



Complete Comfort

# TCFD Disclosures

Task Force on Climate-Related Financial Disclosures



# Introduction to TCFD

Indo Count recognizes the significant financial risks that climate change poses to the global economy. We understand that stakeholders now demand forward-looking assessments of climate-related issues and seek disclosures on climate-related aspects.

In response to these growing concerns, we have adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework with the goal of facilitating a consistent and transparent approach to disclose our climate-related governance, strategy, risks and opportunities, targets, and performance. The TCFD was established by the Financial Stability Board (FSB) in 2015 and is led by industry experts. Its aim is to develop a comprehensive framework for disclosing climate-related financial information. In 2017, the TCFD issued a set of recommendations to address gaps in the disclosure of climate risk's financial impact across the entire investment chain. These recommendations have gained widespread acceptance and have been adopted by companies worldwide.

We are committed to continuously enhance our climate-related financial disclosures. By embracing a comprehensive approach to assess risks and opportunities arising from climate change, Indo Count aims to fulfill the demands of its stakeholders and contribute to a more sustainable and resilient future.

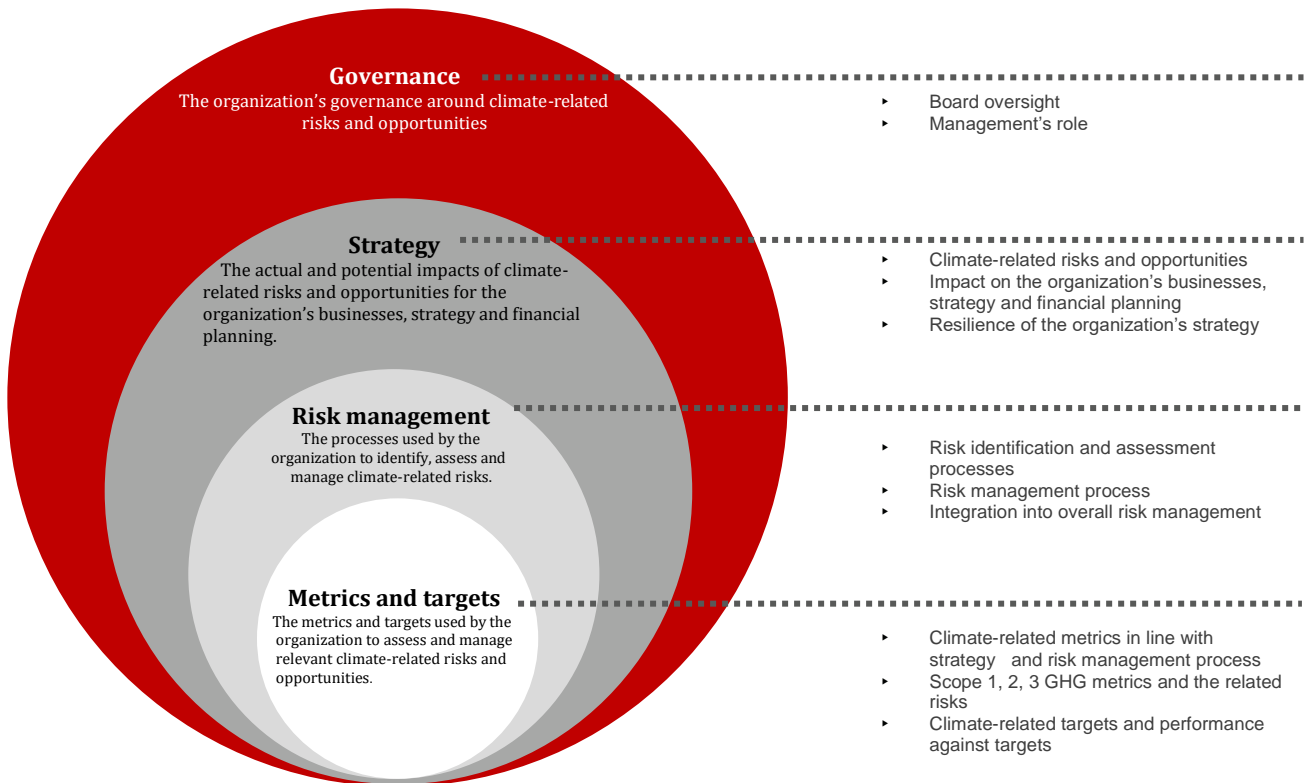
## Elements of TCFD

This report follows the TCFD recommendations, organized around four essential themes that reflect the core elements of how organizations operate. These themes are governance, strategy, risk management, and metrics and targets, as illustrated in the figure below:

