Forever, we’ve been taking from the Earth. Taking, considering it our right to do so. Forgetting every time, that abundance is not permanent.

Yes, there was a time when everything was in plenty, and to make a choice was never compulsory. Back then, every pillar of the ecosystem; Environment, Economy, Society, balanced each other well.

But then, we took a lot more than we could give, and this balance fell apart.

Let’s remind ourselves all over again, that resources are decreasing and demands increasing. And to keep our ecosystem going, we need to give back more than we take from it.

So let’s begin to give back. To the Environment we grow in. To the Economy we prosper in. To the Society we live in. Because when we give back, we get back.

Let’s preserve our tomorrow. Let’s protect our planet. Let’s Re-Earth.
This is our maiden Sustainability Report. In this report, we have disclosed in detail how we address the most significant economic, environmental and social impacts facing us and the progress we have made so far in our sustainability journey.

We believe that measuring and reporting our sustainability performance will lead to better management of our sustainability agenda. We also see this report as a valuable medium that will help us strengthen engagement with our large and diverse stakeholder base.
We believe that our economic growth must be balanced with environmental and societal interests, by integrating sustainable business practices into our ways of working. We are committed to giving back more than what we take from our ecosystem.

Dear Stakeholder,

At Aditya Birla Group, sustainability is fundamental to all our endeavours. It echoes our obligation towards society, environment and every stakeholder in constructing a stable and responsible foundation not only for our enterprise but the nation and the world at large.

We, at Aditya Birla Fashion & Retail Ltd., are in complete consonance with the above paradigm and believe that economic growth must be achieved in synergy with environmental and societal interests. Thus in 2012, we embarked on our structured sustainability program, ‘ReEarth for our Tomorrow’. Built on the Aditya Birla Group sustainability framework of Responsible Stewardship, Stakeholder Engagement and Future Proofing, ReEarth is a movement to give back to our planet what we’ve taken from it over the years. It is a construct that goes beyond conservation and encourages rejuvenation.

Being a customer-centric and future-focused enterprise, we recognise that consumers in India are increasingly demanding products with better environmental and social footprints. Furthermore, environmental regulations are being made more stringent and CSR spend has been mandated by law. A robust practice of sustainability not only enables us to identify and align with these trends, but more importantly, it enables us to innovate and develop new areas for growth.

Therefore, in order to be truly future ready in this complex operating space, and capitalise on sustainability as an opportunity, we recognise the need to embed sustainability into the fabric of our organisation, give it pride of place in our business goals and cascade it into our day-to-day operations.

Our maiden Sustainability Report is a testimony of our beliefs. In this report, we disclosed in detail how we address the most significant economic, environmental and social aspects that impact us and those we can have a positive impact on. Energy and water conservation, reducing our carbon footprint and packaging, waste management, building safe and sustainable products, emphasis on greener manufacturing facilities, and an enhanced vendor collaboration leading to a sustainable value chain are some of the key focus areas detailed in our maiden report.

We believe that measuring and reporting our sustainability performance will manifest in increased transparency and enriched engagement with our large and diverse stakeholder base. We hope this report is informative and look forward to your feedback.

Pranab Banua
Business Director, Apparel & Retail Business, Aditya Birla Group

We are India’s largest pure-play fashion & lifestyle company and our long standing approach to sustainability has played a vital role in helping us attain and retain this coveted leadership position.

Dear Stakeholder,

‘ReEarth for our Tomorrow’ is our structured sustainability program with a well-articulated roadmap, well-defined milestones, a monitoring framework, with well-etched roles and responsibilities across the organisational hierarchy. The benefits of ReEarth straddle the entire business continuum from Products to Processes and from People to Profits.

On the product front, we developed sustainable products using Eco-resins, Herbal-Dyes, Easy-Wash technology and designed artisanal fabrics to promote and preserve traditional art forms. While the use of Eco-resin technology has helped achieve 60% reduction in energy and wastewater, and 70% reduction in emissions, the Easy-Wash shirt helps reduce over 40% energy, water, and emissions.

In 2012, the year we launched ReEarth, we also launched a Knowledge Management Centre and 11 specialised studies to facilitate and drive innovative product concepts across Aditya Birla Fashion & Retail Ltd.

Along with a competitive product portfolio, sustainability is the key driver of operational efficiencies at ABFRL. During the reporting period, energy efficiency and operational efficiency initiatives put together, helped save over 7 million units of electricity and witnessed a reduction of more than 33% in purchase of grid electricity. We have flagged off installation of solar rooftop at five of our facilities. Once operational, it has the potential to substitute 80% of our conventional grid electricity requirement.

Similar impressive gains were made in water too. We reduced more than 30% of fresh water consumption through rainwater harvesting and recycling/reuse of wastewater and also chalked up over 98% compliance with the WASH pledge. With an intense focus on sustainability, it is not surprising that we are rapidly improving our Higg Index scores.

At ABFRL, sustainability and business are like warp and weft, and it is demonstrated not only in our product and processes, but also in our employee mix. Women form the majority of our workforce in the factories. While it empowers the professionally marginalised gender, it also augurs well for business because women possess the key characteristics needed for excellence in garment manufacturing such as patience, deft fingers and an eye for detail.

Our commitment to empowering marginalised sections of society extends beyond just providing employment to women. During the year, we invested double the mandated amount, in social initiatives such as girl child education, health & hygiene, and sustainable livelihoods.

As in business, we want to be leaders among local and global peers in sustainability. Do go through the report and share your feedback, suggestions and expectations.

Ashish Dikshit
Business Head, Aditya Birla Fashion & Retail Limited
Being a pioneer of organised fashion and as India’s first billion-dollar pure-play fashion company, the time for ABFRL to arrive was ripe. The fluidity of fashion makes it possible for people to express it through myriad ways and these ways are forever evolving. Hence, fashion is considered the first expression of a free nation. And to that end, ABFRL aims to catalyse the business of fashion through superior brands, cutting-edge designs, and enriching experiences for the Indian fashion consumer who now deserves futuristic and omni-channel solutions.

With our bouquet of leading fashion brands and retail formats, we cover the entire spectrum of fashion - from men and women to family wear, from formal and semi-formals to casuals, and from luxury apparel and fast fashion to value fashion. Similarly, our retail formats give the consumer an unparalleled ambience and unrivalled customer service. These are backed by nine state-of-the-art manufacturing facilities and a seamless global supply chain.

Our division Madura Fashion & Lifestyle has been transforming fashion in India since 1988, by launching brands that became iconic benchmarks. Louis Philippe, steeped in ethos of excellence; Van Heusen, which defined power dressing; Allen Solly, that initiated Friday Dressing; and Peter England, which evolved value fashion. Today, these are India’s top four menswear brands that personify luxury, style, attitude and comfort. Planet Fashion houses all the brands along with other lifestyle brands, to give the brand-conscious customer a choice of leading brands under one roof, in an exceptional environment.

Our retail division, Pantaloons has been India’s family shopping destination for 20 years now. Acquired in 2013, we have consolidated its commitment to deliver the latest trends.

It has a bouquet of brands to cater to all segments and sensibilities. A seven million GreenCard membership bears testimony to Pantaloons’s brand leadership and the overall experience it creates for the customers.

India’s robust economic performance and young working population has led to rising incomes which, combined with increasing global exposure, are empowering many latent wants to morph into demands. We have met those aspirations by launching the following international brands for Indian consumers:

- The iconic fast-fashion brand ‘Forever 21’,
- British luxury clothing brand ‘Hackett London’,
- the sophisticated and quirky ‘Simon Carter’,
- and the global lifestyle brand ‘Ted Baker’.

These are complemented with a world-class shopping experience at our retail format like ‘The Collective’ - India’s largest multi-brand retailer of international brands. Our brand portfolio also includes People - India’s first fashion youth brand.

While we celebrate our leadership position in the fashion segment and continue to grow our brand equity and consumer base, we are always working towards giving back to the environment through ‘Re-Earth’ our sustainability philosophy.
This is our maiden sustainability report, covering the financial year 2017 (1st April 2016 to 31st March 2017). Communicating how we have fared on the sustainability scale, not only increases transparency but also augments our accountability to our stakeholders.

**REPORTING SCOPE & BOUNDARY**

The sustainability performance disclosures in this report pertain to our corporate offices in Mumbai and Bangalore, factories, warehouses and retail stores. We have followed the Global Reporting Initiative GRI G4 guidance on defining boundary. We have used the gate-to-gate approach for reporting and unless otherwise stated, we have not included data and/or information for entities outside our organisation (such as suppliers).

**REPORT BOUNDARY**

This is our maiden sustainability report, covering the financial year 2017 (1st April 2016 to 31st March 2017). Communicating how we have fared on the sustainability scale, not only increases transparency but also augments our accountability to our stakeholders.

**REPORTING FRAMEWORK**

The development of this report has been guided by Aditya Birla Group’s Sustainability Reporting framework and the GRI Principles for Defining Report Content and Quality. The selection of aspects and specific standard disclosures is as per the result of materiality assessment exercise carried out by us internally within our company. Our data measurement and calculation techniques are as per the GRI guidelines. Wherever necessary, we have explained the assumptions and/or exceptions while reporting on the GRI indicator protocols.

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**AWARDS & RECOGNITIONS**

Our commitment to cater to the Indian consumers' lifestyle and fashion needs with highly reputed and quality brands has earned us many accolades.
Sustainability has been woven into Aditya Birla Fashion and Retail Ltd. (ABFRL) and reflects in fashion, style and values that we promote. It has been built into our business strategies, integrated into our brand and tied to our core business. As the founding circle member of Sustainable Apparel Coalition, our brands and facilities have adopted the Higg Index, to self-assess and steer sustainability throughout the product life cycle.

**ADITYA BIRLA GROUP SUSTAINABILITY FRAMEWORK**

- **Responsible Stewardship**: Create a framework to move towards international standards and mitigate our impact on 'Externalities'.
- **Stakeholder Engagement**: Gain knowledge to understand how fast 'External Factors' will change and when disruptions will occur.
- **Future-Proving Including our Supply Chain**: Modify our strategic business plan to include additional mitigation and adaptation to changes in the 'External Factors'.

**LEGAL STANDARDS**
- **International Standards Today**: Operating voluntarily to international standards requires a systematic approach to higher levels of control and performance. It is a smaller space.
- **Legal Standards Needed for a Sustainable World 2050**: By 2050, only the best-managed businesses with highest performance will be fit for future.

**MORE DEMANDING LEGAL STANDARDS BY 2030**: By 2030, only the best-managed businesses with highest performance will be fit for future.

**RESEARCH BEST PRACTICE TODAY**: Comparing how well businesses are operating at present can be an early indicator of sustainability. Better knowledge helps product designers and developers in making sustainable choices at the early stage of prototype design, when they have the freedom and scope to improve. The module guides them towards picking better materials, using better construction techniques, and assessing the complete life cycle of the product. It facilitates consideration of environmental criteria as they iterate prototype designs, helping them to optimise sustainability before production starts.

**Design Development Module (DDM)**

The Higg Index quantitatively measures the life cycle impacts of commonly used materials found in products and is at the core of the Design and Development Module (DDM) of the Higg Index. The DDM helps product designers and developers in making sustainable choices at the early stage of prototype design, when they have the freedom and scope to improve. The module guides them towards picking better materials, using better construction techniques, and assessing the complete life cycle of the product. It facilitates consideration of environmental criteria as they iterate prototype designs, helping them to optimise sustainability before production starts.

**Materials Sustainability Index (MSI)**

The MSI is a cradle-to-gate index informed by life cycle assessment (LCA) and derived inventory data to engage product design teams and the global supply chain of the apparel and footwear products in environmental sustainability. The MSI addresses significant environmental impacts of a wide range of processed materials, including textiles and component materials.

**Way Forward**

Going forward, we intend to carry out a pilot for both - FEM 3.0 and Retail module. This will arm us with better information and help select more responsible materials for our products. We also intend to integrate the Higg Index into all aspects of our business - design, development, sourcing, marketing, sales and distribution of sustainable products and thereby, offer superior value to all our stakeholders.
Flagged off in 2013-14, ReEarth is a movement to give back more than we take from the ecosystem. The ReEarth movement is carried forward through 10 Missions with annual targets, clear responsibilities and timelines. It is supported by an efficient monitoring and evaluation framework that helps align and steer day-to-day business operations across the organisation.

<table>
<thead>
<tr>
<th>MISSION</th>
<th>TARGET</th>
<th>STATUS (FY 2016-17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY</td>
<td>30% reduction in consumption of grid electricity through</td>
<td>33.1% reduction</td>
</tr>
<tr>
<td></td>
<td>- Reduction in demand &amp; waste</td>
<td>10% achieved</td>
</tr>
<tr>
<td></td>
<td>- Adoption of renewable energy</td>
<td></td>
</tr>
<tr>
<td>CARBON FOOTPRINT</td>
<td>10% reduction in Scope 1 &amp; 2 emissions</td>
<td>6% reduction</td>
</tr>
<tr>
<td>GREEN BUILDING</td>
<td>Optimise environmental impact of facilities through Green building certification</td>
<td>9% of our facilities, spread out in 6 lakh sq. ft. area, were registered for green building certification. Of these, two factories were registered with U.S. Green Building Council (USGBC) and one warehouse with Indian Green Building Council (IGBC)</td>
</tr>
<tr>
<td>WATER</td>
<td>Zero Liquid Discharge across all owned facilities</td>
<td>32.78% waste water</td>
</tr>
<tr>
<td>WASH (WATER, SANITATION &amp; HYGIENE)</td>
<td>100% compliance to WASH pledge</td>
<td>98.5% compliance</td>
</tr>
<tr>
<td>WASTE</td>
<td>Zero organic waste to landfill from own operations</td>
<td>100% achieved</td>
</tr>
<tr>
<td>SAFETY</td>
<td>Ensuring a safer workplace</td>
<td></td>
</tr>
<tr>
<td>CSR</td>
<td>No. of beneficiaries (Target)</td>
<td>No. of beneficiaries (Achieved)</td>
</tr>
<tr>
<td>IMPACT GIRL CHILDREN</td>
<td>17,299</td>
<td>19,888</td>
</tr>
<tr>
<td>VOLUNTEERING HOURS</td>
<td>100,000</td>
<td>9,972</td>
</tr>
<tr>
<td>SKILLING</td>
<td>360</td>
<td>494</td>
</tr>
<tr>
<td>HEALTHCARE &amp; SANITATION</td>
<td>103,469</td>
<td>5,243</td>
</tr>
<tr>
<td>PACKAGING</td>
<td>100% packaging material with zero pollution potential</td>
<td>92.55% achieved</td>
</tr>
<tr>
<td>SUSTAINABLE PRODUCT</td>
<td>Define sustainability attributes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Compliance to vendor code of conduct</td>
<td>69 TT vendors assessed</td>
</tr>
</tbody>
</table>

* Pulse Polio campaign postponed by government from Jan to Apr, 2017.

This year, we have embarked on the second leg of our sustainability journey - Sustainability 2.0 with a 2020 Roadmap.

It clearly articulates goals across each of the ten focus areas, creates a singular vision, defines organisational sustainability values and charts the direction for our growth.

It also aligns employees, vendors and customers, and encourages them to contribute in this sustainability journey.

**SUSTAINABILITY GOALS 2020**

**GREEN BUILDING**

To minimise the environmental impacts from our built environment by pursuing green building certification.

**ENERGY**

Reduce purchase of grid electricity by 1% through energy efficiency and by 25% through renewable energy.

**PRODUCT**

20% of products to have 50 score on sustainable index. Transparency in value chain through Higg index.

**SAFETY**

Zero severity in our premises.

**WASH (WATER, SANITATION & HYGIENE)**

To enhance employee morale & productivity by providing safe & ergonomic workplaces. Reach 100% compliance to WASH pledge.

**WASTE**

Zero waste to landfill across own operations.

**CARBON FOOTPRINT**

25% reduction in GHG emissions (Scope 1-3).

**CSR**

To impact 1,000,000 girl students through education initiatives, over 400,000 beneficiaries in Health & Sanitation, and over 2,200 youth through sustainable livelihoods.

This year, we have embarked on the second leg of our sustainability journey - Sustainability 2.0 with a 2020 Roadmap.

