



September 1, 2021

**BSE Limited**  
Scrip: **535755**

**National Stock Exchange of India Limited**  
Symbol: **ABFRL**

**Sub. : Sustainability Report for the Financial Year 2020-21**

**Ref. : Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

We are pleased to enclose a copy of the Sustainability Report of the Company for the financial year 2020-21.

The same is also available on the website of the Company i.e. [www.abfrl.com](http://www.abfrl.com).

This is for your information and records.

Thanking you.

Sincerely,  
For **Aditya Birla Fashion and Retail Limited**

**Geetika Anand**  
**Company Secretary & Compliance Officer**

**ADITYA BIRLA FASHION AND RETAIL LIMITED**

**Registered Office:**

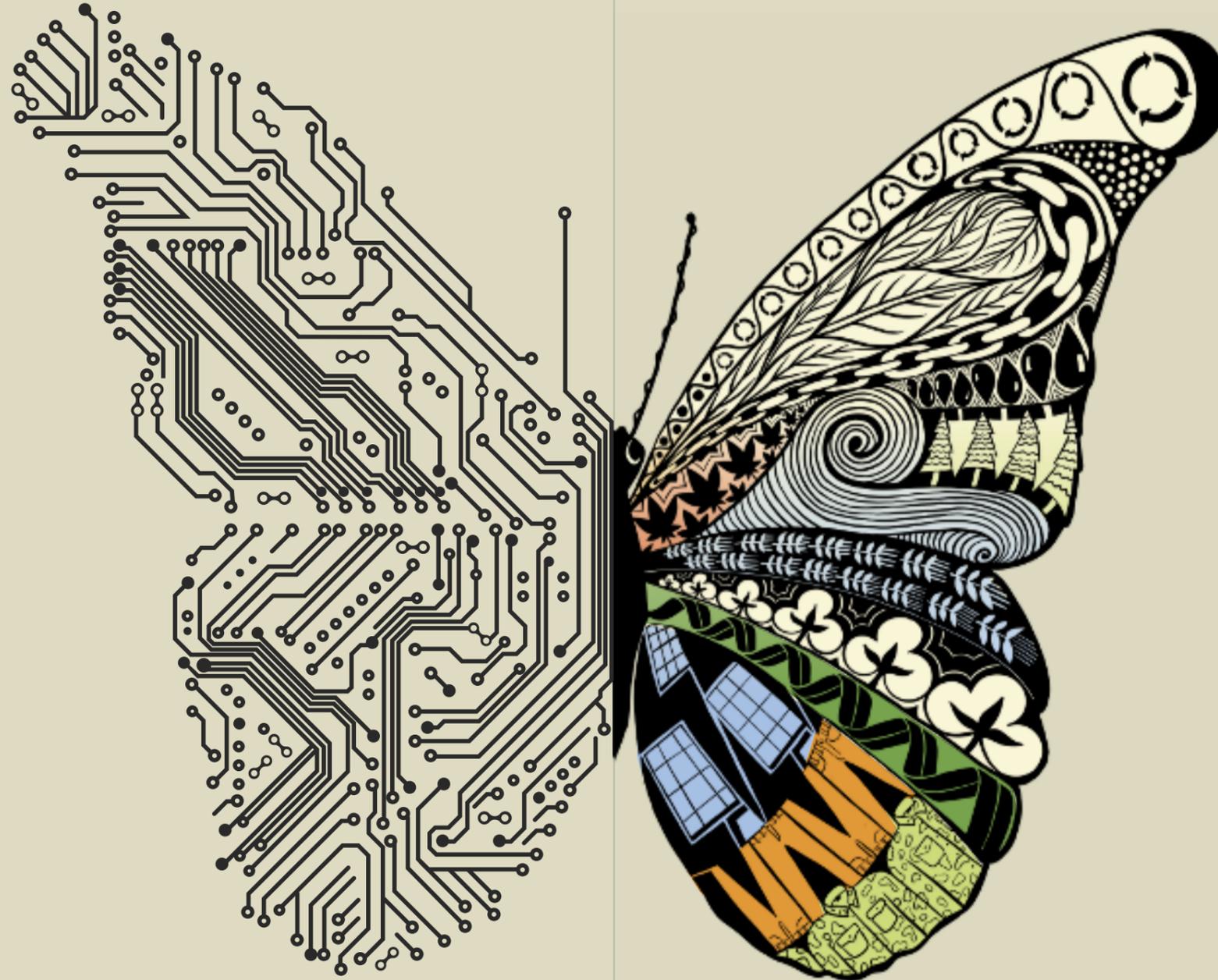
Piramal Agastya Corporate Park, Building 'A',  
4<sup>th</sup> and 5<sup>th</sup> Floor, Unit No. 401, 403, 501, 502,  
L.B.S. Road, Kurla, Mumbai - 400 070

**CIN:** L18101MH2007PLC233901  
**Tel.:** +91 86529 05000  
**Fax:** +91 86529 05400

**Website:** [www.abfrl.com](http://www.abfrl.com)  
**E-mail:** [secretarial@abfrl.adityabirla.com](mailto:secretarial@abfrl.adityabirla.com)

EVOLVING  
DIGITALLY.  
GROWING  
SUSTAINABLY.



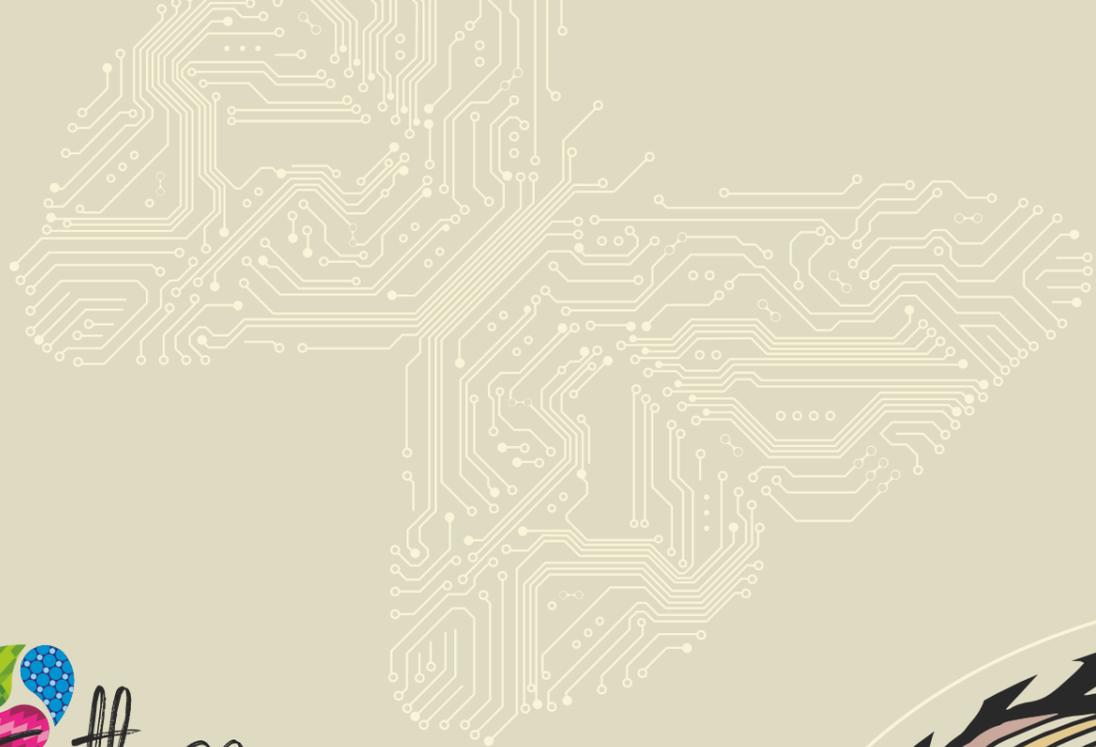


## **EVOLVING DIGITALLY**

Digitalisation is the wind beneath our wings and propelling us forward in our 'Sustainability 2.0' journey. Integrated into each of our three sustainability pillars - product design and development, customer-centricity, and supply chain - digitalisation is helping us monitor, manage and govern sustainability in a more efficient and effective manner.

## **GROWING SUSTAINABLY**

Through rapidly flowing datasets, real-time dashboards, data-driven innovations, trend analysis, automation and accuracy, hyper control of processes, big data consumer insights, and enhanced collaborations digitalisation is amplifying sustainable outcomes across the entire ESG spectrum.



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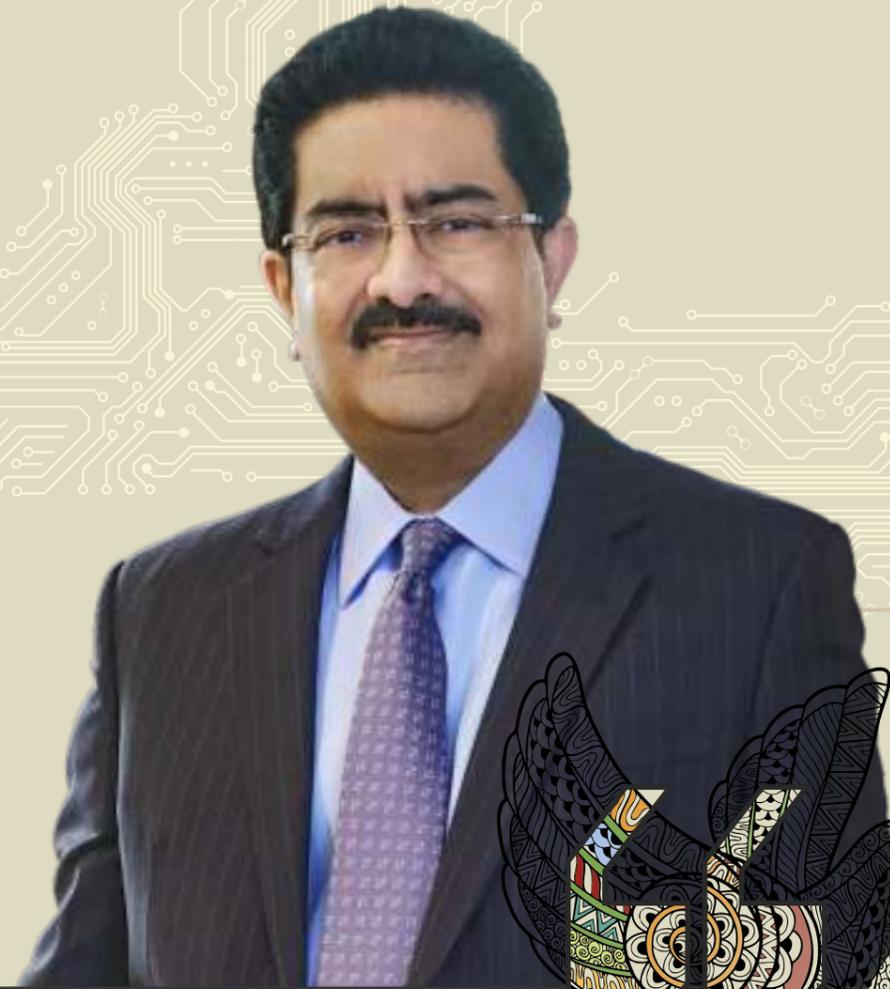
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# MESSAGE FROM THE CHAIRMAN



**ANCHORED BY THE THREE PILLARS OF ABG'S SUSTAINABLE BUSINESS MODEL - RESPONSIBLE STEWARDSHIP, STAKEHOLDER ENGAGEMENT AND FUTURE-PROOFING; AND POWERED BY OUR VALUES OF INTEGRITY, COMMITMENT, PASSION, SEAMLESSNESS AND SPEED, ABFRL CONTINUED ITS SUSTAINABILITY 2.0 JOURNEY.**

## Dear Stakeholder,

The financial year 2020-21 has been a watershed year. The experience and learnings of the past year reinforce the criticality and importance of sustainable businesses.

The unprecedented disruption caused by COVID-19 has also provided corporations with an opportunity to look at business through a fresh lens. It has been encouraging to see ABFRL actively pursue business opportunities that add value to all stakeholders in the society, leverage the power of digital technology, and fortify the balance sheet to emerge stronger out of this pandemic.

We consider sustainability as our ability to survive and thrive in the face of major megatrends. Anchored by the three pillars of ABG's Sustainable Business Model - Responsible Stewardship, Stakeholder Engagement and Future-proofing; and powered by our values of Integrity, Commitment, Passion, Seamlessness and Speed, ABFRL continued its Sustainability 2.0 journey. This five-year roadmap aims to achieve ambitious sustainability targets and business goals while balancing risks and opportunities for all relevant ESG initiatives.

On the Environment front, considering climate change, for example, the Company is working at mitigating operational risks through energy conservation by becoming energy efficient and changing the fuel mix through the use of renewables.

Our Social initiatives are fundamentally driven by being aware and respectful of the expectations of our employees, customers, and the society.

On the Governance aspect, transparency is fundamental to our approach. The Company has consciously begun its journey to mainstream ESG reporting by bringing key disclosures into annual reports and standalone sustainability reporting documents.

**The speed with which the organisation moved from a period of resilience to a phase of renewal is testament to the spirit that has guided the Aditya Birla Group for over a century now.** In keeping with that spirit, ABFRL has reimagined digital strategies to capture new marketplace opportunities, customer segments and created new lines of services.