1. **Governance:** The first theme centers on the governance framework adopted by the organization concerning climate-related matters. This includes the roles and responsibilities of the Board of Directors and senior management in overseeing climate change initiatives and ensuring effective decision-making processes.
2. **Strategy:** The second theme delves into the organization's strategies and approaches to address climate change. It outlines how the company identifies risks and opportunities associated with climate-related issues and aligns its business objectives with a sustainable, low-carbon future.
3. **Risk Management:** The third theme emphasizes the organization's efforts to assess and manage climate-related risks effectively. It encompasses methods to identify and evaluate physical and transition risks, as well as measures to enhance resilience and adaptability.
4. **Metrics and Targets:** The fourth theme concentrates on the metrics and targets set by the organization to measure and track progress towards its climate-related goals. These indicators provide stakeholders with transparent and quantifiable insights into the company's performance and commitment to climate action.

By structuring the report around these four themes, we aim to provide a comprehensive and coherent overview of how our organization embraces climate-related financial disclosures in line with the TCFD guidelines. Through this framework, we demonstrate our commitment to transparency, accountability, and sustainability in the face of climate change challenges.

# TCFD Disclosures



At Indo Count, we recognize the urgent need to address climate change and its impacts on our planet and communities. As a responsible and sustainable company, we are committed to transparently address climate-related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. We achieve this by thoroughly investigating and disclosing the following climate-related risks:

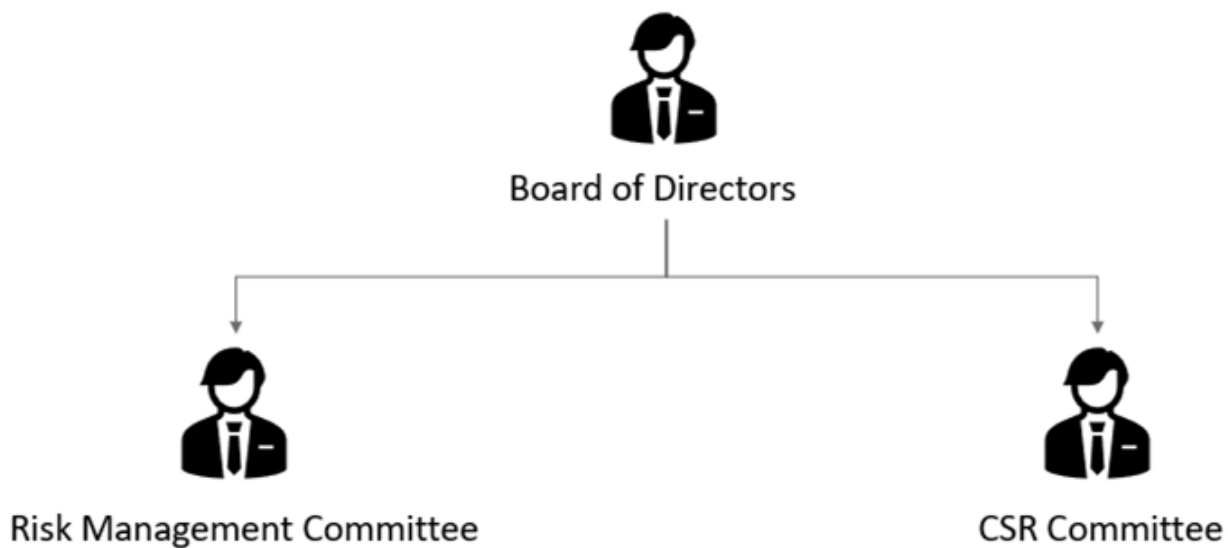
## The TCFD provides a taxonomy for climate-related risks and opportunities

Physical Risks	Transitional Risk	Transitional Risk
<p><b>Acute risk</b></p> <p>Acute physical risks pertain to events that are driven by specific incidents, encompassing heightened severity of extreme weather phenomena such as cyclones, hurricanes, or floods</p> <p><b>Chronic risk</b></p> <p>Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.</p>	<p><b>Policy and legal risks</b></p> <p>Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change. Increase in climate related litigation claims being brought before the courts.</p> <p><b>Market risk</b></p> <p>Shifts in supply and demand for certain commodities, products, and services. Technology risk Technological improvements or innovations that support the transition to a lower-carbon, energy efficient economic system. Reputation risk changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy.</p>	<p><b>Resource efficiency</b></p> <p>Use of more efficient processes, reduced energy and water consumption, less waste resulting in reduced operating costs</p> <p><b>Energy source</b></p> <p>Use of lower emission sources of energy or decentralized energy sources providing reduced operational costs</p> <p><b>Products and services</b></p> <p>Development and/or expansion of low emission goods and services to increase revenue and expand market share Increased revenues through access to new and emerging markets (e.g., partnerships with governments) Resilience Increased market valuation through resilience planning</p>

## Climate Change Governance at Indo Count

Governance stands as a pivotal component within Indo Count's Climate Change Risk Management framework. To establish a foundation of accountability, transparency, and vigilant oversight, the Board is supported by both the Risk Management Committee and the Corporate Social Responsibility (CSR) Committee. These committees ensure that climate-related factors are thoroughly considered in the organization's short, medium, and long-term strategies, decision-making processes, and implementation efforts. Their primary function is to monitor the progress of key performance indicators (KPIs) relating to Environmental, Social, and Governance (ESG) matters, ensuring that targets are met within defined timelines. As part of their responsibilities, the committees present annual operating plans, budgets, and periodic business reviews to the Board.

