



ESG REPORT 2025-26

About This Report

This Environmental, Social and Governance (ESG) Report presents an overview of Dawar Footwear Industries' approach to sustainability, responsible business conduct, and operational transparency. The report has been prepared to communicate the organisation's environmental performance, social practices, and governance framework in a structured and credible manner, aligned with the Global Reporting Initiative (GRI) Standards.

Dawar Footwear Industries recognises that manufacturing enterprises play a critical role in contributing to sustainable development. This report reflects the organisation's commitment to monitoring its operational impacts, complying with applicable regulations, and progressively improving its sustainability performance in line with business growth and stakeholder expectations.

Reporting Scope and Boundary

This report covers the operations of Dawar Footwear Industries for the financial years FY 2022-23 to FY 2025-26, unless otherwise stated. The data presented primarily relates to the organisation's manufacturing, assembly, finishing, warehousing, and administrative activities conducted at the Sikandra Industrial Area facility, Agra, Uttar Pradesh.

The ESG disclosures included in this report focus on:

- Environmental indicators, such as energy consumption, greenhouse gas (GHG) emissions, water usage, and waste management
- Social indicators, including workforce composition, employee health and safety, training, performance management, wages, and social dialogue
- Governance practices, reflecting ethical conduct, compliance, risk management, and responsible supply chain management

The organisational boundary for reporting includes all activities under the direct operational control of Dawar Footwear Industries. Indirect impacts, where relevant and material, have been disclosed using reasonable estimates and conservative assumptions, which are transparently explained within the report.

Reporting Framework and Standards

This ESG Report has been prepared with reference to the Global Reporting Initiative (GRI) Universal and Topic-Specific Standards, including but not limited to:

- GRI 2 — General Disclosures
- GRI 302 — Energy
- GRI 303 — Water and Effluents
- GRI 305 — Emissions
- GRI 306 — Waste
- GRI 401 / 403 / 404 / 405 — Employment, OHS, Training, and Diversity
- GRI 407 / 408 / 409 / 412 — Labour Rights and Human Rights
- GRI 205 / 204 / 308 / 414 — Ethics, Procurement, and Supplier Assessment

The report also aligns with the expectations of the United Nations Global Compact (UNGC) Ten Principles and maps disclosures to relevant UN Sustainable Development Goals (SDGs). GHG data has been prepared in accordance with the GHG Protocol Corporate Standard and ISO 14064-1:2018, and independently verified by an accredited third-party verification body (September 2024).

Methodology and Data Approach

Data for this report has been compiled from:

- Internal operational records
- Utility bills and consumption summaries
- Waste declarations and disposal records
- Human resources and payroll records
- Social audit and certification records (SA8000, ISO 14001, ISO 45001, SMETA/BSCI)

Where historical data was not available in full granularity, reasonable extrapolations have been made based on actual recent-year data, ensuring consistency, transparency, and conservatism. All such assumptions have been clearly explained alongside the relevant disclosures.

Quantitative data is reported in appropriate units (e.g., kWh, GJ, KL, MT, tCO₂e) and follows standard conversion factors commonly used in ESG and GRI reporting.

Materiality and Risk Assessment

At Dawar Footwear Industries, the Materiality and Risk Assessment framework serves as a cornerstone of sustainability governance. Given our reliance on leather raw materials, chemical adhesives, and an export-oriented buyer base with stringent sustainability requirements, the process focuses on identifying the environmental, social, and governance (ESG) priorities that have the greatest influence on long-term business resilience and stakeholder value. This approach enables us to align operational practice with international standards while managing material ESG risks proactively.

Materiality Assessment Framework

The materiality assessment process follows a comprehensive and participatory five-step model:

- **Topic Identification:** A cross-functional sustainability working group collaborated with department heads to identify relevant ESG topics drawn from GRI Standards, SA8000 indicators, EcoVadis criteria, risk registers, and buyer audit feedback. Each topic was contextualised for Dawar's footwear manufacturing and export business model.
- **Stakeholder Consultation:** Targeted consultations were held with workers, management, buyers, suppliers, and local community representatives through interviews, surveys, and SMETA audit interactions. These engagements captured diverse perspectives on issues such as material sourcing, chemical safety, worker well-being, and environmental practices.
- **Scoring and Prioritisation:** Identified topics were analysed for their impact on both business performance and stakeholder expectations using a dual materiality lens. Each topic is rated on a 1–5 scale for both stakeholder influence and business significance. High-impact issues are categorised as Critical or High Priority, forming the basis for action planning.
- **Validation:** Senior management reviewed findings alongside internal audit teams to ensure accuracy, objectivity, and alignment with SA8000, ISO 14001, and ISO 45001 standards. This validation guarantees that each material issue is supported by operational data and cross-verified through risk registers and performance reviews.
- **Review Cycle:** The assessment is refreshed annually and upon any major operational or regulatory change. Emerging ESG risks — such as evolving chemical compliance requirements, buyer decarbonisation targets, and labour standards — are incorporated to keep the framework adaptive, forward-looking, and aligned with stakeholder expectations. Material topics are reviewed annually to remain current with changing risks, regulatory changes, and stakeholder expectations.

Key Material Issues, ESG Risks, and SDG Linkages

| Issue | Linked SDGs | Severity (1–5) | Likelihood (1–5) | Risk Level | Description |
|--|---------------|----------------|------------------|-------------------|--|
| Chemical Substance Management | SDG 3, 12 | 5 | 4 | Critical | Adhesives, dyes, and solvents present direct worker health risks and buyer compliance risk. Non-compliance with REACH, ZDHC MRSL, or buyer RSL requirements can result in shipment rejection or buyer delisting. Chemical inventory and third-party testing programme currently under development. |
| GHG Emissions & Climate Change | SDG 7, 13 | 4 | 4 | Critical | Scope 1/2/3 emissions tracked and independently verified. Buyer decarbonisation requirements are escalating; failure to reduce emissions could impact access to key export markets. 53% absolute GHG reduction target set for 2030 vs. FY 2022-23 baseline. |
| Responsible Leather Sourcing | SDG 8, 12, 15 | 4 | 3 | High | Leather is the primary raw material. Tannery supply chains carry environmental (effluent, water) and social (labour rights) risks. LWG certification of leather suppliers not yet achieved — a key gap for credible responsible sourcing claims with buyers. |
| Labour Rights & Fair Wages | SDG 4, 5, 8 | 4 | 2 | High | SA8000:2014 certified. Living wage compliance confirmed. Risks include overtime management, migrant worker protections, and recruitment fee practices. SMETA Dec 2024 identified corrective actions in PA1, PA2, PA7, PA12 — under active remediation. |
| Occupational Health & Safety | SDG 3, 8 | 4 | 2 | High | Chemical exposure (adhesive fumes, solvents), needle safety, machinery hazards, and manual handling present inherent risks in footwear production. ISO 45001:2018 certified. Zero recordable injuries across all reporting periods. Sustained vigilance required. |
| Supply Chain Social Compliance | SDG 8, 12, 17 | 4 | 3 | High | 10 active suppliers under Supplier Code of Conduct. ESG evaluation at 80% coverage — final 20% must be completed by FY 2026-27. Individual supplier sustainability declarations not yet submitted — high priority for EcoVadis Sustainable Procurement score. |
| Gender Diversity & Equal Pay | SDG 4, 5, 8 | 3 | 4 | High | Women constitute only 3.9% of the workforce against a 2030 target of 25%. Gender pay gap at 10%, targeted at 3% by 2030. Without a structured recruitment programme, the gender diversity gap is unlikely to close at the current rate of improvement. |
| Energy Consumption & Efficiency | SDG 7, 9, 13 | 3 | 3 | Medium | Grid electricity is the primary energy source. Solar deployment commenced (7.75% in FY 2025-26); 35% renewable target for FY 2026-27 requires significant additional solar capacity. Energy intensity improvements are on track relative to the KPI Roadmap target. |
| Water Management | SDG 6, 12 | 3 | 3 | Medium | Groundwater and municipal supply sourced. ETP operational but zero recycling recorded in FY 2025-26. Water intensity at 14.5 KL/INR Crore is below the near-term target but recycling must be reinstated to meet the 800 KL reuse target by 2030. |
| Human Rights Due Diligence | SDG 4, 8, 16 | 4 | 2 | High | Child labour, forced labour, trafficking, and discrimination risk assessments conducted under SA8000. 100% of sites assessed. Zero human rights violations recorded. Ongoing vigilance required given migrant worker presence and subcontractor usage. |
| Waste Management | SDG 12 | 2 | 2 | Medium | Total waste reduced from 0.90 MT to 0.29 MT over four years. 100% landfill diversion maintained. Hazardous waste from chemical drums and contaminated PPE managed through authorised disposal channels. Continued reduction targets set through 2030. |
| Anti-Corruption & Business Ethics | SDG 10, 16 | 3 | 2 | Medium | Anti-Bribery and Anti-Corruption Policy, Whistleblower Procedure, and Employee Code of Conduct active. 2,500 manhours anti-corruption training in FY 2025-26. Zero confirmed incidents. Trading partner due diligence conducted for 100% of partners. |
| Employee Training & Development | SDG 4, 8 | 2 | 2 | Medium | 4,900 manhours of structured training in FY 2025-26 across OHS, environment, ethics, and technical skills. All 488 employees receive annual performance reviews. Training hours growing toward 7,000 manhours by 2030. |
| Community & CSR | SDG 4, 5, 8 | 2 | 2 | Medium | Rs. 57 Lakhs CSR investment in FY 2025-26 supporting education, livelihood, and community health initiatives in Agra. Growing to Rs. 90 Lakhs by 2030. Community feedback mechanisms to be formalised in the next reporting cycle. |
| Product Health & Safety | SDG 3, 12 | 3 | 3 | Medium | RSL, MRSL, and REACH compliance assessments under development. Buyer requirements for chemical content compliance are increasing across export markets. Systematic chemical testing programme required before FY 2026-27 reporting. |
| Air Quality & Noise | SDG 3, 11 | 2 | 1 | Low–Medium | All 12 ambient air quality parameters and noise levels monitored against CPCB/UPPCB limits. All parameters confirmed compliant (May 2026). Continued periodic independent monitoring maintained under ISO 14001:2015 EMS. |

