent Supplier Award at the 2023 Changan Automobile Global Partner Conference	2023
Platinum Award for Varroc Engineering Ltd. Lighting Division at the 3rd CII National Technology Competition	2023
Silver Award for VPL-IV at 46th CII Kaizen Award	2023
Gold Award for VEL-II at 46th CII Kaizen Award	2023
Reliability Award for Quality and Delivery at the Royal Enfield Supplier Meet 2023	2023
Recognised by Mahindra & Mahindra as one of the Critical Supplier Partners in the successful journey of Mahindra Bolero Maxx	2023
Great Place to Work certified	2023
Frost & Sullivan's India Manufacturing Excellence Awards 2023: Certificate of Merit-Digital Factory for VEL-III	2023
Full-Service Development Award by Volve Eicher Commercial Vehicle (VECV)	2023
ELCINA Award for R&D	2023
Bajaj Supplier Awards for Quality	2023

VARROC AT A GLANCE

GRI 2-6, 201-1, 201-2, 201-3, 201-4

Varroc is a global automotive technology solution company that designs, develops, and manufactures electrical, electronics, lighting, polymer, metallic, and advanced safety solutions for OEMs worldwide in the two-wheeler, three-wheeler, passenger car, commercial vehicle, and off-highway vehicle ("OHV") segments. Additionally, Varroc has a strong aftermarket division serving 30+ countries across the world.

At Varroc we embrace a technology-driven, data-centric approach to accelerate the transition toward a smarter, more connected world. Sustainability lies at the heart of our vision for a new era of mobility: our dedicated R&D teams focus on creating solutions that reduce energy consumption and minimise carbon emissions. Through innovative product development, we enhance vehicle performance, agility, and efficiency, supporting the automotive industry's shift toward sustainable mobility.

Headquartered in Chhatrapati Sambhajnagar (formerly Aurangabad), India, Varroc has 37 world-class manufacturing facilities, 7 R&D centres and 6100+ employees across 8 countries. Over three decades Varroc has been relentlessly committed to excellence and performance, offering the best design solutions, giving its customers a competitive edge in their markets. The company established itself as the most preferred partner with all leading OEMs in the automotive segment worldwide. Today, Varroc is listed on the stock exchange (BSE and NSE) and features on India's Fortune 500 list. By actively partnering with industry peers, clients, and stakeholders, we aim to create long-term value and drive meaningful impact. We envision a future rooted in collaboration, innovation, and shared growth with Varroc at the forefront of a technology-led transformation focused on sustainable practices. Our aspirations go beyond business growth; we are committed to shaping a cleaner, greener, and more connected global future.

VISION

Create safe, smart, and sustainable future mobility solutions for everyone

MISSION

Be the trendsetter in providing mobility solutions that offer the highest value for money to customers

- ✓ Extend India market leader position in 2W mobility, lighting, and driver assistance to the world
- ✓ Stay ahead of market in growth and profitability
- ✓ Be the Partner of Choice for our valued customers through superior customer experience
- ✓ Empower and enable all teams to commit to speed, excellence, and our values to achieve exceptional success
- ✓ Continue to be a trusted business partner for our customers focused on societal and environmental sustainability

Geographical Presence

With significant operations around the world, we are well-equipped to cater to the unique requirements of each region with precision and agility.

Presence across nations

Advancing Mobility Across Borders with Purpose

EUROPE

Romania
Poland
Italy
Germany

ASIA

India
China
Vietnam
Japan

SEGMENTS



2-WHEELER



3-WHEELER



PASSENGER
VEHICLE



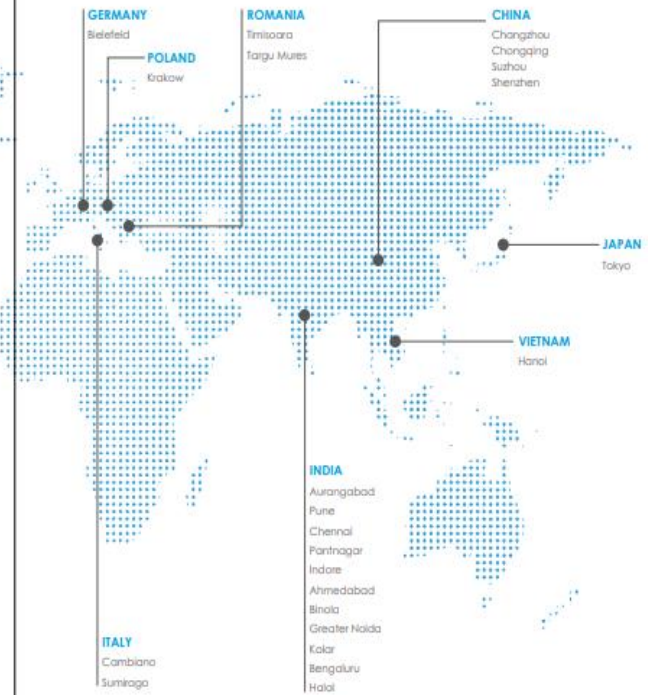
COMMERCIAL
VEHICLE



OFF HIGHWAY
VEHICLE



FARM
VEHICLE



Quick Look at Our Numbers

8

Countries

6100+

Employees

120+

Patents

7

Technical
Centres

800+

R&D
Engineers

37

Manufacturing
facilities

863

Revenue
(USD in
million)

9.8%

Revenue from
EV Customers

52MN Units

from Renewable
Sources

19K+

Tree
Plantations

~90%

of waste
recycled

Economic Performance

Direct Economic Value Generated Rs. (in millions)	FY 2024-25	FY 2023-24
Revenue (through core business segments)	75,702	68,578
Other Income (through other sources)	322	319
Total	76,024	68,897
Economic Value Distributed		
Operating Cost	63,099	57,577
Personnel Expenses (wages + benefits)	7,040	6,382
Interest Charges		
Taxes and Royalties (given to various govt. wherever business units are located) - Taxes Expenses	944	-2,458
Taxes and Royalties (given to various govt. wherever business units are located) - Dividend Tax Paid		
Dividends (payments to capital providers)		
Donations (political parties/politicians)		
Community Development/CSR Investments	40.91	32.55
Total	75,702	68,578
Economic Value Added	4,263	3,092

Source: Consolidated Statement of Profit and loss from Annual Report 2025- Varroc

Note: Figures everywhere reflect our Sustainability report scope, including one of our subsidiaries within Varroc's Indian operations, and may differ from Annual report & BRSR values due to this expanded coverage.



Our cash from operations was at ₹ 7,276 million which was ~94% of our adjusted EBITDA, indicating strong and healthy convergence between the two metrics.



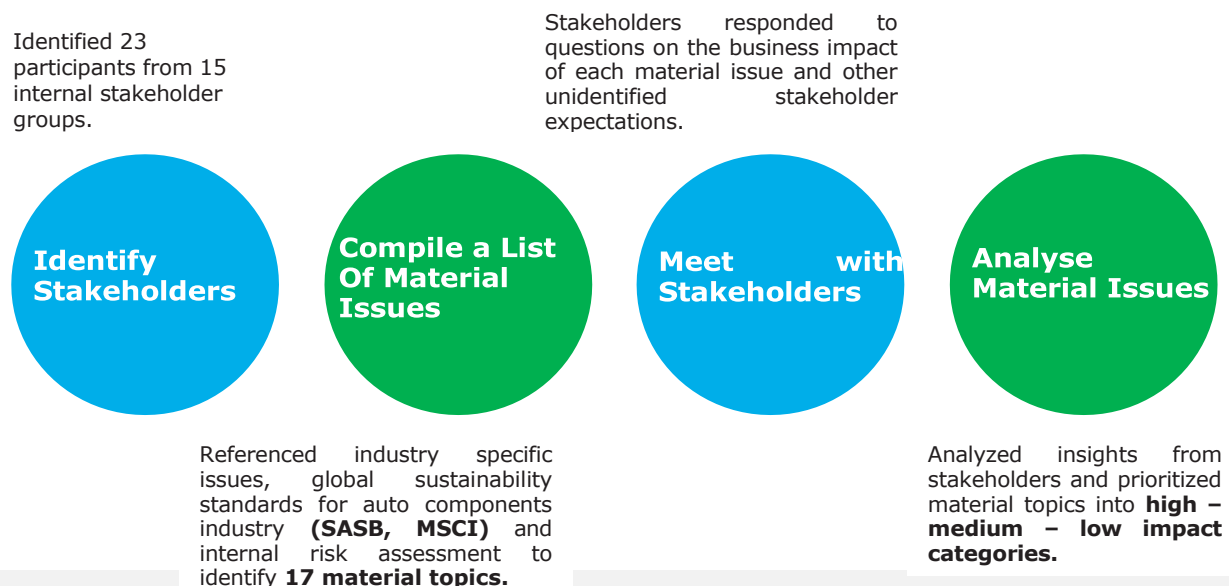
OUR SUSTAINABILITY APPROACH AND MATERIALITY ASSESSMENT

GRI 2-29, 3-1, 3-2, 3-3

Sustainability is at the core of everything we do. It fuels our growth, shapes our innovation, and guides our purpose. We believe that creating lasting value means striking a thoughtful balance between environmental stewardship, social impact, and ethical integrity. Our commitment extends beyond action, where we foster open, transparent, and inclusive dialogue with all those who share in our journey—employees, partners, communities, and customers alike. These relationships—built on trust, respect, and shared values—fuel our progress and help us deliver meaningful impact for shareholders, customers, employees, suppliers, and communities alike. Guided by internationally recognised principles of sustainable development, our focus is clear: climate action, energy efficiency, responsible sourcing, employee well-being, and community engagement. Through ongoing reflection on material sustainability topics, we ensure our strategy stays aligned with evolving stakeholder expectations and global challenges.

As the automotive world accelerates toward electrification, Varroc is leading with innovative, eco-friendly mobility solutions. Our mission to “Create safe, smart, and sustainable future mobility solutions for everyone” inspires everything we do: from driving innovation and upholding the highest governance standards to delivering real value every day. By embedding these principles into the fabric of our business, we’re not just growing, we’re building trust, resilience, and a brighter, more sustainable future for all.

Process to Conduct Materiality Assessment





Identified Material Issues

Medium to low priority "Learn & Prepare"

- 11 Employee Volunteering and CSR

High to medium priority "Manage & Monitor"

- 1 Energy and Greenhouse Gas (GHG) Emissions
- 2 Waste Management
- 3 Sustainable Products
- 5 Climate Change Regulations, EV
- 6 Training and Development
- 10 Labour Management and Human Rights
- 14 Data Protection & IPR
- 15 New Technology and Adoption
- 16 Competitive Edge

Critical "Act Now"

- 4 Sustainable Supply Chain
- 7 Diversity, Equity and Inclusion
- 8 Employee Health and Safety
- 9 Employee Attrition
- 12 Ethics and Transparency
- 13 Regulatory Compliance
- 17 Financial Risk

ESG STRATEGY FRAMEWORK

At Varroc, our ESG strategy reflects the values that define us: Sincerity, Humility, Integrity, Passion, and Self-discipline (SHIPS). Structured around six ESG pillars and rooted in the nine principles from the National Guidelines for Responsible Business Conduct (NGRBC) that govern India's BRSR, our approach is both comprehensive and purpose driven. We align our performance with globally recognised frameworks: SEBI's Business Responsibility & Sustainability Reporting (BRSR), the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (UNSDGs), Responsible Supply Chain Initiative (RSCI), ISO standards - ensuring transparency, accountability, and continuous progress. Fueling this journey are four key enablers: technology, innovation, training, and strategic collaborations. Together, they help us turn our values into measurable impact and keep us moving forward with clarity and conviction.

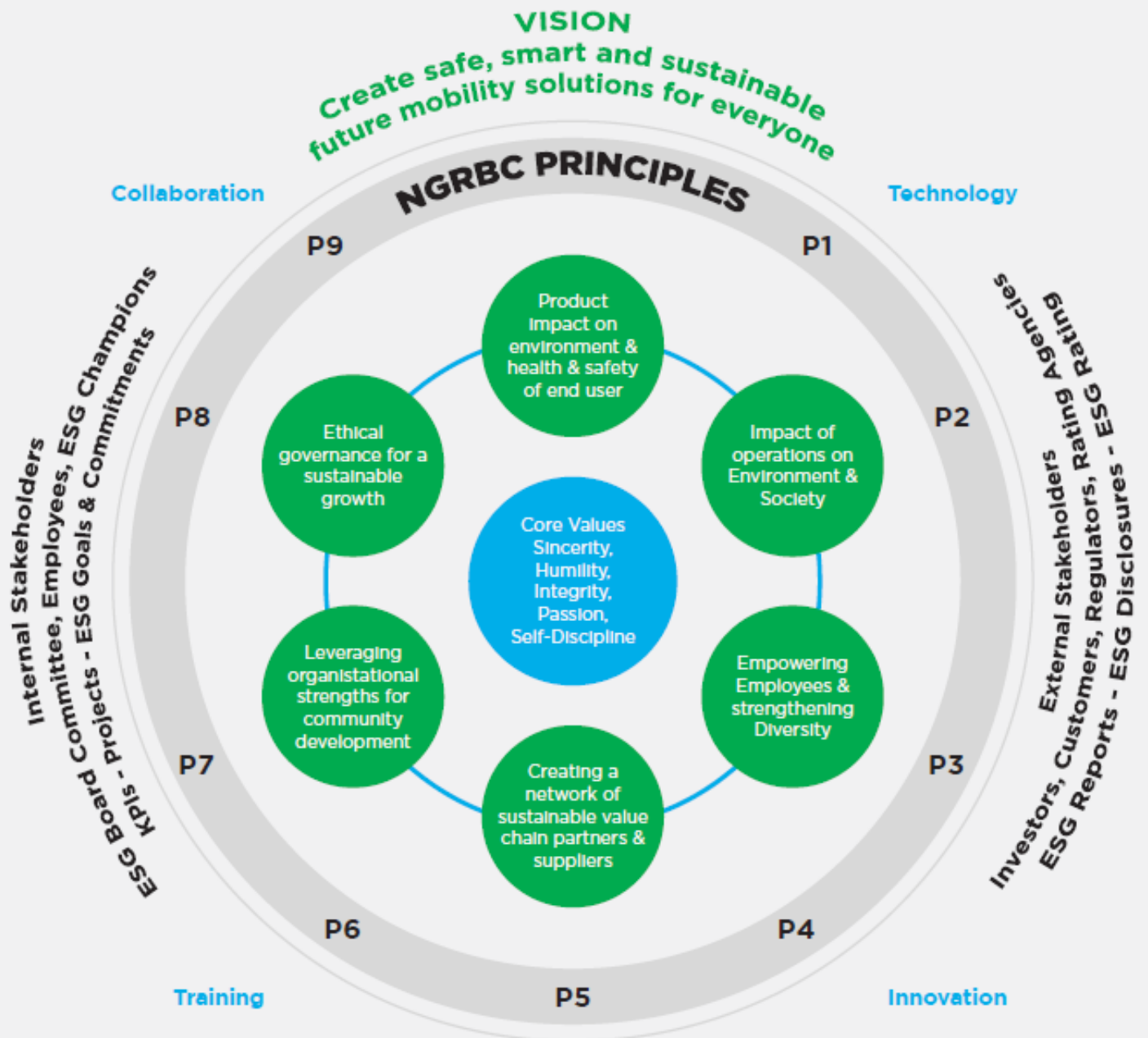


Group Head -Quality, ESG & EHS- Manohar Sethpalani

With innovation at the core and sustainability as our guide, Varroc is developing resilient systems that address both environmental urgency and market transformation. We are progressively increasing our renewable energy sourcing in multiple phases. By the end of the first phase, renewables accounted for 45% of our energy mix and upon completion of the second phase, our dependence on non-renewable sources will become less than 50%

Our Sustainability Priorities

At Varroc, our vision for sustainability is to collaboratively create value for our stakeholders by pioneering eco-friendly products for the automobile sector. Committed to environmentally responsible operations, we aim to 'Create safe, smart, and sustainable future mobility solutions for everyone.' As the automotive sector moves towards electrification, we see substantial opportunities to innovate and to drive significant change in our mission. Integrating sustainability into our operations is fundamental to our growth strategy, addressing local, national, and global contexts. Our efforts to prioritise the environment, product end-users, employees, supply chain, and communities, are grounded in globally recognised sustainable development principles.



Sustainable Products

- Product impact on the environment
- User safety through life cycle and end-of-life assessments



Sustainable Operations

- Environmental impact
- GHG emissions
- Waste recycling
- Renewable energy usage
- Zero Liquid Discharge (ZLD)



Diversity, Equity and Inclusion

- Enhancing employee capabilities
- Promoting diversity and inclusion
- Ensuring health and safety
- Complying with human rights



Sustainable Supply Chain

- Building a sustainable value chain with responsible sourcing practices
- Complying with human rights



Community Development

- Utilising organisational strengths for community development and CSR projects



Sustainable Growth and Governance

- Ethical governance practices





CORPORATE OVERVIEW

CORPORATE GOVERNANCE

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17, 2-18,
2-19, 2-20, 2-27, 2-28, 205-1, 205-2, 205-3, 415-1

Governance Framework for ESG oversight:

Varroc has implemented a robust multi-tier governance framework to effectively oversee and manage our ESG initiatives. At the highest level, the ESG steering committee-comprising Key Management Personnel, operates under the guidance of the Board of Directors. This is further supported by three dedicated ESG Operational Councils, each focusing on the respective Environment, Social and Governance pillars.

