



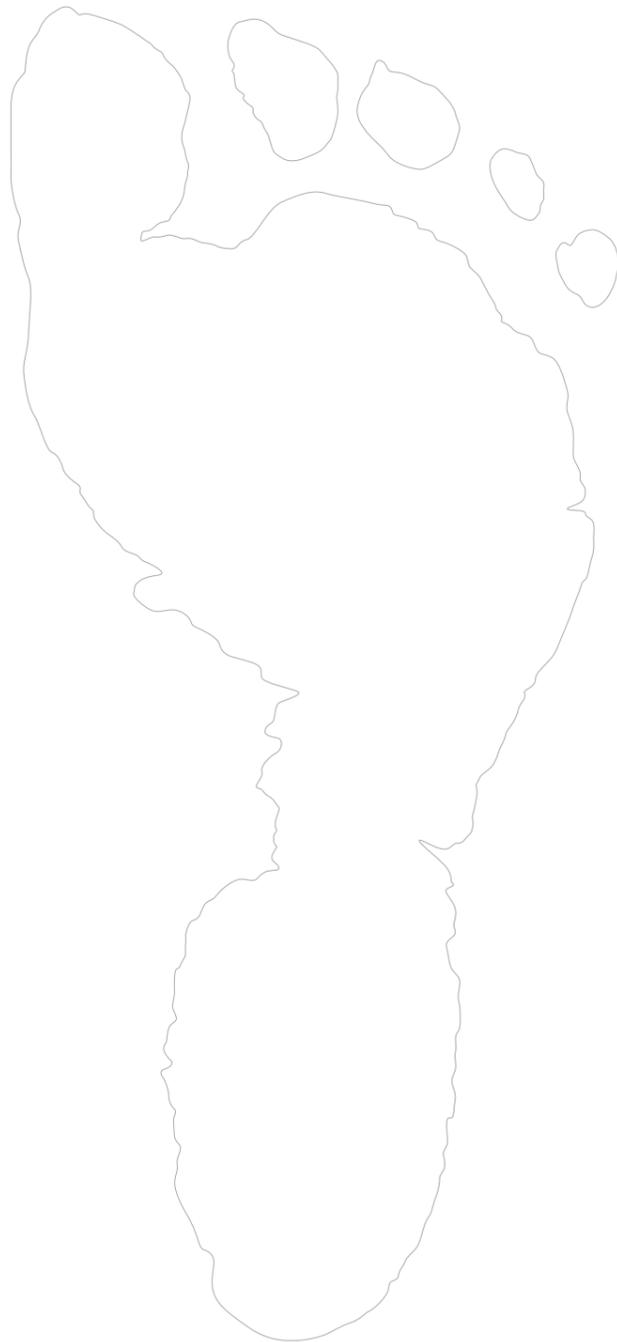
## Sustainability Report 2017-18



Reducing our environmental footprint

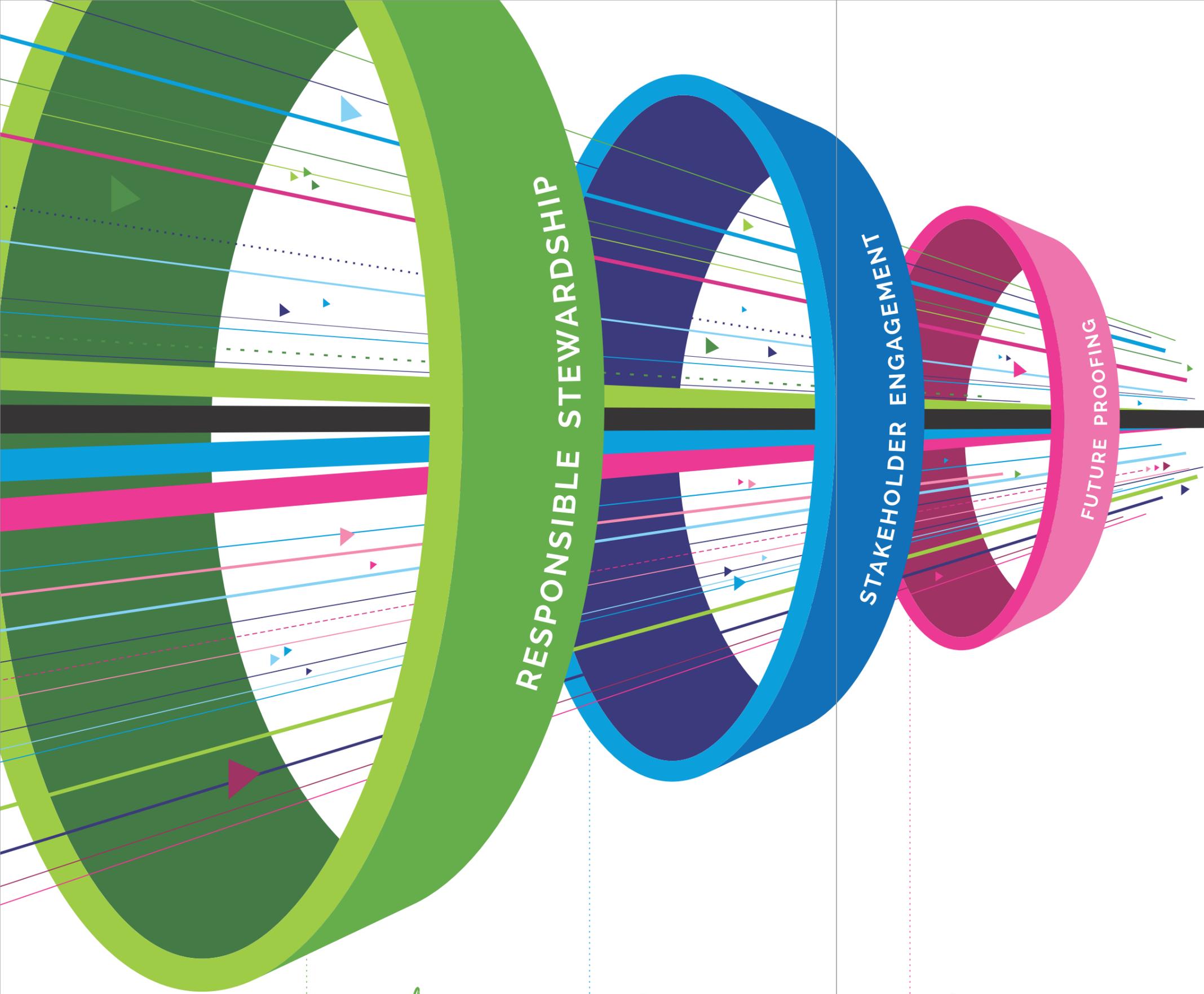
Our pursuit of sustainability aims to de-link natural resource consumption and quantum of production and thereby progressively reduce, not only our specific, but also our absolute consumption.

But conservation is just one part of our strategy.



Rejuvenating Mother Earth





RESPONSIBLE STEWARDSHIP

STAKEHOLDER ENGAGEMENT

FUTURE PROOFING

*ReStoring*  
ECOSYSTEMS

*ReCognising*  
TRENDS

*ReDesigning*  
BUSINESS

Retearth  
FOR OUR TOMORROW

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.

IN THE REPORT

EXECUTIVE  
MESSAGES  
01

COMPANY  
PROFILE  
04

REPORTING  
SCOPE AND  
BOUNDARY  
09

SUSTAINABILITY  
& US  
10

CORPORATE  
GOVERNANCE  
19

# ReStoring

ECOSYSTEMS

ENVIRONMENTAL

25



FINANCIAL

37

PEOPLE

45

SAFETY

57

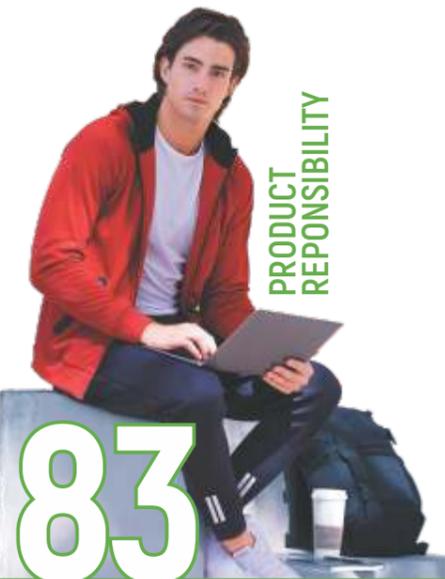


SOCIAL

67

PRODUCT  
RESPONSIBILITY

83



# ReCognizing

TRENDS

STAKEHOLDER  
ENGAGEMENT

107



# ReDesigning

BUSINESS

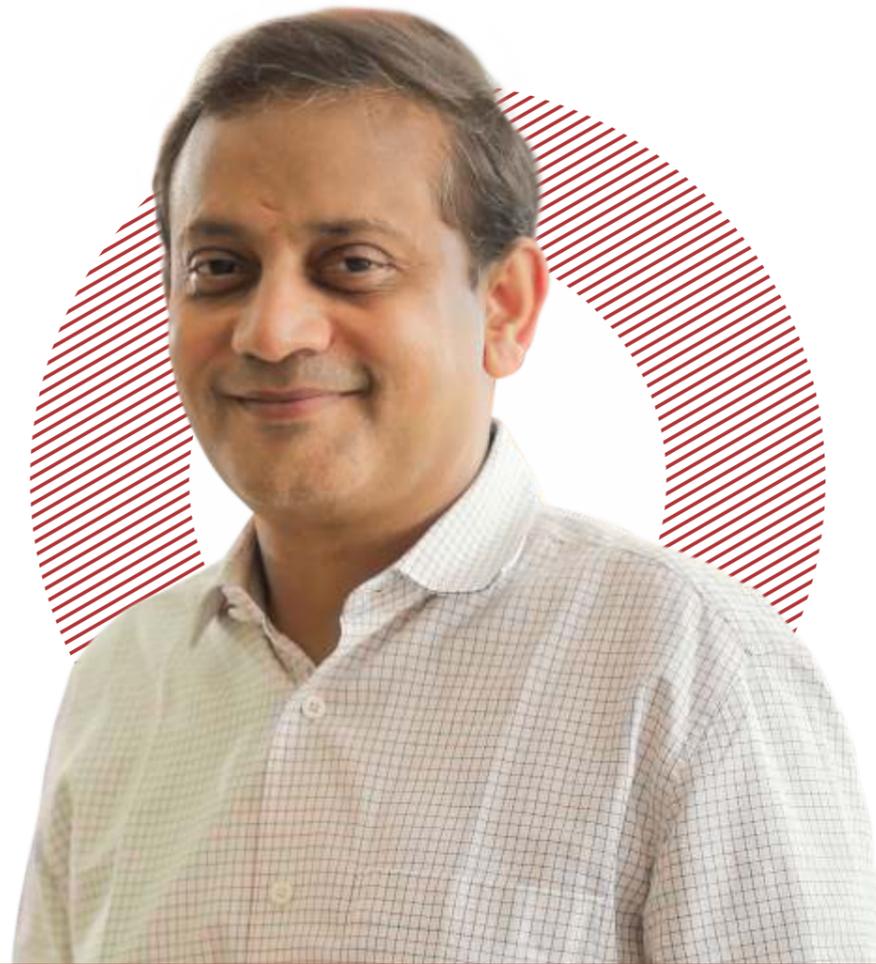
FUTURE  
PROOFING

127





# MESSAGE FROM THE Managing Director



“Sustainability will be at the center of innovation in the fashion industry in the coming decade and while tools and technologies will change, it is intellectual capital that will hold ABFRL in good stead. It will drive technical and process innovation, improve risk management, grow the bottom line through radical process re-engineering, enhance transparency and thereby, strengthen stakeholder relations.”

Dear Stakeholder,

Sustainability is powering some of the most significant changes at ABFRL. The exuberant growth in demand for our products, as more and more Indians transition to higher socio-economic segments, has been accompanied by a quieter but just as significant business transformation - the completion of Phase 1 of our sustainability program 'ReEarth - For Our Tomorrow'.

Driving ReEarth, is the core commitment, that as an organisation we should give back to the planet what we have taken from it over the years. The goal is to harmonise economic prosperity with ecological well-being and human development, particularly of the marginalised sections of society.

Results of Phase 1 of ReEarth have been very encouraging. While our product portfolio witnessed additions like Ecoresins, Herbal-Dyes, Easy-Wash technology and artisanal fabrics to promote and preserve traditional art forms and introduce natural, environmentally favourable compounds, the larger story unfolded around greener processes and enhanced efficiencies.

Though sustainable products and processes are vital to the success of 'ReEarth', what was more fulfilling of Phase 1 was the sustainability consciousness that was seeded across the organisational hierarchy and the intellectual capital created.

Sustainability will be at the center of innovation in the fashion industry in the coming decade and while tools and technologies will change, it is intellectual capital that will hold ABFRL in good stead. It will drive technical and process innovation, improve risk management, grow the bottom line through radical process re-engineering, enhance transparency and thereby, strengthen stakeholder relations.

Our development initiatives and care do not end at our facilities. We also extend the same compassion to the local communities in which our employees belong to/come from.

Towards the goal of holistic community development, we focus on three strategic areas - education, health & sanitation, and sustainable livelihoods.

**This year, our interventions had a positive impact on 243,602 beneficiaries, and we received Special Commendation at the Golden Peacock Award 2017 for CSR.**

As India's largest pure-play fashion and lifestyle company, we strongly believe that it is our responsibility to play a leadership role in seeding and cascading sustainability in the sector. Our detailed sustainability report, one of the very few in apparel sector in the country, is a tool to not only disclose our performance, but inculcate a culture of transparency and provide a learning document for others in the sector to chalk out their sustainability journey. Supplementing this knowledge sharing is our continuing collaboration with like-minded entities like Sustainable Apparel Coalition, Cotton 2040 and BCI, to create a sustainability thought leadership in the ecosystem.

With Phase 2 of ReEarth, we aim to take the dialogue and demonstration of sustainability a few notches higher. Our environmental targets include a significant reduction in grid electricity consumption, zero waste to landfills, water neutrality, taking preventive measures to ensure no fatal accidents at our occupational workplaces, and massive reduction in our packaging footprint. On the community front, we aim to undertake holistic development through our focused village approach.

Sustainability is and will continue to remain 'work-in-progress' at ABFRL. We have just commenced the journey and have a long way to go. We invite you to be a part of this journey and help us navigate through the terrain more effectively through your continued feedback and support.

**Ashish Dikshit**  
Managing Director  
Aditya Birla Fashion and Retail Limited



# MESSAGE FROM THE Chief Sustainability Officer

**ABFRL bagged 'Sustainable Business of the Year', 'Sustainable Leadership' and 'Sustainable Professional of the Year' awards, at the World Sustainability Congress.**



Dear Stakeholder,

At ABFRL, business and sustainability go hand-in-hand like warp and weft. As business grew during the reporting period, so did sustainability. We made significant progress in driving sustainability processes and practices deeper in our operations and improved our performance on key parameters.

We achieved zero waste to landfills across all ABFRL facilities. In a landmark decision, we stopped procurement of plastic bags across all retail stores. Through a continuous process of improvement, innovation and reduction, we attained 88% non-pollutant packaging.

We posted an 8% reduction in the purchase of grid electricity - 5% due to renewable energy measures and 3% due to energy efficiency measures. 54% of the waste water was recycled and reused across our own facilities (MFL division), while 5% of water was sourced through renewable water sources. Our compliance to the WASH Pledge Guidelines remained at a high of 98.5%.

During the reporting period, two of our factories were awarded 'LEED Gold' rating under the U.S. Green Building Council (USGBC) factory certification and we are actively pursuing similar certification for all our other factories as well.

Along with our sustainability performance, we even raised the bar on sustainability reporting by migrating from GRI G4 to the new age GRI Sustainability Reporting Standards and adding one more module to our Higgs assessment. This report is in conformity with the Global Reporting Initiative (GRI) Sustainability Reporting Standard, 'In Accordance - Core'. While the Brand and Facility Modules of Higgs have been integral to our sustainability performance for the past

few years, from this year we have also adopted the Higgs Facility Environment Module 3.0.

It is heartening to share that this year too, our pursuit of excellence in sustainability was acknowledged by stakeholders and ABFRL continued to add to its tally of awards. ABFRL bagged 'Sustainable Business of the Year', 'Sustainable Leadership' and 'Sustainable Professional of the Year' awards, at the World Sustainability Congress.

Achieving and sustaining this success would not have been possible without acknowledging, responding to, and engaging with diverse stakeholder groups. In continuation with this philosophy of collaboration, we are partnering with national and international organisations to build an ecosystem for furthering sustainable practices in the fashion and apparel industry in India. We were the first Indian and the only Asian apparel brand to have participated in the Sustainable Apparel Coalition (SAC) pilot on transparency, to analyse consumer perspective on sustainable product labelling. This study will set the tone for future transparency and disclosure initiatives at the SAC.

To attain growth while respecting the environment, future proof our operations, enhance productivity, mitigate risks, and deliver a positive socio-economic impact, we seek your active feedback. Do go through the report and share how we can continue to better our sustainability performance. Eager to hear from you.

**Dr. Naresh Tyagi**  
 Chief Sustainability Officer  
 Aditya Birla Fashion and Retail Limited

# COMPANY Profile

Aditya Birla Fashion and Retail Ltd. is a part of USD 44.3 billion Aditya Birla Group. A member of United Nations Global Compact, the Group aims to become the leading Indian conglomerate for sustainable business practices.

ABFRL is India's largest pure-play fashion and lifestyle entity with an elegant bouquet of leading fashion brands and retail formats.

## FY 2017-18 HIGHLIGHTS

 ₹ **7,181** crore Revenue

 **20,000<sup>+</sup>** Employees

 **2,465** Stores

 **7** million sq. ft. Retail Space



\*as on March 31st 2018



## LIFESTYLE BRANDS

Riding on an extensive and deeply penetrated distribution network, our lifestyle brands - Louis Philippe, Van Heusen, Allen Solly and Peter England continue to be leaders within their respective segments. With continuous efforts towards offering consumer delight through high quality products and a differentiated in-store experience, we expanded our loyal consumer base to approximately 12 million this fiscal. These brands have created very strong equity amongst our loyal customers through years of persistent focus on product innovation, design development, consumer satisfaction and brand building.

During this fiscal, we expanded our reach with new store openings, along with improving same store performance through focussed store-level interventions. The business focussed on integrating consumer feedback into product design and planning, aiming at improving product satisfaction scores amongst consumers. Lifestyle business took significant strides towards adopting digital ways of working both in terms of consumer engagement and brand building. We were one of the early movers to adopt omni-channel capabilities and our concerted efforts helped expand the coverage to more than 700 stores, giving our consumers unmatched access to a wide variety of products.

ADITYA BIRLA



FASHION & RETAIL


## PANTALOONS

Pantaloon is amongst the most widely present retailers in the value fashion segment with a network of 275 stores, spanning over 3.76 million square feet. During the year under review, as the value fashion segment grew stronger, Pantaloon added 66 new stores to its network and entered many new Tier 2 and Tier 3 markets. These new stores will mature over the coming years and will add to our growth and profitability. Pantaloon also undertook various cost-optimisation initiatives, leading to improved profitability. The business continues to make sound progress towards increasing the share of franchisee stores in the network to improve capital efficiency.

**Pantaloon was awarded the IMAGES "Most Admired Affordable Fashion Retailer of the year" for second consecutive year along with the "Best Turnaround Story Award - 2017".**

Pantaloon was also recognised as "Most Trusted Fashion Retailer" in the Brand Equity Survey of Economic Times, 2016-17. Its customer relationship programme, with over 10 million deeply engaged customers, is one of the key drivers of growth, contributing to more than 90% of sales.





## FAST FASHION

**ABFRL took an early bet on the Fast Fashion business by positioning itself in the segment through two "Youth fast fashion" retail brands - Forever 21 and People.**

While Forever 21 is an iconic global fast fashion brand that enjoys an enviable following amongst young girls, People is a young and vibrant brand that seeks to address the fashion aspirations of Indian youth.

This fiscal, we took a calibrated approach towards this portfolio with a clear focus on improving profitability. Many legacy stores were rationalised during the year and new retail store models were tested and established. These initiatives led to improved profitability, thus establishing a replicable and profitable model for future expansion. We are poised to capture a significant share of the fast fashion market through our varied offerings across customer segments, wearing occasions and price points.

## INNERWEAR

Innerwear is a large and attractive market, currently under-penetrated in the premium branded segment. We forayed into this space with the launch of Van Heusen innerwear for men in FY 2017-18. The outcomes in a short span of time have been very encouraging.

During this fiscal, the Innerwear segment aggressively added points of distribution through pan India launches. Riding on product strategy focussed on fit, fashion innovation and favourable engagement models with channel partners, we consider this segment to become an important growth driver in the coming years.

## INTERNATIONAL BRANDS

Our international brands portfolio comprises The Collective, India's largest multi-brand retailer of international brands and select mono brands. The first stores of Simon Carter and Ted Baker opened this fiscal year and were well received by consumers. Additionally, during the year under review,

**ABFRL signed few more premium international brands for the Indian market viz. Polo Ralph Lauren, American Eagle and Fred Perry.**

These brands will open their first stores in the coming financial year. With aforesaid additions to our portfolio, we will continue to build a strong but selective play in the emerging Super Premium and Bridge to Luxury segments.

## MEMBERSHIPS IN INDUSTRY ASSOCIATIONS

With ABFRL being one of the leading players in the Indian apparel and retail industry, we see it as our privilege and responsibility to be active in various industry bodies. Through our participation, we not only contribute to policies that impact the industry, but it also enables us to remain apprised on latest norms and trends.

## AWARDS & RECOGNITIONS

Our deep commitment to satisfy the Indian consumers' lifestyle and fashion needs, is validated by the string of awards and recognition that come our way. These accolades encourage us to continue providing highly reputed and quality brands to our customers.

Awards for Corporate Social Responsibility and Sustainability initiatives:

- Awarded the 'Arogya World Platinum Award for Global Healthy Workplaces, 2017'
- Awarded 'Sustainable Business of the Year', 'Sustainable Leadership' and 'Sustainable Professional of the Year', by World Sustainability - a global not-for-profit organisation
- Received 'GOLD' certification for two manufacturing units under LEED rating system by US Green Building Council.



**Received Golden Peacock Award for Corporate Social Responsibility and Sustainability (Special Commendation)**



Pantaloons recognised as India's 'Most Trusted Fashion Retailer' in the Brand Equity survey of The Economic Times

For the second consecutive year, Pantaloons won the IMAGES Award for 'Most Admired Affordable Fashion Retailer, 2018'

Pantaloons also bagged the IMAGES Award for 'Best Turnaround Story, 2018'

Pantaloons was recognised with the 'Best Festive Window' & 'Best Winter Window' at Visual Merchandising and Retail Design Awards, 2018



## REPORTING SCOPE AND BOUNDARY

This is our second sustainability report, covering the financial year 2018 (1st April 2017 to 31st March 2018). In addition to boosting our transparency, communicating the progress of our sustainability journey, it also strengthens our accountability to our stakeholders

### REPORT BOUNDARY

The sustainability performance disclosures in this report pertain to our corporate offices in Mumbai and Bengaluru, factories, warehouses and retail stores. We have followed the Global Reporting Initiative GRI Standards: Core, on defining the report boundary. We have continued using the gate-to-gate approach for disclosures, and unless otherwise stated, this report does not include any data and/or information which pertains to any entity outside our organisation (such as suppliers).

Offices	Factories (only MFL)	Warehouses	Stores
Head Office - Bengaluru	1. Crafted Clothing – Bengaluru 2. Fashion Craft – Bengaluru 3. Europa Garments – Bengaluru	<b>MF&amp;L (Madura Fashion and Lifestyle)</b> Entoma / Attibele Warehouse (Bengaluru) Hosekote Warehouse (Bengaluru)	<b>MF&amp;L Stores –</b> PAN India
Registered Office - Mumbai	4. Classical Menswear – Bengaluru 5. English Apparels – Bengaluru 6. Haritha Apparels – Bengaluru 7. Alpha Garments – Bengaluru	<b>Pantaloons</b> Warehouse 1 (Bengaluru) Warehouse 2 (Bhiwandi) Warehouse 3 (Hooghly) Warehouse 4 (Pataudi)	<b>Pantaloons</b> Stores – PAN India

### REPORTING FRAMEWORK

This report has been developed as per the guidelines detailed in 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 disclosures. The page references for general standard disclosures, disclosures on management approach and specific standard disclosures for all material aspects are provided in the GRI Content Index at the end of this report.

### FEEDBACK

We welcome feedback from our stakeholders as this will enable us to bring continuous improvement in our policies, processes and performance. Your insights in terms of report content and presentation, will help us sharpen our efforts in this direction.

Please send your comments and suggestions to:

**Dr. Naresh Tyagi - Chief Sustainability Officer**

**Aditya Birla Fashion and Retail Limited**  
Madura Fashion & Lifestyle Division, KH No 118/110/1, Building 2,  
Divyashree Technopolis, Yemalur Post, Off HAL Airport Road,  
Bengaluru-560037 | 080-67271600

naresh.tyagi@abfml.adityabirla.com | reearth@abfml.adityabirla.com



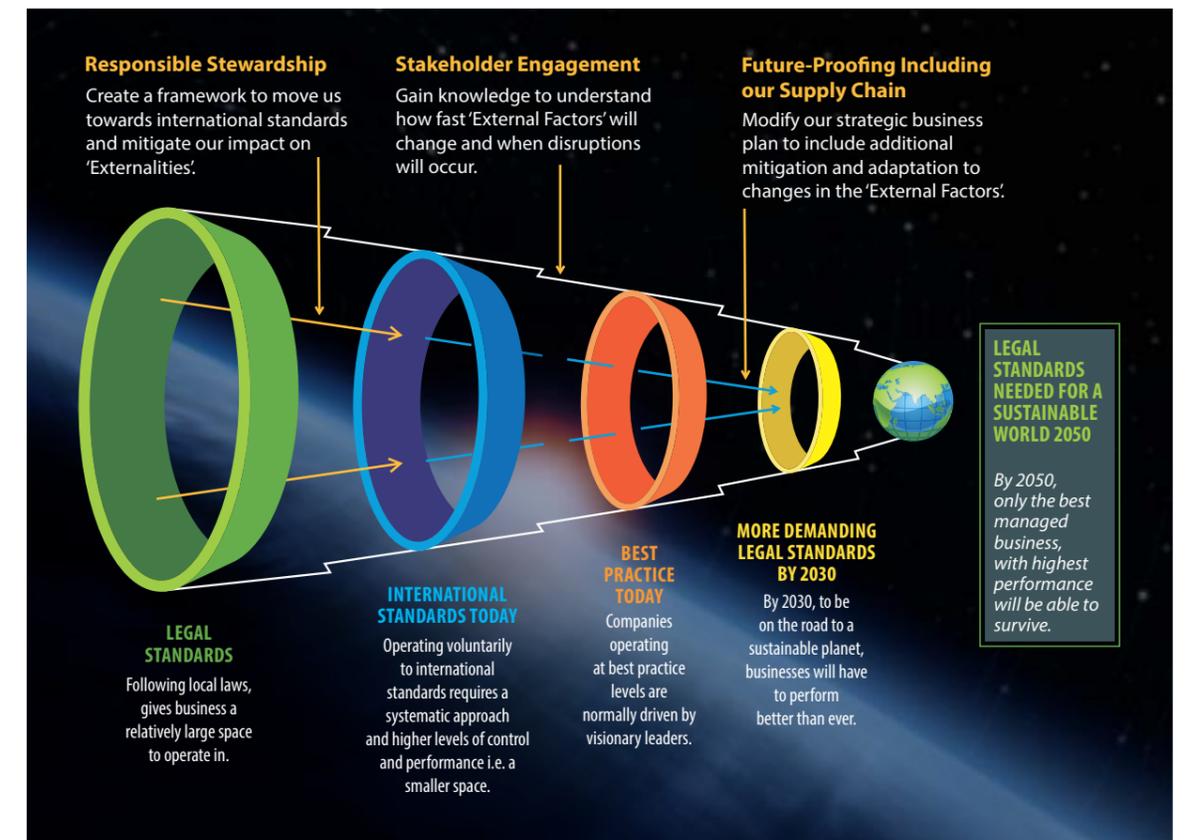
SUSTAINABILITY &



In fashion, style and values, sustainability at Aditya Birla Fashion and Retail Ltd. evolves every year. It delves deeper, spreads wider, and aims higher, to create a greater positive impact. We are working to become net positive by regenerating, restoring, and revitalising ecosystems and communities. As the circle member of Sustainable Apparel Coalition, we have adopted the Higg Index to self-assess and embed sustainability in our day-to-day operations.

We are also the founding circle member of the Cotton 2040, an initiative where the global coalition of key industry players are making a united effort to encourage brands and retailers in increasing their sourcing of sustainable cotton.

### FY 2017-18 HIGHLIGHTS





When we embarked on our journey of sustainability, we emphasised on our operations: improving resource efficiencies, streamlining data management and monitoring our facilities and retail stores. We focussed on key areas that included energy, carbon, water, waste and green building. Next, we partnered with global sustainability forums to share knowledge and exchange notes on best practices. We became the circle members of global initiatives such as Sustainable Apparel Coalition and Cotton 2040.

Thus, we seeded sustainability into our business strategy, built it into our brands and ingrained it into our core business processes. Going ahead, our focus will be on inspiring customers and making them a part of our sustainability mission.

**ABFRL won 'Sustainable Business of the Year', 'Sustainable Leadership' and 'Sustainable Professional of the Year' awards, by World Sustainability - a global, not-for-profit organisation. We were also awarded the Golden Peacock Award for Sustainability - Special Commendation in 2017.**



At Aditya Birla Group, we aspire to be the leading Indian conglomerate for sustainable business practices across our global operations. To achieve this, we have articulated a Sustainability Framework comprising three pillars - RESPONSIBLE STEWARDSHIP, STAKEHOLDER ENGAGEMENT and FUTURE PROOFING. We align each of our businesses with this overarching principle and have individually defined a unique set of stakeholders and material issues depending on the business and its location, to improve their sustainability performance.

This year, we are continuing to align our ReEarth mission with the Group level sustainability policies and international framework. With ReEarth, we endeavour to secure a common future for our tomorrow by creating a future-ready organisation. An organisation that can pre-empt imminent challenges, address the needs of all stakeholders and continue to be a preferred partner for its consumers.

## THE SUSTAINABILITY COUNCIL

The sustainability council comprising professionals from diverse disciplines helps us embed sustainable practices in our business operations. The council brings together members from various functions such as brands, sourcing, human resources, manufacturing, logistics, business excellence, product development & 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

If we are to become a leading sustainable organisation, we must align all our stakeholders with our goals, ensuring they possess a deeper understanding of the interconnections within our value chain and its combined impact on the ecosystem. To this end, we developed the Brand Sustainability Guidelines (BSG) that are aligned with the Aditya Birla Group values of Integrity, Commitment, Passion, Seamlessness & Speed, and act as a compass on various sustainable practices. The guidelines are centred around three broad pillars - Product, People and Environment- to facilitate understanding and ease in implementation. They feature commitments and 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 (GRI, BRR and CSR). It includes continual improvement and update of Company's internal workplace standards, sustainability related trainings and orientation programmes, internal competition on sustainability issues and encouraging employee volunteering for CSR projects.