## THE MASSIVE COVID RESPONSE AND THE BUSINESS RE-IMAGINATION WOULDN'T HAVE BEEN POSSIBLE WITHOUT THE COMMITMENT AND PASSION OF OUR PEOPLE.

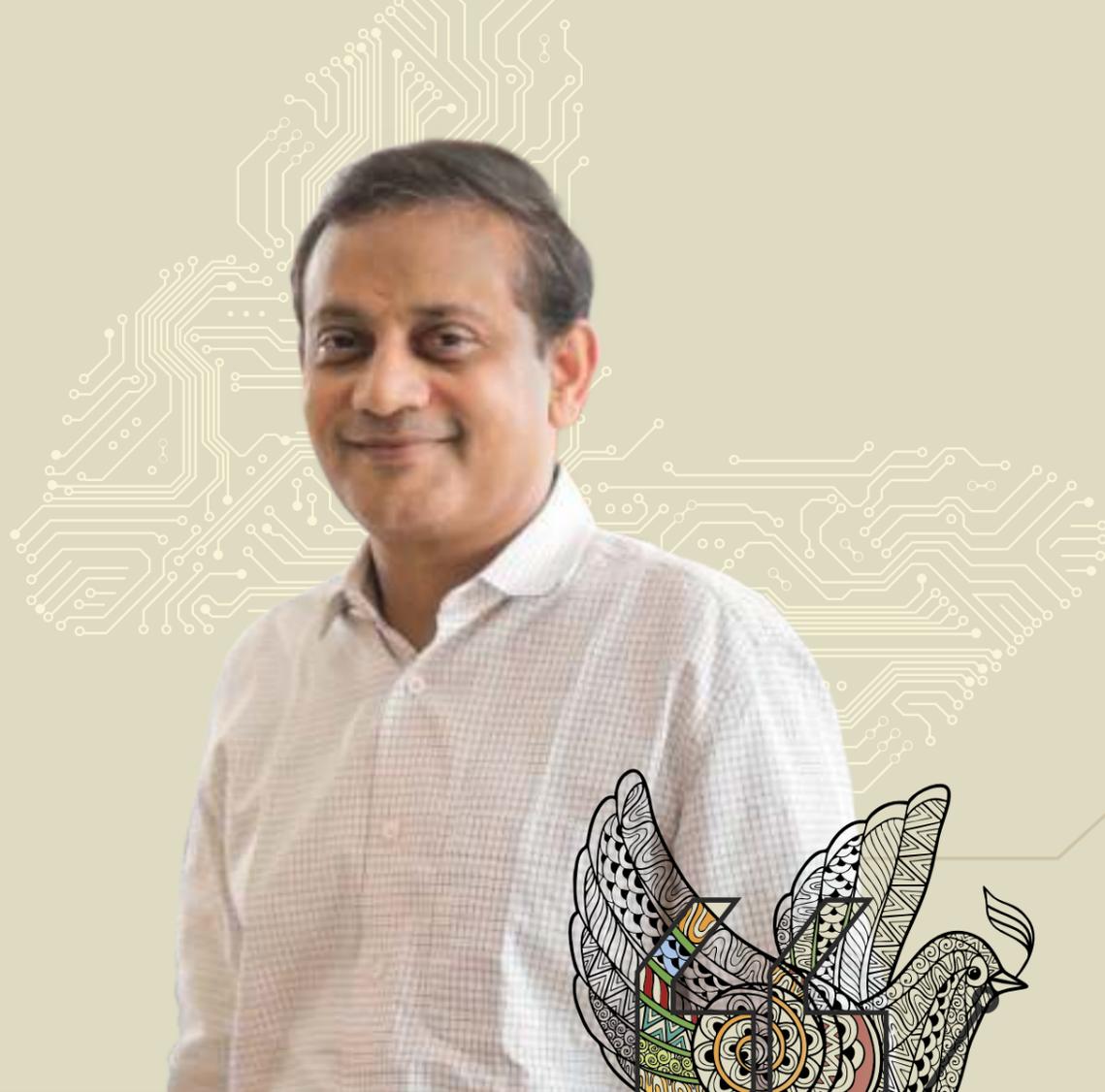
They worked untiringly from their homes, offices, and factories, adapted to the new normal and delivered in true ABG spirit on all three fronts of ESG.

As a global conglomerate with deep local roots, we leveraged our scale and network to contribute to the collective fight against COVID. We launched a multi-pronged response across our locations covering financial and material aid, healthcare initiatives in urban and rural India, and extensive community engagements on safety and fighting hunger. We distributed a million meals in 100 locations and gave out over a million masks to health workers, villagers, and workmen. We supported and strengthened rural healthcare, held community-wide awareness programmes on COVID-appropriate behaviour and sanitised villages.

Ultimately, for ABFRL, and indeed for the Aditya Birla Group, sustainability is not only part of our functioning and strategy, but also animates our vision and philosophy.

**KUMAR MANGALAM BIRLA**  
Chairman, Aditya Birla Group

# MESSAGE FROM THE MANAGING DIRECTOR



**OUR UNIQUE 'DIGITAL TRANSFORMATION PROGRAMME' IS AIMED AT MAKING THE COMPANY SMARTER, MORE INTELLIGENT AND MORE EFFICIENT. WE AIM TO LEVERAGE DIGITALISATION AT SCALE TO DRIVE COMMERCE, BUILD STRONGER BRAND ENGAGEMENT AND AFFINITY, AND HARNESS ROBUST EFFICIENCIES.**

## Dear Stakeholder,

As the economy came to grips with the pandemic, new possibilities in the retail sector emerged. At ABFRL, we believe in a customer-first approach, so we pegged on key initiatives such as innovation and digitalisation, and switched to new business models.

On the innovation front, we launched several new products in quick turnaround time to help consumers tide over the challenging situation. With work-from-home gaining momentum, we moved swiftly towards the omni-channel model, bringing it to the core of our channel strategy. In the wake of rapid digitalisation, we continue to gain scale in e-commerce with significant acceleration.

## ABFRL's COVID Response

Our leadership team came together to drive unique initiatives in a short time span. We ensured policy changes and safety protocols were implemented across the organisation, including the shop floor, stores and offices. Our manufacturing teams liaised with Governments to reopen facilities during the lockdown to deliver surgical masks and PPE kits. We reskilled manpower and redesigned machinery to manufacture new product categories. We further implemented mandatory protocols to maintain strict hygiene and safety standards across all units.

## Holistic 'CAER Programme' Launched

Employee safety and well-being have been integral to ABFRL and this year, they were even more so. The second wave of the pandemic was ferocious and we extended the CAER (COVID Assistance and Emergency Response) Programme, along with a special COVID Care Policy to all of our employees and their families.

We also engaged with local communities to provide them with financial and material support, and further create awareness about COVID-appropriate behaviour.

## Digital Acceleration

Our unique '**Digital Transformation Programme**' is aimed at making the Company smarter, more intelligent and more efficient. We aim to leverage digitalisation at scale to drive commerce, build stronger brand engagement and affinity, and harness robust efficiencies.

## The Three Pillars of Sustainability 2.0

The second phase of our ReEarth programme, Sustainability 2.0, aims to embed sustainability across the entire product lifecycle, focussing on three pillars, namely, '**product design and development**', '**customer centricity**', and '**supply chain**'.

Switching from a process-led to a product-led programme, it covers sustainable products, packaging, green building factories, establishments, work practices and goes all the way to the supply chain. We have adopted a Product Life Cycle Analysis (LCA) approach, which embeds sustainability across the whole spectrum of design development, supply chain and consumer end of use for product life cycle. Furthermore, we endorse circularity, recycling, and upcycling in the apparel industry.

The ReEarth programme has been recognised as one of the leading programmes globally. **In 2020, S&P Global Assessment rated us as 'Asia's Most Sustainable Company', and 8<sup>th</sup> Best Globally, in Textiles, Apparel and Luxury Goods Industry.**

The year has been a test of our resilience and ability to pivot quickly in the face of unexpected challenges. We strived and thrived by institutionalising many new practices to create a sustainable future for the industry.

## ASHISH DIKSHIT

Managing Director,  
Aditya Birla Fashion and Retail Limited

# MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER



**WHILE CHALLENGES WERE GALORE, WE ACHIEVED  
NEW MILESTONES IN OUR SUSTAINABILITY 2.0  
JOURNEY. WE CONTINUE TO WORK DILIGENTLY  
TOWARDS OUR 2025 GOALS.**

## Dear Stakeholder,

Despite the pandemic, ABFRL has been an industry leader in more ways than one. From caring for our people to building robust processes, we as an organisation continue to create a path that empowers us to develop sustainable solutions for a greener tomorrow.

While challenges were galore, we achieved new milestones in our Sustainability 2.0 journey. We continue to work diligently towards our 2025 goals.

## Environment

Our commitment to the environment includes contribution to better utilisation of renewable resources. We are actively involved in generating renewable energy across operations, committing to zero waste disposal to landfill, and recycling, reusing and harvesting water. We have set a target to ensure more of our garments feature at least one sustainability attribute by 2025.

To enhance the sustainability quotient of our suppliers, we introduced the **'Supplier Sustainability Index'** on various parameters such as energy consumption, carbon emissions, waste levels, and water usage among others.

Our drive to embrace a Circular Economy Framework saw the strengthening of our ongoing collaborations with the **Ellen MacArthur Foundation** and **Circular Apparel Innovation Factory (CAIF)**. In step with this objective, ABFRL has been recycling and reusing more than 90% of its waste, and has achieved the mission 'zero waste to landfill' in its operations.

## Social

Our efforts led to ABFRL being recognised as one of **'India's Best Workplaces'** in the Retail Industry in FY 21. It is a testimony to how much we value our people. We were further recognised among **'India's 50 Best Workplaces for Women 2020'**.

Just as we embolden and support our people, our CSR programmes help empower communities. Through community outreach programmes and COVID support initiatives, we touched the lives of 377,743 beneficiaries.

While COVID disrupted the fashion industry, it wreaked havoc in the livelihoods of artisans in rural areas. Jaypore, our ethnic brand, collaborated with Creative Dignity, a zero-margin voluntary platform with a unique campaign **'Artisan Direct'** to provide relief to artisan communities and helped them survive during the pandemic.

## Governance

Our continuous endeavour for excellence focusses on enhancing long-term stakeholder value with best global governance practices, in true spirit at all times. The Company has empowered several Board-level committees to ensure constant focus on all aspects of governance. Clearly articulated and communicated principles, policies and codes have helped create a pervasive organisational culture of performance, transparency, ethical behaviour and responsible operations across ABFRL.

ABFRL's ESG performance was recognised and awarded by a multitude of industry bodies.

- **'Outstanding Accomplishment Award' in the Corporate Excellence category at the CII-ITC Sustainability Awards 2020**
- **'India's Most Sustainable Companies, 2020' by BW Business World**
- **'ICC Social Impact Achievement Award' for community caring and rural development programmes**

I am glad that despite the challenging environment, we have been able to progress ahead well in our sustainability journey. Do go through the report and we will be happy to have your feedback.

## DR. NARESH TYAGI

Chief Sustainability Officer,  
Aditya Birla Fashion and Retail Limited

# Company Profile

Aditya Birla Fashion and Retail Ltd. is a NSE listed company and a part of the Aditya Birla Group, an Indian multinational in the league of Fortune 500 companies. The Group is a member of several global sustainability organisations including the United Nations Global Compact and World Business Council for Sustainable Development and aims to become a leading Indian conglomerate for sustainable business practices.

## As India's largest pure-play fashion and lifestyle powerhouse, ABFRL offers an elegant bouquet of leading fashion brands and retail formats.

Over the past few years, ABFRL has grown to become India's largest fashion powerhouse with a portfolio of the largest and most loved fashion brands in the industry. These include Louis Philippe, Van Heusen, Allen Solly and Peter England. Pantaloons is one of India's largest fast fashion store brand. We also created strong positions in new categories such as innerwear. ABFRL is charting out a strong, sustainable, and profitable growth journey that will result in significant value creation for stakeholders. In the reporting year there are no significant changes in the supply chain.