We undertook a comprehensive gap assessment exercise, against Aditya Birla Group standards, Sustainable Development Goals (SDGs), Indian Regulations, Future Proofing areas and Peer Benchmarking to facilitate a clear understanding of our current position and what our future actions must be.
GOVERNANCE STRUCTURE

An actionable roadmap needs to be supplemented by responsible and experienced governance for it to achieve its targets.

A robust four-tiered governance structure helps guide and drive actions across the organisation to ensure that the targets undertaken in the sustainability roadmap are achieved.

1. Management Committee (headed by the Business Director – Apparel & Retail Business)
2. Executive Committee (headed by the CEO)
3. Review by the Chief Sustainability Officer
4. Individual Mission Teams
   one each for the identified sustainability

The individual mission teams are led by a Mission Leader who has the overall responsibility for achieving specific mission targets. The progress of each sustainability mission is reviewed during the Executive Committee (Excom) Review. The executive committee represents brands and other corporate functions and is headed by the Chief Executive Officer. Such reviews are organised on a monthly basis with specific and focussed discussions on the sustainability performance of the company.

The Sustainability Council

One of the key steps undertaken to embed sustainable practices in our business operations was the formation of a sustainability council comprising professionals from diverse disciplines.

The council brings together members from various functions such as brands, sourcing, human resources, manufacturing, logistics, business excellence, product development and quality assurance, and retail. They meet once a month to deliberate on key sustainability initiatives and how they can be effectively implemented.

With a mandate of future proofing the organisation, the council also keeps itself updated with emerging sustainability concepts, amendments in legislation, sustainability initiatives and programmes undertaken by global peers.

BRAND SUSTAINABILITY GUIDELINES

To achieve our goal of being a leading Sustainable Organisation, it is imperative to align all stakeholders and ensure they possess a deeper understanding of the interconnections within our value chain and its combined impact on the ecosystem. Keeping that in mind, we developed the Brand Sustainability Guidelines (BSG) which are aligned with the Aditya Birla Group values of Integrity, Commitment, Passion, Seamlessness & Speed, and act as a compass on various sustainable practices. For ease of understanding and implementation, the guidelines are centred around three broad pillars – Product, People and Environment. They feature commitments & sub-commitments in each category, department-wise roles and responsibilities, and details on how to map progress on each parameter.

Product Stewardship

Further classified into brand sustainability and supply chain sustainability, the focus is on enhancing sustainability attributes of products, reducing packaging, vendor code of conduct, supplier audits, green channel partnerships and a responsible chemical management policy.

People Stewardship

It lays emphasis on external and internal stakeholder engagement. The focus is on stakeholder mapping, customer engagement, and sustainability related communication (CSR, BRR, CSR). It includes continual improvement and update on company’s internal workplace standards, sustainability related trainings and orientation programmes, internal competition on sustainability issues and encouraging employee volunteering for CSR projects.

Environment Stewardship

The focus areas include combating climate change through reduction of carbon emissions, reduce dependency on freshwater by becoming water neutral and ensure that no waste generated within our premises reaches the landfill.

Sound corporate governance helps maximise value for stakeholders with the commitment of ensuring highest standards of governance. We at Aditya Birla Fashion and Retail Ltd., believe that a framework based on these core values, not only enhances shareholder value, but also develops trust amongst stakeholders and ensures the sustainability of the business.

Stemming from these values, the corporate governance framework at ABFRL branches out into a set of policies and processes that allow the organisation to grow in a fair and transparent manner. Also, as part of the Aditya Birla Group - one of the initiators of corporate governance - we are committed to adopt and adhere to the best governance practices at all times.

CORPORATE GOVERNANCE: PHILOSOPHY AND PRINCIPLES

1. TRANSPARENCY
   in all decision-making processes relating to the company
2. DISCLOSURES
   Maintaining high levels
3. ETHICS
   High standards
4. IMPROVEMENT
   Regular review of processes and management systems
5. CONTROL SYSTEM
   to enable the Board to efficiently conduct business and discharge its responsibilities to stakeholders

ORGANISATION STRUCTURE

Good governance is the cornerstone of all sustainable organisations and the experience and expertise of the leadership plays a key role in its propagation. At ABFRL, we believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

The Board of Directors of the Company is at the core of our corporate governance system and it supervises how the management serves and protects the long-term interests of all our stakeholders. Operating within the framework of a well-defined responsibility matrix, the board is entrusted with the crucial responsibility of management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties.

The composition of the Board of Directors (as on March 31, 2017)

MR. PRANAB BARUA
Managing Director
MR. SUSHIL AGARWAL
Non-Executive Director
MR. BHARAT PATEL
Independent Director
MS. SUKANYA KRIPALU
Independent Director
MR. ARUN THAGARAJAN
Independent Director
MR. SANJEEB CHAUHURI
Additional Independent Director
MS. GEETIKA ANAND
Company Secretary & Compliance Officer
We have a qualified and independent audit committee and its composition is in line with the applicable laws. The audit committee is mainly entrusted with supervising and monitoring the company’s internal controls and financial reporting process amongst other terms of reference.

NOMINATION & REMUNERATION

This committee is mainly entrusted with the responsibility of formulating the criteria for determining the qualifications, positive attributes and independence of the present and proposed directors as well as recommending a policy to the Board relating to the remuneration of directors, key management personnel and other employees.

RISK MANAGEMENT

The risk management committee was constituted to assist the Board regarding identification, evaluation and mitigation of operational, strategic, intellectual property right related risks and external risks. They are also responsible for monitoring and reviewing the risk management plan of the company and looking after such other functions as may be delegated to it by the Board, from time to time.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, the company constituted a separate committee named “Corporate Social Responsibility (CSR) Committee” for monitoring and implementing the CSR projects/programmes/activities of the company, and also for approving the annual CSR budget, implementing CSR projects and other such activities.

POLICIES

At ABFRL, we believe that each employee is the ambassador of the company. Developing an ethical culture across all levels is ensured by adhering to policies which are an important part of our governance framework. This leads to integrity, transparent communication and responsible execution of business operations. The major policies include:

- Familiarisation Programme for Independent Directors
- Forex Policy
- Code of Conduct for Trading in Listed or Proposed-to-be Listed Securities of ABFRL
- Code of Conduct for Board Members and Senior Management of ABFRL
- Policy on Preservation of Documents
- Policy for Determining Material Subsidiary Companies
- Policy for Determination of Materiality of Information or Event
- Policy for Archival of Documents
- Information (UPSI)

PUBLIC POLICY ADVOCACY

In a continuously evolving world, it is imperative that we have a consistent dialogue with myriad stakeholders who can impact policy making. As we focus on excellence in clothing, we continue to share our invaluable experience to provide incisive insights and detailed inputs to key decision makers in planning better policies. We also learn from the best practices of others.

While ABFRL does not have a stated policy on Policy Advocacy, as part of Aditya Birla Group, we actively undertake need-based advocacy on issues pertaining to the industry through our membership of relevant industry bodies.

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At ABFRL, we believe that each employee is the ambassador of the company. Developing an ethical culture across all levels is ensured by adhering to policies which are an important part of our governance framework. This leads to integrity, transparent communication and responsible execution of business operations. The major policies include:

- Familiarisation Programme for Independent Directors
- Forex Policy
- Code of Conduct for Trading in Listed or Proposed-to-be Listed Securities of ABFRL
- Code of Conduct for Board Members and Senior Management of ABFRL
- Policy on Preservation of Documents
- Policy for Determining Material Subsidiary Companies
- Policy for Determination of Materiality of Information or Event
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- Information (UPSI)

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Reduction of the footprint as essential as it is, will soon hit a wall because consumption is integral to production. When we aim for eco-restoration, a remarkable story emerges, one of renewal, continuity, integrity, vibrancy and sustainability. The responsibility of long-term stewardship to the environment, society and business can only be fulfilled by re-establishing the natural processes, empowering the community to help itself and embedding in the organisation a culture of governance and innovation.
A growing business and a prosperous society can only exist if there is a thriving natural environment. At ABFRL, we go beyond the standard narrative of austerity and reduced consumption to embrace a philosophy of rejuvenation of the environment. Replete with thought leadership and innovative interventions, our strategy is proactive and aims to create an operating system that is symbiotic and nurtures all three bottom-lines.

Our pursuit of environmental sustainability is rooted in the belief that to reverse the existing trend of over consumption and restore balance, we need to give back more than we take. To translate this sustainability philosophy to results on the ground, we have designed and flagged off ‘ReEarth’ a comprehensive programme that cascades sustainability in a structured manner across our entire value chain. We have put in place a well-defined, target-based roadmap for each environmental indicator, which facilitates effective on-ground implementation resulting in verifiable outcomes in desired time frames.

**ENERGY**

Energy is one of the most important ingredients for any industry and a vital cog in the wheel driving a green future. We are entrenched in an energy efficient culture through improved operational efficiencies, conservation mechanisms and increased inclusion of renewable sources into the energy mix.

---

<table>
<thead>
<tr>
<th>Performance</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>2.18</td>
<td>1.99</td>
</tr>
<tr>
<td>Indirect</td>
<td>4.17</td>
<td>4.66</td>
</tr>
<tr>
<td>Total</td>
<td>6.35</td>
<td>6.65</td>
</tr>
</tbody>
</table>

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**ENERGY PERFORMANCE**

<table>
<thead>
<tr>
<th>Performance</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy Consumption (TOE)</td>
<td>6,650</td>
</tr>
<tr>
<td>Total Revenue (INR crore)</td>
<td>6,633</td>
</tr>
<tr>
<td>Energy Intensity (TOE/INR crore)</td>
<td>1.8</td>
</tr>
</tbody>
</table>

---

**ENERGY EFFICIENCY**

ABFRL is conscious of the preparedness required to meet the potential future scenarios related to energy consumption.

- **INR 985** lakh invested on robust measures to curtail energy usage through demand/waste reduction.
- **76.31** lakh kWh of electricity saved during FY 2014-17 through energy efficient measures, operational efficiency and technical interventions.

Our energy mission started in FY 2013.
**ENERGY SAVINGS**

- **29 lakh kWh saved** by installing LED and high efficiency lighting
- **7.31 lakh kWh saved** through various technical interventions
- **40 lakh kWh savings** achieved by enhancing operational efficiency

**Initiatives**

- Installed LED lights at 25 existing stores and 166 new stores
- Installed control devices for ductable air conditioners at 104 stores
- Power Savers Installed at 4 stores
- Energy Management Systems installed at three factories to track and monitor energy performance, and identify and prevent leakages
- Solar water heater system of 500 litre per day capacity installed at our warehouse

**ENERGY SAVINGS**

- **29 lakh kWh saved** by installing LED and high efficiency lighting
- **7.31 lakh kWh saved** through various technical interventions
- **40 lakh kWh savings** achieved by enhancing operational efficiency

**RENEWABLE ENERGY**

- 25% of our total energy requirements are met by renewable energy sources

**Energy Mix**

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable</td>
<td>1.64</td>
<td></td>
</tr>
<tr>
<td>Non-Renewable</td>
<td>5.01</td>
<td></td>
</tr>
</tbody>
</table>

In alignment with our ‘ReEarth’ programme, we aim to enhance the alternative sources of energy across our business in a phased manner.

**Initiatives undertaken during the year included use of biomass residue based briquettes’ as fuel for boilers installed in factories.**

**WASTE**

A meticulous system has been installed to track, monitor and manage waste. The waste management system facilitates smooth segregation, disposal and recycling/upcycling as applicable. A comprehensive waste mapping exercise across our operations, helped us identify that the major portion of waste generated was non-hazardous and a large percentage of this was packaging waste such as plastic and paper.

**Total Waste Generated**

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hazardous</td>
<td>3,209</td>
<td>3,443</td>
</tr>
<tr>
<td>Hazardous</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>3,212</td>
<td>3,446</td>
</tr>
</tbody>
</table>

**237 ton reduction of non-hazardous waste at MFL in the reporting period**

Over and above consistent reduction in waste production, we are actively recycling the fabric waste generated in our manufacturing facilities and using them as stuffing for toys.

We are also in the process of implementing a programme on circular economy to collect clothes from customers and re-use the fabric in our manufacturing processes. Not only will this considerably reduce the waste being sent to landfill, it will also effectively tackle the resource crunch in sourcing virgin raw material. Through buy-back and exchange programmes, we aim to significantly increase the percentage of reused products in our input mix.

A number of initiatives have been undertaken to reduce and eliminate our pollutant packaging waste. Please refer the packaging section for a detailed account of the same.

**WASTE DISPOSAL**

During the reporting period, we successfully achieved our target of zero organic waste to landfill by setting up on-site composting units

Regulated waste generated from our facilities - factories, warehouses, stores and offices, is disposed as per applicable norms and regulations.

While all hazardous waste is disposed through authorised agencies in compliance with state and national laws.

**GREEN BUILDINGS**

We aim to minimise the environmental and social impacts of our facilities by creating structures and using processes that are environmentally responsible and resource efficient throughout the building’s life cycle. Our approach is to create high performance buildings that provide higher utility, durability, and comfort while consuming less resources.

**CERTIFICATIONS**

- **SALIENT FEATURES**
  - 60% of total energy consumption comes from renewable biomass material
  - 36% reduction in potable water consumption across the two factories
  - 90% of the staff use public transport, company vehicle or commute by walk
  - 95% of the waste generated is diverted from landfill
  - Plantation of native adaptive and & species of flora & fauna
  - Increased use of CFC-free refrigerants
  - Treated wastewater is used for flushing and landscaping purpose
  - No Smoking and No Tobacco premises
  - In the reporting period, 3 of our facilities, spread out in 6 lakh sq. ft. area, were registered for green building certification.
  - Of these, two factories were registered with U.S. Green Building Council (USGBC) and one warehouse with Indian Green Building Council (IGBC)
We are continuously stepping up our game in reducing carbon footprint by enhancing efficiencies and adding alternative energy to our energy mix. Our regenerative approach minimises wastage and fosters conservation through renewable energy resulting in reduced specific energy consumption leading to lesser emissions.

Substituting more than 60% of boiler fuel by biomass briquettes helped us reduce our Scope 1 emissions. Tie up with sustainable logistic partners and reducing returns helped us lower our Scope 3 carbon footprint. We encouraged our employees to use public transport and car pooling wherever possible and have replaced in-person meetings with video conferencing to further decrease our Scope 3 emissions.

Good air quality is crucial for ensuring human and environmental health. Increased emissions resulting out of the usage of fossil fuels, adversely affect the atmosphere and trigger harmful climate change. We constantly monitor our GHG emissions to assess our carbon footprint and devise mitigative measures.

GHG EMISSIONS

Good air quality is crucial for ensuring human and environmental health. Increased emissions resulting out of the usage of fossil fuels, adversely affect the atmosphere and trigger harmful climate change. We constantly monitor our GHG emissions to assess our carbon footprint and devise mitigative measures.

## GHG Emissions Intensity

<table>
<thead>
<tr>
<th>FY 2016-17</th>
<th>43,443</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GHG Emissions</td>
<td>43,443</td>
</tr>
<tr>
<td>Total Revenue (INR crore)</td>
<td>6,633</td>
</tr>
<tr>
<td>GHG Emissions Intensity (tCO2e/INR cr)</td>
<td>6.5</td>
</tr>
</tbody>
</table>

### Absolute GHG Emissions (tCO2e)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Direct Emissions</th>
<th>Indirect Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>4,183</td>
<td>2,416</td>
</tr>
<tr>
<td>2016-17</td>
<td>42,200</td>
<td>41,027</td>
</tr>
</tbody>
</table>

Scope 2 emissions have been excluded as the value is under computation phase for the year FY 2015-16.

## WATER

Water is the lifeline of all three bottom-lines. It is critical for business growth, human well-being and survival of nature and bio-diversity. While it is one of the largest natural resources, only 3% is freshwater and we are witnessing a rapid depletion and contamination of fresh water sources.

As an apparel manufacturer, we are conscious of our dependency on water for continued business operations. The impending scarcity of water in majority of our manufacturing locations further intensifies our resolve to accelerate efforts in minimising water usage and rejuvenating groundwater levels.

In order to develop an effectual strategy, we undertook a baseline assessment to record the water requirement of our business. A comprehensive reduce, reuse and recycle plan has been devised to lower dependency on fresh water and mitigate the effects of water scarcity on smooth business operations.