Environment

Energy Consumption Within the Organisation (GRI 302-1)

Energy sources comprise purchased grid electricity (primary), CNG and LPG for stationary combustion, and diesel for mobile combustion and DG sets. An onsite solar system of 155,820 kWh was commissioned during FY 2025-26, representing the organisation's first renewable energy installation. Target: 30% renewable electricity by 2026.

| Energy Source | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--------------------------------|--------|------------|------------|------------|------------|
| Grid Electricity (Purchased) | kWh | 28,65,315 | 26,65,893 | 15,04,817 | 18,52,912 |
| Solar Generation (Onsite) | kWh | 0 | 0 | 0 | 1,55,820 |
| Total Electricity (Grid+Solar) | kWh | 28,65,315 | 26,65,893 | 15,04,817 | 20,08,732 |
| LPG (Stationary Combustion) | tonnes | 0.31 | 0.28 | 0.17 | 0.20 |
| CNG (Stationary Combustion) | kg/SCM | 36,250 | 35,800 | 18,000 | 22,280 |
| Diesel (Mobile / DG Sets) | litres | 83,159 | 76,356 | 43,450 | 64,500 |
| Renewable Energy Share | % | 0% | 0% | 0% | 7.75% |

Grid electricity constitutes the primary energy source across all reporting periods. The commissioning of onsite solar in FY 2025-26 achieved a 7.75% renewable share, marking the first step toward the 30% renewable target. Grid electricity consumption increased from the partial FY 2024-25 period as operations returned to full-year activity. Diesel usage reflects vehicle fleet and DG set operation during grid interruptions.

Energy Intensity (GRI 302-3)

| Metric | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|-------------|------------|------------|------------|------------|
| Energy Intensity (total / INR Cr turnover) | MJ / INR Cr | 22,040.89 | 17,772.62 | 9,346.69 | 18,500 |
| 2026 KPI Roadmap Target | MJ / INR Cr | -- | -- | -- | 18,734 |
| People Trained on Energy Efficiency | manhours | 2,580 | 2,740 | 1,990 | 2,900 |

Energy intensity is expressed as total energy consumed per INR Core of turnover, providing a production - normalised performance indicator independent of business scale.

Energy intensity declined significantly from FY 2022-23 to FY 2024-25, reflecting improved operational efficiency. The FY 2025-26 figure reflects a full production year and aligns with the 2026 KPI target of 18,734 MJ/INR Core. Training hours on energy efficiency have grown progressively, supporting behavioural energy savings across the workforce.

Greenhouse Gas Emissions (GRI 305)

The GHG inventory covers Scope 1 (direct combustion), Scope 2 (purchased electricity), and Scope 3 (value chain), prepared in accordance with ISO 14064 and the GHG Protocol Corporate Standard. The inventory is independently verified by an accredited third-party verification body. All figures are reported in metric tonnes of CO2 equivalent (tCO2e).

GHG Scope 1 -- Direct Emissions (GRI 305-1)

Scope 1 emissions arise from stationary combustion (LPG and CNG for heating and process use) and mobile combustion (diesel consumed by the vehicle fleet and backup DG sets).

| Source | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|-------------------------|--------------|---------------|---------------|---------------|------------|
| LPG -- Consumption | tonnes | 0.31 | 0.28 | 0.17 | 0.20 |
| LPG -- GHG Emission | tCO2e | 0.93 | 0.84 | 0.51 | 0.60 |
| CNG -- Consumption | kg/SCM | 36,250 | 35,800 | 18,000 | 22,280 |
| CNG -- GHG Emission | tCO2e | 92.90 | 91.74 | 46.23 | 57.1 |
| Diesel -- Consumption | litres | 83,159 | 76,356 | 43,450 | 64,500 |
| Diesel -- GHG Emission | tCO2e | 208.90 | 191.82 | 109.15 | 162.0 |
| TOTAL SCOPE 1 | tCO2e | 302.73 | 284.40 | 155.89 | 219 |
| 2026 KPI Roadmap Target | tCO2e | -- | -- | -- | 257.32 |

Total Scope 1 emissions declined from 302.73 tCO2e in FY 2022-23 to a partial-year low of 155.89 tCO2e in FY 2024-25. The FY 2025-26 figure of approximately 219 tCO2e reflects full-year operations and remains well below the 2026 KPI target of 257.32 tCO2e. The increase in diesel consumption corresponds to higher production activity and extended DG set usage during grid interruptions.

GHG Scope 2 -- Indirect Emissions from Purchased Electricity (GRI 305-2)

Scope 2 emissions are calculated using the location-based method, applying the Central Electricity Authority (CEA) / GHG Protocol India grid emission factor.

| Source | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---|--------------|-----------------|-----------------|---------------|-----------------------------|
| Grid Electricity Consumed | kWh | 28,65,315 | 26,65,893 | 15,04,817 | 18,52,912 |
| Electricity GHG (location-based) | tCO2e | 2,034.40 | 1,620.10 | 914.48 | 1,316 |
| TOTAL SCOPE 2 (KPI Roadmap verified) | tCO2e | 2,334.37 | 1,670.07 | 914.48 | Pending verification |
| 2026 KPI Roadmap Target | tCO2e | -- | -- | -- | 1,984.21 |

Scope 2 represents the largest share of Dawar's operational GHG footprint. Emissions declined from the FY 2022-23 peak as grid electricity consumption fell and solar generation offset a portion of purchased electricity in FY 2025-26. The verified KPI Roadmap total for prior years includes grid T&D-related factors and may differ slightly from the electricity-only calculation above.

GHG Scope 3 -- Other Indirect Emissions (GRI 305-3)

Scope 3 emissions cover value-chain activities outside direct operational control. Downstream transport of finished goods to export buyers is the dominant category, reflecting the export-oriented nature of operations.

| Category | Description | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|----------|--|-------|------------|------------|------------|------------|
| Cat 3 | T&D Losses (electricity grid) | tCO2e | 53.90 | 50.10 | 28.30 | 40.0 |
| Cat 4 | Upstream Transport -- Raw Materials (HGV) | tCO2e | 0.30 | 1.10 | 0.70 | 0.80 |
| Cat 9 | Downstream Transport -- Finished Goods (HGV) | tCO2e | 2,691.50 | 3,665.00 | 3,206.60 | 2,800 |
| Cat 5 | Waste Disposal (haz + non-haz) | tCO2e | 0.20 | 0.20 | 0.10 | 0.15 |
| Cat 5 | Water Supply (GHG) | tCO2e | 0.50 | 0.50 | 0.20 | 0.35 |
| Cat 5 | Water Treatment / ETP Recycling | tCO2e | 0.10 | 0.10 | 0.00 | 0.05 |
| TOTAL | TOTAL SCOPE 3 | tCO2e | 2,746.50 | 3,716.90 | 3,235.90 | 2,841 |
| Target | 2026 KPI Roadmap Target | tCO2e | -- | -- | -- | 2,334.47 |

Total GHG Emissions Summary (GRI 305-1/2/3)

The table below consolidates Scope 1, 2, and 3 emissions across all reporting years against the 2026 KPI targets.

| Scope | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|----------------------------------|-------|------------|------------|------------|------------|
| Scope 1 -- Direct | tCO2e | 302.73 | 284.40 | 155.89 | 219 |
| Scope 2 -- Purchased Electricity | tCO2e | 2,334.37 | 1,670.07 | 914.48 | 1,316 |
| Scope 3 -- Value Chain | tCO2e | 2,746.50 | 3,716.90 | 3,235.90 | 2,841 |
| TOTAL GHG (S1 + S2 + S3) | tCO2e | 5,383.54 | 5,701.41 | 4,306.30 | 4,376 |

Total GHG emissions peaked in FY 2023-24 at 5,701.41 tCO2e, driven primarily by higher downstream transport volumes. The FY 2025-26 total of approximately 4,376 tCO2e represents a 23% reduction from the peak year, supported by lower transport activity and reduced grid electricity consumption. Scope 3 remains the dominant contributor at over 64% of total emissions.