The committee convenes quarterly throughout the year, overseeing performance and providing guidance within its vested authority. Additionally, it offers specific recommendations to the Board as needed. The Board, in turn, undertakes an annual review of its long-term strategic plan to evaluate the company's approach to climate-related concerns.



This oversight is integral to fulfilling our ESG obligations, with an emphasis on sustainability, especially in the context of climate-related issues.

### Three Lines Defence Mechanism

Indo Count has a well-established governance structure with three lines of defense that ensure the effective functioning of the organization. Each of the three lines play a distinct role within the organization's wider governance framework. These three lines of defense operate in a coordinated manner with the common objective to support the organization in achieving its objectives and effectively manage risks.

1. **First Line (prevent risk):** The first line of defense has the primary ownership of risks and its main task is to prevent risk. It reports to senior management.
2. **Second Line (prevent and detect risks):** This line of defense plays an important monitoring role and is responsible for prevention and detection of risks.



3. **Third Line (detect risks):** The independent assurance function serves as a third line of defence which helps to accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes. It reports to the governing body

## Notable Climate Change Initiatives taken under Board Guidance

Under the guidance of the board, we have established a comprehensive climate risk management framework. This framework enables us to assess and effectively incorporate climate-related risks and opportunities. As a result, we have formulated an all-encompassing Business Plan for 2030, accompanied by Greenhouse Gas (GHG) emission reduction targets that are in alignment with a trajectory aiming for a warming well below 2°C.

Our Business Plan for 2030 is structured around six pillars of sustainability, namely: carbon neutrality, sustainable sourcing of raw materials, zero waste to landfill, Creating Shared Value (CSV) strategies, benefiting cotton farmers and tree plantations. Additionally, operational performance is aligned with nine Sustainable Development Goals (SDGs). Substantial investment plans aimed at achieving these targets are subjected to review and approval by the Board.

In alignment with the Paris Agreement, we have embraced science-based targets for GHG emission reduction through 2030. These targets align harmoniously with the 2-degree Celsius trajectory and have been validated by the Science-Based Targets initiative (SBTi). Our commitment, as verified by SBTi, entails a 33.0% reduction in absolute scope 1 and 2 GHG emissions by FY 2030 from a FY 2018 base year. Moreover, Indo Count Industries Ltd. pledges a 14.8% reduction in absolute scope 3 GHG emissions by FY 2030 from a FY 2018 base year.

Consistently, the committee undertakes regular reviews of our Science-Based Targets initiative (SBTi) Targets and Business Plan for 2030 to ascertain ongoing alignment with the objectives of the Paris Agreement.

Furthermore, we actively engage in global initiatives, such as the United Nations Global Compact (UNGC), Communication on Progress (COP), Business Report and Sustainability Report (BRSR) disclosure, the HIGG Index FEM, Walmart's GIGATON project, and THESIS (The Sustainability Insight System). These endeavors facilitate collaborative efforts with industry peers and contribute to the broader sustainability landscape.

In the pursuit of sustainable manufacturing practices, all our facilities hold STeP certification by Hohenstein Germany, signifying adherence to ZDHC/STeP manufacturing international standards. Our procurement of chemicals and dyes is also synchronized with the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substance List (MRSL) compliance guidelines. Presently, nearly 90% of our inputs in Dyes & Chemicals are sustainably sourced.

Additionally, we are proactive in disseminating awareness about climate change and diverse sustainability initiatives across different platforms. Participation in sustainability events organized by customers, government bodies, and other stakeholders further strengthen our commitment.

The committee meticulously tracks all initiatives related to our ESG endeavors, evaluating outcomes through assessment reports and monitoring key sustainability indices. Moreover, it evaluates potential production impacts stemming from climate-related risks that might influence Indo Count's supply chain.

Through the committee's steadfast vigilance, Indo Count assures the effectiveness of its ESG initiatives, ultimately fostering positive outcomes and contributing to a sustainable future.

## GHG Emission Disclosure

As part of our commitment to transparency and responsible climate action, below is our Scope 1 and Scope 2 greenhouse gas (GHG) emissions for the reporting year.