**ABFRL, with a network of 6,878 points of sale in department stores, has a presence across ~31,767 multi-brand outlets throughout India.**

### MARKET UPDATES

#### Omni-channel & E-commerce

- E-commerce continues to display a steady upward trend
- Synchronizing offline and online: Brick & mortar betting big on omnichannel to expand its business
- New digital-led sales channels emerging with a promise to enhance customer experience

#### Value Fashion

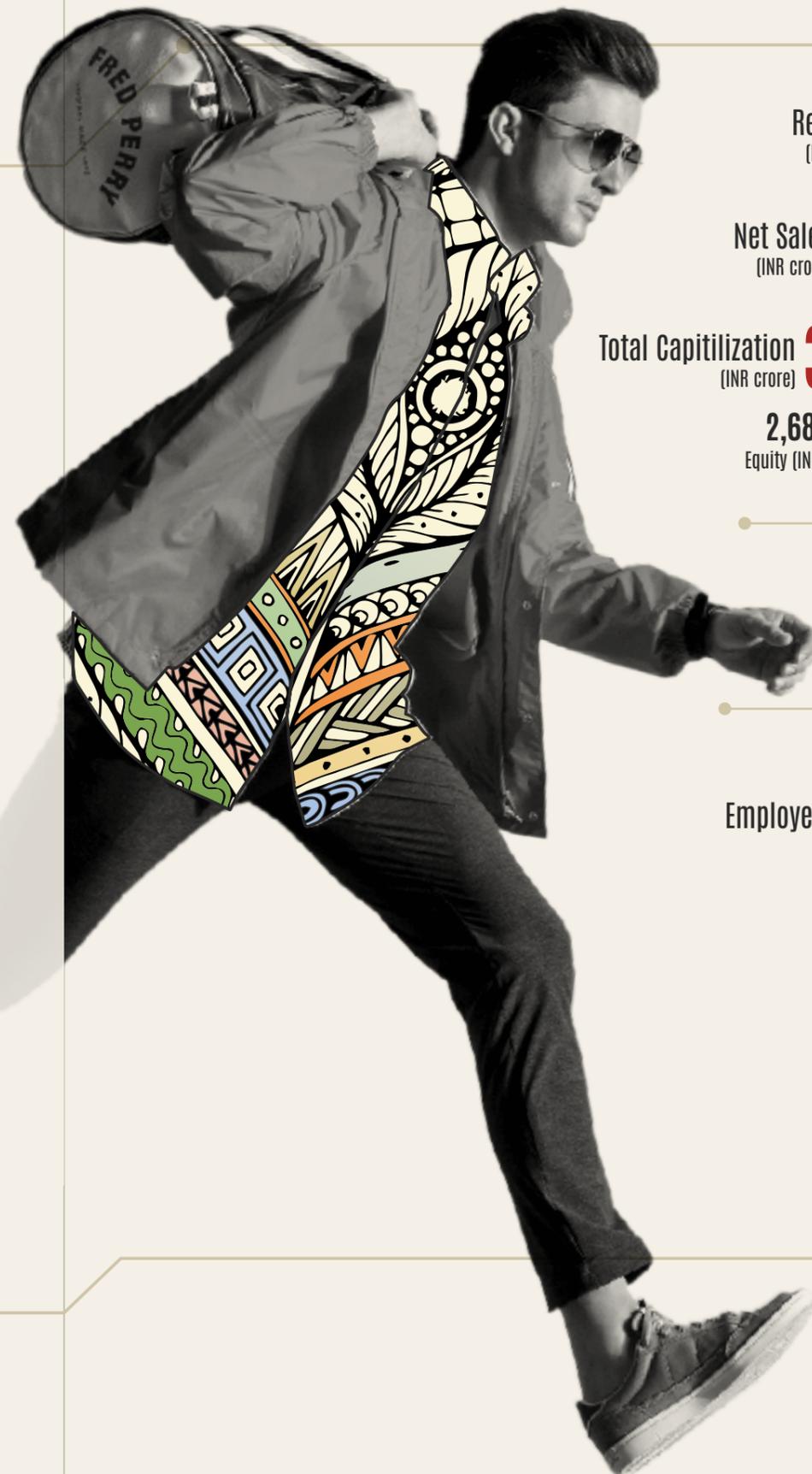
- Value fashion players continue to adapt, evolve, and expand
- Tier-2 and Tier-3 markets are set to undergo rapid recovery
- Value fashion given primacy by focussing on a steady growth of essentials while undergoing a partial down trading

#### Merchandising Shifts

- The industry witnesses a gradual shift as casual, every day, and unstructured clothing gains preference.
- Activewear, and loungewear are emerging as the new preferred way of clothing

#### Rebound of footfalls

- The industry witnessed a sharp surge in consumer footfalls in light of festive and wedding season
- Recovery in high street stores significantly better than at malls



Revenue (INR crore) **5,249**

Net Sales (INR crore) **5,181.14**

Total Capitalization (INR crore) **3,802.50**

2,684.58 | 1,117.92  
Equity (INR crore) | Debts (INR crore)



Retail Space **8.4** mn sq.ft.



Employees **22,000<sup>+</sup>**

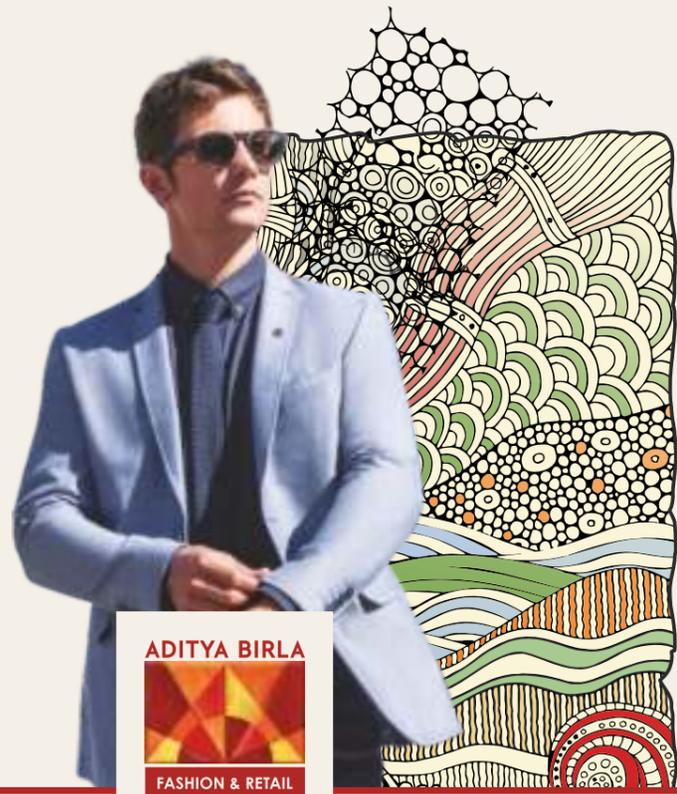


ABFRL Stores **3,212**



Cities **850<sup>+</sup>**





## LIFESTYLE BRANDS

Portfolio of iconic brands evolving with changing consumers - Louis Phillippe, Van Heusen, Allen Solly, Peter England

- The onset of the festive season brought about a promising and accelerated performance which led to a stellar ~ 60% recovery as compared to last year
- Aggressive expansion into newer markets:
  - Over indexing on smaller towns
  - Ecommerce revenue doubled mainly at the back of strong performance of own Ecommerce
- Launched more than 383 new stores across businesses and formats during the year FY 21 as well as rationalized the network
- PE Red crosses 300+ store milestone
- The success of PE Red was followed with the launch of Allen Solly Prime across select markets

## PANTALOONS

Pantaloons is among the most widely present retailers in the value fashion segment with a network of 346 stores, with an ambition to increase footprint. It aims to continue growing with a clear focus on improving its value proposition and targeting newer markets in India.

- Revenue recovered to 95% of last year levels
- Improvement in profit margins driven by superior inventory management and lower discounting led to better gross margin as compared to last year
- E-commerce & Omni-channel continues to witness a steady growth
- New channels of sales continue to grow
- Diversifying portfolio with the introduction of Private Labels in departments of Bags, Sarees, Home and Accessories
- Marketing intensified to capitalise on the festive season

*Note: Total products based on volume 4,25,38,989 for Lifestyle brands, VH Inner Wear & PFRL*

## OTHER BUSINESSES - NEW GROWTH ENGINES

### YOUTH FASHION

- Forever 21 business on consistent growth path
- With renewed terms with parent company, business now poised for growth
- Forever 21 - opened new store in DLF Saket, Delhi



### AMERICAN EAGLE

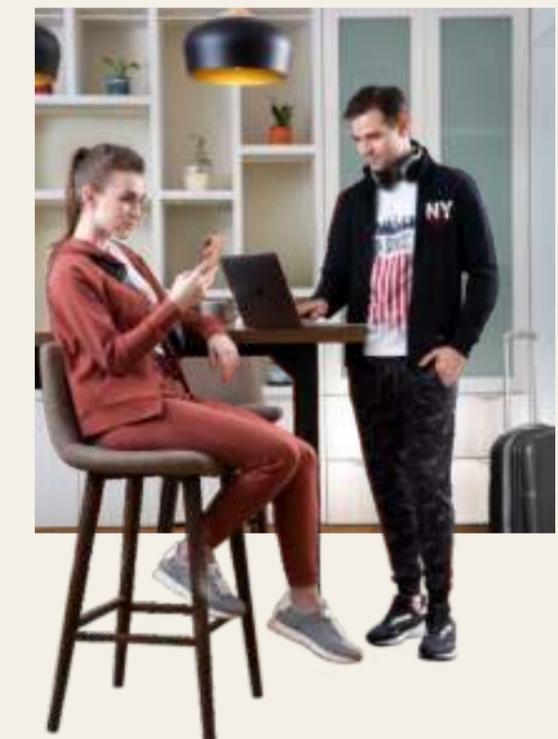
- Consistent aggressive growth trajectory
- Full year revenue ahead of last year
- Aggressive growth in Ecommerce business

### INNER WEAR & ATHLEISURE

The Innerwear & Athleisure and Activewear categories are the most promising categories in ABFRL's portfolio and will continue to be a key strategic area of investment for the organisation.

Van Heusen | Innerwear & Athleisure | Womenswear

- Continue building a vibrant and rich product range that attracts consumers
- FY21 revenue ahead of last year (up 3% YoY)
- Continued expansion in trade channel with 5500+ new outlets added during the year
- Work from home aided athleisure consumption
- Higher consumer acceptance with increased visibility across digital platforms
- Strategically tested new EBO locations & formats. Added 10 new stores during the year
- Network operating at 47 stores
- Aggressively expanded Ecommerce. Revenue share doubled to ~15%



## GLOBAL BRANDS

The International Brands portfolio includes - The Collective, India's largest multi-brand retailer of international brands, Simon Carter and select mono-brands such as American Eagle, Ralph Lauren, Hackett London, Ted Baker and Fred Perry, among others.

- Full year revenue ahead of last year
- Ecommerce & Omni-Channel continued to gain traction
- The E-commerce site of "The Collective" is driven by a growth of 500%
- Continued offline expansion, launched 3 more stores during the year

## ETHNIC

Indian Ethnic Wear with its grace and poise continues to dominate the apparel industry when it comes to special occasions and festivities. ABFRL has identified it as a key segment to include in its portfolio of offerings.



### Jaypore

- Introduced Home category, sleep wear, lounge wear
- Board approved fresh equity infusion to fund rapid growth
- 10 new stores in FY22

### Shantanu & Nikhil

- Expanding retail presence through Phygital avatar
- Launched brand commerce sites
- Moved to a state-of-the-art new factory and design studio

## NEW BUSINESS ACQUIRED

### Tarun Tahiliani

Announced a strategic partnership with designer Tarun Tahiliani to enter men's premium ethnicwear. ABFRL will also acquire 33% stake in the existing Luxury Couture business of Tarun Tahiliani

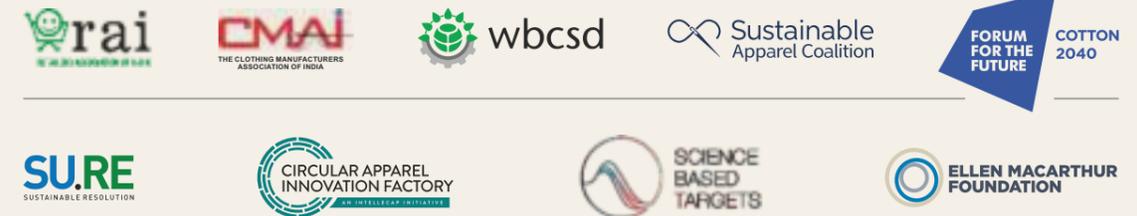
### Sabyasachi

In partnership with iconic global luxury brand from India. The label continues to hold the title of an undisputed leader within the Indian bridal and ethnic wear industry for over 2 decades



## MEMBERSHIP IN INDUSTRY ASSOCIATIONS

ABFRL is not only a leader in the Indian apparel and retail segment, but also a torchbearer in the sustainable fashion industry. ABFRL has been actively driving the sustainability agenda through partnerships and collaborations with the sole objective of mainstreaming sustainability. ABFRL is a member of the Retail Association of India (RAI) and Clothing Manufacturers Association of India (CMAI). From a sectoral perspective, we are associated with various global forums such as Sustainable Apparel Coalition (SAC), Cotton 2040, Ellen MacArthur Foundation, among others.



## THE PROJECT SU.RE

ABFRL, in its dedication to move towards sustainable fashion, is now a signatory of Project SU.RE (Sustainable Resolution) - a firm commitment from the industry to set a sustainable pathway for the Indian fashion industry to drive towards fashion that contributes to a clean environment. The project was launched by the Union Minister for Textiles, Smt. Smriti Zubin Irani, along with Clothing Manufacturers Association of India (CMAI); United Nations in India; and IMG Reliance, the organisers of Lakmé Fashion Week.

## CAIF

We have collaborated and partnered with like-minded organisations like Circular Apparel Innovation Factory (CAIF), that is driven with an aim to accelerate sustainable fashion concepts and build an industry-level platform for circular textile eco-system for the apparel industry in India. This collaboration intends to bring forth ideas and innovations that will add more strength to our pioneering work around sustainability.

## SUSTAINABLE APPAREL COALITION

We are the Key member of the Sustainable Apparel Coalition (SAC). The Higg Index assessments for Modules are a key part of our sustainability initiatives.

## ELLEN MACARTHUR FOUNDATION

In an effort to promote a transition towards a circular economy, we have collaborated with the Ellen MacArthur Foundation for the 'Make Fashion Circular' movement. Through this collaboration, we aspire to redesign the future of fashion by collectively raising industry targets and priority actions, and reinforcing complimentary initiatives to progress/advance towards the collective vision.