GHG Intensity (GRI 305-4)

GHG intensity is expressed as combined Scope 1 and Scope 2 emissions per INR Crore of turnover, providing a production-normalised indicator of carbon efficiency.

| Metric | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---|----------------|------------|------------|------------|------------|
| GHG Intensity (S1+S2 per INR Cr turnover) | tCO2e / INR Cr | 20.28 | 13.03 | 6.65 | 16.5 |

GHG intensity declined sharply from 20.28 in FY 2022-23, reflecting improved energy efficiency and revenue growth. The FY 2025-26 intensity estimate of 16.5 tCO2e/INR Crore is below the 2026 KPI target of 17.24, indicating favourable progress. Actual intensity requires FY 2025-26 revenue confirmation from management.

Water Management (GRI 303)

Water is sourced from groundwater and the PEPL municipal mains supply. An effluent treatment plant (ETP) is operated for wastewater management. No rainwater harvesting infrastructure is currently in place.

Water Withdrawal and Consumption (GRI 303-3, 303-5)

| Item | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|----------------------------------|-------|------------|------------|------------|------------|
| Total Water Withdrawn / Consumed | KL | 2,356 | 2,462 | 1,135 | 729 |
| Water Recycled / Reused | KL | 400 | 400 | 200 | 0 |
| Rainwater Harvested | KL | 0 | 0 | 0 | 0 |
| Net Fresh Water Consumed | KL | 1,956 | 2,062 | 935 | 729 |
| Water Supply GHG (Scope 3 Cat 5) | tCO2e | 0.50 | 0.50 | 0.20 | 0.35 |
| Water Treatment GHG (Scope 3) | tCO2e | 0.10 | 0.10 | 0.00 | 0.05 |

Total water consumption in FY 2025-26 was 729 KL, significantly lower than prior full-year figures, reflecting process optimisation and operational adjustments. All water is sourced from groundwater and municipal supply; borewell usage was nil in FY 2025-26. No ETP recycling was recorded in FY 2025-26, representing an area for improvement toward the 460 KL recycling target. Associated GHG emissions from water supply and treatment are negligible.

FY 2025-26 figures sourced from internal operational records. No ETP recycling recorded.

Water Intensity (GRI 303-6)

| Metric | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|-------------|------------|------------|------------|------------|
| Water Intensity (KL / INR Cr turnover) | KL / INR Cr | 18.12 | 16.41 | 7.05 | 14.5 |

Water intensity has declined across the reporting period, reflecting improved water efficiency relative to business output. The FY 2025-26 figure of approximately 14.5 KL/INR Crore is below the 2026 KPI target of 15.40 KL/INR Crore, indicating the organisation is on track to meet its water efficiency objective.

Wastewater Discharge Quality -- ETP Effluent (GRI 303-4)

ETP effluent quality is monitored and reported against CPCB/UPPCB regulatory limits. Results are presented in mg/L.

| Parameter | Limit (mg/L) | FY 2022-23 Result | FY 2023-24 Result | FY 2024-25 Result | FY 2025-26 Result |
|--------------------------------|--------------|-------------------|-------------------|-------------------|-------------------|
| TSS (Total Suspended Solids) | 50 | 16 | 14 | 15 | 15 |
| COD (Chemical Oxygen Demand) | 150 | 48 | 46 | 46 | 45 |
| BOD (Biological Oxygen Demand) | 30 | 18 | 18 | 17 | 17 |

All wastewater parameters have consistently remained well within regulatory limits across all reporting periods. BOD, COD, and TSS levels are at approximately 30--50% of permissible maxima, demonstrating effective ETP operation. The trend shows stable or marginal improvement year-on-year.

Waste Generation and Management (GRI 306)

Waste streams include leather scraps, packaging materials, industrial waste, and hazardous process materials such as empty chemical drums, used oil, and contaminated PPE. All waste is managed through authorised disposal and recycling channels.

| Waste Category | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|------------------------------|-------|------------|------------|------------|------------|
| Total Waste Generated | MT | 0.90 | 0.80 | 0.50 | 0.29 |
| Hazardous Waste | MT | 0.45 | 0.40 | 0.25 | 0.09 |
| Non-Hazardous Waste | MT | 0.45 | 0.40 | 0.25 | 0.21 |
| % Diverted from Landfill | % | 100% | 100% | 100% | 100% |
| Waste Disposal GHG (Scope 3) | tCO2e | 0.20 | 0.20 | 0.10 | 0.15 |

Total waste generated decreased from 0.90 MT in FY 2022-23 to 0.29 MT in FY 2025-26, reflecting waste reduction initiatives across production processes. Dawar has maintained a 100% landfill diversion rate across all four reporting periods, with all hazardous and non-hazardous waste channelled through authorised recyclers and disposal contractors. Associated GHG emissions from waste disposal remain negligible at under 0.20 tCO2e annually.

FY 2025-26 breakdown (internal waste management records): Non-Haz -- Leather scraps 125 kg, Paper/Carton 75 kg, PVC/Plastic 8 kg (total 208 kg). Haz -- Empty drums 40 kg, Used oil 10 L, Contaminated PPE 15 kg, E-waste 20 kg (total ~85 kg). All disposed via authorised channels.

Chemical Substance Management (Footwear-Specific)

Footwear manufacturing involves adhesives, dyes, solvents, and surface treatment chemicals. Dawar maintains a chemical store fitness certificate and conducts chemical spill handling training. REACH, ZDHC MRSL, and RSL compliance assessments are currently under development and represent a priority area for EcoVadis Environment improvement.

| Parameter | Status / Evidence | FY 2025-26 |
|--|-----------------------------------|-------------|
| Chemical Store Fitness Certificate | Obtained -- records held on file | Valid |
| Chemical Spill Handling Training | Conducted -- records held on file | Conducted |
| Chemical Inventory / MSDS Register | Under assessment | In progress |
| REACH Compliance Assessment | Under assessment | In progress |
| ZDHC MRSL Compliance | Under assessment | In progress |
| RSL Testing | Under assessment | In progress |
| VOC Emission Monitoring (adhesive fumes) | Under assessment | In progress |

Product Health & Safety (GRI 416)

| Parameter | Status |
|--|-----------------------------------|
| H&S Issues Associated with Products Document | Available -- records held on file |
| Product Chemical Content Compliance | Assessment in progress |
| Buyer RSL / MRSL Compliance Status | Assessment in progress |
| Product Safety Test Reports | Assessment in progress |

Leather Sourcing and Material Responsibility

Responsible leather sourcing is a material topic for Dawar given the environmental and social impacts associated with tannery supply chains. The organisation is progressively increasing its sustainable and recycled input material share toward the 2026 KPI target.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---|----------------|----------------|----------------|----------------|
| Sustainable / Responsible Sourcing (%) | 5% | 11% | 13% | 18% |
| Recycled Input Material (%) | 0% | 6% | 8% | 10% |
| 2026 KPI Target -- Sustainable Sourcing | -- | -- | -- | 25% |
| LWG-Certified Leather Sourcing (%) | Data requested | Data requested | Data requested | Data requested |

Sustainable and responsible sourcing has grown from 5% in FY 2022-23 to approximately 18% in FY 2025-26, progressing toward the 25% target. Recycled input material increased from 0% to approximately 10% over the same period. Leather Working Group (LWG) certification of supply chain tanneries remains a high-priority gap for responsible procurement credibility.

Ambient Air Quality and Noise Monitoring

Ambient air quality and noise levels are monitored in accordance with ISO 14001:2015 EMS requirements and CPCB/UPPCB regulatory limits. Independent test reports are commissioned periodically to verify compliance.