Scope	Unit	Amount
Scope-1	Metric tonnes of CO2 equivalent	1,85,242.7
Scope-2	Metric tonnes of CO2 equivalent	1,05,108
Scope-3	Metric tonnes of CO2 equivalent	1,57,431.5

Note: Biogenic CO2 emission amounting to 213.2 Metric Tonnes is excluded from FY 2022-23 Scope 1 emissions mentioned above.

## Strategy for Assessing and Incorporating Climate-Related Risks and Opportunities

Indo Count acknowledges the pressing need to integrate climate-related risks and opportunities into its strategies. This recognition has spurred the creation of a comprehensive climate risk management framework, Business Plan 2030, and GHG reduction targets for 2030, which have received validation from SBTi. These initiatives underscore the company's unwavering commitment to addressing climate change and practicing sustainable business.

Climate-related risks pose threats that have financial implications for Indo Count, such as direct damage to assets and indirect impacts on the supply chain. These risks can be classified into two key categories by the TCFD:

- **Transition Risks:** Associated with the shift to a lower-carbon economy.
- **Physical Risks:** Linked to tangible impacts from climate change.

We have a robust risk assessment process that incorporates both quantitative and qualitative scenario analyses to comprehensively evaluate climate-related risks that impact our assets and operations. To effectively address these risks, our financial planning process and business strategy also take into account the potential financial impacts of climate-related risks and opportunities, enabling us to make well-informed decisions. Furthermore, our strategy encompasses a wide range of aspects, including products, supply chain, research and development (R&D), and operations. We categorize the assessed risks and opportunities based on different time horizons: short-term (0-3 years), medium-term (3-5 years), and long-term (5-10+ years). This structured framework allows us to effectively prioritize and manage these risks and opportunities.

Assessed risk are integrated in Enterprise Risk Management system which is overseen by the board's Risk Management Committee. This rigorous approach ensures a thorough evaluation of climate-related risks & opportunities across all our operations. By fostering proactive risk identification, our aim is to adapt and thrive in the face of a changing climate, committing to a sustainable and resilient future for our business and the communities we serve

To address climate risk, in alignment with global climate goals, we collaborated with the Science Based Targets initiative (SBTi) and the CDP team. Our targets underwent scientific evaluation under the "well below 2 degrees Celsius" scenario. Aligned with the Paris Agreement, we adopted science based GHG emission reduction targets through 2030. These targets, validated by SBTi, involve a 33.0% reduction in absolute scope 1 and 2 GHG emissions by FY 2030 from an FY 2018 base year, along with a 14.8% reduction in absolute scope 3 GHG emissions by FY 2030 from an FY 2018 base year.

Beyond addressing emissions, we prioritize sustainable supply chains, collaborating with vendors committed to responsible sourcing of fibers, yarn, and fabric. Additionally, we're transitioning to sustainable chemistry practices in our textile processing unit. Our Business Plan for 2030 revolves around six sustainability pillars: carbon neutrality,

sustainable sourcing of raw materials, zero waste to landfill, Creating Shared Value (CSV), strategies for cotton farmers and tree plantations, and alignment with nine Sustainable Development Goals (SDGs). Substantial investments aimed at these targets undergo Board review and approval. We continually monitor parameters and projects, driving performance enhancement

## Climate-Related Risks and Potential Financial Impacts

S.N.	Category	Type	Time Horizon	Risk Description	Potential Financial Impacts	Mitigation & Resilient Actions
1	Transition Risk	Current regulation	Short Term	We consider all current regulations examples like "MPCB (Maharashtra Pollution Control Board) regulations for Waste-Water Treatment, Air Emissions and Waste Management, as mandatory requirements. Any changes in these requirements possess a risk as addressing these aspects shall need capex investments and need longer time for implementation.	The financial impact may include high investment costs for process and technological interventions for emission reductions, Zero Liquid Discharge (ZLD) and effective waste management	We have collaborated with MPCB team to stay updated on forthcoming regulations and work/plan our capex towards those requirements
2	Transition Risk	Emerging regulation	Short Term	We consider emerging regulatory risks related to climate change, such as stringent emission reduction targets, carbon pricing, and renewable energy mandates, as potential legal and regulatory challenges that we may face due to increasing concerns about climate change and its impacts. As our stakeholders become more aware of the environmental, social, and economic consequences of climate change, regulatory frameworks are evolving to address these issues.	For us, emerging climate-related regulations may pose financial impact due to increased compliance costs and investments in clean technologies as well as reputational cost if the regulations are not met.	We are actively investing in clean technologies to reduce emissions, adopt renewable energy, and improve energy efficiency. Our commitment extends to transparently communicating our progress and targets for GHG emission reduction through public disclosures. We continuously enhance compliance systems, engage stakeholders, and diversify supply chains. To address regulatory concerns, we employ scenario planning, align with emission goals, and ensure financial resilience against potential fines and litigation
3	Transition Risk	Technology	Medium Term	This risk entails limitations in current technologies for reducing GHG emissions. Additionally, the risks associated with transitioning to lower emission technologies are rooted in the viable and economical new solutions. These solutions often necessitate significant capital expenditures. We acknowledge the imperative of moving away from conventional technologies towards	The transition from conventional to cleaner technologies has financial implications for us. Upgrading equipment, adopting new processes, and training staff incur significant costs. Possible disruptions during the transition may temporarily reduce production capacity, affecting revenue and profitability.	We are addressing technology risks associated with climate change by evaluating and adopting emission-reducing technologies, analyzing climate-related risk scenarios, planning for long-term investments, and adjusting strategies in response to advancements and climate change regulations.