## AWARDS & RECOGNITIONS

Awards and recognitions not only validate our deep commitment to the Indian consumers' lifestyle and fashion needs, but also indicate that we are on the right track.

These accolades work as morale boosters and encourage us to continue providing reputed and high-quality brands to our customers.



- Ranked Asia's 'Most Sustainable Company' in the Textile, Apparel & Luxury Goods Industry' by S&P Global CSA 2020
- Won the Golden Peacock Award for Sustainability 2020 in the Textile and Apparel Sector
- Recognised as one of 'India's most Sustainable Companies 2020' by BW Business World
- Received the CII-ITC Sustainability Award 2020 for 'Outstanding Accomplishment in Corporate Excellence'
- Won the ICC Social Impact Award for FY2021 under the 'Empowering the Rural Population' category by the Indian Chamber of Commerce
- Recognised as one of India's Best Workplaces in Retail for 2021 by Great Place to Work, India
- Won the second prize for Public Relations in Action for Jaypore's Artisan Direct Campaign at The Public Relations Society of India (PRSI) National Awards 2020
- ABFRL's internal newsletter 'InTouch' won the third prize for Best Newsletter (English) at The Public Relations Society of India (PRSI) National Awards 2020
- Won the third prize for Best Communication Campaign (Internal) at The Public Relations Society of India (PRSI) National Awards 2020
- ABFRL Manufacturing won 'Excellence Award' (6 teams) and 'Distinguished Award' (1 team) at the National Convention on Quality Concepts (NCQC) 2020 by Quality Circle Forum of India
- Ranked among the top 50 list of India's best workplaces for women by Outlook Business

## Reporting Scope Boundary & Framework

Our sustainability report covers the financial year 2021 (1st April 2020 to 31st March 2021). We believe, communicating our sustainability performance is not only an effective mechanism to boost our transparency but also a great opportunity to strengthen our accountability amongst all our stakeholders. We publish sustainability report annually and our last report was published in August 2021.

### REPORT BOUNDARY

The sustainability performance disclosures in this report pertain to our Corporate office in Mumbai and Head Office in Bengaluru, factories, warehouses, and retail stores. This report has been prepared in accordance with the GRI Standards: Core option. The defined boundary covers significant operations of the company.

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.

Offices	Factories (Only MFL)	Warehouses	Stores
<b>Head Office</b> Bengaluru	<ul style="list-style-type: none"> <li>Crafted Clothing - Bengaluru</li> <li>Fashion Craft - Bengaluru</li> <li>Europa Garments - Bengaluru</li> <li>Classical Menswear - Bengaluru</li> <li>English Apparels - Bengaluru</li> </ul>	<b>MF&amp;L (Madura Fashion and Lifestyle)</b> <ul style="list-style-type: none"> <li>Attibele Warehouse - Bengaluru</li> <li>Hoskote Warehouse - Bengaluru</li> <li>E-commerce Warehouse - Bengaluru</li> <li>Entoma Warehouse - Bengaluru<sup>1</sup></li> </ul>	<b>MFL</b> MFL Stores <sup>1</sup>
<b>Regd. Office</b> Mumbai	<ul style="list-style-type: none"> <li>Haritha Apparels - Bengaluru</li> <li>Alpha Garments - Bengaluru</li> <li>Little England Apparels - Thalli, TN</li> <li>Mancheshwar Apparels Limited - Mancheshwar, Odisha<sup>2</sup></li> </ul>	<b>Pantaloons</b> <ul style="list-style-type: none"> <li>Warehouse 1 - Bengaluru</li> <li>Warehouse 2 - Bhiwandi</li> <li>Warehouse 3 - Hooghly</li> <li>Warehouse 4 - Gurgaon</li> </ul>	<b>Pantaloons</b> Stores - PAN India

### FEEDBACK

We welcome feedback from our stakeholders as it helps us improve our policies, processes, and performance. Additionally, insights and thoughts on the report content and presentation enable us to sharpen our efforts. Please share your comments and suggestions to:



#### Dr. Naresh Tyagi

Chief Sustainability Officer

naresh.tyagi@abfrl.adityabirla.com  
reearth@abfrl.adityabirla.com

Aditya Birla Fashion and Retail Limited  
Piramal Agastya Corporate Park,  
Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502,  
L.B.S. Road, Kurla, Mumbai - 400 070 | 080-67271600

<sup>1</sup>. Scope of facilities are limited to safety parameters only | <sup>2</sup>. This year we have added one manufacturing facility Mancheshwar Apparels Limited - Mancheshwar, Odisha as we have started the accounting relevant KPIs related to the specific sites.

# Sustainability and Us

Sustainability at ABFRL is not just an activity, it's our approach for business growth. So, when COVID-19 pandemic hit the industry in a major way resulting in societal and economic shutdown, we proceeded to take initiatives towards health and safety of our employees, customers and the community. We advanced our efforts in the area of environmental sustainability too, as we believe that health of people and the planet are interconnected.

**Our sustainability transition which began in FY 20 – from 'Process-led to Product-led', continued to focus on driving sustainability beyond ABFRL's operations based on 3 key pillars: product design and development, customer centricity and supply chain.**



Our partnerships strengthened across the value chain in order to find shared solutions for protecting worker livelihood and sustaining trust. Our work on digitalisation and transparency gained further momentum demonstrating positive stakeholder impact.

Despite the pandemic, we continued to accelerate progress on sustainable initiatives in order to be more competitive in the market for the world that will emerge post-pandemic. We paced our transition through the crisis by safeguarding employees, capital, value chain partnerships, channels, and the trust of our customers.



**S&P Global Corporate Sustainability Assessment rated us as Asia's Most Sustainable Company and eighth best globally, in Textiles, Apparel and Luxury Goods sector. There are several national acknowledgement of the same journey.**



ABFRL is a leader in sustainable practices and has been consistently co-creating long-term value for stakeholders. For us, sustainability is beyond just a business imperative; it is a way to redesign the future of business. With a sharp focus on product stewardship, we have a long-term strategy in place that provides the roadmap to improve sustainability and business performance at the same time.

Our value chain partners are aligned with our goals and continue to play an important role in achieving them together with us. The outbreak of the COVID-19 pandemic has reinforced the importance of sustainable businesses.

The World Economic Forum's 'Global Risks Report 2020' notes that for the first time in the report's 10-year-history, all of the top five issues that are likely to impact the world this year are environmental.

In these times when sustainability has taken centre stage globally, some of the biggest impacts are voiced by the younger generation. The scientific community, governments, corporates, and increasing investor interest have created a platform to ignite a decade of deliverance towards a sustainable and closed-loop planet.

**The messages are clear, and the end goals have been spelt out. In order to reach the ambitions of the Paris Agreement, global emissions need to be halved by 2030 to reach the 1.5 °C target. The Sustainable Development Goals (SDGs) also have a 2030 timeframe, giving nations about ten more years to transform the economies and move towards more sustainable development.**



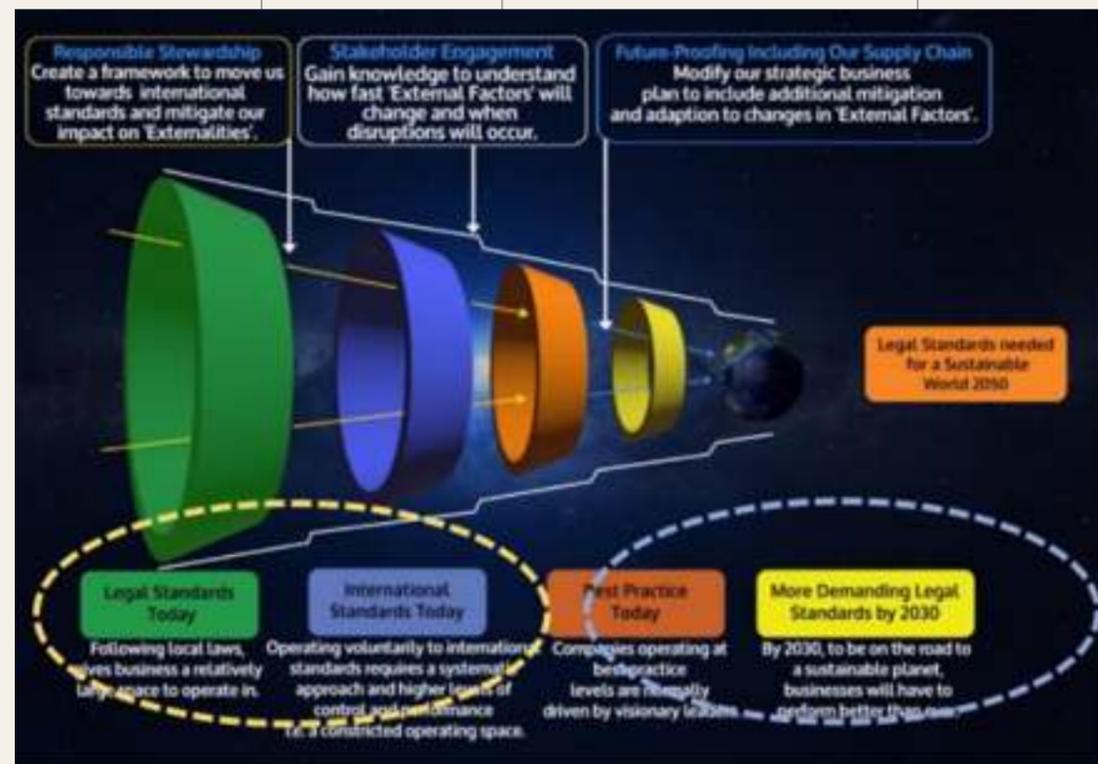
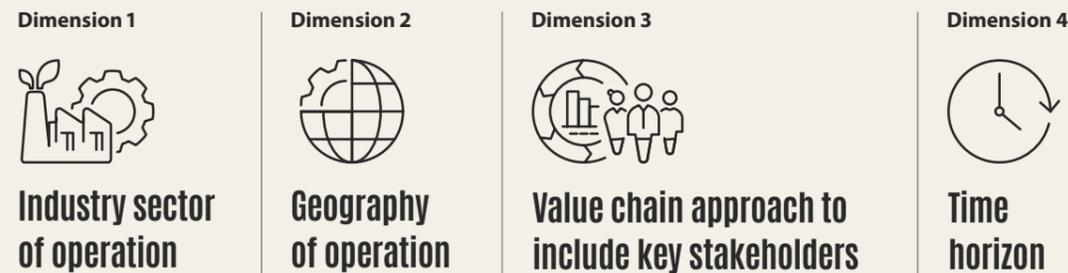
PARIS2015  
COP21-CMP11

## ABG SUSTAINABILITY FRAMEWORK

Aditya Birla Group has laid an ambitious vision to become the leading Indian conglomerate in sustainable business practices across operations.

**We have now embarked on ABG Sustainability Journey 2.0 to focus on what the megatrends 2020-2030 demand from the private sector for the current 'decade of action' in mainstreaming of ESG in executive and operational decision-making.**

Our 'Ability to Sustain' approach has also undergone fine tuning for better navigation in this ever-shrinking operating funnel via a 4-D (dimensional) approach.



ABG businesses are building higher resilience in their business strategies and operations to ensure that their aggregate impact remains within the planet's safe operating limits, taking into account their

- business sectoral uniqueness
- their geographies of operation
- stakeholder expectations across their value chains in keeping with short- and long-term time horizons

### THE MODEL 2.0 THUS LAYS OUT FOUR STEPS TO BE FOLLOWED BY ABG BUSINESSES

**1 Identifying and understanding value chain aspects across geographies for a sector**

**2 Prioritising material aspects across time horizons and stakeholder expectations**

**3 Developing sustainable business strategies with time-based targets, and**

**4 Annual action plans which are measurable and can be monitored to future proof our business strategies, products, operations and supply chains to remain sustainable**

The onus is on us to understand what it means to be a sustainable business leader in our sectors and industries, and to plan out a road map to achieve it.

ABFRL is aligned to the ABG sustainability framework.

## OUR SUSTAINABILITY JOURNEY

**ABFRL appropriated motivation and learning from group level guiding principles and policies to draft an effective and efficient strategy for a structured sustainability journey in FY 13 through the programme 'ReEarth - For Our Tomorrow'.**



The ReEarth program is focussed on integrating sustainability across the entire value chain – upstream and downstream. It comprises ten missions and each mission has defined annual targets, demarcated responsibilities, prescribed timelines, and an efficient monitoring and evaluation framework.

The objective is to nurture an ecosystem that supports revenue growth, rejuvenates the environment and enhances living standards, especially of marginalised sections of the society.

Innovation is fueling industry-defining transformations in all parts of the fashion value chain – fibre, fabric, apparel, and retail. Increasing digitisation and usage of new technologies, such as Artificial Intelligence, is helping the industry eliminate wastages, shorten response times, improve demand predictions, reduce energy and water consumption, increase green processes and bring down costs.

This combination of environment-friendlier products at pocket-friendlier prices has the potential to mainstream sustainability faster than most envisage.

Thus at ABFRL, we are constantly encouraging innovation and investing in technology. Matching our unwavering focus on the environment is our compassion for the community. We believe the communities that host us enable our growth. Governed with compassion, and executed with competence, our development initiatives seek to share that growth through inclusive development.

### ReEarth Vision: We are committed to give back more than what we take from our ecosystem

In FY 21 under the aegis of our sustainability programme 'ReEarth – For Our Tomorrow', we witnessed substantial improvement in areas such as energy conservation by focussing on renewable energy, and thereby reducing our carbon footprint. In our water management mission, we emphasised on using recycled water across our own facilities.

