


ABFRL - Vendor Code of Conduct Manual

Version: 2022



	Aditya Birla Fashion & Retail Limited Vendor Code of Conduct Manual	Version : 2022
		Issue : 04
		Rev No : 00
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Introduction

Aditya Birla Fashion & Retail Limited (ABFRL) has a long-standing commitment of conducting its business in the most responsible and sustainable manner, upholding the highest standards of ethical and legal parameters. We collaborate with suppliers who share the same commitment and strives to carry out their businesses, maintaining consistent ethical standards. We also require our suppliers to comply with all the applicable laws and regulations, mandated by the country in which the merchandise is manufactured, including, but not limited to, laws concerning various licenses, child labor, forced labor, unsafe working conditions, etc.


This Code of Conduct manual requires that every potential new factory undergoes and adheres to a social compliance audit, while the existing factories are required to continuously maintain their performance, assessed through annual re-audits. The purpose of these assessments is to ensure that all of our partners and suppliers comply with local laws and regulations in every country in which they operate.

ABFRL is committed to extending all support to its suppliers, in the form of capacity building and knowledge sharing, so as to assist them in overcoming the barriers leading to non-compliance with the requirements highlighted in the Code of Conduct.

This Code of Conduct manual has two sections;

- Section-A : Vendor Code of Conduct Guidelines
- Section-B : Vendor Code of Ethics Guidelines

While Section-A is audited physically by visiting the factories, Section-B need to fulfill with a commitment letter signed by top management of supplier every year.

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Section-A

ABFRL Code of Conduct Guidelines

ABFRL Code of Conduct elucidates the basic requirements that all factories, suppliers and sub-contractors must meet in order to do business with us. The Code is based on national laws and internationally accepted labor standards including ETI (Ethical Trading Initiative), ILO's core conventions (International Labor Organization) and SA 8000.

Scope

The Code of Conduct is applicable to all factories that produce goods for ABFRL or any of its subsidiaries, divisions, affiliates or agents.

Guidelines

ABFRL code of Conduct is based on **11 fundamental principles**. The details of these principles are explained below;

1. The factory meets the national legal requirements to operate


- 1.1. The factory shall have all necessary licences
- 1.2. The factory has robust and active sub-committees as required by law

2. Child Labor shall not be used

- 2.1. There shall be no recruitment of child labour
- 2.2. Workers can be no less than 15 years of age.
- 2.3. Factory encourages development of legitimate workplace apprenticeship programs as mandated by the national laws (Apprentice Act 2014).
- 2.4. Factory shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child

3. Employment is freely chosen

- 3.1. Factory does not use bonded or prison labor.
- 3.2. Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice


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4. No harsh or inhuman treatment is allowed

- 4.1. Physical abuse, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation is prohibited
- 4.2. There is a clear, safe channel for the employees to communicate their concerns to management (Grievance redressal system)

5. Working Hours are not excessive

- 5.1. Working hours should comply with the national laws.
- 5.2. Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.
- 5.3. There should be one day off in seven-day period or as allowed by the national law
- 5.4. The total hours worked in any 7-day period shall not exceed 60 hours except in exceptional circumstances.
- 5.5. Working hours may exceed 60 hours in any seven-day period only in exceptional circumstances where any of the following are met:
 - 5.5.1. Allowed by national law;
 - 5.5.2. This is allowed by a collective agreement freely negotiated with a workers' organization representing a significant portion of the workforce;
 - 5.5.3. Appropriate safeguards are taken to protect the workers' health and safety
 - 5.5.4. The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.
- 5.6. All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is as per national law or law of the land.

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6. Regular employment is provided


- 6.1. To every extent possible work performed must be on the basis of recognized employment relationship established through national law and practice (issuance of appointment letter)
- 6.2. Obligations to employees in terms of statutory benefits (ESI, PF, and Gratuity) shall not be avoided through the use of labor-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- 6.3. Wages and benefits paid for a standard work day week meet, at minimum, national legal standards.
- 6.4. Deductions from wages as a disciplinary measure shall not be permitted. All disciplinary measures should be recorded.
- 6.5. Approach for termination is clearly described in the employee contract/ appointment letter
- 6.6. Employees who give notice are given full and final payment as per law

7. No Discrimination is practiced

- 7.1. No discrimination is practiced in terms of race, caste, national identity, religion, disability, social background, gender, age, marital status, sexual orientation, political affiliation, union membership.