The ESG Deployment Cell drives operational excellence by executing ESG strategies across corporate functions, business units, manufacturing facilities, community development partners, and supply chain networks. With senior leadership represented across all governance layers, our sustainability agenda ensures strong alignment and accountability throughout the organisation.

BOARD OF DIRECTORS

ESG STEERING COMMITTEE OF THE BOARD

**ESG Operational
Council - Environment**

**ESG Operational
Council - Social**

**ESG Operational
Council - Governance**



MR TARANG JAIN
CHAIRMAN & MD



MR ARJUN JAIN
DIRECTOR & CEO
BUSINESS I



MRS LISELOTT KILAAS
INDEPENDENT
DIRECTOR

Permanent Invitees to the Committee:



MR MAHENDRA
KUMAR KARUMANCHI
GROUP CHIEF
FINANCIAL OFFICER



MS KAVITA M
KULKARNI
GROUP CHIEF HUMAN
RESOURCE OFFICER



MR MANOHAR N
SETHPALANI
Group Head of Quality,
ESG & EHS

Nomination and Remuneration Committee

Varroc's Nomination and Remuneration Committee (NRC) plays a pivotal role in upholding robust corporate governance. It oversees the selection and compensation of directors and senior management through a transparent, merit-based process that prioritises diversity and qualifications. The NRC also formulates and monitors remuneration policies aimed at attracting, retaining, and motivating top talent, ensuring alignment between compensation structures, company performance, and long-term strategic objectives.

Compliances

Varroc remains steadfast in its commitment to comply with all relevant laws, regulations, and industry standards, ensuring operations are guided by transparency, ethical conduct, and regulatory integrity. Legal compliance is the foundation of the company's governance framework, fostering trust and accountability among all stakeholders. Importantly, Varroc has not been subject to any monetary or non-monetary penalties from regulatory or law enforcement bodies, reflecting its consistent and rigorous adherence to compliance requirements.

Memberships of Associations

As part of our commitment to business excellence, we are affiliated with six industry chambers and associations to ensure our operations align with the latest technological advancements.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1	Automobile Component Manufacturers Association (ACMA)	National
2	Society of Indian Automobile Manufacturers (SIAM)	National
3	Bajaj Auto Vendor Association (BAVA)	State
4	Confederation of Indian Industries (CII)	National
5	Marathwada Association of Small-Scale Industries & Agriculture (MASSIA)	State
6	Chamber of Marathwada Industries Association (CMIA)	State

Policy Framework

Policies act as essential frameworks and guidelines for Varroc's functioning. The following policies have been designed for Varroc's specific purpose in the automotive industry, through rigorous review and multi-stakeholder engagement. Approved by the Board, and the ESG Steering Committee, these policies cover key strategic priorities to ensure accountability and transparency across the company.

We have disclosed our policies on our website for easy access:
<https://www.varroc.com/investors/corporate-governance>

ENVIRONMENT	SOCIAL	GOVERNANCE	
<ul style="list-style-type: none"> ESG Policy covering goals, framework, stakeholders and governance 	<ul style="list-style-type: none"> Diversity, Equity and Inclusion Policy 	<ul style="list-style-type: none"> Environmental Health and Safety Policy 	<ul style="list-style-type: none"> Whistle Blower Policy
	<ul style="list-style-type: none"> CSR Policy 		
	<ul style="list-style-type: none"> Policy on Prevention of Sexual Harassment 	<ul style="list-style-type: none"> Anti-bribery and Anti-Corruption Policy 	<ul style="list-style-type: none"> Policy on Preservation of Information and Archival or Documents Varroc Group
	<ul style="list-style-type: none"> Human Rights Policy 	<ul style="list-style-type: none"> Policy on Related Party Transactions 	<ul style="list-style-type: none"> Dividend Distribution Policy
	<ul style="list-style-type: none"> Grievances Redressal Policy 	<ul style="list-style-type: none"> Code of Conduct for Insider Trading 	<ul style="list-style-type: none"> Conflict Mineral Policy
		<ul style="list-style-type: none"> Material Subsidiary Policy 	<ul style="list-style-type: none"> Code of Fair Disclosure of Unpublished Price Sensitive Information
		<ul style="list-style-type: none"> Policy for Board Diversity Appointment, Remuneration- Training and Evaluation of Directors and Employees-VEL & VPL 	<ul style="list-style-type: none"> Code of Ethics
		<ul style="list-style-type: none"> Policy on Succession Planning for Directors, KMP, SMP 	<ul style="list-style-type: none"> Data Protection & Privacy Policy
		<ul style="list-style-type: none"> Code of Conduct for Directors & Senior Management 	<ul style="list-style-type: none"> Sustainable Supply Chain & Procurement Policy
		<ul style="list-style-type: none"> Enterprise Risk Management 	<ul style="list-style-type: none"> Supplier Code of Conduct

Whistle Blower Policy

Varroc's Whistle Blower Policy establishes a secure and confidential mechanism for reporting concerns related to unethical behaviour, suspected fraud, or breaches of the company's Code of Conduct and its Ethics Policy. This channel is open to all stakeholders, employees, directors, vendors, suppliers, contractors, dealers, and other external partners. This ensures that every voice can contribute to maintaining integrity within the organisation. The policy reflects Varroc's commitment to transparency, accountability, and ethical governance. The complete policy is accessible at the following link: <https://www.varroc.com/investors/corporate-governance>

Anti-Corruption Policy

Varroc enforces a strict zero-tolerance approach to bribery and corruption, upholding global regulatory standards and the highest levels of ethical conduct. All stakeholders along our value chain—employees, contractors, suppliers, and affiliates—are expected to comply with our Anti-Bribery and Anti-Corruption (ABAC) Policy, or with the most stringent applicable laws wherever they operate.

Aligned with both our employee Code of Conduct and the supplier's counterpart, the policy outlines clear responsibilities and offers comprehensive guidance to prevent corrupt practices across all business activities. Regular corruption risk assessments are conducted to proactively identify vulnerabilities, and these efforts have contributed to maintaining a record of zero reported cases.

To strengthen our culture of integrity, Varroc provides ongoing mandatory trainings on anti-corruption practices throughout the organisation. In addition, Varroc maintains a strictly apolitical stance. The company does not support or affiliate with any political party, and no stakeholder is permitted to make political contributions on behalf of Varroc or use their association with the company for political activities without prior approval from the Board. The complete policy is accessible at the following link: <https://www.varroc.com/investors/corporate-governance>

Code for Fair Disclosure Of Unpublished Price Sensitive Information

Varroc's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information reflects the company's unwavering commitment to integrity, transparency, and ethical governance. Its core objective is to ensure consistent, timely, and transparent public disclosure of material information, thereby fostering investor confidence and maintaining a level playing field for all market participants. This code establishes a structured framework of procedures and practical guidelines to support informed decision-making and responsible communication. By adhering to these principles, Varroc strengthens stakeholder trust and reinforces its reputation for fair and accountable corporate conduct. The complete policy is accessible at the following link: <https://www.varroc.com/investors/corporate-governance>

Grievance Redressal Mechanism

Varroc has established a comprehensive Grievance Redressal Mechanism to ensure that all stakeholders have access to a secure, structured, and responsive channel for voicing concerns. This framework is anchored in our Whistle Blower Policy and Grievance Redressal

Policy, both of which promote transparency, accountability, and open communication across the organisation.

Our Internal Committee (IC) meets quarterly to review and investigate reported incidents, maintaining a detailed register of proceedings and outcomes. To foster direct dialogue and build trust at every level, we conduct monthly Vartalap sessions, where line workers can share concerns directly with plant heads. These sessions have become a vital part of our inclusive communication culture.

Recognising the unique needs of different stakeholder groups, Varroc has developed dedicated policies that provide clear pathways for grievance resolution. Communities can raise concerns through the Corporate Social Responsibility (CSR) Committee, investors are supported by the Compliance Officer, and shareholders have access to the Stakeholder Relationship Committee. Employees, customers, and value chain partners are encouraged to report issues through designated contact points or via the Whistle Blower mechanism.

Our continued focus is on evolving this framework to ensure it remains inclusive, responsive, and transparent so that every stakeholder feels heard, respected, and actively engaged in Varroc's journey toward sustainable and ethical growth.

Risk Management

Varroc has identified eighteen key risks associated with its business operations and has implemented a comprehensive Enterprise Risk Management (ERM) framework and policy to effectively address them. Spearheaded by the Audit Committee and the Chief Internal Auditor/Risk Officer, this internal system actively monitors relevant risk indicators and ensures timely and appropriate action is taken to mitigate potential impacts.

The ERM framework is designed to meet the expectations of both internal and external stakeholders—protecting and generating value to drive profitability and growth internally, while ensuring regulatory compliance and business continuity externally. Each business unit, plant, and division is required to adopt a robust risk management program to proactively mitigate against identified risks, rather than aiming to eliminate them entirely. The ERM policy defines the overarching objectives, guiding principles, and structured framework for risk management, clearly outlining associated processes, procedures, and roles.

Detailed information on the identified risks and corresponding mitigation strategies is available in our Annual Report.

CSR

In Varroc, CSR is covered through several distinct activities. These are governed by the company's CSR Steering Committee and CSR Policy and are outlined in detail in the CSR section of this report. The Committee's mission is to "contribute to sustainable development and inclusive growth by investing responsibly, thereby reducing socio-economic inequalities among the underprivileged sections of society". The company's CSR focus is divided into four streams: the environmental restoration (and subsequent social impact) of Kham River; sports-centric scholarships and partnerships to support aspiring youth athletes with limited means; the education and social mobility of industrious youth engineers; and employee-led volunteer engagements. The complete policy is accessible at the following link: <https://www.varroc.com/investors/corporate-governance>

Human Rights Policy

Varroc is committed to maintaining and improving systems and processes to avoid complicity in human right violations. The Human Rights Policy, therefore, covers key bases across equal opportunity and prevention of discrimination in the workplace, shared values and ethical conduct in the workplace, and a workplace free from sexual harassment. The policy also underscores our commitment to a child-labour-free and slave-labour-free workplace, and the supplier code of conduct asks our supply chain to adhere to the same. With a built-in grievance redressal mechanism, the policy aims to be a robust foundation to comply with the highest possible ethical and legal standards. The complete policy is accessible at the following link: https://www.varroc.com/upload/financial_results/17201786081795730310.pdf

Diversity, Equity and Inclusion Policy

Aligned with the emphasis on fostering a workplace free from discrimination, the company is committed to improving its diversity within the organisation, with the DEI Policy as the framework. With the vision of working together to achieve a more robust, sustainable, holistic company structure, the policy covers commitments provided by Varroc, as well as commitments expected from employees to achieve our mutual goal. The complete policy is accessible at the following link: https://www.varroc.com/upload/financial_results/17201786461747451488.pdf

Environmental Occupational Health and Safety Policy

EOHS is a core mandate for the manufacturing industry in general, and Varroc has embraced these structures in our own functioning. As one of the leading automotive component manufacturers in India, the company's stringent emphasis on the health and safety of staff across facilities is paramount. Further, recognising the effect of the industry on the environment, this policy highlights basic requirements to limit our impact on our natural surroundings. Along with the ESG Policy (available on our website: [EHS](#), [ESG](#)), these two policies provide a strong guideline for the internal processes, structures and audits that employees and workers follow day-to-day for a safe, healthy, secure work culture.



ENVIRONMENT



As the need to acknowledge and mitigate the negative impact of a business's activities on the environment grows, Varroc has embraced a structured approach to manage its impacts. Our efforts started in 2008 when we launched a comprehensive Environment, Health and Safety (EHS) strategy. This took a top-down and bottom-up approach to EHS, distributing accountability cross-functionally. Since 2022, the company has had dedicated ESG resources, taking care of an all-encompassing approach to operational and strategy ESG and EHS collectively.

Varroc's vision of safer, smarter, more sustainable mobility for everyone starts within the company itself. Recognising that we have the power to influence across our value chain, Varroc's R&D team is at the forefront of developing environmentally considerate solutions – from product design to operations and supply chain.

Some of our achievements in the past year include improving our captive renewable energy usage, monitoring and expanding our Zero Liquid Discharge (ZLD) systems across facilities, and researching deeper into alternative sustainable processes and materials such as biocarbon, recycled materials, or product lightweighting for energy and fuel efficiency. We also continue to be ISO14001:2018 certified across all manufacturing facilities, highlighting our continued commitment to environmental protection and adherence to internationally recognised standards of environmental stewardship. This section provides a deeper look into our key environmental initiatives and breakthroughs.

ENERGY MANAGEMENT AND EFFICIENCY

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

Material Issues Addressed



Energy & GHG Emissions



Climate Change Regulations

Over the years, Varroc has implemented a range of impactful measures to enhance energy efficiency, resulting in a notable reduction in both energy consumption and emissions. Through continuous monitoring and proactive energy management, our total energy consumption for FY 2024–25 stood at **1,85,912,857 kWh**.

Key energy efficiency initiatives undertaken include:

- ✓ Compressed air leak arresting and system optimisation
- ✓ Lighting automation using motion sensors
- ✓ Demand load optimisation
- ✓ Installation of Variable Frequency Drives (VFDs) for MTC pumps

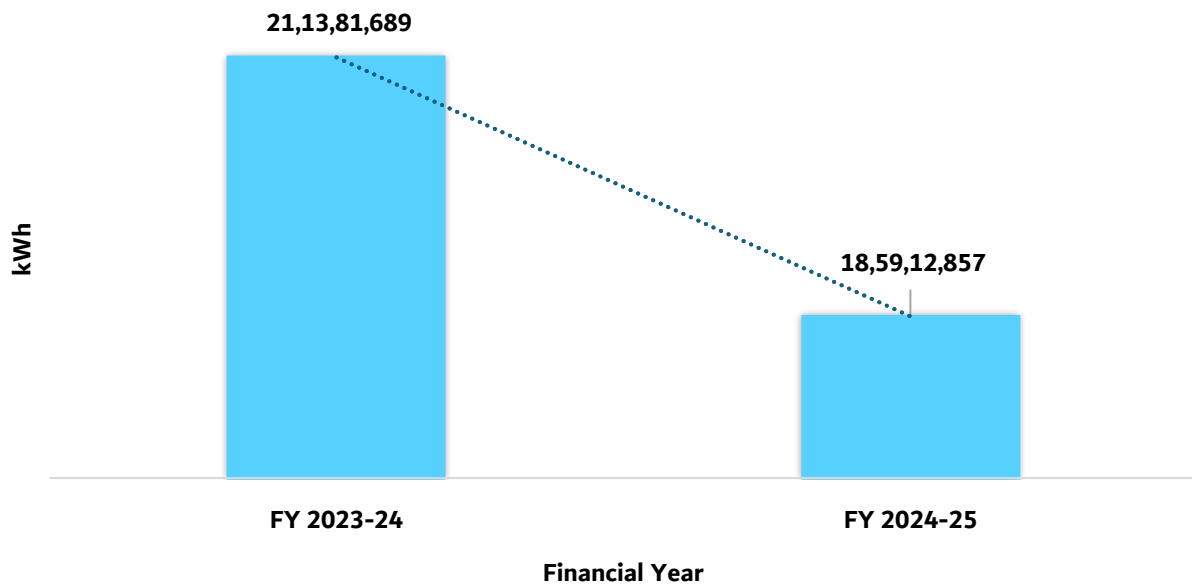
- Deactivation of standby pumps during non-operational hours
- Replacement of conventional lighting with LED systems

These initiatives, spread across **64 energy efficiency projects**, have collectively resulted in **energy savings of over 3 million kWh**—reinforcing our commitment to sustainable and efficient operations.



Parameter	UoM	FY 2024-25	FY 2023-24
Total Energy Consumption from Renewable Energy Sources	kWh	52,703,368	21,699,947
Total Energy Consumption from Non-Renewable Energy Sources	kWh	133,209,488	189,681,742
Total Energy Consumption	kWh	185,912,856	211,381,689
Energy Intensity	kWh/INR lacs	245	308

Total Energy Consumption



Energy Efficiency Measures

The following are some of our areas of continuous improvement in this space.