Ambient Air Quality -- Limit vs. Measured Result

| Parameter | Limit | FY 2022-23 Result | FY 2023-24 Result | FY 2024-25 Result | FY 2025-26 Result |
|-----------------|-----------|-------------------|-------------------|-------------------|--------------------|
| SOx (µg/m3) | 80 µg/m3 | 13.6 | 13.8 | 12.4 | 13.0 |
| NOx (µg/m3) | 80 µg/m3 | 12.8 | 12.6 | 11.15 | 11.5 |
| PM10 (mg/m3) | 100 mg/m3 | 52.81 | 48.73 | 51.40 | 56.5 (May 2026) |
| PM2.5 (mg/m3) | 60 mg/m3 | 43.9 | 43.6 | 41.7 | 42.0 |
| Ammonia (mg/m3) | 400 mg/m3 | 18.0 | 16.0 | 12.0 | 14.0 |
| Lead | 1.0 mg/m3 | BDL | BDL | BDL | BDL |
| Ozone (mg/m3) | 100 mg/m3 | 14.5 | 15.0 | 13.2 | 13.5 |
| Overall Status | -- | PASS | PASS | PASS | ALL 12 PARAMS PASS |

All 12 ambient air quality parameters were tested and confirmed compliant on 11 May 2026. Measured values across all parameters remain substantially below regulatory limits, with SOx and NOx at approximately 15% of permissible maxima, and Lead consistently below the detection limit (BDL). PM10 at 56.5 µg/m3 remains well within the 100 mg/m3 limit.

Noise Level Monitoring (dB(A))

| Location / Period | Limit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--------------------------|-------|------------|------------|------------|-------------|
| Ambient -- Day dB(A) | 65 | 55.9 | 55.6 | 55.1 | 55.0 |
| Ambient -- Night dB(A) | 65 | 49.7 | 49.6 | 48.2 | 48.5 |
| Main Gate -- Day dB(A) | 75 | 51.2 | 50.8 | 50.1 | 49.9 (2026) |
| Main Gate -- Night dB(A) | 70 | 44.5 | 44.2 | 43.8 | 43.4 (2026) |
| Overall Status | -- | PASS | PASS | PASS | PASS (2026) |

Noise levels at all monitored locations remain consistently below statutory day and night limits across all reporting periods. Ambient day levels at approximately 55 dB(A) are 15% below the 65 dB(A) limit, while Main Gate readings at under 50 dB(A) day confirm the facility operates within a low-noise footprint relative to regulatory thresholds.

Labour and Human Rights

Workforce Composition (GRI 2-7)

Dawar's workforce is organised across eight employment categories spanning governance, administration, technical, and production functions. Skilled production workers constitute the largest segment, reflecting the manufacturing-intensive nature of operations.

| Category | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|-----------------------------|------------|------------|------------|------------|
| Board / Directors | 6 | 7 | 8 | 8 |
| Administration | 21 | 23 | 25 | 27 |
| Executive | 19 | 21 | 23 | 25 |
| Management | 11 | 13 | 14 | 15 |
| Migrant Workers | 3 | 4 | 5 | 5 |
| Technical | 15 | 17 | 19 | 20 |
| Skilled Production | 277 | 296 | 323 | 355 |
| Non-Skilled | 27 | 28 | 27 | 33 |
| Total Employees | 379 | 409 | 444 | 488 |
| Attrition Rate (%) | 8% | 10% | 10% | 10% |
| Local Hiring (%) | 30% | 32% | 35% | 35% |
| Persons with Disability (%) | 0% | 0% | 1% | 1% |

Total headcount grew from 379 in FY 2022-23 to 488 in FY 2025-26, a 29% increase over the period, driven by expanded production capacity. Skilled production workers constitute 72.7% of the FY 2025-26 workforce. Local hiring reached the 35% target in FY 2025-26. Persons with disabilities increased from 0% to 1%, with a target of 2% by 2026. Historical category breakdowns for FY 2022-23 to FY 2024-25 are estimated proportionally.

Gender and Diversity (GRI 405-1)

Gender representation data tracks female participation across employment levels, underpinning the organisation's commitment to progressive improvement toward the 15% women-in-workforce target by 2026.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|-------------------------------------|------------|------------|------------|------------|
| Male Employees | 375 | 403 | 433 | 469 |
| Female Employees | 4 | 6 | 11 | 19 |
| Total Employees | 379 | 409 | 444 | 488 |
| Women -- Worker Level (%) | 1% | 1.5% | 2.45% | 3.9% |
| Women -- Executive Level (%) | 0% | 0% | 1% | 1% |
| Women -- Overall (%) | 1% | 1.5% | 3.45% | 3.9% |
| Gender Pay Gap (%) | 15% | 11% | 11% | 10% |
| 2026 KPI Target (Women %) | -- | -- | -- | 15% |
| 2026 KPI Target (Pay Gap %) | -- | -- | -- | 9% |
| Gender Equality Training (manhours) | 1,810 | 1,960 | 1,980 | 2,050 |

Female representation has grown from 1% in FY 2022-23 to 3.9% in FY 2025-26 -- a fourfold absolute increase from 4 to 19 employees. The gender pay gap has narrowed progressively from 15% to approximately 10%, moving toward the 9% target. Gender equality training hours increased consistently, reinforcing workforce awareness and inclusive workplace practices.

Wages, Remuneration and Living Wage

All employees are paid at or above the UP Government statutory minimum wage. A living wage benchmark is conducted biannually using employee surveys and compared against the Anker Research Institute / WageIndicator methodology, consistently confirming wages above the living wage threshold.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---------------------------------|------------|------------|------------|------------|
| Average Salary (Rs./month) | Rs. 21,000 | Rs. 25,600 | Rs. 26,000 | Rs. 28,000 |
| Minimum Wage Compliance | 100% | 100% | 100% | 100% |
| Employees Above Living Wage (%) | 100% | 100% | 100% | 100% |

| | | | | |
|---------------------------------|------|------|------|------|
| Pay Ratio (Highest to Median %) | 35% | 31% | 28% | 27% |
| Subcontractors Above Min Wage | 100% | 100% | 100% | 100% |
| Illegal Deductions | 0 | 0 | 0 | 0 |

Average salaries increased consistently from Rs. 21,000 in FY 2022-23 to approximately Rs. 28,000 in FY 2025-26, progressing toward the Rs. 30,000 target. The pay ratio between the highest-paid individual and median employee narrowed from 35% to 27%, reflecting a more equitable compensation structure. Zero illegal deductions were recorded across all periods.

Working Hours Compliance

Working hours are governed by SA8000 Section 7.0 and applicable Indian labour law, capping standard hours at 48 per week with overtime voluntary and limited to 12 hours per week at double the normal rate.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|-----------------------------------|------------|------------|------------|------------|
| Standard Working Hours / Week | 48 hrs | 48 hrs | 48 hrs | 48 hrs |
| Maximum Overtime / Week | 12 hrs | 12 hrs | 12 hrs | 12 hrs |
| Total Hours Worked (manhours/yr) | 4,48,000 | 5,12,000 | 5,76,000 | 5,15,000 |
| Workers Exceeding Legal Max Hours | 0 | 0 | 0 | 0 |

Total manhours worked in FY 2025-26 of approximately 5,15,000 is in line with the 2026 KPI target of 5,15,200, reflecting stable workforce utilisation across the full reporting year. Zero instances of workers exceeding legal maximum hours were recorded in any period, confirming consistent compliance with SA8000 working hours requirements.

Freedom of Association and Collective Bargaining (GRI 407)

| Parameter | Status |
|-------------------------------------|---|
| Right to Organise Policy | Yes -- SA8000 Section 4.0 |
| Social Performance Team (SPT) | Active -- SA8000 Section 9.2 |
| % Workforce Covered by Elected Reps | 100% (all years) |
| Social Dialogue CBA Complaints | 0 (all years) |
| Collective Bargaining Agreements | No formal CBA -- SA8000 Section 4.0 governs worker rights |

100% of the workforce is covered by formally elected worker representatives under SA8000 Section 4.0. The Social Performance Team meets management bimonthly to address workplace concerns, with zero social dialogue complaints recorded across all reporting years. While no formal collective bargaining agreement is in place, SA8000 protections govern all worker rights including wages, hours, and freedom of association.

Occupational Health & Safety (GRI 403)

OHS Management System (GRI 403-8)

The OHS management system is certified to ISO 45001:2018 by an accredited certification body, covering 100% of employees. The H&S Committee meets quarterly with equal management and worker representation.

| Parameter | FY 2025-26 |
|-----------------------------------|--|
| OHS Certification | ISO 45001:2018 (independently certified) -- Valid to 02 Aug 2026 |
| % Employees Covered by OHS System | 100% |
| H&S Committee Members | 6 (3 Management + 3 Worker Representatives) |
| H&S Committee Meeting Frequency | Quarterly |
| Last Meeting Date | 20 March 2026 |
| Topics Covered (Last Meeting) | Fire Safety, PPE Usage |

OHS Performance -- Injuries & Ill Health (GRI 403-9, 403-10)

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|------------|------------|------------|------------|
| Fatalities (Work-Related) | 0 | 0 | 0 | 0 |
| High-Consequence Injuries | 0 | 0 | 0 | 0 |
| Recordable Work-Related Injuries | 0 | 0 | 0 | 0 |
| LTI Frequency Rate (per 1,000,000 hrs) | 0.00 | 0.00 | 0.00 | 0.00 |
| Days Lost (injury) | 0 | 0 | 0 | 0 |
| Work-Related Ill Health Cases | 0 | 0 | 0 | 0 |
| Chemical Exposure Health Cases | 0 | 0 | 0 | 0 |
| H&S Training (manhours) | 2,400 | 2,560 | 2,250 | 2,800 |
| % Employees Trained on H&S | 100% | 100% | 100% | 100% |
| H&S Risk Assessment (% sites) | 100% | 100% | 100% | 100% |

Dawar Footwear has maintained a zero-incident record across all four reporting periods -- no fatalities, high-consequence injuries, recordable injuries, chemical exposure cases, or work-related ill-health incidents have occurred. This performance is supported by 100% workforce coverage under the ISO 45001:2018 OHS system, biannual medical check-ups, formal risk assessments, and progressive H&S training hours growing toward 2,800 manhours in FY 2025-26. The SMETA/BSCI audit awarded an Overall Rating A in December 2024.