S.N.	Category	Type	Time Horizon	Risk Description	Potential Financial Impacts	Mitigation & Resilient Actions
				cleaner alternatives and is presently engaged in proactive exploration of such option.		
4	Transition Risk	Legal	Short Term	Legal climate-related risk for us involves disruptions caused by extreme weather events like typhoons, rainstorms, and floods impacting suppliers' operations and raw material delivery. This can lead to production delays, missed delivery deadlines, customer compensation claims, and litigations. Such risks are considered within Indo Count's ISO 14001 risk assessment, with the Material department responsible for evaluating supplier-associated risks.	The legal climate-related risk, stemming from supply chain disruptions due to extreme weather events, could result in financial losses for us in the form of production delays and missed deliveries which might lead to revenue decline, customer compensation costs, and potential legal expenses, impacting the company's financial performance and reputation	We are addressing legal climate-related risks by diversifying our supplier base, establishing alternative sourcing options, and developing contingency plans for production interruptions. Enhanced weather monitoring, supply chain resilience, and transparent communication with customers will improve preparedness and minimize financial impacts.
5	Transition Risk	Market	Short Term	Market-related transition risks for us involves challenges arising from shifting consumer preferences and changing market dynamics. For instance, increasing demand for sustainable products from major customers like Walmart, Target, and Costco necessitates meeting specific ESG performance criteria.	Failing to align our go-to market strategies with market related climate change risk could lead to potential financial impact such as loss of revenue.	Mitigation involves proactive monitoring of market trends, adapting strategies, and collaborating with initiatives like Walmart's "Project Gigaton," aimed at reducing emissions and promoting sustainability throughout the supply chain.
6	Transition Risk	Reputation	Medium – Long Term	Reputational risk for us entails upholding our brand image to meet investor and customer expectations. This risk revolves around how our brand is perceived, influencing investment and purchasing decisions.	The climate change-related reputational risk, if not managed effectively, could lead to financial implications and impact our brand image. The inability to incorporate adequate ESG measures might result in reduced customer loyalty, declining sales, and decreased investor confidence. This, in turn, could lead to revenue losses, increased marketing expenses, and	We have aligned ESG aspects in our business strategies, and we consistently assess product performance and perception through third-party evaluations. This approach aims to address any shortcomings, enhance customer satisfaction, and maintain a robust brand reputation, fostering trust with investors, retailers, and customers.

S.N.	Category	Type	Time Horizon	Risk Description	Potential Financial Impacts	Mitigation & Resilient Actions
					potential difficulties in attracting investments and partnerships.	
7	Physical Risk	Acute	Short – Medium Term	Acute physical risks for us stem from extreme weather events like floods, rainstorms, or typhoons, posing threats to employees, facilities, and operations.	For us, acute climate related physical risk may pose financial impact arising from extreme weather events. Potential consequences like production halt, facility damage, and reputational harm may lead to revenue losses, increased operational costs, and customer dissatisfaction.	Our mitigation strategy involves identifying climate-related acute physical risks for our operational units, analyzing trends, and integrating these risks into the ISO 14001 risk assessment framework. Additionally, we incorporate them into our business strategy and ensure continuous monitoring through our Safety and Facility departments.

## Climate-Related Opportunities and Potential Financial Impacts

S.N.	Category	Time Horizon	Opportunity Description	Potential Financial Impacts
1	Lower-emission sources of energy	Medium – Long Term	We are committed to minimizing our greenhouse gas emissions and promoting sustainable practices through technology upgrades and cleaner energy adoption. Our efforts include installing a 3.5+ MW solar power plant on-site, reducing Scope 2 emissions by 10%.	There would be an upfront cost in establishing a solar plant. A high initial investment is required. However, in the long term, it will lead to substantial annual financial benefits by decreasing our dependency on non-renewable power sources and enhancing the company's resilience against potential future energy price shocks and regulatory changes related to carbon emissions.  Alongside embracing renewable energy, we've integrated energy-saving technologies. These advancements have not only helped us stay competitive in the market but have also enabled us to expand our customer base due to an improved reputation and brand image.