The year FY 21 marks the successful achievement of Mission 2020 targets. We are now working towards a product-centric approach in Sustainability 2.0.

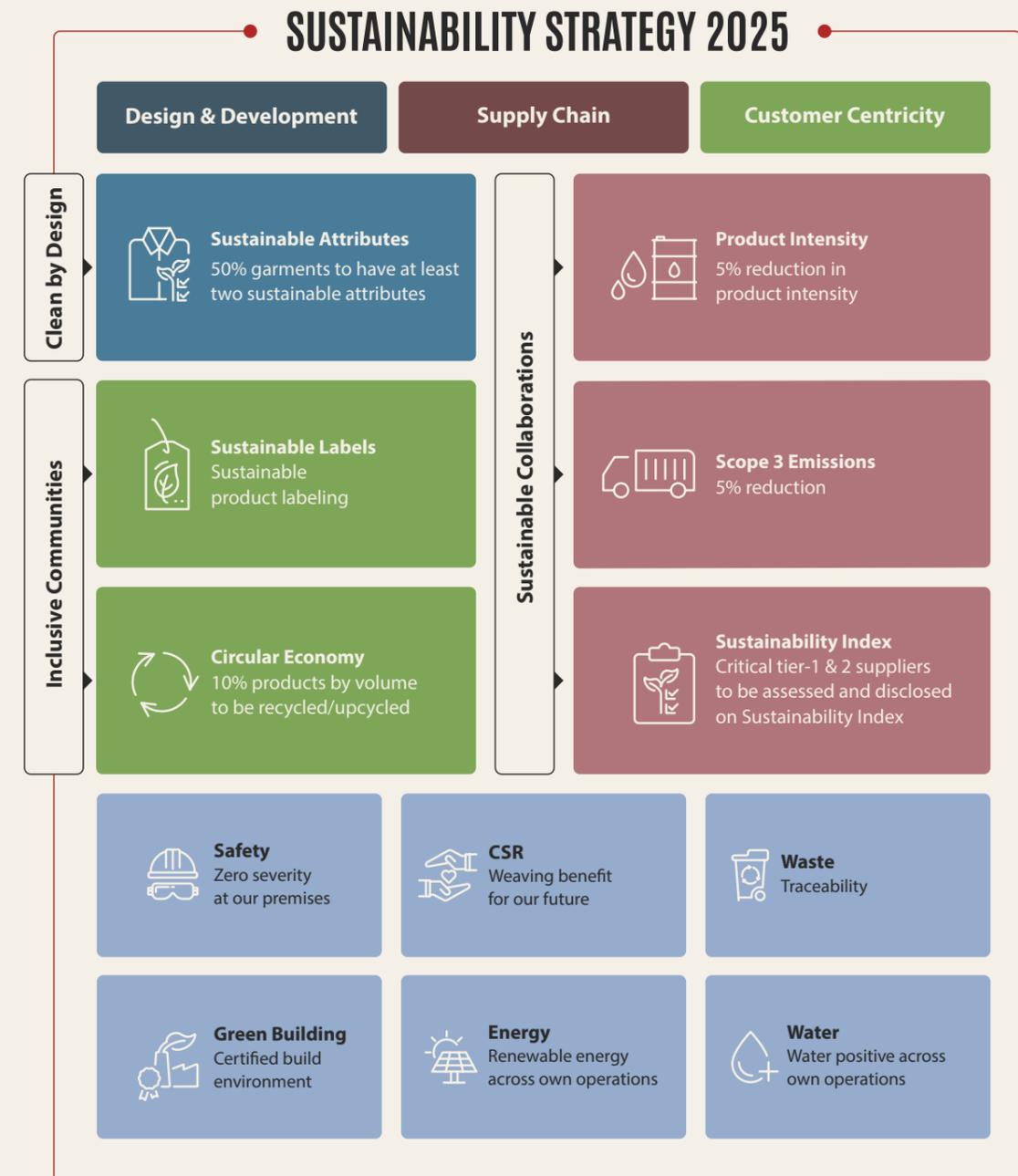
### ACCELERATING SUSTAINABILITY 2.0

At ABFRL, Sustainability 2.0 has been about integrating sustainability into the value chain, covering the entire product life cycle.

We aim to give back more than what we take - 'Regenerate, Restore and Revitalise' ecosystems and uplift communities that we operate in. In CSR, we conducted impact assessments and SROI studies of our CSR projects to monitor, identify gaps and implement corrective actions, if needed in our focus areas.

We have strategically shifted our missions towards a **product-centric approach** for the period 2020 to 2025. Our Product Life Cycle Approach is the fulcrum of our sustainability strategy now. This approach is helping us to identify key focus areas for improvement and develop interventions for each life cycle stage of the product, including upstream and downstream operations.

From **product design and product development, to supply chain and customer-centricity**, through use and end-use, this Lifecycle Analysis Approach lets us pivot sustainability into becoming the everyday norm, which ultimately, will centre around achieving overall product sustainability.





**Moving ahead in our ReEarth journey to a product-centric approach from 2021 towards 2025, the way ahead for design and development is through ‘clean by design’, focussing on sustainability attributes of the products and defined yearly targets with reference to our goals for 2025.**

Similarly, our approach for the **supply chain** is through interventions in **sustainable operations** by establishing the baseline for product intensity, Sustainability Index and Scope 3, followed by defining targets in reduction with reference to our goals for 2025. In addition, focus will be increased on model stores for safety and environment parameters in line with the safety target of zero fatality.

Another key focus is on customer-centricity through inclusive communities approach. Consumers of the fashion industry not only demand a fresh collection, but also have become socially and environmentally conscious.

They expect brands to take a conscious call while taking crucial decisions of garment manufacturing, such as initiation of orientation and stories for **sustainable product labeling** on ethically unobjectionable raw material, mindful use of resources, reduced negative impacts of business operations and fair treatment of employees at own and vendor facilities. Moving ahead, we will focus on defining the target on sustainable product labeling regarding sustainable attributes.

The dominant idea that is shaping our sustainability roadmap is that of the circular economy. While we have an existing collaboration with the **Ellen McArthur Foundation**, we have taken a large stride in our circularity journey through our collaboration with the **Circular Apparel Innovation Factory (CAIF)**.

CAIF will be an innovation facilitator to help ABFRL develop and test circular innovations. Through this initiative, ABFRL will demonstrate its commitment to shift the industry from its current ‘take-make-dispose’ approach to one that encourages the use of sustainable material, maximises utilisation of clothing and textile, and promotes recycling.

***We are also in strategic collaboration and participate in various forum discussions with GIZ, UNEP, S&P Global, SAC, GRI, SDG, ZDHC, SU.RE, etc., which provide us opportunities to benchmark our sustainability performance with our domestic and global peers.***

Finally, at ABFRL, sustainability will always remain ‘Works in Progress’ and as a responsible organisation, we are committed to contribute towards national goals.

A summary of the missions, respective targets and FY 21 achievement status is depicted below.

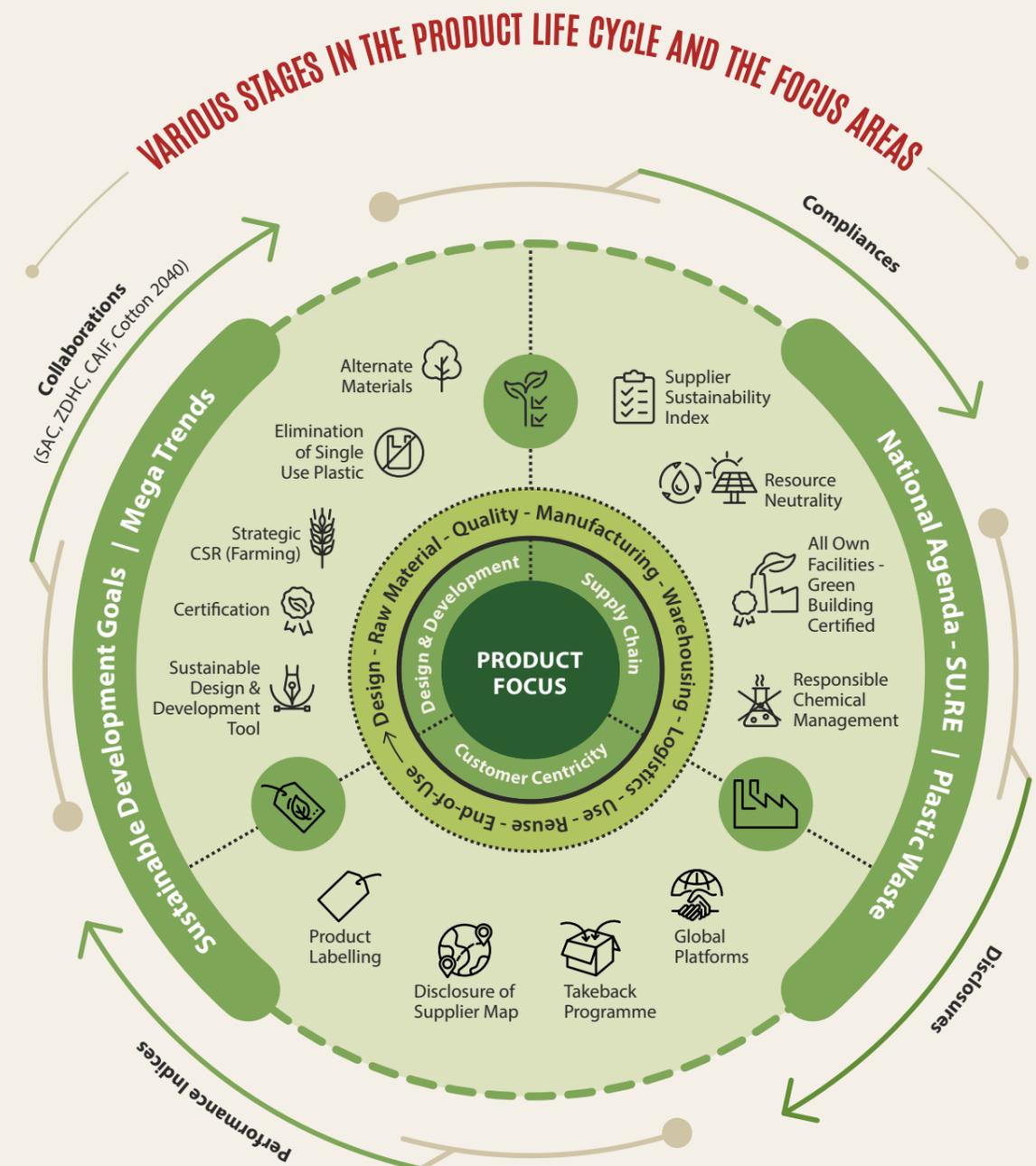
**ReEarth Missions - Status Dashboard FY 21**

MISSION	TARGET	FY 21 ACHIEVEMENT STATUS
<b>ENERGY</b> 	30% renewable energy	<b>34%</b> of energy coming from renewable energy sources across ABFRL operations
<b>WATER</b> 	50% renewable water across ABFRL facilities	<b>45%</b> renewable water across ABFRL facilities due to rainwater harvesting and recharging
	90% recycle / reuse across ABFRL facilities	<b>75%</b> recycle / reuse across ABFRL facilities due to waste water treatment and reuse
		<b>1.48</b> times water positive across our facilities 54,020 kl of rainwater harvested and artificially recharged within premises
<b>CLIMATE STRATEGY</b> 	5% reduction in Scope 1 & 2 carbon emissions (in tCO <sub>2</sub> )	<b>3%</b> reduction in Scope 1 & 2 emissions across ABFRL operations due to renewable energy usage and energy efficiency measures
	Scope 3 baseline computation	Scope 3 baseline developed at ABFRL Level
<b>GREEN BUILDING</b> 	To minimise the environmental impacts from our built environment across facilities by pursuing green building certification	<b>2 lakh sq. ft.</b> of our built environment is under the green building certification process under the logistics and warehouse rating system by IGBC
	Net zero energy built environment	The pilot of two certified facilities under the IGBC Net Zero Energy Rating System is in progress
<b>CIRCULAR ECONOMY</b> 	Zero waste to landfill	Zero waste disposed to landfill is achieved across ABFRL facilities

MISSION	TARGET	FY21 ACHIEVEMENT STATUS
<b>SAFETY</b> 	Zero severity – no severity 5 incidents at our premises	<b>Zero severity</b> – no severity 5 incidents at our premises
<b>CSR</b> 	No. of beneficiaries (Target)	Achievement
Education	17,053	<b>15,653</b>
Healthcare & Sanitation	128,909	<b>144,477</b>
Sustainable Livelihoods	2,164	<b>2,357</b>
Water & Watershed	36,479	<b>36,850</b>
Digitalisation	22,481	<b>23,043</b>
Volunteering	20,000 hrs	<b>15,706 hrs</b>
Beneficiaries Impacted	214,108	<b>377,743</b>
<b>PACKAGING</b> 	100% sustainable packaging	<b>88%</b> sustainable packaging
<b>SUSTAINABLE PRODUCTS</b> 	50% products by volume to have at least one sustainable attribute	<b>40%</b> of products by volume have at least 1 sustainability attribute
	Higg Assessment for brands & own factories	This year Higg verification was carried out at three of our factories (Alpha Garments, Crafted Clothing and Classical Menswear) through SAC nominated verifying body & we achieved an outstanding Higg score 80 in one of our manufacturing unit - Crafted Clothing.
	All tier-1 suppliers to be covered under Vendor Code of Conduct Programme	More than 95% tier-1 vendors covered

## SUSTAINABILITY 2.0 - Towards Product Centricity

Our engagement with and learning from our value chain and other stakeholders, increasing awareness among industry, and benchmarking with peers and global leaders, gave us a better perspective to expand our horizon deeper and wider into the product-centric sustainability approach focussed on product life cycle, and covering the aspects of circularity and traceability.