Employee Training and Capacity Building (GRI 404-1, 205-2, 412-2)

Structured training programmes cover OHS, environmental management, anti-corruption and ethics, labour rights, human rights, gender equality, and technical skills. Training plans are developed annually by the HR and Social Performance Team based on risk assessment findings and competency gap analysis.

| Training Category | Unit | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---------------------------------|----------|------------|------------|------------|------------|
| Total Training Hours | manhours | 4,500 | 4,590 | 4,725 | 4,900 |
| Training Hours per Employee | hrs/emp | 10.0 | 10.2 | 10.5 | 10.0 |
| H&S Training | manhours | 2,400 | 2,560 | 2,250 | 2,800 |
| Energy Efficiency Training | manhours | 2,580 | 2,740 | 1,990 | 2,900 |
| Human Rights Awareness Training | manhours | 1,900 | 2,110 | 1,980 | 2,200 |
| Gender Equality Training | manhours | 1,810 | 1,960 | 1,980 | 2,050 |
| Anti-Corruption Training | manhours | 2,280 | 2,375 | 2,090 | 2,500 |
| % Receiving Performance Reviews | % | 100% | 100% | 100% | 100% |

Total training hours have grown progressively from 4,500 manhours in FY 2022-23 toward the 4,945 manhour target for 2026. All employees receive annual performance and career development reviews. H&S training is the most intensive programme by manhours, consistent with the organisation's ISO 45001:2018 requirements. Anti-corruption training hours are on track toward the 2,622-manhour 2026 target.

Comprehensive training records are maintained across all programme areas including OHS, environment, labour rights, ethics, and technical skills.

Social Dialogue and Employee Engagement (GRI 402, 407)

100% of the workforce is covered by formally elected worker representatives. The Social Performance Team and H&S Committee serve as the primary forums for structured management-worker dialogue.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---|------------|------------|------------|------------|
| Social Performance Team (SPT) Active | Yes | Yes | Yes | Yes |
| H&S Committee -- Worker Representatives | 3 of 6 | 3 of 6 | 3 of 6 | 3 of 6 |

| | | | | |
|-------------------------------------|------|------|------|------|
| % Workforce Covered by Elected Reps | 100% | 100% | 100% | 100% |
| Social Dialogue CBA Complaints | 0 | 0 | 0 | 0 |
| Employee Grievances Raised | 0 | 0 | 0 | 0 |
| Grievance Resolution Rate | 100% | 100% | 100% | 100% |

The Social Performance Team meets bimonthly with management to address employee concerns, supported by a confidential three-stage grievance procedure. H&S Committee worker representatives constitute 50% of committee membership, ensuring genuine worker voice in safety governance. Zero social dialogue or CBA complaints were recorded across all reporting periods.

Labour and Human Rights Compliance (GRI 408, 409, 412)

SA8000:2014 certification provides the primary framework for human rights compliance, covering child labour, forced labour, human trafficking, discrimination, and freedom of association. The Social Performance Team conducts periodic written risk assessments and internal audits under Section 9.3.1 of the SA8000 Management Manual.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|------------|------------|------------|------------|
| Child Labour Incidents | 0 | 0 | 0 | 0 |
| Forced / Bonded Labour Incidents | 0 | 0 | 0 | 0 |
| Human Trafficking Incidents | 0 | 0 | 0 | 0 |
| Discrimination / Harassment Complaints | 0 | 0 | 0 | 0 |
| Human Rights Violations Reported | 0 | 0 | 0 | 0 |
| Data Privacy Incidents | 0 | 0 | 0 | 0 |
| % Sites Assessed for HR Risk | 100% | 100% | 100% | 100% |
| SA8000 Certification Active | Yes | Yes | Yes | Yes |
| SMETA / BSCI Overall Rating | B | A | A | A |
| Human Rights Training (manhours) | 1,900 | 2,110 | 1,980 | 2,200 |

Zero incidents of child labour, forced labour, human trafficking, or discrimination were recorded across all four reporting periods. SMETA/BSCI audit ratings improved from B in FY 2022-23 to an Overall Rating A in December 2024, reflecting sustained improvement in social compliance. Human rights training hours have grown from 1,900 to 2,200 manhours, supporting workforce awareness of rights and grievance mechanisms.

Ethics, Integrity and Responsible Conduct (GRI 205, 406)

Dawar's ethics framework is built on an active Anti-Bribery and Anti-Corruption Policy, Whistleblower Procedure, and Employee Code of Conduct. Anti-corruption risk assessments are conducted periodically and all trading partners are subject to due diligence.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|---|------------|------------|------------|------------|
| Anti-Corruption Risk Assessment | Yes | Yes | Yes | Yes |
| Anti-Bribery Training Active | Yes | Yes | Yes | Yes |
| Whistleblower Procedure Active | Yes | Yes | Yes | Yes |
| Code of Conduct / Employee Handbook | Yes | Yes | Yes | Yes |
| Anti-Corruption Training (manhours) | 2,280 | 2,375 | 2,090 | 2,500 |
| Trading Partners Due Diligence (%) | 100% | 100% | 100% | 100% |
| Confirmed Corruption Incidents | 0 | 0 | 0 | 0 |
| Data Breaches / Info Security Incidents | 0 | 0 | 0 | 0 |
| Whistleblower Complaints Received | 0 | 0 | 0 | 0 |

Anti-corruption and anti-bribery programmes have been active across all reporting periods, with training hours growing from 2,280 to approximately 2,500 manhours, approaching the 2026 target of 2,622. Zero confirmed corruption incidents, data breaches, or whistleblower complaints were recorded. 100% of trading partners are subject to annual due diligence review.

CSR Spend

Dawar directs CSR investment toward community welfare, education, and environmental initiatives in the Agra region, with spend growing toward the Rs. 59.80 Lakh 2026 target.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|------------------------------|------------|------------|------------|------------|
| CSR Amount Spent (Rs. Lakhs) | Rs. 52 L | Rs. 55 L | Rs. 40 L | Rs. 57 L |
| Social Initiatives Conducted | 6 | 8 | 7 | 9 |

CSR spend grew from Rs. 52 Lakhs in FY 2022-23 to an estimated Rs. 57 Lakhs in FY 2025-26, tracking toward the Rs. 59.80 Lakh target. Social initiatives increased from 6 to approximately 9 per year. The FY 2024-25 figure of Rs. 40 Lakhs reflects the partial reporting period of January to July 2024 only.

Sustainable Procurement (GRI 204, 308, 414)

Dawar extends responsible business conduct to its supply chain through a Supplier Code of Conduct, contractual sustainability clauses, and regular ESG evaluation.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|------------|------------|------------|------------|
| Total Active Suppliers | 8 | 9 | 10 | 10 |
| Supplier Code of Conduct in Place | Yes | Yes | Yes | Yes |
| Suppliers with CoC Agreement (%) | 100% | 100% | 100% | 100% |
| Sustainability Clauses in Contracts (%) | 100% | 100% | 100% | 100% |
| Suppliers Evaluated for ESG (%) | 0% | 35% | 60% | 80% |
| 2026 KPI Target (ESG Evaluation %) | -- | -- | -- | 100% |
| Sustainable Sourcing (%) | 5% | 11% | 13% | 18% |
| 2026 KPI Target (Sustainable Sourcing %) | -- | -- | -- | 25% |
| Child / Forced Labour at Suppliers | 0 | 0 | 0 | 0 |

The active supplier base grew from 8 in FY 2022-23 to 10 in FY 2025-26, covering leather, components, packaging, and logistics. ESG evaluation coverage grew from 0% to approximately 80%, approaching the 100% target. Sustainable sourcing increased from 5% to 18%, progressing toward the 25% target. Individual MA/SUP/002 supplier declarations have not yet been submitted, representing a key gap for EcoVadis Sustainable Procurement scoring.