S.N.	Category	Time Horizon	Opportunity Description	Potential Financial Impacts
2	Product & Services	Short- Medium Term	We're innovating with eco-friendly products to reduce emissions across their lifecycle. From sourcing to end use, our approach targets sustainability. By introducing such new products, we anticipate capturing a larger customer base in emerging markets. We project a revenue growth of 5-10% from these new customers and markets. Meeting green demand not only connects us with conscious customers but also solidifies our industry leadership. These climate-driven steps expand our reach while making a positive impact on the environment, aligning growth with a greener future	This opportunity promises revenue growth of 5-10% through eco-friendly products in emerging markets. Market diversification, cost savings, and industry leadership are expected outcomes. Meeting sustainability demand enhances our brand image, attracts investors, and aligns with evolving regulations, ensuring long-term success.

## Impact of climate-related risks and opportunities on the businesses, strategy, and financial planning.

At Indo Count, we have established mechanisms to understand the influence of climate-related risks and opportunities on our financial planning process. Our approach involves a comprehensive assessment and management of risks, giving priority to those with significant financial or strategic impacts. Risks are considered company-level when their financial impact exceeds 5 to 10% of the revenue or 10 to 15% of EBITDA. In such cases, we take appropriate actions, such as implementing action plans, setting objectives and targets, implementing operational controls, providing training, and other necessary measures to mitigate risks or exploit opportunities within specified timeframes. These substantial risks are presented to top management for decision-making and timely reporting to the board of directors.

To effectively identify risks and opportunities, we rely on GHG forecasting and financial planning processes. These processes help us assess the potential financial implications of climate-related factors and enable us to make informed decisions.

As part of our sustainability initiatives, we conducted a mill sustainability study, which highlighted the challenges associated with GHG emissions from coal fuel sources and their impact on climate change. Based on these findings, we evaluated various project options and identified strategies to reduce coal consumption over long term period. This includes improving utilization and machine efficiencies, reducing line losses, and increasing the use of resources.

To reduce our Scope 1 and Scope 2 emissions, we have set science-based targets (approved and validated by SBTi) to achieve a 33% reduction by 2030 from our operations. Several projects, such as the implementation of automatic blowdown processes at boilers, the installation of deaerators, and the adoption of screw compressors, have contributed to reducing coal consumption and consequently lowering GHG emissions.

These observations have guided our future investment areas, ensuring that we meet climate change norms and prioritize sustainable practices. Additionally, we are investing resources and capital in green power generation, specifically through solar power, to further reduce our carbon footprint.

By integrating climate-related risks and opportunities into our financial planning process, we strive to align our strategies with sustainability objectives and make informed financial decisions that contribute to a greener and more resilient future.

## Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Our strategy exhibits remarkable resilience across a broad spectrum of climate-related scenario. The trajectory of our path toward achieving climate resilience is firmly anchored by:

- Net Zero Emissions by 2040:** We are committed to achieve net-zero greenhouse gas emissions by the year 2040. As part of this commitment, we have set specific reduction targets for Scope 1 and Scope 2 emissions, aiming for a 33.0% reduction by FY 2030. We are also focused on reducing Scope 3 emissions by 14.8% by FY 2030, using FY 2018 as our base year.
- Increased use of renewable energy:** We actively promote solar panels as an eco-friendly energy solution, aiming to shift from non-renewable to renewable sources. Significant investments in solar and wind projects support this goal, including a 1.25 MW solar power plant in Kolhapur and expanded biogas capacity for renewable power generation.
- Adoption of an Environment Management Policy:** We have implemented an Environment Management Policy to guide our sustainability efforts and ensure environmental responsibility throughout our operations.
- Alignment with UNGC SDG's:** We have adopted global standards like the UNGC SDGs to boost its sustainability performance and regularly shares progress reports worldwide.
- Project Gigaton & Giga Guru:** As a key client of Walmart, we actively participate in their Project Gigaton, which aims to reduce one gigaton of CO<sub>2</sub> emissions from the global supply chain.

6. **Coal consumption reduction:** We are actively addressing coal usage with Back Pressure Turbines to extract extra power from steam, optimized steam and heat recovery systems to reduce boiler reliance, and Auto Blowdown systems to further enhance efficiency. This commitment supports a more sustainable future.
7. **Miyawaki Plantation Multi-year Project:** We have launched a large-scale tree plantation using the Miyawaki Technique, transforming 5 acres of barren MIDC land into a thriving green sanctuary. All trees have survived, creating a valuable carbon sink and stabilizing the local microclimate.
8. **New Product Development:** Our forward-thinking approach in product development, exemplified by Earth color dyes bed sheets, showcases our ability to innovate in harmony with climate-friendly principles. The reduction in water, energy, and chemical consumption through these innovations positions us to excel across diverse climate scenarios.