ABFRL aims to achieve water neutrality in own facilities by 2020 and across the supply chain by 2025.

### INITIATIVES TO MOVE TOWARDS A WATER NEUTRAL STATUS

- Zone wise installation of water meters to monitor water usage patterns and address leakages
- Installation of efficient water fixtures as per Green Building Standards
- Installation and upgradation of Sewage Treatment Plants and usage of treated wastewater for flushing and gardening
- Installation of Rain Water Harvesting Systems at two facilities as a pilot. Soon to be extended to other facilities

### WATER PERFORMANCE

<table>
<thead>
<tr>
<th>Water Consumption in m³</th>
<th>Water Harvested &amp; Recycled in m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016-17</td>
<td>FY 2016-17</td>
</tr>
<tr>
<td>121,367</td>
<td>124,604</td>
</tr>
<tr>
<td>40,000</td>
<td>44,420</td>
</tr>
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<tr>
<td>40,000</td>
<td>44,420</td>
</tr>
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</table>

Persistent recycling and reuse of wastewater is indispensable to achieve a water neutral status. At ABFRL, we have formulated and initiated target based interventions to achieve this goal.

<table>
<thead>
<tr>
<th>Rainwater Harvested</th>
<th>Wastewater Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,099</td>
<td>54,347</td>
</tr>
</tbody>
</table>
Access to clean water and sanitation has an important role to play in human development and a prerequisite for maintaining minimum standard of health to undertake productive activities. At ABFRL, WASH is not just an initiative but one of our missions. We provide our employees with safe and hygienic workplace which enhances their morale and improves their productivity.

The pledge is aligned with the Aditya Birla Group’s sustainability strategy and philosophy of providing a caring workplace environment for its employees. The WASH pledge gives us an opportunity to show solidarity with the World Business Council for Sustainable Development (WBCSD) on a very elementary yet critical aspect of responsible stewardship. We are committed to provide safe drinking water, sanitation and hygiene in all our operations.

Our aim is to be 100% compliant with WASH pledge requirements.

In order to access the level of compliance to WASH pledge, we conduct biannual self-assessment across all our facilities. Based on the results of the assessment, we have developed an action plan to bridge the gap and ensure 100% compliance.

### WASH Scores

<table>
<thead>
<tr>
<th>Facility</th>
<th>Score (out of 2.00)</th>
<th>Compliance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCL</td>
<td>2.00</td>
<td>100%</td>
</tr>
<tr>
<td>EAL</td>
<td>2.00</td>
<td>100%</td>
</tr>
<tr>
<td>FCL</td>
<td>2.00</td>
<td>100%</td>
</tr>
<tr>
<td>AGL</td>
<td>1.93</td>
<td>95%</td>
</tr>
<tr>
<td>CML</td>
<td>2.00</td>
<td>100%</td>
</tr>
<tr>
<td>EGL</td>
<td>2.00</td>
<td>100%</td>
</tr>
<tr>
<td>HAL</td>
<td>1.90</td>
<td>95%</td>
</tr>
<tr>
<td>Entoma</td>
<td>1.93</td>
<td>96%</td>
</tr>
</tbody>
</table>

### WASH Compliance by March 2017

- **WASH Scores**
  - **Factory**: 98.50%
  - **Warehouse**: 98.00%
  - **Retail**: 98.00%

- **MFL Facility**: 100%
  - **Warehouse**: 100%
  - **Office**: 100%
  - **Retail**: NA

- **PFRL Facility**: 100%
  - **Retail**: 100%

- **WASH Pledge**
  - **WATER**
    - Availability of sufficient, safe and physically accessible drinking water.
    - Regular cleaning and disinfection of drinking water stations.
    - Availability of adequate water drainage and disposal systems.
    - Regular inspections, maintenance and repair of water supply and drainage facilities
    - Accessibility of water for washing and personal hygiene in all washroom areas
    - Use of water saving technologies and implementation of water saving awareness campaigns.

  - **SANITATION**
    - Provision for adequate number of toilets in the organisation
    - Hygienic disposal of waste
    - Provision for adequate lighting and ventilation
    - Adequate toilet design keeping in mind the elderly and disabled and specific gender requirements
    - Availability of sanitary products and medical waste disposal
    - Regular cleaning, disinfection and maintenance of toilet facilities

  - **HYGIENE**
    - Personal hygiene provisions including clean water, soap and hand drying facilities
    - Storage of cleaning equipment in dedicated locations
    - Appropriate protective gear for toilet cleaning and maintenance staff
    - Clear signage for appropriate washroom practices
    - Sanitation, hygiene training and awareness campaign for staff
    - Training for cleaning and maintenance staff
PACKAGING

When it comes to packaging, just being economically viable is not enough. It is equally important that the packaging processes and materials have minimum or no impact on the environment and the society. Our packaging action plan is firmly rooted in the deep understanding of our product lines and brands. It categorises the current packaging material into functional and aesthetic, and actively encourages reduction to the highest extent possible.

To understand and form a baseline, monthly assessments of pollutant and non-pollutant packaging material were undertaken for individual products across all our brands. ABFRL aims to achieve 100% usage of sustainable material in its packaging system and refers to plastics score card for sustainability initiatives. Our aim is to ensure that the packaging we use for the products within our organisation are at least grade B+ and above.

We believe that innovation is at the heart of any initiative undertaken at ABFRL. The benchmarking study was a pioneering move to analyse and break down products into their individual packaging components and evaluate with global brands. The process flow began with selecting the brands to be benchmarked and we finalised on nine brands with a mix of high-end/luxury, mid-range and value for price range shirts and T-shirts.

The measurement involved classification into pollutant or non-pollutant, weighing the individual packaging items, computation of their environmental impact and footprint and comparison of the same with the other brands.

Our next initiative was to study the process of packaging and re-packaging at various stages to analyse the approximate time taken from pack to the finish of final product. We also explored innovative means of packaging which would eliminate or reduce the requirements of packaging components used, few of them are listed below:

1. Eliminated pins and used 50% lesser paper.
2. No wasteful combination of plastic, cardboard and tissue paper.
3. Eco-Pack - Zero plastic. Very simple to produce, pack and dispose at the customer’s end.

We have been working on developing packaging manual which entails material optimization, standardised process & production line monitoring system. Our Sustainable Packaging Strategy was drafted post the analysis with the major components being Packaging Design, Quality, Reduction of waste and Recycle packaging. Some of the examples are:

- Packaging Policy is prepared for sustainable packaging material and design.
- Develop alternate raw material or better packaging substitute which either falls in the non-pollutant category or should be recyclable.
- Devise a packaging testing protocol and standard for quality monitoring system and for the final acceptance of packaging.
ReStoring E COS YSTEMS

To provide impetus to the cause, we have ensured standardisation of packaging specifications across our value chain.

**PACKAGING SPECIFICATIONS STANDARDISATION PROCESS FLOW**

1. **LIST components of packaging for one particular brand**
2. **VALUE engineering of each component**
3. **IDENTIFY the optimum need of the component and explore alternative**
4. **FINALISE ideal specification of each packaging component**
5. **STANDARDISE across similar product categories for all brands**

Over the years, we have been steadily reducing the pollutant packaging material from our packaging cycle. We studied the pollution potentials of the various types and grades of plastic used in our system. We then took an informed decision whether to implement design changes and remove them or to continue using them based on availability of more sustainable alternatives.

**THE PLASTIC SCORECARD**

Over the years, we have been steadily reducing the pollutant packaging material from our packaging cycle. We studied the pollution potentials of the various types and grades of plastic used in our system. We then took an informed decision whether to implement design changes and remove them or to continue using them based on availability of more sustainable alternatives.

Based on the Packaging Sustainable Value Network’s packaging scorecard model, we adopted 'The Plastic Scorecard' in collaboration with the Clean Production Action and Pure Strategies. The scorecard is a useful tool to evaluate various plastics based on their impact across their life cycle.

**THE PLASTIC SCORECARD**

<table>
<thead>
<tr>
<th>Grade F</th>
<th>Grade D</th>
<th>Grade C-</th>
<th>Grade C+</th>
<th>Grade B-</th>
<th>Grade B+</th>
<th>Grade A-</th>
<th>Grade A+</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVC - Plastics with highly Hazardous additives</td>
<td>ABE - Acrylonitrile Butadiene Styrene</td>
<td>EVA - Ethylene Vinyl Acetate</td>
<td>PEX - Polyethylene Terephthalate</td>
<td>PET - Polyethylene Terephthalate (PET)</td>
<td>Foam Injected (F)</td>
<td>PVC - Polyvinyl Chloride</td>
<td>TPO - Thermoplastic Polyolefins</td>
</tr>
</tbody>
</table>

**AVOID**

<table>
<thead>
<tr>
<th>Grade F</th>
<th>Grade D</th>
<th>Grade C-</th>
<th>Grade C+</th>
<th>Grade B-</th>
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**PREFER**

<table>
<thead>
<tr>
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**AN EFFECTIVE CIRCULAR PACKAGING MECHANISM AT MFL**

The only way to arrest ever increasing waste generation is to shift from the current linear waste disposal mechanism to a circular one. To drive this transformation, we are exploring the use of recycled raw materials and biodegradable packaging materials. Sourcing raw materials based on their life cycle impacts is a vital step in this direction. We have adopted the SAC’s Material Sustainability Index (MSI) to test the effects of each raw material before selection.

**CHALLENGE**

To considerably reduce our overall carbon footprint and pollution potential through use of recyclable and reusable cartons for transportation.

**INTERVENTION**

Several internal discussions, and compiling the advantages and disadvantages of corrugated carton boxes and reusable plastic containers, made us realise that despite the common belief that use of plastic is bad, they might actually prove useful in a setup like ours.

**Advantages of using Reusable Plastic Containers (RPCs) over corrugated boxes:**

- **Reusable** - can be used multiple times with minimal wear, versus a one-time trip with corrugated boxes.
- **Durable** - are weather resistant, non-absorbing and more rigid than corrugated boxes.
- **Safe** - do not require the use of box cutters to open them, minimising the risks to workers.
- **Recyclable** - are made of plastic which allows them to be recycled, creating less waste in our environment and landfills.
- **Savings** - reduce labour costs and costs per trip, while providing rapid return on investment (ROI).

Assessments were carried out to:

- Test workers’ adaptability towards plastic crates
- Determine the total containers circulated and the expected return on the investment due to decrease in purchase of corrugated boxes

**IMPACT**

27 lakh was saved by replacing corrugated boxes with RPCs in FY 2016-17

Currently 100% trousers are being dispatched through plastic containers and the total number of containers in circulation are 2,211. Our aim is to ensure that 100% products are being transported through these crates, further reducing our impact on the environment in the years to come.
Wealth distribution is a subset of wealth generation. The more one generates, the more one can distribute. A profitable enterprise can consistently provide the requisite means to propel positive change, not only for the internal stakeholders and capital providers, but also for the external stakeholders like government, local community and ancillary businesses. At ABFRL, we bring scale to operations and create significant economic value in an environmentally responsible and socially inclusive manner.

The dynamic global business environment provided both challenges and opportunities for growth. The reform oriented policies and increased FDI investment back home made India the fastest growing economy, surpassing China in terms of GDP growth, and setting the stage for a prosperous year. On the other hand, subdued exports due to lower global demand, a weak rural economy and low consumer confidence were impediments to growth. In pursuit of growth in a soft environment, this year, the industry resorted to high discounts and promotions even during the full-price periods.

In this mixed environment, our focus on exceptional customer experience and provision of greater choice to the consumers across all our formats and channels has helped us augment our financial performance sustainably. We take pride in our loyal customer base, and the repeat business generated continued to grow along with an increase in the number of new loyal customers.

Although our revenue growth was impacted due to demonetisation in Q3, we were successful in improving our profitability through store rationalisation, calibrated discounting and keeping non-linear costs in check.

Notes:
- Depreciation of INR 2,425 million does not form part of operating cost as it is a non-cash expense.
- VAT is not part of Payments made to Government / Revenues, since the amount is collected on behalf of the Government.
500+ stores further strengthened their position, providing our customers with an unmatched access to increased choice of products. Our relentless focus on consumer experience, innovation and brand building has helped us build a strong equity with our consumers.

Three out of our four flagship brands have crossed the INR 10 billion mark in consumer sales.

PANTALOONS
This year has been one of immense growth for Pantaloons with the opening of 79 new stores. To meet with the constantly changing retail scape, Pantaloons has moved from a two-season cycle to a four-season cycle, bringing updated fresh fashion to the stores in shorter intervals.

Pantaloons doubled its store count in the last 2 years and currently has 209 stores spanning over 3.2 million sq. ft.

FAST FASHION
Responding to the opportunities that exist in the fast fashion segment, we have taken definitive strides into the youth fashion market with our two retail brands – Forever 21 and People. People is a young, vibrant and edgy brand that caters to the youth of the country, while Forever 21 is an iconic global fashion name that brings the latest international fashion trends to Indian markets. We are all set to scale up these brands over the coming years to ensure wider customer reach.

INNERWEAR
This year, we forayed into the innerwear segment with the launch of Van Heusen innerwear, loungewear and leisurewear for men. With the encouraging response that we received from our customers, we plan to expand this venture through steady investments.

INTERNATIONAL BRANDS
To strengthen our foothold in the super premium and luxury segments, we signed up with international brands Simon Carter and Ted Baker for the Indian market, which will be launched in FY 2017-18. This will add to the value and brand image of The Collective – India’s largest multi-brand retailer of international brands.

Pantaloons launched two new retail formats targeting kids and women such as ‘Pantaloons Kids’ and ‘Pantaloons Women’. Our business requires an insight into the ever-changing landscape of fashion and retail coupled with quick responsiveness. In line with the latest industry developments and consumer mindsets we have zeroed in on the following areas of strategic response and growth:

BUILDING STRONG BRANDS
Robust investments in brand building, product design and an enhanced store experience is a major highlight of our strategic business plan.

The variety of merchandise coupled with product innovation will refine the brand promise. We aim to improve the customer experience at stores through exceptional customer-centricity, based on continuous customer research, big data analytics, real-time consumer feedback and constant upgradation of our loyalty programme and digital transformation.
WE HAVE SHIFTED TO A FOUR-SEASON CYCLE

We continue to invest in the acquisition development retention and recognition of our workforce.

Building Agile Design and Supply Chain

Constant innovation in design and product development is at the core of the apparel business and we, at ABFRL, continue to invest more in R&D to foster creation of new products. The company’s shift to a four-season cycle demands an agile design and supply chain mechanism that quickly responds to the changing trends. This internal change has facilitated greater freshness and immense choice in our offerings to our customers.

Investing in Talent

We continue to invest in the acquisition development retention and recognition of our workforce.

They drive innovation, excellence in execution, customer centricity and organisational agility to adapt to situations and any task at hand with great rigour.

With an empowered and motivated employee base, we ascertain the best in terms of quality and growth for all.

Enhancing Portfolio

Continuous identification of upcoming fashion trends and quick transition into the same through brand extensions, new product launches and strategic acquisitions have been our strengths in responding to the future.

In recent years, we extended our presence into casual wear through new line additions in existing brands. We increased our retail reach through major expansions in Pantaloons.

We are currently exploring the growth opportunities in women-wear, casual wear and super-premium categories and will soon launch our presence in the same.

Expanding Distribution Footprint

With a presence in 750 cities, our growth has been the result of our multi-channel distribution strategy. Along with deepening our penetration in the existing territories, we have identified tier II/III cities for further expansion to meet the growing demand for high-quality ready-made branded apparel.

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LOCAL SUPPLY

Balance always brings harmony. At ABFRL, we continually strive to create the right blend between global standards and local intricacies. Going beyond the economic, social and environmental benefits that local supply brings, we envision a future of interconnected self-sustaining ecosystems. Apart from local sourcing of raw materials and workforce, we take being local to the next level by incorporating ancient regional art forms into our products.

Be it sustaining traditional crafting methods, preserving antique printing techniques, leveraging the skills of local artisans for fine hand-made fabrics or harnessing the beauty of classic designs, ABFRL is steadfast in its support for India’s rich artisanal diversity and champions cultural sustainability.

Preserving art through providing newer mediums of expression and introducing traditional artists to the mainstream facilitates a win-win situation for us. It not only helps keep the ethnic art forms alive, but also fosters the creation of innovative product lines which contribute to higher revenues.