**Various stages in the product life cycle and the focus areas**



**PRODUCT DESIGN AND DEVELOPMENT**

- Close loop design
- Chemical management
- Resource conservation
- Sustainable materials



**RAW MATERIAL SOURCING**

- Energy management
- Human rights and compliance
- Water management
- Chemical management



**MANUFACTURING**

- Human rights and compliance
- Energy management
- Water management
- Chemical management
- Zero defects



**LOGISTICS, STORAGE AND PACKAGING**

- Sustainable packaging
- GHG emission management
- Plastic waste management



**MARKETING AND SALES**

- Sustainable packaging
- Sustainable product labelling



**USE**

- Water management
- Energy management
- Plastic free
- Durability



**END TO END**

- Circularity
- Recycling and upcycling

**COLLABORATING FOR ACCELERATED TRANSITION**

Our ventures in newer areas, exploring different possibilities and global collaborations helped us to move with speed in looking for innovative sustainability solutions.

It motivated us to advocate issues such as circular economy, sustainable sourcing, resource efficiency and alignment with global as well as national sustainability agenda.



***With the objective of accelerating the transition to product-centric approach principles, we have collaborated through the years with some of our key global partners like Sustainable Apparel Coalition - Higg Index, Ellen Mc Arthur Foundation, etc. Also, we are part of the national agenda of sustainability along with our peers through SU.RE (Sustainable Resolution) with Ministry of Textiles.***

*For more information on our collaboration with other key stakeholder please refer to the Stakeholder Engagement section on page no.153*

**BRAND SUSTAINABILITY DASHBOARD**

Brand Dashboard is a detailed representation of our sustainability interventions which acts as a decision support system as well as an internal benchmarking platform.

We have been working on sustainability initiatives since the last few years and have made positive progress in some of the ReEarth Missions against specific targets.

The Brand Dashboard emerged from our strategic sustainability focus shift from facility operations to a product-centric approach. The dashboard rests on a solid data repository that has been structured and sliced to reveal the sustainability performance of each of our brands. This is a significant achievement in our sustainability efforts, as we look to integrate sustainability further into our brands and products.

**SUPPLY CHAIN SUSTAINABILITY DASHBOARD**

Apart from gathering information on suppliers' sustainability initiatives, we aim to conduct thorough and periodic assessments of our critical suppliers in a phased manner and engage them on sustainability issues to improve their performance on an ongoing basis.

In the reporting year, we developed our own methodology - 'Supplier Sustainability Index' (SSI), to evaluate the supplier's sustainability performance and arrive at a single score, so that it is comparable across suppliers. This year, we started using self-assessment questionnaire on environmental and social parameters developed in line with international standards. These questionnaires are used by those suppliers who are not part of Higg Index assessment, thus covering all critical suppliers of the supply chain.

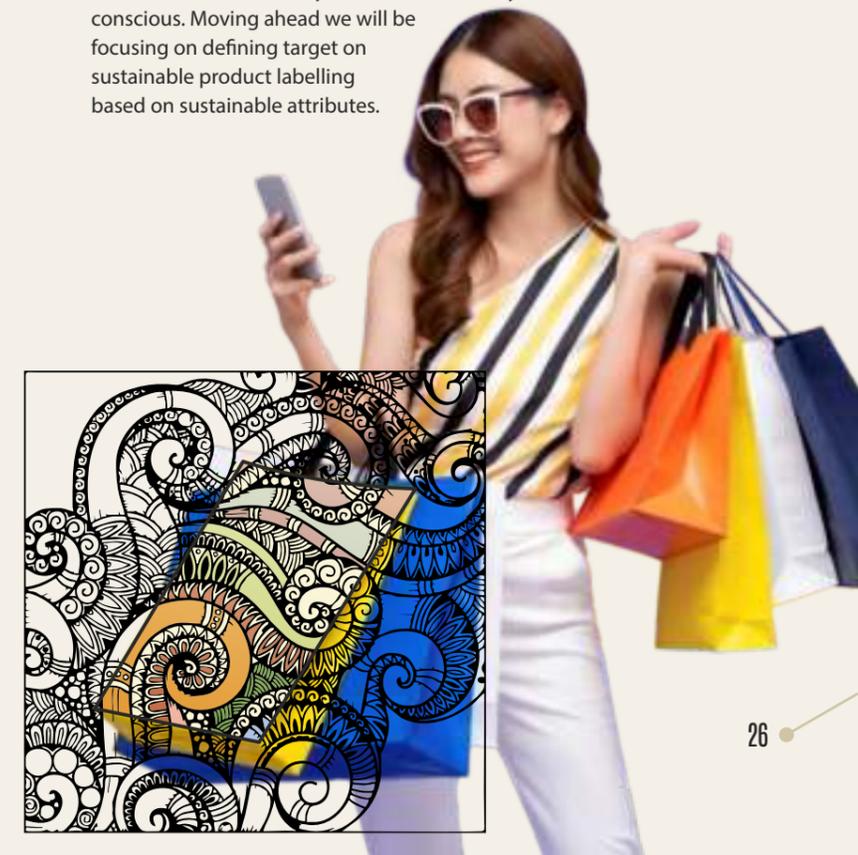
ABFRL has more than 8 years' active engagement with SAC and adoption of their suite of tools has enabled us in improving environmental and social performance of our in-house manufacturing facilities and brands. This year, Higg Verification was carried out at three of our factories (Alpha Garments, Crafted Clothing and Classical Menswear) through SAC nominated verifying body and we achieved an outstanding Higg score of 80 in one of our manufacturing unit Crafted Clothing.

**2025 SUSTAINABILITY STRATEGY**

**ReEarth, our structured sustainability programme, has entered into a new phase. Products are at the core of our 2025 sustainability strategy. We are focussing on design and development, and sustainability attributes of products with yearly targets and long-term.**

Similarly, our approach for the Supply chain is through interventions in sustainable operations by establishing the baseline for product intensity, sustainability index and Scope 3 followed by defining target in reduction with reference to our goals for 2025. Also, focus will be increased towards model stores for Safety and Environment parameters along continuation of with the safety target of Zero fatality.

Another key focus on customer-centricity is through inclusive communities' approach. Consumers of the fashion industry not only demand a fresh collection but also have become socially and environmentally conscious. Moving ahead we will be focusing on defining target on sustainable product labelling based on sustainable attributes.



# Corporate Governance

Effective corporate governance is like oxygen for business sustainability. It breathes accountability, transparency, efficiency and rule of law at all levels. In addition, it allows efficient management of economic, environmental and social aspects important for sustainability of a business.

The Aditya Birla Group is one of the pioneers of corporate governance, and as part of the Group, we at Aditya Birla Fashion and Retail Limited are committed to adopt and adhere to the best governance practices. ABFRL is a value-driven organisation that works in line with Group's core values of Integrity, Commitment, Passion, Seamlessness and Speed.

Our stakeholders today, evaluate us as much for our ethics and fair conduct, as for our ability to deliver quality products and services. It is from this responsibility towards our stakeholders that our corporate governance framework and philosophy originates. The framework based on core values not only enhances stakeholder value, but also fosters trust among our stakeholders.



## PHILOSOPHY AND PRINCIPLES

ABFRL is committed to the highest standards of business ethics and corporate governance. The governance philosophy of the Group rests on the following basic tenets:



### Transparency

Ensuring transparency and integrity is the key to our corporate governance practices



### Accountability

Our practices ensure accountability towards all stakeholders.



### Interests

Our practices ensure protection of minority interests and rights.



### Monitor

Effective monitoring as well as reviewing the risk management framework and associated practices are ensured.



### Control

Control systems, to enable the Board to efficiently conduct the business and discharge its responsibilities to the stakeholders, are maintained.



### Review

Regular review of processes and management systems for improvement are ensured.



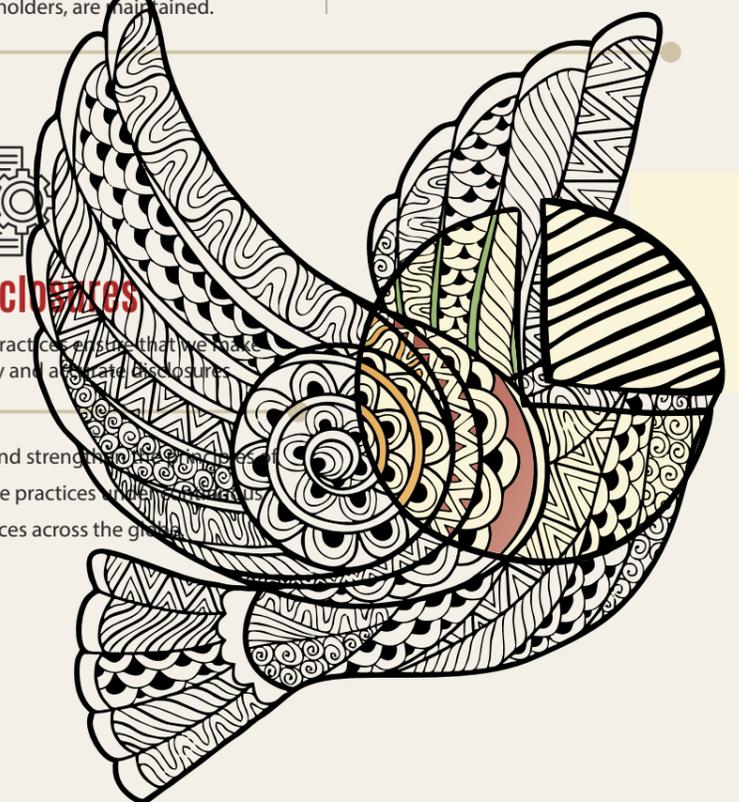
### Ethics

Our practices ensure that we maintain high standards of ethics.



### Disclosures

Our practices ensure that we make timely and adequate disclosures.



ABFRL, at all times strives to uphold, develop and strengthen its corporate governance. We keep our governance practices under regular review and benchmark ourselves to best practices across the group.

## ORGANISATION STRUCTURE

ABFRL's commitment to governance starts with the top leadership. Their inputs and insights play a critical role in implementing a strong governance structure.

### THE BOARD

The Board is responsible for, and committed to, sound principles of corporate governance by overseeing how the Management serves the short and long-term interests of the members and other stakeholders.

***This belief is reflected in the governance practices of the Company, under which we strive to maintain an effective, informed and independent Board.***

Operating within the framework of a well-defined responsibility matrix, the Board is instrumental in the management, general affairs, direction and performance of the organisation. **Duly supported by the Managing Director, Key Managerial Personnel (KMP) and the Senior Management, the Board has been vested with the requisite powers and authority to fulfil their duties and responsibilities.**

### Composition of the Board of Directors (as on March 31, 2021)

#### NON-EXECUTIVE DIRECTOR



**Mr. Kumar Mangalam Birla**  
Chairman & Non-Executive Director



**Mr. Himanshu Kapania**  
Non-Executive Director & Vice-Chairman



**Mr. Vikram Rao**  
Non-Executive Director

#### EXECUTIVE DIRECTOR



**Mr. Ashish Dikshit**  
Managing Director



**Ms. Sangeeta Pendurkar**  
Whole-time Director



**Mr. Vishak Kumar**  
Whole-time Director

#### INDEPENDENT DIRECTOR



**Mr. Nish Bhutani**



**Ms. Preeti Vyas**



**Ms. Sukanya Kripalu**



**Mr. Sunirmal Talukdar**



**Mr. Yogesh Chaudhary**

## COMMITTEES OF THE BOARD

The Committees of the Board ('committees') play a crucial role in the governance structure of the Company.

***The committees are formed with the approval of the Board and function under their respective terms of references framed in accordance with the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***

The committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. These committees spend considerable time and provide focussed attention to various issues placed before them. The guidance provided by these committees lend immense value and support, enhancing the quality of the decision-making process of the Board. The Board reviews the functioning of these committees from time to time.

**At ABFRL, the following Committees have been instituted:**

### AUDIT COMMITTEE

ABFRL has a qualified and independent Audit Committee, which acts as an interface between statutory and internal auditors, the management and the Board. The audit committee is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process.

### STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

The Board of ABFRL has constituted the SRC to specifically look into various aspects of the interest of shareholders, debenture holders and other security holders. It periodically reviews the status of shareholder grievances and redressal of the same.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC)

The CSR Committee is inter alia entrusted with the responsibility of monitoring and implementing the CSR projects / programmes / activities of the Company. It is also responsible for approving the annual CSR budget, implementing CSR projects, reviewing Business Responsibility activities, the Business Responsibility Report, and other related activities.

Also, a 'Rights Issue Committee - 2020' was formed by the Board of Directors in May 2020, for the specific purpose of deciding matters w.r.t. the Rights Issue.