Area of consideration	Measure	Technology / Efficiency effect	Outcome & Savings
Compressed Air System	Desiccant Dryer Drain Air Utilisation	Compressed air reuse	Energy and cost savings - Rs. 14,400/year
	Vacuum Ejector Replacement	Efficient vacuum-based air saving	Energy and cost savings - Rs. 10,920/year
	Air Leak Reduction (VEL-P3)	Leak control via diaphragm pump/nozzles	800 KWh/year
	Air Leakage Reduction	System-level leakage minimisation. Leakage from 56% to 7%	Energy and cost savings - 5,498 units/month Rs. 52,780/month
	Air Compressor Pressure Reduction	Compressor load optimisation	Energy and cost savings - 2781 units/month Rs. 26,700/month
	Air Booster in 2W Assembly	Localised line pressure management	Power Savings
Thermal Insulation	IMM Heater Insulation Jacket	Heat loss reduction via insulation	Energy savings – Rs. 45,3024/year
	IMM Heater Jacket	Heater energy insulation	Energy savings – Rs. 2 Lakh/month
	Barrel Jacket Insulation	Process thermal insulation for barrels	Identified energy saving opportunities

Electric Motors & Drives	IE4 Motor Installation	High-efficiency IE4 motor	Energy savings – Rs. 149,786/year
	IE4 Blower Motor	Efficient blower motor (planned)	Energy savings will be implemented during Q3-FY 2026. CAPEX initiated
	AC to DC Blower Conversion	Energy-efficient conversion	Energy savings will be implemented during Q3-FY 2026. CAPEX initiated
	Servo Conversion to SM-2500	Efficient drive system upgrade	Energy savings will be implemented during Q3-FY 2026. CAPEX initiated
Automation & Process Optimisation	3-Axis Robot for IMM	Reduced cycle time and manpower energy	Energy and cost savings – Rs. 144,144/year
	IR Quick Start Optimisation	UV lamp timing & IR ramp-up optimisation	Energy and cost savings – 7,812 units/month/ Rs. 75,000/month
	Pump Capacity Reduction	Optimised pump sizing for load	8,236 KWh/year
	VMC Machine Idle Mode	Idle-mode energy management	Energy and cost savings – 4,380 KWh/year Rs. 33,945/year (each)
	AC Unit Reduction	Load reduction via process redesign	Energy and cost savings – 1,125 units/month Rs. 10,800/month
Lighting Systems	LED Lights Replacement (VEL-P3)	Energy-efficient lighting upgrade	Energy savings - 2,592 KWh/year
	LED Lights Office	CFL to LED retrofit	Energy savings - 7,000 KWh/year
	Separate MCB for Paint Station	Operational lighting control	Energy savings - 1,036 KWh/year
	LED Lighting (VPL-II)	Shopfloor-wide LED deployment	Energy savings - Rs. 7.3 Lakh/year
Fuel Conversion	Diesel to PNG/CNG Conversion	Emission and efficiency through clean fuel switch	Emission reduction - IRR: 1.5 years
Renewable Energy	Solar Installation 112KW for VPL BGII	Onsite solar generation	400 KWh/day - Under process
Water & Utilities	Sensor/Push-type Taps at the Plants	Low-flow, hygiene-focused water & power saving taps	Water and power savings = cost reduction and hygiene

Looking ahead, while we continue to work on energy efficiency, we are also going to manage the source of our energy, starting by relying more on renewable energy sources using solar panel installations on our sites, and entering into Power Purchase Agreements with green energy providers. We also aim to integrate smart grid technologies to better monitor and manage our energy use in real time.

CASE STUDY: Energy Efficiency Through Heat Insulation Jackets

Objective

To reduce the energy consumed by molding machines and increase relative energy efficiency.

Brief summary of activity

Although briefly mentioned in our first sustainability report, this year, we have seen the effects and value of this particular continuous improvement initiative. Molding machines are high-thermal, meaning they exude huge amounts of heat. This heat is difficult to capture and restore as captive energy, resulting in heat and energy loss. Furthermore, they create a high-temperature environment around them making it harder for manpower in the area - between these three factors, the machine's functioning becomes less optimal.

Heat insulation jackets are custom-built Velcro wraparounds that withstand up to 600c continuously. As they control heat loss, the heat and energy required to reach a set molding temperature is more efficiently achieved, therefore shortening start-up time and increasing productivity. They also maintain a more suitable atmospheric temperature in their workzones, reducing manpower turnaround due to heat fatigue, which results in increased productivity and a better deployment of labour to other tasks and lines.

Outcomes

These jackets have achieved over 40% reduction in energy consumption, resulting in a 10% savings in energy costs within the first year itself. At a start-up cost of INR35,000 per jacket, the ROI was reached within four months of implementation.

CASE STUDY: Shifting From AC to DC Converters in Paint Shops

Objective

To reduce energy consumption and increase line efficiency of drying painted parts.

Brief summary of activity

This particular initiative is testament to Varroc's intentional investments in energy management. Customised paints and finishes for component model lines is an essential part of the finished product, and we work closely with our customers to ensure that finishes and colours flawlessly fit their future needs. However, given the viscosity and layering of the paint required on automotive components, drying time often takes up to 24 hours, and requires consistent airflow. This energy management initiative is considered an improvement in both energy consumption and productivity efficiency. By converting existing single-fan AC conversion blowers into multi-fan DC conversion blowers, while drying time remains 24h, the energy consumption of blowers has reduced and number of items that can be processed has increased, allowing for a faster product turnaround time.

Outcomes

Currently being piloted on four blowers in two plants, we already see energy usage has been reduced by approximately half on all four systems. Yearly savings on electricity were almost INR130 Lakh last year, resulting in a robust expected ROI of no more than 1.5 years.

Renewable Energy

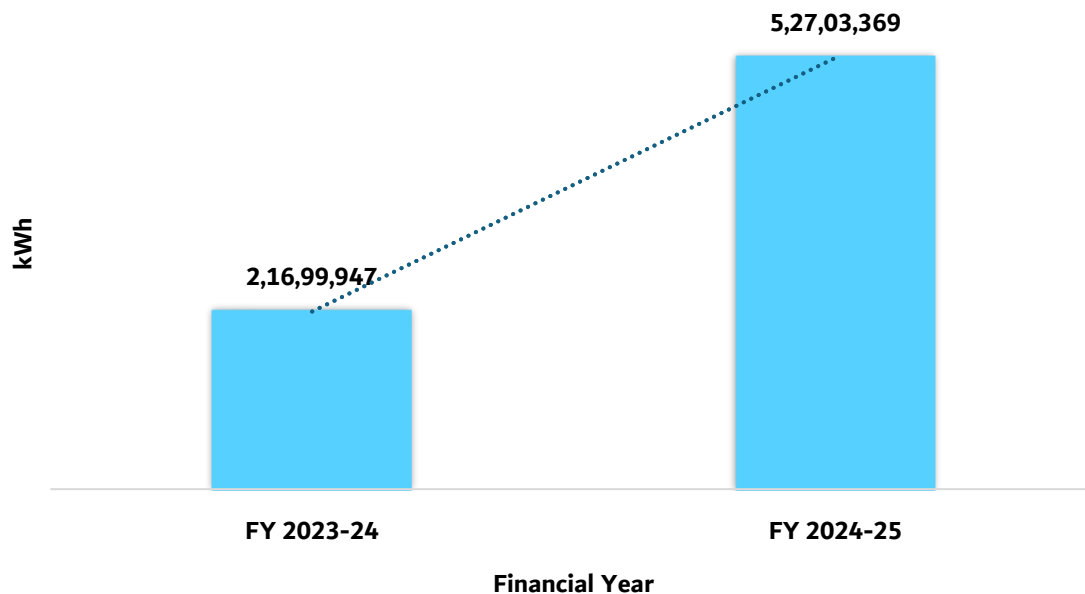


As we mentioned in the previous section, Varroc is steadily shifting towards renewable energy via solar and wind sources.

In FY 2023–24, Varroc’s electricity consumption from renewable sources through solar rooftop generation and Renewable Power Purchase Agreements (PPAs) under the Renewable Purchase Obligation (RPO) stood at 21,699,947 kWh. By FY 2024–25, this figure saw a significant increase, with solar rooftop generation and renewable energy procured via PPAs reaching 52,703,368.79 kWh. Over 50% of our manufacturing plants are already equipped with rooftop solar installations. As a result, nearly 30% of Varroc’s total electricity consumption in the current fiscal year is now being met through renewable energy, up from 13% in FY 2024, marking a 17% year-over-year improvement.

We are actively expanding plant-wise renewable energy generation capacity, reinforcing our commitment to decarbonisation and sustainable energy sourcing across all facilities.

Renewable Energy Consumption



Emissions Management

GRI 305-1, 305-2, 305-4

Material Issues Addressed



Energy & GHG Emissions



Climate Change Regulations

A vital aspect of understanding and addressing climate change is the monitoring and reduction of greenhouse gas (GHG) emissions. Varroc adheres to the GHG Protocol standards to estimate Scope 1 and Scope 2 emissions, as illustrated in the table below. In FY 2023–24, the company achieved a 6.65% reduction in Scope 1 emissions, reflecting its ongoing commitment to enhancing efficiency and adopting cleaner technologies. Varroc's climate strategy centres on tracking and lowering GHG emissions, ensuring transparency and alignment with global standards through the GHG Protocol.

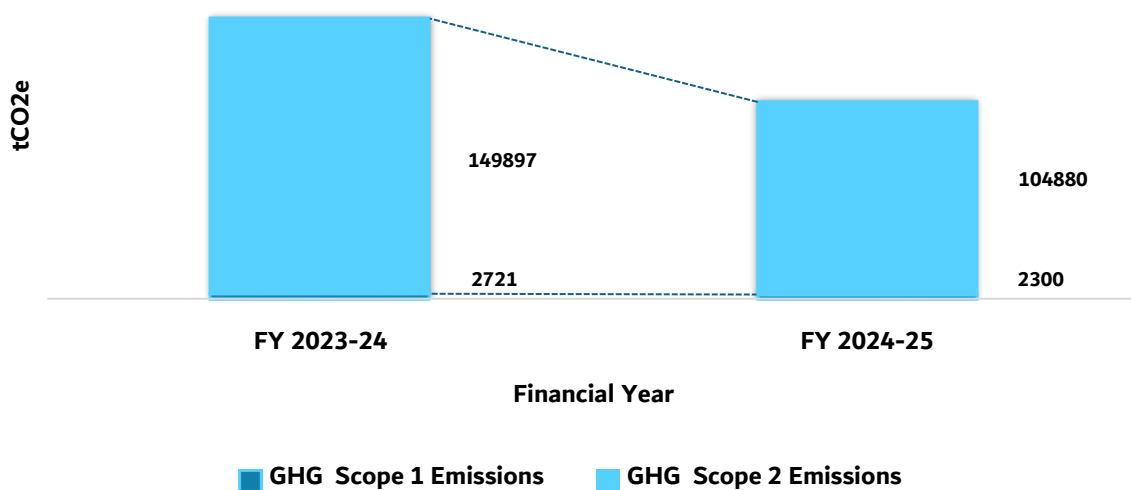
In FY 2024–25, Varroc recorded a 16% reduction in Scope 1 emissions (diesel consumption) and a 30% reduction in Scope 2 emissions (electricity consumption), primarily driven by a substantial increase in renewable energy usage, which comprised of nearly 30% of total electricity consumption. These reductions—excluding process-based fuel emissions apart from diesel consumption (Scope1)—highlight the company's emphasis on operational efficiency and the integration of sustainable technologies. The strategy

focuses on minimising emissions at their source, reinforcing a proactive and comprehensive approach to carbon management.

Looking ahead to FY 2025–26, Varroc remains dedicated to sustaining this downward emissions trend through continuous improvements and the adoption of advanced technologies. While Scopes 1 and 2 continue to be critical, the company acknowledges that Scope 3 represents the largest share of its carbon footprint. Initiatives are underway to calculate, monitor, and mitigate Scope 3 emissions, with formal reporting planned to support long-term sustainability objectives.

Parameter	UoM	FY 2024-25	FY 2023-24
Total Scope 1 emissions	tCO ₂ e	2,300	2,721
Total Scope 2 emissions	tCO ₂ e	1,04,880	1,49,896
Total GHG Emissions	tCO ₂ e	1,07,180	1,52,617
Emission Intensity	tCO ₂ e/ INR Lacs	0.14	0.20

GHG Emissions



In the past two financial years, we have successfully initiated the implementation of a wide range of energy conservation initiatives, with the aim of reducing our Scope 1 and 2 emissions. Some of our key measures included addressing compressed-air inefficiencies from air leak reduction through pressure optimisation and the deployment of air boosters tailored to localised requirements. We also enhanced process efficiency by replacing traditional vacuum ejectors, and reduced idle energy consumption through automation features such as VMC machine power-saving modes and servo conversions.

In the thermal systems space, we expanded the use of insulation jackets on IMM heaters and process barrels to minimise heat loss and reduce energy consumption during start-up and functioning. Additionally, the adoption of high-efficiency IE4 motors, VFD-driven exhaust fans, and AC to DC blower conversions contributed to substantial energy savings.



Over the last 2-3 years the company has been transitioning to LED lighting technology across shop floors and offices, complemented by operational controls such as MCBs. We have seen significant improvements in energy consumption from lighting since this transition, which we measured last year to start a more accurate tracking of the effects of this efficiency (see table above). As discussed under the Renewable Energy section, we anticipate further improvements in our emissions intensity from energy consumption given our increasing usage of renewable energy. On the shop floor, additional efforts on energy savings included transitioning from chiller operations to Plate Heat Exchangers (PHEs) and cooling towers – which, where feasible, are currently using recycled water.

To further reduce emissions, we continued our transition from diesel to PNG/CNG fuel for diesel generator (DG) sets and utility operations. Water conservation and hygiene were improved through the installation of sensor-based, push-type taps across plants.

These efforts are supported by regular EHS audits and the implementation of a certified Environmental Management System (EMS) across four major plants, ensuring continuous improvement and alignment with sustainability commitments. Beyond the process-centric improvements, Varroc has long-recognised the importance of nature as part of our

transition. We regularly conduct large-scale tree-plantation drives within and around our premises, with the aim of both enhancing local biodiversity, and contributing to carbon sequestration, microclimate regulation, and community green-space development. To date, we have planted over 19,641 trees in and around our facilities.

Further, our Kham River Eco Restoration Project, with over 3,000 diverse saplings planted and over 46,650 square meters of area cleared in the past decade, showcases our commitment to environmental restoration and sustainability. Our CSR section elaborates on our Kham River restoration project in detail.

WATER AND EFFLUENTS MANAGEMENT

GRI 303-1, 303-2, 303-3, 303-4, 303-5

Material Issues Addressed



Waste Management



Sustainable Products



Climate Change Regulations



While our products are not as water intensive as other industries, we still require water for our manufacturing processes. In FY2024- 25, our total water consumption amounted to 432,822 KL and our water discharge (outside Varroc's operational boundary) after

treatment was 32,610 KL. We are working on reducing our freshwater withdrawal through a combination of strategies, including maximising effluent recycling and reuse at all our manufacturing plants, minimising leakage and wastage, and implementing water-saving technologies.

Zero Liquid Discharge Systems and Beyond:

By FY 2024–25, Varroc successfully commissioned Zero Liquid Discharge (ZLD) systems at five of our manufacturing plants, with capital expenditure allocated for a sixth plant, where implementation is scheduled later this year. The combined treatment capacity of the currently installed ZLD systems stands at 38 kilolitres per day (KLD). ZLD systems are a critical component of our water management strategy, ensuring that 100% of wastewater is treated, recycled, and reused within the facility, thereby eliminating any discharge into the environment. This directly supports our broader commitment to responsible water stewardship. Encouraged by the success of these installations, we are actively exploring opportunities to expand ZLD implementation across additional facilities. This initiative plays a vital role in strengthening our environmental sustainability agenda and reinforces Varroc's focus on efficient and circular water use practices. Through ongoing investments in ZLD and other water conservation technologies, Varroc continues to demonstrate leadership in sustainable industrial water management. We are also looking into small and medium-scale efficiency methods beyond ZLD including utilising RO reject water for topping up the paint shop sludge pit and installing push taps with nozzles in canteen wash basins. These measures are projected to save approximately 1,600 kilolitres (KL) of water annually and are only the start of our planned improvements in the sustainable consumption of water.

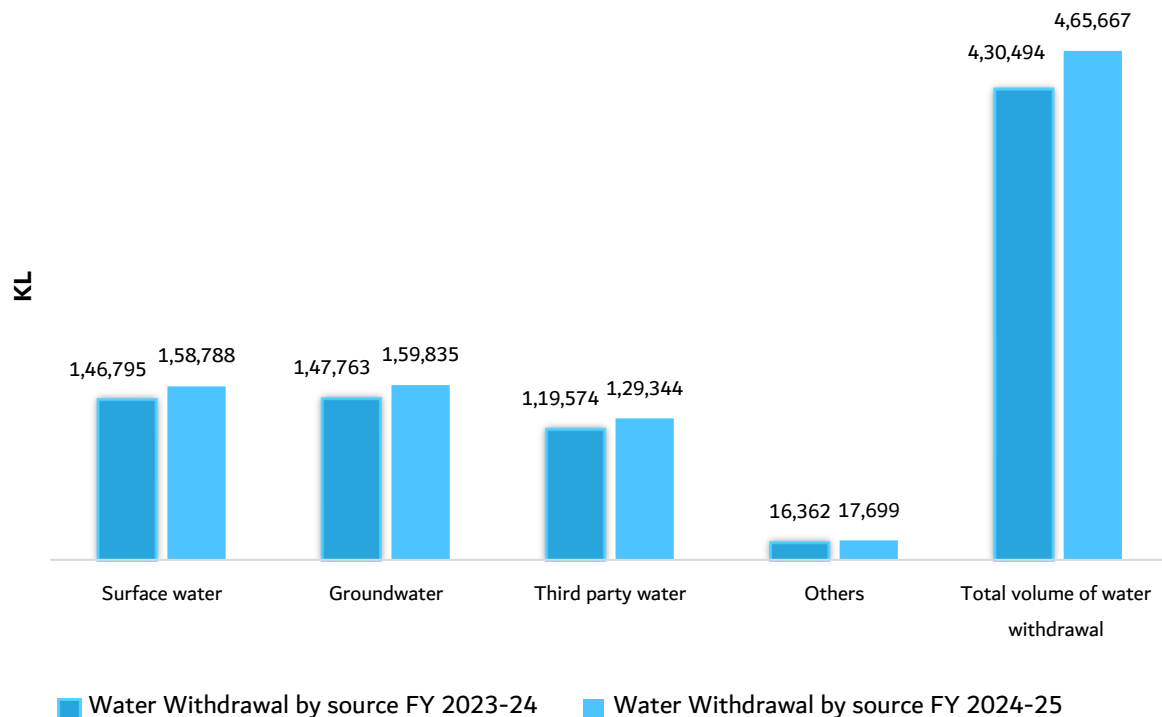
Varroc firmly believes that water stewardship is not just about the company, but also about the community. A point of pride for us is our longstanding relationship with EcoSattva in the restoration and rejuvenation of the Kham River, a part of which runs through Chhatrapati Sambhajnagar where our headquarters are located. Mentioned briefly in the emissions management, and in-depth in the upcoming CSR section, we emphasise our efforts here as further recognition of our water stewardship mandate. This partnership targets waste-trapping in the river, stone-pitching on its banks, and groundwater recharge interventions to support surrounding communities. Our active engagement in both the river and pond restoration initiatives was formally recognised by the National Institute of Urban Affairs (NIUA) at the DHARA Summit. As a result of these collective efforts, Chhatrapati Sambhajnagar became the third city in India to develop and adopt its own Urban River Management Plan (URMP)—a milestone that reflects the positive ripple effect of our work on local urban water governance.