Our major brands have rolled out the following dedicated lines which are committed to this cause:

- **PETER ENGLAND**

  We integrated the ancient art form of Mithila painting with our modern-day menswear to create the Madhubani line. Characterised by eye-catching geometrical patterns, Madhubani painting is done with brush and nib-pens, using natural dyes and acrylic pigments.

  
  
  **EARTH CHINOS**
  
  Eco-friendly chinos made with 100% organic dyes derived from agro-waste

- **ALLEN SOLLY**

  The art Indie series include products that are uniquely handcrafted using Ajrakh, Ikat and block printing techniques and are exquisitely trendy. Ikat is the oldest known hand-weaving technique with geometrical designs. While block printing is done by hand carved blocks with contemporary motifs created by master craftsmen, which are then dipped in natural dyes and printed on fine fabric to create our innovative menswear collection.

SUPPLY CHAIN SUSTAINABILITY

In order to ensure a sustainable value chain, we encourage our suppliers to be conscious in their business actions. We have undertaken the following initiatives to ensure supply chain sustainability and responsible business operations:

- **GREEN CHANNEL PARTNERSHIP**

  Green Channel Partnership is a supplier quality system certification and results correlation for accepting merchandise quality based on the supplier-quality report and self-certification. This results in consistent availability of quality raw materials, on-time delivery and minimum inventory.

  The goal of Green Channel Partnership is:
  
  - to accept the merchandise based on supplier self-certification, and avoid duplicity of testing and inspection
  - to reduce supply chain cycle timeline
  - to reduce cost and improve OTIF through better supplier management
  - of our fabric supply chain has been covered under the Green Channel Partnership activity in FY 2016-17

- **MATERIALS**

  Assuring the quality of materials supplied is a key focus area in our supply chain sustainability vision. All the suppliers are mapped to explore innovations in fabric such as cotton, hemp, viscose and recycled polyester. Alliances with sustainable raw material providers are also being built to facilitate responsible sourcing.

  We are a member of Better Cotton Initiative (BCI), a non-profit organisation, which works towards safeguarding global standards of better cotton and amalgamating the complex cotton supply chain, right from the farmers to the retailers.

- **LAUNDRY AUDIT SYSTEM**

  Laundries cause the largest amount of water and chemical consumption in the life-cycle of a garment. Hence, we created the laundry audit system to raise awareness across our supplier base through sharing of best practices and imparting knowledge on water and chemical management.

- **SUPPLIER ASSESSMENT ON RESTRICTED SUBSTANCES LIST (RSL)**

  In 2012, we became the first Indian retailer to release a restricted substances list. We assess our suppliers on their adherence to the RSL, and have also completed the assessment of all our laundry units for compliance. We plan to take this initiative to the next level through robust interventions in chemical management and the formulation of a chemical management policy.

- **VENDOR CODE OF CONDUCT**

  We have in place ABFRL Vendor Code of Conduct (VCOC) which serves as a guidance document for suppliers to establish environmental and social management systems, and helps us assess our supplier’s compliance with environmental, social and legal provisions. Most of our key suppliers have been audited on the VCOC till date, through a robust auditing system.

- **TRANSPORTATION**

  Optimizing the mode of transport and the vehicle route, reducing the distance travelled, and ascertaining the optimum weight and volume of cargo play a crucial part in reducing our environmental and social footprint. Regular feasibility assessments are undertaken to identify the most efficient means of transport and freight movement. Active measures are being taken to reduce the usage of air transport.
ABFRL welcomed 2,600 new employees in FY 2016-17. Together, more than 19,000 employees enable us to delight our customers across India through superior products, infrastructure and memorable experiences.

**People**

<table>
<thead>
<tr>
<th>New Employees in FY 2016-17</th>
<th>Candidates Have Been Trained at the ABFRL since 2013</th>
<th>Store-Level Employees Undergoing Classroom and On-the-Job Training (Project Pragati)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,600</td>
<td>1,293</td>
<td>1,200</td>
</tr>
</tbody>
</table>

*"The Biggest Brands and Best People"* is the philosophy that drives ABFRL. We attract the best people in the apparel industry and have strong systems of nurturing this talent, backed by robust people development processes, mentoring, career development programmes and employee engagement initiatives which provides us a competitive edge.

Through multiple brands, formats, world-class factories and a country-wide store network, we provide our talent with equally challenging opportunities to shine. Creation of a value-driven, empowering, productive and safe workplace is the cornerstone of our approach to people at ABFRL. This ensures that each employee brings their best self and gives their best to work.

**Management Approach**

While we have well known businesses, brands and fashion, it is the people behind the brands that have made us what we are. ABFRL firmly exemplifies its corporate values of Integrity, Commitment, Passion, Speed and Seamlessness in its people ethics and helps empower a work place that catalyses creativity and innovation.

ABFRL is an employer of choice for professionals in the fashion industry and attracts talent across that reflects in our workforce diversity. Through the young talent management programme, we onboard a mix of aspiring professionals every year from the field of fashion and management for our corporate and retail functions.

53% of our employees are less than 30 years of age and the average age of senior management is 45 years. This young and energetic workforce fosters an environment of openness, enthusiasm and vibrancy.

The people management approach factors in this diversity in employee backgrounds, skills and their age groups. Thus, ABFRL’s employee processes and practices are comprehensive enough to cater to the aspirations of different demographics, and yet flexible enough to address the needs of each individual employee.

For our factories, we employ rural women. A structured HR process is in place that transforms rural women in to breadwinners of the family in a record time of 14 days. High-potential line workers are then identified from these women and groomed for leadership roles at a later stage. Our approach has been to provide sustainable livelihoods to people from humble economic backgrounds.

While people initiatives are designed and sustained to impact business results, they are governed with a focus on employee learning and career growth. Teams and individuals work on stretch goals and assignments which not only helps them in contributing to the best of their abilities but also help them prepare for the next role.

ABFRL’s employee policies and processes are, thus, comprehensive enough to cater to the aspirations of different demographics, and yet flexible and granular enough to address the needs of every individual employee.

**Policies & Processes**

HR policies and people strategy are reviewed and revised based on the feedback received in various communication forums, industry benchmarks and best practices. All HR policies are communicated to new employees at the time of induction and are also available on the company intranet.
**EQUAL OPPORTUNITY EMPLOYER**

ABFRL ensures that there is no discrimination against any employee on the grounds of race, colour, religion, caste, gender, age, marital status, disability, nationality, or any other factor under applicable laws and contemporary practices at the workplace. Recruitment, placement, promotion, transfer, compensation, training, and other benefits are strictly based on the merit and competency of the individual and the business needs of the organisation.

**RENUMERATION & BENEFITS**

Other than salary, we provide several benefits to our full-time and part-time employees. All employees are eligible for life insurance and healthcare cover. Permanent employees are also entitled to parental and maternity leave, retirement provision, and stock ownership. Part-time employees can also avail maternity leave.

**SAFE WORKING ENVIRONMENT**

At ABFRL, we ensure that all employees work in a safe and respectful work environment which is conducive to their well being and productivity.

**POLICY ON SEXUAL HARASSMENT (PoSH)**

PoSH has been adopted to ensure a work environment that is professional and mature, free from animosity, and one that reinforces integrity and respect for the individual. PoSH is applicable to all employees of ABFRL, as well as our vendors. Apart from legally mandated guidelines, the key features of our approach to PoSH are:

- The policy is available on the company intranet, communicated via email and posters have been placed across all offices and stores in English and regional languages.
- The Human Resources (HR) department carries out awareness sessions, and ensures each new employee undergoes a training module on the same.

**CONTINUOUS EDUCATION**

The organisation provides for scholarships to families as well as employees through the AWOD (A World of Opportunities) and Pratibha scholarships within the businesses. This propagates a larger sense of ownership as well among the employees.

In addition, the employees are also able to avail of employee discount through the retail stores and warehouses as part of a larger initiative to reward employees who have a part to play in the organization’s success.

**WHISTLE BLOWER POLICY**

To ensure that there is a common minimum standard of professional behavior, all employees are expected to adhere to the Organization’s Values Framework and Code of Conduct. The whistleblower policy provides a platform and mechanism for the Employees to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal.

**HUMAN RIGHTS**

ABFRL respects human rights and believes that all humans must be treated with dignity. To ensure this, we aim to protect human rights and uphold labour standards not only within our premises but also across our supply chains.

**CHILD LABOUR**

We prohibit child labour at our facilities and in our suppliers’ premises. We also prohibit any form of forced or compulsory labour. Regular checks are conducted through audits to ensure non-violation. The robust implementation of our Code of Conduct (CoC) further fortifies human rights protection across our value chain.

**FREEDOM OF ASSOCIATION**

An association of employees, which is for their betterment under the overall goals of the business, is given its due credit.

At present, there is a management-recognised employee association in our factories, which covers 2.3% of our employee membership.

**OCCUPATIONAL WELLNESS**

At ABFRL, safety is our topmost priority. Our safety goal is to achieve ‘zero severity at workplace’ by year 2020.

Emphasis is laid on safety awareness, and continual training on better working practices is carried out across all our factories and businesses to help prevent injuries and mishaps. Safety of our women is assured through regular communication of travel guidelines, transportation to and from work beyond work hours is monitored and cabs are made available for women who work beyond 7 PM.

Safety training being an integral part of our on-boarding process we ensure that all the new employees are trained during their induction. We also conduct regular mock drills to ensure their preparedness and awareness about a safe work environment.

The corporate office, regional offices and stores have dedicated safety committees which are responsible for regular safety audits, refresher trainings and mock emergency evacuation drills. The committees ensure that each site has personnel trained on delivering first aid and operating fire extinguishers.

All the above safety initiative drives have resulted in improvement in the overall audit scores across parameters. More than 800 fire trainings have been conducted in FY 2016-17 across various locations.

**DIVERSITY: HIRING DIFFERENTLY ABLEDD EMPLOYEES**

To ensure a diverse and inclusive work culture, we have identified specific positions and roles which are conducive to differently abled employees. Project Sankalp at Pantaloons has been designed to enable hiring of such employees in our front-end roles.

41 differently abled employees are on board at various Pantaloons Stores as of now

61 differently abled employees are on board in factories across Madura Clothing
Employee engagement at ABFRL involves listening to our employees and tailoring our organisation’s systems, processes and practices to reflect emerging concerns.

The Vibes survey has been institutionalised as a biennial listening tool for engagement and satisfaction assessment of management cadre employees. It facilitates active listening using multiple frequencies and methodologies. The findings are then used to determine the immediate action areas and as key inputs for strategy formulation.

In the intervening year, the Team Vibes survey provides us with feedback on engagement at the team level and addresses concerns to deliver superior team performance.

Our employees place great faith in both the Vibes and Team Vibes processes which is reflected in a high participation rate of more than 96% in both the surveys. Critically, more than 84% of participants affirmed their belief that the organisation will act on the feedback provided.

Non-management cadre employees (store staff, manufacturing workers) provide feedback through tailor-made surveys (for example, Pulse @ Pantaloon) post which action plans are firmed up by respective units and executed.

Our Employee Value Proposition aims to deliver unique opportunities to our employees in terms of rich & diverse learning, career development, recognition, and quality of life.

Transparent and timely communication is crucial in building trust and strengthening credibility. ABFRL facilitates numerous platforms for effective discourse with the employees. These platforms provide them with an opportunity to interact with the top management, voice their concerns, and offer feedback.

Top down communications like CEO’s town hall is conducted for corporate employees on a monthly/quarterly basis to share business updates, important milestones, new projects initiatives and goals.

Retail employees participate in open house to know about latest organisational changes, refresh organisational policies, and resolve their queries and grievances. Retail Employee Day is an important event during which leadership and corporate team visit stores to celebrate the spirit of retail.
Sports days and initiatives like Stepathlon and exercise at work are frequently conducted to keep the employees fit, active, and energetic. Gym memberships are provided and healthy physical activity such as use of staircase is promoted.

At Pantaloons, we sponsor around 60 employees a year, who are running enthusiasts, to participate in marathons. We also conduct Retail sports, a cross-business sports championship, which runs over two months and is aimed at promoting team engagement and collaboration.

EMPLOYEE WELLNESS

We aim to enhance all-round wellness of our workforce through comprehensive programs to foster greater productivity and engagement.

Sanjivni was the only finalist from India at the 5th Global Healthy Workplace Awards & Summit in Singapore.

The Sanjivni Impact

Business Excellence (OCDP) Scores have risen from 64.48% to 78.37%
Employee Satisfaction exceeded
Attrition and Absenteeism industry average 10.12%
83% of anaemic patients showed improvement in their haemoglobin level

EMPLOYEE WELLNESS

We aim to enhance all-round wellness of our workforce through comprehensive programs to foster greater productivity and engagement.

Employees have the opportunity to participate in Retail Olympics, a two month long sports tournament comprising indoor and outdoor sports. Employees participate in individual and team events that culminates into a glittering award ceremony.

Day to day fitness is driven through activities like Stepathlon (completing maximum number of steps in a day), sessions on ergonomics to keep body posture right, on campus gym facility which employees may avail for free and also sponsored marathons.

There are initiatives in place to ensure emotional wellness of employees at workplace. This helps build a positive attitude, ensures high self-esteem, and facilitates better stress management. All employees have access to an online counselling service – ‘Santulan’ which they can use to discuss any work related/ personal concern.

For our manufacturing units, since 85% of the workforce comprise of women, a customized holistic wellness program with specific focus on women’s physical and emotional health called Sanjivni was conceptualised. Initiatives under Sanjivni range from pre-natal support and child care for young mothers to counselling programs for emotional and domestic wellness.

The program received recognition at the 5th Global Healthy Workplace Awards and Summit in Singapore.

REWARDS & RECOGNITION (R&R) FRAMEWORK

Our remuneration programs are designed to attract, retain, and reward talented individuals, who will contribute to our long-term success, and thereby, build value for our shareholders. The remuneration program is intended to:

• Provide monetary and non-monetary remuneration elements to our employees
• Be market competitive on an overall pay basis in a holistic manner
• Include recognition as an equally important pillar as part of reward and recognition
• Emphasize “pay for performance” by aligning incentives with business strategies to reward executives who achieve or exceed group, business and individual goals

These programs are further customized within business units subject to the nature of work, for example, at Madura Clothing, there are OPEX linked rewards.

At ABFRL, the recognition framework has been developed to honor both individuals and teams who go the extra mile to serve their departments and the organisation as a whole. Multiple recognition platforms have institutionalized basis employee hierarchy, geography and frequency.
LEARNING AND DEVELOPMENT

Learning at ABFRL begins right from the time a new employee joins the organization and goes through a structured onboarding program to help one understand the business, key stakeholders and the job expectations which expedite one’s acclimatization.

Twice in a year, managers have development discussions with employees on their learning needs required to ace the current job and prepare them for future roles. These identified needs are analysed at the organization level and addressed through an annual learning calendar. The learning offerings are based on an employee’s career stage, that is, manage self, manage others and manage managers.

The content of each learning program is ratified and contextualised to the business needs by select members of senior leadership.

Programs are facilitated by well-equipped trainers and followed by manager-supported action plan which helps the learner in applying the new learnings at workplace.

These learning offerings are supplemented by ABG’s corporate university, Gyanodaya, which is a state of the art facility and drives global standards in managerial and leadership development.

The function learning agenda at ABFRL is led by Aditya Birla Centre for Retail Excellence (ABCRC).

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TALENT MANAGEMENT AND CAREERS

At ABFRL, we have deployed the Aditya Birla Group’s talent management framework and have customised it with respect to assessment and development. The approach consists of the following steps:

1. Current supply of talent by completing potential assessment of employees
   - Potential assessment by the manager based on standardised questionnaires. A potential rating (A, B, or C) is generated at the end of the assessment.
   - Managers can override the system generated rating with comments.
   - Review and approval of manager rating by skip level manager.
   - Ratification by Business Talent Council (JB7 to JB10) and Sector Talent Council (JB3 to JB6).

2. Review the list of LT/ KT (Potential Assessment + Performance Assessment).


4. Development Interventions for top talent.

5. Accelerated career movements and mapping talent to positions.

At Pantaloons, nearly 300 employees have participated in the iPearl programme which has resulted in 65% of store manager positions and 64% of department manager positions being staffed internally. The initiatives have delivered strong KPIs on talent. More than 60% of critical positions have a ready now/ready in 1-2 years successor. 55% of positions at all levels are filled internally.