Supplier Development and Capacity Building (GRI 414-2)

Supplier capacity building covers SA8000 requirements, labour rights, environmental standards, and anti-discrimination practices, with session frequency and attendance growing year-on-year.

| Parameter | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
|--|------------|------------|------------|------------|
| Supplier Training Sessions Conducted | 1 | 2 | 2 | 3 |
| % Suppliers Attending Training | 50% | 65% | 80% | 100% |
| % Suppliers Providing Annual CoC Declaration | 80% | 90% | 95% | 100% |

Supplier training sessions doubled from 1 in FY 2022-23 to 3 in FY 2025-26, with attendance reaching 100% in FY 2025-26. Annual CoC declaration coverage grew from 80% to 100% over the same period.

Sustainability Targets and Roadmap

Dawar Footwear Industries operates against a multi-year sustainability roadmap with near-term targets for FY 2026-27 and long-term commitments through 2030. The roadmap is informed by independently verified baseline data and aligned with GRI standards, SA8000 requirements, and the Paris Agreement trajectory for manufacturing operations.

FY 2025-26 figures are current-year actuals. Targets for FY 2026-27 and FY 2029-30 are indicative and subject to annual review.

Environment Targets

| Target Area | FY 2022-23 Baseline | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 Target | FY 2029-30 Target |
|------------------------------|---------------------|------------|------------|------------|-------------------|-------------------|
| GHG Scope 1 (tCO2e) | 302.73 | 284.40 | 155.89 | 219 | 210 | 150 |
| GHG Scope 2 (tCO2e) | 2,334.37 | 1,670.07 | 914.48 | 1,316 | 1,100 | 600 |
| GHG Scope 3 (tCO2e) | 2,746.50 | 3,716.90 | 3,235.90 | 2,841 | 2,400 | 1,800 |
| Total GHG (tCO2e) | 5,383.54 | 5,671.37 | 4,306.27 | 4,376 | 3,710 | 2,550 |
| GHG Intensity (tCO2e/INR Cr) | 20.28 | 13.03 | 6.65 | 16.5 | 13.0 | 8.0 |
| Grid Electricity (kWh) | 28,65,315 | 26,65,893 | 15,04,817 | 18,52,912 | 16,00,000 | 10,00,000 |
| Renewable Energy (%) | 0% | 0% | 0% | 7.75% | 35% | 80% |
| Energy Intensity (MJ/INR Cr) | 22,040.89 | 17,772.62 | 9,346.69 | 18,500 | 14,000 | 9,000 |
| Water Consumption (KL) | 2,356 | 2,462 | 1,135 | 729 | 900 | 1,200 |
| Water Recycled / Reused (KL) | 400 | 400 | 200 | 0 | 300 | 800 |
| Water Intensity (KL/INR Cr) | 18.12 | 16.41 | 7.05 | 14.5 | 12.0 | 8.0 |
| Total Waste Generated (MT) | 0.90 | 0.80 | 0.50 | 0.29 | 0.35 | 0.25 |
| Hazardous Waste (MT) | 0.45 | 0.40 | 0.25 | 0.09 | 0.12 | 0.08 |
| Landfill Diversion Rate (%) | 100% | 100% | 100% | 100% | 100% | 100% |

The most significant near-term environmental priority is renewable energy scale-up: the 7.75% solar share achieved in FY 2025-26 must grow to 35% by FY 2026-27 through additional rooftop and off-site solar procurement. The 2030 target of 80% renewable electricity would reduce Scope 2 emissions by approximately 55% from current levels. Water recycling must be restored and grown to 800 KL by 2030 via ETP reuse.

GHG Reduction Targets (% vs. FY 2022-23 Baseline)

| Scope | FY 2025-26 (Current) | FY 2026-27 Target | FY 2029-30 Target |
|---------------------------------|----------------------|-------------------|-------------------|
| Scope 1 — Direct Emissions | -27.7% | -30.6% | -50.4% |
| Scope 2 — Purchased Electricity | -43.6% | -52.9% | -74.3% |
| Scope 3 — Value Chain | +3.4% | -12.6% | -34.5% |
| Total GHG (S1+S2+S3) | -18.7% | -31.1% | -52.6% |

Dawar targets a **31% absolute reduction** in total GHG emissions by FY 2026-27 and a **53% reduction by FY 2029-30**, against the FY 2022-23 baseline. Scope 2 delivers the steepest cuts, driven by renewable energy deployment (35% by FY 2026-27, 80% by 2030). Scope 1 reductions follow from fuel switching and DG set optimisation. Scope 3 shows a 3.4% overshoot in FY 2025-26 vs. baseline — reflecting full-year export transport volumes after the partial FY 2024-25 period — and is projected to decline 35% below baseline by 2030 through logistics optimisation and modal shift.

Social and Governance Targets

| Target Area | FY 2022-23 Baseline | FY 2023-24 | FY 2024-25 | FY 2025-26 (Current) | FY 2026-27 Target | FY 2029-30 Target |
|-------------------------------------|---------------------|------------|------------|----------------------|-------------------|-------------------|
| Total Employees | 379 | 409 | 444 | 488 | 520 | 600 |
| Women in Workforce (%) | 1% | 1.5% | 3.45% | 3.9% | 10% | 25% |
| Gender Pay Gap (%) | 15% | 11% | 11% | 10% | 7% | 3% |
| Avg Salary (Rs./month) | Rs.21,000 | Rs.25,600 | Rs.26,000 | Rs.28,000 | Rs.32,000 | Rs.42,000 |
| Persons with Disability (%) | 0% | 0% | 1% | 1% | 2% | 3% |
| Local Hiring (%) | 30% | 32% | 35% | 35% | 40% | 50% |
| Total Training Manhours | 4,500 | 4,590 | 4,725 | 4,900 | 5,500 | 7,000 |
| H&S Training (manhours) | 2,400 | 2,560 | 2,250 | 2,800 | 3,200 | 4,000 |
| Anti-Corruption Training (manhours) | 2,280 | 2,375 | 2,090 | 2,500 | 3,000 | 3,800 |
| Recordable Injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| Suppliers Evaluated for ESG (%) | 0% | 35% | 60% | 80% | 100% | 100% |

| | | | | | | |
|--------------------------|---------|---------|---------|---------|---------|---------|
| Sustainable Sourcing (%) | 5% | 11% | 13% | 18% | 30% | 60% |
| CSR Spend (Rs. Lakhs) | Rs.52 L | Rs.55 L | Rs.40 L | Rs.57 L | Rs.65 L | Rs.90 L |
| SMETA / BSCI Rating | B | A | A | A | A | A+ |

Gender diversity is the most material social gap: the 2030 target of 25% women in the workforce requires a sustained hiring programme. Supplier ESG evaluation must reach 100% by FY 2026-27. Sustainable sourcing is targeted at 60% by 2030, underpinned by LWG leather certification and ZDHC gateway registration. CSR investment grows to Rs. 90 Lakhs by 2030.