Water Withdrawal and Water Consumption

Parameter	FY 2024-25	FY 2023-24
Water Withdrawal by Source (KL)		
Surface Water	1,58,788	1,46,795
Groundwater	1,59,834	1,47,762
Third Party Water	1,29,344	1,19,574
Others	17,699	16,362
Total Volume of Water Withdrawal	4,65,667	4,30,494
Total Volume of Water Consumption	4,32,822	4,14,595

*Water consumption includes water recycled

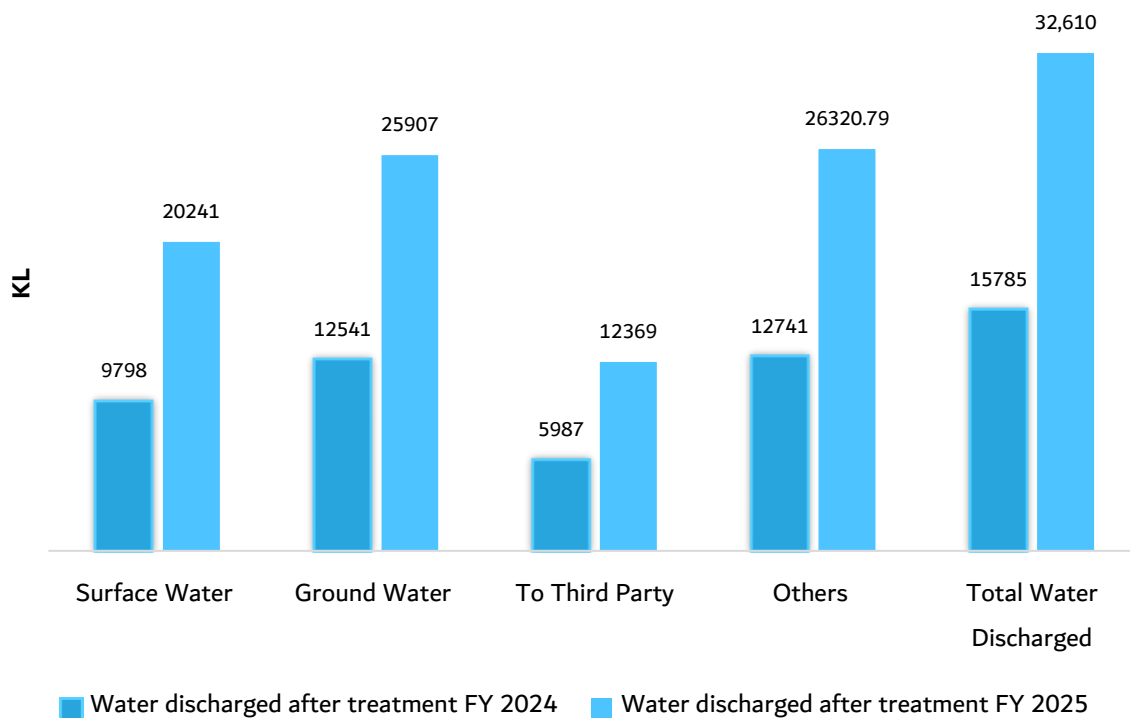
Water Withdrawal by Source



Water Discharge by Destination (After Treatment at the Plant)

Parameter	UoM	FY 2024-25	FY 2023-24
Surface Water	KL	20,241	9,798
Groundwater	KL	25,908	12,541
To Third Party Water	KL	12,369	5,988
Others	KL	26,321	12,741
Total Water Discharged (outside the operational boundary after treatment)	KL	32,610	15,786

Water Discharge (After Treatment)



Varroc ensures full compliance with CPCB regulations through the efficient operation of Effluent Treatment Plants (ETPs), Sewage Treatment Plants (STPs), and Coolant Treatment Plants (CTPs) across all its facilities. Treated wastewater is consistently recycled for gardening and other non-process applications, while a portion is responsibly routed to the Common Effluent Treatment Plant (CETP) managed by the state-level MIDC or the relevant local authorities. These practices reinforce Varroc's commitment to responsible water use and sustainable resource management, aligning operational efficiency with environmental accountability.

CASE STUDY: Rainwater Harvesting

Objective

To strengthen our water stewardship efforts, we have implemented rainwater harvesting systems across several of our manufacturing sites. This project started in FY2024, and as of FY 2025, the cumulative installed rainwater harvesting capacity stands at approximately 390.23 cubic meters. These systems help recharge groundwater, reduce dependency on municipal and borewell sources, and minimise stormwater runoff.

Brief Summary of the Activity

Recognising the positive environmental and operational impact of rainwater harvesting, and considering the success at our pilot sites, Varroc has charted plans to expand installations across more of our facilities. We are also working with the existing systems to better measure and understand the actual impact and improve our future efforts by learning from the concerns and issues that previous installations faced. The aim is to increase the efficiency of the installation process, as well as the actual functioning and use of rainwater harvesting mechanisms across Varroc.

Outcome

Our rainwater harvesting efforts directly contribute to the United Nations Sustainable Development Goal 6 (Clean Water and Sanitation), by promoting efficient water use and improving water availability in high-water-stress regions.



IMPROVED WATER MANAGEMENT:

Efficiently captured and utilised rainwater, reducing dependency on external water sources



EFFICIENT CAPTURE & FILTRATION:

Ensured only clean, filtered water entered recharge pits, preserving underground water quality



SUSTAINABLE SUPPLY:

Recharged underground aquifers, securing long-term sustainability of local water resources



ENVIRONMENTAL & ECONOMIC BENEFITS:

Conserved water and reduced operational costs, while minimising environmental impact and easing pressure on local water resources

Between our ZLD, STP/ETP/CTP, and rainwater harvesting initiatives, complemented by our commitment to our community partnerships, our actions underscore our deep-rooted commitment to holistic water stewardship. Maximising use and reuse, integrating water-efficiency into our processes and machinery, embracing community needs all indicate Varroc's position as a responsible leader in sustainable industrial water management.

WASTE MANAGEMENT AND CIRCULARITY

GRI 301-3, 306-1, 306-2, 306-3, 306-4, 306-5

Material Issues Addressed



Waste Management



Sustainable Products



Climate Change Regulations



Given the growing global scarcity of resources, effective waste management and impact mitigation remain central to Varroc's ESG efforts. In FY 2024-25, the company generated 5,363 MT of hazardous waste and 8,476 MT of non-hazardous waste.

Understanding the environmental risks associated with hazardous waste storage and disposal, Varroc implemented enhanced segregation, recycling, reuse, and energy recovery measures, successfully diverting 12,317 MT of total waste from disposal. These initiatives were executed in collaboration with third-party recyclers under formal consent

agreements, ensuring responsible and compliant waste handling while reinforcing our commitment to sustainability and risk mitigation.

We maintain a clear distinction between hazardous and non-hazardous waste, with each category collected separately in designated bins across all shops and cells. These bins are transported to a centralised storage area on site, where waste is reviewed, further segregated, and stored in assigned locations within the plant. Once sorted, waste is collected by our vendor partners at scheduled intervals based on the type and quantity of waste.

In line with compliance norms, hazardous waste is disposed of through authorised vendors within 90 days, minimising environmental impact and supporting circular economy principles. Several plants have also initiated processes to convert hazardous chemical waste from liquid to powder form on site itself, reducing both its weight and potency before safe disposal by registered vendors.

To ensure accountability, our waste management partners undergo periodic audits to track waste volumes and treatment methods, including recycling, incineration, and other forms of disposal. Our waste management practices strictly adhere to regulatory standards.

Wherever feasible, we proactively explore opportunities to reduce waste generation by diverting it to alternative resource streams or adopting products and processes that inherently minimise waste. These pilot initiatives are under continuous evaluation, with environmental and cost-saving benefits already emerging. One such example is our reusable, foldable packaging, detailed in the case study below.

Looking ahead, Varroc is focused on strengthening waste segregation at the source, enhancing recycling efficiency, and improving traceability and transparency in waste handling. These efforts aim to maximise resource recovery and minimise material consumption, reinforcing our commitment to sustainable operations and environmental stewardship.

Waste Generated

Parameter	UoM	FY 2024-25	FY 2023-24
Plastic Waste	MT	2,073	2,040
E-waste	MT	16.57	8.12
Bio-medical Waste	MT	0.03	0.04
Construction and Demolition Waste	MT	0.00	0.00
Battery Waste	MT	39.56	22.41
Other Hazardous Waste	MT	3,234	2,326
Other Non-hazardous Waste Generated	MT	8,476	12,185
Total	MT	13,839	16,582

Waste Diverted from Disposal and Waste Disposed

Parameter	UoM	FY 2024-25	FY 2023-24
Waste Diverted from Disposal			
Recycled	MT	11,652	14,460
Re-used	MT	464	565
Other Recovery Operations	MT	201	245
Total	MT	12,317	15,270
Waste Disposed			
Incineration	MT	672	432
Landfilling	MT	258	238
Other Disposal Operations	MT	662	427
Total	MT	1,592	1,097

CASE STUDY: Reusable, Foldable Packaging Through Local Third-Party Partnerships

Objective

To reduce the amount of (non-recyclable or non-recycled) packaging being purchased. Further, reduce cost and waste output within value chain.

Brief summary of the activity

Our reusable packaging program is currently on pilot across three plants, with four customers. The project is a three-way partnership between Varroc, packaging suppliers and client-side logistics teams to create reusable crates and bins that can be folded once unloaded and returned as flatpacks for reloading. The exercise requires quick delivery of the requisite quantity of bins and palettes, and returned bins require maintenance and cleaning which takes place at the supplier's end. As such, we have consciously partnered with suppliers local to our plant's premises so as to reduce the turnaround delivery time of both activities, while further reducing our GHG emissions

Outcomes

- Customised crates and bins are space-efficient, allowing for plants to deliver higher numbers of products within one run
- Bin inventory reduced given increased quantity hold per bin
- Space-saving flatpack design is efficient for storage pending reloading, and reduces number of vehicles/runs required to collect folded bins from client
- Estimated Rs. 150 Lakhs in savings from not buying single-use packaging (plastic or corrugated cardboard)
- Reduction in breaks or scratches during transit
- Reduction in manpower required for packaging given efficient design, resulting a redeployment of manhours towards production. Results in increased productivity and quality control

SOCIAL



At Varroc, we believe that true strength lies in unity—a team bound not by borders or backgrounds, but by a shared identity and purpose. This belief transcends differences in culture, country, background or gender, and forms the foundation of our brand. It's what drives us to earn and retain the trust of our customers, partners, and communities.

Guided by our core values of integrity and humility, we place people at the very centre of everything we do. Our culture is built on respect, inclusion and empowerment, creating a workplace where every individual feels valued and inspired to grow. From fostering professional development to ensuring robust health and safety standards, we are committed to nurturing the well-being of our employees across all levels.

But our commitment doesn't stop at the factory gates. We understand that our success is deeply intertwined with the communities we operate in. That's why we actively engage with local stakeholders, support meaningful initiatives, and empower our teams to be agents of positive change. Together, we strive to create a ripple effect of progress, resilience, and shared prosperity.

Our Employees

GRI 2-7, 2-8

Material Issues Addressed



**Labour Management
and Human Rights**



Our employees are the driving force behind our journey toward future-ready mobility. We foster a workplace where initiative is celebrated, ideas are valued, and contributions are recognised not just as tasks completed, but as milestones achieved.

We encourage a mindset of continuous improvement, where individuals are empowered to challenge the status quo and co-create smarter solutions. Our work culture thrives on collaboration, agility, and mutual respect, enabling teams to navigate complexity with confidence and creativity.

Beyond roles and responsibilities, we nurture a sense of purpose. Employees are invited to align their personal growth with organisational goals, contributing both to business success and to a larger vision of sustainable innovation. In every plant, office, and meeting room, Varroc's people embody our values of sincerity, integrity, and united by a shared passion to shape the future of mobility.

Employee Category	FY 2024-25				FY 2023-24			
	Male	Female	Others	Total	Male	Female	Others	Total
Top Management	20	1	0	21	16	1	0	17
Senior management	223	13	0	236	228	9	0	237
Middle Management	945	71	0	1,016	976	73	0	1,049
Associates	1,930	130	0	2,060	2,243	117	0	2,360
Workers	17,612	4,260	0	21,872	11,192	3,203	0	14,395

EMPLOYEE ENGAGEMENT

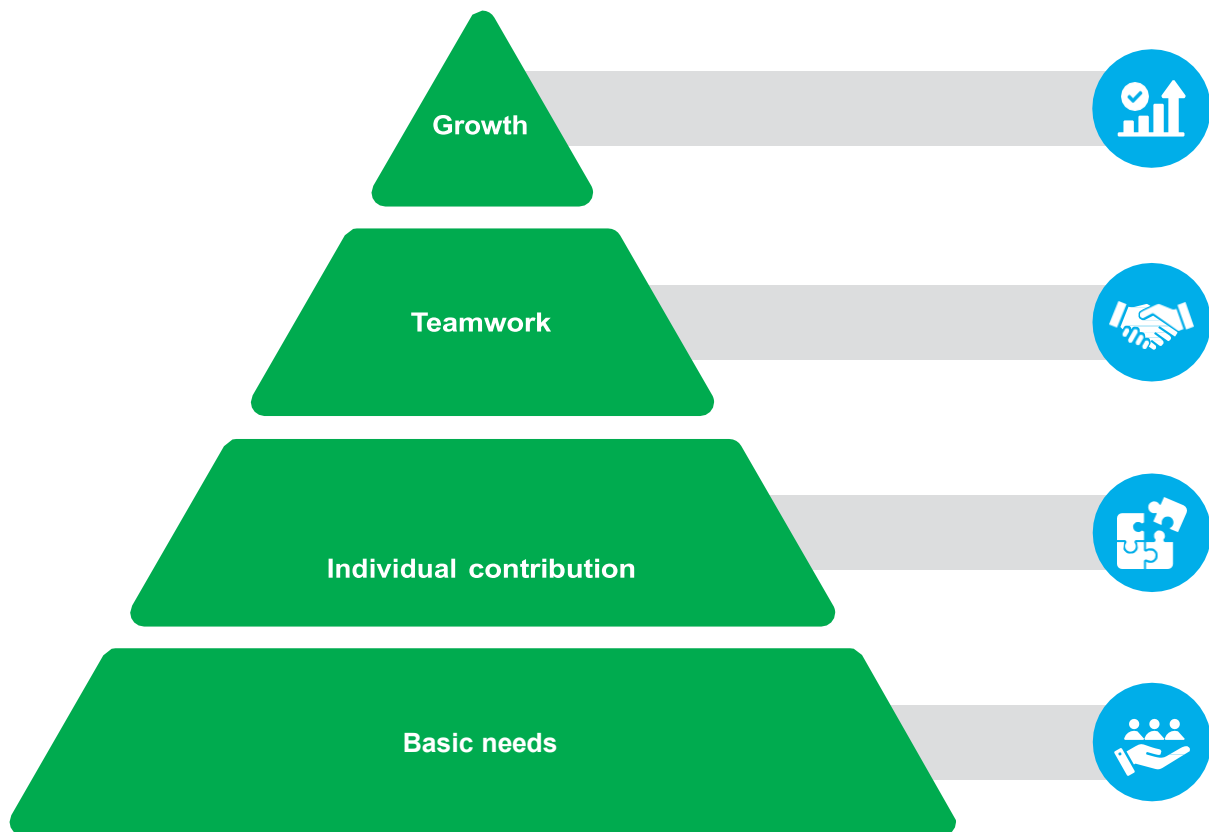


Employee engagement is more than just a metric at Varroc. We believe that when people feel genuinely connected to their workplace, they don't just show up, they show up with purpose. In 2023, we set out to deepen that connection between company and employee by embracing the globally recognised benchmark, the Great Place to Work® certification. Doing so was about listening, learning, and laying the foundation for a culture where trust and transparency thrive.