BRINGING ALIVE A WORLD OF OPPORTUNITIES FOR STORE STAFF

Numbering more than 12,000 across India, the store staff in the retail sector are a key factor to drive business outcomes, being the most critical customer touchpoint. The employee cadre is typically characterised by minimal skill levels and a low socio-economic background. A high attrition level (in excess of 50% annually) had become the accepted norm in India and external hiring is seen as a preferred option.

The retail sector decided to disrupt this thinking by bringing alive a world of opportunities to high performing and high potential store employees, and re-imagining them as a source of future leaders for the sector. This is being done through focused investment on capability development comprising of classroom training, in-store training and projects over a period of six months followed by an assessment.

- At Pantaloons, nearly 300 employees have participated in the iPearl programme which has resulted in 65% of store manager positions and 64% of department manager positions being staffed internally.
- Attrition has reduced by more than 30% year-on-year since the programme began.

Project Pragati, a new intervention at ABFRL lifestyle brands, covers store level employees undergoing classroom and on-the-job training.

Successful graduates will move to higher positions at the store and regional levels.

Workforce Snapshot

ABFRL welcomed 2,600 new employees in FY 2016-17. Together, more than 26,000 employees enable us to delight our customers across India through superior products, infrastructure and memorable experiences.
At ABFRL, safety is embedded into each and every stage of our operation. The success of our workplace safety endeavours is based on the constant encouragement provided to employees to identify and report safety gaps and opportunities for improvement while empowering them with knowledge that fosters well-informed safety decisions in routine tasks. Strict adherence to safety standard, rigorous on-ground implementation and effective safety communication are the key enablers of a safe working environment at ABFRL. Nurturing and reinforcing a culture of safety is the topmost priority at ABFRL. A comprehensive Environment Health and Safety (EHS) Policy, implemented across all operations under the guidance and supervision of the top leadership ensures an unwavering focus. Constant assessment, monitoring and upgradation of our safety interventions ascertain that our employees work in a secure working environment.

Central and regional Environment Health and Safety (EHS) committees have been constituted to continuously track safety performance. Regular safety audits and third-party assessments are also conducted so that we can identify lacunae if any and close them. ‘5S’ (Sort, Set in Order, Shine, Standardise, Sustain) has been implemented across all our warehouses and we are in the process of adopting it in our factories and offices as well.

Safety is of utmost importance to us. It has become a way of life. It is our responsibility to report accidents, incidents or any risk to health, safety or security to our safety officers.

Safety is of utmost importance to us. It has become a way of life. It is our responsibility to report accidents, incidents or any risk to health, safety or security to our safety officers.
Safety trainings are an integral part of embedding safety into our work ethos. Regular and ongoing safety training exercises ensure that our employees imbibe best safety practices, stay updated with new industry benchmarks and demonstrate excellence in safety standards at all times.

Our business undertakes the following awareness campaigns and training programmes on a monthly basis:

- Fire and safety related training
- Practical fire extinguisher operation training
- Fire hydrant operation training
- Electrical safety
- Road safety and defensive driving
- Near miss and incidence reporting training
- Self-defence classes for women employees

In addition, statutory trainings like fire safety, evacuation drills, first aid, etc. are conducted frequently across the stores.

HAZARD ELIMINATION

We undertake a meticulous assessment of potential hazards in electrical, fire and general safety at our facilities.

- Inspection and observation of ongoing work activities
- Review of results of physical inspections and audits
- Legal and other requirements
- Emphasis on health and safety policy
- Incident investigation and implementation of corrective actions
- Guidelines for safe activities of contractors
- Communication of hazards with employees and interested parties
- Review of hazards outside the workplace that can affect the organisation

SAFETY FOR OUR EXTENDED FAMILY

At ABFRL, we believe that employees are a part of our family. Hence, their families are ours, too. So, to ensure their safety, we carried out home and fire safety campaigns. Drawing competition was held for the employees’ kids as part of the campaigns. Winners were awarded appreciation letter from ABFRL’s top management and their drawings were displayed as desktop wallpapers.
Since road safety is one of the most important focus areas for individual safety, ABFRL organised a Road Safety Week to emphasise and reiterate the need for safety on roads.

**ACTIVITIES**

The following activities were carried out as part of this programme:

- The importance of wearing a helmet while driving a two-wheeler was reinforced by quizzes and mailers.
- Road Safety Week banners were displayed at the conspicuous location.
- Training on ABFRL life-saving rules was conducted.
- Road safety was included in the CEO’s town hall.
- Video streaming on road safety.
- Awareness trainings were provided to the shuttle bus drivers.
- Safety pledge was taken at the factories and warehouses along with the distribution of road safety information cards.
- Online quiz competitions were held to raise awareness and winners were rewarded in person.
- Daily flashers / tips related to safety awareness were sent to employees through e-mails.
- Desktop wallpaper displays on road safety and national safety week.
- Customer awareness drives aimed at educating them on the basic safety do’s and don’ts.
- Safety banners and posters were displayed across our premises.
- Road safety awareness training was also given at our stores.

**Our Retail HR and Safety team created an awareness campaign for store employees on the importance of carrying a valid driving license and the necessity of wearing helmets. Moreover, license tracking was done through our intranet portal on Wooqer.**

In addition to the National Road Safety Week and National Safety Week, ABFRL also carried out several awareness activities during Fire Service Day and World Environment Day.
Companies, communities and government, share a symbiotic relationship, hence all our CSR initiatives emerge from a shared vision. To transform this vision into action, we have developed a robust CSR value chain which designs and implements effective strategies that create sustainable positive outcomes which are valued by our stakeholders. With an aim to leverage core competencies and amplify the impact of our initiatives, we partner with several institutions, local authorities and Government bodies.

CSR VALUE CHAIN

FOCUS AREAS

We believe, that what we do today, should make a large difference to the community’s tomorrow. Hence our interventions are in areas which yield cascading long term benefits and lay the foundation for a more secure and prosperous future.
E D U C A T I O N

Good education is the foundation for a secure future. But this light of education is elusive for many children who belong to the economically backward sections of the society. By helping these children, we not only assure them of a brighter tomorrow, but also create a skilled talent pool for the nation.

**G I R L C H I L D E D U C A T I O N**

When you educate a girl, you educate a family. Our interventions in education predominantly focus on elevating the living conditions of girls and helping them live a life of dignity, respect, ambition and fulfillment.

**PARTNERSHIP WITH SWAMI VIVEKANANDA YOUTH MOVEMENT (SVYM)**

ABFRL, through the Madura Fashion and Lifestyle Jan Kalyan Trust (MFLJKT), is lighting up the lives of girl children in the remote tribal areas of Karnataka, in collaboration with the Swami Vivekananda Youth Movement (SVYM).

**Viveka Tribal Centre for Learning (VTCL)**

VTCL, located in Hosahalli is home to about 425 students of tribal communities.

**INTERVENTION**

INR 13.5 lakh was invested in the reporting period to support the entire education and boarding of 50 girl students of VTCL in the age group of 10-13 yrs.

**OUTCOME**

90% Attendance | Zero Dropouts | 100% Improved academic performance

**Viveka Scholar Programme (VSP)**

Under this programme, we provide economically backward meritorious girl students with additional tuition support, life skills, mentoring and coaching, and facilitation for professional courses.

**INTERVENTION**

This year, we helped 50 girl students realise their higher education aspiration.

**OUTCOME**

80% girls scored above 75% in their final exams and have enrolled in professional courses

1,044 girls from marginalised communities in Karnataka benefitted from our support to 10 residential KGBVs (5 schools through direct intervention and another 5 through SVYM) in Bengaluru, Channapatna, Ramanagar and across Mysuru district.

The support includes teaching aids, improving the quality of teaching at the schools, ensuring sanitation facilities, providing leadership training support, life skills training, financial literacy training and career guidance to the students. Apart from encouragement to academics, we also organised WASH awareness sessions for 500 girls, leading to 50% decrease in water & nutrition-related diseases.

**INTERVENTION**

Enrolment and retention Results for the record 5th time WASH awareness

**EDUCATIONAL & FINANCIAL ASSISTANCE**

**PRATHAM**

ABFRL, through the MFL Jan Kalyan Trust, works with Pratham, a Mumbai-based NGO, to spearhead a number of initiatives in and around Ajmanta Nagar in Mumbai.

**Support to Balwadis**

This involves developing cognitive, socio-emotional, linguistic and physical development in children aged 3 to 5 years in the Government-run preschools.

**Parent Education Programmes**

These aim to educate caregivers of children on promotion of hygiene and food habits, social and emotional development, and responsible parenting practices.

**Read India Urban Learning Camps**

These are short duration intense activities where children in std. 8 to VII lagging behind in age appropriate learning levels are taught math and language in a focused manner through Combined Activities for Maximised Learning (CAMaL) methodology.

**Science Camps**

Targeted at children in the age group 10 to 14 years, the objective is to make learning science, a fun experience for children. The team trains the children to conduct Science Fairs in the community on their own.

**English Camps**

These camp work on basic vocabulary, conversation skills, punctuation and reading skills of children in the age group 10 to 14 years.

**Library Programme**

This programme aims to reach out to all children in the age group 3 to 14 years by giving them access to quality books to read.
**HEALTH & SANITATION**

Good hygiene and safe water are essential to good health. In rural areas, it enables communities to live in dignity and help people to realise their potential. We invest in health education and free camps in tribal and rural India.

**INTERVENTION**

**OUTCOME**

- **Help Vidya Write**: 14,173 books collected and distributed; 3,467 students from 26 Government schools benefited.
- **UNIFORM DISTRIBUTION**: 1,694 students supported; 2,360 girls and 2,189 boys studying in 35 schools benefitted.
- **ROCKFUND SCHOLARSHIP**: 100 girls studying in Class 5-10 have been given scholarships.
- **PREVENTIVE HEALTH CAMPS**: 6 health camps were conducted in 16 Government schools.
- **CANCER AWARENESS CAMPS**: 6 cancer awareness and screening camps for rural women benefitted 663 women; 374 were sent for PAP test.
- **EYE CAMPS**: 850+ cataract operations conducted, 908 spectacles provided.

**COMMUNITY HEALTH**

We support the Government of India’s Swachh Bharat programme and coordinate with SVYM to spread awareness and provide health education in remote tribal areas of Karnataka. This helps foster a general culture of good hygiene and sanitation.

**INTERVENTION**

**OUTCOME**

- **Eye camps**: 230 students studying between Std. 3rd - 10th at VTCL benefitted from attending Health Education classes.
- **Cataract operations**: 1,865 villagers benefitted, 908 spectacles provided. Since FY 2012-13, 850+ cataract operations conducted.
- **Cancer detection and treatment**: Cancer detection and treatment has been an area of concern in the remote parts of the country. 8 cancer awareness and screening camps for rural women in collaboration with Cancer Care India were conducted, benefitting 663 women, out of which 374 were sent for PAP test.
SUSTAINABLE LIVELIHOOD

The youth of the nation have the power to propel its growth. We provide quality education, requisite skills and sustainable livelihood to the youth so that they contribute productively to their prosperity and the country’s economy.

SKILL DEVELOPMENT

Kaushalya - Skill Development Project

INTRODUCTION

Initiated in FY 2014-15 in collaboration with CII, Kaushalya’s primary objective was to provide rural youth a learning platform, help them identify their potential and acquire employable skills to leverage it. We also help create self-employment opportunities to enable economic empowerment. These programmes have achieved 89% success rate in skill enhancement.

SUCCESS STORIES | KAUSHALYA

Manoj Kumar
Anekal, Karnataka

At Kaushalya, we helped him realise his true potential, after which he successfully completed the course and is now employed with a salary of INR 7,000/month.

Munisamy
Anekal, Karnataka

He was provided training at free of cost, considering his financial condition. Currently, he is employed as an operator in a manufacturing firm and earns INR 15,000/month.

INTERVENTION

ABFRL in collaboration with SVYM, conducts vocational training programmes for tribal youth with special focus on girls.

VOCATIONAL TRAINING

130 rural students benefitted, out of which 50 students of VTCL were trained in tailoring and the rest in other trades.

The Joy of Giving

ABFRL and ABRL* employees from Bengaluru and Mumbai experienced the joy of giving by distributing 20 cartons of clothes and 10 cartons of shoes in association with Goonj and Greensole NGOs respectively. These activities are undertaken as part of the Daan Utsav or Joy of Giving Week held between October 2-8 every year, where clothes, shoes and other household goods are donated to the less privileged sections of society across India by various NGOs.

EMPLOYEE VOLUNTEERING

Sustainable communities, be they within the organisation or in the city, are rooted in interdependency. Volunteering fosters collaboration, teamwork, gratitude and a positive spiral. Our ‘Singular in Plural’ employee volunteering initiatives have not only benefited the communities in which they live and work, but also helped them build strong relationships.

3,200 employee volunteers
9,572 hours volunteered
5,600 lives impacted

T20 Cricket World Cup for the Blind

ABFRL and ABRL* jointly supported the T20 World Cup for the Blind 2017, organised by the Cricket Association for the Blind (CABI) - the cricketing arm of Samarthanam Trust for the Disabled.

Inspired by the fulfilling experience, our employees have pledged to volunteer in the next T20 world cup.

We take pride in our image as a ‘Caring Corporate Citizen’ and also provide our employees, opportunities to channelise their energies towards social causes through avenues to partner in the CSR journey.

*ABRL - Aditya Birla Retail Ltd. (Aditya Birla Group’s Food & Grocery Business)
Enriching Lives

Apart from the above initiatives, our employees are engaged in several regular interventions aimed at augmenting the lives of underprivileged children.

**Library Sessions**

Conducted in association with NGO Pratham, consisted of storytelling, painting and a science project on planets.

**English Teaching Workshops**

Held in association with Animedh Charitable Trust.

**Mentoring Sessions**

For students who are in their final year of college or have completed their graduation.

**Safety Sessions**

Organised at BMC School and at community centres in coordination with NGO’s (Vidya & Door Step School), based on the module designed by ABFRL safety team.

**Music, Dance & Karate Training Sessions**

It empowers factory employees to identify, address and drive interventions to holistically address the needs of the villages.

The team takes a selection of books to the villages and help inculcate a culture of learning and reading among the children. They also organise various games and competitions to foster holistic growth in children.

**Namma Library/Community Library**

We understand the importance of reading in personality development of children. ‘Namma Library’ is a unique mobile library platform that transforms women employees of our factories into change agents for their villages.

It empowers factory employees to identify, address and drive interventions to holistically address the needs of the villages.

The team takes a selection of books to the villages and help inculcate a culture of learning and reading among the children. They also organise various games and competitions to foster holistic growth in children.

**RURAL ENTREPRENEURSHIP**

The ideal way to curb migration is to promote and facilitate rural entrepreneurship. It creates an economic upsurge for the entrepreneur and the local community. If well engineered socially, it taps into unhampered potential of rural citizens and benefits the nation as a whole.

**MICRO MANUFACTURING UNITS (MMUs)**

MMUs are a unique initiative where we take certain aspects of garmenting into the villages, instead of bringing village-based employees to our units. Under this programme, we partner with village residents who may have some land or a shed that can be used to set up the unit, based on the lean manufacturing modules.