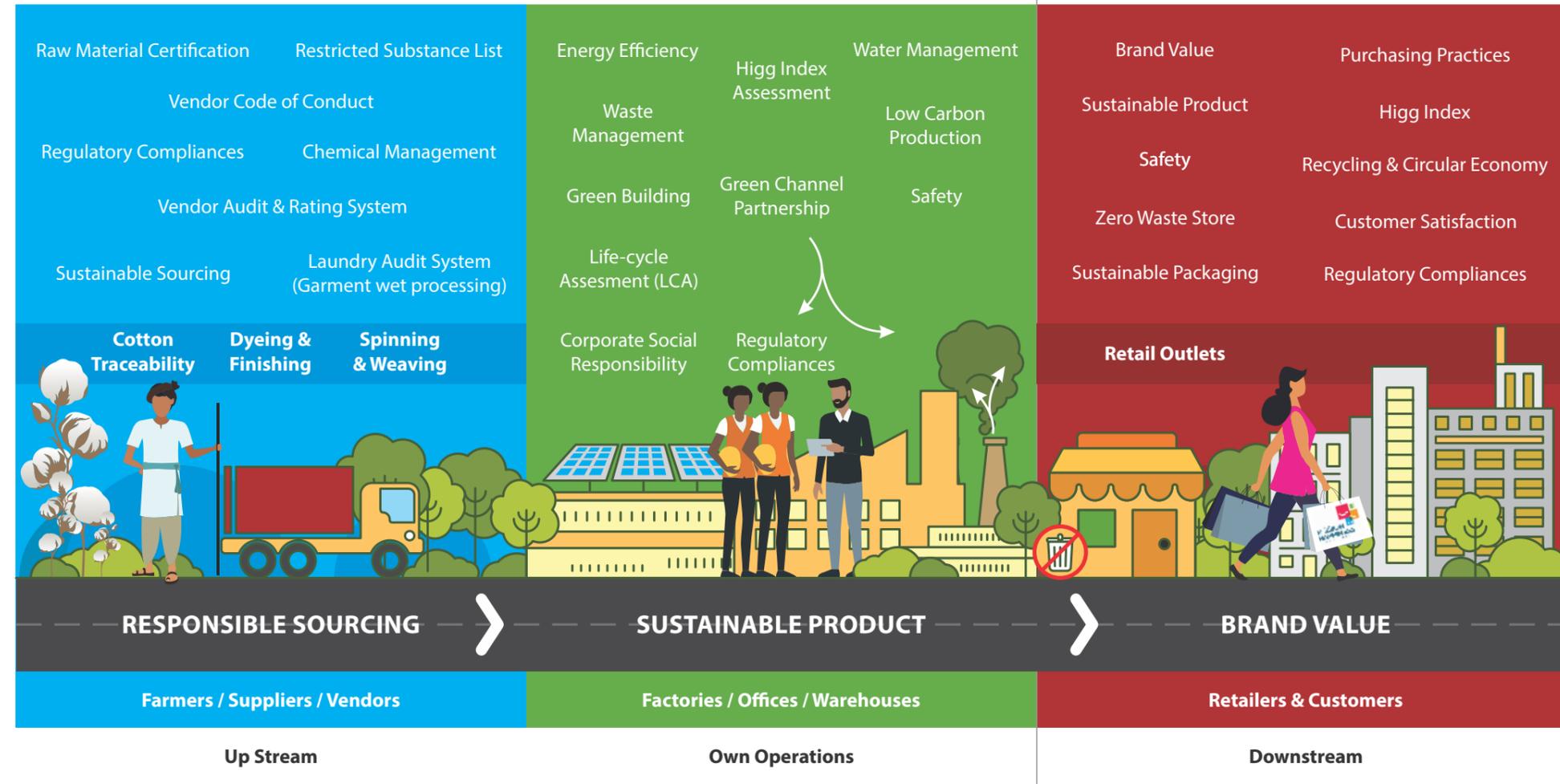


### ENVIRONMENT STEWARDSHIP

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.



## OUR SUSTAINABILITY STRATEGY



To cascade sustainability thinking beyond our operations, we are integrating sustainability across our entire value chain. Beginning with responsible sourcing, we have collaborated with our upstream value chain - our suppliers and vendors. First, we familiarised them to the concept of sustainability and its imperative need. We then included them in our initiatives such as ABFRL vendor code of conduct, partner innovation summits, and Higg Index assessments. In the future, we aim to focus on our downstream value chain - our customers, by emphasising action on transparency, disclosure, product labelling, and continual customer engagement.

When it comes to our own operations we are concentrating on calculating each product's impact on the environment. For our own facilities we plan to measure, and report normalised values for environmental parameters. Our next step will be to assess the product intensity. So far, we have evaluated the performance in energy, emissions, water and waste at a facility level. To keep up with the global trends we plan to determine the performance of these parameters for each garment we produce. This shift will help us enhance our product stewardship and clearly identify hotspots for improvement, across the product life cycle.

## HIGG INDEX AND THE SUSTAINABLE APPAREL COALITION

A global non-profit organisation, The Sustainable Apparel Coalition (SAC), is the apparel and footwear industry's foremost alliance for sustainable production. The coalition is driven by the Higg Index, a suite of path-breaking, self-assessment tools, that not only enables brands, retailers and manufacturers to measure their environmental, social and labour impacts at every stage of the life cycle and value chain, but also demonstrates data in a standardised and simplified manner. Companies from every segment of fashion, manufacturing and retailing, across the globe, have joined forces with SAC, helping build a unified Sustainability Matrix across the textile and apparel industry.

We first adopted the Higg Index (facility and brand modules) in 2013 to self-assess the environmental and social impact of our operations. These assessments bring together cross functional teams to jointly discuss and identify focus areas for improvement, helping us develop the Brand Sustainability Guidelines.

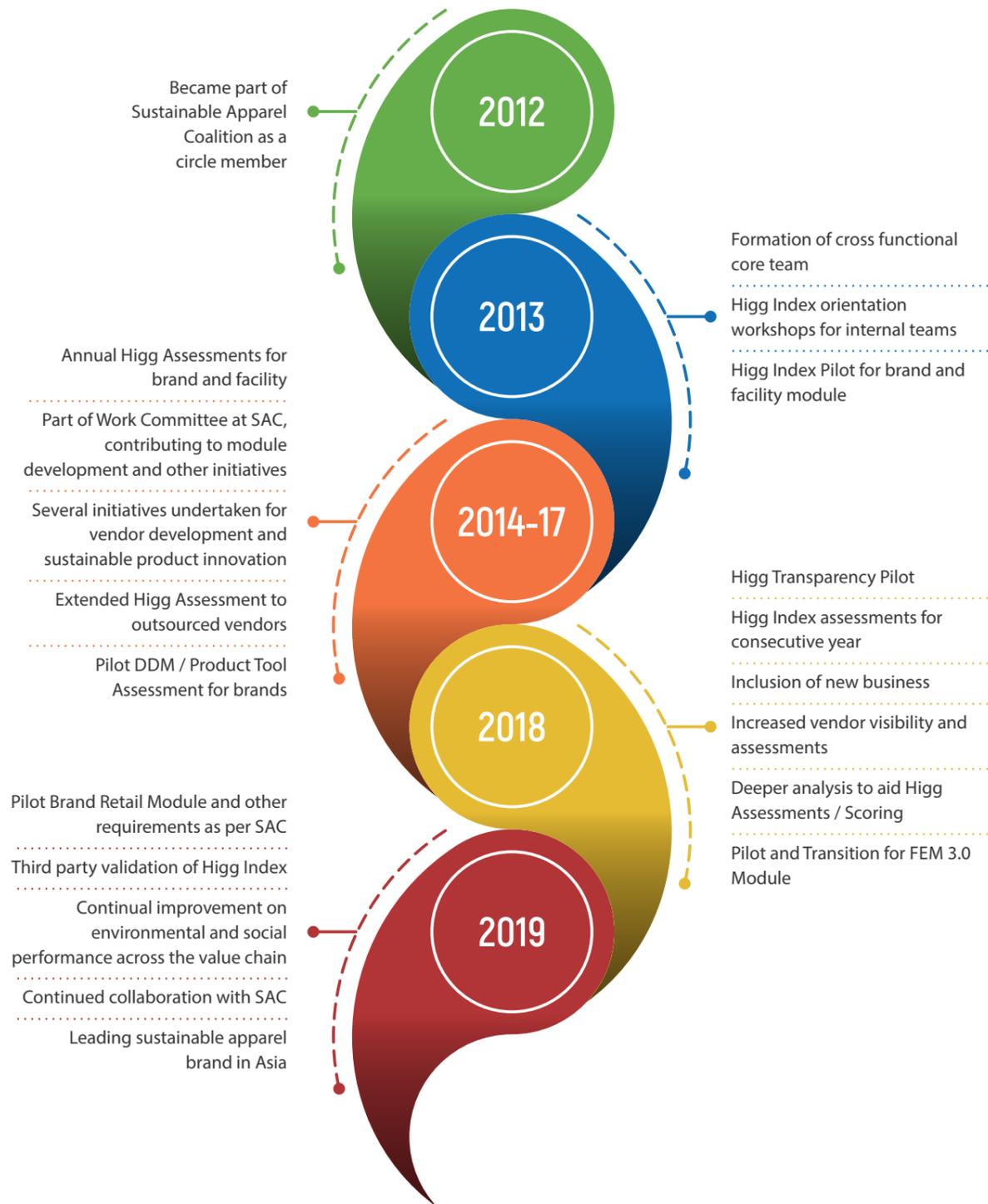
This year, we achieved two key milestones on our Higg Index journey. Firstly, we launched the Facility Environment Module 3.0 during the Annual Global SAC Conference (2017). Apart from participating in the pilot of the updated module, we will also complete the assessments for in-house facilities and extend it to outsourced vendors. Additionally, we plan to carry out third party verifications for select in-house facilities and solidify our commitment to the Higg Index. Secondly, we were the only Asian brand to participate in the Higg Transparency Pilots to analyse consumer perspective on sustainable product labelling. The retail module is under development and is expected to be launched shortly, by the SAC.

While the updated modules are awaiting release, we continued to integrate the Higg Index concepts to our mainstream business operations, through awareness, capacity building and clearly identifying roles and responsibilities which will make them an integral part of the journey.



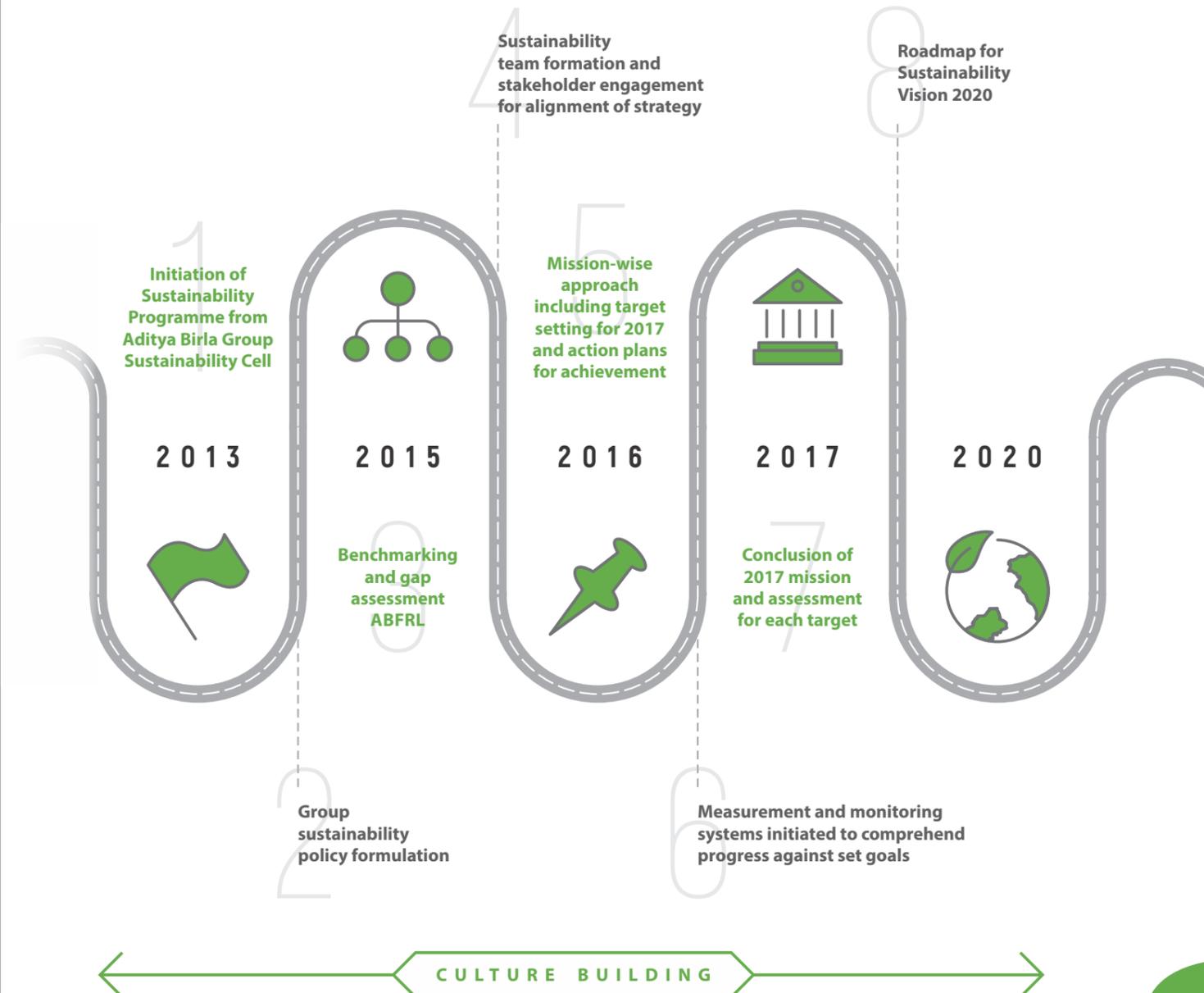


## SOME OF THE KEY MILESTONES IN OUR HIGG INDEX JOURNEY



## ReEarth MOVEMENT

Since FY 2013-14, we have worked to give back more than what we take from our ecosystem with our mission, ReEarth – For Our Tomorrow. Seeking to restore the balance between natural and business ecosystems, the movement aims to create a business that thrives in a world with rising resource constraints. Carried forward through 10 Missions with annual targets, clear responsibilities and timelines, it is supported by an efficient monitoring and evaluation framework. A summary of the missions, respective targets and status for the financial year 2017-18 is depicted below. Detailed disclosures on the activities under these missions are covered under the respective sections of this report.





## ReEarth Missions – STATUS DASHBOARD 2018

MISSION	TARGET	STATUS (FY 2016-17)
Energy	Reduce purchase of grid electricity by 2% through Energy Efficiency	<b>3% reduction</b>
	Reduce purchase of grid electricity by 10% through Renewable Energy	<b>5.08% reduction</b> <b>2 MW solar rooftop</b> <i>installations at 4 out of 5 facilities</i>
Carbon Footprint	15% reduction in Scope 1 & 2 emissions	<b>29% reduction</b> <i>in Scope 1 emissions due to process efficiency measures</i>
		<b>3.5% reduction</b> <i>in Scope 2 emissions by energy efficiency measures</i>
Green Building	To minimise the environmental impacts from our built environment by pursuing green building certification	<b>'GOLD' certification for two of our manufacturing units</b> <i>(under LEED rating system by US Green Building Council)</i>
Water	30% renewable water across own facilities	<b>5% renewable water</b> <i>sources across our own facilities</i>
	60% recycle / reuse across own facilities	<b>54% recycle/reuse</b>
WASH Pledge	100% compliance to WASH pledge	<b>98.5% compliance</b>
Waste	Zero waste to landfill across own facilities	<b>100% achieved</b>
Safety	Ensuring a safer workplace	<b>No fatalities across our operations</b>   <b>8 lost time injuries</b>
CSR	No. of beneficiaries (target)	No. of beneficiaries (achieved)
• Education	11,363	13,482
• Healthcare	202,240	218,706
• Sustainable Livelihood	610	623
• Social Empowerment	8,418	10,791
Packaging	100% packaging material with zero pollution potential	<b>88.26% Non-pollutant material</b>
Sustainable Product	Sustainability attribute computation methodology & baseline	Baseline for all brands completed
	Higg Assessment for brands & own factories	4 Lifestyle brands, 2 new businesses, Pantaloons and all in-house factories assessed
	Compliance to Vendor Code of Conduct	142 Tier 1 vendors assessed

## SUSTAINABILITY ROADMAP 2020

By 2020, we aim to be Asia's Most Sustainable Apparel and Retail Brand. To achieve this goal, we initiated the second leg of our sustainability journey with Sustainability 2.0 and a 2020 Roadmap.

Developed after a comprehensive gap assessment exercise, it is a clear articulation of our goals, and a singular vision that defines our sustainability values and maps the direction of our growth. It aligns our stakeholders across the value chain engaging employees, partnering with vendors and suppliers, and connecting with our customers, encouraging them to contribute with us. The roadmap details our progress across the ten identified focus areas, which are the ten sustainability missions – Energy, Carbon Footprint, Green Building, Water, Waste, WASH, Product, Packaging, Safety and CSR. This report presents the progress and achievement against Sustainability 2.0.

### OUR VISION

We are committed to give back more than what we take from our ecosystem.

## SUSTAINABILITY GOALS 2020

<b>GREEN BUILDING</b> To minimise the environmental impacts from our built environment by pursuing green building certification	<b>SAFETY</b> Zero severity in our premises	<b>PRODUCT</b> 20% of products to have 50 score on sustainable index. Transparency in value chain through Higg index
<b>ENERGY</b> Reduce purchase of grid electricity by 12% through energy efficiency and by 25% through renewable energy	<b>WATER</b> To be water neutral across own operations	<b>PACKAGING</b> 100% sustainable
<b>WASTE</b> Zero waste to landfill across own operations	<b>WASH (WATER, SANITATION &amp; HYGIENE)</b> To enhance employee morale & productivity by providing safe & hygienic workplaces. Sustain 100% compliance to WASH pledge	<b>CSR</b> To impact 18,000 girl students through education initiatives, over 300,000 beneficiaries in Health & Sanitation, and over 2,000 youth through sustainable livelihoods
	<b>CARBON FOOTPRINT</b> 25% reduction in GHG emissions (Scope 1+2)	



# C O R P O R A T E Governance

Businesses today are held to high standards by their stakeholders, who want to see companies operating with integrity, transparency and trust. The Aditya Birla Group ('Group') is one of the pioneers in the field of Corporate Governance. As a part of the Group, Aditya Birla Fashion and Retail Limited ('Company' / 'ABFRL') is committed to continuously adopt and adhere to the best governance practices, to achieve the ultimate goal of making the Company a value-driven organisation and thereby, fulfilling our goals and objectives in a manner that focusses on enhancement of value to the Company and its stakeholders. At ABFRL, we believe a framework based on these core principles not only enhances shareholder value, but also fosters trust among the stakeholders. Effective corporate governance is the bedrock of a company's sustained performance.

Our corporate governance framework and philosophy stems from our responsibility towards stakeholders and the need to conduct business in an ethical and fair manner.

## CORPORATE GOVERNANCE: PHILOSOPHY AND PRINCIPLES

 <b>TRANSPARENCY</b> in all decision-making processes relating to the Company	 <b>DISCLOSURES</b> Maintaining high levels	 <b>ETHICS</b> High standards	 <b>IMPROVEMENT</b> Regular review of processes and management systems	 <b>CONTROL SYSTEM</b> to enable the Board to efficiently conduct business and discharge its responsibilities to stakeholders
---	---	-------------------------------------	--	---

## ORGANISATION STRUCTURE

Good governance ensures a strong and balanced growth for all in a fair and responsible manner. An active, well-informed and independent Board go a long way in protecting the stakeholders' interest and simultaneously maximise long-term corporate values.

The Board of Directors is at the core of our Corporate Governance system, overseeing how the management serves the long-term and short-term interests of our diverse stakeholders. Operating within the framework of a well-defined responsibility matrix, the onus of management, general affairs, direction and performance of the organisation, rests on their capable shoulders. They have also been vested with the requisite powers and authority to fulfil their duties and responsibilities. The Managing Director remains the highest executive officer of the Company.



Composition of the Board of Directors (as on March 31, 2018)

<b>Mr. Arun Thiagarajan</b> Independent Director	<b>Mr. Ashish Dikshit</b> Managing Director
<b>Mr. Bharat Patel</b> Independent Director	<b>Mr. Pranab Barua</b> Non-Executive Director
<b>Mr. Sushil Agarwal</b> Non-Executive Director	<b>Ms. Sukanya Kripalu</b> Independent Director
<b>Mr. Sanjeeb Chaudhuri</b> Independent Director	



## COMMITTEES OF THE BOARD

As we are committed to following the best practices of corporate governance, the Board is responsible for ensuring the same from time to time. The Committees of the Board ('Committees') play a crucial role in the governance structure of the Company. They have been constituted under the formal approval of the Board to carry out clearly defined roles.

Members of the Committees possess expertise in relevant areas and functions, which enables better handling and expedient resolution of diverse matters. Terms of reference of all the committees are laid down in line with the requirements of the Act and the SEBI Listing Regulations, to deal with specific areas / activities which concern the Company that need a closer review, and to carry out clearly defined roles.

The Committees meet at regular intervals and take necessary steps to perform its duties as entrusted by the Board. There is a seamless flow of information as the Committees report their recommendations and opinions to the Board, which in turn supervises the execution of the respective responsibilities by each Committee.

### AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. The Audit Committee is entrusted with the responsibility to supervise and monitor the Company's internal controls and financial reporting process amongst other terms of reference.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted 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 related activities.

### NOMINATION & REMUNERATION COMMITTEE

The Committee is inter alia entrusted with the responsibility of formulating 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, KMP and other employees. It also specifies the methodology for effective evaluation of performance of the Board, its Committees and Individual Directors.

### RISK MANAGEMENT COMMITTEE

This Committee is inter alia entrusted with the responsibility of evaluating significant risk exposures of the Company, assessing Management's actions to mitigate the risk exposures in a timely manner (including one-off initiatives and ongoing activities such as business continuity planning, disaster recovery planning and testing) and ensuring that the Company is taking appropriate measures to achieve prudent balance between risk and reward, in both ongoing and new business activities.

### STAKEHOLDER RELATIONSHIP COMMITTEE

Considering and resolving grievances of the security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends, if any, is the primary responsibility of this Committee.



## POLICIES

Each employee, being an ambassador of the organisation, should adhere to all the principles and policies within the Company's Corporate Governance framework. This helps to build a culture across all levels of the organisation that translates into transparent, ethical and responsible execution of the operations of the Company. To enable this, the Company has formulated certain key policies.

### ANTI-FRAUD POLICY

The Company has adopted the Anti-Fraud Policy to promote consistent legal and ethical organisational behaviour, by assigning responsibility for the development of controls and providing guidelines for reporting and conducting investigations of suspected fraudulent behaviour.

### WHISTLE BLOWER POLICY

The Company has in place a Vigil Mechanism / Whistle Blower Policy, which facilitates direct access to the Management and the Audit Committee of the Board, to all stakeholders to report concerns about any unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

### COMPANY CODE OF CONDUCT

Signed by the Board members and senior management of the Company, it requires employees to observe the highest standards of ethical conduct and integrity, and work to the best of their ability and judgement.

The Company has also adopted the Policy for Prevention of Sexual Harassment at Workplace which gives the right to report inappropriate behaviour and seek redressal for their complaints. This ensures a work environment that is professional and mature, free from animosity and one that reinforces the Company's value of integrity, which includes respect for the individual.

With an ambition to become the leading Indian conglomerate for sustainable business, the Group has articulated a Sustainability Framework, as the guiding principle for all Group companies. ABFRL is aligned to this framework and under the leadership of the CSO, has defined the focus areas to improve their sustainability performance.

The other policies, programmes and codes include:

- Corporate Social Responsibility Policy
- Risk Management Policy
- Policy on Related Party Transactions
- 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
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

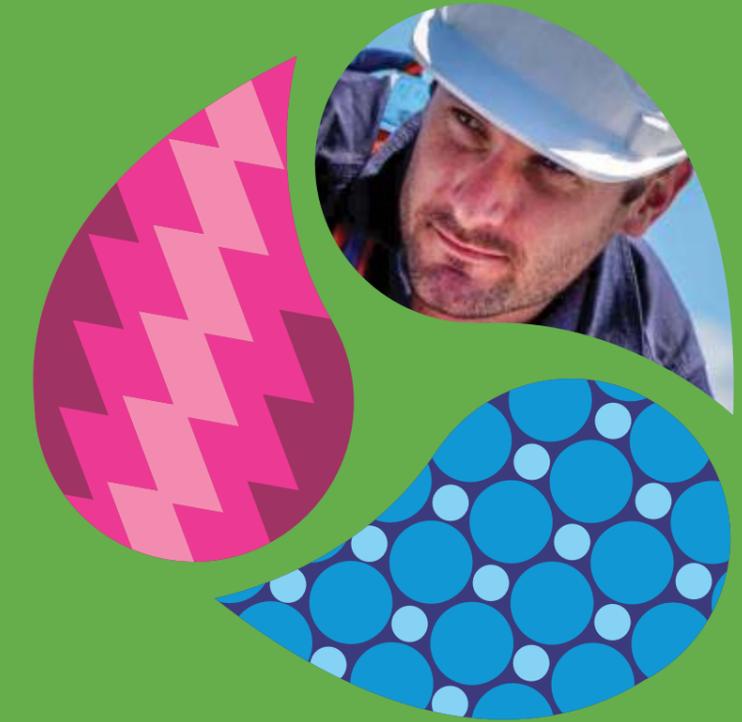


## PUBLIC POLICY ADVOCACY

In an ever-evolving environment, where a range of activities influence decision makers, it is imperative to engage in a consistent dialogue with a host of stakeholders. This is one of the key factors in the process of effective policy making. As we aspire to excel in the apparel and fashion industry, we continue to share our invaluable experiences and learn from the best practices of other companies. This promotes a healthy, informed and strong policy-making process, while providing perceptive outlook and incisive inputs to the key decision makers.

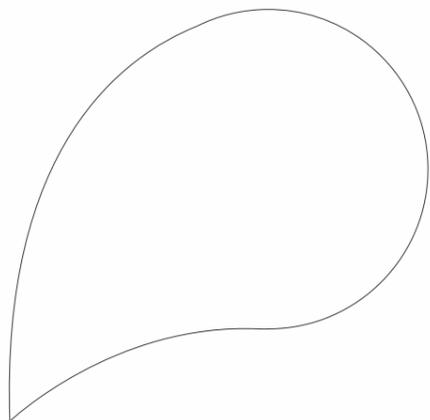
As reported earlier, we do not have a universal strategy on policy advocacy. However, efforts are taken on need basis with guidance from relevant industry bodies which we are members of.

## RESPONSIBLE STEWARDSHIP



*ReStoring*  
ECOSYSTEMS

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.



INR **11.09**

core environmental investment in Energy, Water & WASH missions



**54%**

of waste water recycled and reused across own facilities (MFL division)



# PERFORMANCE Environmental

**5%**  
of water sourced  
through renewable  
water sources

**5%**  
reduction in purchase  
of grid electricity through  
renewable energy measures

**3%**  
reduction in purchase  
of grid electricity due to  
energy efficiency measures

As per Forbes, the \$2.5 trillion fashion & apparel industry is an economic heavyweight. One of the largest consumer industries, it employs over 60 million people along its global value chain. For many emerging markets, it is a stepping stone out of poverty, with women making up over 70% of the supply chain. Unfortunately, along with its large economic and social benefits, the fashion & apparel industry also has an enormous environmental footprint. By some estimates, the fashion industry is responsible for up to 53 million ton of landfill waste a year, 10% of global CO<sub>2</sub> emissions, 20% of the world's industrial wastewater, 24% of insecticides, and 11% of pesticides use.

While consumer push towards environmental sustainability is slow and still niche, we at ABFRL, as the country's largest fashion retailer, are accelerating the mainstreaming of environmental sustainability through our comprehensive programme - ReEarth. It includes cascading sustainability across the entire value chain through a, well-defined, target-based roadmap for each environmental indicator, which facilitates effective, on-ground implementation, resulting in verifiable outcomes in desired time frames.

**ABFRL is aligned with the Aditya Birla Groups' vision to be the leading Indian conglomerate for sustainable business practices across global operations and we aim to become sustainability leaders in the apparel & retail sector in India.**

## OUR APPROACH

We started our journey in 2012-13 by flagging off 'ReEarth' - our sustainability philosophy of giving back more than what we take from our ecosystem,

**to reverse the trend  
and restore the balance.**

Progressing from legal compliance to embedding sustainability in our way of doing business, we have now embarked on the second leg of our sustainability journey - Sustainability 2.0 with a 2020 Roadmap, which aims to achieve significant reduction in grid electricity consumption, commits to zero waste to landfills, takes preventive measures to ensure no fatal accidents at our occupational workplaces, and targets massive reduction in our packaging footprint.

Our environmental sustainability focus areas (missions) include:

**ENERGY | WASTE | GREEN BUILDINGS | CARBON FOOTPRINT  
WATER | WASH | PACKAGING**

Going forward, we will strive to transform our sustainability focus areas to lay emphasis on customer engagement, responsible innovation and increased transparency.

Greening our Energy Mix



## ENERGY

As per the Government, the textile & apparel sector in India is the second largest employment provider in the country, and accounts for 10% of the country's manufacturing production, 5% of India's GDP, and 13% of India's export earnings. Although the garment sector is not considered energy-intensive, it comprises a large number of plants that, together, consume a significant amount of energy which also result in substantial greenhouse gas (GHG) emissions.

At ABFRL, our constant focus is to enhance energy productivity and inject more green energy in our energy mix. **By 2020, we aim to reduce purchase of grid electricity by 12% through energy efficiency and by 25% through renewable energy.**

**During the reporting period, we invested INR 9.57 crore in our energy mission, to enhance energy productivity and accelerate our transition to renewable energy.**

### ENERGY PERFORMANCE

#### Absolute Energy Consumption ('000 TOE)

	FY 2016-17	FY 2017-18
Direct	1.99	2.31
Indirect	4.66	5.45
<b>Total</b>	<b>6.65</b>	<b>7.77</b>

The increase in absolute energy consumption was due to enhancement of reporting scope which resulted in inclusion of additional warehouses and retail stores.

#### Energy Intensity

	FY 2016-17	FY 2017-18
Total Energy Consumption (TOE)	6,650	7,768
Total Revenue (INR crore)	6,633	7,181
Energy Intensity (TOE/INR crore)	1.0	1.0

The energy intensity increased by 8% over the previous year due to enhancement of reporting scope which resulted in inclusion of additional warehouses and retail stores.

**The target for FY 2017-18 was to reduce grid electricity consumption by 2% through energy efficiency, against which we achieved a saving of**

**3.01%**   
against the baseline year 2016-17.

#### Energy Savings



**18.58 lakh** units kWh saved by enhancing operational efficiency



**8.62 lakh** units kWh saved by installing LED lights

#### Total Units kWh Saved

**27.20 lakh**

#### Emissions Reduced

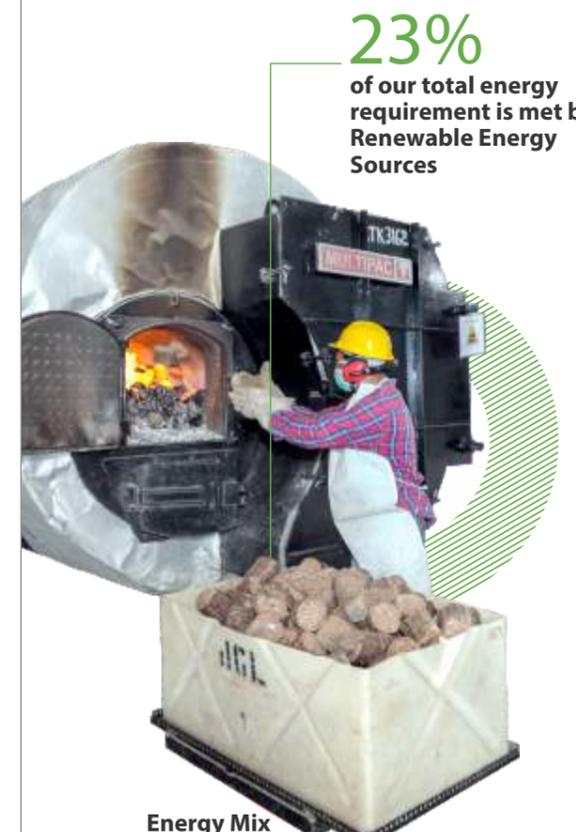
**2,231 tCO<sub>2</sub>**



### RENEWABLE ENERGY

In alignment with our ReEarth programme, we aim to further enhance the use of alternate and cleaner sources of energy across our operations in a planned manner through the usage of solar power and renewable fuel like biomass-based briquettes.

Our target for FY 2017-18 was to affect a 10% reduction in consumption of grid electricity through renewable energy, against which we achieved 5.08%.



#### Energy Mix ('000 TOE)

	FY 2016-17	FY 2017-18
Renewable	1.64	1.78*
Non-Renewable	5.01	6.03

\*Includes purchase of Non-Solar Renewable Energy Certificates (RECs)

Note: There has been a slight reduction in the percentage of renewable energy in the energy mix as compared to last year due to increase in reporting scope which has resulted in addition of warehouses and retail stores.