8. Health and Safety

- 8.1. A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards (Factories Act 1948)
- 8.2. Workers shall receive regular and recorded health and safety training.
- 8.3. Access to clean toilet facilities and potable water is provided.
- 8.4. The factory conducts fire drills regularly
- 8.5. Sufficient workforce to be trained on fire safety measures as per law of the Land.
- 8.6. The company observing the code shall assign responsibility for health and safety to a senior management representative

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9. The Environment


- 9.1. The facility has adopted a comprehensive environmental management system.
- 9.2. The facility shall obtain necessary consents from the Pollution Control Board regarding the disposal of effluents and wastes

10. Social Responsibilities

- 10.1. The facility engages with the local community (The Companies Act 2013)

11. Freedom of association and the right to collective bargaining are respected

- 11.1. Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

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Definitions:

- **"Adult"** means a person who has completed his eighteenth year of age;
- **"Young person"** means a person, who has completed his fifteenth year of age but has not completed his eighteenth year;
- **"Child"** means a person who has not completed his fifteenth year of age;
- **"Worker"** means a person employed directly or by or through any agency (including a contractor) with or without the knowledge of the principal employer whether for remuneration or not in any manufacturing process, or in cleaning any part of the machinery or premises used for a manufacturing process, or in any other kind of work incidental to, or connected with the manufacturing process, or the subject of the manufacturing process.
- **"Contract"** a workman shall be deemed to be employed as "contract labor" in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer;
- **"Factory"** means any premises including the precincts thereof-
 - Whereon ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or
 - Whereon twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on,



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Code of Conduct Policy

Aditya Birla Fashion & Retail Limited Code of Conduct elucidates the basic requirements that all factories, suppliers and sub-contractors must meet in order to do business with Apparel and Retail. The Code is based on national laws and internationally accepted labor standards including ETI (Ethical Trading Initiative), ILO's core conventions (International Labor Organization) SA 8000, and National Voluntary guidelines.

All ABFRL Suppliers must adhere to the below points:

1. The factory meets the national legal requirements to operate

All requisite permissions and permits required as per The Factories Act 1948 should be available at the factory.

2. Child Labor shall not be used

There shall no employment of children in the factory as per law of Land.

3. Employment is freely chosen

Employment is voluntary in nature.

4. No harsh or inhuman treatment is allowed

Harassment or any form of abuse (physical, mental or verbal) is not tolerated at the workplace.

5. Working Hours are not excessive

The working hours comply with the national laws for greater protection to ensure the health, safety and welfare of workers.

6. Regular employment is provided

Workers are ensured legal contracts for employment.

7. No Discrimination is practiced

All workers are treated with respect and dignity.

8. Health and Safety

The factory provides safe and clean conditions for all workers and follows a clear set of procedures regulating occupational health and safety.

9. The Environment


All local and national environmental regulations shall be complied with.

10. Social Responsibility

The factory respects the interest of, and is responsive towards all stakeholders, especially those who are disadvantages, vulnerable and marginalized.

11. Freedom of association and the right to collective bargaining are respected

Workers are free to join associations of their own choosing and bargain collectively

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Section-B

ABFRL Code of Ethics

Aditya Birla Fashion & Retail Limited (ABFRL) embodies the true spirit of business ethics in all its dealings and interaction with various stakeholders – be it customers, suppliers, employees, the government & society at large.

ABFRL expects all its suppliers to adhere “Vendor Code of Conduct Policy” in every aspect of functioning while doing business with us. All manufacturing partners must go through the same and develop a clear understanding in coordination with ABFRL team. Suppliers are responsible to ensure adherence of the ABFRL policies across domestic & global sourcing supply chain.

Guidelines:

We insist all our suppliers to commit on “ABFRL Code of Ethics”. This need to done through acknowledgement letter signed & stamped with company seal and returned back to ABFRL representative for records. Detail guidelines for Code of Ethics are explained below;

- **Policy**


All Aditya Birla Fashion & Retail Ltd (**ABFRL**) vendors are expected to read and understand this Code of Conduct, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all vendors, contractors, representatives, Consultants, or other third parties working on behalf of ABFRL are aware and understand to adhere to these standards.

- **Responsibility**

Every individual or functional group representing ABFRL Sourcing, Quality & Compliance function are responsible to educate vendors & all vendors supplying goods to ABFRL are responsible to implement this policy.

- **Equal Opportunities**

ABFRL provides equal and unbiased opportunities to all its vendors, contractors, representatives, consultants, or other third parties. They are treated with dignity and in accordance to company policy in order to maintain a healthy work environment. Under any circumstances there should NOT be any exchange of inappropriate language, behavior, abuse or harassment of any kind whether physical, verbal, sexual or psychological. Vendor policies and practices shall be administered in a manner that would

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ensure that in matters of all sides are treated with equal importance and decisions are based on merit & truthfulness.

- **Health, Safety and Environment**

Vendors/contractors shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations including the preservation of the environment of territory it operates in. Vendors/contractors shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

- **Compliance with Laws, Rules and Regulations**

All vendors, contractors, representatives, consultants, or other third parties respect and comply with all applicable law of the land and specifics to country or state & regulations as applicable to the vendor as and ABFRL.

- **Third-Party Representation**

Parties that have business dealings with ABFRL but are not the members of group such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorized to represent ABFRL in any form whether full or part. ABFRL shall take the action if the business conduct and ethics are found to be inconsistent with the code of conduct & compliance.