These micro units are started within 100 km radius from the existing facilities. We install the machinery and provide the necessary skill training to the villagers who are looking for additional means of income. In the process, three aims get fulfilled:

**INTERVENTION**

1. Helping farmers turn into entrepreneurs
2. Providing employment opportunities to women, that too near their homes
3. Stimulating economic activity in rural areas

**OUTCOME**

1. Reduction in the cost of manufacturing per shirt achieved by the first MMU
2. 708.9 lakhs/annum was distributed to the local economy in the form of wages
3. 15.45 lakh garments stitched every year at these MMUs
4. 648 women employed in 4 MMUs
At ABFRL, we hold our products to exacting standards. They need to deliver the greatest possible customer benefit, the highest safety standards, and maximum environmental and climate compatibility. To transform this intent to outcome, and harness every opportunity from fibre selection to end consumer use, we drive product responsibility through four vital pillars:

**INNOVATION & DEVELOPMENT**
- **Epic Centre**
  A continuous customer listening framework for post-purchase, e-commerce and Omni channel feedback
- **Bostomer Café**
  A collaborative space which enables designers to innovate and create designs
- **Adah & Nischint Portal**
  Pioneers tool for end to end merchandise creation & production milestones across entire internal / external eco-system
- **Denim Development Centre**
  DDC creates and manages wash recipes and drives new developments in denims
- **Design Studio**
  In-house facilities which manufacture up to a capacity of 14.48 million garments per annum

**VENDOR DEVELOPMENT & MANAGEMENT**
- **Technology Management Centre**
  TMC drives R&D in garmenting and supports prototyping for women’s wear and kids’ wear categories
- **Product Life Cycle Management**
  PLM manages the life-cycle of a product from inception, through design and technical detailing till manufacturing
- **Knowledge Management Centre**
  KMC channelizes best practices and drives product benchmarking, development and innovation
- **Green Card Loyalty Programme**
  One of its kind loyalty program with 6 million plus loyal customers

**QUALITY**
- **Product Testing Laboratory**
  Testing lab ensures product reliability and satisfies the consumer needs with highest standard of quality
- **Aditya Birla Center of Retail Excellence**
  ABCRE offers best talent to expedite the front and training needs

**CUSTOMER CENTRICITY**
- **Mission Happiness**
  A collaborative space which enables designers to innovate and create designs
- **Board Planning Tool**
  1st ever implementation of high-end retail planning tool in India, to effortlessly manage merchandise assortment across network

**SUSTAINABILITY**
- **Sustainable Apparel Coalition (SAC)**
  SAC is an industry-led initiative that focuses on improving global social compliance in the apparel industry
- **Product Life Cycle Management**
  PLM manages the life-cycle of a product from inception, through design and technical detailing till manufacturing
- **Green Card Loyalty Programme**
  One of its kind loyalty program with 6 million plus loyal customers

**RESPONSIBILITY**
- **Product Rating As Customer /PRAC**
  Consumer Panel / Focused Group Discussions
- **Product Integrity & Compliance**
  Consumer Value Response System (CVRS)
- **Product Testing Laboratory**
  Testing lab ensures product reliability and satisfies the consumer needs with highest standard of quality
- **Aditya Birla Center of Retail Excellence**
  ABCRE offers best talent to expedite the front and training needs
NEW PRODUCT DEVELOPMENT

As India’s leading apparel and retail organisation, new product development is vital for the sustainability of our business. It helps us transform a market opportunity into revenue and remain ahead of competition.

Continuous improvement, technological advancement, and consumer lifestyle insights are few of the many triggers which initiate new product development. Several apparel designs get created every year and numerous visual merchandising concepts are developed around new colour combinations, fabric & fit, concepts, new categories, theme and overall brand identities. We exhibit new styles, products and concepts in the season trade show in which, more than 1000 retailers / customers participate to book orders and each brand consolidates the feedback and order booking in four season plan. We then assess customer feedback on tradeshow concept and the new product range and changes are incorporated on their insight and input.

TECHNOLOGICAL EDGE

We derive our technology policy & framework from our vision statement “To be the Global Leader in cutting edge apparel manufacturing”. Always ahead of the curve in fashion and innovation, we have sourced best-in-class global technology for over a decade. Investment in technology is one of the nine core guiding principles to achieve our vision statement and we have a framework in place to embrace and develop an ecosystem of latest technologies to support business strategy and goals.

PRODUCT SUSTAINABILITY

Product sustainability is a subset of our goal to be India’s first and largest sustainable organisation. It is one of the three pillars of our Brand Sustainability Guidelines and encompasses supply chain sustainability. The focus is on enhancing the sustainability attributes of our products across the entire life-cycle which includes sourcing, production, transportation, usage and disposal.

SUSTAINABILITY ATTRIBUTES

Sustainable attribute of a product is the inherent characteristic which demonstrates economic, environmental and social responsibility. We are conscious of the impacts a product has in the way it is sourced, produced, transported, used and disposed. By creating products that ‘care’, our sustainability vision transcends our walls and extends deeper into the social and natural ecosystems. Sustainability attributes are embedded into our products at various stages and touchpoints, the summary of which is given below.

MINIMUM CRITERIA

No child labour | Minimum wage payment ensured | Factory license, Fire NOC, ESI, PF registration | No sexual harassment / physical punishment | Structurally safe premises | Working hours documented | Compliance with all legal regulations
Sustainable Attribute | Production

**Herbal Dyeing** Use of dyes made from herbs, plants, minerals, fruits and vegetable extracts to dye and print fabrics. This has led to benefits like no water, air and soil pollution, and no harmful effects on consumers’ skin.

**Evolve** A range of shirts, jeans and knits made from Naturalle (naturally processed cotton) which is chemical-free as it requires no bleaching or dyeing, safe on the skin, and has a smaller water and energy footprint. The range also sports sustainable packaging created from recycled fibres.

**Eco-Resin** Eco-resin technology enables manufacturing of shirts with non-iron performance and durable wear.

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Sustainable Attribute | Raw Material

**Recycling PET bottles into staple fibres** Pantaloons is creating sustainable apparel products from polyester fibres produced by upcycling used PET bottles. The used bottles are converted into flakes and then to pellets which are finally spun into yarn to create fabric. This entire process has a very low carbon footprint. Exclusive “Re-Earth” zone basis sustainable products has been planned at Pantaloons stores to create consumer awareness.

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**Case Study**

**More Sustainability Per Shirt**

**Opportunity**

Our formal collection has a product range called TRAVELOG which is designed for customers who love to travel and explore. The range addresses issues like ironing woes and odour problems. We identified an opportunity to strengthen the functional attributes of TRAVELOG by injecting sustainability attributes.

**Intervention**

We identified EasyWash - a revolutionary zero-detergent technology which allows easy stain removal without the use of detergent, and introduced it in TRAVELOG.

**Impact**

- Easy removal of everyday stains with low or no detergent
- The EasyWash technology greatly reduces the amount of water required for rinsing
- The treatment is effective in cold water which eliminates the need to heat water, and thus, saves valuable energy
- Repels water and oil stains
- Along with these compelling environmental benefits, an EasyWash garment provides enhanced customer value as it looks better wash after wash
- The advanced silver based antimicrobial technology ensures built-in freshness and imparts a longer lifespan for the garment

Overall, an EasyWash shirt helps reduce:

<table>
<thead>
<tr>
<th>Energy</th>
<th>Water</th>
<th>Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>42%</td>
<td>41%</td>
<td>41%</td>
</tr>
</tbody>
</table>

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Sustainable Attribute | People

At ABFRL, sustainability goes beyond preserving just the environmental landscape. Our purpose is higher, and extends deep into the cultural fabric of our country. Preserving traditional arts and crafts is a major focus area for us and we take pride in exploring and building harmonious bonds with traditional artists and craftsmen. By providing our traditional art forms a market and platform to participate in the economic mainstream, we are reviving fast disappearing communities and thereby helping restore our culture and creating sustainable livelihoods for them.

CASE STUDY

**WEAVING THE IKAT STORY**

OPPORTUNITY

Blend two needs and create a want. There is an urgent need to preserve India’s rich heritage of weaving and dyeing and it is on the verge of extinction as machine made products take over. On the other hand, there is a pressing need to provide the rapidly evolving Indian consumer meaningful fashion options which are rooted in his/her own culture.

INTERVENTION

Blend age-old traditional weaving techniques with formal fashion to create artisanal clothing for daily wear. We created a winning synergy of IKAT - a renowned and ancient tie and dye hand weaving technique with unique geometrical prints with our leading brand Allen Solly.

Allen Solly partnered with the Pochampally Handloom Weavers Co-operative Society to manufacture exquisite and unique ikat shirts from hand-woven fabrics.

IMPACT

• The brand created waves in the Indian market by redefining the rules of corporate dressing and making the workplace vibrant and colourful
• The shirts produced are traditionally handcrafted yet very trendy and modern in design, making every piece special
• The new collaboration resulted in a symbiotic relationship which provided the benefits of differentiation, empowerment and engagement. The artisans got an opportunity to explore diverse avenues for their centuries old designs, opening up newer possibilities.

5,000 pieces were sold on the first day of launch

The IKAT collection was launched in 15 distinct styles. The entire line remains very popular among customers.

REVIVING THE FINE ART OF BLOCK-PRINTING

Our resounding success with the ikat line encouraged us to further scan the horizons of cultural craftsmanship in India. We introduced hand block-printing, which has remained a very popular traditional craft since ancient times, in to our artisanal collection.

Skilled craftsmen hand-carve blocks with intricate ethnic motifs which are then used for printing on fabric by expert print masters with organic dyes. In order to give it a contemporary twist, we added new geometric and modern motifs to the design.

As with our IKAT line, the block printing line has also created a win-win framework, delivering dual benefits of cultural sustenance and customer delight.

PRESERVING THE ART OF MADHUBANI

When we set out to join hands with the Madhubani painters of Bihar, we were gearing up to present a unique art form for the first time in men’s retail. Traditionally, a Madhubani painting is done with brush and nib pens using natural dyes and acrylic pigments. We provided the artists with a new canvas in the form of fabric which would later be used to create shirts for the Peter England brand. The fabric for the Madhubani line is a silk/cotton blend produced from micro spun cotton sourced directly from the farmers.

Newer platforms for showcasing their talent has provided these artisans with the confidence that this rich art form will not fade away due to lack of relevance and that it will continue to bring them livelihood opportunities.
QUALITY MANAGEMENT
ABFRL has a well-defined quality management system which is in line with the quality policy of the Aditya Birla Group. The system has been designed keeping in mind the organisation’s vision, commitment to customer and overall strategy.

QUALITY POLICY
The Quality Policy states, ABFRL in partnership with its business associates, will strive to achieve the highest standards of customer satisfaction through innovation and continuous improvement in its products and services.

We have established comprehensive quality plan to assure product and service quality as per the defined standards that exceed customer expectations. Quality standards/specifications and norms have been invoked through various benchmarking exercises of quality standard/protocol comparison against domestic and international brands. Reference has been taken from internationally recognised standards like ATAC, ASTM, ISO, ASQC, etc.

All the basic product quality requirements which are essential for consumers are incorporated in the quality manuals. Further, all statutory, regulatory and safety requirements with respect to products delivered to customers is strictly adhered to.

Sustainable Attribute | Factories
As indicated earlier, supply chain sustainability is key in our sustainability journey. Therefore, vendor collaborations to enhance production as well as sustainability performance have been our focus areas.

LEED certification, sustainable mission activities, implementation of Higg Index, self-assessment gaps in our in-house factories are some of the key initiatives which contribute to sustainable attributes.

Sustainable Attribute | Packaging
Our constant endeavour has been to reduce existing packaging consumption as well as to switch to more sustainable packaging material. Packaging material does not directly contribute to product usage and the operating principle is to question each material which can be optimised without compromising the presentation or freshness of the product.

The packaging engineering at Pantaloons has successfully reduced packaging material per unit sold and also the pollution potential factor.

Elimination of plastic foams, hangers, etc, has improved the environment friendliness for packaging material from 84% to 93.0%.

The reduction in packaging material consumption over the last years until FY 2016-17 is 700 tonnes.

Please refer to the section on Packaging for further details.

QUALITY ASSURANCE FOR PRODUCTS, SERVICES AND PROCESSES
We follow a systematic approach that ensures consumers receive superior quality products through the new product development process. Quality assurance is inbuilt in every process either in the form of validation or critical checkpoints at each stages.

To ensure quality, internationally accepted and recognised systems like 4 point system and AQL (MIL STD 105E) are used. In some cases, we are pioneers in developing our own methods such as PRAC scoring to evaluate the quality from consumer’s perspective and QIN (Quality Index Number) for manufacturing outgoing quality.

An independent team of quality auditors are responsible for quality system management and control in all areas of value chain. Audits are conducted at various stages from proto development to retail. Process audit of the vendors are done in a systematic manner and score card for every vendor is prepared to monitor trends and to improve the competency level of the vendors.

Continuous Quality Improvement
To continually improve the quality management system, the organisation has established processes to describe the use of quality policy, objectives, analysis of data, corrective and preventive actions, and management review meeting records, which will help initiate continual improvement activity across the organisation.

Improvement projects are carried out in various areas including product, process and service improvements. Cross-functional teams are formed in collaboration with manufacturing, sourcing, product, technical, retail, quality and other relevant functions.

RESTRICTED SUBSTANCES LIST
The product integrity programme takes a proactive approach in managing product safety, ensuring regulatory compliance and satisfying customer requirements on product quality and safety assurance.

We focus continuously on addressing the environmental, health, safety and resource impacts of chemical and product manufacturing, use and disposal.

The product integrity team further evaluates product safety, quality and environmental impact throughout the stages of many new product developments.

We expect suppliers to conform to our Restricted Substances List (RSL), which outlines chemical substances that are banned from use in our products, as well as chemical concentration limits to avoid health hazards, harm to the environment and negative impact on the quality or performance of our products.

MISSION HAPPINESS
Mission Happiness was launched to deliver a positive and uniform customer experience across all outlets. Through an electronic interface, the consumer can provide a detailed feedback and rate their in-store experience. This feedback is rigorously monitored, and training is imparted to the employees to decode and respond to it. It is supported by CRM initiatives such as loyalty cards, complaint resolution mechanism and training of retail sales staff.

PRODUCT AND SERVICE LABELLING
In addition to the requirements mandated by local laws, all product labels also include information on raw materials utilised. Further, instructions for wash and care are included to maintain durability of the products.

CUSTOMER CENRICITY
We believe that customer-centricity is important to long-term business sustainability. Hence, we strive to ensure that customer complaints, if any, are appropriately and promptly addressed.

On several occasions, we have also gone beyond the required response to ensure our consumers’ needs were fully satisfied.

CUSTOMER HEALTH & SAFETY
We want that our products not only create the latest fashion trends but also ensure the health and safety of our customers. Safety is inbuilt in our products right from the design stage. Enumerated below are a couple of our initiatives.

For more information on this initiative, please refer to the Stakeholder Engagement section pg 83.
There have been four incidents of non-compliance with regulations and voluntary codes concerning products and service information and labelling which have been resolved for FY 2016-17.

To make our products safe and kid-friendly, we use buttons which are free of lead, cadmium and nickel. This also reduces end-of-product-life impact on the ecosystem.

We design special products which are child-safe and sport features like ‘zip free’ and ‘shoulder button’.

There have been zero incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services for FY 2016-17.

MARKETING COMMUNICATIONS
Brand management and marketing has been strengthened to sharpen focus on brand growth and consumer connect in each brand and segment. Central marketing and omni-channel teams are created to drive synergies across brands and streamline external communication, public relations (PR) and consumer delight. The brand/marketing teams conduct consumer surveys and market research to find opportunities in category, segment and new trends for their respective portfolios.

CUSTOMER VOICE RESPONSE SYSTEM (CVRS)
Customer Voice Response System helps handle customer queries efficiently and productively. For more information on this initiative, please refer to the Stakeholder Engagement section pg 79.

PRODUCT RATING AS CUSTOMER (PRAC)
Product rating as customer is a method for evaluating and rating the quality of a product, basically from consumers’ perspective and also from manufacturing perspective in retail stores. It is a method of expressing the quality in numerical form to make it measurable and comparable.

QUALITY CARE CELL
The Quality Care Cell was created with an objective to specifically understand and address the post-purchase consumer experiences in product quality. A team of product specialists receives and analyses the products from customers at this centre, and work with the quality assurance team and other stakeholders to find solutions for quality improvements. Learnings from this centre also go as inputs for future product and vendor developments.

On the other hand, an attempt to delight the consumers with an appropriate resolution is of utmost priority.

OTHER INITIATIVES
Our customer-centricity approach also encompasses a gamut of other initiatives such as:

- We recognise our position as an influencer of public choice and values, and therefore, ensure responsible advertising by eliminating bias, being political neutral and minimising ambiguity.
- We have created strong competencies around brand building, product positioning and communicating the brand USP to potential customer segments.
- Epic Centre has been started as a means of positively leveraging social media to manage brand image. It helps us engage with our customers through various social media platforms and stay abreast of the trends.
- Bosptomer café is a key platform for backend and support teams. It is a one-stop point located at the head-office and has a repository of more than 90,000 customer feedbacks. Responses are segregated by time period, geographical location, products and brands.
- Voice of the Customer (VOC) has always been an important attribute while deciding marketing and business strategies. Initiatives to ensure a strengthened feedback from our customers includes direct feedback from store staff.