## CARBON FOOTPRINT

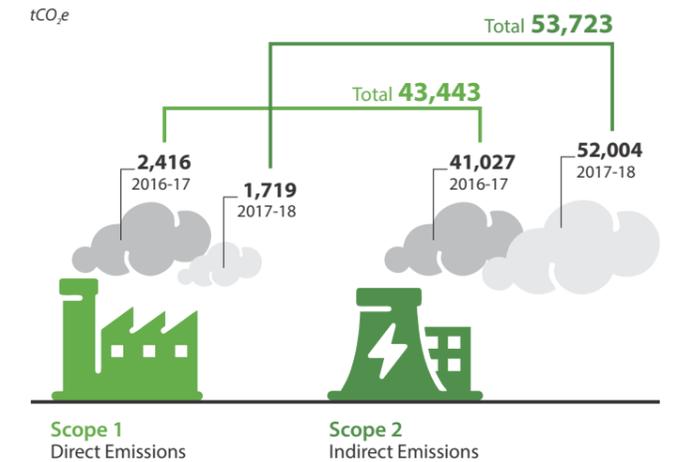
Energy and emissions are two sides of the same coin. While energy security and cost are important parameters in our energy strategy, the key focus is to shrink our carbon footprint and contribute to combating climate change.

**By 2020, we aim to reduce our GHG emissions (Scope 1 & 2) by 25%.**

In 2017-18, we achieved

**29%** reduction in Scope 1 emissions due to process efficiency measures  
**3.5%** reduction in Scope 2 emissions by energy efficiency measures, against the baseline FY 2016-17

#### Absolute GHG Emissions tCO<sub>2</sub>e



Note: Increase in Scope 2 emissions is due to the increase in the report scope with the inclusion of additional number of warehouses and retail stores. The Scope 3 emissions have been excluded as the value is under computation phase. Decrease in Scope 1 was helped by the increase in the consumption of biomass.



CASE STUDY

## SOLAR ROOFTOP INSTALLATION

### CHALLENGE

Use of renewable energy sources such as solar energy to reduce the dependency on fossil fuels which are depleting and are key polluters.

### ACTION

Installation of solar rooftop Photovoltaic to reduce our intake of grid electricity and meet our demand through renewable energy sources.

We have signed an agreement with a solar developer for 2 MW of solar rooftop installations at 5 of our facilities. The installation has been completed at 4 of our factories (FCL, HAL, CCL and EGL) and is scheduled to be commissioned in FY 2019. Once commissioned, it will help us in reducing the carbon footprint and dependence on fossil fuels.



### OUTCOME

Once operational, it will have the following potential benefits:

**80%** substitution of grid power

**3,000** tons of carbon emissions elimination per annum

INR **46 crore** savings over the contract period of 25 years. No Capex investment

## GREEN BUILDINGS

Our focus on green buildings works in synergy with our missions of energy, waste and water.

By 2020, we aim to achieve Green Building Certification for more than 15 lakh sq. ft. area of our built footprint.

### HIGHLIGHTS FY 17-18



**2** of our manufacturing facilities spread across 3 lakh sq. ft. were awarded 'Gold Certification' under the U.S. Green Building Council LEED rating system



### KEY FEATURES

SUSTAINABLE SITES	WATER MANAGEMENT	ENERGY	MATERIALS
<p>More than 20% of roof and non-roof rainwater is harvested</p> <p>More than 40% area is under landscaping (33,000 out of 73,000 sq. ft. site area) and more than 50% of the plants at the site are native species</p> <p>More than 90% employees use Company provided transportation</p> <p>Only Green Seal chemicals and low Volatile Organic Compound materials are used for exterior maintenance and general housekeeping</p>	<p>Efficient fixtures help save 25% of potable water</p> <p>All the important water consumption sources are metered and monitored</p>	<p>Sky lights help utilise daylight for ambient lighting</p> <p>89% of the total energy required is generated from waste (bio-fuel)</p> <p>LED lighting across complete facilities except for quality checking</p> <p>Only CFC-free refrigerant is used in HVAC equipment</p>	<p>More than 75% purchases made under on-going consumables adhere to the sustainable criteria of recycled content and/or are regionally sourced and manufactured</p> <p>Only energy-star rated desktops and laptops are purchased and all office furniture is locally manufactured</p> <p>More than 90% of waste is diverted from landfill</p> <p>Food/kitchen waste is converted to compost and used in landscaping</p>

## WASTE

As per Edited ('Edited' is the industry standard tool used by fashion retailers to get pricing and product right), landfills are the largest fashion victims with over 53 million ton of fashion waste being dumped into them every year.

At ABFRL, when it comes to waste, we follow a two-pronged strategy - first, reduce overall waste and encourage circularity and second, encourage safe disposal. **By 2020, we aim to achieve zero waste to landfill across our own operations and have already institutionalised a comprehensive monitoring system to track and manage waste.**

Total Waste Generated (MT)		
	FY 2016-17	FY 2017-18
Non-hazardous	3,443	4,759
Hazardous	3	5
<b>Total</b>	<b>3,446</b>	<b>4,764</b>

Note: Increase in reporting scope has led to increase in absolute quantum of waste.



### Initiatives

Consumption of plastic products and generation of plastic waste has been a cause for alarm. To combat this menace, we have stopped procurement of plastic bags at Pantaloon's retail stores. Currently, we are only liquidating the existing inventory.

**As on Mar 31, 2018, we have 166 'paper bag' stores and only 100 stores are still to exhaust their plastic bag inventory.**

Other measures that we have implemented for better waste management include:

- Initiated 'Zero Waste to Landfill Stores' pilot project
- Flagged off a programme for destination traceability of waste
- Converting food/kitchen waste to compost and using it for landscaping
- Focussing on 100% elimination of 'pollutants' from our packaging waste through elimination, reduction, replacement and/or reuse of packaging material (Please refer to the packaging section for a detailed account of the same)



### WASTE DISPOSAL

We ensure that all regulated waste (including the hazardous waste and e-waste) is disposed through authorised vendors, in line with ABG's stated procedures as well as government norms. No show cause/legal notices have been received from any pollution control boards during this financial year.

**We have achieved 'Zero Waste to Landfills' across all ABFRL facilities**

### CASE STUDY

## 'ZERO WASTE TO LANDFILL' STORES

### CHALLENGE

**To achieve 'zero waste to landfill' status across all retail stores in India.**

### ACTION

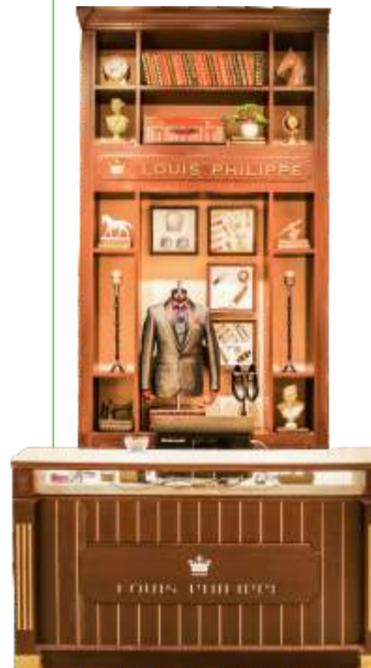
We conducted a pilot comprising 100+ retail stores in Bengaluru city to understand the kind and quantum of waste we generate and explore possibilities of reduction by following the hierarchy of waste management and principles of circular economy.

The steps undertaken included

**Identification of brand SPOCs | Orientation programme for all stores**

**Trial runs at 11 stores | Rolling out of assessment tool for each store**

**Conducting a pilot across 104 stores | Establishing digital tracking & monitoring**



### OUTCOME

The advantages of this initiative were multi-fold:

**All waste is now managed responsibly through the formal sector**

**Supported establishment of a waste management ecosystem**

**Achieved significant reduction in emissions**

**Enabled job creation, 75% of which were for women**

## WATER

Fresh water is a natural resource boundary that has been crossed in many geographies. The apparel industry is highly water intensive and needs to proactively play a lead role in water conservation and rejuvenation. At ABFRL, we are implementing sustainable solutions to address water consumption and to be more water smart in every part of the supply chain.

We are not only monitoring its usage, but are also working towards a long-term target of being water neutral across our own operations by 2020

During the reporting period, we invested INR **1.52 crore** to mitigate risks associated with water scarcity, and to improve our water management performance

For the year 2017-18, the target was to recycle 60% of our water consumption across all our MFL facilities, against which we recycled and reused **54%**



Our water management initiatives include

- Strengthen waste water recycling systems | Install rainwater harvesting with artificial recharge systems
- Install water-efficient fixtures across facilities | Use treated wastewater for flushing and gardening

Water Withdrawal	(m <sup>3</sup> )	
	FY 2016-17	FY 2017-18
ABFRL		
Surface Water	44,420	49,632
Ground Water	121,367	97,137
Total Water Withdrawal	165,787	146,769

Water Harvested & Recycled	
	FY 2017-18
MFL	
% Rainwater Harvested	5%
% Water Recycled & Reused	54%

Note: Water is not considered to be material aspect for Pantaloons

**20%** Reduction in Ground Water Withdrawal

**11%** Reduction in Total Water Withdrawal

The overall water consumption is showing a declining trend due to initiatives such as recycling, reuse and rainwater harvesting. Also, there was a focus to reduce ground water consumption since Bengaluru falls under the critical zone.

## WASH

In 2015, the World Health Organisation (WHO) estimated that '1 in 3 people, or 2.4 billion are still without sanitation facilities', while 663 million people continue to lack access to safe and clean drinking water. Aditya Birla Group is a signatory to the WASH at the workplace pledge with an aim to contribute concretely to the implementation of SDG 6. We, at ABFRL, feel strongly about promoting safe hygiene practices at work and beyond.

By 2020, ABFRL aims to enhance employee morale and productivity by providing safe and hygienic workplaces, maintaining 100% compliance to 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



We are compliant with WASH standards, and have monitoring and review mechanisms in place to ensure regular compliance. Every quarter, we conduct a deep dive exercise assessing compliance to the WASH pledge and addressing gaps, if any.

ABFRL has maintained **98.5%** compliance to WASH Pledge Guidelines

## PACKAGING

**By 2020, ABFRL aims to use 100% sustainable packaging.**

Our sustainable packaging strategy takes into consideration components such as packaging design, quality, reduction of waste and recycling packaging material for both - our products as well as transport packaging.

Our action plan comprises categorising the existing packaging material into functional and aesthetic, and seeking innovative ways to reduce/eliminate it. Also, actively sourcing environment-friendly substitutes for packaging components that need to be retained.

Towards this goal, we undertook a benchmarking study on nine brands and followed it up with a detailed assessment of our packaging processes which included classification of packaging into pollutant or non-pollutant, weighing the

individual packaging items, computation of their environmental impact and footprint, and comparison of the same with other brands.

### Pollutant and Non-Pollutant Packaging

	FY 2016-17	FY 2017-18
Non-Pollutant	92.55%	88.26%
Pollutant	7.45%	11.74%

This year, we have extended the scope of packaging material computation across all ABFRL brands including new businesses; therefore, the number of products being analysed have increased, which has manifested in the decrease in percentage of non-pollutant packaging.

### Initiatives for Sustainable Packaging

Developing a comprehensive packaging manual which details material optimisation, standardised processes and production line monitoring system

A comprehensive packaging policy to promote sustainable packaging has been formulated and is ready to be rolled out

Developing alternative raw material or better packaging substitute which is non-pollutant, recyclable or both

Devising a packaging testing protocol and standard for monitoring quality, and for the final acceptance of packaging



We have ensured standardisation of packaging specifications across our value chain. The standardisation process flow of our packaging specifications includes the following stages:

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

### CASE STUDY

## CIRCULAR WASTE DISPOSAL MECHANISM

### CHALLENGE

**Reduce waste generation by shifting from linear one-time-use packaging to a circular reusable option.**

### ACTION

Adoption of recyclable collapsible plastic crates for transportation in place of corrugated box cartons. A pilot was conducted for transport of stock between Bengaluru warehouses to Bengaluru retail stores.



The advantages of using collapsible plastic crates:

**Reusable** - can be used multiple times with minimal wear, unlike corrugated boxes

**Durable** - weather resistant, non-absorbing and more rigid than corrugated boxes

**Safe** - do not require box cutters to open, which in turn minimises injury risks

**Recyclable** - made of plastic which allows them to be recycled, creating less waste in our environment and landfills

**Savings** - reduce labour costs and lesser costs per trip, which leads to a rapid return on investment (ROI)

### OUTCOME

**70 ton**  
Reduction in  
Packaging  
Consumption

INR  
**30.6**  
lakh Cost  
Saving

**Accelerated**  
progress towards our  
'zero waste to landfills' objective

PERFORMANCE  
*Financial*



**₹7,181**  
Crore Revenue, up 8%

**5.4%**  
Increase in EBITDA

Covered  
**35%**  
of our fabric supply chain under the green channel partnership

**22**  
million  
+ Loyal Customers

At ABFRL, profitability is rooted in the ethos of creating shared value for all our stakeholders. We generate economic value by passionately satisfying Indian consumer needs in fashion, style and value, across wearing occasions in Apparel and Accessories, through strong brands and high-quality consumer experience. This value, which is created in an environmentally and socially inclusive manner, is then utilised to create a positive change for the stakeholders including community, employees and the industry.

**ECONOMIC VALUE GENERATED AND DISTRIBUTED**

Economic Value Generated	Amount
Revenues	72,142
Economic Value Distributed	
Operating Costs	59,119
Employee Benefits and Wages	7,723
Payment to Providers of Capital	1,716
Payments to Government	271
Community Investments	18
Economic Value Retained	
	3,295



INR million

**BUSINESS OVERVIEW**

ABFRL is India's largest pure play fashion and lifestyle entity with an elegant bouquet of leading fashion brands and retail formats.

The biggest trend that's gaining momentum is that global fashion industry is moving towards a decisive phase of digital adoption by the mainstream consumers. The new age shoppers' comfort with digital medium and content has changed the customer shopping journey from a linear process to a complex trajectory traversing across online and offline touch points. This offers an immense opportunity for fashion brands to create consumer delight by offering 24X7, deeply engaging and a much more premium shopping experience for our customers.

The industry continued with its rapid growth this fiscal, led by aggressive expansion by value and mass fashion players, strengthening of foreign brands and strong growth of e-commerce players. Growth of the market is characterised by an increasing aspiration for owning brands and rising discretionary spends, though constrained by high price sensitivity.

**E-commerce continues to build upon its strength of providing rapid scale & deep access to markets and consumers - augmenting the opportunity that lies in strong brands to partner with them and recruit new buyers.**



Omni-channel emerged as a promising bet as both online and offline players dabbled with it – many online players started physical stores while established offline businesses invested in developing online capabilities.

Here are the key business developments this year at ABFRL:

## LIFESTYLE BRANDS

Riding on an extensive and deeply penetrated distribution network, our lifestyle brands - Louis Philippe, Van Heusen, Allen Solly and Peter England - continue to be leaders within their respective segments. With continuous efforts towards offering consumer delight through high quality products and differentiated in-store experiences, we expanded our loyal consumer base to approximately 12 million this fiscal. These brands have created very strong equity amongst our loyal customers through years of persistent focus on product innovation, design development, consumer satisfaction and brand building.

During this fiscal, business expanded its reach through new store openings, along with improving same store performance through focussed store-level interventions. The business focussed on integrating consumer feedback into product design and planning, aiming at improving product satisfaction scores amongst consumers. Lifestyle business took significant strides towards adopting digital ways of working, both in terms of consumer engagement and brand building. We were one of the early movers to adopt omni-channel capabilities and our concerted efforts helped expand the coverage to more than 700 stores, giving our consumers unmatched access to a wide variety and choice of products.

Expanded the coverage to more than

**700**  
STORES



## FAST FASHION

**We took an early bet on the Fast Fashion business by positioning ourselves in the segment through two "youth fast fashion" retail brands - People and Forever 21.**

While Forever 21 is the iconic global fast fashion brand that enjoys an enviable following amongst young girls, People is a young and edgy brand that seeks to address the fashion aspirations of Indian youth. This fiscal, we took a calibrated approach towards this portfolio with a clear focus on improving profitability. Many vintage stores were rationalised during the year and new retail store models were tested and established. These initiatives led to improved profitability, thus establishing a replicable, profitable model for future expansion.

## INNERWEAR

Innerwear is a large and attractive market, currently under-penetrated in the premium branded segment. We forayed into this space with the launch of Van Heusen Innerwear for men in mid of FY 2017-18 and are encouraged by the outcomes in a short span of time. During this fiscal, the innerwear segment aggressively added points of distribution through pan India launches. Riding on product strategy focussed on fit, fashion and innovation and favourable engagement models with channel partners, we consider this segment to become an important growth driver in coming years.

## INTERNATIONAL BRANDS

**International brands portfolio comprises The Collective, India's largest multi-brand retailer of international brands and select mono brands. Simon Carter and Ted Baker, which were signed in FY 2017, opened their first stores this fiscal and were well received by consumers.**

Additionally, during the year under review, we signed a few more premium international brands for the Indian market - Polo Ralph Lauren, American Eagle and Fred Perry. These brands will open their first stores in the coming financial year. With aforesaid additions to our portfolio, we will continue on the trajectory of building a strong, but selective, play in the emerging Super Premium and Bridge to Luxury segments.

## PANTALOONS

Pantaloon is amongst the most widely present retailers in the value fashion segment with a network of 275 stores spanning over 3.76 million square feet. During the year under review, as the value fashion segment grew strongly, Pantaloon added 66 new stores to its network and entered many new Tier 2 and Tier 3 markets. These new stores will mature over the coming years and will add to our growth and profitability. Pantaloon also undertook various cost-optimisation initiatives, leading to improved profitability. The business continues to make sound progress towards increasing the share of franchisee stores in the network to improve capital efficiency.

**Pantaloon has been awarded the IMAGES Most Admired Affordable Fashion Retailer of the Year for a second consecutive year along with the Best Turnaround Story Award, 2017.**

**Pantaloon was also recognised as "Most Trusted Fashion Retailer" in the Brand Equity Survey of Economic Times, 2016-17.**

**Its customer relationship programme with over 10 million deeply engaged customers is one of the key drivers of growth, contributing to more than 90% of sales.**

pantaloon



## BUSINESS STRATEGY

### BUILDING STRONG BRANDS

Brands rule, whether they are offline or online. It is therefore important to maintain our leadership position, and continue investing in brand building, product design and a refreshed store experience.

The product innovation focus will continue to drive the differentiation, supplemented with initiatives to incorporate customer feedback. We will continue to adopt newer modes of engagement with our customers and create strong associations to strengthen our brands. The consumer-centricity framework is based on continuous research, big data analytics, real-time feedback from retail outlets and a constantly growing loyalty programme.

### ENHANCING PORTFOLIO

We have laid out a clear growth path for value creation by strengthening our existing businesses and accelerating play in emerging business segments. We have continuously identified emerging segments in the market and sought to enhance its play through a combination of brand extensions, new product launches and strategic acquisitions.

**In the last few years, we have expanded our presence in casual wear through brand extensions and also gained a strong position in the fast-growing value fashion segment through Pantaloons. The portfolio has been strengthened with inclusion of Forever 21 in women's fast fashion and men's innerwear under the brand Van Heusen.**



### DIGITAL TRANSFORMATION

Consumer behaviour, in terms of buying, is highly influenced by the digital environment, ensuring the way forward for fashion retail to play a significant role in digital media and commerce. It has raised expectations of customer experience and put a higher value on convenience, price and personalisation.

We recognise the need for going digital - ensuring internal transformation and external market readiness. We have initiatives such as data analytics, in-store digitisation and marketing, to ensure shifts in ways of doing business.

The digital architecture at ABFRL is built around a strong analytics framework, which gives a single customer view across physical and digital mediums, assisting in faster decision making. We are pursuing in-store digitisation through virtual stores and omni-channel initiatives, while also exploring additional functionalities.

The customer shopping journey is not linear, thus, there is a significant focus to drive transformation using digital platforms, in the quest to build a future-ready organisation.



### BUILDING AN AGILE DESIGN & SUPPLY CHAIN

Design and product development is at the core of the apparel business and we continue to invest in these functions. We will drive product innovation by incorporating customer feedback in the design cycle. We continue with the 4 season cycle that is Spring, Summer, Autumn and Winter, to build an agile design and supply chain ecosystem which enables us to offer greater freshness and the latest fashion, in line with current trends.



### EXPANDING DISTRIBUTION FOOTPRINT

ABFRL has been growing rapidly through its multi-channel distribution strategy, and is now present in more than 750 cities. With the expansion of retail opportunity across India, we intend to continue building reach and penetration through physical stores, along with strong omni-channel play. Together with increasing penetration in existing territories, we see tremendous opportunity in the vast Tier 2, 3 and 4 markets of the country and plan to expand presence through appropriate business models. This will help us in gaining a strong position across markets to meet the growing demand for high-quality, ready-to-wear branded apparels.

### LOCAL SUPPLY

We firmly believe that balance brings harmony. We continuously strive to create the right blend between global standards and local intricacies. In alignment with the ReEarth Philosophy, we foresee a future of symbiotic, self-sustaining ecosystems. In addition to the local supply of talent and input materials, we are incorporating ancient regional art forms into our products and bringing them to the mainstream.

**We have been persistent in our support for our nation's rich artisanal diversity. We do so by supporting traditional crafting methods, preserving antique printing techniques, leveraging the skills of local artisans for fine hand-made fabrics and harnessing the beauty of classic designs.**

We continue to believe that preserving art through providing newer mediums of expression and introducing traditional artists to the mainstream, facilitates a win-win situation for us. It helps foster the creation of innovative product lines which contribute to higher revenues, at the same time helping keep the ethnic art forms alive. Our major brands continue to roll out dedicated lines which are committed to this cause.



## SUPPLY CHAIN SUSTAINABILITY

Effective purchasing and supply chain management impacts an organisation's supply chain and sustainability of society as a whole. In order to ensure a sustainable value chain, we encourage our suppliers to be conscious in their business actions. We have the following programmes in place to ensure supply chain sustainability and responsible business operations:

### GREEN CHANNEL PARTNERSHIP

The Green Channel Partnership is an initiative where we work with key fabric suppliers to reduce lead time, cost and improve efficiency. This helps us to procure responsibly through a sustainable supply chain.

**35.1%** of our fabric supply chain has been covered under the green channel partnership activity in FY 2017-18.

### VENDOR CODE OF CONDUCT

Our Vendor Code of Conduct (VCOC) serves as a document for suppliers to lay down the guidelines for their environmental and social management action plans. The VCOC is also utilised to assess our supplier's compliance with environmental, social and legal provisions. Several of our key suppliers have been assessed on the VCOC, through a robust auditing system.

### SUPPLIER ASSESSMENT ON RESTRICTED SUBSTANCES LIST

We were the first Indian retailer to develop a restricted substances list (RSL) in the year 2012. We are also in the process of implementing robust interventions in the area of chemical management and are in the process of formulating a policy on chemical management.



### TRANSPORTATION

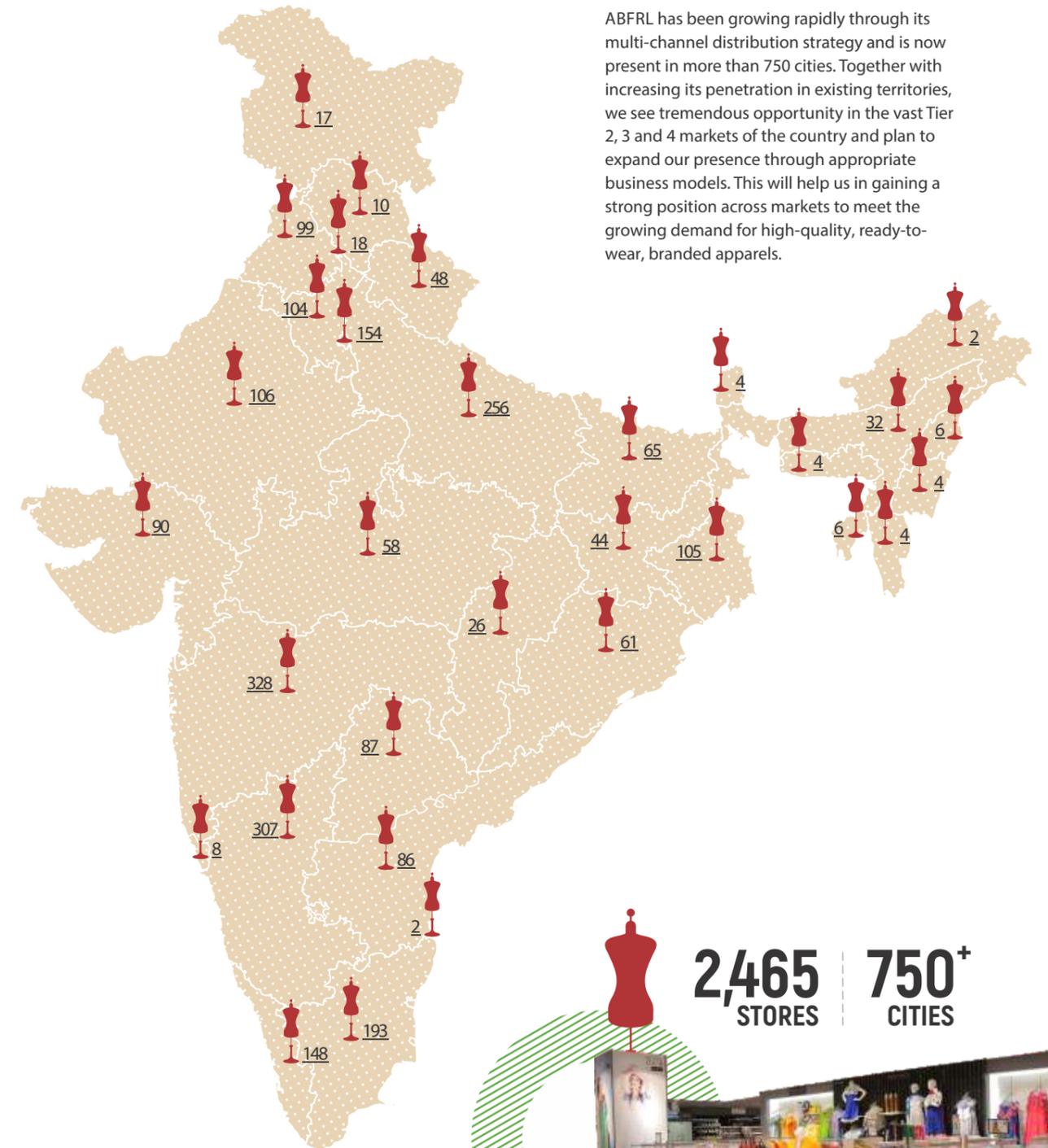
We are periodically conducting feasibility assessments to identify the most efficient means of transport and freight movement. Active measures are also being taken to reduce the usage of air transport. We believe that these measures will help optimise our logistics management resulting in lower emissions.

### MATERIALS

We are constantly focussing on building meaningful alliances with the providers of sustainable raw materials. We are a member of Better Cotton Initiative (BCI), a non-profit organisation, which works towards safeguarding global standards of better cotton and integrating the complex cotton supply chain, right from the farmers to the retailers. In addition, we are also focussing on assuring the quality of materials supplied. All our current suppliers are mapped to explore possible innovations in fabric such as cotton, hemp, viscose and recycled polyester.

## FOOTPRINT

ABFRL has been growing rapidly through its multi-channel distribution strategy and is now present in more than 750 cities. Together with increasing its penetration in existing territories, we see tremendous opportunity in the vast Tier 2, 3 and 4 markets of the country and plan to expand our presence through appropriate business models. This will help us in gaining a strong position across markets to meet the growing demand for high-quality, ready-to-wear, branded apparels.



Map not to scale

P E R F O R M A N C E  
*People*



**20,508**  
Employees

**10,297**  
Women employees

**102**  
Specially-abled employees

**735**  
Store level employees undergoing career advancement programme

Aditya Birla Group won the Best Employer in India Award 2018, making us the employer of choice for professionals.

'The Biggest Brands and Best People' is the ideology that steers ABFRL. As a well-known brand and business, we believe we are what we are because of our people. Our unique Employee Value Proposition – 'A World of Opportunities', reflects this attitude and attracts the best professionals across the industry. Our multiple brands, formats, world-class factories and country-wide store network, become a canvas of opportunities for our talent to shine.

At ABFRL, we have cultivated a healthy and harmonious environment across the organisation through our focus on Development Initiatives, Gender Diversity and Community Development. In our diverse workforce of 20,000+ employees, women make up 50% of our talent and 53% of our employees are under the age of 30. This robust diversity of gender and age enables us to develop holistic perspectives in our everyday operations.

We constantly embed our values of Integrity, Commitment, Passion, Speed and Seamlessness among our people. Thus, creating an ambiance of openness, enthusiasm and vibrancy within the organisation. Additionally, long standing, consistent and well-rounded conversations and relationships between managers and employees, contribute to our thriving work environment. This combined with our well-entrenched people process, ensures that we not only attract, but also retain the best talent in the industry.

**ABFRL welcomed 9,738 new employees in FY 2017-18. Together, a diverse workforce of over 20,000 employees enable us to delight our customers across India through superior products, infrastructure and memorable experiences.**



## MANAGEMENT APPROACH

### DELIVERING EVP THROUGH OUR PEOPLE STRATEGY

By being committed to strengthening our Employee Value Proposition, we provide our employees with a world of opportunities in every aspect – be it in learning and development, career growth, rewards & recognition, enrichment of life through a healthy work environment or our well-being programmes. Each of our programmes that fall under EVP, is designed keeping in mind factors such as diversity of employee profile, skills and age group.



### LEARNING & DEVELOPMENT

Our on-boarding programme for new hires has been established to ensure seamless integration into the organisation. We also invest in career development programmes, for our existing employees, both store and corporate, that include long duration interventions that are focussed on preparing them for next level roles. We also offer functional capability building programmes for corporate employees through professional courses under the umbrella of ABFRL University. We continue to prepare our talent pool to embrace disruptions, to be agile and adapt to change.

### CAREER GROWTH

At ABFRL, we leave no stone unturned when it comes to our employees. We take a 360° approach in talent management, with equal focus on attracting top quality talent, retention, development and upward career moves for talent. We also encourage our employees to take up bigger roles through career services and internal job postings. Our leadership teams lead the process of succession planning and talent management through talent councils. This has led to significant traction on talent development and internal growth.

### ENRICH YOUR LIFE

We have introduced a flexible work arrangement policy that empowers employees and managers to balance personal and professional priorities. By reviewing the decision powers and the layers in the decision making, we have worked at creating a more empowering organisation, leading to faster decision making and market response time. This has led to improved productivity for employees, and as a result, improved work-life balance.

### REWARDS & RECOGNITION

Our reward systems help drive the culture of meritocracy and ensures market competitiveness. Celebrating success through recognition programmes are at the core of building a vibrant ABFRL environment. Our celebrated annual engagement events are forums where we applaud and recognise team and individual achievements, value champions and feats achieved by employees that are beyond the call of duty.



**A brand or company this large can only be built collectively by its people, hence, encouraging a sense of belonging and ownership amongst employees is key to maintaining an engaged team, resulting in workplace satisfaction, retention and enhanced productivity.**

Our People Management Approach factors in the 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. Through the young talent management programme, we bring onboard a mix of aspiring professionals every year from the field of fashion and management, for our corporate and retail functions.

At our factories, we employ rural women, giving them opportunities to contribute to their family income. Our structured HR process is in place that transforms rural women to become breadwinners of the family in a record time of 14 days. The process also identifies high-potential line workers from these women and they are groomed for leadership roles at a later stage.

At our stores, through our career advancement programmes, we provide opportunities to our store staff, who come from the bottom of the pyramid and give wings to their aspirations, by grooming them to take on bigger responsibilities as store manager and beyond.

## POLICIES & PROCESSES

At ABFRL, we have established a comprehensive HR induction and orientation programme that gives new employees an overview of the HR policies and processes. These policies and processes are reviewed periodically based on industry best practices and feedback received from employees through various communication forums such as town hall, open houses, employee surveys and more.

### EQUAL OPPORTUNITY EMPLOYER

We at ABFRL ensure 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.