The journey began with a simple yet powerful idea: ask our people what they think. Through the Trust Index Survey, every employee had the opportunity to share their experiences on how respected they feel, how fairly they're treated, and how connected they are to their teams. Their voices shaped our understanding of what we're doing well and where we can grow. Complementing this was the Culture Brief, a detailed reflection of who we are as an organisation—from our policies and benefits to the values we live by.

Achieving the first level of certification in 2023 was a proud moment that marked the beginning of a renewed commitment to a more dynamic, and evolving form of engagement. We're now building on that momentum, refining our practices, and reinforcing a workplace where people don't just feel employed, they feel empowered.

At Varroc, engagement isn't a program. It's a promise.



In addition to our ongoing pursuit of the complete Great Place to Work® certification, we periodically conduct Gallup's Employee Engagement Survey, another globally-respected tool that helps us measure the pulse of our workforce. This survey offers deep insights into employee motivation, commitment, and satisfaction, enabling us to identify both strengths and areas for growth within our workplace culture and management practices.

The feedback gathered is candid and invaluable, shedding light on what truly matters to our people. It also allows us to benchmark our performance against industry standards, helping us stay competitive and responsive in a rapidly changing world. More than just data, the survey serves as a catalyst for meaningful change, guiding us in enhancing productivity, refining leadership approaches, and fostering a more energised and effective workforce.

Our engagement framework is built on a hierarchy of development needs with each of the 12 survey questions mapped to one of four progressive levels. These levels serve as a roadmap for nurturing talent, strengthening team dynamics, and driving performance with clarity and intention. The structured approach ensures that our efforts are strategic and sustainable.

This strong commitment to employee feedback enables independent analysis and scoring, which plays a key role in determining our eligibility for certification. But beyond metrics, it reflects our belief in co-creation where employees are collaborators as well as contributors in the future of Varroc.

To complement these strategic initiatives, we also invest in experiences that bring joy, connection, and a sense of belonging. From high-energy cricket tournaments to cerebral chess matches, interactive World Environment Day celebrations and spirited quiz competitions, we curate moments that celebrate both individuality and team spirit. Individual sites are equally encouraged to build their own forms of engagement unique to their workplace needs. Recent initiatives include regional and cluster-wise newsletters and magazines that celebrate local achievements, showcase exceptional people and share insights and best practices. These initiatives are active expressions of our inclusive culture, and our broader framework celebrates our commitment to well-being, camaraderie, engagement, and progress.

TRAINING AND DEVELOPMENT

GRI 404-1, 404-2, 404-3

Material Issues Addressed



Training and Development

In today's fast-paced and ever-evolving world, continuous learning has become a necessity. We start this from the very beginning of an employee's journey in the company, regardless of what stage of their career they join the company at. Our induction program introduces new employees to key peers and players across company priorities, and leadership encourage an open-door policy, so employees are able to engage and learn from within as well.

Our comprehensive learning and development framework is anchored in a skills- and behaviour-based competency model, ensuring that learning is both relevant and transformative. Structured training programs are embedded into our annual learning calendar and segmented into mandatory and non-mandatory modules, tailored to role, location, and business needs. In keeping with changing external needs, these training programs are reviewed regularly, content is updated, and redundant or less valuable programs are replaced with relevant ones. This year alone we pioneered sessions on mindful inclusion for leadership.

To streamline and enhance access to learning, we have also implemented a centralised Learning Management System (LMS), managed by our Corporate HR team. This virtual learning platform delivers regular sessions customised to each employee's band level. These sessions are interactive, practical, and focused on strengthening both functional

expertise and behavioural competencies—ensuring that learning is engaging, applicable, and impactful.

The LMS also has voluntary learning projects employees can take up, and like the trainings, these are regularly reviewed for relevance and bias. Recognising that growth is also driven by personal initiative, we actively encourage voluntary upskilling. Employees have access to a wide range of optional virtual courses and educational sabbaticals, allowing them to pursue learning without disrupting their professional responsibilities. This flexibility empowers individuals to take ownership of their development and explore new frontiers of knowledge.

Finally, our Early Talent Programme is a young career initiative for fresh Master's graduates and Graduate Engineering Trainees. It is designed with precision and care, tailored to each

trainee's background, preferences, and long-term career aspirations. Over the course of their respective multi-phase programs, participants are immersed in high-impact projects across diverse business functions, accelerating holistic development and career progression. This initiative reflects our belief that early investment in talent yields long-term dividends for both the individual and the organisation.

Through this integrated and forward-looking approach, Varroc is cultivating a vibrant culture of continuous learning that empowers employees to adapt, innovate, and contribute meaningfully to our shared success. We believe that when people grow, organisations thrive.



Mandatory Trainings	Non-Mandatory Trainings
<ul style="list-style-type: none"> PoSH 	<ul style="list-style-type: none"> Unconscious Bias
<ul style="list-style-type: none"> Human Rights 	<ul style="list-style-type: none"> Leading Teams Leading Business
<ul style="list-style-type: none"> Anti-bribery 	<ul style="list-style-type: none"> SHIPS Values: Sincerity, Humility, Integrity, Passion, Self-Discipline for 3 Categories: Business, Customer, People Albus Competency Framework: 9 Competencies
<ul style="list-style-type: none"> Anti-corruption 	<ul style="list-style-type: none"> Managerial Effectiveness First Time Manager
<ul style="list-style-type: none"> Code of Conduct 	<ul style="list-style-type: none"> Creating a Positive Workplace
<ul style="list-style-type: none"> EHS 	<ul style="list-style-type: none"> Time Management
<ul style="list-style-type: none"> Other social and ESG Policies 	<ul style="list-style-type: none"> Stress Management
	<ul style="list-style-type: none"> Managing Customer Relationships Think and Act Customer

Training and Development (T&D) Framework



Hiring and Initial Goal Setting:

New employees onboarded and guided to co-design short and long-term Key Result Areas (KRAs). These KRAs encompass both personal and professional development goals tailored to the business needs.



Finalisation of KRAs:

Each employee's goals are discussed and agreed upon, setting a solid foundation for their career development within the company. Once KRAs are established, they are formally signed by both the employee and their supervisor.



Regular Reviews and Scoring:

To ensure continuous progress, we conduct semi-annual reviews which helps to understand which employees require additional attention, and which are capable of high potential, and nurturing each based on their needs.



Fast Track Opportunities:

Employees who consistently achieve high scores in their reviews are eligible for fast-track equivalency. This recognition opens doors to additional T&D opportunities, as the company invests further in their potential. They are then placed on a succession planning track, preparing them for future leadership roles within the organisation.



Continued Education and Professional Growth:

To foster a culture of continuous learning, we actively encourage employees to pursue advanced studies, such as master's degrees and diplomas, recognising the value of further education in enhancing an employee's skill set and contributing to their personal



Job-Specific and Personal Development Training:

Our T&D framework ensures that employees acquire the necessary knowledge and skills for their current roles and future aspirations. We offer targeted training programs to address both job-specific requirements and personal development needs, empowering employees to achieve their full potential.



As we already highlighted, we recognise the pivotal power of knowledge and skills in maintaining a safe and sustainable work environment. While also providing access to skill and career development, given our commitment to the industry standards around Occupational Health and Safety (OHS) and Environmental Health and Safety (EHS), our comprehensive training and capacity-building programs are designed to ensure that all employees are well-equipped to understand, prevent, and respond to health, safety, and environmental challenges.

A structured annual training calendar covers a wide spectrum of critical topics, including:

- ✔ ESG and EHS policy and objectives awareness
- ✔ Significant aspect and impact identification
- ✔ Behaviour-Based Safety (BBS) awareness
- ✔ Hazard and risk identification and mitigation
- ✔ Proper use of spill kits and emergency equipment
- ✔ Practical firefighting and emergency response drills

Training needs are identified through a formal training needs assessment (TNA), aligned with job roles and risk exposure. The effectiveness of the training programs is reviewed quarterly to ensure continuous improvement. All training sessions are conducted during paid working hours to encourage active participation without disrupting productivity.

In addition to technical and regulatory training, we promote a culture of safety through motivational events such as National Safety Week and Fire Service Week, fostering deeper employee engagement and reinforcing a safety-first mindset.

Beyond our dedicated career development and OHS trainings, FY 2024 also saw the start of ESG ECHO Bites, an ongoing series of internal trainings focused on educating staff across the company on the basics of ESG. The case study below dives deeper.

Our approach ensures that employees both properly informed about, and actively involved in, the development, implementation, and evaluation of our ESG, EHS and OHS systems and implementations. Through continuous education and engagement, we build a workforce that is confident, competent, and committed to workplace safety.

CASE STUDY: ESG Echo Bites

Objective

To expand ESG know-how and expertise within the company and allow employees to feel comfortable taking accountability of ESG in their respective functions.

Brief Summary of the Activity

As ESG and EHS become strategically more important within the industry and the company itself, understanding what ESG is and how it is useful is becoming increasingly important. Over the past few years, requests from customers and investors on our ESG impact and mitigations plans are being requested more and more. The capacity that the small ESG team can handle is limited, therefore these sessions were devised to initiated individuals across functions and levels into the basics of ESG, so they are able to field questions and source answers upfront.

ESG Echo Bites are 30-minute bite-sized webinar-style sessions generally broken into 20 minutes on the topic + 10 minutes for questions. Employees are encouraged to discuss internally, and to reach out to the ESG team at any time. Structured PowerPoints are then shared after each session, which generally contain links to articles, videos and other sources that employees can use to further educate themselves.

Topics have included ESG terminology and how to apply it, what LCAs are and how to conduct them, the positive impact of DEI on productivity, greenwashing (including its impacts and how to avoid it), how ESG is profitable, and a session by our CIO on cybersecurity and data management.

Outcomes

- While not solely attributable, there has been a noticeable rise in EHS heads taking ESG and climate-related courses to remain ahead of client requests
- Reduction in blind forwarding of any correspondence with 'ESG', 'Climate' or 'Environment' in title/body. Emails now include context and/or explicit requests for information based on client/investor asks
- Increase in efficiency of data generation requests and client response turnaround
- Increase in conversations with ESG teams on topics related to ESG and functional usage. Further increase in usage of ESG terminology within teams
- Increase in curiosity and concern around ESG and potential negative impacts of non-compliance
- Slow but positive shift in internal culture around ESG recognition, compliance and personal in-scope accountability

EMPLOYEE WELL-BEING

GRI 401-2, 401-3, 402-1

Material Issues Addressed



**Labour Management
and Human Rights**



**Employee
Attrition**

In today's dynamic work environment, prioritising employee well-being is essential. It is a fact that organisations that invest in the holistic health of their workforce foster resilience, loyalty, and long-term success. During FY 2024–25, Varroc allocated 0.1% of its total revenue toward comprehensive insurance schemes for employees and workers, reflecting a deep commitment to their health and security. Every employee in Varroc receives 100% coverage for health insurance, accident insurance, maternity and paternity benefits, and retirement benefits. Employees are also able to extend select health benefits to parents and children, ensuring robust protection across all life stages present in the company.

Further recognising the unique challenges faced by working parents, Varroc provides 100% coverage for daycare facilities, helping employees manage the demands of parenting alongside their professional responsibilities. This initiative supports a healthier work-life balance and reinforces our belief in creating a family-friendly workplace.

Going beyond physical needs, Varroc provides access to mental health professionals and internal training sessions on living healthily, managing stress, and taking control of work-life balance. Our approach to both physical and mental health is proactive, inclusive, and evolving. By continuously exploring new ways to uplift our people, we remain committed to creating an environment where every employee feels valued and cared for.

Parental Leave

FY2024-25	No. of employees entitled to parental leave	No. of employees that took parental leave	No. of employees who returned to work after leave ended	No. of employees who returned to work after leave ended & were still employed after 12 months	Return to work rate	Retention Rate
Maternity Leave	294	11	11	11	100%	100%
Paternity Leave	5412	159	159	147	100%	100%

CASE STUDY: HALE – Health and Wellness Initiative

Objective

The primary objective of HALE (Health and Lifestyle Empowerment) is to promote mental and emotional well-being among Varroc employees by offering structured support for managing work-life balance, stress, and overall mental health. The initiative aims to create a culture where well-being is prioritised, mental health challenges are destigmatised and employees are equipped with tools to cope, thrive, and grow personally and professionally.

Brief Summary of the Activity

HALE provides access to an in-house counsellor. Confidential virtual counselling sessions are conducted every Thursday, with a special focus on managing work-life balance and promoting emotional well-being and comfort in the workplace. In addition to access to the one-on-one sessions, monthly connect sessions are organised with the counsellor on relevant topics such as stress management, parenting, emotional labour and mindfulness. These sessions aim to create a safe space for reflection, discussion, and personal growth.

Furthermore, leader-led open-access workshops are regularly conducted on diverse topics across business functions. These sessions allow employees to engage openly with leadership while also providing valuable insights into various business areas, encouraging individuals to explore their personal and professional development goals in a supportive environment.

Outcomes

- Increased participation and awareness around mental health and work-life balance
- Positive employee feedback, with many reporting reduced stress and improved clarity in handling work and personal challenges
- Enhanced sense of belonging and psychological safety within the organisation
- Uptake of one-on-one counselling sessions, reflecting trust in the platform and its confidentiality
- A growing culture of openness, empathy, and proactive wellness engagement at Varroc

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Material Issues Addressed



Employee Health and Safety

Environment, Occupational Health & Safety (EHS) is a fundamental aspect of Varroc's core values, and our EHS strategy plan aims to achieve an injury-free workplace. The EHS strategy prioritises the following aspects:

- Mitigating operational risks by proactively identifying and managing hazards
- Improving EHS competencies through comprehensive training and development programs
- Preventing illnesses by ensuring workplace hygiene and sanitation

Occupational Health and Safety

Safety is embedded in our DNA, shaping how we operate, how we lead, and how we care for every individual who steps into our facilities. To turn this intent into action, we have built a robust occupational health and safety management system aligned with ISO 45001:2018. This includes structured guidelines and scheduled training to awareness campaigns and visual safety cues; our EHS scorecard adds a strategic layer to this commitment. By identifying and ranking critical EHS checkpoints, the scorecard helps us prioritise efforts, monitor progress, and drive continuous improvement.

Technology plays a vital role in our approach. A centralised digital portal enables real-time tracking of risks, compliance status, and incident reporting, which in turn enhances transparency and empowers leadership to respond swiftly and effectively. Our overall EHS structure and system is certified by an independent registrar and meets international benchmarks while adhering to local regulations including the Factories Act of 1948 and the Maharashtra Factories Rules of 1963. Furthermore, we actively engage stakeholders to ensure shared understanding and accountability.

Our initiatives cover all individuals working within our premises, including those not directly employed by us but whose work falls under our control. Hazard Identification and Risk Assessments (HIRA) are conducted regularly by trained professionals, with insights translated into actionable safety projects that are applicable to everyone on site. We follow a clear hierarchy of controls that work to eliminate risks and implement protective

measures. These are supported by standard operating procedures, instructional materials, and an annual training calendar that keeps safety knowledge fresh and relevant.

Key EHS Checkpoints and Their Coverage in EHS Scorecard:

Proactive Approach - Safety

- Safety checks at entry and exit points.
- Near Miss reporting process in place, timely investigation, and closure.
- BBS observations identified and tracked monthly, with monitoring and closure.

PPE Compliance

- PPE assessment for all activities.
- PPE Matrix prepared and displayed at workstations.
- PPEs provided and maintained as per the PPE Matrix.

Chemical Safety

- Listing of chemicals used, with defined levels and compatibility matrix.
- Employee training on chemical hazards, use, and handling.
- Display of MSDS & SUI at working and storage areas.
- Compliance with MSDS measures (fire safety, storage, PPEs).

Equipment Inspection

- Monthly inspection of portable equipment/tools.
- Display of OK Equipment Inspection Tags.

Incident Reporting & Investigation

- All incidents reported and recorded to management.
- Incidents investigated, signed by Plant Head, and shared with employees.
- Horizontal deployment of corrective actions.
- Analysis of incidents to identify priority areas for action.

EHS Signage/Displays

- Mandatory EHS signage posted as required (e.g., danger, high voltage, emergency exits).
- Effective display and compliance with standard signage.

Fire Protection & Emergency Preparedness Plan

- Fire protection and firefighting arrangements are operational.
- Employee awareness of assembly points and emergency alarms.
- Regular testing of Emergency Preparedness Plan with mock drills.
- Proper signage for first aid and firefighting equipment.

EHS Training

- Development of annual EHS training plan.
- Monthly training calendar adherence (at least 75%).
- On-the-job training for new joiners.

Pedestrian & MHE Safety

- Defined walkways in the plant.
- Authorized operation of MHE (forklifts, stackers).
- Implementation of blue flashlights and Danger Zone system on forklifts.
- Identified battery charging stations with SOPs in local languages.

Machine Guarding

- Guards provided for all moving parts of machines.
- Interlocked guards to prevent operation without proper placement.
- Preventive Maintenance Plan for guards, with adherence to schedule.

ISO 14001 & 45001 Compliance

- Effective performance and documentation of internal audits.
- Review/revision of HIRA & AI post any new process or incident.
- Adherence to Management of Change (MOC) process.
- Closure of NCs raised by TUV auditors.