VENDOR DEVELOPMENT AND MANAGEMENT
The supply chain, being a critical component in the value chain of a product, offers great opportunities for implementing initiatives that can lead to sustainable production and manufacturing. Thus, it is vital to collaborate with the supply chain to achieve the desired sustainability goals.

Apart from assessing supplier performance, the VCoC also doubles up as a means for suppliers to demonstrate their alignment to our sustainability targets and take a step towards a greener future. VCoC audits are conducted on a regular basis and follow-up audits as per necessity. We are currently in the process of achieving our ambitious target of auditing 100% of our supplier base for tier 1 suppliers.

Sustainable Sourcing
There are two major channels through which all our raw materials are sourced: fabric and conversion. While all fabrics are sourced from reputed manufacturers to ensure high quality standards, the conversion materials are sourced from medium and small suppliers, thereby providing an impetus to this market segment.

Along with this, we are also focussing on sourcing materials from local artisans and showcasing designs unique to that region through our clothing lines. At the corporate level, our commitment is to work with the society to improve living conditions of economically challenged people.

Green Channel Partnership (GCP)
It is a unique kind of joint improvement initiative where key fabric mills and garmenting vendors are identified based on their internal systems, infrastructure and management commitment to meet the desired standards and their past performance.

GCP is a supplier self-certification programme for fabric inspection and lab testing based on our standards and requirements. Green Channel vendors are certified with one-year validity and renewed based on the vendor performance index.

Green Channel supplier performance is monitored through random audits, regular inspection, testing correlation, product rejection communication and VPO performance analysis.

Higg Index
We believe that the benefits of Higg Index must be extended to our value chain, and therefore, we introduced the concept and facilitated self-assessments for chosen textile and garmenting manufacturers.

In addition, we also helped them strategise action plans to enhance their environmental and social performance, and thereby improve their overall Higg Index score.
The key purpose of stakeholder engagement is twofold. Identify underserved needs and zero in on emerging trends early enough to capitalise on them. Designed to interact with large swathes of society, classic stakeholder engagement delivers on the former but falters on the latter. When it shows up across the spectrum, a trend has already taken root and is no more emerging. Thus, there is little to gain in terms of first mover advantage. We, therefore, engage with experts who due to their deep domain knowledge, are able to connect diverse phenomenon and spot early signals of emerging trends. It is the application of materiality to stakeholder engagement, wherein we opt for quality over quantity.
Constant and rapid change is an inevitable part of the fashion industry. Hence, at ABFRL, it is our endeavour to seed and drive change as often as we can and be an early mover for all the emerging trends. To that end, we constantly keep one ear to the ground, picking up early signals of shifting consumer wants, needs and taste. And, the other ear intently listening to experts, policy influencers and opinion makers, to spot emerging technologies, new materials, regulations, policies and competitors, and new strategies by old competitors.

**OUR APPROACH**

The initiation of successful trends can be traced back to a plethora of triggers, such as technological, cultural, financial, and demographical, either a combination of two or a coming together of all. Hence, we closely engage with experts to track, analyse and make predictions in each of the above areas, as it has always been our goal to keep abreast of the changing trends, landscapes and events which could be harbingers of disruptions. Our active participation in several industry forums helps us gain perspective of stakeholder sentiments and globally relevant issues in the apparel sector, as well as provides us with opportunities to learn from our global peers.

**ENGAGEMENT MECHANISM**

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Mode of Engagement</th>
<th>Frequency of Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>Periodic vendor communications, Supplier Meets / Summits</td>
<td>Continual</td>
</tr>
<tr>
<td>Investors</td>
<td>Annual Report, Annual General Meeting, Company website, Analyst calls, Investor Meets and Road shows, Press Releases, Communication from Stock Exchanges, SEBI Bank’s Registrar and Transfer Agents</td>
<td>Continual</td>
</tr>
<tr>
<td>Government and Regulatory Bodies</td>
<td>Mandatory filings with regulators (including SEBI)</td>
<td>Quarterly / Half Yearly / Annual</td>
</tr>
<tr>
<td>Media</td>
<td>Press Releases, Media Interaction by Senior Management, PR agency partnerships</td>
<td>Continual</td>
</tr>
<tr>
<td>Employees</td>
<td>On-ground employee engagement platforms like Retail Sports Meet, Retail Premier League and Retail Got Talent, and other such structured platforms for top-down, bottom-up and horizontal communication</td>
<td>Continual</td>
</tr>
<tr>
<td>Customers</td>
<td>Interactions at stores, Social Media interaction, Online and mobile initiatives, Customer Satisfaction Surveys</td>
<td>Continual</td>
</tr>
<tr>
<td>Society</td>
<td>Community need assessments surveys, Disaster management workshops, Community visits, Satisfaction surveys, Meetings with community heads</td>
<td>Continual</td>
</tr>
</tbody>
</table>

**FASHION FORECASTERS & SUBJECT MATTER EXPERTS**

We have cultivated a deep and continuous engagement with fashion forecasters and domain experts who keep a keen eye on the market and deliver deep insights on the mood, behaviour and buying habits of the consumer. They also forecast how a particular trend will pan out in the future. Based on these insights, colour maps, key products, prints and patterns are predicted, and fabrics, accessories and designs are developed and the timing of introducing the product line to the market determined. The magnitude of the trend and its probable impact on our business is also deliberated during the engagement.

**SUPPLIERS**

Our relationship with our suppliers is one of collaborative partnership. They are a vital ingredient in our success recipe and we continually nurture, measure and grow this relationship. Constant and consistent communication with suppliers serves two key purposes. Firstly it helps them understand and align their operations to our specific business objectives like cost containment, higher productivity, better conformance, improved customer experience, etc. Secondly, it provides us valuable feedback on how to improve our procedures and also augments our think-tank capability exponentially as it creates a swarm of interested and experienced domain experts working on strategies to achieve the same objectives.
PARTNER INNOVATION SUMMIT

A two-day Partner Innovation Summit was organised with the objective of providing suppliers a platform to interact with key decision makers of all brands, develop new collections and ideas during the knowledge management centre (KMC) show, and help brand teams adopt new concepts every season. The summit saw participation from all partners across the value chain, including trim suppliers, fabric suppliers, and accessories suppliers. Each of them showcased their innovations, products, designs, etc.

Highlights of the Summit

- 95 partners participated
- Theme of Sustainability, Innovation and Collaboration
- A multi-functional effort and interaction with the entire value chain
- An industry benchmark on how to provide partners the perfect platform to showcase their innovations

Joint Implementation Programme

Initiated in 2014, the Joint Implementation Programme (JIP) is our collaborative approach to improve the quality and productivity of our suppliers. Our team assists select suppliers to embrace and deepen implementation of tools like 5S, Six Sigma and Kaizen.

More than 20 workshops were hosted and over 50 suppliers participated.

We are the first retail company in India to initiate a Green Channel Partnership Programme for our Textile / Garment Partners to improve efficiency, productivity and quality.

Green Channel Partnerships

Green Channel Partnership is a supplier quality system certification and results correlation for accepting merchandise quality based on the supplier quality report and self-certification. This results in consistent availability of quality raw materials, on-time delivery and minimum inventory.

For more information on this intervention, please refer to the Product Responsibility section on pg 65

Samanvay

Samanvay is a partnership summit organised by Pantaloons to strengthen connections between their top leadership and vendors by facilitating sharing of key information and updates.

To enhance effectiveness, Samanvay is divided into 2 sessions. The first session consists of an interaction between strategic business partners and the Pantaloons leadership. The partners are identified and selected based on their current business relationship, future potential and their intent to grow with Pantaloons.

In the second session, the leadership interacts with the vendors on areas like the present state of business, future plans for sourcing, supply chain strategies and relevant financial updates. Results of vendor surveys are also shared and the questions received as part of the survey are discussed in detail to impart clarity. Post this, a Q&A session is held to address any queries that may arise during the course of the summit. The summit finale recognises and rewards partners for their excellent performance and contribution across delivery, quality and SCM.

More than 500 business partners attended Samanvay which was held at The Lalit Mumbai.

Vendor Workshops

Strengthening supply chain efficiency is an ongoing process at Pantaloons. We conduct regular vendor workshops across 7 of our sourcing zones pan India, to increase awareness and assist them in adopting best practices in supply chain management. The workshops essentially focus on newer and better sourcing processes and requirements, updates on key performance indices, expectations of vendors and process enhancements. Vendor on-boarding, product development, order finalisation/execution, support services functioning, supply chain and finance strategies are also discussed.

Vendor Training

Vendor training is an imperative tool to close the expectation and achievement gap. The continual training exercises can be broadly classified into on-boarding training for new vendors and process training for existing vendors.

With the main focus on alignment and integration of operating principles, the training covers topics like order management, technical & quality assurance guidance and knowledge on supply chain practices.

These trainings have provided an impetus to smooth product development and order management process.

Aadhar For Order Management

To streamline our order management process, we designed ‘Aadhar’, a structured online platform which seamlessly integrates all key elements. Every aspect of the order, from order creation to dispatch can be monitored and updated. Continuous tracking of the critical supply chain path enables all stakeholders to analyse and identify the bottlenecks and initiate effective remedies. The portal provides relevant data which facilitates comparison and correlation to help cut out definitive trends.

The portal has been deployed across all key functions such as, fabric sourcing, garment sourcing, technical & product-testing, and quality operations teams.

CUSTOMERS

For a customer-centric company like ABFRL, customers are at the centre of all the business decisions. We focus on satisfying customers’ needs in fashion and style, while providing value across wearing occasions in apparel and accessories through a high-quality retail experience. During the reporting period, we launched a unique initiative to enhance customer experience across our retail stores.

17 million Loyalty Members

as of FY 2016-17, ABFRL has a strong bouquet of loyalty programmes

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MISSION INITIATIVES

MISSION HAPPINESS

To further deepen the customer-centricity at ABFRL, we launched a Company-wide programme “Mission Happiness” in 2014. The objective of this programme is to ensure a consistent customer experience and to enforce common SOPs for complaint resolution. An in-house ‘epic centre’ has been established through which we listen to consumer views and feedback in the digital space. These inputs are helping us develop a single view of the consumer and enhance our ability to dynamically cater to the growing as well as changing consumer demand.

Mission happiness has been a huge success

3.5 million customer feedbacks have been received till March 2017 from across 950 stores in 100+ cities. Besides, the mission has helped us conduct 2.3 lac qualitative consumer conversations.

Customer Voice Response System (CVRS)

Offering the best in quality and service to our discerning customers is paramount at ABFRL. To maintain this practice, we constantly connect with our customers to seek their feedback. CVRS is a platform which handles customer complaints and ascertainment process transparency through the deployment of an online Complaints Management System.

OBJECTIVE

- Encourage customers to share their experience, feedback and complaints
- Sort and feed the valuable inputs to respective functions
- Enable service functions to identify opportunities for improvement in order to enhance customer satisfaction
- Ensure on-time closure of all product and service related complaints (within 24 hrs TAT: Turnaround Time)

Ensuring Customer Delight Through Quality Management

Delivering an enriching customer experience is one of our topmost priorities. It has been our constant endeavour to delight our customers by recognising their existing and potential needs and surpassing their expectations. Hence, we designed the Customer Quality Management (CQM) process, which acts as the ‘voice of the customer’ for us.

This process is undertaken across our stores and captures consumer feedback on product quality. The dashboard comprises metrics like DPMPS (Defects per million pieces sold) and % Proportion Defect Trend. These metrics are applied at all product levels (Apparel and Non-apparel) and across various lines - Men, Ethnic, Women and Kids. The findings are used to decide on corrective actions which are then routed back to our products.

We take additional care to ensure that our stores team is well-trained in effective handling of customer feedback and returns.

DEFECTIVE RETURNS TRENDS – FY2016-17

- There has been a reduction in DPMPS (Apparel & non-apparel Products) from 881 in Q1 FY2016-17 to 394 in Q4 FY2016-17

- Defectives identified by Stores team has increased to 54% in Q4 FY2016-17 from 39% in Q1 FY2016-17

- Customer returns have also reduced to 46% in Q4-FY17 from 61% in Q1-FY17

LAKSHYA FOR QUALITY

Customer experience is a combination of a host of factors like the look, feel, price and most importantly the quality and durability of the garment. Customer’s purchase and owning experience is vital in building and retaining the brand image. Lakshya, the state-of-the-art in-house product testing laboratory, aims at ensuring the durability of our apparels at Pantaloons.
Employee engagement is a critical ingredient in building an innovative business that can stand the test of time and withstand competition. Effective engagement with employees has a positive impact on loyalty, productivity, innovation and customer satisfaction. At ABFRL, engagement starts right at the joining stage and goes on till the separation stage. ABFRL attracts the best talent in the apparel industry and has a strong system of nurturing them, backed by robust people development processes, mentoring and employee engagement programmes.

For information on engagement initiatives, please refer to People section of our report.

The laboratory is designed to conduct various tests like physical, chemical and wash testing of the fabric and garments. The testing methods and processes are based on the American (AATCC / ASTM) and European (ISO) standards. The Pantaloons team devised the testing protocols as per global benchmarks and they conform to the highest standards of quality.

Lakshya operates on Aadhar – the in-house order management portal – right from receiving the test sample to the dispatch. The system captures the work in progress and test results, and generates final reports based on the outcomes.

The Lakshya lab has taken our commitment to quality to the next level through meticulous testing and strict adherence to global durability standards, resulting in excellent products for our customers, every time.

EMPLOYEES

Enhanced focus delivers better results. During our ongoing stakeholder engagements, we record a wide number of issues and topics that are of material importance to our stakeholders. We put these through a sieve of business impact and distill the list to arrive at topics that we believe, will provide maximum benefit to our stakeholders. The identification of material issues goes beyond just prioritising and addressing risks. It also helps us capitalise on emerging opportunities. In an industry where change is rapid, materiality helps focus on issues that matter, and thereby create long-term value for our stakeholders.

We carried out an internal materiality assessment exercise, in line with our Group Sustainability Framework. The material issues were identified based on their criticality to our business and importance to our strategic stakeholders.

MATERIALITY

Our materiality assessment process included the following key aspects:

- Identification and understanding of common issues across the industry
- Stakeholder perceptions and current trends
- Detailed discussions with top and middle management, who regularly interact with diverse stakeholder groups

Following aspects have been identified as material to our business:

- Financial Performance
- Human Rights & Labour Standards
- Water Management
- Carbon Emissions
- Compliance
- Innovation in Process & Products
- Employee Development & Retention
- Waste Management
- E-commerce
- Energy Efficiency
- Responsible & Sustainable Supply Chain
- Customer Centricity
To be future-ready, ABG Sustainability Framework says, it is important that we analyse the potential challenges and come up with the solutions to harness emerging opportunities and combat risks. At ABFRL, we are redesigning the future by predicting it. ReEarth enables us in redesigning our business. We are looking for global standards with domestic innovations; use of non-conventional energy sources, exploring disruptive technologies such as metal 3D printing with bio-degradable and re-used materials, etc. We are also transforming wearables to make them invisible, eliminate hassles and seamlessly integrate them.
The best way to predict the future is to shape it, they say, and so at Aditya Birla Fashion and Retail Ltd., we are proactive in our approach for a better tomorrow. While it is impossible to know accurately what the future holds, deep understanding of the emerging trends and potential impacts help increase our responsiveness to change and ability to be future-ready. Knowledge of the shifting paradigms, fosters identification of risks and opportunities, based on which we devise innovative strategies that both build resilience and drive progress.

RISK MANAGEMENT

Being future-ready begins with mitigating the risk factors associated with our business. In order to ensure a sustained performance, we have constituted a Board-level Risk Management Committee (RMC) which assists the Board in identification, evaluation and prevention or mitigation of operational, strategic and external risks. The overall responsibility of monitoring and reviewing the Risk Management Plan rests with the Committee. Over and above the RMC, we have designated a Chief Financial and Risk Officer to work in tandem with the Committee.