### REMUNERATION & BENEFITS

We have a comprehensive and inclusive approach towards Remuneration and Benefits. Several benefits are provided to our full-time and part-time employees, in addition to their salary. All employees are also eligible for life insurance and healthcare cover. Additionally, our permanent employees are entitled to parental and maternity leave and retirement provision. The part-time employees can also avail of maternity leave.



## OCCUPATIONAL WELLNESS

At ABFRL, safety is our top most priority. Our safety goal is to achieve 'zero severity at workplace' by the year 2020.

- An Occupational Health Policy and a Safety Policy have been rolled out that is aligned with the ABG policy.
- We lay great emphasis on safety awareness, and regular training on better working practices is carried out across all our factories and businesses to help prevent injuries and mishaps.
- The safety of our women is of utmost importance and 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 is an integral part of our on-boarding process and we ensure that all new employees are trained during their induction. We also conduct regular mock drills to ensure their preparedness and awareness of a safe working environment.
- '5S', which is a workplace organisation method, has been executed at warehouses, and is being implemented in the factories and offices.
- We have instituted Environment, Health and Safety (EHS) committees at our factories, warehouses and at our regional and corporate offices. Monthly EHS meetings and reviews are carried out to track performance levels.

All the above safety initiative drives have resulted in improvement in the overall audit scores across parameters. In FY 2017-18, there were **8 lost-time injuries** (any work-related injury or illness which renders the injured person [employee or contractor] temporarily unable to attend the next scheduled work shift) and **no fatalities** in operations under our control.



### 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 adheres to the 'Vishakha' guidelines, which entails the chairperson to be a woman and the complaints committee to include a majority of female members.
- Guidelines for communication and redressal are clearly outlined.
- The policy is visible through the Company intranet, communicated via e-mail and posters that 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.
- All the PoSH committee members undergo refresher training by an external facilitator once a year.
- Cases reported under this policy include any form of unwelcome, sexually motivated behaviour (whether directly or by implication).
- Detailed investigations are conducted by the designated PoSH committee members governed by the principles of natural justice and within prescribed timelines.

### Continuous Education

At the Aditya Birla Group, we have continuing education programmes such as the Pratibha Scholarship Programme, where the children of our employees get an opportunity to access top quality education courses in the chosen field, on scholarship grants received by the Company. In addition to this, the Company has AWOO foundation which supports funding of education for children of our workmen and store associates.

We also have definitive continuing education programmes applicable for employees, who want to upgrade their skills and knowledge in the fields they operate in.

## WHISTLE BLOWER POLICY

To ensure that there is a common minimum standard of professional behaviour, all employees are expected to adhere to the organisation's Values Framework and Code of Conduct. This covers Value Violations, Violation of the Code of Conduct and Fraud. The whistleblower policy provides a platform and mechanism for employees to voice genuine concerns or grievances about unprofessional conduct without the 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. We have a total of 102 differently abled, permanent employees in our workforce.



All 206 cases reported in FY 2017-18 have been investigated and 204 resolved. The remaining 2 were solved in April 2018.

### Child Labour

We strongly prohibit child labour at all our facilities and in our suppliers' premises. We also prohibit any form of forced or compulsory labour. This is enforced and ensured through stringent, regular audit checks of vendors. 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.

### Diversity - Hiring Differently Abled Employees

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



## EMPLOYEE ENGAGEMENT

Employee engagement at ABFRL involves listening to our employees and tailoring our organisation's systems, processes and practices to reflect emerging concerns.

ABFRL has taken many initiatives for employee engagement and communication, some of which are:

- Sports Meet, Retail Premier League and Retail Got Talent, to improve on-ground employee engagement.
- A structured communication framework and multiple forums for top-down, bottom-up and horizontal communication.
- A biennial listening tool to engage and assess the satisfaction of our management cadre employees has been put in place, called The Vibes Survey. It facilitates active listening using multiple frequencies and methodologies. The findings are then used to determine the immediate action areas and are also used 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, post which action plans are drawn up by respective units and then 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.**

## COMMUNICATE



**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.**

### EMPLOYEE FEEDBACK SESSIONS



Regular open house sessions are held with the senior management to discuss work practices, challenges and to air any concerns. This is followed by requisite action planning.

### BUSINESS COMMUNICATION



Townhall by CEOs are conducted to share business updates, important milestones, new projects, initiatives and goals. It serves as an annual employee gathering to share business performance and upcoming plans for the year, supplemented by regular emails and monthly newsletters.

### PARTICIPATIVE DISCUSSIONS



Weekly operational review meetings for each function are held to discuss progress against goals, hurdles and problem solving.

Retail employees participate in open houses to get updates on the latest organisational changes, refresh policies and resolve their queries and grievances. Retail Employee Day is an important event during which leadership and the corporate team visit stores to celebrate the spirit of retail.

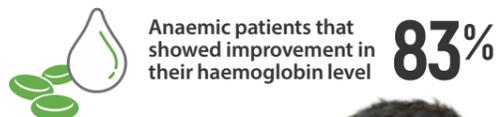


## CARE

At ABFRL, we don't believe our people are just a resource to enhance business outcomes. They are first, and most importantly, our growth partners and prime indicators of the effectiveness of our sustainability strategy. Our concern for the all-round wellness of our workforce, compels us to undertake comprehensive programmes that ensure and augment their well-being.

### Sanjivni

#### The positive impacts of Sanjivni



More than 8,500 women (85% of the workforce) are a part of Madura Clothing, our garment manufacturing unit. To improve engagement with the organisation and to impact their lives positively, a holistic wellness programme with specific focus on women's physical and emotional health, called Sanjivni, was conceptualised.

Initiatives range from ante-natal, post-natal to childcare for young mothers. Free iron tablets to improve haemoglobin levels, to counselling programmes for emotional and domestic wellness are also part of the efforts under Sanjivni. Additionally, our employees have emerged as the go-to-persons for healthcare awareness in the community.

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 activities like using the staircase is promoted.

### EMPLOYEE WELLNESS

All-round wellness is key to a productive workforce and we strive to enhance their lives through comprehensive programmes that foster greater productivity and engagement. Employees have the opportunity to participate in Retail Sports Meet, a two-month long sports tournament comprising indoor and outdoor sports. Employees participate in individual and team events that culminate in a glittering award ceremony.

There are initiatives in place to ensure emotional wellness of employees at the 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 or personal concern.



In recognition of the importance we place on work-life balance and ensuring a healthy workforce, we have undertaken a total of 30 different initiatives for employees in FY 2017-18. We provide an Annual Health Check-up for head office employees. These are managed by a third-party vendor, and focus on physicals, blood sugar, ECG, echocardiogram, X-ray etc. A detailed health report is provided to all participants and a voluntary follow-up is carried out after six months.

We have covered approximately 760+ employees in FY 2017-18. An analysis of the Company Health Index (CHI) is carried out subsequently, which is a consolidated report of all participants in the health check-up drive. This helps us finalise on areas that need attention, and help us decide initiatives under each focus area.

### REWARDS & RECOGNITION FRAMEWORK

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

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

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 been institutionalised based on the employee hierarchy, geography and frequency.



### MONTHLY GEMS (GO THE EXTRA MILE) AWARD

At Pantaloons, employees and teams are shortlisted and recognised for their outstanding efforts. They are presented with awards at a ceremony conducted on the office floor and selected employees are recognised by the leadership team for their outstanding efforts. The winners receive experiential rewards like movie tickets, meal vouchers and so on, so that they can celebrate with friends/family. This award has been inducted for corporate office and zonal offices.

A dedicated monthly award scheme for store staff, encompassing instant recognition includes, Employee of the Month and Team of the Month, wherein felicitated employees get featured in national, Company-wide bulletins.



### ANNUAL AWARDS EVENING

This serves as a strong aspirational platform for all employees and cross-functional teams. The winning teams are felicitated in a glittering ceremony, one of the highlights of the business divisions of ABFRL. We also enable employees to become effective contributors in our growth through various interventions that enhance performance.

As mentioned earlier, staff and workers are rewarded, promoted and given growth opportunities annually, based on their performance, to keep them motivated. To ensure that the increments and wages fixed for the workers are objective, scientific and transparent, we have instituted Wage Grid Rationalisation (based on Hay's JAE model).

## LEARNING AND DEVELOPMENT

Twice a year, managers have development discussions with employees on their learning needs to ace the current job profile and prepare them for future roles. These identified needs are analysed at the organisational level and addressed through an annual learning calendar.

**The content of each learning programme is ratified and contextualised to the business needs by select members of senior leadership. Programmes are facilitated by well-equipped trainers and followed by a manager-supported action plan which helps the learner in applying new learnings at the 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.

## 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:

- Current supply of talent by completing potential assessments of employees by the manager based on standardised questionnaires. A potential rating (A, B, or C) is generated at the end of the assessment. This is reviewed and approved by a Skip level manager. This gets further ratified by the designated talent council.
- Succession planning discussions are based on the talent assessment process for all roles in Senior Management
- Development Interventions are designed for top talent
- Career moves are discussed and accelerated through the Talent Council process
- We have a robust Internal Job Posting policy – 'TOE policy' where all job openings are posted on the HR portal for employees to avail and apply.

The initiatives have delivered strong KPIs on talent. More than 60% of critical positions have a 'ready now' and 'ready in 1-2 years' successor. 42% 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 is the most critical customer touchpoint and are a key factor that drives business outcomes. The employee cadre is typically characterised by minimal skill levels and a low socioeconomic background.

At ABFRL, we bring alive a world of opportunities for high performing and high potential store employees and see them as a source of future leaders for the company. This is being done through focussed investment on capability development comprising classroom training, in-store training and projects over a period of six months followed by an assessment. We have a total of 102 differently abled permanent employees in our workforce.

**300** employees have participated in the iPearl programme, resulting in 65% and 64% of store and department manager positions respectively, being staffed internally.

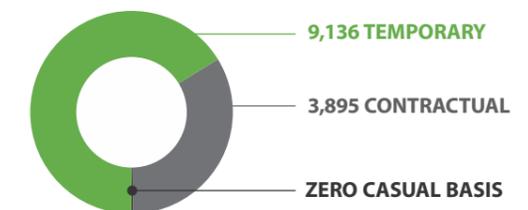
**30%** reduction in attrition year-on-year at Madura since the Pragati programme began.

**735** store level employees are undergoing training to take up higher positions at the store and regional levels.

## WORKFORCE SNAPSHOT

**20,508**  
TOTAL NO. OF EMPLOYEES  
(as of 31st March 2018)

Total number of employees hired on temporary / contractual / casual basis:



**10,297**  
TOTAL NO. OF PERMANENT WOMEN EMPLOYEES

We have been consistently adding manpower across levels to meet our business objectives. We boast of a large workforce with diverse qualifications, capabilities, and skill sets to meet our wide range of man power requirements.

P E R F O R M A N C E  
*Safety*

2,147

Safety Training Programmes

36,084

Participants

ZERO

Fatality at Workplace

8

Lost time injuries with no fatalities in operations under our control

*(Note: A lost time injury is any work related injury, illness, adverse health condition or exposure which renders the injured person [employee or contractor] temporarily unable to attend next scheduled work shift after the day on which injury occurred.)*

MANAGEMENT APPROACH

At ABFRL, we continually strive to attract, develop and retain competent and motivated employees as our long-term success hinges on our talented and engaged workforce. A safe workplace makes the employees comfortable and confident, which in turn gives their morale and productivity a boost. Safety is, therefore, a significant part of a well-articulated roadmap and monitoring framework, defined by our structured sustainability programme, 'ReEarth – For Our Tomorrow.' We work proactively to create a safe and healthy working environment, and also promote a healthy lifestyle among our employees. We do so by constantly encouraging our employees to report safety gaps and identify opportunities for improvement, while empowering them with knowledge that leads to well-informed safety decisions at every stage of the operations. The safety culture at ABFRL is fostered through strict adherence to safety standards, rigorous on-ground implementation and effective safety communication.

A robust health and safety management system, effective training, creating awareness by involving employees in safety activities, and strong leadership and direction at all levels come together to realise our aspiration of being a caring employer, interested in long-term relationships with our employees and their overall well-being.

VISION

To become the best and safest retail company in India and achieve best-in-class in Occupational Health and Safety (OHS) by making OHS a way of life. We aspire to become a benchmark in retail OHS in India through our policies, programmes and its effective implementation at all levels of our operations.

GOAL

ABFRL shall commit to pursue the goal of "Zero Harm" and demonstrate visible progress.

TARGET 2020

We aim to achieve

**Zero severity level 5 incidents at workplace**

In order to ensure this, we have instituted various mechanisms to assess, manage and improve safety practices.

*(Note: Level 5 - Work related injuries resulting in death of employee/contractor or third party)*

PROACTIVELY SAFE

Given the importance of fostering a culture of safety at ABFRL, a comprehensive Occupational Health & Safety (OHS) Policy has been implemented across all operations under the guidance and supervision of the top leaders. Central and regional OHS committees have been constituted along with committees at our factories, warehouses, and regional and corporate offices to monitor the safety performance. Monthly meetings and reviews are carried out to track performance. We also carry out regular audits and third party assessments to identify any possible gaps and take corrective actions. Undertaking these constant assessments, monitoring and upgrading safety interventions help us ensure our employees are always working in a safe and secure environment.



A successful health and safety practice requires participation of both employers and employees in the various programmes. An Occupational Health Policy and a Safety Policy have been rolled out in line with the ABG policy.



5S, which is a workplace organisation method, has been implemented across all our warehouses and is also being implemented in our factories and offices.

## ENABLING A SAFE WORKPLACE

Cultivating safety as part of our culture is not a one-time event. Rather, it is a constant pursuit of improvement and excellence. This includes continuous monitoring, review and upgrading of our safety mechanisms and practices.



Some of the key activities undertaken during this year are:

- 9 safety committees, incidence MIS and third party electrical audit have been put in place
- Safety meetings are conducted monthly. Safety is also part of the monthly Operation Review Meeting
- A comprehensive EHS audit is carried out at all our stores and warehouses on a monthly basis. The average EHS score reached 92% for Pantaloons in this reporting period
- All our facilities conduct fire safety trainings on a monthly basis, and emergency evacuation drill processes are in place at all our stores



In order to ensure the highest level of safety at all our stores, there is rigorous implementation of safety roadmap, consistent and clear communication from leadership to employees, integration of safety in all ABFRL trainings, non-negotiable points for ABG's "Life Saving" rules and consequence matrix.

### OHS ROADMAP FOR HAZARD ELIMINATION

As part of our vision to make Occupational Health and Safety (OHS) a way of life at ABFRL, it has been designed, developed and implemented in all our operations under our direct control. A retail sector OHS policy was framed and released, and committees formed to ensure OHS system in management decision making. While gap assessment is done to ensure safer stores, OHS was also taken into consideration at the design and planning stage of new projects.

Awareness programmes were initiated, along with incidence reporting, investigating, implementing corrective and preventive measures, and trainings conducted on need basis. Floor marshals have been identified and trained in all the major facilities and Emergency Response Team formed. Hazard Identification and Risk Assessment (HIRA) has been put in place for factories and warehouses at MFL.



- Road safety COC sign-off was completed in all the stores



- The safety team was invited by the ABG Awards Management Committee to ensure safety during the ABG Award Function and Core Conclave. The events were conducted successfully with zero harm.
- This year, we also initiated home safety series as well as digitalisation of incidences, fire drills and EHS audit checklist
- Shortlisted stores audited by third party electricians



## SAFETY FRAMEWORK

A positive safety culture is one in which every member of the organisation owns and develops the right knowledge, skills and attitudes to successfully undertake the responsibilities of safety.



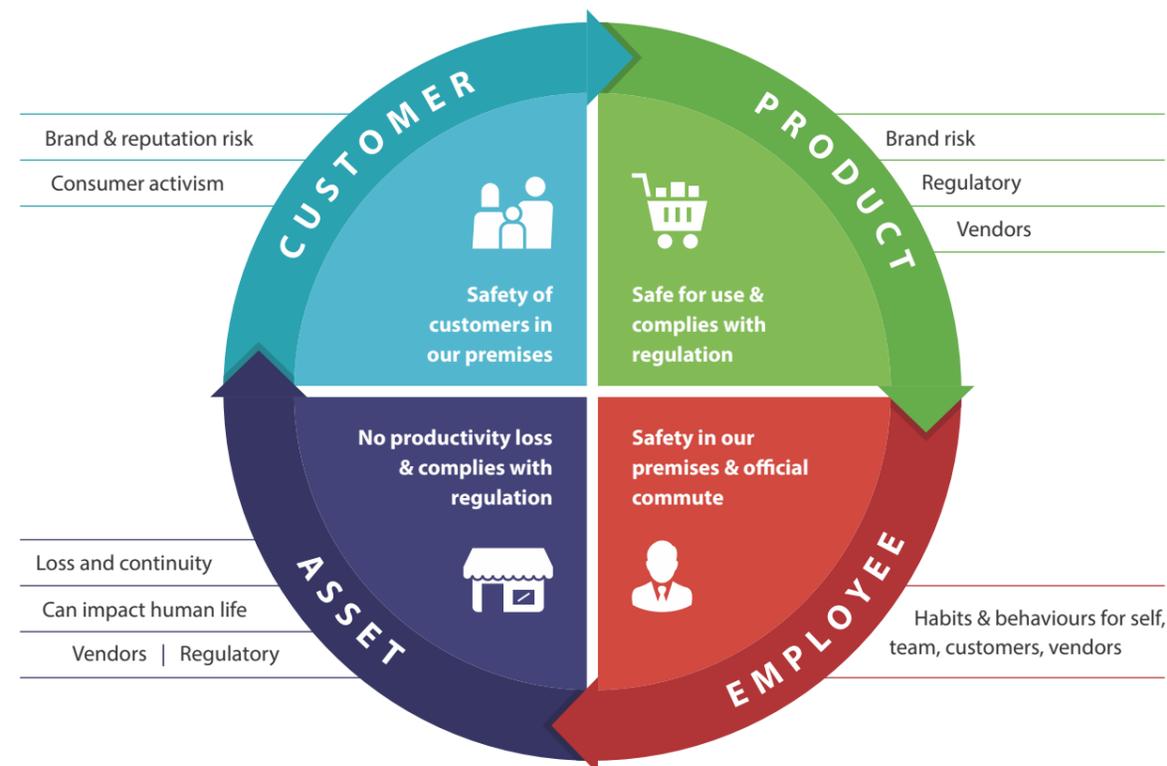
Processes such as emergency evacuation drills, safe designing of stores and customer orientation on important days are undertaken for the safety of our customers.



Safety induction and trainings, EHS and road safety policy, and safety standard guidelines are followed for the well-being of our employees.

For safety to be cascaded across all the units and departments, it also needs to be embedded in our assets and products. Hence, we ensure procurement of good quality equipments and materials, maintain the repair and maintenance schedule, and undertake regular audits for our various assets.

We have in place a safety framework at Pantaloons and Madura Fashion and Lifestyle followed by the retail stores, factory, warehouses and offices, which enables us to adequately integrate safety into our daily operations and consistently reinforce its implementation.



## SAFETY TRAINING

Workplace safety culture begins with a well-trained workforce. Trainings are an integral part of embedding safety in our work ethos and regular trainings are conducted to ensure employees stay on top of the safety practices, are updated with the latest industry practices and demonstrate safety excellence at all times.

The following awareness campaigns and training programmes were undertaken during this year.

- Fire and safety related training, including electrical safety, road safety and defensive driving
- Practical fire extinguisher operation training
- Fire hydrant operation training
- Near miss and incidence reporting training
- Self-defence classes for women employees

Apart from these, statutory trainings such as evacuation drills and first aid were also conducted.



### Initiatives

The Safety awareness helps employees to renew the commitment towards health and safety at the workplace and in general.



- Health and safety pledge was undertaken by employees, followed by distribution of safety badges



- Daily tips related to safety awareness were sent to employees through e-mails during safety week

● NATIONAL SAFETY WEEK

One of the important aspects of making safety second nature in our workplaces is to ensure health and safety are seamlessly integrated into our cultures and lifestyles. As part of this move, we organised a National Safety Week at ABFRL. The safety head communicated the purpose, objectives and outcomes of the safety week in order to encourage ownership of this initiative among the employees. The 'Seven Rules for Goal Zero Harm' and other safety related banners were part of the desktop wallpapers of all employees and whatsapp logo on the zonal whatsapp group.

A C T I V I T I E S



Safety awareness trainings were conducted through daily presentations, followed by quiz competitions, along with customer awareness drives on basic safety dos and don'ts



Emergency evacuation drills conducted in factories and warehouses as per plan, along with fire safety trainings for employees of all stores



Self-defence training for female employees conducted at HO



Outlet assessments carried out in some locations



Desktop wallpaper, safety banners and posters were displayed across the premises to create awareness among the employees

**Celebration of safety week helps to renew employee commitment towards health and safety at the workplace and outside of it.**



● ROAD SAFETY WEEK

Road safety is a crucial focus area for individual safety. Hence, at ABFRL we organised a Road Safety Week to emphasise and reiterate the need for following safety rules. During the course of this week, the importance of wearing a helmet was reinforced through quizzes and mailers.

A C T I V I T I E S



Training on two-wheeler and four-wheeler safety, ABFRL "Life Saving" rules and road safety awareness given at stores



Public awareness campaigns outside malls and awareness training provided to shuttle bus drivers



Road safety included in the CEO's town hall and video streaming on road safety



Safety pledge taken at factories and warehouses along with distribution of road safety information card



Road Safety week banners were displayed at all premises and road safety rally was held at the warehouses



● FIRST AID TRAINING

As part of enhancing our medical emergency preparedness we initiated project 'Save Life'. Under this initiative 2 leads from Pantaloons were given full day training, covering basic first aid and how to overcome any medical emergency with proper use of first aid.

172

stores successfully conducted first aid training in the first batch.

So far 13 batches with

257

employees have been trained in dealing with cuts, fractures, burns, electric shocks, choking and giving CPR. This training will soon be extended to other stores as well.

Safety training was also given to all DC managers at their managers' meet.

The first batch of the training was successfully conducted at Spring City Mall, Ranchi. A total of 22 employees including store managers and DMs attended the training from east zone. Positive and encouraging feedback was received from all the participants.



Total employees trained in Safety

Approx. **3,962\*** Pantaloons employees monthly

**100%** factory employees

**27,459** MFL employees

**50%** warehouse employees

\*The training data is tracked since the digitisation drive from June 2017

## SAFETY FOR OUR EXTENDED FAMILY

Our responsibility for safety is not confined only to our employees. At ABFRL, employees are a part of the family, and their families are ours, too. Hence, our safety programmes and drives are geared to cover our extended family in raising awareness about the importance of practicing safety and the various steps they can take to ensure safety for themselves and others.

### HOME SAFETY SERIES

Outside of work, employees spend a major part of their time at home with their families. Hence, it is essential to ensure they are aware of the safety hazards they can encounter in their homes and steps to avoid any mishaps. Emailers were sent out to employees in this regard, bringing awareness about



they can follow, to ensure their home is completely safe for them and their families.

## PANTALOONS AND MADURA MODEL STORES

A successful retail store is a safe retail store. It has always been our endeavour to make our retail spaces safe for both our employees and customers to ensure a happy experience for them. Looking after the safety of our employees is not a one-time thing at ABFRL. Imbibing safety practices is a continual effort, which is an integral part of embedding safety into our work ethos.



In keeping with our endeavour to ensure our employees work in a secure environment, the HO safety team along with the operations and maintenance team, chose Pantaloons Mumbai in Maharashtra implement a model store roll-out as there were no common safety standards for the stores.

As part of this initiative:

- ✔ An OHS audit list in reference to regulatory compliance, national building code, fire service acts and best safety practices were prepared
- ✔ Non-compliances were noted and shared with the concerned teams for corrective actions
- ✔ A before-and-after visual presentation was made to develop a clear understanding among the store staff
- ✔ An EHS audit list along with details of the model store was rolled out to all the stores through Cnergy, a digital platform



The model store safety strategy, covered various safety hazards that are present in a retail store, from the back room to the parking lot, which included:

### STORE EXTERIOR

- Switchboards, loose wire should be covered
- Safety helmet, fire extinguisher should be placed at baggage counters
- Earth pits should be properly covered

### ELECTRICAL PANEL ROOM

- Doors with vision panel and signages
- All battery terminals should be covered, preferably with rubber caps to avoid chances of terminal short
- All DB panels and area near the panels should be properly covered with ISI mark rubber mats to avoid electrical shocks and panel body earthed to the ground

### WAREHOUSE

- Ceiling height of minimum 3 feet clearance should be maintained and minimum clearance between two facing racks should be 3 feet
- All racks should be properly grouted and interlocked
- Aisles, passageways should be free from obstructions

### SALES AREA

- Fire points should be easily accessible and free from obstructions, and smoke detectors should blink within 30 seconds
- Sprinkler and hydrant line to the sprinkler system should be charged with minimum pressure as per IS codes
- First aid box should be available at all stores and list of items in it should be as prescribed by the PFRL standard

P E R F O R M A N C E S  
Social



₹1.94  
Core spent on  
Corporate Sustainability Responsibility

15,047  
Hours contributed of  
employee volunteering  
in FY 2017-2018

243,602  
Total beneficiaries  
covered through  
various initiatives

WASH  
PROGRAMME  
benefitted  
890  
school students and  
community people

At Aditya Birla Fashion and Retail Ltd., we believe that true community care extends beyond mere assistance during times of crisis or alleviating immediate needs through relief. It is also about empowering community members and main-streaming them into the economy. Our programmes are geared to build capacities at the individual, family and community level and create appropriate self-sufficiency, fuel long-term prosperity and above all lend dignity and build self-confidence.

OUR VISION

To actively contribute to the social and economic development of the communities in which we operate. In doing so, we hope to build a better and sustainable way of living for the weaker sections of society and raise the country's Human Development Index.

FOCUS AREAS



EDUCATION

Improving educational outcomes by providing access to quality education in the schools supported by us and municipal schools, teachers' training, distribution of uniforms and other educational aids, special coaching classes for rural girls and continuing education for dropouts.



HEALTH & SANITATION

Ensuring healthy communities in underserved villages through eye camps, school health camps, dental camps, specialised health camps such as cancer screening and awareness camps, and polio immunisation. Providing dignity of life by facilitating access to water, sanitation and hygiene through our partner Swami Vivekananda Youth Movement (SVYM).



SKILLING

Empowering people and providing them pathways for sustainable livelihoods through coaching at skill training centres as a part of the Kaushalya initiative, and imparting tailoring skills to tribal girl students in partnership with SVYM.

HOLISTIC DEVELOPMENT

We are convinced that global change, like the achievement of Sustainable Development Goals (SDGs), begins at the local level and thus have converged our efforts on individual villages through our recently launched Happy Focus Village Project (HFVP). A village is an interconnected tapestry that requires quality education for children, skill training for the youth so that they can be gainfully employed, medical facilities for elders and equality for women in all spheres of life. Our HFVP is designed to strengthen these key 'threads' and usher in synergistic development so that the entire demographic of the village is uplifted and can cohesively lead a better and more fulfilling life.

To gain a deeper insight into the relationship between intervention and impact, we had conducted social impact assessment studies in the villages where our CSR initiatives are operational. These knowledge sets on efficacy and efficiency of programmes, plus perspectives of community members and key stakeholders, act as valuable inputs in drawing up strategies and execution plans for HFVP. The goal is to build scale, enhance the reach and amplify the effectiveness of our initiatives.

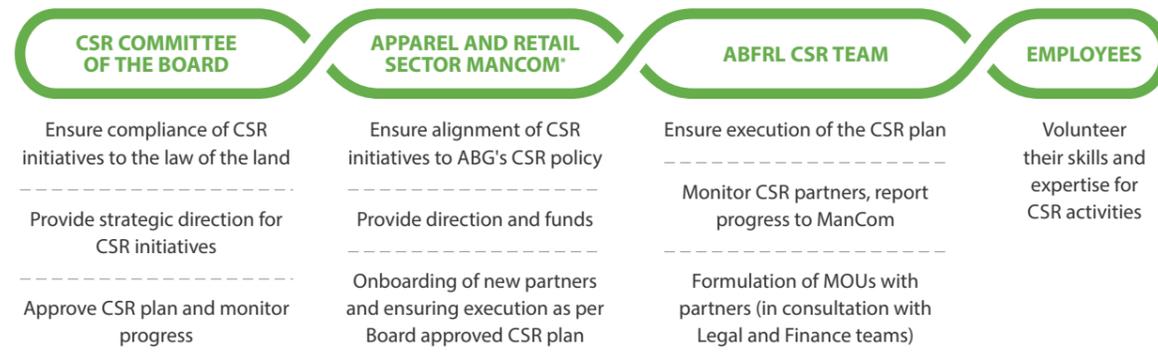
STRONGER TOGETHER

With an aim to leverage core competencies and amplify the impact of our initiatives, we continue to partner with several institutions, local authorities and Government bodies. Our employees too, share the same commitment and zeal for a better world and support our efforts through employee volunteering. A policy has been formulated to encourage them to volunteer and channelise their expertise towards community building.

## CSR VALUE CHAIN

The process of transforming vision into action gets a boost when companies, communities and governments come together and collaborate. We partner with several institutions, local authorities and Government bodies to leverage their core competencies and amplify the impact of our CSR activities.

We have developed a robust CSR value chain which designs and implements effective strategies based on the shared vision. With these efforts, we have reaped positive outcomes which are valued by our stakeholders.



\*Management Committee

## HAPPY FOCUS VILLAGE PROJECT

The Happy Focus Village Project is our inspirational and unique village development project where we have chosen 8 villages around our factory location for their integrated and holistic development in Karnataka. The project has been designed to serve two purposes - to scale up ongoing initiatives which are part of the focus area, and to take up new initiatives which have a positive impact on the standards of the community.

We had conducted social impact assessment studies previously to identify relevant issues that needed improvement, to bring about positive and sustainable changes to the community. Based on the social impact study that we carried out, programmes were developed to mitigate challenges faced by each respective village.

To ensure that all the three focus areas are represented, we have assigned each village with a community tutor and a health worker to fulfil our mission of creating happy villages.

Moreover, 16 women from underprivileged backgrounds have been employed for the mission. These tutors provide extra academic support to children, strengthen the village education committee, provide computer literacy, build capacity of teachers through joint planning with the education department, and ensure 100% attendance and learning outcomes.

Health workers too have been assigned duties. They create awareness on different health schemes and ensure maximum community participation in various health camps organised by Madura Fashion & Lifestyle Jan Kalyan Trust (MFLJKT).

Such initiatives will help develop villages where children get access to quality education, aiming at both physical and mental development and is encouraged to pursue higher studies.

**Going ahead, these 8 focus villages will act as model centres for developing other surrounding villages.**



Following interventions were taken up as part of the Happy Focus Village Project this year:

### ACADEMIC SUPPORT CENTRES

Academic Support Centres are run by trained community tutors for 2 hours every day for the underprivileged, and mostly first-generation learners, from Class 1 to 7. These classes help children reach their grade-specific competencies.

**A total of 280 children** have taken advantage of the programme and have improved their academic performance

The community tutor regularly conducts meetings with parents and teachers to share the performance record of the children. In Hinnakki village, youth visit the Academic Support Centres voluntarily and conduct value addition programmes, like motivating the children with inspiring speeches on freedom fighters and personality development sessions.

### SCHOOL SANITATION – WASH PROGRAMME

Hand washing habit prevents transmission of diseases and infections. We conduct awareness programmes in Anganwadis and schools of the focus villages through our community health workers. This initiative has benefitted

**890 school students & community people**

### SWACHH BHARAT PROGRAMME

We organised a sanitation awareness campaign under Swachh Bharat Mission, in collaboration with the Gram Panchayat at the Government School in Bilwaradahalli. In Karnataka. Close to 110 children and 30 people from the community, including School Development Monitoring Committee members and teachers, participated. With the help of Panchayat and Asha workers, we were able to create awareness among the community of the focussed villages, on usage of toilets, and motivated people to construct individual toilets.

### AWARENESS ON HEALTH & HYGIENE

Health workers appointed by ABFRL, visit each and every house to promote health and hygiene awareness, to create a conducive and healthy environment in the focussed villages. They prepare a list of women suffering from different health issues and connect with them at the health camps conducted by our CSR team.