Identifying and Managing Work-Related Hazards

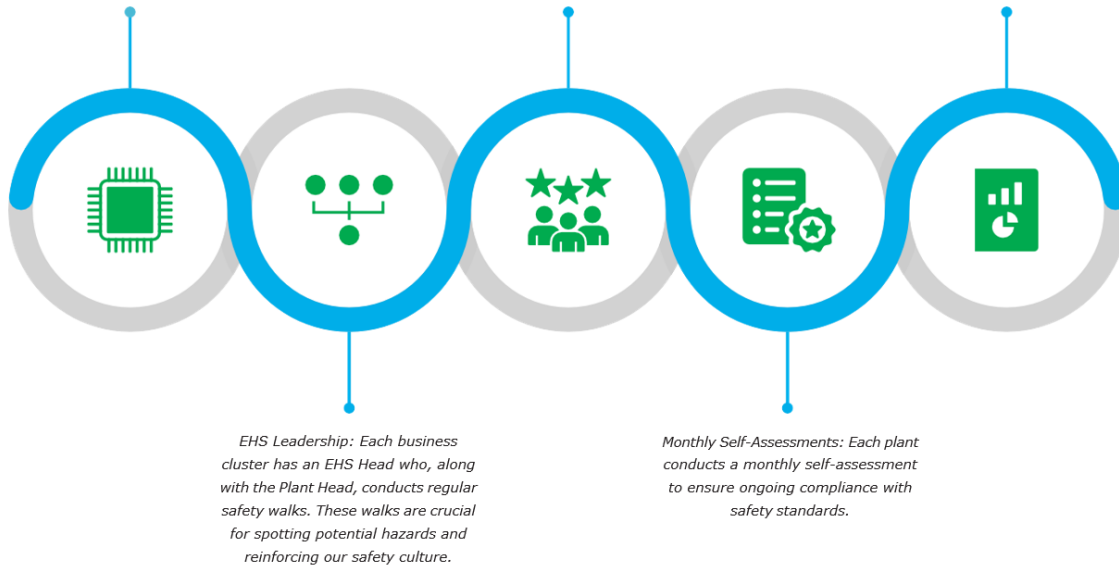
As mentioned above, we rigorously implement Hazard Identification and Risk Assessment (HIRA) processes in strict accordance with ISO standards throughout our operations. The approach is intentionally proactive, to identify and mitigate potential sources of harm before they result in incidents.

What makes our approach truly effective is the spirit of collaboration. Cross-functional teams work together to refine EHS practices, share insights, and foster a culture of vigilance and care. We also encourage feedback and ideas from the ground up, because we know that safety thrives when everyone has a voice. For Varroc, safety is how we honour our people and build a workplace where we can work in safety and confidence.

Dedicated EHS Personnel: Each plant has a designated EHS personnel who work alongside the Plant Head. They are responsible for identifying and addressing EHS concerns.

Employee Involvement: We value suggestions from our employees regarding safety improvements. Their experience is invaluable in identifying risks and implementing practical solutions.

Cross-Audits: To ensure objectivity, EHS Heads from different plants conduct cross-audits. They are conducted quarterly to benchmark safety performance and share best practices across plants. They rate and provide feedback on the safety conditions of plants other than their own.



Our process evaluates every aspect of the work environment, including processes, equipment, and employee behaviours, to identify potential sources of harm. Regular



workplace inspections and audits help us detect safety hazards related to machinery, workflows, and employee actions.

Preventing Negative Impacts

Our approach to preventing or mitigating significant negative occupational health and safety impacts includes providing a safe and healthy work environment and implementing onsite and offsite emergency plans.

We have established and implemented both onsite and offsite emergency response plans, enabling us to effectively address potential incidents and maintain operational continuity. Our safety performance is closely monitored through the meticulous tracking of injuries, occupational illnesses, lost workdays, and absenteeism, ensuring data-driven interventions.

As part of our preventive strategy, we conduct regular Hazard Identification and Risk Assessments (HIRA) and daily plant safety rounds to proactively identify and evaluate work-related hazards with the potential to cause high-consequence injuries. Based on these findings, we take immediate and appropriate actions to eliminate or minimise risks, aligning with global best practices and our commitment to continuous safety improvement.

Safety Performance Monitoring

Our safety performance is closely monitored through the meticulous tracking of injuries, occupational illnesses, lost workdays, and absenteeism, ensuring data-driven interventions. Monitoring and reviewing EHS performance is a cornerstone of our management practices:

- ✓ **Daily Meetings:** The Plant Head and Plant Safety Officer convene daily to address ongoing safety issues and review current performance metrics
- ✓ **Management Reviews:** Our monthly business review meetings, which include the Managing Director and CEO, prioritise safety discussions. During these meetings, the EHS Head from each business unit presents the latest safety performance data and outlines current and upcoming safety initiatives to the senior management team



Reporting Mechanisms for Workplace Hazards

All staff on site are encouraged to report health and safety concerns to their line supervisors and the EHS Officer at their respective plants. Employees are encouraged to report work-related hazards and hazardous situations through a Near Miss, Unsafe Act, and Condition Reporting system. Our EHS Cardinal Rules empower workers to remove themselves from any situation they believe could cause injury or ill health, without fear of reprisal. In sum, to ascertain work-related hazards, multiple review meetings and surveys, including statutory audits, customer audits, layered audit processes, management review meetings (MRM), monthly inspection meetings, transport committee reviews, safety committee meetings, and plant stand-down meetings are conducted.

Parameter	UoM	FY 2024-25	FY 2023-24
Lost Time Injury Frequency Rate (LTIFR)	Lost time injuries per one million-person hours worked	0.031	0.185
Total Recordable Work-related Injuries	Number	2	2
Fatalities	Number	0	0
High Consequence Work-related Injury or Ill-health (excluding fatalities)	Number	0	0

Access to Medical and Healthcare Services

As mentioned during the section on employee benefits, Varroc ensures that all employees and workers have access to non-occupational medical and healthcare services. On site, we also have Occupational Health Centers (OHCs), equipped with comprehensive medical facilities. These include ambulance services with options for Patient Transfer, Basic Life Support (BLS), and Advanced Life Support (ALS) to cater to various medical emergencies. Additionally, the centres are equipped with Automated External Defibrillators (AED), wheelchairs, and a range of antidotes for immediate response to toxic exposures. These resources enable us to provide prompt and effective medical care in case of any workplace incidents.

Other services include annual and half-yearly medical check-ups, Employee State Insurance Scheme, access to a factory medical officer and nurses, providing comprehensive healthcare support to our workforce. Confidentiality of workers' personal health information is strictly maintained, and this information is not used for any favourable or unfavourable treatment of workers. These services are accessed through a Work Permit System and are validated by external independent audits, including ISO 14001:2018 EMS and ISO 45001:2018 OHSAS. A live example of our EOHS efforts are highlighted in our case study below.

CASE STUDY: National Safety Week (March 4-10 2025)

Objective

Embracing workplace safety, health and well-being, and fostering a culture of safety and responsibility in our workplaces.

Brief Summary of the Activity

Last year we once again participated in the annual National Safety Week, from March 4-10, 2025. The objective of this celebration was to enhance awareness and reinforce the importance of safety across all levels of the organisation. The week was celebrated through a series of interactive games and sessions on safety that not only met the awareness objective but also increased team bonding and the culture of safety.

Activities conducted:

Building Safety Awareness

- Display of National Safety Week Banners across the main entrances of plants.
- A Safety Oath Ceremony that all plant employees, contractors and support staff upheld together, affirming their commitment to zero-incident objectives in day-to-day operations. Employees also received a specially designed National Safety Week badge, and the company distributed leaflets with vital information such as critical contact numbers, Do's and Don'ts of industrial workplaces, and safe working tips.
- Across facilities, the plant's dedicated EHS representative conducted daily pre-shift safety briefings that covered protocols, recent observations and areas of improvement.
- Training & Capacity Building
- Site Specific LPG & Safety Training
- PPE Awareness Program
- Health & Awareness program
- Toolbox talks (TBTs)

Employee Engagement & Participatory Events

- Street-play-style safety skits from employees in regional languages with region-specific measures.
- "Chalta-Bolta" mobile competition: an interactive mobile quiz on awareness and knowledge of safety standards and measures.
- A competition for employees to design safety-themed posters and write catchy slogans.
- Employee health awareness sessions by medical and occupational health professionals, covering subjects like preventative healthcare, stress management, and nutrition.

Recognition & Appreciation

- Prize distribution ceremonies for all the competition elements at the end of the week.
- Winning posters from the poster and slogan competitions were displayed across the plants' facilities.

Outcomes

The National Safety Week 2025 celebration reaffirmed Varroc's dedication to creating a safe, informed, and engaged workforce. While it is universally acknowledged that accidents do happen, the week reinforced the advantages and ease of doing work as safely as possible. It further promoted collaboration and team bonding across departments, and because the week's activities were across all Varroc, it brought the company together behind this shared purpose of a safe workplace.

DIVERSITY, EQUITY AND INCLUSION

GRI 405-1, 405-2

Material Issues Addressed



**Diversity,
Equity and
Inclusion**

Varroc remains firm in its commitment to promoting equal opportunities both within the organisation and beyond. Drawing from our rich legacy and bolstered by our inclusive practices and programs, we continuously endeavor to cultivate a workplace culture where every individual is esteemed, respected, and empowered to realise their fullest potential.

Our Diversity, Equity, and Inclusion Policy expands on our commitment to fostering an environment where all individuals are valued and empowered. Discriminatory behaviour is actively acted on, and we maintain a harassment-free workplace for all by creating a supportive environment that listens to and protects every employee. Confidentiality is maintained across the board where feasible across all complaints and policy observance is rigorously enforced through fair and transparent disciplinary actions.

We understand the importance of diversity and inclusion in driving innovation, enhancing employee engagement, and contributing to a dynamic business environment.



Currently, 13.85% of our total workforce comprises female employees and workers, and we are committed to steadily increasing this representation. While our current structures are more focused on gender diversity, as of the current financial year we have two people with physical disabilities in the company. We continue to consciously design our future with the full DEI spectrum in mind - our facilities are already primarily disability friendly, and our internal HALE well-being program is designed to support mental health in the workplace (which includes becoming comfortable collaborating with social diversity). Another example of our efforts is Inspire Inclusion, and more recently She Elevates. These initiatives are targeted around female inclusion at work and in succession planning. Inspire Inclusion is a structured, recurring series of online and hybrid activities centred around recognition of achievement through storytelling, building workplace mentorship opportunities, and expanding the female leadership pool from within. Notably, the program actively engages blue and white-collar female employees equally. She Elevates focuses on career progression through competency development, guided mentorship, and empowerment through stretch roles specifically for women.

Our goal remains to advance diversity across cultural, social, as well as gender dimensions through a range of targeted initiatives. These efforts are aimed at fostering a workplace that embraces inclusivity, promotes equal opportunity, and reflects the diverse communities we operate in. We believe that a diverse workforce drives innovation, broadens perspectives, improves collective productivity and strengthens our organisational resilience. An example of this in action can be found in the case study below.

CASE STUDY: Gender Diversity on the Shopfloor

Objective

Improving gender diversity at plants, providing work opportunities for women in surrounding communities.

Brief summary of activity

Over the past two years, several of Varroc's plants have independently embarked on pilots around improving their gender ratio on the shop floor. Given the distinct abilities of each site and its local community, plants tailored their plans to accommodate local needs. However, there were of course some common elements.

One requirement was a shift restructuring. This involved changing start/end timings, or length of shift (sometimes by only 30 minutes). In one case it meant adding a shift and adjusting the night shift to include more women at night as well as during the day. This flexibility meant women were assigned to shifts that allowed them to accommodate their family needs as well.

Guaranteeing the safety of our new female employees and workers was paramount to the success of this initiative. Selectively, plants expanded their bus services to include more point-to-point pickups/drop offs (especially for early morning/night shifts), hired more female guards and supervisors in all shifts, and increased the number of townhalls and community discussion spaces for women to air grievances or provide suggestions.

Outcome

Despite needing to customise their plans to fit their needs, all the plants reached similar conclusions after implementation. An improved gender ratio meant:

- Increased productivity, punctuality and communication on the shop floor
- Improved quality standards – defects are caught more quickly and scratches or irregularities caused by line handling is reduced
- Reduced absenteeism
- Improved shop floor discipline and workspace hygiene

Restructuring shifts to accommodate more women resulted in a more diverse workforce around the clock. This meant the improvements above were not limited to the shifts that allowed women to work and travel in safety. As a result, overall productivity increased proportionately. A more mixed workforce also meant that the men were obliged to step up: prolonged breaks reduced, shift changes were more efficient as machines could not be kept unmanned for too long, and overall hygiene and cleanliness improved.

While it has not yet been measured, the respective plant heads have indicated a noticeable difference in communication styles and overall work culture across their plants, resulting in many now setting expanded targets on meeting a 1:1 gender ratio in the next two years.

Talent Attraction and Retention

GRI 401-1

Material Issues Addressed



Employee Attrition

In an evolving global business environment, we have embedded key performance indicators (KPIs) into our HR policies to track workforce trends, assess talent needs, and continuously refine our strategies for sustainable talent management.

To attract high-calibre professionals, we emphasise our distinctive organisational culture, growth-oriented career paths, and competitive compensation structures. As highlighted in earlier sections, we are proud to have earned the Great Place to Work® certification, which reflects our success in meeting employee expectations and cultivating a workplace where individuals are recognised, respected, and empowered.

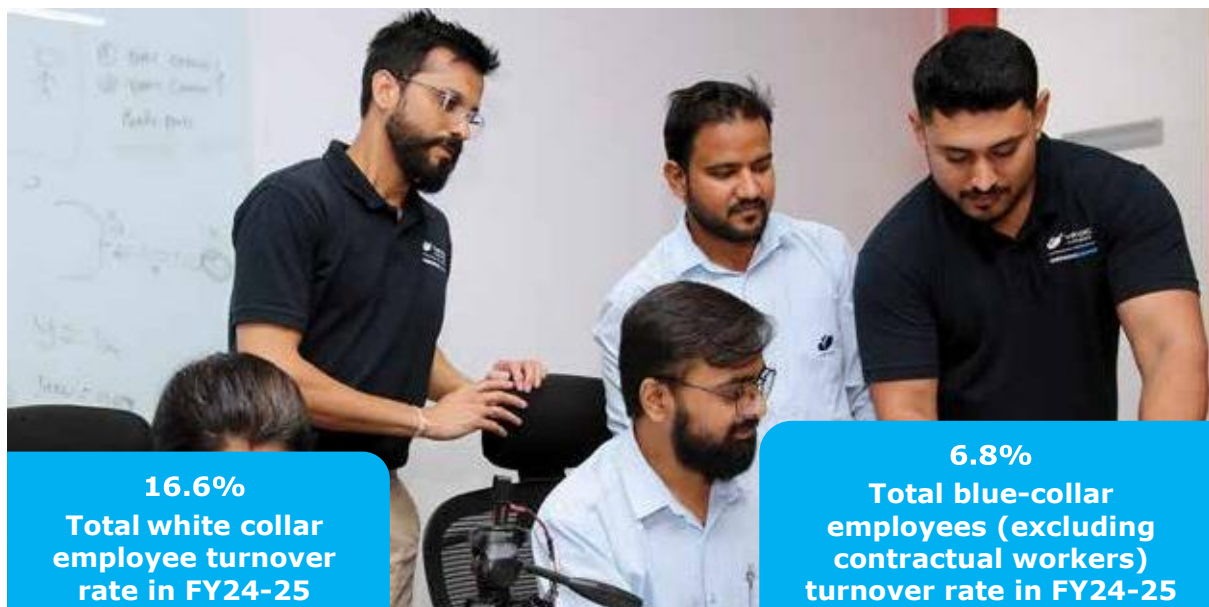
Our multi-pronged talent acquisition approach includes both campus and lateral hiring programs. Through our Early Talent Programme, we engage with promising young professionals via college recruitment drives for Management Trainees (MTs), Chartered Accountancy Trainees (CAs), and Graduate/Post-Graduate Engineering Trainees (GETs). We focus on providing these individuals with a holistic and enriching experience, ensuring a smooth transition into long-term roles within the organisation.

Indicator	FY 2024-25
Permanent Employees	3,333
Permanent Workers	2,373
Contractor Workers	21,872
Total Number of New Employee Hires during the period	740
Total attrition -Permanent Employees (White Collar)	16.6%
Total Permanent Workers (Blue collar workers) attrition excluding contract workers	6.8%

We place strong emphasis on succession planning to future-proof our leadership and build long-term organisational resilience. In line with our "One Varroc" vision, we are

standardising succession practices to ensure leadership continuity while fostering a unified and high-performance culture. Our comprehensive succession planning policy covers directors, key managerial personnel, senior leadership, and other critical roles, aligning talent strategy with business objectives and minimising disruptions.

Retention of talent in general is equally crucial. In Varroc it is supported through a blend of continuous learning and development opportunities, mentorship programs, and a collaborative, inclusive workplace culture. In addition, our focus on timely rewards, recognition, and career advancement strengthens employee engagement and reinforces a sense of belonging. Together, these efforts have led to increased employee satisfaction (as indicated through our Gallup surveys), stronger loyalty, and improved long-term retention, enabling Varroc to remain competitive, agile, and future-ready. An example of our commitment to retention and continuous improvement can be found in our case study below.



CASE STUDY: KAIZEN and Varroc's Continuous Improvement Journey

Objective

Recognising that continuous improvement is a collective effort, and providing an open, collaborative space for employees and leadership alike to pitch constructive ideas for improvement within the organisation.