# Risk Management

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At Indo Count, we have implemented a comprehensive approach to assess and manage climate-related risks. This approach prioritizes risks with significant financial or strategic implications. Our risk assessment process combines quantitative and qualitative factors, ensuring a thorough evaluation of climate-related risks. We conduct these assessments across all our manufacturing and non-manufacturing facilities, including offices. To ensure a comprehensive identification of risks related to our activities and services, we actively engage with all stakeholders.

We collaborate closely with subject matter experts from different departments to conduct these assessments. Working in tandem with other risk assessments and internal methodologies, we ensure a seamless integration of assessment outcomes into our formal enterprise risk system (ERM). The ERM is overseen by the Risk Management Committee at the board level, ensuring a robust and rigorous evaluation of climate-related risks.

Through this structured approach, we proactively address climate-related risks, enhancing our resilience and safeguarding the long-term success of our business. By continually monitoring and managing these risks, we remain committed to promoting sustainability and environmental responsibility across all aspects of our operations.

Our process for the Integration of climate-related risks & opportunities into the overall risk management involves following steps:

## **(A) Risk Identification and Assessment:**

Our robust risk assessment process integrates both quantitative and qualitative scenario analyses to comprehensively evaluate climate-related risks impacting our assets and operations. A dedicated team of climate change experts evaluates both physical and transitional risks. Collaborating with subject matter experts from various departments, these analyses are conducted alongside other risk assessments and internal methodologies.

Engaging stakeholders helps us identify risks linked to our activities. The biannual "environmental protection management meeting," aligned with ISO14001, drives climate and ESG risk identification. Participating divisions, guided by the Safety & Hygiene Office, conduct environmental risk assessments according to ISO14001 standards. Considering both physical and transitional risks, we assess risks across different time horizons—short-term (0-3 years), medium-term (3-5 years), and long-term (5-10+ years). We evaluate transitional (e.g., Policies, Markets, Technology, Reputation) and physical risks (chronic and acute) based on TCFD guidelines, considering impact on the value chain, occurrence time, probability, and financial impact.

## **(B) Risk Categorization:**

Our risk categorization aligns with our enterprise risk management program, incorporating factors like identified issues, stakeholder requirements, environmental aspects, hazard identification, compliance obligations, and emergencies at process and organizational levels.

## **(C) Quantitative and Qualitative Scoring:**

Probability of occurrence and financial impact are graded into three levels, with scores given accordingly. Risks and opportunities receive scores based on the formula:

$$\text{Score} = \text{probability grade} \times \text{financial impact grade.}$$

## **(D) Significance Determination:**

Risk identification entails creating a comprehensive list of risks. These risks are based on historical and anticipated events which may prevent, degrade, accelerate or delay the achievement of the company's strategic and operational objectives, and may have an adverse reputational impact on the brand.

At the company level, risks exceeding 5 to 10% of the revenue or 10 to 15% of EBITDA financial impact or a combined likelihood and severity score surpassing  $\geq 12$  trigger actions, including implementation of plans and reporting to the board.

#### **(E) Risk Integration into Enterprise Risk Management (ERM):**

Assessed risks seamlessly integrate into the Enterprise Risk Management (ERM) system overseen by the board's Risk Management Committee. This meticulous approach ensures comprehensive evaluation of climate-related risks and opportunities across all operations. By fostering proactive risk identification, we aim to adapt and flourish amidst a changing climate, committing to a sustainable and resilient future.

#### **(F) Risk Management and Mitigation:**

For risks deemed unacceptable, action plans, objectives, control procedures, and measures are developed within specified timeframes to mitigate risks or leverage opportunities.

#### **(G) Risk Monitoring and Reporting**

Our Risk Management Framework includes climate change-related risks and opportunities. These impacts are categorized as environmental, social, and governance (ESG) concerns, and they include issues such as energy, emissions, and water. The risk management team continuously monitors and reviews the risk management framework. The team tracks the metrics associated with the identified physical and transition risks in line with the TCFD framework

### **Risk Management and Mitigation Process**

At Indo Count, we have implemented a comprehensive approach to assess and manage climate-related risks. Our commitment to sustainability and addressing climate concerns has been evident since we embarked on our ESG (Environmental, Social, and Governance) journey.

To ensure effective oversight, we have established both a Risk Committee and CSR Committee at the board level. These committees conduct quarterly reviews to identify potential climate-related risks and develop appropriate risk mitigation measures.