### MERIT SCHOLARSHIPS

**48 girl students**, who face socio-economic challenges, were awarded merit-based scholarships for further studies.

### SAFE DRINKING WATER

In Basavanapura and Sollepura, Karnataka, scarcity of drinking water was highlighted as a severe issue during the Community Needs Assessment. With the help of the community, ABFRL has provided RO water treatment plants for both the villages. This year,

**4,000** People from Sollepura village got access to purified water on a daily basis

### FIRST AID SERVICES

The aim of this programme is to provide first aid services in government schools in the focus villages. We have provided first aid kits to all government schools and trained our community health workers to facilitate first aid services. **The programme benefited around 933 school students.**

### AADHAAR CAMPAIGN

In all of our focussed villages, we have created awareness and motivated parents to get their Aadhaar Card. Approximately, 398 government school students and 65 people from the community, have enrolled for UID cards.

**100%** Aadhaar card enrolment was done in three focus villages



## EDUCATION

In spite of education being a fundamental right, a large number of children, aged 6 to 11, are out of schools in India, due to reasons such as poor quality of education, lack of teachers, regressive societal norms or simply, lack of awareness. ABFRL is undertaking programmes to provide access to quality education in under-served areas near our sites, to create empowered future citizens and a skilled talent pool for the nation's long-term economic development, thereby contributing to the realisation of sustainable development goals.



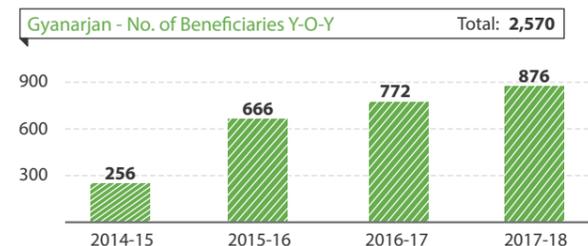
### SUPPORT TO EDUCATIONAL INSTITUTIONS

#### Project GYANARJAN

Gyanarjan is a value-addition programme for girl students who come from rural backgrounds, to study in Class 10 to 12. We organised special coaching lessons for students of Class 10, 11 and 12, along with monthly tests to assess the progress of each student and prepare them for competitive exams such as CET/NEET.

During the year, we engaged with two centres - Channapatna Government Girls PU College and Maharani Government Girls Jr. College, Mysore in Karnataka, covering 876 students across the states. Up until now, this initiative has supported 2,570 rural girl students. Furthermore, personality development and career counselling programmes were also conducted for these students.

ABFRL started this initiative in 2014-15 and more than 90% of the students who passed their Class 12 exams through Gyanarjan, are continuing their higher education.



We supported 876 rural girls through various programmes, taking the total beneficiaries count to 13,482



## SUCCESS STORY MAKING DREAMS COME TRUE | GYANARJAN



**Yashaswini**, a Kannada school pass-out, was finding it difficult to study and adjust in the English medium environment of her college.



She was sceptical about completing her college education and her parents could not help her financially, in taking English language courses. During this period, she enrolled for a bridge course with Gyanarjan, a programme which provides coaching for core subjects.

With a determination to excel and overcome all challenges, **Yashaswini scored 94% in her annual II Pre-University Course exam and topped her college in 2016-17.**

Yashaswini is now enrolled at Rajarajeswari Engineering College, Kengeri, Bengaluru, and is pursuing BE (E&C). She is thankful to Gyanarjan for supporting her, in realising her dream.

**Zainab** aspires to become a scientist and wanted to enrol for private tuitions to excel in primary education, but her family's financial condition only allowed her to attend the government school.



Zainab started looking for options which could help her excel at school, and enrolled for classes run by Gyanarjan, saving money on private tuitions in the process.

Being a disciplined student, she attended all the classes and mock tests under **the programme and eventually topped her school with 97.28% in her Class 10 exams - the highest ever in her school.** She is now in Class 12, enrolled in a Pre-University Course and continues to attend classes provided by the Gyanarjan programme.

**Gyanarjan is very useful for underprivileged children. The materials provided are very helpful. I attended all the classes and did not have to go for any other tuition.**  
- Zainab

### School Transformation Project - PANVEL

Today's children are tomorrow's future. How we educate and raise them, will determine the outcomes of our future. ABFRL joined hands with Panvel Municipal Corporation (PMC), Maharashtra, to transform 11 primary schools by improving the quality of education and health of 2,060 children studying in 11 primary schools of Panvel.

ABFRL had signed an MOU with PMC as part of the direct intervention strategy to make a greater impact on the communities. 11 support teachers were employed in these schools, apart from the existing government teachers. All these teachers were trained in activity-based teaching techniques, to make learning easy for the students. To upgrade the skills of teachers, they were provided with training on innovative teaching methods in coordination with Eklavya Foundation. This training was also extended to 11 headmasters and teachers of PMC School. Support teachers, along with PMCS teachers, have undergone 5 days of training on organising Children's Fairs (Bal-Mela). Post training, they had organised Children Fairs at the schools.

This new approach helps students to experience and understand by doing, rather than just reading, which stimulates their senses and gets them involved in the subject. Apart from the curriculum, instructors conduct training programmes in English speaking, writing, reading and martial arts training programmes for students. These schools have organised children's fairs as part of their co-curricular activities. 11 such fairs have been organised, in which 4,120 parents and more than 2,000 children participated.

**Self-defence training has also been initiated in all the 11 schools, and the same has been appreciated and considered as a first-of-its-kind, in the entire area. The project reached out to 6,842 beneficiaries.**



### Kasturba Gandhi Balika Vidyalayas (KGBV)

KGBV school is an initiative under 'Sarva Shiksha Abhiyan', where girls from rural area who have not enrolled or dropped out from schools, can continue their education. This year, Madura Fashion & Lifestyle Jan Kalyan Trust, working with 10 KGBV Schools, benefitted 1,062 girl students located in Karnataka and Tamil Nadu.

#### Key Achievements – FY 2017-18

##### Special coaching for core subjects

The CSR team continued to organise special coaching classes for the core subjects - Math, Science and English.

We started this initiative in FY 2011-12 and every year we have been able to achieve the passing percentage of more than 95% in Class 10 exams. This continued in 2017-18 by achieving a 95.24% overall pass percentage - 21 rural girl students appeared for exams, of which 20 successfully cleared their exams, with 1 distinction, 16 first class and 3 second class.

##### Spoken English classes

With the objective of building English language skills among KGBV students, we conducted spoken English classes in KGBV School, Byrapattna.

During FY 2016-17, we extended this initiative to another two schools located in Denkanikottai, Krishnagiri district of Tamil Nadu. In FY 2017-18, 327 students studying in Classes 6 to 10 from three KGBV schools, benefitted from this initiative.

##### Support to continuing education

We supported KGBV school students in performing well in their Class 10 and continuing their education.

During the year, 27 students were supported (Degree - 15, PUC - 10 and Diploma - 2) in various colleges. Till date two students have completed their degree, one student is pursuing her higher education (B.Ed), four students are writing their final year Degree exams, six students are studying in 2nd year Degree programmes, one student completed her Diploma, seven students are studying in 2nd PUC and six students are in 1st PUC.

\* PUC - Pre-University College

### SUCCESS STORY HELPING GIRLS TO ACHIEVE WHAT THEY ARE CAPABLE OF | KGBV



**Rakshitha**, a student of KGBV at Byrapattna in Karnataka, had a burning desire to pursue her higher education but the family's economic condition did not allow her to do so, hence she dropped out after Class 5.

Her parents worked as agricultural labourers on the field, earning INR 100 per day. With a paltry income of her parents and three more siblings to support, she was left with no other option. The ABFRL CSR team approached her parents and advised them to put Rakshitha in KGBV's residential government school.

Today, she is a Graduate in Science, has completed her B.Ed. and works as a warden in Rashtriya Madyamic Shikshana Abhiyana School, which supports the education of girl children after Class 8. **She now earns INR 8,000 and supports her parents financially.** More than anything else, she feels confident to be able to guide, support and empower several girls like her.

**I thank God for helping me through ABFRL. It was very difficult for me to continue my studies. Today, I have been able to stand on my own feet only because of ABFRL's support and guidance. I now want to help other underprivileged girls. - Rakshitha**

**Bhanupriya's** economic condition was not conducive to continue her education after Class 5. Both her parents worked as agricultural labourers and were not able to support her education.

Her parents wanted to continue her education and Bhanupriya too was aspiring to become a software engineer. Some of her friends informed her about the KGBV School where she eventually secured an admission in the 2012-13 batch. An average student, she was determined to improve her performance and fulfil her ambition.

She attended the spoken English classes and enrolled herself for the special coaching classes conducted for Math, Science and English by MFLJKT. This resulted in her securing 93.28% in her Class 10 exams and emerging as the school topper.

She was selected for higher education under the 'Continue Girl Child Education Support' programme, by MFLJKT and subsequently enrolled for a 1st Pre-University Course (Class 11) at the Government Girls Pre-University College, Channapatna.

Bhanupriya was provided with necessary educational aids such as fees, books and bus pass, under the programme.

She has kept her dream of becoming a software engineer alive. As a token of gratitude, she wants to give back to society by supporting students like her, in the future.



Swami Vivekananda Youth Movement – Interventions

EMPOWERMENT OF GIRLS IN KGBV (SVYM)

MFL Jan Kalyan Trust is associated with Swami Vivekananda Youth Movement (SVYM) and supports 5 KGBV schools in Mysore district, covering 482 rural dropout girls, till March 2018. We started this project in FY2015-16, and is continuing this year as well. The main intervention areas in these schools are, providing academic inputs along with exposure to life skill training, health education, financial literacy, leadership skills training, etc.

VIVEKA TRIBAL CENTRE FOR LEARNING (VTCL)

SVYM's major intervention area is to work for the benefit of the tribal communities located in H.D. Kote taluk of Mysore district. It provides quality education, focussing on values, literacy, numeracy and appropriate vocational training through joyful, experiential and child-centred learning processes, for children between ages 6 to 15, particularly for girls. MFLJKT continued its support to 83 tribal girls studying in classes 5 to 7 at VTCL. MFLJKT adopted these students and provided support for their continued education, including providing inputs on academic and co-curricular activities.

VIVEKA VOCATIONAL TRAINING

We started a tailoring unit at the Viveka Tribal Centre for Learning (VTCL) in January 2017. This centre launched a vocational training programme, with the objective of transforming the lives of tribal girls who dropped out of the school due to unavoidable circumstances. By teaching them a vocation, the centre wants to enable them to contribute to their family's finances, while staying at home. Apart from the school dropouts, girls from Classes 6 to 10 were trained in the vocation. Women in the community were also encouraged to attend the classes. The tailoring instructor visited nearby tribal hamlets around the school like Hosahalli, Brahmagiri, Kempanhaadi and Mooladhaadi, to motivate women to join this programme.



SUCCESS STORY ENCOURAGING BUDDING ENTREPRENEURS | VTCL

**Shubha** is a Class 10 student of VTCL and belongs to the Yarava tribal community of Karnataka. She presented her business plan at the National Level Entrepreneurship Development Programme, a competition organised by iCreate India, held at Sri Parvathibai Science and Polytechnic College, Margao, Goa.

Students pursuing Diploma and BBM courses of various colleges across the country, competed in this programme. **Shubha stood second and won a cash prize of INR 25,000 for her 'Ragi Food Products' business plan.**

A girl hailing from a tribal hamlet, competing and winning against management students, is indeed an achievement worth emulating.



SUCCESS STORY BOOSTING LIVELIHOOD OPPORTUNITIES | VTCL | MFLJKT



**Mahadevamma**, a student of VTCL at Hosahalli, belongs to the Kadu Kurba community of Karnataka.

She was excellent in her co-scholastic activities and had great social skills, but academically she was a low achiever and hence could not complete her Class 10, even through Open School. She opted for the Forest Guard Competitive Exam. She is greatly appreciated for her work in the forest department and is awaiting a promotion.

Mahadevamma believed in her ability and reached the goal that she had set for herself. She has now become a role model in Brahmagiri Haadi, where most of her classmates are dropouts.

**Shiv Shankar**, a son of one of the workers in our factory in Karnataka, was a meritorious student. While pursuing his Diploma in Electronics, he was diagnosed with a neurological ailment.

At this critical juncture, MFLJKT supported him and helped him in his recovery. To further keep him engaged during his recovery, the CSR team provided him with an opportunity to work as a community tutor.

He is now involved in teaching English and is also showing a discernible improvement in his health. His parents are very happy and grateful to ABFRL for the assistance.



Initiatives

ROCK FUND TO SUPPORT 'URBAN POOR GIRLS'

ABFRL has partnered with ROCK Fund to support socio-economically challenged poor girls in their education. ROCK stands for Reaching Out to Children through Knowledge. In FY 2017-18, the fund is supporting 79 students to complete their education. Of these, 10 students appeared for their Class 10 exams.

HELP VIDYA WRITE

ABFRL's 'Help Vidya Write' initiative, supports underprivileged students studying in government schools. Under this initiative, our employees provided notebooks to socio-economically challenged school girls. The notebook collection campaign was conducted across ABFRL offices this year, through donations from employees, as a part of the volunteering programme.



During the year, 18,930 notebooks were collected which supported 4,091 students studying in 25 Government Schools



## HEALTH & SANITATION

Inculcating clean, hygienic habits, in rural communities, is one of the most cost-effective methods of empowering the community and improving their quality of life. We continue to invest in health education and free camps in rural India, to prevent life-threatening diseases and ensure that people live with dignity.

### Pulse Polio Immunisation

Our CSR team supports Government Officials in running polio vaccination camps in the districts neighbouring Bengaluru city. The total number of infants covered in the financial year ending March 2018:

**213,310** covering 331 booths in Bengaluru - urban, rural and Ramnagar districts



### Sanitation at Tribal Villages

The main objective of this intervention is to maintain sanitation and protect the dignity of tribal girls by providing them the facility of washrooms. Students studying in Class 5 to 10 at VTCL, benefitted through this initiative. Students and their families are being supported through construction of washrooms. 50 washrooms have been constructed in FY 2017-18. This initiative supported Government of India's 'Swachh Bharat Mission'.



### Community Health Care & Check-up Camps

During the year, 10 eye camps were organised at our work location.

**2,223** villagers attended these camps | **1,038** people improved their vision

by adopting suitable spectacles and 131 people regained their vision through successful cataract operations.

10 school health check-up camps were organised in FY 2017-18. **These camps benefitted 2,338 students, of which 383 students were referred for secondary treatment.** We also supported successful heart and eye surgeries for 2 children through Sanjeevini Health Scheme.

### Cancer Awareness and Screening Camps

8 cancer awareness and screening camps were organised till March 2018. The camps benefitted 635 rural women and 351 were referred for Pap tests. Among these, 3 tests were found positive and 2 women were sent for further treatment at Kidwai Memorial Hospital and 1 to Karunashrya Hospice Centre in Karnataka.

## BOOSTING LIVELIHOOD OPPORTUNITIES | MFLJKT

### RESTORING VISION

Annayappa, aged 70 years, had lost vision in both his eyes due to cataract. Owing to his poor financial condition, he was unable to undergo treatment for the same.

At the eye camp organised by MFLJKT in Hinnakki village in Karnataka, volunteers who were engaged in creating awareness on eye ailments, explained the benefits of cataract surgery to Annayappa and referred him to Narayana Nethralaya for a cataract surgery. Thanks to the successful surgery, Annayappa's vision has now been restored.

### ENABLING A LIFE OF DIGNITY

Muboob, who hails from a poor family in Bilwaradahalli village, was diagnosed with breast cancer at the Cancer Awareness and Screening Camp held in her village. She was then referred to Kidwai Memorial Institute of Oncology for further tests, where it was confirmed that she was suffering from last-stage cancer. Her family was in a poor financial state and unable to support her medical expenses. Muboob was then referred to Karunashrya Hospice Centre which helps patients in advanced stages of cancer, to live a life without pain, in dignity and peace till their journey ends. She was also given proper counselling to deal with the trauma.



### TIMELY INTERVENTION MAKES A DIFFERENCE

MFLJKT organised a school health camp in collaboration with the District Health Department at the Government Higher Primary School, Basavanapura in Karnataka, which is one of our focus villages. This school has 85 students studying from Class 1 to 7.

During a general health check-up of students, the District Medical Officer found that 6-year-old Anitha, studying in Class 1, was suffering from a cardiac problem. The officer referred her to Sri Jayadeva Institute of Cardiovascular Science & Research Hospital at Bengaluru for treatment.

The CSR team facilitated her heart surgery under the Suvarna Arogya Chaitanya Scheme for Children, as her parents could not afford the treatment due to financial constraints. Anitha has since recovered from her heart ailment as a result of the timely surgery and is now leading a healthy life.



SKILLING

One of the major ways a nation can reap the demographic dividend of its youth is through providing them the requisite skills. Through skilling, it can make the youth productive members of society where they can contribute to the advancement and prosperity of the country. ABFRL continues to empower the rural youth by providing necessary skills and making them change agents in India's development.



Kaushalya - Skill Development Project

Initiated during FY 2014-15, in association with Confederation of Indian Industry, the primary objective of Kaushalya initiative was to provide the rural youth with a platform to learn, identify their potential and acquire employable skills.

This project helps in creating self-employment opportunities to enable economic empowerment. This project, which started during 2014-15 in Anekal, Karnataka, is currently in its 4th year. During the year, we continued to organise skill development programmes for Data Entry Operator (DEO), Beauty and Hair-care (BHC), and Retail operations. 435 rural youths were enrolled during this year and underwent training in 20 batches, out of which 369 youth completed their training and were certified. Of these 369 youth, we were able to link 294 students to sustainable livelihood opportunities. We also initiated reskilling programmes for the earlier batch of students to upgrade their skills.

Vocational Training

MFL Jan Kalyan Trust partnered with SVYM to provide vocational training for rural and tribal youth for their livelihood improvement, with a special focus on girls.

**238** tribal girls were trained in tailoring in FY 2017-18

of which one girl was selected in the Entrepreneurship Development Programme.



SUCCESS STORY ENABLING ECONOMIC EMPOWERMENT | KAUSHALYA

Ambreen could not complete her graduation due to her family's poor economic conditions.



After completing her Pre-University Course, she started looking for a job to share the family's financial burden, however, her lack of computer skills made it difficult. When she shared her desire to learn computers, one of her friends informed her about the Kaushalya Training Centre.

She enrolled herself in KTC, successfully completed her training at the centre, got certified and found a job as a data entry operator at a job mela organised by the Kaushalya team. She now earns a salary of INR 12,500.

She is grateful to the Kaushalya team for providing free training and employable skills for girls like her, in need of a job.

Pradeep started looking for a job after completing his BA, but due to the lack of employable skills his efforts were in vain.



One of Pradeep's friends, who was a beneficiary of the Kaushalya project, suggested he approach the Kaushalya Centre. He joined the Retail Skills course, and was successfully placed as a Business Process Executive at, Veerasandra Gate, with a monthly salary of INR 13,000.

Now, he supports his family and plans to open a shop in Anekal, his hometown.

Thanks to CII-ABG, LabourNet and the team of Kaushalya for the excellent opportunity." - Pradeep



## RURAL ENTREPRENEURSHIP

Rural entrepreneurship not only provides large-scale employment opportunities for rural people, it fosters economic development and promotes entrepreneurship among the rural youth. It also leads to proper utilisation of local resources like raw material and labour, for productive purposes. By providing rural entrepreneurship opportunities, ABFRL ensures financial stability and a better quality of life for the benefactors.

### ● MICRO MANUFACTURING UNITS - Helping Farmers turn in to Entrepreneurs

People in rural areas are largely associated with activities and informal businesses where they face challenges such as capital requirements, marketing, management, and trained human resources.

Micro Manufacturing Units (MMU) are a unique initiative by ABFRL, where we recognise and tap the entrepreneurial potential of these people, to help generate decent work, reduce poverty and ensure a stronger rural economy.

Under this initiative, we take certain aspects of garmenting into the villages, instead of bringing village-based employees to our units. We partner with village residents in setting up a unit based on lean manufacturing modules. This is done on land or a shed owned by a partner, within a 100 km radius from our existing facilities. We install the machinery and provide the necessary skill training to villagers who are looking for an additional means of income. In the process, we serve three different purposes of community building:



Helping farmers turn into entrepreneurs



Providing employment opportunities to women near their homes



Stimulating economic activity in rural areas

This year, we added three more MMUs taking the total to seven.

**1,020** Number of jobs provided

**3.24** lakh shirts stitched every year

**1,438** lakh wages distributed/ annum



## EMPLOYEE VOLUNTEERING

Employee volunteering is an integral component of our CSR strategy which fosters collaboration and teamwork, builds strong relationships, and strengthens stakeholder engagement.

Our employees have contributed

**15,047** hours this year through our 'Singular in Plural' employee volunteering initiative.

Employees volunteer for a number of causes such as teaching underprivileged children computer skills and spoken English. They have also been volunteering and supporting medical staff during health camps, tree plantation programmes, organising flood relief camps, and more. Some highlights of our key employee volunteering activities this year are listed below:

### MANAGEMENT TRAINEES

The management trainees batch of 2018, planted 30 saplings on World Environment Day. They also created awareness against using plastic bags through the theme 'Let's Beat Plastic Pollution', in the government school at Sollepura in Karnataka. 26 Volunteers from MF&L put in 104 volunteering hours for this event.

### TREE PLANTATION

228 volunteers participated in a tree plantation drive at Kyalasanahalli, Palanahalli and Gollahalli and contributed 1,182 hours by planting 8,650 trees. Apparel and Retail sector volunteers were highest in number in these One ABG Drives.



### FRIENDLY CRICKET MATCHES

21 employee volunteers participated in a cricket match for the disabled in Mumbai. The Apparel and Retail Sector, along with The Cricket Association for the Blind in India (CABI) and Samarthanam Trust for the Disabled (Mumbai Chapter), organised this match. Certificates of appreciation were presented to the volunteers by CABI.



### FASHION SHOW FOR UNDERPRIVILEGED CHILDREN

10 underprivileged children were trained by our employee volunteers to walk the ramp in a fashion show sequence, during the Annual Rewards event of Pantaloon's. The employees interacted several times with the children during the event which led to the development of endearing bonds with them.



# PRODUCT Responsibility



**1<sup>st</sup>**  
Indian company  
to volunteer for  
Transparency Pilot  
by SAC

On path to  
**eliminate**  
**100%**  
plastic from product and  
transport packaging

Unveiled Van Heusen  
**Innerwear  
& Athleisure**  
with smart-tech features

Assessed **vendor  
sustainability  
performances**  
through Vendor Code of Conduct

Adopted  
**Higg Facility  
Environment**  
Module 3.0

People who buy our products are not only fashion-conscious, they are also environmentally and socially mindful consumers who are aware and sensitive to the issues that matter most to our planet. It is therefore imperative that we give them products which resonate with their values. Aditya Birla Fashion and Retail Ltd., is a customer-centric and future-focussed enterprise that believes economic growth must be achieved in synergy with environmental and social interests.

## OUR APPROACH

ABFRL's approach towards responsible products is aligned with the commitment

**to give back more than  
we take from the earth.**



Our high-quality products are designed to conserve and rejuvenate the environment through their entire lifecycle, and at the same time, are good for our customers' health & safety, and the society.

Sustainability, therefore, has been weaved into the ethos of ABFRL. Right from fibre selection to the process of how a raw fibre is turned into a textile, and from working conditions of the people producing the material, to the material's total footprint till it reaches the end-consumer and its subsequent disposal, sustainability has been built into the lifecycle of our products. They don't unnecessarily harm the environment, but instead, have a positive impact on the people and the communities associated with its activities.

For instance, agro-waste based dyes are being used as colourants for our Earth Chinos brand; we are promoting recycled, polyester based products, such as t-shirts and denims, wherein the polyester is derived from recycled PET bottles; the Liva fabric, a blend of man-made and natural fibres like polyester and wool, is being used in our women and men's wear.

**Subsequently, we are propagating a circular economy model, where customers return their used garments to be converted into fibres, and the recycled cotton will be used to make new pairs of jeans.**

We are also embracing requirements of product and brand module of the Higg Index, which enables us to assess product's sustainability impact and measure environmental and social impacts of businesses.

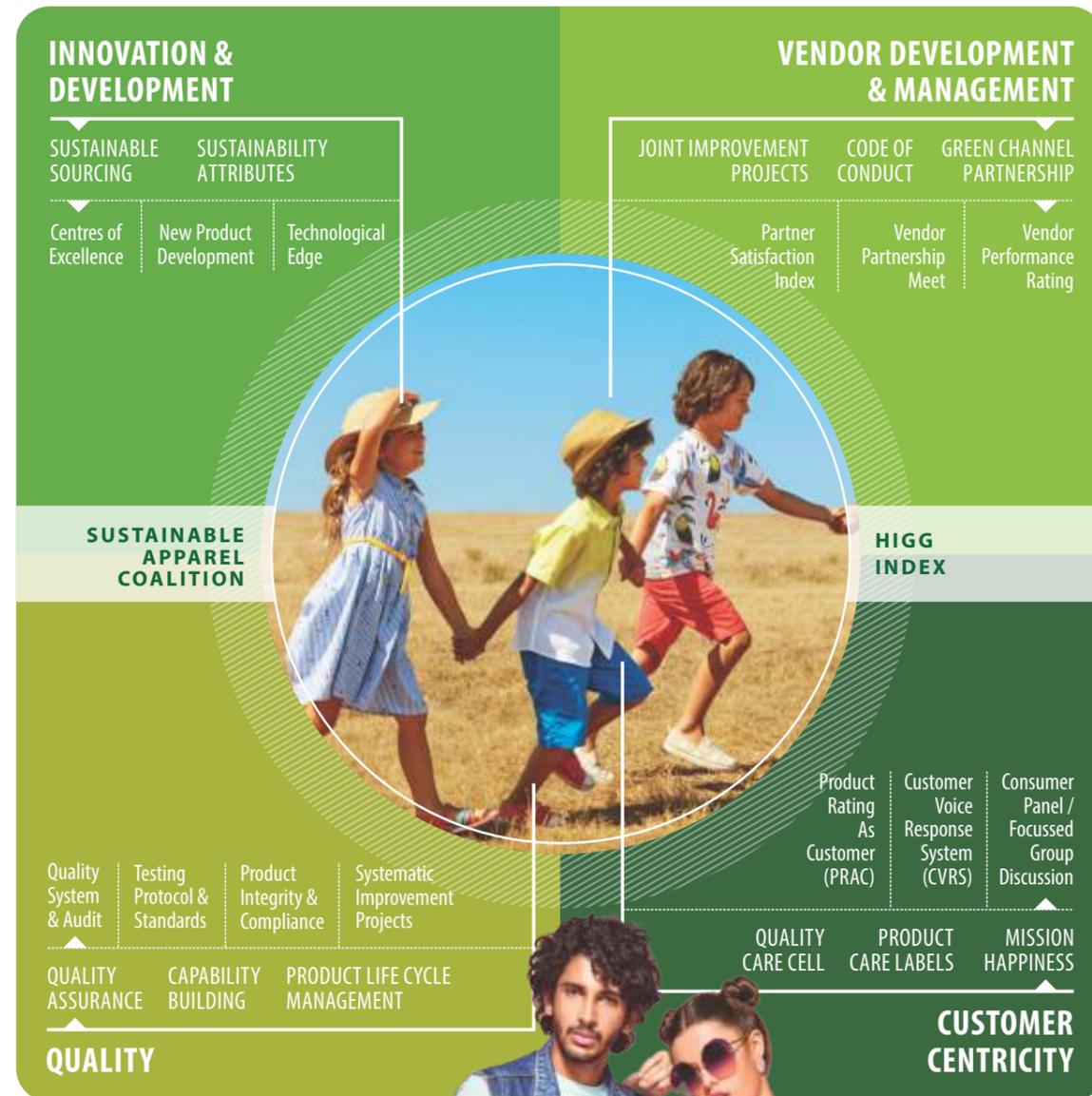
We are also connecting rural artisans with the wardrobes of urban consumers by introducing traditional prints such as Ikat, Kalamkari and Ajrakh in our products. Such a movement with development agenda encourages traditional, environmentally-friendly production and empowers rural artisans through gainful employment. We have launched a collection of handloom shirts in partnership with India Handloom Brand.

**The key to being truly sustainable, however, is to ensure these products are packaged responsibly. Hence, we are working to eliminate 100% plastic from our product and transport packaging.**

We are disseminating our product sustainability efforts beyond factory gates by assessing vendor sustainability performances through our Vendor Code of Conduct, which is based on the Indian Factories Act and other global environmental and social compliance standards. In terms of styling, safety and social standards, higher environmental and climate compatibility, our products provide superior value to our customers.

We will now be using a 'sustainable attributes' approach, defined across five categories - sustainable raw materials, sustainable production, sustainable packaging, people, cluster development and sustainable factories.

Product Responsibility is driven at ABFRL through four vital pillars, which are as follows:



## INNOVATION & DEVELOPMENT

In an industry where customers frequently switch between brands, innovation and development is the incentive our customers get to keep buying from us. Innovation helps us keep fashion relevant, adds value to our products and gives us a competitive edge. Since its inception, ABFRL has been positively influenced by innovation in product development and has brought significant changes in the organisational design and service delivery which is essential for our long-term growth.

### CENTRES OF EXCELLENCE

ABFRL has instituted several 'Centres of Excellence' to encourage an environment of innovation. These Centres, along with other initiatives, keep us well-informed with current consumer and market trends and help us maintain our market leadership position.

#### ■ Mission Happiness (Consumer Feedback Mechanism)

A continuous customer listening framework for post-purchase, e-commerce and omni-channel feedback. Mission happiness is our agent for transformation in driving consumer centricity.

#### ■ Epic Centre

Tracks all social media trends and leverages them to engage with the customers through digital media platforms to stay abreast of trends.

#### ■ Bosstomer Café

First one in India to implement this unique tool for designers and product managers to remain directly in touch with customers. The Café is a key platform for back-end and support teams, which has a repository of more than 180,000 customer feedback. Responses are segregated according to time period, geographical location, products and brands.

#### ■ Knowledge Management Centre (KMC)

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

#### ■ Aadhar Portal

Proprietary online portal for design-to-delivery, including key milestones tracking and digital quality management.

#### ■ Denim Development Centre

DDC creates and manages wash recipes and drives new developments in denims.

#### ■ Manufacturing Excellence

In-house facilities which manufacture up to a capacity of 16.8 million garments per annum.

#### ■ Technology Management Centre (TMC) 2.0

TMC drives R&D in garmenting and supports prototyping for women's wear and kids' wear categories. It has been planned to strengthen innovation in order to bring in fresh ideology to keep up with the changing patterns of customer demands.

#### ■ Product Life Cycle Management (PLM) 2.0

PLM manages the life-cycle of a product from inception, through design and technical detailing, till its manufacturing.

#### ■ Design Studio

A collaborative space which enables designers to innovate and create designs.



#### ■ Green Card Loyalty Programme

A one-of-a-kind loyalty programme with over 10 million loyal customers.

#### ■ BOARD Planning Tool

First ever implementation of a high-end retail planning tool in India, to effortlessly manage merchandise assortment across networks.

#### ■ Product Testing Laboratory

The testing lab ensures product reliability and satisfies consumer needs by adhering to high quality standards.

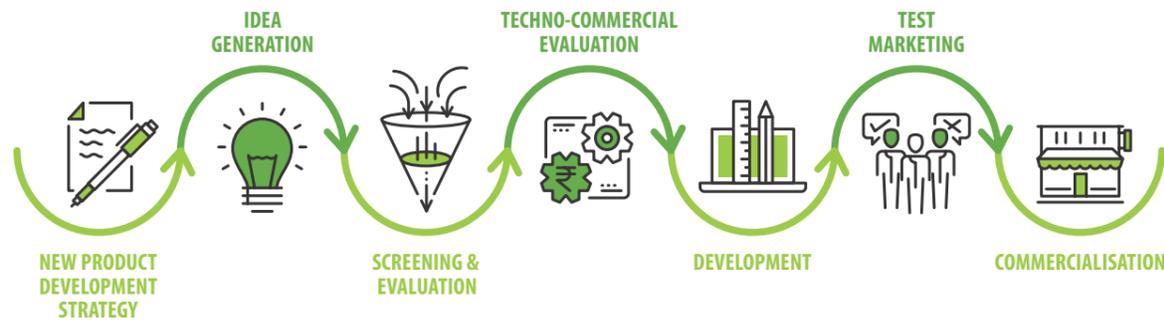
## NEW PRODUCT DEVELOPMENT

Our products touch the lives of our customers on a daily basis, therefore, they need to be desirable, reliable, sustainable, and user-friendly. To ensure that our products provide the desired experience, a structured process is in place to engage with our customers and develop new products and solutions based on their feedback.