- **Use of the ABFRL Brand**

The use of the name and trademark owned by ABFRL shall be governed by manuals, codes and agreements issued by ABFRL. The use of the ABFRL brand is defined in and regulated by the company and it must not be used in any form without prior permission.

- **Securities Transactions and Confidential Information**

Vendors, contractors, representatives, consultants, or other third parties shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the company or the group which is not in the public domain and thus constitutes insider information.

They shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions. Such insider information might include the following:

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- Acquisition and divestiture of businesses or business units
- Financial information such as profits, earnings and dividends
- Announcement of new product introductions or developments
- Asset revaluations
- Investment decisions/plans
- Re-structuring plans
- Major supply and delivery agreements
- Raising finances

- **Protecting Company Assets**

The assets of ABFRL should never be misused and should be employed for the purpose of conducting business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

- **Integrity of Data Furnished**


Vendors, contractors, representatives, consultants, or other third parties shall ensure, at all times, the integrity of data or information furnished by them to the our organisation.

- **Conflict of Interest**

Vendors, contractors, representatives, consultants, or other third parties shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of ABFRL and shall not engage in any business with any of the ABFRL employees or their close relatives. Vendor should not employ anyone from ABFRL or a relative of an ABFRL employee in senior/decision making levels. If the vendors are already engaging with any business with any of ABFRL employees or their relatives prior to the signing of this contract, it needs to be declared to ABFRL within one week of signing this contract. ABFRL has the rights to terminate the business with any of the vendor who violates this policy and has the rights to hold all the payments to the vendors

- **Confidentiality**

All personnel, of the ABFRL must maintain the confidentiality of confidential information entrusted to them by the company or its suppliers or customers, except when disclosure is authorized by senior management or required by laws, regulations or legal proceedings. Confidential information includes all non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers, if disclosed.

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- **Fair Dealing**

All Sourcing personnel must deal fairly with ABFRL partners, service providers and anyone else with whom you have contact in the course of performing your business. They shall not take unfair advantage of anyone through manipulation, concealment abuse of privileged information, misrepresentation of facts or any other unfair dealing practice.

- **Gifts and Donations**

Any representative of Sourcing & Quality of ABFRL shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended to, or perceived to obtain business or uncompetitive favors for the conduct of its business. However, basis festive situation, function or event that values cultural heritage then only very low vale non-cash nominal traditional gifts which are customarily given may be accepted & reciprocated with transparency.

- **Anti-Corruption policy**


The policy prohibits a company, its employees or representative from giving, paying, promising, offering, or authorizing any payment, directly or indirectly or through a third party, anything of monitory value to the company or its employee is prohibited.

- **Prohibition of Bribery**

ABFRL strictly prohibits bribery in any form. Anti-bribery policy renders illegal any corrupt offer, payment, promise to pay, or authorizing to pay any money, gift, or anything of value to any ABFRL official for the purpose of: Influencing any act or decision of the ABFRL official in his official capacity; including official to do or omit to do any act in violation of his lawful duty; securing any improper advantage; or inducing the influence a decision of ABFRL authority, in order to obtain or retain indirect or direct business to anyone.

- **Reporting Concerns**


All vendors, contractors, representatives, consultants, or other third parties shall promptly report to the ABFRL management in event of a case of actual or possible violation of the code or an event he/she becomes aware of that could affect the business or reputation of ABFRL.

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- **Whistle-blower Policy**

If you find or have any concerns related to:

1. Questionable accounting, accounting controls, auditing matters or reporting of fraudulent financial information on of our employee or shareholder; or
2. Grave misconduct, i.e., conduct which result in violation of law of ABFRL or in a substantial mismanagement of company resources which if proven, would constitute a criminal offence or reasonable grounds for dismissal of the vendors, contractors, representatives, consultants, or other third parties engaging in such conduct;
3. Conduct which is otherwise in violation of any law, vendors, contractors, representatives, consultants, or other third parties should promptly contact the ombudsman, in accordance with the ABFRL whistle blower policy.

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Acknowledgement

I acknowledge that, I have received, read & understood the Code of Conduct and Ethics policy of Aditya Birla Fashion & Retail Ltd. I agree to abide by the policies of ABFRL to the best of my knowledge and ensure that the team in my organisation will adhere to the same while doing business with ABFRL.

I also understand that these policies may change over a period of time in part or full and it is my responsibility to refer and follow the latest policies. The latest policies may be provided by provided by ABFRL representatives or may be made available at ABFRL & Group website.

Further, In the event of any doubt in future, I will reach out to ABFRL representatives and take all required clarification to ensure adherence with accuracy on these policies.

Vendor Code (As registered with ABFRL):	
Vendor Name (As registered with ABFRL):	
Name of the Owner /Authorized Signatory:	
Signature, Date & Company Seal of the Owner/Authorized Signatory	