UN GLOBAL COMPACT — PRINCIPLES MAPPING

| UNGC Principle | Theme | Description of How the Principle is Applied at Dawar Footwear Industries | Page Ref. |
|---------------------|-----------------|---|----------------------|
| Principle 1 | Human Rights | Dawar upholds and supports internationally recognised human rights across all operations. All workers — permanent, contractual, and migrant — receive fair wages at or above the UP Government statutory minimum wage (Rs. 11,050/month vs. legal minimum Rs. 11,021/month in FY 2025-26). Safe working conditions are maintained under ISO 45001:2018 certification. A formal three-stage confidential grievance procedure and Social Performance Team ensure all workers can access their rights without fear of retaliation. Human rights training reached 2,200 manhours in FY 2025-26. | p. 19, 21, 22, 25 |
| Principle 2 | Human Rights | Dawar ensures it is not complicit in human rights abuses through its supply chain. All 10 active suppliers operate under a Supplier Code of Conduct with contractual sustainability clauses. ESG evaluation coverage reached 80% in FY 2025-26, with 100% target by FY 2026-27. Supplier training sessions on SA8000, labour rights, and anti-discrimination are conducted annually, with 100% attendance in FY 2025-26. Human rights risk assessments are extended to supply chain operations. | p. 25, 27, 28 |
| Principle 3 | Labour | Freedom of association and the right to collective bargaining are protected under SA8000 Section 4.0. Formally elected worker representatives cover 100% of the workforce. The Social Performance Team (SPT) meets bimonthly with management to facilitate structured dialogue on workplace conditions, wages, and welfare. H&S Committee worker representatives constitute 50% of committee membership. Zero social dialogue or collective bargaining complaints were recorded across all reporting periods. | p. 22, 25 |
| Principle 4 | Labour | Dawar maintains zero tolerance for forced, bonded, or compulsory labour across its own operations and supply chain. No recruitment fees are charged to workers. All employment is voluntary and documented. Regular internal audits, SMETA/BSCI independent social audit (Overall Rating A, December 2024), and SA8000 certification confirm zero forced labour incidents. Supplier Code of Conduct prohibits forced labour at all tiers. | p. 25, 27 |
| Principle 5 | Labour | A strict Child Labour Prevention Policy is maintained. All workers are age-verified against government-issued identity documents prior to employment. Minimum hiring age is 18 years. Zero incidents of child labour have been recorded across all reporting periods. Child labour risk assessments are conducted under SA8000 Section 9.3.1 and extended to the supply chain through annual supplier declarations. | p. 25, 27 |
| Principle 6 | Labour | Dawar promotes diversity, equity, and inclusion across all employment levels. Gender equality training reached 2,050 manhours in FY 2025-26. Women's workforce participation has grown from 1% in FY 2022-23 to 3.9% in FY 2025-26, with a 2030 target of 25%. The gender pay gap has narrowed from 15% to 10% and is targeted at 3% by 2030. Persons with disabilities represent 1% of the workforce, with a target of 3% by 2030. Zero discrimination or harassment complaints were recorded. | p. 20, 25 |
| Principle 7 | Environment | Dawar applies a precautionary approach to environmental challenges. ISO 14001:2015 certification provides the framework for identifying, assessing, and managing environmental aspects and impacts. A formal Environmental Aspect and Impact assessment is conducted and reviewed annually. A chemical store fitness certificate is maintained. Risks associated with adhesive fumes, chemical spills, and effluent discharge are formally assessed and controlled. GHG inventory independently verified to ISO 14064-1:2018. | p. 4, 8, 16, 17 |
| Principle 8 | Environment | Environmental responsibility is demonstrated through a comprehensive environmental management programme. GHG emissions have been reduced by 18.7% from the FY 2022-23 baseline, with a 53% absolute reduction target by 2030. Energy intensity is targeted at 9,000 MJ/INR Crore by 2030. Water is managed through ETP operation with 800 KL recycling target by 2030. Total waste reduced from 0.90 MT to 0.29 MT over four years with 100% landfill diversion maintained. | p. 8, 10, 14, 15, 16 |
| Principle 9 | Environment | Dawar promotes environmentally friendly technologies and greater environmental responsibility. Onsite solar generation of 155,820 kWh was commissioned in FY 2025-26, achieving a 7.75% renewable share — the first renewable energy installation in the organisation's history. Target: 35% renewable electricity by FY 2026-27 and 80% by 2030. ETP investment supports water recycling. Assessment of cleaner adhesive and chemical alternatives is underway as part of REACH and ZDHC compliance development. | p. 8, 9, 14 |
| Principle 10 | Anti-Corruption | Dawar maintains zero tolerance for corruption and bribery in all forms. The Anti-Bribery and Anti-Corruption Policy, Whistleblower Procedure, and Employee Code of Conduct are active across all operations. Anti-corruption training reached 2,500 manhours in FY 2025-26, growing toward a 3,800-manhour target by 2030. 100% of trading partners are subject to annual due diligence review. Zero confirmed corruption incidents, data breaches, or whistleblower complaints were recorded across all four reporting years. | p. 26 |

UN SUSTAINABLE DEVELOPMENT GOALS — MAPPING TABLE

| Sustainable Development Goal | SDG Target | SDG Target Description | Application at Dawar Footwear Industries | Page Ref. |
|--|--------------|---|--|-----------------------|
| SDG 3 — Good Health & Well-being | Target 3.9 | Reduce illness from hazardous chemicals and pollution | Chemical store fitness certificate maintained. Chemical spill handling training conducted annually. PPE provided to 100% of workers. Adhesive fume exposure controlled through ventilation and PPE protocols. Zero chemical exposure health cases recorded across all reporting periods. All 12 ambient air quality parameters confirmed compliant (May 2026). | p. 16, 17, 18, 23 |
| SDG 4 — Quality Education | Target 4.4 | Increase number of people with relevant skills for employment | Structured training programme covering OHS, environmental management, ethics, labour rights, gender equality, and technical skills. Total training reached 4,900 manhours in FY 2025-26, growing toward 7,000 manhours by 2030. 100% of employees receive annual performance and career development reviews. | p. 24 |
| SDG 5 — Gender Equality | Target 5.5 | Ensure women's full participation and equal opportunities in leadership | Women in workforce grew from 1% (FY 2022-23) to 3.9% (FY 2025-26); 2030 target of 25%. Gender pay gap narrowed from 15% to 10%, targeted at 3% by 2030. Gender equality training: 2,050 manhours in FY 2025-26. Zero discrimination complaints recorded. Women at executive level: 1% in FY 2025-26. | p. 20 |
| SDG 6 — Clean Water & Sanitation | Target 6.4 | Increase water-use efficiency and ensure sustainable withdrawals | Water intensity reduced from 18.12 KL/INR Crore (FY 2022-23) to 14.5 KL/INR Crore (FY 2025-26); target 8.0 by 2030. ETP operational for wastewater treatment. Water recycling target 800 KL by 2030. All ETP effluent parameters (BOD, COD, TSS) confirmed within CPCB/UPPCB limits. | p. 14, 15 |
| SDG 7 — Affordable & Clean Energy | Target 7.2 | Increase the share of renewable energy in the global energy mix | Onsite solar system of 155,820 kWh commissioned in FY 2025-26, delivering 7.75% renewable share — first renewable energy installation in the organisation's history. Target: 35% renewable electricity by FY 2026-27; 80% by 2030. Scope 2 emissions to be reduced by 55% by 2030 through renewable scale-up. | p. 8, 9, 30 |
| SDG 7 — Affordable & Clean Energy | Target 7.3 | Double the global rate of improvement in energy efficiency | Energy intensity declined from 22,040.89 MJ/INR Crore (FY 2022-23) to 18,500 MJ/INR Crore (FY 2025-26); target 9,000 MJ/INR Crore by 2030. Energy efficiency training: 2,900 manhours in FY 2025-26. | p. 9, 24 |
| SDG 8 — Decent Work & Economic Growth | Target 8.3 | Promote development-oriented policies supporting decent work | SA8000:2014 certification covers all employment categories. Average salary Rs. 28,000/month in FY 2025-26, growing to Rs. 42,000/month by 2030. 100% minimum wage compliance. Living wage benchmark confirmed — all employees above the Anker Research living wage threshold. Local hiring at 35%, targeted at 50% by 2030. | p. 19, 21 |
| SDG 8 — Decent Work & Economic Growth | Target 8.8 | Protect labour rights and promote safe working environments | ISO 45001:2018 OHS certification. Zero fatalities, zero recordable injuries, zero ill-health cases across all reporting periods. H&S training: 2,800 manhours in FY 2025-26. H&S Committee meets quarterly with 50% worker representation. 100% of workforce covered by OHS management system. | p. 22, 23 |
| SDG 9 — Industry, Innovation & Infrastructure | Target 9.4 | Upgrade infrastructure and retrofit industries to make them sustainable | Onsite solar installation commissioned FY 2025-26. ETP infrastructure maintained for water recycling. ISO 14001 and ISO 45001 management systems implemented. GHG monitoring and reporting infrastructure verified to ISO 14064. Chemical management assessment underway for REACH and ZDHC compliance. | p. 8, 14, 16 |
| SDG 10 — Reduced Inequalities | Target 10.4 | Adopt fiscal and social policies that progressively achieve greater equality | Gender pay gap narrowed from 15% to 10%; target 3% by 2030. Pay ratio between highest-paid and median employee narrowed from 35% to 27%, targeted at 25% by FY 2026-27. Persons with disabilities in workforce at 1%, targeted at 3% by 2030. Zero illegal wage deductions recorded. | p. 20, 21 |
| SDG 12 — Responsible Consumption & Production | Target 12.2 | Achieve sustainable management and efficient use of natural resources | Sustainable and responsible sourcing grew from 5% (FY 2022-23) to 18% (FY 2025-26); target 60% by 2030. Recycled input material increased from 0% to 10%. Water intensity and energy intensity reduction targets set through 2030. | p. 17, 30 |
| SDG 12 — Responsible Consumption & Production | Target 12.4 | Responsible management of chemicals throughout their lifecycle | Chemical store fitness certificate maintained. Chemical spill training conducted. REACH compliance assessment, ZDHC MRSL compliance, and RSL testing currently under assessment — a priority for FY 2026-27. | p. 16 |
| SDG 12 — Responsible Consumption & Production | Target 12.5 | Substantially reduce waste generation through reduction, reuse, and recycling | Total waste reduced from 0.90 MT (FY 2022-23) to 0.29 MT (FY 2025-26). 100% landfill diversion rate maintained across all four reporting periods. All hazardous and non-hazardous waste channelled through authorised recyclers and disposal contractors. | p. 16 |
| SDG 13 — Climate Action | Target 13.2 | Integrate climate change measures into national policies and planning | GHG inventory prepared to ISO 14064 and GHG Protocol, independently verified. Total GHG reduced 18.7% from FY 2022-23 baseline to FY 2025-26. Targets: 31% absolute GHG reduction by FY 2026-27; 53% reduction by 2030. Scope 1 target 150 tCO ₂ e; Scope 2 target 600 tCO ₂ e; Scope 3 target 1,800 tCO ₂ e by 2030. | p. 10, 11, 12, 13, 30 |
| SDG 15 — Life on Land | Target 15.1 | Ensure sustainable use of terrestrial ecosystems | Responsible leather sourcing from tannery supply chains — sustainable sourcing at 18%, targeted at 60% by 2030. LWG-certified leather sourcing under assessment. Supplier Code of Conduct prohibits sourcing from suppliers engaged in illegal land use or deforestation. | p. 17, 27 |
| SDG 16 — Peace, Justice & Strong Institutions | Target 16.5 | Substantially reduce corruption and bribery in all their forms | Anti-Bribery and Anti-Corruption Policy active. Whistleblower Procedure operational. Anti-corruption training: 2,500 manhours in FY 2025-26, growing to 3,800 manhours by 2030. 100% of trading partners subject to annual due diligence. Zero confirmed corruption incidents across all reporting years. | p. 26 |
| SDG 17 — Partnerships for the Goals | Target 17.17 | Encourage and promote multi-stakeholder partnerships | Supplier Code of Conduct with 10 active suppliers. amfori BSCI / SMETA social audit framework. 100% supplier attendance at training sessions in FY 2025-26. Buyer sustainability collaboration on ESG data reporting. SA8000 Social Performance Team as structured multi-stakeholder governance body. | p. 25, 27, 28 |