Several apparel designs get created every year and numerous visual merchandising concepts are developed

around new colour palettes, fabrics & fits, new categories, themes and overall brand identities. These are then exhibited in the seasonal trade show, in which more than 1,000 retailers and customers participate to book orders, and each brand consolidates the feedback and order booking into four season plans. We then assess customer feedback on the basis of the tradeshow and put together a new product range after incorporating the changes, insights and inputs.

### PRODUCT DEVELOPMENT PROCESS



## ABFRL forayed into the innerwear segment with VAN HEUSEN Innerwear and Athleisure products in FY 2017-18.

These products have gone through the same process and are crafted keeping in mind the ethos of fashion, innovation and performance. The innerwear products are **Anti-bacterial** and come with **Colour Fresh Technology** which increases performance and durability of the product.



## CO-CREATION - COLLABORATIVE PRODUCT DEVELOPMENT WITH BRANDS

With the objective of combining the strength of internal and external stakeholders to channelise exclusive products, ABFRL collaborated to address customer needs, pricing, sustainability and finally enhancing the brand's image, before going to the market. Currently the collaboration is underway across leading textile mills.

**The key outcome of this activity is that it reduces lead time, increases hit ratio, reduces waste and increases efficiency.**

Some of the key initiatives under this programme include use of less chemicals; joint development with leading fabric suppliers on minimal colour fade bottom weight fabric; developing sharper brand embroidery logo; end-to-end solutions through laser surface for denim line; while anti-bacterial and anti-oxidant properties on fabrics through herbal processes are being explored.



Our Athleisure products are multi-purpose wear. Crafted with new age fabric and **Smart-Tech features that offer benefits like quick dry, stain release and anti-stat**, making them a true cross between fitness and fashion.

## TECHNOLOGICAL EDGE

Advancements in technology is the driving force behind transforming the fashion industry – be it design, marketing, production or sales. At ABFRL, technology is all pervasive – it is being used to understand customers better so that we can design and develop products as per their requirements.

A robust framework is in place to embrace and develop an ecosystem of latest technologies that support our business

strategies and goals. In-house manufacturing facilities are equipped with state-of-the-art technology and machinery to deliver superior quality products and meet the dynamic demands of customers. Modern and centralised NABL certified laboratories ensure quality products are delivered to customers every time.

**Technology enables us to get real time fashion industry trends and predict the Next Big Thing, reduce production costs, shorten the supply chain, and make inventory transparent & traceable.**

### NEW TECHNOLOGY ADOPTION PROCESS AT ABFRL



## Initiatives

### ● CONNECTING THE DOTS - FROM CONCEPT TO RETAIL STAGE

ABFRL is engaged in a customer-centric strategy to develop innovative collections inspired by customers and trendsetters for its more than 7,000 points of sale across premium multi-brand stores and department stores. The digital solution, 'My Collection', manages the collection from their initial concept to the retail environment. It enables ABFRL to connect internal and external stakeholders, integrate supply chains and improve visibility, flexibility and decision support.

**ABFRL is transforming its business by connecting its people, information and ideas with this 3D EXPERIENCE platform.**



### ● GREEN DENIMS – LEVERAGING LASER TECHNOLOGY

Pantaloons is working with vendor partners, to develop denim products with environmentally advanced laser technology, and at the same time keep fashion quotient and consumer product experience intact.

The laser technology has many advantages. It can substantially reduce water and chemical consumption as well as improve the safe working conditions in the denim manufacturing process.

It substitutes key denim processes such as:

**Manual process including hand scraping, distress effect and PP Spray**



**Wet processes such as stone wash, enzyme wash, etc.**



**The elimination of manual processes through this technology leads to a safe working environment and reduced chemical usage.**



## PRODUCT SUSTAINABILITY

Customer loyalty at ABFRL is driven by product sustainability. Our customers are assured that the products they wear are made through energy efficient processes, using quality fabrics sourced locally, that have generated less waste, and will last longer. It is one of the three pillars of our Brand Sustainability Guidelines and encompasses supply chain sustainability. We constantly focus on enhancing the sustainability quotient of our products across the value chain.

## HIGG INDEX

Every product used by the customer has an impact on the environment - low or high. Higg Index enables us to measure environmental and social impacts of the product so that we can reduce it.

As circle members of the Sustainable Apparel Coalition (SAC), Higg Index assessments are now a part of our key sustainability initiatives. Started in 2013, this is our fifth year of self-assessment for Brand and Facility Modules. The assessments include bringing together cross functional teams such as product, quality, sourcing, logistics, human resource, manufacturing and jointly discussing and identifying focus areas for improvement.

**The increasing interest among our customers for social and sustainable practices, led us to carry out the Higg Index's Brand Module assessment for the VH innerwear label.**

## Initiatives

### WHAT GETS MEASURED, GETS MANAGED

A holistic framework was needed at ABFRL to track environmental impacts, baseline sustainability performances, and take further action to reduce environmental impacts.

ABFRL adopted the Higg Facility Environment Module (FEM), which allowed our manufacturing facilities to measure environmental performance, benchmark against peers, and identify areas to make meaningful improvements. This year, the Higg Facility Environment Module Version 3.0, a detailed version, was launched. Hence, ABFRL moved ahead and adopted it.

The FEM 3.0 is a one-stop evaluation of all environmental parameters which is customised to type of facility. The new module also has an improved interface enabling better user friendliness.



### LEADING FASHION INDUSTRY THROUGH TRANSPARENCY

Purpose and transparency build trust. ABFRL is not only committed to the purpose of giving back more to the ecosystem, but is also ensuring that we remain accessible and transparent to our consumers and other stakeholders. ABFRL became the first Indian brand to volunteer for a Sustainable Apparel Coalition's transparency pilot carried out in FY 2017-18.

The intent of the pilot was to collect consumer insights and feedback on Higg Index transparency efforts to:

- Create the most suitable Higg Index communication guidance
- Support for sharing Higg Index facilities and brand performance information publicly

Developed by the SAC, the Higg Index is a suite of tools that enables brands, retailers, and facilities of all sizes - at every stage in their sustainability journey - to accurately measure and score a company or product's sustainability performance.

Of the two pilots that were initiated - website testing and digital identity, we opted for the latter. The digital identity included use of a QR code in a hang tag to provide information on environment and social scores of the manufacturing facility where the garment was made.



We carried out Focus Group Discussions (FGDs) to capture the consumer perspective, in terms of the relevance and understanding of such information, mode of communication and if this would influence decision making while making a purchase.

A shirt from Louis Philippe was chosen for the pilot assessment. As part of the FGD, shopping criteria, patterns, issues that mattered to consumers, were analysed. From the sample size, it was clear that quality, brand loyalty and design/fit were the top 3 shopping criteria for the chosen brand. Below are some of the suggestions received from the participants to enhance transparency:

Using a collectible providing seeds, which when disposed will grow, instead of a hang tag

Providing sustainability information as an SMS post purchase

Usage of a video instead of text

The majority of participants indicated that the sustainability information of the manufacturing facility is relevant to them

QR code on tag shares environment and social scores of the manufacturing facility



**One of the key findings derived from the analysis include the customers wanting comparative sustainability scores from other brands to compare during purchase. Also, a majority of the participants mentioned that such initiatives would enhance brand loyalty. However, customers also wanted to understand and obtain information on the authenticity of the scores, scoring mechanism and organisations involved.**

The results are being analysed and will support the next phase of Higg Transparency at the SAC. We intend to continue our partnership with the SAC and positively contribute to their initiatives and work towards implementing key learnings in our operations. In addition, key learnings from this pilot activity can form the basis for our future product labelling activities.

## SUSTAINABILITY ATTRIBUTES

We remain conscious of the impacts our products have due to the way it is sourced, produced, transported, used and disposed. By creating products that 'care', our sustainability vision has been transcending our walls and extending 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.



**RAW MATERIALS**  
Responsible sourcing from sustainable sources

---



**FARMS & FACTORIES**  
High standards of safety and sustainable practices which minimise the impacts on our employees, society and the environment

---



**PRODUCTION**  
Eco-dyeing, Ozone Technology

---



**PACKAGING**  
Sustainable Packaging

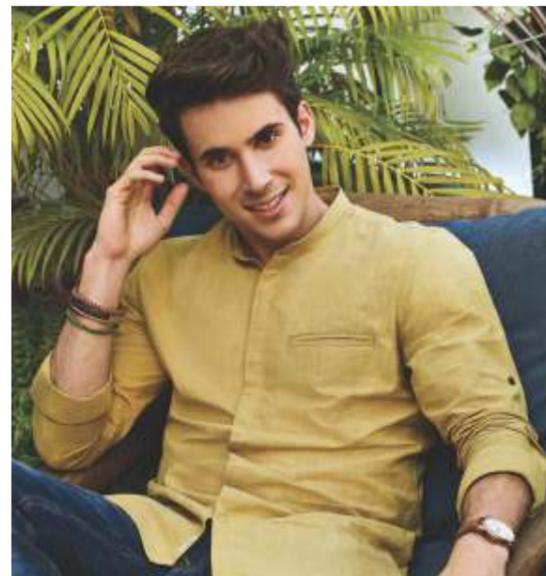
---



**PEOPLE**  
Fair Labour Cluster Development

### SUSTAINABLE ATTRIBUTES RAW MATERIALS

**Handmade Cotton** A collection of shirts by Peter England, made with passion, purpose and cotton, locally handcrafted by our farmers. This is an ode to them, it's a way of life, a symbol of pride and responsibility.



**Crafts of India** A collection of prints inspired from the Indian heritage, handpicked and curated to craft a stunning piece of art, that we call 'The Shirt'.

### SUSTAINABLE ATTRIBUTES PEOPLE (Cluster Development)

**Artist Collaboration**  
Peter England's quest for art took us to Madhubani, Ajrakh and Ikat artists, who employ traditional visual vocabulary and place it in a new context, allowing for viewers to experience new forms of the traditional art.

### SUSTAINABLE ATTRIBUTES FACTORIES

Supply chain sustainability continues to be one of the key focus areas in our sustainability journey. We have been focussing on vendor collaborations to enhance production as well as sustainability performance. Our sustainable mission activities, coupled with implementation of the Higg Index, self-assessment gaps in our in-house factories, are some of the key initiatives which contribute to sustainable attributes.

In addition, as part of the attribute computation activity, we also reached out to vendors to understand their compliance with global sustainability certifications such as SA 8000, WRAP, SEDEX, OEKO Tex etc.

While, some of the vendors were reached out to for the compliance status, we carried out a detailed secondary research for the remaining vendors to identify their sustainability initiatives, on the public domain.

This is excluding the products manufactured in-house.

- **Achieved zero waste landfill**
- **Solar Installation is done at 4 factories**
- **2 factories are green certified & have received gold rating by USGBC during the reporting period**
- **Rainwater harvesting done across all in-house factories**

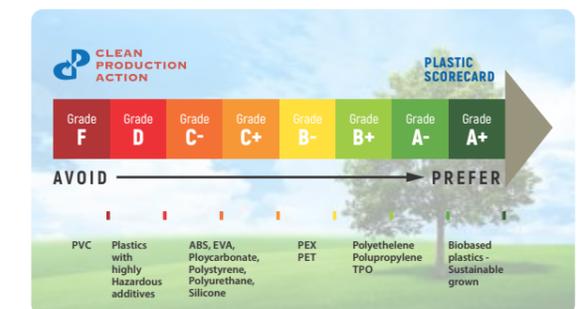
**ABFRL is working with many vendors which are SA8000, WRAP, SEDEX or BSCI Certified. While SA8000 is a standard certification that encourages organisations to develop, maintain, and apply socially acceptable practices in the workplace, SEDEX offers ethical and responsible practices in supply chain. WRAP is dedicated to ethical manufacturing around the world.**

### SUSTAINABLE ATTRIBUTES PACKAGING

#### Eliminating Plastics from Packaging

ABFRL aims to eliminate use of plastic bags across their retail stores network by 2020. The majority of the plastic used at our stores fall under the pollutant category of the plastic scorecard, whereas paper, thread and carton form the non-pollutant category.

**We aim to reach 100% non-pollutant packaging through reduction or reuse of packaging material.**



#### Making Product packaging more sustainable

Pantaloon uses minimalistic product packaging in more than 98% of our products. With the baseline in FY 2014-15, packaging material consumed per million garments was around 109 tonnes with non-pollutants proportion at 84.5%.

**With our efforts to green our packaging, the packaging material consumption significantly reduced in last 3 years. These efforts have resulted into a saving of approximately 1000 tons in the last 3 years.**

In FY 2017-18, we were using two tags per garment - one brand tag and one price ticket. Using these two tags could consume about 168 tons of paper.

In order to strengthen the efforts to optimise packaging, the two tags will be merged into one. The change in design would reduce paper consumption by over 70%.

**SUSTAINABLE ATTRIBUTES - 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.



**Fabric Z**

Softest shirts made with the next generation of 'Modal' cotton blend. Modal is naturally soft on the skin and exceptionally eco-friendly.

**'Karma' Shirt**

These shirts are a combination of Earth colours and water repellent finish, hence, a true sustainable shirt that is made by using lesser resources. These shirts also consume lesser resources for maintenance during the 'consumer use' phase.



**Recycled Polyester**

Pantaloons started the initiative of making t-shirts out of the polyester recycled from PET bottles in FY 2016-17. A collection of men's t-shirts was launched with approximately 50,000 pieces last year. These products have helped us in reducing our carbon footprint while providing near similar performance and comfort to the consumers.

**These garments having 35% recycled polyester content, resulted in energy conservation, material use for dyeing purpose along with environmental benefits.**

<p>Reduced Green House emissions</p> <p><b>38%</b></p>	<p>Cut pesticides consumption</p> <p><b>52%</b></p>	<p>Litres of Water Saved</p> <p><b>1,400</b></p>
--	---	--

Under this specialised manufacturing process, 12 PET bottles were rescued from landfills, to make one T-shirt.

**Sustainable Fluidity - LIVA**

Pantaloons pioneered the launch of fashion products with LIVA fabrics in FY 2014-15, by introducing 67 options in women's clothing with 30's Rayon quality. Approximately 75,300 pieces of high fashion products such as women's tops, tunic, dresses, skirts, ethnic kurta, pallazo, and frocks were produced using LIVA fabrics.

A new-age fabric, LIVA is made from natural fibres which are produced from wood pulp, a natural renewable resource. The trees are specifically grown for this purpose and more new trees are planted than trees are cut. It gives the earth its much-needed green cover, saves 6-7 times more land in comparison to cotton, and saves 3-4 times more water than usual.

In FY 2017-18, the LIVA fabric consumption expanded to cover 270 options (increased by about 4 times in option count) and around 9 lakh garments with five different fabric qualities including two new - 240 rayon flax and 30 rayon slub.

The scale of LIVA-based products was then increased to 210 options (increased by around 3 times in option count) in FY 2015-16, manufacturing nearly 3 lakh pieces from 30s rayon, 60s rayon and 240 \* 20 rayon quality.

Pantaloons has plans to expand LIVA fabrics into further product segments and has been exploring opportunities to use Dope Dyed LIVA fabrics, as they have enhanced colour fastness property, which ensures that the product does not fade even after multiple washes.

**KEY ENVIRONMENTAL BENEFITS OF USING LIVA FABRICS**

Fastest biodegradability  
**4-6 weeks**

Benefits over Conventional Rayon during yarn & fabric making process

**40%** reduction in Effluent Discharge

**20%** reduction in Greenhouse Emissions

**40%** reduction in Water Consumption

**55%** reduction in Power & Steam Consumption each



## QUALITY MANAGEMENT

Quality is what differentiates ABFRL from its competitors. We have a well-defined quality management system in line with the quality policy of the Aditya Birla Group. The system has been designed keeping in mind the organisation's vision and commitment to customers and the overall strategy.

**Our quality management systems are in line with the quality policy of the Aditya Birla Group, which has been designed in cognisance with our vision, customer-centric approach and business strategy.**

### QUALITY POLICY

We have established a comprehensive quality plan to assure product and service quality, as per the defined standards that exceed customer expectations. We have a multi-level quality appraisal system and process to check, maintain and assure quality at various stages in order to maintain consistency in products, processes and services offered to customers. All the quality appraisal systems and processes are also embedded in the quality manual and SoP.

We carry out periodic internal audits and third-party certification audits, in a systematic manner to track the effectiveness in deployment of quality systems.

### QUALITY APPRAISAL SYSTEM

ABFRL has a multilevel quality appraisal system and process to check, maintain and assure quality at various stages in order to maintain consistency in product, process and services offered to customers. We also engage external agencies for periodic quality system appraisal (like ISO, IMS audits).

Some of the appraisals include, vendor induction audits, raw material testing and inspection, finished good inspection and in-process quality audit, supplier performance, among others. Quality appraisal is done on a periodic basis, reports are consolidated and results are shared with the concerned team for action plan.

## INTEGRATING QUALITY CULTURE AMONG SUPPLIERS

ABFRL has established systems for maintaining quality beyond the factory gates, by building quality culture among suppliers and vendors - a culture where we work together to prevent defects and avoid quality deviations.

We review all the customer complaints with the respective functions, including in-house and outsourced manufacturing, sourcing, product, quality and retail, in monthly vendor interaction meets to address customer complaints and take improvement actions.

### Improving Process & Product Capability

Vendor process audit is initiated to continuously evaluate and improve the factory's internal quality assurance systems and process capabilities. Key areas of improvements are identified on the basis of process audit report, and actions are initiated and reviewed periodically.

Vendors are graded and ranked based on the process audit score.

### Evaluating Vendor Performance

Our ability to deliver consistent quality products to the market, depend a lot on the performance of our vendors on defined quality parameters.

Hence, ABFRL has a defined VPQI (Vendor Quality Performance Index), to measure, monitor and evaluate vendor performance on a monthly basis and the same has been shared with vendors to act and improve upon.

### Joint Improvement Programme

A collaborative approach has been adopted to increase quality and productivity of suppliers. The programme focusses on 5S, Six Sigma, Kaizen and other productivity improvement tools.

Details of the improvement have been included in the stakeholder section of this report.

### Initiatives

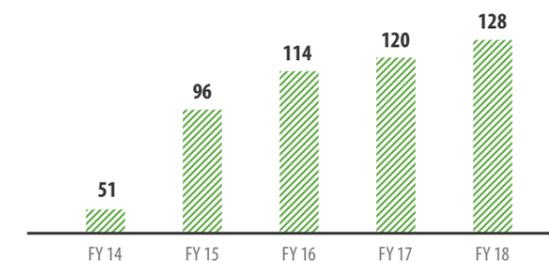
#### QUALITY ASSURANCE CELL (QAC)

ABFRL provides systematic and structured training and certifications to supplier Quality Analysts (QAs), on quality assurance systems and product requirements. These certified QAs, are expected to work as an extension of the ABFRL Quality Assurance team, in the factory.

We, at ABFRL, are building Quality Culture across garment manufacturing facilities, through the concept "QAC- Quality Assurance Cell". It is a dedicated space at factories for building up resources required for better manufacturing practices along with SoP, guidelines, processes, performance indicators, etc.

QAC is unique in its intent and targets to build Quality Culture across the supply chain, irrespective of the fact that it is being monitored or not. The idea is to build self-reliability of the suppliers and thereby sustain themselves in the long run. Also, it improves the image building and presence of brand at the supplier locations and thereby create a "connect" between the brand and the workforce.

The below graph describes the cumulative number of Quality Assurance Cells (QAC) established in manufacturing units.



#### LAKSHYA: DRIVING CONSUMER PRODUCT EXPERIENCE

At Pantaloons, we constantly strive to deliver quality products and superior retail experiences to our consumers - starting from product creation, to the market and into the closet of the consumer.

To ensure that this experience remains positive, we have set up a state-of-the-art facility product testing laboratory, which is embedded with a digital platform. It aids Pantaloons' quality journey to assure products are in conformity with 3 checks of:

**CONFORMANCE**  
**PERFORMANCE**  
**APPEARANCE**

**The laboratory is designed for replicating product usage and experience by end-consumers, by conducting tests across physical, chemical and wash testing of fabrics and garments in line with global quality testing standards.**



The testing methods and processes are based on the American (AATCC/ASTM) and European (ISO) standards.

The Lakshya facility comprises equipment imported from UK, USA and Germany, along with reputed domestic equipment. It is digitally embedded with an in-house designed and developed software system for end-to-end data management, testing reports and providing required communication to stakeholders.

Endavouring on the journey of excellence, the Lab has been accredited for ISO17025: 2005 through NABL within 2 years of its establishment. The accreditation is a formal recognition for technical competency of testing by the National Accreditation Board for Testing and Calibration Laboratories - NABL (autonomous body in India directed by International Laboratory Accreditation Cooperation, Canada - ILAC). This makes Pantaloons the only Indian retailer in Large format (LFR) - to have a product testing laboratory with NABL accreditation.

**● SUPPLIER CAPABILITY AND PERFORMANCE IMPROVEMENTS**

As a part of our vendor development programmes, the QA team has enhanced capacities of chosen personnel from the vendors and manufacturers. This year, there are over 100 such representatives, known as Certified Quality Assessors (Certified QA), from the respective factories. The purpose was to enable factories to understand quality requirements and protocols to take preventive approaches towards product quality improvements, while also preventing failures.

Quality Managers and Product Category Specialists, train these QAs on understanding ABFRL quality requirements and processes with regard to quality improvement. This in turn improved production efficiency and reduced quality failures.

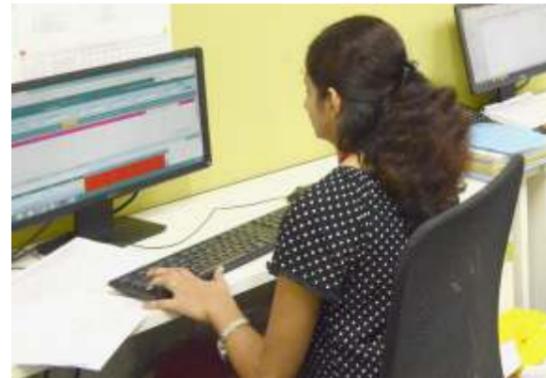
ABFRL - Certified QA Auditors



**● LABORATORY INFORMATION MANAGEMENT SYSTEM (LIMS)**

At the product testing lab, we have deployed a web-based software, LIMS, which enables all stakeholders like Sourcing, Merchandising, Production Team and Supplier, to view the lab test report status and final report online, across any location.

This has helped us in reducing the timeline in report communication and better control on MIS. This tool is also helpful in supplier performance analysis and other quality parameters.



CASE STUDY

**DIGITISATION OF QUALITY ASSURANCE PROCESS**

**CHALLENGE**

**In order to ensure standardised quality processes, alongside transparent and effective quality improvement, a central platform for communication amongst factories in different geographies, was greatly needed.**

**ACTION**

Digitisation of the QA process was fully implemented across our 300 factories, in-house and outsourced manufacturing in India as well as overseas. The initiative has reduced quality issues, cut expenses related to quality and increase QC auditors efficiency.

It was also meant to access real-time analytics and comply with the government regulations and other testing requirements.



**OUTCOME**

This move has revolutionised the way the garment manufacturing industry sees quality systems and processes, helping manufacturing and quality excellence. With the new live quality dashboard, all vendors/manufactures are able to self-monitor and get to see real time performance, which further translates into immediate actions.

The QA app we launched last year, improved efficiency and eliminated duplication in audit scheduling and reporting mechanisms, while also expelling all non-value adding activities.

**Owing to the digitisation process, approximately 1 ton of paper will be saved every year.**

- Fully implemented across in-house & outsource
- Factories in India, China, Bangladesh & Sri Lanka
- Also extended to 3rd Party service provider TUV SUD

GLOBAL COVERAGE



- 455 factories registered using the MFL QA Application
- 58 Certified Auditors using QA Application platform for reporting and improvement

REACH



- Digital Disruption and Process Excellence
- Improve in efficiency with reduction of NVA
- Transparent and effective quality improvement

IMPACT



## CUSTOMER CENTRICITY

Customer-centricity is key to long-term business sustainability. All our decisions are taken keeping the customer in mind. We also strive to ensure that customer complaints, if any, are appropriately and promptly addressed to the satisfaction of our customers. Our customer-centricity approach encompasses a gamut of propositions:

- We recognise our position as an influencer of public choice and values, and therefore ensure 'responsible advertising', by eliminating bias, being politically neutral and minimising ambiguity
- We have created strong competencies around brand building, product positioning and communicating the brand USP to the potential customer segments
- Beyond the label requirements mandated by local laws, all apparel product labels also include information on raw materials utilised. Further, instructions for wash and care are included to maintain durability of the products
- For generating consumer feedback, we also use multiple data collection and research methodologies, like Top Down Brand Equity Index (BEI) and Customer Value Proposition (CVP)

**There have been no complaints and none pending against ABFRL regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years, as of March 31, 2018.**

### ● PRODUCT AND SERVICE LABELLING

All our product labels continue to include information on raw materials utilised, along with instructions for wash and care to maintain durability of the products. This is in addition to the requirements mandated by local laws. To make our products safe and child-friendly, we use buttons which are free of lead, cadmium and nickel, which also reduce end-of-product-life impact on the ecosystem. We also design special products which are 'zip free' and with 'shoulder buttons'.

There have been 39 incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, of which 37 have been resolved in FY 2017-18.

### ● MARKETING COMMUNICATIONS

Our Brand Management and marketing teams focus on brand growth and consumer connect in each brand and segment. Central marketing and omni-channel teams have also been created to drive synergies across brands and streamline external communication, public relations and consumer delight. The brand/marketing teams conduct consumer surveys and market research to gauge opportunities in category, segment and new trends for their respective portfolios.



### Initiatives

#### ● PROJECT PARTNER

To understand the concerns of the project partners, a new initiative called 'Project Partner' was launched by creating a questionnaire to capture their dissonance. This helps us understand areas of improvement for ABFRL to enhance functioning along with partners.

#### ● PRODUCT RATING AS CUSTOMER (PRAC)

PRAC is our in-house method for evaluating and rating the quality of a product, basically from the consumers' perspective and also from the manufacturing perspective in retail stores. The system helps in expressing the quality in numerical form to make it measurable and comparable.

#### ● QUALITY CARE (QC) CELL

**The quality care cell has been created with an objective to specifically understand and address the post-purchase consumer experiences in product quality.**

It conducts a deep-rooted analysis of each complaint and takes it forward to manufacturers and stakeholders for improvement. Learnings from this centre are taken as inputs for future product and vendor developments.

QC Cell plays major role in two areas:

1. Quick resolution of customer complaints
2. Drive product quality improvements through analysis and collaboration

For quicker resolution of their complaints, the cell has migrated to issue the refund gift voucher for justified complaints directly on to the customer's mobile. This saves time, eliminates printing and couriering of physical gift vouchers.

## CASE STUDY

## WHERE CUSTOMER COMES FIRST

### CHALLENGE

**While we consider all aspects including design, comfort, quality and sustainability of our products during manufacturing, it is important to listen to what customers have to say about the product once they experience it. The challenge was to get feedback from those customers post their purchase.**

### ACTION

A feedback mechanism was introduced to understand customers' experience 30 days post purchase of the product. The customer is contacted via SMS to give their feedback or experience along with the details like product purchase, bill, value and so on. They are then called back for optimum resolution.

### CUSTOMER FEEDBACK MECHANISM



### OUTCOME

We went ahead with collecting customer experience feedback regarding the quality of Peter England shirts and trousers. On issues being raised by some unhappy customers in Bengaluru, we met them and performed quality tests to understand their problems and validate. On finding the concerns raised by our customer to be true, the sourcing team met weak suppliers and highlighted issues to improve quality parameters, and later reduced buys from them.

## VENDOR DEVELOPMENT AND MANAGEMENT

As supply chains continue to expand globally, sustainable sourcing is the need of the hour to seek lower costs and greater production capacity. At ABFRL, we are contributing by ensuring that sustainable sourcing is embedded into the value chain. We source raw materials through two major channels: fabric and conversion. Fabrics are sourced from reputed manufacturers to ensure high quality standards, and conversion materials are sourced from medium and small suppliers, thereby providing an impetus to this market segment. At the corporate level, our commitment is also to showcase art and talent of the local artisans and provide them opportunities to grow economically.

**As part of sustainable sourcing initiatives and supplier connect, we have Partner Innovation Summits, Quality and Joint Improvement Projects, Higg Index, Samanvay, Green Channel Partnership, etc. Please refer to the Stakeholder Engagement chapter for details.**

### Initiatives

#### ● VENDOR ON-BOARDING

The vendor on-boarding process involves two components: Techno-Commercial Evaluation and ABFRL Vendor Code of Conduct audit. Vendor techno-commercial evaluation is done by Sourcing and Quality team.

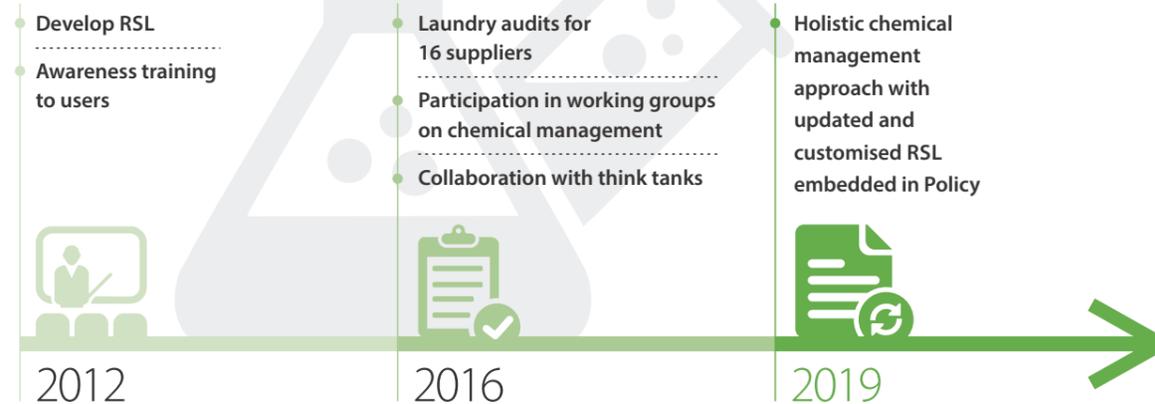
#### ● ABFRL VENDOR CODE OF CONDUCT

Code of Conduct is a means to mitigate supply chain associated risks, with regard to compliance, health & safety, environment and social aspects. It also ensures suppliers taking ownership of legal, as well as 'good to do' requirements, with regard to sustainability. In FY 2017-18, 142 Tier-1 suppliers have been audited for their compliance to the Code of Conduct. We are marching towards our ambitious target of auditing 100% of our Tier 1 suppliers.

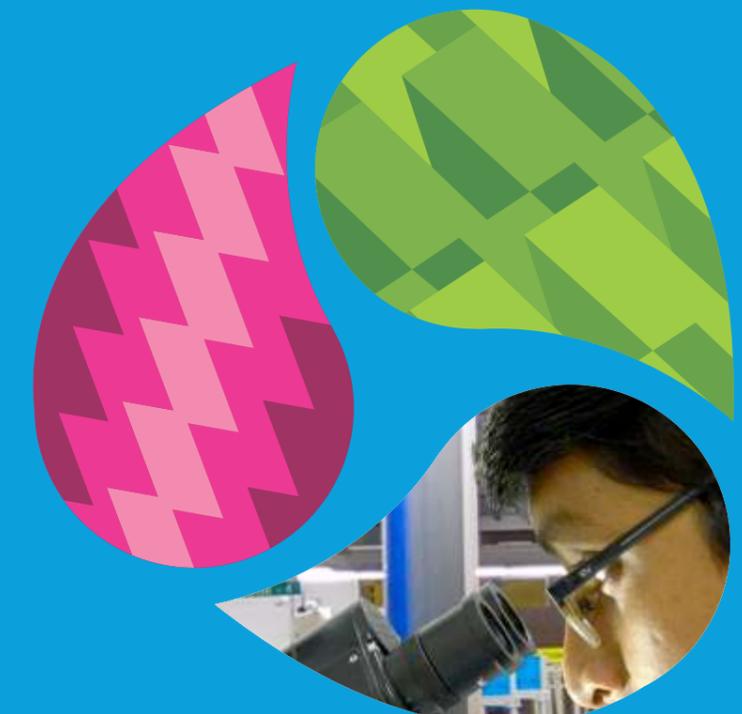
#### ● CHEMICAL MANAGEMENT

The apparel industry consumes a variety of chemicals throughout its value chain, making it an important material issue to focus on. We are committed to bringing responsible chemical consumption across our value chain so that all the risks associated with storage, consumption and disposal of chemicals at the vendor's place can be controlled and managed.