### NOMINATION AND REMUNERATION COMMITTEE (NRC)

NRC inter alia discharges the Board's responsibilities relating to:

- Identifying persons who are qualified to become directors and who may be appointed at senior management positions in accordance with the criteria laid down, and recommending to the Board their appointment and removal
- Recommending the remuneration / revision in remuneration of the Managing Director and executive directors to the Board
- Formulating criteria for determining qualifications, positive attributes and independence of a director, and recommending to the Board a policy relating to the remuneration for the directors, KMP, senior management and other employees

### RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE (RMSC)

Business risk evaluation and its management is an on-going process within the Company. The RMSC is inter alia entrusted with the responsibility of monitoring and reviewing the risk management plan, sustainability, cyber security of the Company, and other such functions, as may be delegated by the Board from time to time.

## POLICIES

ABFRL has formed employee-centric policies within the Company's Corporate Governance framework. These policies help create a pervasive organisational culture that translates into transparent, ethical and responsible operation of the Company.

Employees come together to ensure a professional and mature work environment that reinforces ABFRL's value of integrity. Details of such policies and codes adopted by the Company are as under:

Name of the Code / Policy	Details of the Policies and Codes / Description / Web Link
Sustainability Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Sustainability-policy.pdf">www.abfrl.com/docs/corporate_governance/policies/Sustainability-policy.pdf</a>
Corporate Social Responsibility Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Corporate_Social_Responsibility_Policy.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Corporate_Social_Responsibility_Policy.pdf</a>
Policy on Related Party Transactions	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Policy-on-Related-Party-Transactions1.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Policy-on-Related-Party-Transactions1.pdf</a>
Forex Policy	The policy mentions measures to protect cash flows and shareholder value by reducing the adverse effect of currency rate fluctuations on the Company's profitability, business plans and sustainability of operations.
Risk Management Policy	Since the Company is in the retail industry, it is prone to inherent business risks. The policy covers inherent business risks and appropriate measures to be taken, to manage uncertainty, changes in the internal and external environment to limit negative impacts and capitalise on opportunities, along with minimisation of identifiable risks by the Company.
Policy for Determining Material Subsidiary	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Policy-for-Determining-Material-Subsidiary.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Policy-for-Determining-Material-Subsidiary.pdf</a>
Policy for Determination of Materiality of Information or Event	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Policy-for-determination-of-materiality-of-information-or-event.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Policy-for-determination-of-materiality-of-information-or-event.pdf</a>
Policy for Archival of Documents	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Policy-for-Archival-of-Documents.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Policy-for-Archival-of-Documents.pdf</a>
Policy on Preservation of Documents	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Policy-on-preservation-of-documents.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Policy-on-preservation-of-documents.pdf</a>
Code of Practices and Procedures for fair disclosure of unpublished price sensitive information	<a href="http://www.abfrl.com/docs/corporate_governance/code_of_conduct/Code-of-Practice-and-Procedures-for-fair-disclosure-of-unpublished-price-sensitive-information.pdf">http://www.abfrl.com/docs/corporate_governance/code_of_conduct/Code-of-Practice-and-Procedures-for-fair-disclosure-of-unpublished-price-sensitive-information.pdf</a>
Code of Conduct to regulate, monitor and report trading by designated persons in listed, or proposed to be listed, securities of Aditya Birla Fashion and Retail Limited	Code to be followed by designated persons for dealing in securities of the Company.

Name of the Code/ Policy	Details of the Policies and Codes / Description / Web Link
Code of Conduct for Board of Directors and Senior Management of Aditya Birla Fashion and Retail Limited	<a href="http://www.abfrl.com/docs/corporate_governance/code_of_conduct/Code-of-Conduct-for-Board-of-Directors-and-Senior-Management-of-Aditya-Birla-Fashion-and-Retail-Limited1.pdf">http://www.abfrl.com/docs/corporate_governance/code_of_conduct/Code-of-Conduct-for-Board-of-Directors-and-Senior-Management-of-Aditya-Birla-Fashion-and-Retail-Limited1.pdf</a>
Familiarisation Programmes for Independent Directors	<a href="http://www.abfrl.com/docs/corporate_governance/policies/ABFRL_Familiarisation-programmes-imparted-to-Independent-Directors1.pdf">http://www.abfrl.com/docs/corporate_governance/policies/ABFRL_Familiarisation-programmes-imparted-to-Independent-Directors1.pdf</a>
Vigil Mechanism / Whistle Blower Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Whistle-Blower-Policy.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Whistle-Blower-Policy.pdf</a>
Anti-Fraud Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Anti-Fraud-Policy.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Anti-Fraud-Policy.pdf</a>
Policy on Prevention of Sexual Harassment at Work Place	ABFRL has adopted 'Policy for Prevention of Sexual Harassment at Workplace' (POSH) on a company-wide level to ensure the respect and dignity of all its employees.  POSH is applicable not only to employees but also to third parties or clients and vendors of the company. During the year under review, no cases were filed under the POSH Act.
Tax Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/ABFRL-TAX-POLICY.pdf">http://www.abfrl.com/docs/corporate_governance/policies/ABFRL-TAX-POLICY.pdf</a>
Human Rights Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/HUMAN-RIGHTS-POLICY.pdf">http://www.abfrl.com/docs/corporate_governance/policies/HUMAN-RIGHTS-POLICY.pdf</a>
Environmental Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/ENVIRONMENTAL-POLICY.pdf">http://www.abfrl.com/docs/corporate_governance/policies/ENVIRONMENTAL-POLICY.pdf</a>
Safety Policy	<a href="http://www.abfrl.com/docs/corporate_governance/policies/Safety-Policy.pdf">http://www.abfrl.com/docs/corporate_governance/policies/Safety-Policy.pdf</a>

For more information about our Corporate Policies, please visit our website and Annual Report 2021.

# RESTORING ECOSYSTEMS



**PERFORMANCES** | 35 ENVIRONMENT | 61 PEOPLE | 97 SOCIAL  
55 FINANCIAL | 79 SAFETY | 123 PRODUCT RESPONSIBILITY



RESPONSIBLE STEWARDSHIP

Transitioning to a product-led sustainability is bringing about a fundamental change in our production and consumption process. By adopting product circularity, we are reducing environmental pressures linked to the entire life-cycle of our products. Going beyond, we are also aligning our supply chain to this new approach, **CREATING A RIPPLE EFFECT TO AMPLIFY OUR EFFORTS**

## RE-ESTABLISHING

NATURAL PROCESSES AND EMPOWERING THE COMMUNITY TO HELP ITSELF.

# ENVIRONMENTAL

P E R F O R M A N C E



**34%** of our total Energy Requirement is met through Renewable Energy Source



**~24**

lakh units Solar Power generated leading to a reduction of more than 2000 tonnes of CO<sub>2</sub>



**~2**

lakh square feet area of our Built Environment is under the green building certification process



**1.48**

times water positive across our facilities. 54,020 KL of Rainwater Harvested and Artificially Recharged within premises



**ZERO WASTE**

disposed to landfill and more than 90% Waste has been recycled and reused.





**Environmental risks such as biodiversity loss, natural resource crises and climate action failure are the top risks that will continue to disrupt the economy in the next 5-10 years, according to the World Economic Forum Report 2021#.**

Businesses need to anticipate and prepare if they want to survive and thrive during such disruptions. Sustainability and digitalisation are being considered as the core areas of growth among executives. Despite the disruption of the pandemic, these trends will accelerate and, in turn, lead to a reset of the fashion industry.

ABFRL has widened the scope of environment sustainability with the Sustainability 2.0 strategy. Instead of looking only at sustainable processes, we are now looking at the entire lifecycle of a product that will have a positive impact on biodiversity, natural resources and climate change. ABFRL is undergoing digital transition to further boost sustainability efforts. For instance, use of Remote Energy Management Systems is a breakthrough initiative to track and understand energy usage and to report performance.

We are also scaling up circular economy to reduce waste and make more efficient use of resources. We are developing a closed-loop design framework built on sustainable practices. Our focus is also on raw material sourcing which includes sustainable materials, clean energy management, human rights and compliance, water and chemical management, and zero defects. We are also investing in sustainable supply chain management by implementing sustainable packaging as well as GHG emission and plastic waste management.

# [http://www3.weforum.org/docs/WEF\\_The\\_Global\\_Risks\\_Report\\_2021.pdf](http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf)

**With sustainability 2.0  
we are not just transforming ABFRL**

# **WE ARE CHANGING THE BUSINESS OF FASHION AND UNROLLING SUSTAINABILITY ACROSS THE ENTIRE VALUE CHAIN**

**through a well-defined, target-based  
roadmap for each environmental indicator.**

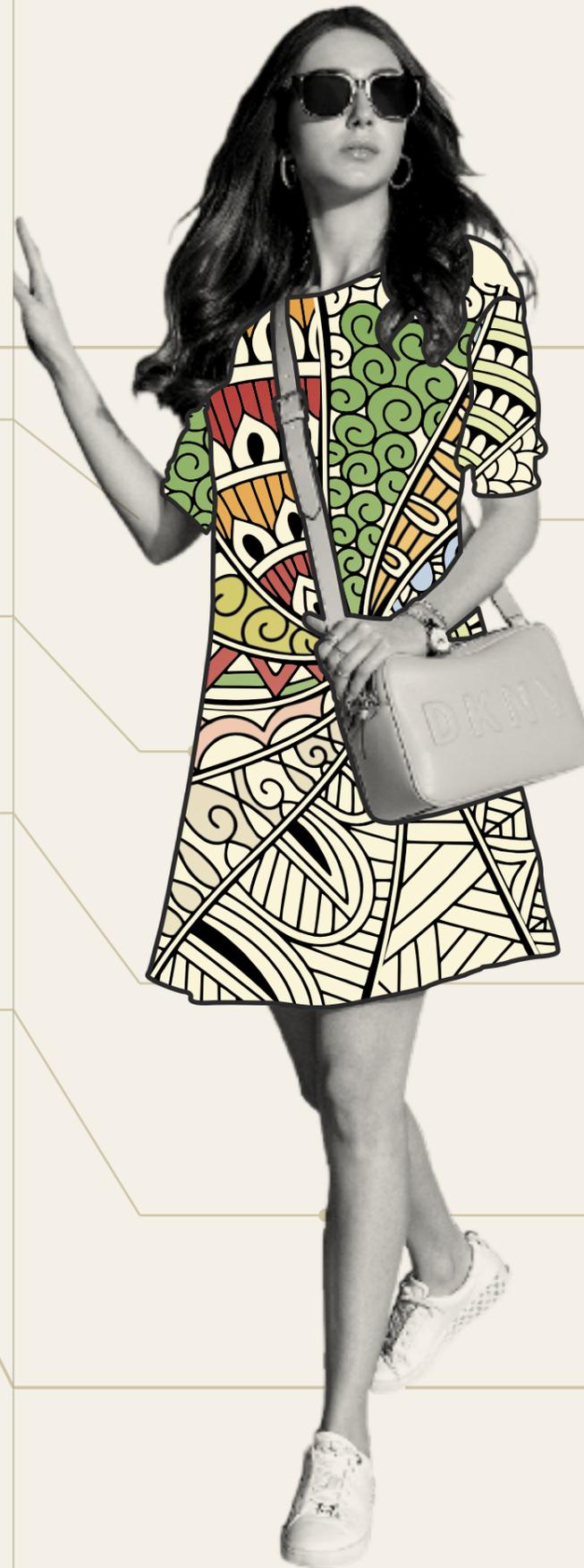
**ABFRL is facilitating effective on-ground implementation of the  
strategy to derive verifiable outcomes in desired time frames.**



Vision is to 'give back more than what we take from the society' and our new sustainability strategy will go a long way in achieving this vision. The impetus to act on environment is also emphasised by shifting consumer attitudes. Today's consumer has become more conscious about issues related to air quality, water, etc., rather than just buying a new garment. By becoming more sustainable, we are helping our customer to make more conscious choices.

# Our Approach

Our sustainability approach puts products at the heart of business and ensures that the entire lifecycle of the product is designed in harmony with people's and planet's health. This is the first year of our 2025 roadmap and we are putting our efforts to achieve larger and wider sustainability goals.



## OUR NEW FOCUS AREAS FOR 2025



**RESOURCE EFFICIENCY**



**GREEN BUILDING**



**CIRCULAR ECONOMY**



**CLIMATE STRATEGY**

### Water positive across operations

***We rolled out an IT platform 'Sustainability Digital Dashboard' across business operations, including retail, to capture the sustainability KPIs mapping the contributors, validators and approvers.***

### 100% built environment to be Green Building certified

By this, we can achieve a definitive milestone of digitalising the sustainability performance data to a great extent which will significantly enhance our data accuracy, timeliness and future planning. The advanced version of the Digital Dashboard, wherein we are going to capture a new set of requirements will become completely product-centric, with new KPIs monitoring and performance. These new set of KPIs will be aligned with the Global and National Standard.

### Net Zero Energy Building (NZEB) certification for select facilities

With this, we have set the tone to expedite the achievement of 2025 sustainability goals and devised new focus areas by benchmarking with peers, looking at the SDGs, consolidating existing missions and the overall impact. We follow the Aditya Birla Group's Sustainability Framework and Our 'Ability to Sustain' approach has also undergone fine tuning for better navigation in this ever-shrinking operating funnel via a 4-D (dimensional) approach. Also year-on-year we are raising the bar and achieving desired outcomes, eventually sustained the top quartile scoring in Facility Environment Module.