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INDEPENDENT ASSURANCE STATEMENT



To

The Directors and Management
Dawar Footwear Industries
 Sikandra Industrial Area, Agra – 282007, Uttar Pradesh, India

1. Introduction

Dawar Footwear Industries ("Dawar" or "the Company") engaged **YCPL Consulting Pvt. Ltd.** ("YCPL") to perform an **independent external assurance** of selected non-financial disclosures presented in its *Sustainability Report for FY 2025-26 (1 April 2025 – 31 March 2026)*.

This assurance represents Dawar Footwear Industries' continued commitment to transparency, ethical growth, and measurable sustainability performance. The engagement was conducted to provide **reasonable assurance** on selected quantitative and qualitative ESG disclosures, assessing their adherence to recognised international frameworks.

The assurance was performed in accordance with:

- The **Global Reporting Initiative (GRI) Standards 2021**, and
- The **International Standard on Assurance Engagements (ISAE) 3000 (Revised)**.

2. Management's Responsibility

The preparation and presentation of the *Sustainability Report FY 2025-26* rest entirely with Dawar Footwear Industries' management, which is responsible for:

- Establishing sustainability policies and identifying material ESG topics;
- Maintaining robust internal controls and data-collection systems to ensure accuracy and completeness;
- Presenting disclosures that are balanced, transparent, and evidence-based; and
- Providing YCPL unrestricted access to relevant documentation and personnel.

YCPL's responsibility is limited to providing independent assurance on selected sustainability disclosures. Responsibility for the content of the report remains solely with Dawar Footwear Industries.

3. Scope, Boundary & Limitations

3.1 Scope of Assurance

The assurance covered selected quantitative and qualitative ESG disclosures across **Environmental, Social, and Governance** dimensions.

3.2 Reporting Boundary

The assurance boundary encompassed:

- Dawar Footwear Industries' **manufacturing and administrative facility at Sikandra Industrial Area, Agra**;
- **Workforce and labour records** covering all 488 employees across 8 employment categories; and
- **Operational environmental data** including energy, water, emissions, and waste generated within the facility boundary.

3.3 Limitations

- The engagement was conducted at a **reasonable assurance level**, limited to the selected indicators below.
- Forward-looking statements and financial information were excluded.
- Extended Scope 3 emissions data and supplier-level audits are under progressive development.

GRI Topics and Coverage Summary

| GRI Topic / Theme | GRI Indicators | Indicator Description | Coverage in Report |
|---------------------------------|-----------------|--|--------------------|
| Energy Management | 302-1 to 302-5 | Energy consumption, efficiency, and reduction initiatives | p. 8–9 |
| Water Management | 303-1 to 303-5 | Water withdrawal, recycling, and consumption efficiency | p. 14–15 |
| Emissions (Scope 1, 2 & 3) | 305-1 to 305-5 | Direct and indirect GHG emissions; reduction programs | p. 10–13 |
| Waste Management | 306-1 to 306-5 | Waste generation, segregation, and diversion from disposal | p. 16 |
| Employment & Labour | 401-1 to 401-3 | New hires, employee turnover, benefits, and parental leave | p. 19–21 |
| Health & Safety | 403-1 to 403-10 | OHS management systems and worker well-being | p. 22–23 |
| Training & Development | 404-1 to 404-3 | Training hours, upskilling, and career development | p. 24 |
| Diversity & Inclusion | 405-1 to 405-2 | Gender balance and equal pay practices | p. 19–20 |
| Human Rights & Labour Practices | 407-1 to 409-1 | Freedom of association, child labour, and forced labour controls | p. 25 |
| Supplier Screening | 414-1, 414-2 | Environmental and social criteria applied to suppliers | p. 27–28 |
| Anti-Corruption & Ethics | 205-1 to 205-3 | Corruption risk assessment and compliance | p. 26 |
| Community Engagement | 413-1 | CSR and local development initiatives | p. 26 |
| Customer Health & Safety | 416-1, 416-2 | Product safety, labelling, and compliance | p. 17 |

4. Assurance Methodology

YCPL adopted a **systematic and evidence-based verification process**, which included:

1. Evaluation of Dawar Footwear's sustainability governance framework and reporting systems.
2. Review of ESG policies, data management systems, and supporting documentation.
3. Cross-verification of sampled quantitative data (e.g., energy, water, waste, and workforce metrics).
4. Interviews with key management and facility-level personnel.
5. On-site and remote review of sustainability initiatives and progress evidence.
6. Assessment of reporting principles — **accuracy, balance, comparability, clarity, reliability, and timeliness** — as per GRI 2021.

5. Findings & Observations

Dawar Footwear Industries has demonstrated a credible sustainability reporting approach characterised by structured governance, data-backed monitoring, and progressive social responsibility practices.

Strengths Identified

- Comprehensive tracking of environmental KPIs (energy, water, waste, GHG emissions) with year-on-year improvements.
- Strong emphasis on **zero-incident occupational health and safety** performance, supported by ISO 45001:2018 certification and active H&S Committee.
- Consistent improvement in social compliance, evidenced by SMETA/BSCI progression from Overall Rating B (FY 2022-23) to **Overall Rating A (December 2024)**.
- Transparent supplier engagement including Supplier Code of Conduct adoption and growing ESG evaluation coverage reaching 80% in FY 2025-26.
- Active investment in community development and employee capacity-building programs with measurable year-on-year growth.

Areas for Enhancement

- Expand Scope 3 GHG boundary to include upstream raw material extraction and downstream consumer use phases.
- Restore and scale water recycling through ETP reuse in line with the stated FY 2029-30 target of 800 KL.
- Complete individual supplier declarations (MA/SUP/002) and accelerate LWG leather certification and ZDHC gateway compliance.
- Introduce digitised ESG performance tracking for improved data accuracy and real-time monitoring.

6. Assurance Conclusion

Based on the assurance procedures performed and evidence obtained, **YCPL provides reasonable assurance** that the ESG disclosures presented by Dawar Footwear Industries in its *Sustainability Report FY 2025-26* are prepared, in all material respects, in accordance with the **GRI Standards (2021)**.

In our professional opinion:

- The disclosures are **fair, balanced, and reliable**; and
- The report reflects a **credible, accountability-driven approach** to sustainable business practices consistent with Dawar Footwear's stated commitments under SA8000:2014, ISO 14001:2015, and ISO 45001:2018.

7. Independence & Impartiality

YCPL affirms that this assurance engagement was conducted independently and objectively.

- YCPL has no financial or ownership interest in Dawar Footwear Industries.
- The assignment complied with **ISAE 3000 (Revised)**, the **IESBA Code of Ethics**, and YCPL's internal Quality and Independence Policy.
- All professionals adhered to confidentiality and conflict-of-interest protocols.

8. Assurance Team

This engagement was led by:

Manoj Kumar

Director & Chief Operating Officer (COO), YCPL Consulting Pvt. Ltd.
Lead Auditor — ISO 14001 & ISO 45001 Management Systems

Date: September 2026

Place: Agra, India

Project Reference: IAS-2025-26-14

For and on behalf of

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