We are working towards developing a holistic chemical management policy and guidelines which will include best global practices to ensure safe production. These guidelines will also cover waste water discharge practices at supplier end.



## STAKEHOLDER ENGAGEMENT



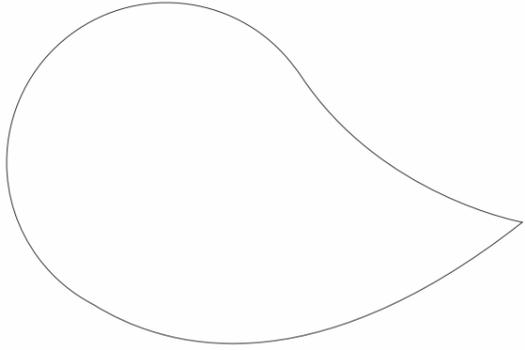
# Recognising TRENDS

The purpose of stakeholder engagement is to identify underserved needs and zero in on emerging trends early enough to capitalise on them. 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.



## SAC Conference

We were Platinum sponsors of the conference at Bengaluru, Karnataka



## Mission Happiness

Received 5.3 million customer views



# STAKEHOLDER Engagement

## Mission Happiness

Received 17.8 million feedback

## Green Channel

India's 1st retail company  
to launch collaborative  
programme for supply chain

The apparel industry is moving at a rapid clip, driven by fast moving trends, emerging technology, convergence of global markets and evolving consumer habits.

The changing dynamics of the fashion industry make it imperative for retailers to acquire flexibility, and speed-to-market, if they wish to maintain a profitable position in this growing but ever-shifting market.

The only way to stay ahead of the curve is to be in constant conversation with those who are shaping the market directly through their choices, those who impact the market indirectly through their inventions, policy-makers, and expert trend-spotters.

### MANAGEMENT APPROACH

At ABFRL, stakeholder engagement is a means to futureproof our business. Towards this objective, we craft our engagements such that we can spot early trends, get introduced to emerging technology, be in the know of upcoming policies and most important of all, ferret out unmet needs. While we constantly have an ear on the ground, we rely equally on specialists and domain experts to connect the dots to unveil what is emerging. These insights, from engagement with stakeholders and experts, are then sieved through the materiality filter to create long term value for all our stakeholders.

We are living in a time when India is reaping a demographic dividend, and an upwardly mobile middle class and young adults are yearning to express their choices. By proactively engaging with them and understanding their motivations and aspirations, we try to put a finger on the pulse of the trends that have the potential to turn into massive waves. By tapping into insights from domain experts, we make informed choices on styles, materials, colours and marketing communications to retain and enhance consumer preference.

**The sustainability philosophy of 'ReEarth - For Our Tomorrow', encompasses 'Recognising Trends', by consistent engagement with all our stakeholders as well as domain experts, which is key to sustaining our position as India's No. 1 Fashion Lifestyle Entity.**

### ENGAGEMENT MECHANISM

A transparent and engaging dialogue leads to long-term, mutually enriching relationships. ABFRL invests in engaging and cultivating these relationships with its myriad stakeholders, to understand their concerns and priorities. The outcomes of these engagements, guide us in policy formulation and decision-making. We have identified and mapped our internal and external stakeholders.

As part of ABG community initiatives, we have also identified the disadvantaged and vulnerable stakeholders.

*Note: Special initiatives taken by the Company to engage with these marginalised stakeholders are outlined in the Social Performance section.*



Through participation in several industry forums, we increasingly gain a deeper perspective on stakeholder sentiments and global trends in the apparel sector. We also use these forums as a platform to benchmark our sustainability performance with our domestic and global peers, so as to make improvements in our sustainability agenda. Some of our key modes of engagement and their frequency include:

Stakeholder Group	Mode of Engagement	Frequency of Engagement
Suppliers	Periodic vendor communications Supplier Meets / Summits	Continual
Investors	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	Continual
Government and Regulatory Bodies	Mandatory filings with regulators (including SEBI)	Quarterly / Half Yearly / Annual
Media	Press Releases, Media Interaction by Senior Management, PR agency partnerships	Continual
Employees	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	Continual
Customers	Interactions at stores, Social media interaction, Online and mobile initiatives, Customer Satisfaction Surveys, customer feedback mechanism (Mission Happiness)	Continual
Society	Community need assessment surveys, Disaster management workshops, Community visits, Satisfaction surveys, Meetings with community heads	Continual
Market Development / Channel Partners	Periodic meetings and communications, Market survey, Customer need identification	Continual

**ABFRL is unequivocally committed to all stakeholders - shareholders | vendors | employees | consumers | community | media | policy planners.**

**Every team member is also encouraged to ensure that stakeholders' interests are given top priority.**

## FASHION FORECASTERS & DOMAIN EXPERTS

The fashion forecasters and subject matter experts are instrumental in **predicting and analysing information regarding colours, fabrics, silhouettes, styles, etc.** We focus on having periodic engagements with them to cultivate a deeper understanding of the mood, behaviour and buying habits of the consumer, as well as the emerging materials and processes.

These experts help in forecasting how a particular trend will pan out in the future. Based on these insights, colour maps, key products, prints and patterns are predicted; fabrics, accessories and designs are developed; and the timing of introducing the product line to the market is determined. The magnitude of the trend and its probable impact on our business is also deliberated during such engagements.



**We, along with Birla Cellulose, were the Platinum sponsors of the SAC Global Conference**



## GLOBAL SUSTAINABILITY APPAREL COALITION (SAC) CONFERENCE

Responsible organisations like ours, have joined hands to identify and measure the sustainability impacts under the umbrella of SAC. In addition to supporting the SAC through participation in working groups, every year we are part of the global SAC Conferences. In the reporting year, the Annual Global Conference was held in Bengaluru from May 22 - 26, 2017 and we were the Platinum sponsors.



### Member Sessions

The conference was spread across five days and included sessions for members as well as non-members. Some of the topics discussed in the member sessions included **strategic plan reviews | the path towards equal partnership | MSI & DDM training | brand module update | transparency | launch of the new facility module - FEM 3.0 | product tools impact | impact on GHG emissions, among others.**

### Non-member Sessions

The non-member sessions, called Planet Textile, included **topics around the Indian textile sector and its action plan to tackle environmental challenges | sustainable financial solutions for access to water and sanitation in textile producing regions | circular business models | Indian apparel consumers' views on environmental issues and the market for recycled polyester | solutions to manage wastewater pollution | Zero Discharge of Hazardous Chemicals (ZDHC) concepts and process | managing textile wet processes.**

### Our Offering

**We presented Aditya Birla Group's (ABG) sustainability journey and our commitment to transparency. It included the ReEarth programme initiation and implementation, ABG's vision, ABG's participation in the SAC working groups and the upcoming pilot programmes. We also showcased achievements of the Facility Environment Module and how it has helped ABFRL, highlights of ABG's Higg performance over the years, our drive towards Facility, Brand and Product module adoption and extending Higg to the entire value chain.**

The panel was keen on further understanding the value chain inclusion, key implementation challenges faced and the benefits of imbibing Higg Index into business operations. We emphasised on the successful initiatives undertaken to ensure adoption and implementation of transparency across the Aditya Birla Group and the supply chain. One of the sessions also included a visit to our in-house factories to understand the process and key initiatives implemented.

### Major Issues

The discussions majorly revolved around water pollution management, chemical management, improvements in wet processing, environmental issues and its management, upliftment of communities by providing jobs, capacity building and improved operational efficiency, thereby delivering high quality fabrics.

### Session on Manufacturing

A dedicated session on manufacturing was conducted. The session included the need for sustainability and its benefits for manufacturers, taking action on Higg, preparing for FEM 3.0 roll out, chemical management workshop and importance of chemical management, best practices, ZDHC guidelines and waste water guidelines.

### Conclusion

**The conference concluded with recognising that SAC was a great platform for meeting experts, knowledge sharing, to connect with global peers, and adopt latest trends and technologies in the textile and apparel sector.**

One of the key outcomes of the conference was the launch of the new version of the Higg Facility Module - FEM 3.0. The new module comes with a better interface, deeper insights and customised evaluation, based on the type of facility, and replaces some of the previous Higg tools, such as Outdoor Industry Association and ZDHC audit protocols (chemical management).



## SUPPLIERS

Suppliers are the vital cogs in our value chain, as delivery hinges on supply. The entire apparel supply chain, from fibre ingredient production to the textile spinners that create yarn, to the mills that weave it into fabric and dye it into various colours, contributes to the final product. We remain committed to nurture, grow and measure our relationship with our suppliers, and we do so by engaging consistently with them.

Continuous engagement with our suppliers has helped them understand and align their operations to our business objectives like



As they play a critical role in our sustainability-oriented value chain, we also expect them to demonstrate their commitment towards our responsibility agenda, by bringing similar sustainability-related improvements in their processes.

The suppliers also provide us valuable feedback on how to bring improvements in our objectives, as the key issue remains the same, whether it is productive efficiency or cost effectiveness. Since the outcomes are associated for mutual benefit, it adds into our domain expertise and augments our capability.

### Initiatives

We continue to work closely with our suppliers to create awareness, enhance capacities on sustainability and educate on how to maintain it in the long term. Some of the supplier related initiatives that we take, include:

#### ● PARTNER INNOVATION SUMMITS

We organise Partner Innovation Summits with the objective of providing suppliers a platform to interact with key decision makers of all brands, develop new collections and ideas, and help brands adopt new concepts every season. Partners across the value chain, including trim, fabric and accessories suppliers, participate and showcase their innovations, products, designs, and more. It is an industry benchmark on how to provide partners the perfect platform to showcase their innovations.



#### ● QUALITY / JOINT IMPLEMENTATION PROGRAMME

The Joint Implementation Programme (JIP) is a collaborative approach to improve the quality and productivity of our suppliers. This year too, we continued this programme managed by the Vendor Development Cell in association with Product Development, Quality Assurance and Technical Teams. 5S, Six Sigma, Kaizen and other productivity improvement tools were employed, to improve quality and productivity at suppliers' end.

#### ● GREEN CHANNEL PARTNERSHIPS

The Green Channel Partnership is an initiative, where we work with key fabric suppliers to reduce lead time and cost, as well as improve efficiency, consistency and quality. This helps us to procure responsibly and through a sustainable supply chain. We are the first retail company in India to initiate a Green Channel Partnership Programme for our textile and garment partners to improve productivity and quality.

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

#### ● SAMANVAY - VENDOR PARTNERSHIP SUMMIT

Pantaloon's Vendor Partnership Summit was ideated to reinforce mutual connect between Pantaloon's leadership and vendor partners, and to share key business updates.



Started in 2013 and conducted annually in Mumbai, the event is primarily divided into two sessions.

First is the strategic vendor partners' discussion with Pantaloon's senior leadership, including the Chief Executive Officer (CEO), Chief Merchandising Officer (CMO), Sourcing Head, World Leads and Product Leads. The key vendors are identified based on their existing business relationship, potential and intent to grow, while taking the business relationship to the next level.

In the second session, Pantaloon's leadership interacts with all the vendor partners. The points of discussion include leadership thoughts on the current business state and the way forward for growth across sourcing, SCM and finance related aspects.

A survey is conducted well in advance covering all the active vendors. The objective of the survey is to provide an exclusive touch point for the vendors, by directly connecting them to the senior leadership, through their views and feedback. The result of the vendor survey is shared and discussed with all the vendors, along with questions received as part of the survey.

This is followed by a Q & A session to address questions and points put forward by vendors during the summit session. The summit finale recognises and rewards partners for their excellent performance and contribution across delivery, quality and SCM. Thus, Samanvay is a comprehensive engagement platform that builds smooth coordination, effectively leading to synergy.



● VENDOR WORKSHOP SERIES

Launched in 2013, Pantaloons has been conducting vendor workshops annually across seven of its sourcing zones in India, as part of an ongoing process to strengthen vendor partners' relationship. The workshops aim to increase awareness and assist them in adopting best practices in supply chain management.



The workshops focus on newer and better sourcing processes | updates on key performance indices | expectations of vendors | process enhancements | vendor on-boarding | product development | order finalisation/execution | support services functioning | supply chain and finance.

The workshops are followed by a Q & A session to address questions and concerns from vendors.

● AADHAR - DIGITAL FOUNDATION FROM DESIGN TO DELIVERY

Pantaloons has an online portal, designed and developed in-house, called 'Aadhar' - a structured order and data management platform, which seamlessly integrates all the key sourcing milestones. Through continuous tracking of the sourcing supply chain critical paths, stakeholders are able to analyse and identify the bottlenecks and initiate effective remedies.

The portal provides data to facilitate comparison and correlation for culling out definitive trends and performance measurement. The portal has been deployed across all key functions such as, fabric sourcing | garment sourcing | technical & product testing | quality operations teams.

● HIGG INDEX (FACILITY)

We extended the Higg Index Facility Module assessments to outsourced suppliers (garment and textile). Last year, we conducted site visits and documentation assessment for these suppliers, and this year, we carried out follow-up and self-assessment processes for them. The suppliers appreciated the effort and implemented the recommendations provided for improving sustainability performance at their respective facilities. Going ahead, we plan to increase the number of suppliers to be assessed using the Higg Index.

● VENDOR CODE OF CONDUCT (COC)

The ABFRL Vendor Code of Conduct, which is based on IFC Performance Standards, International Labour Organisation (ILO) and SA 8000 Standards, and applicable national rules and regulations, continues to be our vendor sustainability evaluation tool.

While the CoC is an audit, we not only do the evaluation process, but also provide support to the vendors by identifying improvement areas and implementation support. So, it becomes a collaborative approach, in which we bring aboard suppliers on our sustainability journey.



CUSTOMERS

What makes us the No. 1 Fashion and Lifestyle Company in the country, is our ability to anticipate, adapt and exceed customer expectations. Instead of looking at customers as a monolithic group, we address them as niche groups with individualistic needs, and different brand teams interact with them in mediums and touchpoints which are specific to each group.

WE AIM TO CATALYSE THE BUSINESS OF FASHION THROUGH SUPERIOR INFRASTRUCTURE AND EXPERIENCES, TOWARDS THIS NEW FUTURE.

ABFRL hosts India's largest fashion retail network with over **11,000** points of sale

Includes close to **2,500** exclusive ABFRL brand outlets

Across **700+** cities and towns

We have **~22 million** Loyalty Members as of 31st March 2018, with a vast bouquet of loyalty programmes to strengthen customer loyalty

**4,900+** multi-brand outlets

**4,000+** department stores across the country

**Athleisure is an emerging segment of multi-purpose wear that goes from gym to street to couch. To cater to the enhanced customer demand, this year, we forayed into Athleisure.**

**Initiatives**

We believe that customer-centricity is key to long-term business sustainability. Constantly innovating designs, concepts and products, by infusing consumer feedback and the latest trends in fashion and clothing styles, we have a repertoire of lifestyle brands that cater to every consumer's needs, across multiple occasions. Our customer-centricity approach encompasses a gamut of propositions.

**MISSION HAPPINESS (Consumer Feedback Mechanism)**

Launched in 2014, with the objective of ensuring positive and consistent customer experience and enforcing common SOPs for complaint resolution, Mission Happiness continues to be a huge success. Through the in-house 'Epic Centre', we listen to consumer views and feedback in the digital space, and positively leverage social media to manage brand image.

Through an electronic interface, our customers can provide detailed feedback and rate their in-store experience. This feedback is meticulously monitored, and training is imparted to the employees to decode and respond to it. These inputs help us develop a better understanding of consumer demands and enhance our ability to dynamically cater to the growing, as well as changing demand landscape. This initiative is supported by CRM initiatives, such as Loyalty Cards and complaint resolution mechanism.



**CUSTOMER VOICE RESPONSE SYSTEM (CVRS)**

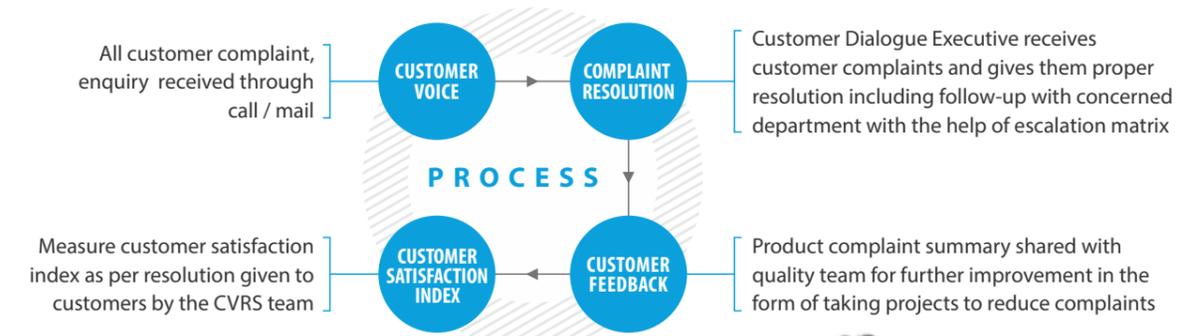
Our customers deserve the best - not only the best apparels and accessories, but also the best service and experience. In line with this philosophy, we seek their feedback on a consistent basis.

CVRS is a platform which handles customer complaints and ascertains process transparency through the deployment of an online Complaint Management System. This encourages customers to share their experiences, feedback and complaints, along with helping us identify opportunities of interventions in order to enhance customer satisfaction.



**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**

Exceeding customers' expectations by offering a product of superior quality and value in a contemporary setting, is key to our success. To measure and enhance this experience, we use the Customer Quality Management (CQM) process, which acts as the 'voice of the customer' for us.

The 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 - such as Men, Women, Kids and Ethnic.

The findings are used to decide on corrective actions, which are then routed back to our products.

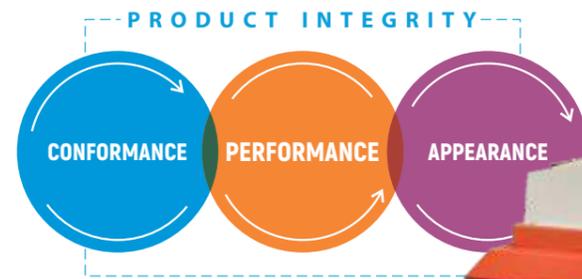
We take additional care to ensure that our store teams are well trained in effective handling of customer feedback and returns.



● LAKSHYA: DRIVING CONSUMER PRODUCT EXPERIENCE

At Pantaloons, we constantly strive to deliver quality products and superior retail experiences to our consumers - starting from product creation, to the market, and into the closet of the consumer.

Lakshya is a state-of-the-art product testing laboratory, embedded with a digital platform, to ensure a superior consumer product experience. It aids Pantaloons' quality journey to assure commodities adhere to 3 major principles to ensure Product Integrity:



The laboratory is designed for replicating product usage and experience by end-consumers, by conducting tests across

physical, chemical and wash testing of fabrics and garments

in line with global quality testing standards. The testing methods and processes are based on American (AATCC / ASTM) and European (ISO) standards. The Lakshya facility comprises equipment imported from UK, USA and Germany, along with reputed domestic equipment.



Lakshya is also digitally embedded with software systems designed and developed in-house, enabling end-to-end data management, for creating testing reports and providing the required communication to stakeholders.



Continuing the journey of excellence, Lakshya Lab has been accredited for ISO 17025:2005 through NABL within two years of establishment. The accreditation is a formal recognition of its technical competency in testing, by the National Accreditation Board for Testing and Calibration Laboratories - NABL (an autonomous body in India directed by International Laboratory Accreditation Cooperation, Canada - ILAC). This makes us, the only Indian retailer in Large Format Retail (LFR) to have a product testing laboratory with NABL accreditation.

● CUSTOMER FEEDBACK

For generating consumer feedback, we also use multiple data collection and research methodologies, like Top Down Brand Equity Index (BEI) and Customer Value Proposition (CVP). Feedback helps enhance the brand image by building on the positive perception of our customer-centric image, as well as helping us to build better products by incorporating the suggestions.



● CUSTOMER COMMUNICATION

We recognise our position as an influencer of public choice and values, and therefore ensure 'responsible advertising', by eliminating bias, being politically neutral and minimising ambiguity. We have created strong competencies around brand building, product positioning and communicating the brand USP to potential customer segments.

Beyond the label requirements mandated by local laws, all apparel product labels also include information on raw materials utilised. Further, instructions for wash and care are included to maintain durability of the products.

There have been no complaints and none pending against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years as of March 31, 2018.

EMPLOYEES

Happy employees are the best brand ambassadors. An engaged employee is not only happy, but also more enthusiastic, productive, loyal and takes positive action to further the organisation's reputation and interests. They have a very encouraging effect on innovation as well as customer satisfaction.

At ABFRL, we attract the best people in the apparel industry and have strong systems of



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 | productive  
empowering | safe workplace

is the cornerstone of our approach for people at ABFRL.

This ensures that each employee brings their best self and gives their best to work.



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

## MATERIALITY

Materiality is 'what matters' – it helps focus on subjects that are significant and relevant. At our stakeholder engagements, we generate and record an array of issues and themes that are of material importance to us. When juxtaposed with their various business impacts, we are able to not only gauge their importance, but also derive a comprehensive list of topics that can generate maximum benefit to our stakeholders.

The topics on the list are those which have a direct or indirect impact on our ability to create, preserve or deplete economic, environmental and social value for ourselves, our stakeholders and the society at large. At ABFRL, the identification of material topics goes beyond just prioritising and addressing risks. It also helps us to capitalise on the emerging opportunities.

The apparel industry is highly dynamic and materiality assessment helps us in ensuring focus on aspects which enable us to create long term sustained value for all our stakeholder groups.

### MATERIALITY ASSESSMENT PROCESS

At ABFRL, materiality assessment process is part of the sustainability journey and involves engaging with multiple stakeholders (customers, suppliers, etc.) and experts (Forum for the Future, SAC, etc.).

The stakeholder mapping and materiality assessment processes began in 2015. **The Forum for the Future (an independent non-profit that works globally with businesses, governments and other organisations to solve complex sustainability challenges) was engaged to compile a roadmap that would 'future proof' ABFRL's business strategy.** Long Range Strategic Plans (LRSP) were identified through internal stakeholder workshops, leveraging upon global retail trends and developments, to identify key focus areas which will enable future preparedness to stay ahead in business.

Some of the outcomes of this workshop were strategic areas such as



Plans were made around these areas for further action, and responsibilities were assigned accordingly. Through this activity, material areas were identified along with stakeholder inputs.



**Customers** form one of the key stakeholders for our business. Therefore, it is imperative to keep in mind their expectations and the changing trends in this domain. Activities such as Mission Happiness, Omni-channel, loyalty programmes, etc. address customer concerns and enable improved business decision making.

**Supply chain** is another critical stakeholder, wherein better transparency and control is key to ensure smooth business operations. Vendor collaboration initiatives such as the

Joint Implementation Programme (JIP)

Partner Innovation Summits

Vendor Development Cell

Vendor Performance Quality Index (VPQI)

Green Channel Partnership

Vendor Code of Conduct

support the suppliers to improve their production efficiency and their systems to meet global standards, as well as sustainability compliances.

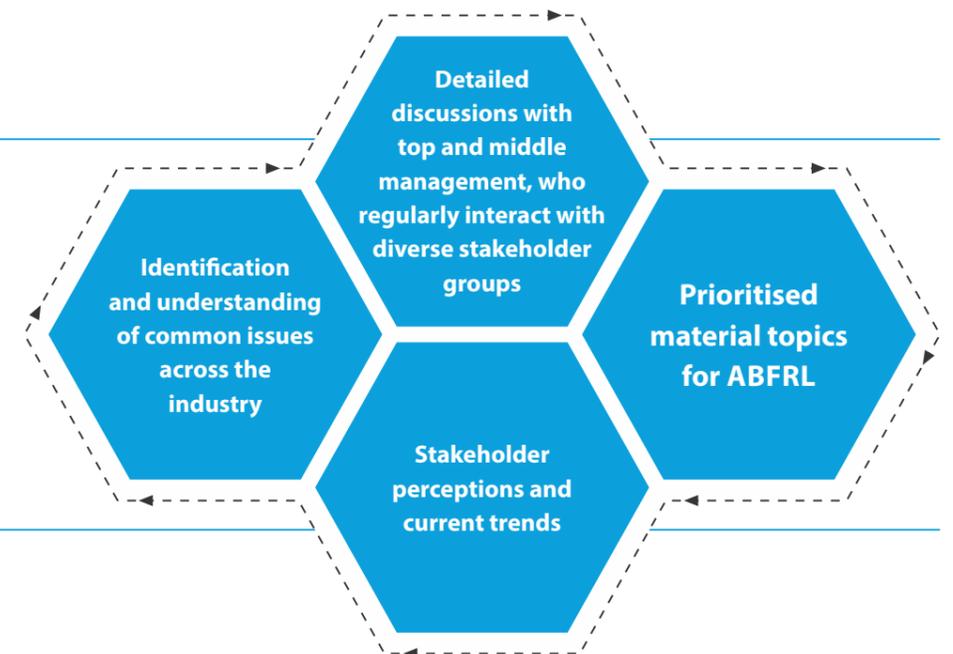
Having addressed our internal and external stakeholder requirements, we also endeavoured to highlight our sustainability achievements and become part of a global sustainable textile and apparel alliance. Hence, we joined hands with the Sustainable Apparel Coalition (SAC). This not only provides us with access to latest technologies and successful case studies, it also makes us a part of a large global network of brands who are working towards a common goal - creating sustainable products.



We believe that deeper engagements with our stakeholder groups, including subject experts, significantly enhance our knowledge and understanding on externalities that may impact our business environment. By focussing on the macro level trends that are identified in these engagements, we are able to future-proof our business through improved alignment between our strategic objectives and emerging priorities. The inputs from these engagements are also an opportunity for us to re-align our key business risks and opportunities.

An important milestone in our sustainability agenda was reached last year, when we released our maiden sustainability report, based on the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. We carried out an internal materiality assessment exercise, in line with the G4 Guidelines and our Group Sustainability Framework, which involved an extensive internal stakeholder mapping exercise, focussing on prioritisation of material issues or topics.

This year, we recalibrated the key material issues and stakeholder prioritisation, based on our materiality assessment process, which includes the following key steps:



## SUMMARY OF KEY MATERIAL ASPECTS

Through engagements with stakeholder and subject matter experts, we have identified aspects that are material to our business. These aspects have economic, environmental and social effects, leading to overall business impact. Although every aspect is linked, the major linkages are:



## ADDRESSING MATERIAL ISSUES

For addressing these material aspects, we are following our sustainability vision of 'ReEarth' - giving back more than we take, to reverse the trend of consumption and restore the balance of the ecosystem.

Progressing from legal requirements compliance, to embedding sustainability in our way of doing business, a well-defined sustainability roadmap with clearly articulated targets is in place, to chart the direction for long-term sustainable growth. After the conclusion of 2017 missions and assessment for each target, we have now embarked on the second leg of our sustainability journey - Sustainability 2.0 with a 2020 Roadmap. Going forward, we would strive to transform our sustainability missions / focus areas, to lay emphasis on customer engagement, responsible innovation and increased transparency.

Some of the steps to address material issues include:

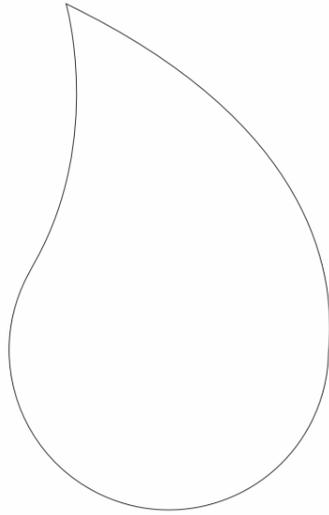


## FUTURE PROOFING



# ReDesigning BUSINESS

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 nonconventional 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.



### Looking Ahead

First Group Company to develop a scientific 'future proofing' roadmap



### Laser Leverage

Adoption of new technology like Laser to achieve new environment benchmarks



# FUTURE Proofing



Businesses that can anticipate the future, develop ways to combat emerging threats and create strengths to harness new opportunities, will be successful in the longer run. To be risk-resilient and opportunity-ready, we at ABFRL, are future-proofing our business by institutionalising sustainable practices across our operations.

## MANAGEMENT APPROACH

Our sustainability philosophy, 'ReEarth - For Our Tomorrow' is tightly aligned with the ABG sustainability framework, and helps us drive positive change in our business in response to emerging environmental and social demands. Through periodic engagement with our strategic stakeholders and domain experts, we scan the time horizon to identify and understand global mega-trends and their impact on both - us and the world around us. This trend-spotting exercise is complimented by rigorous scenario modelling, wherein we evaluate our current business models against various probable future scenarios that address key areas like consumer preferences, climate change, energy, water, waste, human rights, supply chain, etc.

With this information, we update our business models, execution strategies and risk profiles, put in place systems and processes plus organise training for our employees to become future-ready and continue generating value for our shareholders and society.

**ABFRL aims to set new benchmarks in the business of fashion through proactive innovation, superior infrastructure and world-class experiences.**

## RISK MANAGEMENT

Risk is inherent to any enterprise, and effective governance and risk management form the bedrock of a company's performance. In today's dynamic, inter-dependent world, risk is a fast moving target which is difficult to predict.

At ABFRL, the first step we have taken to be risk-ready is to become a fleet-footed organisation with empowered employees who can take accelerated decisions to combat any emerging challenge. Complementing this speed of response is a robust foundation of standardised policies & processes and strong internal control systems.



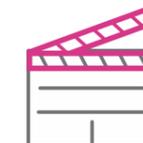
### RISK MANAGEMENT COMMITTEE (RMC)



IDENTIFY



ANALYSE



ACTION



MONITOR



CONTROL

To ensure that as an organisation we manage risk in a systemic manner, a Risk Management Committee (RMC) has been constituted by the ABFRL Board. The mandate of the RMC is to identify, evaluate and mitigate operational, strategic and external risks. The RMC is supported by an Internal Committee, which along with experts from various business processes and segments, includes the Chief Financial Officer, who is also the Chief Risk Officer of the Company.

## PREPPING FOR TOMORROW, TODAY

Where we are today, is because of what we did in the past. And what we do today, will determine our future. We hope to create a future-ready organisation, which addresses the needs of all stakeholders, thereby securing a sustainable future for tomorrow. So, we are developing a strategy that is robust, and well equipped to respond to changing scenarios. ABFRL also aims to use innovative approaches to take advantage of new opportunities. We have collaborated with 'Forum for the Future', an independent non-profit organisation that works globally with businesses, Government and other organisations, assisting them in their sustainability vision. A roadmap to 'future proof' our business strategy was drafted in collaboration with them.

**ABFRL was the first Group Company to engage with 'Forum for the Future' to develop a 'future proofing' roadmap.**

### FACTOR PRIORITISATION

Identification of 'future factors' post stakeholder engagement exercises, including expert interviews and in-depth research to consolidate probable trends.

### EXPLORING UNCERTAINTY

Exploring the possible outcomes of each of these factors and its uncertainty. 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 the critical drivers of change for our business:



#### ADOPT TO ADAPT

Combining adherence to global standards with domestic innovation



#### INDIA REALLY SHINING

Aligning our future growth strategies to the country's vision of reviving traditional forms of agriculture and trade



#### VASUDEVA KUTUMBAKAM

Inclusive growth, preferential trade treatment, ease of technology transfer and innovation



#### HUM INDIA WALE

Leverage own resources to address some of the challenges around food, energy and water

We have, in the past carried out a detailed evaluation of the effectiveness of our current business strategy and its ability to create value, in the context of identified scenarios. Based on the scenarios, four key areas of concerns were selected for immediate action. The following strategies were devised to mitigate these concerns:



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.