In order to effectively address climate related risk we have conceptualized "Business Plan 2030". Our Business Plan for 2030 is structured around six pillars of sustainability, namely: carbon neutrality, sustainable sourcing of raw materials, zero waste to landfill, Creating Shared Value (CSV) strategies benefiting cotton farmers and tree plantations. Additionally, operational performance is aligned with nine Sustainable Development Goals (SDGs). Substantial investment plans aimed at achieving these targets are subjected to review and approval by the Board

Also we have embraced science-based targets for GHG emission reduction 2030, in alignment with the Paris Agreement. These targets align harmoniously with the 2-degree Celsius trajectory and have been validated by the Science-Based Targets initiative (SBTi). Our commitment, as verified by SBTi, entails a 33.0% reduction in absolute scope 1 and 2 GHG emissions by FY 2030 from a FY 2018 base year. Moreover, Indo Count Industries Ltd. pledges a 14.8% reduction in absolute scope 3 GHG emissions by FY 2030 from a FY 2018 base year.

In line with our commitment to the "Well-below 2 degree Celsius" trajectory, we have aligned our sustainability metrics based on the guidelines provided by the Science Based Targets initiative (SBTi) and initiated following notable initiatives to mitigate climate change:

1. **Increased use of renewable energy:** We actively promote solar panels as an eco-friendly energy solution, aiming to shift from non-renewable to renewable sources. Significant investments in solar and wind projects support this goal, including a 1.25 MW solar power plant in Kolhapur and expanded biogas capacity for renewable power generation.
2. **Adoption of an Environment Management Policy:** We have implemented an Environment Management Policy to guide our sustainability efforts and ensure environmental responsibility throughout our operations.
3. **Alignment with UNGC SDG's:** We have adopted global standards like the UNGC SDGs to boost its sustainability performance and regularly shares progress reports worldwide.
4. **Project Gigaton & Giga Guru:** As a key client of Walmart, we actively participate in their Project Gigaton, which aims to reduce one gigaton of CO2 emissions from the global supply chain.
5. **Coal consumption reduction:** We are actively addressing coal usage with Back Pressure Turbines to extract extra power from steam, optimized steam and heat recovery systems to reduce boiler reliance, and Auto Blowdown systems to further enhance efficiency. This commitment supports a more sustainable future.
6. **Miyawaki Plantation Multi-year Project:** We have launched a large-scale tree plantation using the Miyawaki Technique, transforming 5 acres of barren MIDC land into a thriving green sanctuary. All trees have survived, creating a valuable carbon sink and stabilizing the local microclimate.
7. **New Product Development:** We continuously research and develop new environmentally friendly products. We have tied up with global brands like Archroma and are an exclusive partner to manufacture and sell Earth color dyes bed sheets. These are special dyes made from plant/fruit wastes instead of a regular petrochemical-based dye. Such dyes are widely used in our manufacturing providing sustainable bedding solutions to customers along with desired comfort level. This not only reduced emissions in supply chain but also reduced emissions in our manufacturing. These dyes are benefitting us:
  - a) through reduced water consumption by almost 7%,
  - b) reduced energy consumption by almost 8% and
  - c) reduced chemical consumption for processing of fabrics when using these dyes..

These initiatives, along with others, demonstrate our commitment to a sustainable future and aligning our operations with global climate goals. By integrating sustainability into our business practices, we strive to create a positive environmental impact and contribute to a greener world.

## Metrics & Targets

### Scope 1: GHG Emissions

Parameter	Unit	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total Direct GHG emissions (Scope 1)	MT CO2e	80,869.1	91,548	1,47,948	1,85,242

### Scope 2: GHG Emissions

Parameter	Unit	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total indirect GHG emissions (Scope 2) Location-based	MT CO2e	54,946.2	61,035	78,707	1,05,108

### Scope 3: GHG Emissions

Parameter	Unit	FY 2023-24
Total indirect GHG emissions (Scope 3)	MT CO2e	1,57,431.5

### Emissions Reduction Targets

Scope covered by the target	Target Timeframe	Baseline year emissions covered	%reduction target from base year	Is this target validated by the Science-based Targets Initiative?
<b>Scope 1 + 2 combined</b>	<b>Base Year:</b> 2018 <b>Target Year:</b> 2030	Base year emissions scope 1+2 combined: 1,51, 687 MT CO2e	33%	Yes, the target has been validated by the SBTi
<b>Scope 3</b>	<b>Base Year:</b> 2018 <b>Target Year:</b> 2030	1,66,066 MT CO2e	14.8%	Yes, the target has been validated by the SBTi

### Net-Zero Commitment & Target

Target Time Frame	Target scope & related emission reduction target (as % of base year emissions)	Is the target validated by Science- Based Targets initiative?
<b>Base Year 2018</b> <b>Target Year 2040</b>	<b>Target Scope:</b> Scope 1 + Scope 2 + Scope 3	No, but we consider the target to be science-based