An internal committee undertakes assessment of risks along with a detailed SWOT analysis. Such an evaluation helps us zero in on our strengths and leverage them, while aiding us in working on our shortcomings. Our state-of-the-art manufacturing facilities and leading position in the Indian apparel industry have been our long-standing fortes, which help us in harnessing threats and embracing possibilities in newer arenas like E-commerce and emerging markets.

Based on the findings, the committee, in collaboration with the RMC, defines a risk management framework. It then implements the mitigation plans and monitors them regularly in a structured environment. Along with the business, the committee also assesses the socio-economic environment for internal threats and opportunities. The framework is then updated with refined processes and systems for mitigation, as per the outcomes.
We believe the future is now. Integrating sustainability into our business strategies today, is hence constitutive of our readiness for tomorrow. Scanning the industry horizons for mega trends and simulating potential scenarios, enables the leaders in the organisation to have a long-term vision, ensuring that sustainable business is placed at the heart of our core business strategy.

To unveil the risks and opportunities and consequentially prioritise them to facilitate informed near-term decision making, we are collaborating with the ‘Forum for the Future’, an independent non-profit that works globally with businesses, government and other organisations, assisting them in their sustainability vision. Key representatives from our management, gathered in a workshop organised by Forum for the Future in 2015 to draft a roadmap that would ‘future proof’ our business strategy.

The ultimate goal is to develop a strategy that is robust, stress-tested, well-equipped to respond to changing scenarios and use innovative approaches to take advantage of new opportunities.

**Factor Prioritisation**

Post our comprehensive stakeholder engagement exercises, which include expert interviews and in-depth research to consolidate probable trends, we identify several ‘future factors’. They are essentially discrete issues that will have a significant impact over the broad operating environment of the retail and apparel industry in the coming years.

After careful evaluation during the reporting year, we identified significant areas having the highest possible impacts. These include shifting demographics in India, changes in the broad operating environment of the retail and apparel industry.

**Exploring Uncertainty**

Once we identified the high impact factors, the next step was to explore the possible outcomes of each of these factors and its uncertainty. We conducted an exercise to ascertain how these high priority factors will play out in the coming years. Based on the importance of their impacts and the level of certainty of occurrence, the factors were classified further to facilitate effective future planning.

**Building Strategies**

Post mapping our high impact factors according to the certainty of their effects, four main scenarios were developed. These are critical drivers of change for the apparel and retail business:

- **Adopt to Adapt**
  - Combining adherence to global standards with domestic innovation to strengthen the place of Indian business across international markets.

- **India Really Shining**
  - Aligning our future growth strategies to the country’s vision of reviving traditional forms of agriculture and trade. As India gears to achieve its ambitious target for renewable energy generation of 175 GW by 2022, we at ABFRL, are partnering the cause by restructuring our energy mix to include more solar power and other forms of non-conventional energy sources.

- **Vasudeva Kutumbakam**
  - Vasudeva Kutumbakam, taken from Sanskrit, refers to ‘inclusive growth’, and embracing this idea has led the Indian Government to open up its borders for commerce while also benefitting from the Global Fund for Sustainable Development. The preferential trade treatment and ease of technology transfer has triggered both business and innovation for the Indian industries, including ours.

- **Hum Indra Wale**
  - India has accepted a policy of low-cost manufacturing, export-led growth, and coal-driven electrification to battle the pressures of population growth, resource scarcity, uneven economic parity and climate change. With such an impetus provided by the Government, businesses are trying to leverage their own resources to address some of the challenges around food, energy and water.

A detailed evaluation was undertaken to examine the effectiveness of the current business strategy and value propositions with respect to the potential future contexts and identified scenarios.

The primary step was to segregate the risks and opportunities and prioritise them. Post this, the reactions to these risks and opportunities were used to arrive at the actions required in each case.

Based on the scenarios, four key areas of concern were selected for immediate action and the following strategies were devised to mitigate them:

- Becoming an industry leader in sustainability through thought leadership and driving public awareness on sustainability and ethical practices
- Adapting to the rapidly changing Indian consumer by becoming a customer-centric organisation
- Creating new applications and business models to adopt and leverage digital excellence and technological advancements
- Ensuring supply chain sustainability by building good alliances, strengthening sourcing partnerships, etc.

**Initiatives**

Insights into what is coming next makes us proactive in designing an agile future-proofing system. Flexibility, adaptability and being ahead of the curve interventions form the basis of our response mechanism. Here is a snapshot of our efforts in this direction.

**Technology Innovations**

We are in relentless pursuit of new inventions and discoveries in sustainable textile technology.

- Supported avidly by our efficient manufacturing processes, we have successfully produced and adopted path-breaking technologies like advanced denim, herbal dyeing techniques, eco-resin, zero detergent, etc. which impart both superior quality and sustainable attributes to our products.

- We constantly look for newer advancements which can redefine our existing processes into ones that create greater value for all.
KNOWLEDGE MANAGEMENT CENTRE

Channelises best practices and drives product benchmarking, product development and innovation.

The Knowledge Management Centre (KMC) at Bengaluru has 11 studios that help us stay ahead of the industry curve and delight millions of customers through innovation, research and technology.

AN INNOVATION ECO-SYSTEM

To excel in the highly volatile and rapidly changing Garment industry, it is imperative to respond quickly and stay ahead of the curve in predicting the future trends. At ABFRL, the Knowledge Management Centre (KMC) and the Technology Management Centre (TMC) were instituted to facilitate innovation and development through the best use of manufacturing practices to create world-class apparels with excellence in style, quality and sustainability.

WEARABLES

Wearables are essentially technology that can be worn on your body, either as an accessory or as a part of your clothing. They largely address many aspects of consumers’ emerging lifestyle needs.

The most exciting feature of a wearable is that it connects to the internet and allows exchange of data. While this is fascinating, it is also the most challenging aspect of this technology.

Most of the wearable technology available today is in the form of accessories. We are trying to create more tactile solutions which are invisible, eliminates the hassles of a device, and seamlessly integrates with the user’s life.

KNOWLEDGE MANAGEMENT CENTRE

KMC channelises best practices and drives product benchmarking, product development and innovation.

The Knowledge Management Centre (KMC) at Bengaluru has 11 studios that help us stay ahead of the industry curve and delight millions of customers through innovation, research and technology.
### GRI G4 CONTENT INDEX

The table below provides the linkage between the material aspects identified through our materiality assessment exercise and the GRI G4 aspects, followed by the GRI G4 content index.

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<th>Material Issue</th>
<th>GRI G4 Aspects</th>
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</thead>
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<td>Economic Performance</td>
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<td>Energy</td>
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<td>Water Management</td>
<td>Water</td>
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<td></td>
<td>Emissions</td>
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<tr>
<td>Carbon Emissions</td>
<td>Emissions</td>
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<td>Waste Management</td>
<td>Waste and Effluents</td>
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<td>Responsible &amp; Sustainable Supply Chain</td>
<td>Supplier Environmental Assessments (EN)</td>
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<td>Supplier Assessments for Labor Practices (LA)</td>
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<td>Supplier Human Rights Assessment (HR)</td>
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<td></td>
<td>Supplier Assessments for Impacts on Society (SO)</td>
</tr>
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<td>Employee Development &amp; Retention</td>
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<td>Training and Education (LA)</td>
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<td>Diversity and Equal Opportunity (LA)</td>
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<td>Human Rights &amp; Labor Standards</td>
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<td>Freedom of Association and Collective Bargaining (HR)</td>
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</tr>
<tr>
<td></td>
<td>Compliance (EN, SO and PR)</td>
</tr>
<tr>
<td>Compliance</td>
<td>None</td>
</tr>
<tr>
<td>Innovation in Processes and Products</td>
<td>Customer Centricity</td>
</tr>
<tr>
<td></td>
<td>Product and Service Labelling</td>
</tr>
<tr>
<td>Customer Centricity</td>
<td>None</td>
</tr>
</tbody>
</table>

### Material Issue

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Key Performance Disclosure / Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-10</td>
<td>Total number of employees by category, gender and region</td>
</tr>
<tr>
<td>G4-11</td>
<td>Percentage of total employees covered by collective bargaining agreements</td>
</tr>
<tr>
<td>G4-12</td>
<td>Identification of organizations's supply chain</td>
</tr>
<tr>
<td>G4-13</td>
<td>Significant changes during the reporting period regarding size, structure, or ownership</td>
</tr>
<tr>
<td>G4-14</td>
<td>Process for defining the reporting period regarding size, structure, or ownership</td>
</tr>
<tr>
<td>G4-15</td>
<td>Subscriptions to any externally developed economic, environmental and social charters, principles, or initiatives to which the organization subscribes or endorses</td>
</tr>
<tr>
<td>G4-16</td>
<td>Memberships of associations and national or international advocacy organisations</td>
</tr>
<tr>
<td>G4-17</td>
<td>Entities included in the organisation's consolidated financial statements or equivalent documents, as well as entities not covered in the report</td>
</tr>
<tr>
<td>G4-18</td>
<td>Process for defining the report content and the aspect boundaries</td>
</tr>
<tr>
<td>G4-19</td>
<td>Material aspects identified in the process for defining report content and for each restatement</td>
</tr>
<tr>
<td>G4-20</td>
<td>Aspect boundaries for each material aspect within the organisation</td>
</tr>
<tr>
<td>G4-21</td>
<td>Aspect boundaries for each material aspect outside the organisation</td>
</tr>
<tr>
<td>G4-22</td>
<td>Explanation of any restatements of information provided in previous reports and the reasoning for such restatements</td>
</tr>
<tr>
<td>G4-23</td>
<td>Significant changes from previous reporting periods in the scope and aspect boundaries</td>
</tr>
<tr>
<td>G4-24</td>
<td>List of stakeholder groups engaged by the organisation</td>
</tr>
<tr>
<td>G4-25</td>
<td>Basis for identification and selection of stakeholders</td>
</tr>
<tr>
<td>G4-26</td>
<td>Organisation’s approach to stakeholder engagement</td>
</tr>
<tr>
<td>G4-27</td>
<td>Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has addressed those key topics and concerns, including through its reporting</td>
</tr>
<tr>
<td>G4-28</td>
<td>Reporting period (e.g. fiscal or calendar year)</td>
</tr>
<tr>
<td>G4-29</td>
<td>Date of most recent report</td>
</tr>
<tr>
<td>G4-30</td>
<td>Reporting cycle (annual, biennial etc.)</td>
</tr>
<tr>
<td>G4-31</td>
<td>Contact point for questions regarding the report or its contents</td>
</tr>
<tr>
<td>G4-32</td>
<td>In accordance with the G4 option the organisation has chosen</td>
</tr>
<tr>
<td>G4-33</td>
<td>Organization’s policy and current practice with regards to seeking and addressing legitimate complaints</td>
</tr>
<tr>
<td>G4-34</td>
<td>Governance structure of the organisation, including committees of the highest governance body, Committees responsible for decision making on economic, environmental and social impacts</td>
</tr>
<tr>
<td>G4-35</td>
<td>Organization’s policy and current practice with regards to seeking and addressing legitimate complaints</td>
</tr>
<tr>
<td>G4-36</td>
<td>Organization’s policy and current practice with regards to seeking and addressing legitimate complaints</td>
</tr>
</tbody>
</table>

### Cross Reference / Direct Answer

The table above provides the linkage between the material aspects identified through our materiality assessment exercise and the GRI G4 aspects, followed by the GRI G4 content index.
### Material Aspect: Energy

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN1</td>
<td>Energy consumption within the organization.</td>
</tr>
<tr>
<td>EN2</td>
<td>Energy consumption outside the organization.</td>
</tr>
<tr>
<td>EN3</td>
<td>Energy intensity.</td>
</tr>
</tbody>
</table>

#### Key Performance Disclosure / Profile

- **EN1**: Energy consumption within the organization. Reported
- **EN2**: Energy consumption outside the organization. Reported
- **EN3**: Energy intensity. Reported

### Material Aspect: Waste and Effluents

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN4</td>
<td>Reduction on energy requirements of products and services.</td>
</tr>
<tr>
<td>EN5</td>
<td>Indirect greenhouse gas (GHG) emissions.</td>
</tr>
</tbody>
</table>

#### Key Performance Disclosure / Profile

- **EN4**: Reduction on energy requirements of products and services. Reported
- **EN5**: Indirect greenhouse gas (GHG) emissions. Reported

### Material Aspect: Water

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN6</td>
<td>Total water discharge by quality and destination.</td>
</tr>
<tr>
<td>EN7</td>
<td>Water sources significantly affected by withdrawal of water.</td>
</tr>
</tbody>
</table>

#### Key Performance Disclosure / Profile

- **EN6**: Total water discharge by quality and destination. Reported
- **EN7**: Water sources significantly affected by withdrawal of water. Reported

### Material Aspect: Emissions

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN8</td>
<td>Direct greenhouse gas (GHG) emissions.</td>
</tr>
<tr>
<td>EN9</td>
<td>Indirect greenhouse gas (GHG) emissions.</td>
</tr>
</tbody>
</table>

#### Key Performance Disclosure / Profile

- **EN8**: Direct greenhouse gas (GHG) emissions. Reported
- **EN9**: Indirect greenhouse gas (GHG) emissions. Reported

### Reporting and Record Keeping

- The group has mechanisms in place to adequately monitor and record the consumption of energy consumed.

### Compliance with Laws and Regulations

- All policies are as per the applicable laws and/or regulations.

### Supplier Management

- During the reporting period, there were no facilities identified for emitting ozone-depleting substances.

### Environmental Criteria

- Our supplier are audited using our Vendor Code of Conduct (CoC) that serves as a guidance document for supplier to establish environmental and social management systems. During the reporting period XX% of our suppliers were audited.

### Human Rights Criteria

- Our supplier are audited using our Vendor Code of Conduct (CoC) that serves as a guidance document for supplier to establish environmental and social management systems. During the reporting period XX% of our suppliers were audited.
Material Aspect: Occupational Health and Safety

LA1. Total number and rate of new employee hires and employee turnover by age group, gender, and region. Reported People Performance (46)

LA2. Benefits provided to full-time employees that are not provided to part-time employees, by major operations. Not Reported

LA3. Return on investment and retention rates after parental leaves, by gender. Not Reported

Material Aspect: Employment

G4-DMA | Disclosures on Management Approach | Reported | People Performance (37-38)

LA1. Percentage of employees receiving regular performance and career development reviews, by gender. Reported

LA2. Benefits provided to full-time employees that are not provided to part-time employees, by major operations. Not Reported

LA3. Return on investment and retention rates after parental leaves, by gender. Not Reported

Material Aspect: Compliance

G4-DMA | Disclosures on Management Approach | Reported | Sustainability & Us (07-11)

EN29. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. Reported ABFRL Annual Report FY 2016-17

SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. Reported ABFRL Annual Report FY 2016-17

Material Aspect: Forced or compulsory labor

HR1. Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. Reported During the reporting period, no incidents of child labour were reported.

HR4. Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of all forms of forced or compulsory labour. Reported ABFRL is an equal opportunity employer and does not tolerate any form of discrimination on the basis of colour, gender, race, caste, nationality, age, marital status, sexual orientation or disability.

Material Aspect: Child labor

HR1. Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. Reported During the reporting period, no incidents of child labour were reported.

HR4. Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of all forms of forced or compulsory labour. Reported ABFRL is an equal opportunity employer and does not tolerate any form of discrimination on the basis of colour, gender, race, caste, nationality, age, marital status, sexual orientation or disability.

Material Aspect: Freedom of Association and Collective Bargaining

HR4. Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of all forms of forced or compulsory labour. Reported During the reporting period, no incidents of forced labor were reported.

HR6. Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. Reported We abide by all applicable laws of the land pertaining to prevention of child labor. Minimum age for recruitment is 18 years for all categories of employees.
The Aditya Birla Group's vision is to make all businesses sustainable by 2017, and this was one of the key drivers for ABFRL to set forth on their journey of sustainability. It started with launching of the ‘ReEarth’ initiative in 2013 and the related activities to aid in its implementation.

Coupled with the corporate sustainability framework, these activities were put into action in meeting regulatory compliance and benchmarking with international standards within peer group companies to prepare themselves for potential future change in sustainability related regulations and business demands. The sustainability goals were defined for 2017 with targets for 2020 and implementation plans which were supported by robust monitoring and review mechanisms.