**ABFRL remains committed to innovation and development through the best use of manufacturing practices to create world-class apparels with excellence in style, quality and sustainability.**

## CIRCULAR ECONOMY IS THE FUTURE

Moving towards a circular economy goes far beyond traditional measures to reduce the negative impacts of the current system. It entails shifting to an entirely new system, which cannot be achieved by incremental improvements. Instead, an entrepreneurial, systemic, design-thinking approach is required, bringing people together from across the system to collaborate, prototype, learn, refine, and scale what works.

ABFRL is committed to regenerate ecosystems. For this, we have partnered with Ellen MacArthur Foundation for the 'Make Fashion Circular' initiative. The Ellen MacArthur Foundation will embrace this collaborative, solution-focussed and iterative systemic approach, and will bring together leading organisations from across the value chain, alongside policymakers, innovators, researchers, and NGOs, to co-create and iterate the necessary solutions.



## INITIATIVES

High-performing organisations often look for ways to make their business future-proof and sustainable. At ABFRL, we believe that a sustainable business is one that can continue to survive and thrive within the growing needs, and tightening legal and resource constraints of a sustainable world. There are many ways to keep up with the dynamic environment and some of the practices and initiatives that we have adopted, fall into four major categories:

Sustainable Material and Supply Chain

Technologies

Institutions

Brand Portfolio

### SUSTAINABLE MATERIAL AND SUPPLY CHAIN

#### Cotton 2040

Cotton is a vital commodity for fashion brands and retailers, representing about 30% of all fibre used in the textile sector. However, conventional cotton production can be associated with significant social, environmental and economic impacts, including over-consumption of water, inappropriate or excessive use of pesticides and fertilisers, low incomes of small-holder farmers and soil depletion. The production of sustainable cotton has enormous potential to create positive change.

ABFRL has taken the lead for sustainable cotton by supporting the Cotton 2040 initiative, to enable a systemic shift in the global cotton industry towards sustainable cotton by integrating and accelerating action for sustainability. It includes a cross-industry partnership of leading international brands and retailers, cotton standards, industry initiatives and other stakeholders across the supply chain, working to:

**Maximise and accelerate current sustainability initiatives in the global cotton industry to drive more sustainable cotton into the mainstream**

**Align efforts in four priority areas for action, to ensure their collective impact is more than the sum of their parts**



#### BCI (Better Cotton Initiative)

We are committed to minimise the negative impact of fertilisers and pesticides, and care for water, soil health and natural habitats. Hence, we have partnered with BCI.



Better Cotton Initiative exists to make global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future, by developing Better Cotton as a sustainable mainstream commodity. It is a holistic approach to sustainable cotton production covering all three pillars of sustainability - environmental, social and economic.

## TECHNOLOGIES

The textile and apparel sector remains exposed to evolving technologies which are expected to make processes more convenient, optimised and sustainable. We remain committed to exploring disruptive technologies that make our processes and products more sustainable.

### Sustainable Textile Technologies

With our relentless focus on exploring disruptive and sustainable technologies, we adopted the following new technologies to make our processes and products more responsible and sustainable:



#### ADVANCED DENIM

Manufacturing jeans with reduced consumption of energy and water



#### HERBAL DYEING

Use dyes from herbs, plants, fruits, vegetables, etc. to dye and print fabrics



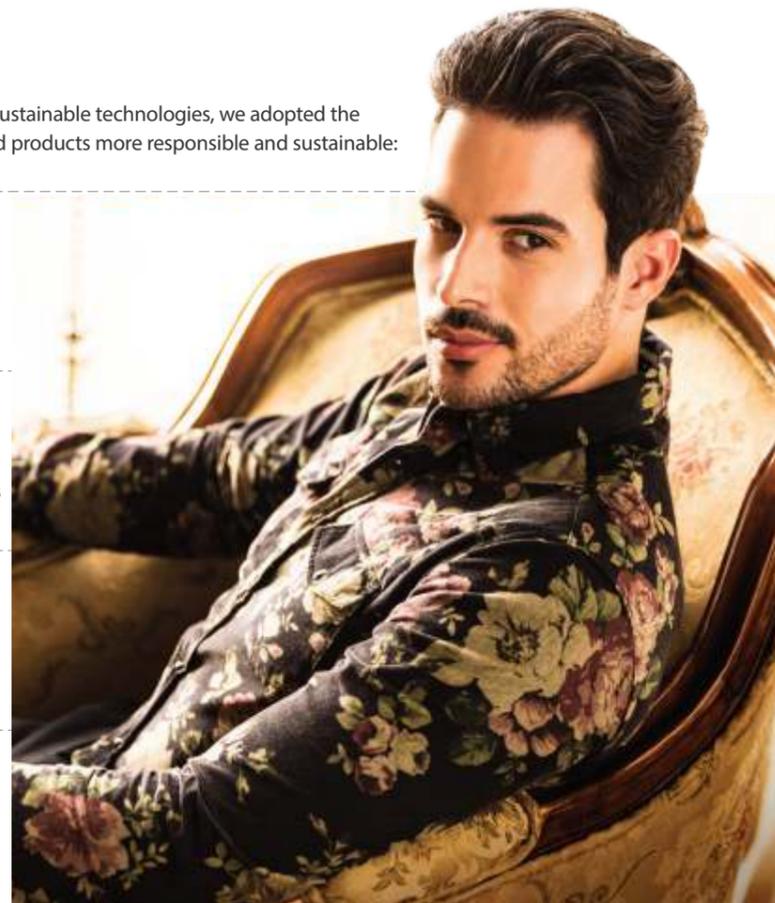
#### ECO-RESIN

Produce garments with non-iron performance & durable wear



#### ZERO DETERGENT

Allow easy stain removal without detergent and use of cold water



### Laser Denim Technology

Laser technology is a revolutionary idea which has the potential to transform the entire value chain of denim products. The technology offers substitute to key denim processes such as:

Manual processes including hand scraping, distress effect, etc.

PP Spray

Wet processes such as stone wash, enzyme wash, etc.

Leveraging on tech-driven, substitute processes, can result in reduction of water and chemical consumption as well as a reduction in manual processes by workers, leading to a positive impact on the environment and safer working conditions.

### Wearables

Wearables is essentially a technology that can be worn on your body, either as an accessory or as a part of your clothing. Wearables connect to the internet and allow exchange of data. They largely address many aspects of consumers' emerging lifestyle needs. We are pursuing the use of more perceptible solutions which are invisible, eliminate the hassles of a device, and seamlessly integrate with the user's life.

## INSTITUTIONS

### Lakshya Lab – Product Testing Lab

For testing future-ready products, we have an in-house product testing laboratory called Lakshya Lab. 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.

Recently, the lab was accredited for ISO 17025:2005 through NABL within two years of establishment, making ABFRL the only Indian retailer in Large Format (LFR) to have such an accreditation. The accreditation is a formal recognition for technical competency of testing by the National Accreditation Board for Testing and Calibration Laboratories - NABL (an autonomous body under the aegis of Department of Science & Technology, Government of India, and connected with the International Laboratory Accreditation Cooperation, Canada - ILAC).

NABL accreditation has enhanced the competency in testing, and all the test results are traceable and reproducible. Also, the environmental impact of NABL accreditation in Lakshya, is sustainable disposal of chemicals and other materials, making us a more future-responsible Company.



### New Garment Manufacturing Facility - Odisha

Looking at the future, and the growing needs of the evolving and increasing middle class, it is evident that we need to expand our garment manufacturing capacity. While we have a prominent presence in Bengaluru, we are exploring greenfield locations outside Bengaluru and we have shortlisted Odisha for further exploration.

This is completely in keeping with our risk mitigation plan for manufacturing. Having all our manufacturing at a single location carries a risk. Also, the rapid increase in urbanisation in rural Bengaluru is expected to push up the cost of manufacturing; add to that, the diminishing availability of labour and the shortage of power in Bengaluru. Hence, we have taken a forward-looking decision to set up a new manufacturing unit in Odisha.



### Knowledge Management Centre (KMC) & Technology Management Centre (TMC)

The KMC plays a key role in channelising global best practices, product benchmarking, development and innovation. It has studios in Bengaluru that help us excel in a highly volatile and rapidly changing apparel industry. The TMC continues to play a central role in research and development, supporting prototyping for emerging product categories.

## BRAND PORTFOLIO

### International Brands and tie-ups

Globalisation is making the world a smaller place and India is becoming more permeable to global fashion trends. The burgeoning upper middle-class and HNI segments, steep rise in incomes, the popularity of social media platforms like Instagram and Facebook, and brisk growth in overseas travel has enhanced the demand for global brands in India.

**Pre-empting this trend, ABFRL launched India's first luxury multi-brand retail outlet, 'The Collective', a decade ago. With over 100 of the world's best fashion brands under one roof, this unique lifestyle store offers connoisseurs, a superior retail environment and delivers exemplary experiences with a personal touch.**

In the past few years, the format has come of age, and a dedicated 'International Brands Division' was formed in 2015.

Recent brand additions at The Collective and introduction of international brands, such as Ted Baker, Polo Ralph Lauren and American Eagle, are testament of our constant endeavour to strengthen our international brand portfolio.

In the years to come, global brands will play an important role in the Indian fashion market and we at ABFRL, with our rich experience, expanding portfolio and proven track record, are well-poised to efficiently service this growing demand.

AMERICAN EAGLE

RALPH LAUREN

TED BAKER  
LONDON

HACKETT  
LONDON

SIMON CARTER  
LONDON

FOREVER 21

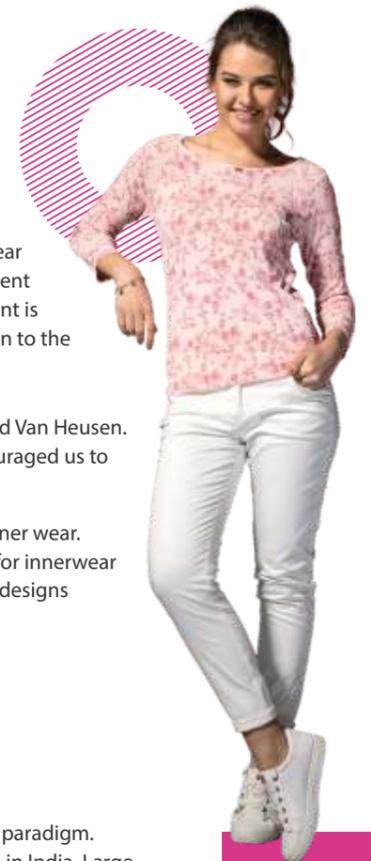


### Expanding Product Portfolio

Innerwear and athleisure are slated to be the next high growth segments in India. The women innerwear market is valued at INR 16,000 crore of which about INR 3,000 crore is organised, while for men's segment around INR 7,000 crore is organised out of the INR 9,000 crore total innerwear market. The men segment is growing at 10%, while the women segment is growing at 18%, and witnessing an accelerated transition to the organised segment.

To cater to this market, we launched men's premium innerwear and athleisure in 2016, under our brand Van Heusen. The stupendous response received from business partners as well as consumers across India has encouraged us to introduce innerwear and athleisure ranges for women.

We undertook an extensive study covering 3,000 women to identify pain points and preferences for inner wear. Our research showed that Indian women are increasingly becoming brand conscious and are looking for innerwear that offers comfort, fit and value. These and other insights gained from the research helped shape our designs and manufacturing.



### Fast Fashion

Fast Fashion has been making headlines globally over the last decade, for disrupting the apparel retail paradigm. Having delivered some of the highest growths in global markets, Fast Fashion is poised to do the same in India. Large young adult consumer base, rising disposable income and growth in influence of social media make India a 'favourable market' for fast fashion.

ABFRL's Fast Fashion business vertical has a strong portfolio of international as well as home-grown brands and is geared to capture a significant share of this market.

A brief overview of the four brands from the Fast Fashion vertical is provided below:

FOREVER 21

The exciting and lovable Californian Fast Fashion brand, came into the ABFRL portfolio in July 2016. It also became the largest single brand e-commerce site in the very first month of its relaunch. It caters to the 15-28 years segment and is known for being fun, trendy and fashionable, with affordable pricing.

People  
FASHION & ACCESSORIES

A home-grown brand, we repositioned it as a Fast Fashion destination for youngsters in 2014. With its fundamental pillars being fashion and price, it has over 50% of its customers who are less than 25 yrs old. It is set to change the game of how the target group (18-24 yr olds) experiences fashion. Currently, People has a network of nearly 100 stores in the country.

SKULT  
BY SHAHID KAPOOR

India's first 'street athleisure' brand was launched by Shahid Kapoor in 2016 on e-commerce portals. It now has a presence offline as well. The brand is available across leading ecommerce sites such as Amazon, Flipkart, Jabong, Myntra, Paytm and is now expanding in offline chains such as Central and Pantaloons. Its current offline presence is at 27 doors.

abof  
all about fashion

An Aditya Birla Group brand which came into ABFRL in FY2018 has been all about looking famous. Post its relaunch as a brand-site in FY2019, it continues its philosophy of being Digital-First with presence on abof.com as well as amazon.com

## GRI Standards Content Index

The table below provides the linkage between the material aspects identified through our materiality assessment exercise and the GRI Standards aspects, followed by the GRI Content Index.

Material Issue	GRI Standards Aspects
Financial Performance	Economic Performance
Energy Efficiency	Energy
Water Management	Water
Carbon Emissions	Emissions
Waste Management	Waste and Effluents
Responsible & Sustainable Supply Chain	<ul style="list-style-type: none"> <li>Supplier Environmental Assessments (EN)</li> <li>Supplier Assessments for Labour Practices (LA)</li> <li>Supplier Human Rights Assessment (HR)</li> <li>Supplier Assessments for Impacts on Society (SO)</li> </ul>
Employee Development & Retention	<ul style="list-style-type: none"> <li>Employment (LA)</li> <li>Training &amp; Education (LA)</li> <li>Diversity &amp; Equal Opportunity (LA)</li> <li>Equal Remuneration for Women and Men (LA)</li> </ul>
Human Rights & Labour Standards	<ul style="list-style-type: none"> <li>Non-discrimination (HR)</li> <li>Freedom of Association &amp; Collective Bargaining (HR)</li> <li>Child, forced or compulsory labour (HR)</li> </ul>
Compliance	Compliance (EN, SO and PR)
Innovation in Process & Products	None
E-commerce	None
Customer Centricity	None

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 102 - 14	Statement from the most senior decision-maker of the organisation	Reported	Message from the Business Director
GRI 102 - 15	Description of key impacts, risks, and opportunities	Reported	Sustainability & Us Future Proofing
GRI 102 - 1	Name of the organisation	Reported	Cover Page
GRI 102 - 2	Primary brands, products, and/or services	Reported	Company Profile
GRI 102 - 3	Location of organisation's headquarters	Reported	Mumbai, India
GRI 102 - 4	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Reported	The company has pan-India operations with insignificant international operations
GRI 102 - 5	Nature of ownership and legal form	Reported	ABFRL is a public limited company registered under the Companies Act, 1956
GRI 102 - 6	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Reported	Company Profile Financial Performance
GRI 102 - 7	Scale of the reporting organisation	Reported	Company Profile People Performance Financial Performance
GRI 102 - 8	Total number of employees by category, gender and region	Reported	People Performance
GRI 102 - 41	Percentage of total employees covered by collective bargaining agreements	Reported	People Performance

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 102 - 9	Description of organisations' supply chain	Reported	Financial Performance
GRI 102 - 10	Significant changes during the reporting period regarding size, structure, or ownership	Reported	There were no significant changes during the reporting period regarding size, structure, or ownership
GRI 102 - 11	Whether and how the precautionary approach or principle is addressed	Reported	Sustainability & Us Future Proofing
GRI 102 - 12	Subscriptions to any externally developed economic, environmental and social charters, principles, or initiatives to which the organisation subscribes or endorses	Reported	ABFRL (through the Aditya Birla Group) is a signatory to the World Business Council for Sustainable Development (WBCSD)'s International WASH pledge. The Group is also a member of the Global Compact, an international forum that operates under the aegis of the United Nations
GRI 102 - 13	Memberships of associations and national or international advocacy organisations	Reported	Company Profile
GRI 102 - 45	Entities included in the organisations consolidated financial statements or equivalent documents, as well as entities not covered in the report	Reported	ABFRL Annual Report FY 2017-18 ( <a href="http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> )
GRI 102 - 46	Process for defining the report content and the aspect boundaries	Reported	Company Profile Stakeholder Engagement
GRI 102 - 47	Material aspects identified in the process for defining report content	Reported	Company Profile Stakeholder Engagement
GRI 103 - 1	Aspect boundaries for each material aspect within the organisation	Reported	Stakeholder Engagement
GRI 103 - 1	Aspect boundaries for each material aspect outside the organisation	Reported	Company Profile
GRI 102 - 48	Explanation of any restatements of information provided in previous reports, and the reasons for such restatements	Reported	No restatement has been issued for previous report
GRI 102 - 49	Significant changes from previous reporting periods in the scope and aspect boundaries	Reported	Reporting scope has been extended covering four warehouses of Pantaloons
GRI 102 - 40	List of stakeholder groups engaged by the organisation	Reported	Stakeholder Engagement
GRI 102 - 42	Basis for identification and selection of Stakeholders	Reported	Stakeholder Engagement
GRI 102 - 43	Organisation's approach to stakeholder engagement	Reported	Stakeholder Engagement
GRI 102 - 44	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Reported	Stakeholder Engagement
GRI 102 - 50	Reporting period (e.g. fiscal or calendar year)	Reported	FY 2017-18
GRI 102 - 51	Date of most recent report	Reported	Sustainability Report for the FY 2016-17
GRI 102 - 52	Reporting cycle (annual, biennial etc.)	Reported	Annual
GRI 102 - 53	Contact point for questions regarding the report or its contents	Reported	Company Profile
GRI 102 - 54, 55, 56	In accordance' option the organisation has chosen	Reported	Company Profile
GRI 102 - 56	Organisation's policy and current practice with regard to seeking external assurance for the report	Not reported	
GRI 102 - 18	Governance structure of the organisation, including committees of the highest governance body. Committees responsible for decision making on economic, environmental and social impacts	Reported	Sustainability & Us Corporate Governance
GRI 102 - 19	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Reported	Corporate Governance

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 102 - 20	Organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Reported	Corporate Governance Company profile
GRI 102 - 21	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Reported	Stakeholder Engagement
GRI 102 - 22	Composition of the highest governance body and its committees by; executive and non-executive, independence, tenure on the governance body, number of each individual's other significant positions and commitments, and the nature of the commitments, gender, membership of under-represented social groups, competences relating to economic, environmental and social impacts, stakeholder representation	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) Page No. 11-15
GRI 102 - 24	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 46-48)
GRI 102 - 25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 57)
GRI 102 - 26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Reported	Company Profile Corporate Governance
GRI 102 - 27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Reported	As part of sustainability reviews, the Governance body, is apprised of the key sustainability initiatives and regular assessments are being carried out. In addition, town hall sessions for all employees, on sustainability related activities, are also carried out. An internal sustainability newsletter is circulated on a regular basis as well
GRI 102 - 28	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 12)
GRI 102 - 29	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities, including the highest governance body's role in the implementation of due diligence processes	Reported	Corporate Governance
GRI 102 - 30	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Reported	Corporate Governance Future Proofing
GRI 102 - 31	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Reported	Stakeholder Engagement
GRI 102 - 32	Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	Reported	Reporting Scope and Boundary
GRI 102 - 33	Process for communicating critical concerns to the highest governance body	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 54)

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 102 - 34	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Reported	Stakeholder Engagement
GRI 102 - 35	Remuneration policies for the highest governance body and senior executives by types of remuneration	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 13)
GRI 102 - 36	The process for determining remuneration	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 13)
GRI 102 - 37	Stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 13)
GRI 102 - 38	Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 22)
GRI 102 - 39	Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	Reported	Annual Report 2017-18 ( <a href="http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf">http://www.abfirl.com/pdf/investors/financial_reports/Annual_Report_2018.pdf</a> ) (Page No. 22)
GRI 102 - 16	Organisation's values, principles, standards and norms of behaviour such as Codes of Conduct and Codes of Ethics	Reported	Corporate Governance
GRI 102 - 17	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	Reported	Corporate Governance
GRI 102 - 17	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Reported	Corporate Governance
GRI 103 - 1,2,3	Disclosures on Management Approach	Reported	Financial Performance
GRI 201 - 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Reported	Financial Performance
GRI 201 - 2	Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues	Reported	Financial Performance Sustainability & Us Future Proofing
GRI 201 - 3	Coverage of the organisation's defined benefit plan obligations	Reported	Compensation or Retirement benefit related policy(s) are as per the applicable laws and/or regulations.
GRI 201 - 4	Significant financial assistance received from government	Reported	There was no financial assistance received from the government during the reporting period.
GRI 203 - 1	Development and impact of infrastructure investments and services supported	Reported	People Performance
GRI 203 - 2	Significant indirect economic impacts, including the extent of impacts	Reported	People Performance
GRI 302 - 1	Energy consumption within the organisation	Reported	Environmental Performance
GRI 302 - 2	Energy consumption outside the organisation	Not Reported	

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 302 - 3	Energy intensity	Reported	Environmental Performance
GRI 302 - 4	Reduction of energy consumption	Reported	Environmental Performance
GRI 302 - 5	Reduction on energy requirements of products & services	Partially Reported	Future Proofing
	Disclosures on Management Approach	Reported	Sustainability & Us Environmental Performance
GRI 303 - 1	Total water withdrawal by source	Reported	Environmental Performance
GRI 303 - 2	Water sources significantly affected by withdrawal of water	Reported	Environmental Performance
GRI 303 - 3	Percentage and total volume of water recycled and reused	Reported	Environmental Performance
GRI 304 - 1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Reported	None of our facilities (corporate office, factories, warehouses and retail stores) are located adjacent to any protected area. Therefore, these indicators are not applicable.
GRI 304 - 2	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Reported	
GRI 304 - 3	Habitats protected or restored	Reported	
GRI 304 - 4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Reported	
GRI 305 - 1	Direct greenhouse gas (GHG) emissions - Scope 1	Reported	Environmental Performance
GRI 305 - 2	Indirect greenhouse gas (GHG) emissions - Scope 2	Reported	Environmental Performance
GRI 305 - 3	Other indirect greenhouse gas (GHG) emissions - Scope 3	Not reported	
GRI 305 - 4	Greenhouse gas (GHG) emissions intensity	reported	Environmental Performance (Energy intensity is reported)
GRI 305 - 5	Reduction of greenhouse gas (GHG) emissions	Reported	Environmental Performance Sustainability & Us
GRI 305 - 6	Emissions of ozone-depleting substances (ODS)	Reported	During the reporting year FY 2017-18, there were no facilities identified for emitting ozone-depleting substances
GRI 305 - 7	NOx, SOx, and other significant air emissions by type and weight	Reported	Currently, we are not recording the amount of NOx, SOx and other significant emissions. However, going forward, we intend to have mechanisms in place to adequately monitor and record the same
	Disclosures on Management Approach	Reported	Sustainability & Us Environmental Performance
GRI 306 - 1	Total water discharge by quality and destination	Reported	Environmental Performance
GRI 306 - 2	Total weight of waste by type and disposal method	Reported	Environmental Performance
GRI 306 - 3	Total number and volume of significant spills	Reported	There were no significant spills reported during FY 2017-18
GRI 306 - 4	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Reported	We do not transport hazardous waste to international destinations. Hazardous waste generated at our facilities are disposed in accordance to the provisions of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 306 - 5	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	Reported	None of our facilities (corporate office, factories, warehouses and retail stores) are located adjacent to any protected area. Therefore, this indicator is not applicable
GRI 307 - 1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Reported	Annual Report FY18 (Link) Page No. 84
GRI 308 - 1	Percentage of new suppliers that were screened using environmental criteria	Reported	Our suppliers are audited using our Vendor Code of Conduct (VCoC) that serves as a guidance document for supplier to establish environmental and social management systems. 142 Tier 1 vendors have been assessed
GRI 308 - 2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Partially Reported	No significant actual or potential negative impacts are witnessed in own operations (manufacturing)
GRI 401 - 1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Partially reported	People Performance
GRI 401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Reported	People Performance
GRI 401 - 3	Return to work and retention rates after parental leave, by gender	Not reported	
GRI 403 - 1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Not reported	
GRI 403 - 2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Partially reported	People Performance
GRI 403 - 3	Workers with high incidence or high risk of diseases related to their occupation	Reported	During the reporting period, there were no workers identified with high incidence or high risk of diseases related to their occupation
GRI 403 - 4	Health and safety topics covered in formal agreements with trade unions	Not reported	
GRI 404 - 1	Average hours of training per year per employee by gender, and by employee category	Not reported	
GRI 404 - 2	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Reported	People Performance
GRI 404 - 3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Reported	All our employees receive regular performance and career development reviews
GRI 405 - 1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Partially reported	People Performance
GRI 405 - 2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Reported	ABFRL is an equal opportunity employer and does not support any form of discrimination on the basis of gender
GRI 414 - 1	Percentage of new suppliers that were screened using labour practices criteria	Reported	Our suppliers are audited using our Vendor Code of Conduct (VCoC) that serves as a guidance document for supplier to establish environmental and social management systems. 142 Tier 1 vendors have been assessed

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 414 - 2	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Partially Reported	No significant actual or potential negative impacts on labour practices are witnessed in own operations (manufacturing)
GRI 103 - 2	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Reported	People Performance
GRI 406 - 1	Total number of incidents of discrimination and corrective actions taken	Reported	During the reporting year there were no incidents of discrimination reported
GRI 407 - 1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Partially Reported	During the reporting period no operation or own manufacturing facilities were identified in which the right to exercise freedom of association and collective bargaining were violated or was at a significant risk
GRI 408 - 1	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Partially Reported	No incidents of child labour were reported in FY 17-18, in own facilities
GRI 409 - 1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Partially Reported	No incidents of forced labour were reported in FY 2017-18, in own facilities
GRI 412 - 1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Reported	100% of all own operations have been subject to human rights reviews
GRI 414 - 1	Percentage of new suppliers that were screened using human rights criteria	Partially Reported	Our suppliers are audited using our Vendor Code of Conduct (VCoC) that serves as a guidance document for supplier to establish environmental and social management systems. 142 Tier 1 vendors have been assessed
GRI 414 - 2	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Reported	No significant actual or potential negative human rights impacts are witnessed in own operations (manufacturing).
GRI 413 - 1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Reported	People Performance
GRI 413 - 2	Operations with significant actual or potential negative impacts on local communities	Reported	There is no significant negative impact on local communities.
GRI 415 - 1	Total value of political contributions by country and recipient/beneficiary	Reported	No political contributions have been made during the reporting period
GRI 419 - 1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Partially reported	Annual report 2017-18 <a href="http://www.abfrl.com/pdf/investors/f(inancial_reports/Annual_Report_2018.pdf">http://www.abfrl.com/pdf/investors/f(inancial_reports/Annual_Report_2018.pdf)</a> (Page No. 84)
GRI 414 - 1	Percentage of suppliers that were screened using criteria for impacts on society	Partially Reported	Our suppliers are audited using our Vendor Code of Conduct (VCoC) that serves as a guidance document for supplier to establish environmental and social management systems. 142 Tier 1 vendors have been assessed
GRI 414 - 2	Significant actual and potential negative impacts on society in the supply chain and actions taken	Reported	No significant actual or potential negative impacts on society are witnessed in own operations (manufacturing)
GRI 416 - 1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Reported	Product Responsibility

GRI Standards Index	Description	Reported	Cross Reference / Direct Answer
GRI 416 - 1	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Not Reported	
GRI 417 - 1	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Reported	Product Responsibility
GRI 417 - 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Reported	Product Responsibility
GRI 102 - 43 GRI 102 - 44	Results of surveys measuring customer satisfaction	Reported	Product Responsibility Stakeholder Engagement
GRI 102 - 2	Sale of banned or disputed products	Reported	Not applicable, since there is no sale of banned or disputed products
GRI 417 - 3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Partially reported	No complaints have been filed in last five years against the company for unfair trade practices and irresponsible advertising

## OUR ASSOCIATION WITH ERNST & YOUNG ASSOCIATES LLP (EY)



**In continuation with the ReEarth campaign and Sustainability 2020 Goals, ABFRL has made significant progress in its sustainability initiatives. As intended, these initiatives are aligned with the Aditya Birla Group's sustainability framework, while taking cues from global best practices and industry benchmarks. ABFRL continued to collaborate with global sustainable alliances and marked their presence on global platforms.**

**In 2018, while continuing to make progress across the ten missions, several new activities were also implemented, which will aid in meeting 2020 Goals, as well as make ABFRL future ready. Further, as part of the sustainability agenda for 2018, supply chain sustainability was also strengthened with increase in number of Vendor Code of Conduct assessments. In addition, a robust monitoring system is in place to ensure data accuracy and regular progress updates, with senior management involvement.**

The ten missions continued to make significant progress and ABFRL met the stipulated targets against each mission. ABFRL also had milestone achievements, such as obtaining Gold rated Green building certifications for their manufacturing units, installing solar roof tops, pilot testing zero waste stores and the Higg transparency pilot, among others. Some new concepts which were tested last year, were extended to the new businesses this year, such as inclusion of People and VH Innerwear brands, for attribute and packaging computation.

When ABFRL began their sustainability journey, they did so with an intent to improve efficiencies and enhance sustainability performances within their own operations. Therefore, the initial years were focussed on implementing the activities across in house facilities. Gradually, there was a paradigm shift, where the focus shifted to upstream operations. Suppliers, being an integral part of the apparel value chain, play a critical role in ensuring achieving sustainability across the life cycle of a garment. Therefore, various initiatives targeted at bringing them aboard ABFRL's sustainability activities, were emphasised on.

The Vendor Code of Conduct, Higg Index assessments and Green Channel Partnership, are some of the initiatives which were highlighted. Having said this, the downstream stakeholders, namely the customers, will become the area of focus in the coming years. While, action has begun in this regard, wherein pilots for zero waste stores, external communication / reporting, consumer interaction, are already in place; going forward, the principles of product stewardship across the life cycle of a garment will be imbibed and sustainability initiatives will use a product centric approach.

### OWN OPERATIONS: Factories | Warehouse | Corporate Office | Retail Stores

Green Buildings	Higg Index Assessment	Corporate Social Responsibility
Zero Waste to Landfill Zero Waste Stores	Take back Programme	Rainwater Harvesting Sewage Treatment Plant
Energy Efficiency Renewable Energy	Product Stewardship	Circular Economy
Emergency Preparedness	Sustainable Packaging	Sustainable Attributes

### UPSTREAM: Outsourced suppliers

<ul style="list-style-type: none"> <li>Quality Improvement projects</li> <li>Joint Improvement Projects</li> <li>Quality Assurance</li> </ul>	<ul style="list-style-type: none"> <li>Green Channel Partnership</li> <li>Vendor Code of Conduct</li> <li>Higg Index Assessment</li> <li>Laundry Audit System</li> </ul>	Product Stewardship	Sustainable Packaging

### DOWNSTREAM: Customers

Sustainable Packaging	Mission Happiness	Higg Transparency	Disclosure	Circular Economy
-----------------------	-------------------	-------------------	------------	------------------

Ernst & Young Associates LLP (EY), reviewed and provided recommendation of sustainability targets and activities planned including all ten mission related initiatives, Higg Index assessments, product intensity concept and baseline computation, sustainability attributes. In addition, EY reviewed the pilot testing for circular economy concepts. Further, EY reviewed the data capturing and reporting mechanisms. Also, sustainability communication including the newsletters, workshops, sustainability report, BRR, were all reviewed by EY. EY reviewed ABFRL's Higg transparency pilot, the learnings of which will contribute to SAC's future programmes on transparency. EY studied international best practices on product stewardship, resource efficiency, supply chain sustainability, transparency and disclosure. These serve as guidelines for analysing trends and understanding customer requirement to strategise and develop roadmaps for new sustainability focus areas and activities. EY provided recommendations to address gaps against national and international standards, Aditya Birla Group requirements and international peer performance and benchmarks.

**ADITYA BIRLA**



**FASHION & RETAIL**

**Registered Office:** Aditya Birla Fashion and Retail Ltd.

7<sup>th</sup> Floor, Skyline Icon Business Park, 86-92, Off A.K. Road, Marol Village, Andheri (East), Mumbai 400 059

**CIN:** L18101MH2007PLC233901 | **Tel:** +91 86529 05000 | **Fax:** +91 86529 05400 | [www.abfirl.com](http://www.abfirl.com)