Brief Summary of the Activity

Kaizen, meaning "continuous improvement" in Japanese, is a core philosophy embedded in Varroc's operational excellence culture. It is founded on employee engagement and emphasises incremental but effective enhancements across operations and manufacturing excellence.

Kaizen, meaning "continuous improvement" in Japanese, is a core philosophy embedded in Varroc's operational excellence culture. It is founded on employee engagement and emphasises incremental but effective enhancements across operations and manufacturing excellence.

Kaizen competitions are conducted in three phases throughout the year, culminating in a final competition at the corporate level. All of Varroc's sites are encouraged to participate by identifying areas of inefficiency, and presenting and implementing practical, sustainable solutions. These competitions recognise and reward continuous improvement (CI) with tangible operational and financial benefits. They encourage best practice sharing and replication across plants and sites to increase efficiencies, productivity and sustainability. As a result, they often foster inter-plant collaboration and innovation among employees spread the country, who may not otherwise interact as much.

The competitions cover four categories of improvement: specific workstation, entire line, multiple lines or processes, and business-level outcomes or stakeholders.

Each annual competition also has themes and last year's themes were OEE improvement (loss reduction), defect prevention, automation, inventory management and environmental and social impact.

improvements. Participants usually have their projects' KPIs linked to their KRAs or embedded in their job scopes to ensure accountability.

Outcomes

One of the quiet outcomes of the Kaizen competition is soft skills: formulating, pitching and presenting. Employees are required to convince their peers and the judges that their idea is worth investing in, which involves skills usually found more in sales than operational excellence. This soft skill builds confidence amongst employees, further supporting our push for leadership from within. 114 finalists from last year's competitions were also invited to an awards ceremony that included not only senior leadership, but external dignitaries including customers.

Responsible Value Chain

GRI 2-6, 204-1, 308-1, 308-2, 407-1, 414-1, 414-2

Material Issues Addressed



**Sustainable
Products**



**Sustainable
Supply Chain**

As a leading automotive component manufacturer, Varroc recognises that making a positive impact requires being responsible for the effects of business beyond our direct boundaries. Our commitment to a responsible and resilient value chain is central to our ESG strategy. It drives us to embed ethical, inclusive, and environmentally responsible practices across our procurement and supplier engagement processes.

Identifying and Managing Critical Suppliers:

We define critical suppliers as those who provide essential raw materials, subcomponents, specialised equipment, tooling, and logistics services—vital to ensuring uninterrupted, high-quality production. These suppliers are identified through a rigorous audit and onboarding process managed by our Supplier Upgradation (SUG) team.

These suppliers play a crucial role in our operations, and account for 80% of our total procurement spend. We maintain close collaboration with them through regular performance assessments, compliance checks, and capability-building initiatives to ensure operational excellence and alignment with our sustainability standards.

Supplier Diversity and Inclusive Growth

In FY 2024–25, we conducted a detailed spend analysis on our Bill of Materials (BOM) suppliers, to better understand and align our sourcing practices with our sustainability goals. The findings reinforced our dedication to inclusive growth and local economic development. The findings showed that 29% of our total spend was with Micro, Small, and Medium Enterprises (MSMEs). Further, 96% of our procurement spend was with suppliers local to our operations.

The results of this analysis positively verified our focus on diversity among our suppliers. A diverse supplier base helps mitigate supply chain disruptions, while uplifting local economies by preserving jobs and supporting businesses across varied geographies. This inclusive approach is a key pillar in safeguarding continuity and enhancing long-term supply chain resilience. Localisation of suppliers further results in a reduced carbon footprint from logistics, supporting our carbon emission goals.

Supplier Risk Assessment

To ensure that our supplier partnership is compliant and robust, all suppliers are required to go through a risk assessment process.

- Non-BOM suppliers undergo third-party risk assessments during the onboarding phase. BOM suppliers are evaluated through detailed financial, risk and safety audits conducted by our dedicated Supplier Upgradation (SUG) team
- All suppliers are also required to agree to our Supplier Code of Conduct, which includes a section on ethical and environmentally compliant business practices

Sustainable Supply Chain and Procurement Policy

Structured as a broad framework for our procurement, our supply chain policy covers the following. This policy is periodically reviewed and updated to align with evolving standards, regulatory requirements, and industry's best practices.

- Environmental responsibility: Minimising ecological impacts through efficient resource use and pollution prevention
- Social commitment: Upholding human rights, labor standards, diversity, and workplace safety
- Ethical governance: Ensuring transparency, anti-corruption measures, and legal compliance

Both the assessments and the policy framework help identify potential risks early and support informed decision-making while promoting supplier accountability. By embracing these principles, our suppliers become active contributors to Varroc's vision of a sustainable and ethical automotive ecosystem.

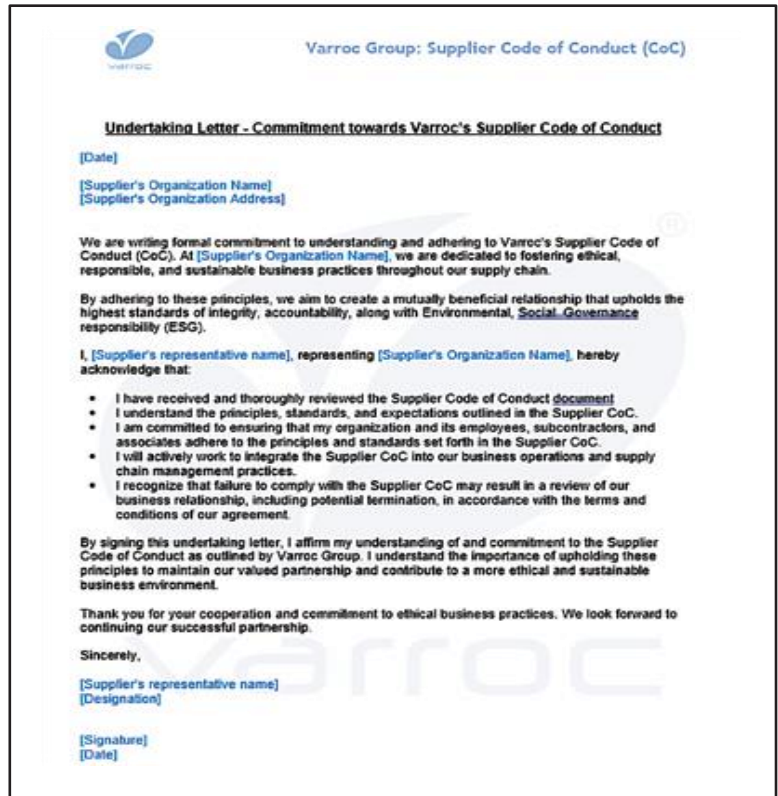
Supplier Capacity Building

We are committed to the sustained development of our suppliers and believe in growing together through collaboration. Considering our own strategic business and sustainability goals, supplier capacity building focuses on deepening ties with local suppliers on sustainability, fair labour and safety. For long-term partners, we monitor continuous improvement through structured action plans and provide tailored training aligned with our Statement of Requirements (SOR). These capacity-building efforts are designed to elevate supplier performance, ensuring alignment with Varroc's quality, operational excellence, and sustainability expectations.

Supplier Code of Conduct:

At Varroc, we maintain a comprehensive Supplier Code of Conduct that applies to all suppliers—critical and non-critical alike—clearly outlining our expectations for sustainable, transparent, and ethical business practices. Suppliers are expected to adhere to responsible sourcing principles as outlined above, that emphasise goods being procured in a way that maintains integrity and ethics in operations.

Each supplier is required to sign an agreement committing to this Code and is encouraged to cascade these standards to their subcontractors and business partners accordingly. Currently, our supplier selection process places strong emphasis on social compliance criteria. Moving forward, we will be including broader sustainability parameters, aligning supplier performance with Varroc's long-term ESG goals and responsible value chain vision.



Varroc Group: Supplier Code of Conduct (CoC)

Undertaking Letter - Commitment towards Varroc's Supplier Code of Conduct

[Date]
[Supplier's Organization Name]
[Supplier's Organization Address]

We are writing formal commitment to understanding and adhering to Varroc's Supplier Code of Conduct (CoC). At [Supplier's Organization Name], we are dedicated to fostering ethical, responsible, and sustainable business practices throughout our supply chain.

By adhering to these principles, we aim to create a mutually beneficial relationship that upholds the highest standards of integrity, accountability, along with Environmental, Social, Governance responsibility (ESG).

I, [Supplier's representative name], representing [Supplier's Organization Name], hereby acknowledge that:

- I have received and thoroughly reviewed the Supplier Code of Conduct document
- I understand the principles, standards, and expectations outlined in the Supplier CoC.
- I am committed to ensuring that my organization and its employees, subcontractors, and associates adhere to the principles and standards set forth in the Supplier CoC.
- I will actively work to integrate the Supplier CoC into our business operations and supply chain management practices.
- I recognize that failure to comply with the Supplier CoC may result in a review of our business relationship, including potential termination, in accordance with the terms and conditions of our agreement.

By signing this undertaking letter, I affirm my understanding of and commitment to the Supplier Code of Conduct as outlined by Varroc Group. I understand the importance of upholding these principles to maintain our valued partnership and contribute to a more ethical and sustainable business environment.

Thank you for your cooperation and commitment to ethical business practices. We look forward to continuing our successful partnership.

Sincerely,
[Supplier's representative name]
[Designation]
[Signature]
[Date]

Strategic Oversight and Governance

Sustainable supply chain performance is regularly reviewed at our Executive Committee Meetings (ECM) and Operations Review Meetings (OPS). These monthly forums are for senior management and the Board to evaluate progress, address key issues, and align procurement practices with overarching sustainability goals. This top-level engagement reinforces our commitment to responsible sourcing and ethical conduct.

Environmental Responsibility:

- Compliance: Suppliers must adhere to all environmental laws.
- Resource Conservation: Encourage efficient use of resources and waste reduction.
- Emissions Reduction: Work towards reducing greenhouse gases and pollutants.
- Pollution Prevention: Implement measures to minimize environmental impact.

Governance:

- Committee Formation: Suppliers should establish an ESG committee to monitor and report on sustainability initiatives and performance.

Social Responsibility:

- Labor Practices: Uphold fair labor practices and safe working conditions.
- Human Rights: Ensure operations do not violate human rights.
- Diversity and Inclusion: Promote diverse and inclusive work environments.
- Community Engagement: Support and engage with local communities.

Conflict Minerals:

- Compliance: Adhere to laws regarding conflict minerals.
- Conflict-Free Sourcing: Source minerals from responsible suppliers.

Ethical Conduct:

- Anti-Corruption: Adhere to anti-corruption laws and avoid unethical practices.
- Transparency: Maintain transparency in business practices.
- Fair Competition: Compete ethically and avoid anti-competitive behavior.
- Conflict of Interest: Disclose any potential conflicts of interest.



Our Downstream Stakeholders: Customers

GRI 418-1



Varroc's downstream value chain partners include a wide spectrum of domestic and international OEMs as well as an aftermarket segment, catering to a diverse array of vehicle categories including passenger cars, commercial vehicles, two-wheelers, three-wheelers, and off-highway vehicles.

Given the product and geographical breadth, customer satisfaction lies at the core of our operations. Our goal is to deliver exceptional value through precision engineering, product reliability, and uncompromised quality. Our continued investment in product innovation, sectoral advancement, and technology development has strengthened our new product development process, enabling us to offer greater value and drive customer-centric solutions.

In our global lighting business, we have made significant strides in next-generation technologies such as LED, OLED, and laser-based systems. We also cater to the latest automotive trends through solutions like Matrix lighting and coast-to-coast rear lamps, offering high-impact styling, enhanced safety, and improved energy efficiency. These advancements reflect our strategic focus on sustainability, innovation, and being future-ready for the next wave of mobility.

Our achievement of the IATF 16949:2016 certification, the International Standard for Automotive Quality Management Systems, at all plants underscores our dedication to quality and customer satisfaction. We also have IATF-certified auditors on-site at our plant, ensuring the highest standards of quality and compliance. This certification strengthens our quality management systems and enhances our recognition within the automotive supply chain, demonstrating our commitment to excellence in the automotive industry.

In response to increasing customer alignment with the Responsible Supply Chain Initiative (RSCI), we have further formalised our already robust ESG-aligned practices with the RSCI principles. These standards promote ethical, environmental, and social accountability in the supply chain vision that aligns seamlessly with Varroc's longstanding sustainability values. By embedding RSCI protocols into our daily operations, we not only fulfil ESG expectations of our customers but also strengthen transparency, compliance, and trust across the ecosystem. We are also proud to note that no data breaches have occurred in FY 2024-5, highlighting our commitment to information security and the data protection of our customers.

To uphold and enhance customer experience, we have established a dedicated grievance redressal mechanism. Every customer query or complaint is acknowledged promptly and addressed through a structured escalation matrix. Each client is supported by a dedicated Key Account Manager, ensuring that communication remains seamless and concerns are resolved effectively. As outlined in our section on supplier management, our suppliers benefit from similar attention through dedicated account managers, regular performance reviews, and a rigorous onboarding and audit process. Holistically, our customer management is foundational to ensuring our continued success.

HUMAN RIGHTS

GRI 406-1, 408-1, 409-1, 410-1, 411-1

Our company is deeply committed to upholding human rights in all aspects of our operations. We believe that every individual deserves to be treated with dignity, respect, and fairness. This commitment is reflected in our strict adherence to international human rights standards and our proactive efforts to ensure these principles are upheld across our supply chain.

✓ **ZERO** cases of human rights violation in FY 2024-25

Human Rights Policy and Commitment

Our human rights policy is supported by various committees including a grievance redressal and ethics committee, EHS leads and HR SPOCs at all sites, and a Prevention of Sexual Harassment (PoSH) committee. We emphasise fair labour management, ensuring ethical treatment of workers through fair wages, reasonable working hours, safe workspaces and robust employee engagement as highlighted in previous sections. By addressing critical human rights issues, including harassment and discrimination, we strive to create a safe, inclusive, and respectful work environment for everyone.

Grievance Redressal Mechanisms

To ensure our employees can securely and confidentially report any grievances or policy breaches, we have established comprehensive grievance redressal mechanisms. These mechanisms provide 24/7 access for employees to raise their concerns anonymously and without fear of retaliation. Key components include:

- ✓ **ZERO** incidents of discrimination reported in FY 2024-25
- ✓ Whistle Blower Policy: Allows employees to report unethical practices or breaches of company policies confidentially.
- ✓ Policy on Prevention and Redressal of Sexual Harassment at Workplace (PoSH): Provides a framework for preventing and addressing sexual harassment in the workplace, ensuring a safe and respectful environment for all employees.
- ✓ Ethics Committee: a dedicated internal committee for employees and workers to engage with should they need a grievance redressal mechanism related to work but outside the boundaries of the Whistleblower Policy.
- ✓ Dedicated HR POCs: staff have dedicated HR persons of contact for their respective roles, who are available to address employment concerns, or guide employees to the right committees or people who can support the issue.

Through our comprehensive approach for upholding human rights and active stakeholder engagement, we remain dedicated to diligently upholding human rights throughout all aspects of our operations, reinforcing our commitment to ethical and responsible business practices.



Rs. 40.91 Mn
spent in CSR projects in
FY 2024-25

Our Community Interventions

GRI 413-1, 413-2

Material Issues Addressed



**Employee
Volunteering
and CSR**

Strengthening Community Connections Through CSR

At Varroc, our dedicated Corporate Social Responsibility (CSR) team plays a pivotal role in fostering meaningful engagement with the communities we operate in. Acting as a bridge between the organisation and society, the team ensures that all CSR initiatives are strategically aligned with local priorities and designed to deliver measurable impact.

Central to our CSR philosophy is a strong emphasis on listening to and learning from the community. We believe that sustainable development can only be achieved through continuous dialogue and collaboration with local stakeholders. To that end, our CSR work can be broadly categorised into three areas: environmental restoration, social mobility through engineering education, social mobility through sports education, and employee engagement.

By embedding community voices into CSR strategy, we ensure that our initiatives are inclusive, culturally sensitive, and genuinely responsive to the evolving needs and aspirations of those we serve. This approach not only amplifies our social impact but also fosters lasting relationships built on trust, respect, and shared progress.

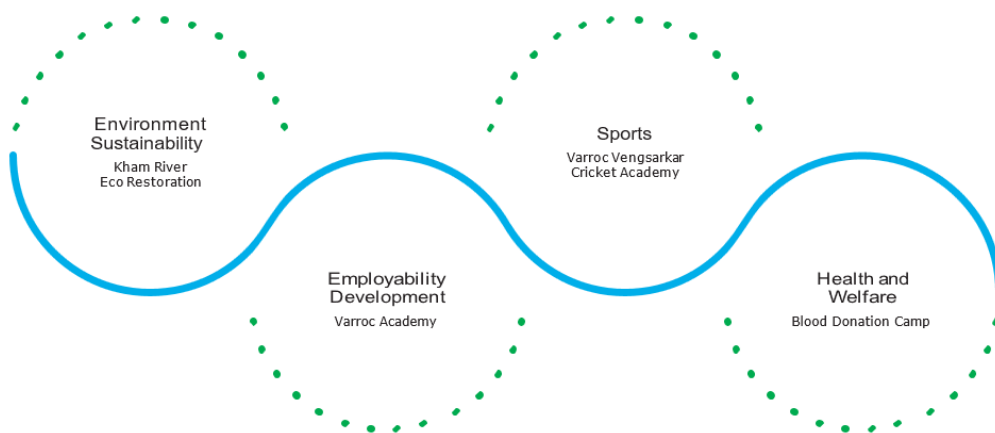
CSR Governance and Oversight at Varroc

At Varroc, we have established a dedicated CSR Committee that provides strategic direction and robust oversight for all our Corporate Social Responsibility initiatives. This committee plays a pivotal role in formulating the CSR policy and action plans, recommending annual budgets, and ensuring responsible and impactful utilisation of CSR funds.

The committee collaborates with key internal and external stakeholders to approve projects, establish transparent implementation frameworks, and oversee progress through periodic monitoring and evaluation. It is also responsible for submitting regular reports to the Board, suggesting policy revisions as needed, and ensuring compliance with regulatory requirements.

Further, the committee guides partnership engagements, nominates Varroc representatives to participate in CSR-related events and forums, and guides alignment between our social goals and business objectives. To support these efforts, Varroc has a dedicated Corporate CSR team comprising five part-time professionals, who coordinate on-ground implementation, track project outcomes, and maintain ongoing community engagement. This structured governance model reflects our strong commitment to delivering measurable, meaningful, and sustainable impact through our CSR endeavours.

CSR Focus Areas:



Environmental CSR

Kham River Eco Restoration Project

As previously mentioned in this report, one of our core activities is the environmental stewardship of the Kham River. 1.1KM of this 65KM-long water body runs through Chhatrapati Sambhajinagar, which is the portion that we work on, in partnership with EcoSattva.

Key interventions include:

- ✓ Systematic cleaning of the riverbed and banks
- ✓ Installation of waste trappers to intercept solid waste and prevent further contamination

- Development of green bridges to enhance biodiversity and support ecological restoration
- Stone pitching, plantations and ecoscaping to reinvigorate local biodiversity
- Development of green public spaces and activities to engage students and families on sustainable practices
- Freshwater pond treatment on four major ponds to clean and enhance water

This impactful initiative has received national and global recognition. At the prestigious DHARA Summit organised by the National Institute of Urban Affairs (NIUA), the Kham River Restoration Mission (KRRM) was lauded for its innovative and community-driven approach. In parallel, the city launched its Urban River Management Plan (URMP), positioning Chhatrapati Sambhajnagar among the few Indian cities with a structured framework for river governance.

Key Area of Intervention - 1

- Riverfront Development

Initiatives

- Riverbank Cleaning
- Stone Pitching
- Plantations & Eco scaping
- Green Public Spaces

Impact since inception

- Area Cleaned: 46,650 m2
- Area Greened: 21,553.51 m2
- Saplings Planted: 22,748+ saplings
- Riverbank Pitched: ~460 meters

Key Area of Intervention - 2

- Pollution Prevention

Initiatives

- Nalla Transformations
- Improving SWM Services
- Bridge Barricading
- Plastic Trapping

Impact

- Municipal Staff Trained: 250+ SWM, 30 special task forces set up (involving ~800 staff)
- Bridge Barricading: 10 bridges barricaded to prevent solid waste dumping
- Plastic Trappings: 2 plastic traps piloted in nallas
- GVP Removal: 51 GVPs closed and reduced
- 1,80,000+ citizens engaged in waste collection & management

Key Area of Intervention - 3

- Citizen Engagement

Initiatives

- Riverfront Activities
- Drives & Competitions
- Online Webinars
- Training and learning session

Impact

- 16,000+ citizens engaged across 107 events
- 150 students trained in solid waste management
- 3 riverfront parks inaugurated
- Plantation by soldiers from Aurangabad Cantonment Board
- Eco-friendly tote bag painting workshop organized in celebration of Earth Day
- Kham River Restoration Mission's Eco-friendly Ganpati making workshop
- 16 citizens of Aurangabad employed full-time to support efforts
- 25+ school staff trained as part of green schools Campaign mission for Education for Sustainable Development

Greening Beyond Kham River

In addition to the tree plantations at our facilities, and the green restoration conducted by EcoSattva, one of our employee volunteering activities includes further tree planting on the banks of Kham River. Key locations and respective plantation counts include:

- Amar Shaheed Udyan: 230
- Rashi Van: 900
- Babul Garden to Unnati Pond: 590
- Aditya Pond: 601
- Bhagwat Kamal Talav Pond: 521
- Varroc Cabin Dense Forest: 482
- Kham River East Side Plantation: 1,250

These plantations improve green cover and align with regional water conservation and biodiversity preservation goals. All plantation efforts are carried out and maintained by Varroc's dedicated Environment, Health & Safety (EHS) teams with scheduled weekly maintenance to ensure high survival rates and long-term impact.

Collectively, through all these efforts, Varroc continues to demonstrate leadership in water stewardship, reinforcing our belief that sustainability must extend beyond plant boundaries to encompass broader community and environmental well-being.



Awards and Recognition for Kham River, in Partnership with EcoSattva

Further validating our efforts, in 2024, the World Resources Institute (WRI) nominated the Kham River restoration as one of the Top 5 examples of resilient city initiatives—a testament to our collaborative resolve in driving sustainable urban transformation and ecological well-being.

St Andrews Prize for the Environment 2024 – Winner

The St Andrews Prize for the Environment is an internationally recognised award that honours innovative, scalable, and impactful environmental initiatives. It is presented by the University of St Andrews, Scotland, and recognises projects that tackle environmental challenges while supporting sustainable development and community well-being.

The Kham River Restoration Mission was honoured with the prestigious St Andrews Prize for the Environment in 2024. This global award recognises innovative and impactful environmental projects that demonstrate sustainable solutions for ecological challenges. Winning this award is a testament to our commitment to restoring the Kham River and creating a model for urban river conservation.

WRI Ross Center Prize for Cities 2023-2024 – Finalist

The WRI Ross Center Prize for Cities is one of the most prestigious global recognitions in urban development and sustainability. Organised by the World Resources Institute (WRI), this award celebrates groundbreaking urban projects that drive transformative change and create inclusive, resilient, and sustainable cities.

The Kham River Restoration Mission was selected as a finalist for this prize for 2023-2024. Being recognised among the top projects globally highlights our mission's success in integrating community-driven environmental restoration with urban planning.



**CMD Mr. Tarang Jain
received the St
Andrews & WRI Ross
Awards along with the
EcoSattva team**

Varroc Academy

Varroc Academy is a part of our ongoing commitment to skill development and social empowerment. Established in collaboration with the Tata Institute of Social Sciences (TISS), and formerly with Deccan Management Consultants Finishing School Skill Foundation (DMCFSSF), this initiative is designed to bridge the gap between academic learning and industry-ready skills for underprivileged youth. Currently, the Academy supports 231 students, with 58% from economically disadvantaged, vulnerable, communities.

The Academy offers a structured three-year Bachelor of Vocational Education (B.Voc.) program in Industrial Tool Manufacturing, developed and certified by TISS. The curriculum is tailored to provide hands-on technical training, practical exposure, and essential soft skills to enhance their employability and career prospects in the manufacturing sector. By empowering these youth through industry- and career-ready skills, Varroc Academy is creating a pathway for inclusive development and transforming lives through education.

BAJA SAEINDIA Event – Prize Sponsorship

Further to Varroc's commitment to nurturing talent, we proudly sponsored the BAJA SAEINDIA event—a premier engineering design competition held under the aegis of SAE International, USA. Originally launched in 1976 as "Mini BAJA" at the University of Carolina, the event has since grown into a global platform spanning countries like Mexico, South Africa, Korea, Brazil, and India.

The BAJA SAE Series challenges undergraduate engineering students to conceptualise, design, fabricate, and validate a single-seater, all-terrain vehicle, simulating real-world engineering scenarios. The objective is to instil a deep understanding of industry expectations, enhance technical and managerial competencies, and foster innovation and teamwork among participants. The event features dynamic and static evaluations, HR interactions, and rigorous technical reviews, providing a holistic, out-of-classroom learning experience for students. It significantly contributes to the industry-readiness and overall growth of future engineers.

In the latest edition, of which Varroc was one of the sponsors, 12,849 students from 469 engineering colleges across India were in attendance. This marked one of the largest student-driven engineering competitions in the country, and a milestone in our commitment to the next generation of Indian engineers.

Varroc Vengsarkar Cricket Academy (VVCA)

The Varroc Vengsarkar Cricket Academy (VVCA) in Thergaon, Pune, established in collaboration with cricketing legend Mr. Dilip Vengsarkar, is dedicated to nurturing young cricketing talent through professional coaching and holistic development.

With a strong focus on discipline, technique, and character building, the Academy has benefitted over 746 aspiring players to date. It offers structured training, modern facilities, and mentorship from seasoned coaches, helping athletes realise their full potential.

The Academy takes pride in its notable alumni, including Ruturaj Gaikwad, a key member of India's international T20 team, and Shradda Pokharkar, who played in the Senior T20

Challenger Trophy 2022. Their success underscores VVCA's role as a breeding ground for the next generation of cricketing excellence.



Varroc Interschool and Industrial Cricket Tournament

For the past 17 years, Varroc has proudly hosted the Varroc Interschool & Industrial Cricket Tournament, an annual flagship initiative aimed at identifying and nurturing cricketing talent among school students and industrial workers.

This tournament provides a structured and competitive platform for aspiring players to showcase their skills, build discipline, and deepen their passion for the sport. By bridging educational and industrial communities through cricket, the event plays a key role in fostering community engagement and supporting grassroots sports development.

Over the years, the tournament has benefited 1,383 students, offering them exposure, recognition, and motivation to pursue cricket more seriously. Winning teams are awarded cash prizes of up to ₹1.2 lakh, further incentivising excellence and sportsmanship. Varroc remains committed to using sport as a catalyst for empowerment, camaraderie, and youth development.

Abhinav Bindra Foundation Trust (ABFT)

Founded by the renowned former Olympic athlete of the same name, the Abhinav Bindra Foundation Trust works to establish world-class professional athletes. ABFT prides itself on elevating the Indian sporting ecosystem, advancing education, and driving social upliftment through the adoption of global best practices and high-impact interventions. Varroc is currently sponsoring three promising athletes from vulnerable backgrounds:

- ✔ Mughdhaa Wavhal – Swimming
- ✔ Ajay Bhosale – Swimming
- ✔ Shrushti Chorge – Boxing

These athletes are being nurtured with structured support, expert guidance, and access to world-class training and infrastructure to help them grow in their respective sports. This initiative reflects our belief in the transformative power of sport and our ongoing efforts to enable equitable opportunities for talent development, regardless of background.

Blood Donation Drive

This employee-led initiative was started in honour of those in the manufacturing sector who had faced injuries on the job – a reducing occurrence in the industry, but still not fully eliminated. The consequences of these unfortunate instances are often compounded by a lack of access to viable blood transfusions. As a result, Varroc employees across multiple plants have begun blood donation drives as way to give back and protect the community. Now in its third year, these annual drives are conducted on the occasion of Varroc's Chief Managing Director (CMD) Tarang Jain, and to date have aided over 1,500 people.

GRI Standard	Disclosure	Section
GRI 2: General Disclosures 2021	2-1 Organisational details	About the Section
	2-2 Entities included in the organisation's sustainability reporting	About the Section
	2-3 Reporting period, frequency and contact point	About the Section
	2-4 Restatements of information	About the Section
	2-6 Activities, value chain and other business relationships	About Varroc
	2-7 Employees	Social > Our employees
	2-8 Workers who are not employees	Social > Our employees
	2-9 Governance structure and composition	Corporate Governance > Governance Structure
	2-10 Nomination and selection of the highest governance body	Corporate Governance > Nomination Remuneration Committee
	2-11 Chair of the highest governance body	Corporate Governance > Governance Structure
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance
	2-13 Delegation of responsibility for managing impacts	Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance > Governance Structure
	2-16 Communication of critical concerns	Corporate Governance
	2-17 Collective knowledge of the highest governance body	Corporate Governance
	2-18 Evaluation of the performance of the highest governance body	Governance Structure
	2-19 Remuneration policies	Governance Structure > Nomination Remuneration Committee
	2-20 Process to determine remuneration	Governance Structure > Nomination Remuneration Committee
	2-22 Statement on sustainable development strategy	Our Sustainability Priorities

GRI 3: Material Topics 2021	2-23 Policy commitments	Policy Framework
	2-24 Embedding policy commitments	Policy Framework
	2-25 Processes to remediate negative impacts	Policy Framework > Grievance Redressal Mechanism
	2-26 Mechanisms for seeking advice and raising concerns	Policy Framework > Grievance Redressal Mechanism
	2-27 Compliance with laws and regulations	Corporate Governance > Compliance, Environment > Waste
	2-28 Membership associations	Corporate Governance > Membership of associations
	2-29 Approach to stakeholder engagement	Our Materiality Approach and Stakeholder Engagement
	3-1 Process to determine material topics	Our Materiality Approach and Stakeholder Engagement
	3-2 List of material topics	Our Materiality Approach and Stakeholder Engagement
	3-3 Management of material topics	Our Materiality Approach and Stakeholder Engagement: Environment, Social
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Varroc at a Glance > Economic Performance
	201-4 Financial assistance received from government	Varroc at a Glance > Economic Performance
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social > Responsible Value Chain
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Policy Framework > Anti-corruption
	205-2 Communication and training about anti-corruption policies and procedures	Policy Framework > Anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	Social > Responsible Value Chain
GRI 302: Energy 2016	301-3 Reclaimed products and their packaging materials	Environment > Waste
	302-1 Energy consumption within the organisation	Environment Management > Energy
	302-3 Energy intensity	Environment Management > Energy
	302-4 Reduction of energy consumption	Environment Management > Energy

GRI 303: Water and Effluents 2018	302-5 Reductions in energy requirements of products and services	Environment > Energy Management
	303-1 Interactions with water as a shared resource	Environment>Water & Effluents Management
	303-2 Management of water discharge-related impacts	Environment > Water & Effluents Management
	303-3 Water withdrawal	Environment > Water & Effluents Management
	303-4 Water discharge	Environment > Water & Effluents Management
	303-5 Water consumption	Environment > Water & Effluents Management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment > Emissions Management
	305-2 Energy indirect (Scope 2) GHG emissions	Environment > Emissions Management
	305-4 GHG emissions intensity	Environment > Emissions Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environment > Waste Management
	306-2 Management of significant waste-related impacts	Environment > Waste Management
	306-3 Waste generated	Environment > Waste Management
	306-4 Waste diverted from disposal	Environment > Waste Management
	306-5 Waste directed to disposal	Environment > Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Social>Responsible Value Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	Social>Responsible Value Chain
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social > Talent Attraction and Retention

	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social>Employee Well-being
<p>GRI 402: Labor/Management Relations 2016</p> <p>GRI 403: Occupational Health and Safety 2018</p>	401-3 Parental leave	Social>Employee Well-being
	402-1 Minimum notice periods regarding operational changes	Social>Employee Well-being
	403-1 Occupational health and safety management system	Social > Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Social > Occupational Health and Safety
	403-3 Occupational health services	Social > Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Social > Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Social > Occupational Health and Safety
	403-6 Promotion of worker health	Social > Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social > Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Social > Occupational Health and Safety
	403-9 Work-related injuries	Social > Occupational Health and Safety
	403-10 Work-related ill health	Social > Occupational Health and Safety
	404-1 Average hours of training per year per employee	Social > Training & Development
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Social > Training & Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Social > Training & Development

GRI 405:
Diversity and Equal
Opportunity 2016

405-1 Diversity of governance
bodies and employees

Social > Diversity, Equity, and
Inclusivity

405-2 Ratio of basic salary and
remuneration of women to men

Social > Diversity, Equity, and
Inclusivity

GRI 406:
Non-discrimination
2016

406-1 Incidents of discrimination and
corrective actions taken

Social>Human Rights

GRI 407: Freedom of
Association and
Collective Bargaining
2016

407-1 Operations and suppliers in
which the right to freedom of
association and collective
bargaining may be at risk

Social>Responsible Value Chain

GRI 408: Child
Labor 2016

408-1 Operations and
suppliers at significant risk for
incidents of child labor

Social>Human Rights

GRI 409: Forced or
Compulsory Labor
2016

409-1 Operations and
suppliers at significant risk for
incidents of forced or
compulsory labour

Social>Human Rights

GRI 410: Security
Practices 2016

410-1 Security personnel
trained in human rights
policies or procedures

Social>Human Rights

GRI 411: Rights of
Indigenous Peoples
2016

411-1 Incidents of violations
involving rights of indigenous
peoples

Social>Human Rights

GRI 413: Local
Communities 2016

413-1 Operations with local
community engagement,
impact assessments, and
development programmes

Social > Our Community
Interventions

413-2 Operations with
significant actual and potential
negative impacts on local
communities

Social > Our Community
Interventions

GRI 414: Supplier Social
Assessment 2016

414-1 New suppliers that were
screened using social criteria

Social>Responsible Value Chain

414-2 Negative social
impacts in the supply chain
and actions taken

Social>Responsible Value Chain

GRI 415: Public
Policy 2016

415-1 Political contributions

Policy Framework>
Anti-corruption

GRI 418: Customer
Privacy 2016

418-1 Substantiated complaints
concerning breaches of customer
privacy and losses of customer
data

Social>Customers



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