### 100% waste traceability across operations

### 50% renewable energy across operations

### 50% reduction in Scope 1, 2 & 3 emissions

**OUR GOAL FOR 2025 IS TO ACCOMPLISH**

By reaching these goals, we will inch closer to our goals of giving back more than what we take from our ecosystem. We will move beyond reducing to restoring, and ultimately redesigning the way we operate. To amplify our sustainability 2.0 initiatives, we are going digital.

***This year, Higg Index verification was carried out at three of our factories - Alpha Garments, Crafted Clothing and Classical Menswear, through a SAC nominated verifying body. We achieved an outstanding Higg score of 80 in Crafted Clothing.***



# Resource Efficiency



## ENERGY

**~2 MWp**  
OF SOLAR ROOFTOP POWER installed and operationalised across five facilities since more than a year



We have a two-pronged strategy for energy: To reduce energy use and increase the share of renewables in the energy mix so that we can drive down our overall carbon footprint, both at the facility and at the product level.

In the current year, we had certain limitations due to the COVID-19 pandemic and resource crunch. Therefore, instead of focussing on new initiatives, we strengthened our systems further with the help of the Group's self-assessment questionnaires that we rolled out across all the factories. We have also worked on new KPIs that are aligned to the 2025 goals.

### Energy Performance

in TJ

Energy Consumption	FY 2018-19	FY 2019-20	FY 2020-21
Direct Energy	110.33	102.12	86.78
Indirect Energy	254.08	259.47	117.76

### Absolute Energy Consumption

'000 TOE

	FY 2018-19	FY 2019-20	FY 2020-21
Direct Energy	2.64	2.44	2.07
Indirect Energy	6.07	6.20	2.82
Total	8.71	8.64	4.89

Note: The significant reduction in indirect energy consumption has led to an overall reduction in total energy consumption. This happened due to the COVID situation.

### Energy Intensity

	FY 2018-19	FY 2019-20	FY 2020-21
Total Energy Consumption (TOE)	8,710	8,641	4,895
Total Revenue (INR crore)	8,118	8,743	5,249
Energy Intensity (TOE / INR crore)	1.07	0.98	0.93

## ENERGY EFFICIENCY

We continued our key efficiency measures this year. This includes adoption of innovative technologies and processes, installation of efficient equipment, and designing our new facilities & retail stores. Initiatives such as installation of VFDs, switching to LED, efficient internal and external lighting, etc. have made us more energy efficient compared to last year.

**Use of Remote Energy Management Systems is a breakthrough initiative that will bring down energy demand in the retail stores. A pilot programme across select few stores of ABFRL has already been initiated.**

### Remote Energy Management Systems (REMS)



**REMS is an IoT-based solution that has the potential to reduce the total energy cost while ensuring uninterrupted power to commercial establishments and providing visibility into capacity requirements and energy consumption patterns. Energy has dual impact on ABFRL.**

One, energy reduction is important to reduce the carbon footprint, and second, energy being one of the highest cost drivers affects the margin and profitability. With the objective of cutting down our electricity and fuel spend as well as reducing the carbon footprint, we introduced remote monitoring and management of energy at our retail stores.

The system allows us to measure each circuit breaker level use data and models to forecast energy usage; analyse energy usage at each connected load and compare with analytical models; resolve issues using data and proprietary techniques; and determine where issues exist and where efficiency can be improved and make corrections.

## RENEWABLE ENERGY

We aim to enhance the use of cleaner sources of energy across our operations in a planned manner through the usage of solar power and renewable fuel like biomass-based briquettes. Currently, we have around 2 MWp of solar rooftop power installed and operationalised across five facilities since more than a year, and we have seen some success in realising our goal of becoming more renewable and more profitable.

CASE STUDY

# REPLACING CONVENTIONAL ENERGY WITH RENEWABLE ENERGY

Van Heusen (VH) INNERWEAR & PANTALOONS WEST WAREHOUSE



**Challenge**

VH Innerwear facility demands considerable amount of grid electricity for lighting, conveyor system and Heating, Ventilation, and Air Conditioning (HVAC) system for office space. Pantaloons West Warehouse is a part of the shared warehousing space and needs significant amount of energy. Both these places use energy from the grid for their operations. The challenge was to reduce the cost of power as well as resulting emissions.

**Action**

To meet our energy and emission goals, we cut down the grid electricity use at both these places by installing a Solar Rooftop (SRT)PV system. At VH Innerwear, the SRT system generates 3 lakh units which otherwise would have been from the grid electricity. So, the system has a yearly cost saving potential of more than INR 32 lakh. At Pantaloons West Warehouse, SRT is capable of generating 40,000 units with a potential cost saving of corresponding grid electricity.

**EXPECTED OUTCOMES**

*The installed SRT system at VH Innerwear contributes around 48% of the total energy demand from day 1 of operation, cutting down carbon emissions by 274 tonnes annually. Similarly, the SRT at Pantaloons Warehouse contributes 18% of the total energy and eliminates 33 tonnes of carbon emissions annually.*

**Renewable Energy**

Energy Mix ('000 TOE)	FY 2018-19	FY 2019-20	FY 2020-21
Renewable Energy	2.11	2.13	1.64
Non-Renewable Energy	6.60	6.51	3.25



Note:

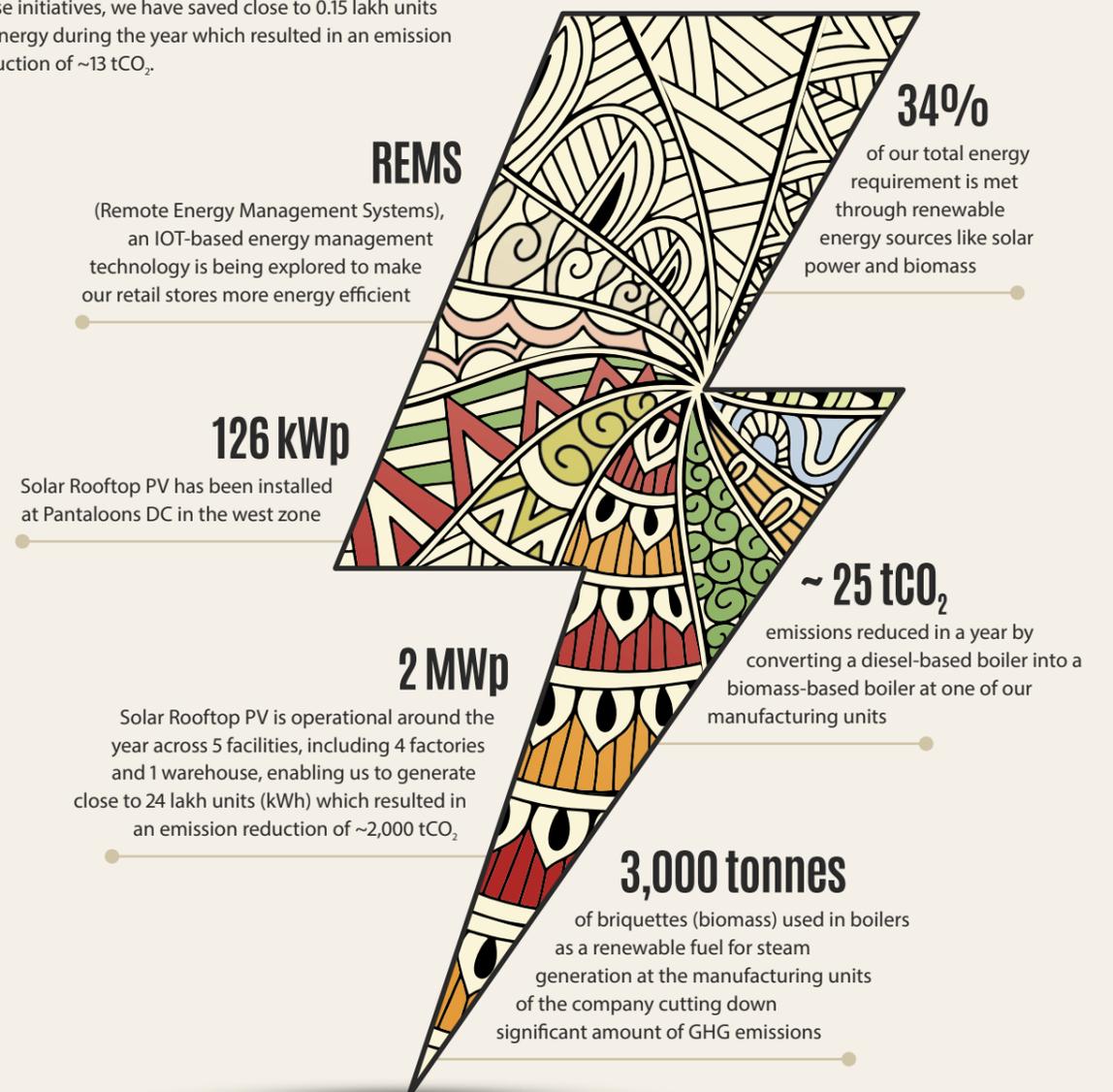
1. There is an increase of 9% RE observed LTL (from 25% to 34%) due to reduction in overall energy consumption but proportionate increase in renewable energy use.

2. Process energy consumption is only accounted in energy consumption computation (such as Diesel, biomass briquettes, solar power, grid electricity).

3. Energy sources such as LPG, fuel consumption in internal vehicle has been excluded in total energy computation however, it has been accounted for computing carbon emissions.

**Key energy conservation measures taken up during FY 20-21**

In line with achieving the 2025 sustainability goals, ABFRL has taken up some key initiatives with focus on carbon footprint and green buildings. As a result of these initiatives, we have saved close to 0.15 lakh units of energy during the year which resulted in an emission reduction of ~13 tCO<sub>2</sub>.



**WATER**

**54,020 KI**  
rainwater harvested to recharge borewells and pits within the premises



The fashion and textile industry is the second largest consumer of water, globally. Textile production uses around 93 billion cubic metres of water annually - the equivalent to 37 million Olympic swimming pools, as per an Ellen MacArthur Foundation report\*.

Conserving water and rejuvenating water sources are the two important areas where industry should focus on in order to be disruption-ready.

Water is a vital resource for ABFRL too. We are conserving water by reducing usage, adopting water efficient technologies, replenishing water through harvesting systems and reusing hydrated water.

**We are planning to install rainwater harvesting systems and artificial recharge systems across 2 facilities, i.e. Peter England warehouse (Hoskote) and e-commerce warehouse (Hoskote).**

Further, we are increasing the use of rainwater and cutting down on freshwater withdrawal by installing rainwater storage tanks, digital rain gauge and digital meters to record the water use across the facilities as well as modifying pipelines. A pilot study will be conducted at a selected facility and on the basis of the results, it will be implemented across all facilities.

For the communities around our plants, we have added 'water' as one of our CSR focus areas. We have taken up projects such as rainwater harvesting at schools, borewell recharge pits and pond renovation programmes for the host community.

\* <https://www.ellenmacarthurfoundation.org/>  
<https://www.vogue.in/fashion/content/the-fashion-industry-is-using-up-too-much-water-heres-how-you-can-reduce-your-h2o-footprint>

We are progressing towards being 'water positive' across our operations through various steps such as reducing the water demand, treating the wastewater and then recycling / reusing the same into the process or landscaping, replacing with the use of rainwater, installation of roof and non-roof rainwater harvesting systems and artificial recharge systems, and offset with the community level watershed programmes.

Through these initiatives, as per the new methodology\*, we are "Water Positive" across our operations which means our water credit is higher than water debit, taking various steps such as reducing the water demand, treating the wastewater and then recycling / reusing the same into the flushing or landscaping and then replacing with the use of rainwater, installation of roof and non-roof rainwater harvesting systems and artificial recharge systems and finally offset with the community level watershed programmes

We aim to become water positive across all our own operations.

**Water Footprint (ABFRL Facilities)** in m<sup>3</sup>

	FY 2018-19	FY 2019-20	FY 2020-21
Surface Water	32,276	22,674	843
Groundwater	119,127	101,410	99,612
Rainwater (Used)	-	-	9,343
Purchased Water	-	-	8,998
<b>Total Water Withdrawal</b>	<b>151,403</b>	<b>124,084</b>	<b>118,796</b>

Note:

1. Surface water reduction has been observed due to change in methodology. Computation approach for water withdrawal has also been changed as per ABG BRC GN (new categories such as Rainwater and Purchased water mentioned separately, and RW used values added to water withdrawal). Overall, water withdrawal has come down to LTL 12%.

2. PFRL Office surface water withdrawal has been reported basis the Piramal's report as there are no separate meters for our campus as part of the Piramal Tech Park.

Breakdown of total water withdrawal from each of the sources	in m <sup>3</sup>
Freshwater (≤1,000 mg/L Total Dissolved Solids)	62,967
Other water (>1,000 mg/L Total Dissolved Solids)	36,787

**Water Harvested & Recycled** in m<sup>3</sup>

ABFRL Facilities	FY 2018-19	FY 2019-20	FY 2020-21
% Rainwater Harvested	37%	42%	45%
% Water Recycled & Reused	73%	82%	75%

Note:

1. Water recycled and reused percentage has come down LTL due to the COVID situation and also with change in the scope. FY 19-20 scope was MFL facilities and FY 20-21 is ABFRL facilities. Water is not a material issue at Retail stores.

2. 97% of water withdrawal is in water stress areas.

3. Water Positive Index calculated for a particular year considers the Water Debit and Water Credit of a site. The term 'Water Debit' denotes the 'volume of total water withdrawal and consumed'. 'Water Credit' is the 'summation of the volume of recycled/ reused wastewater, harvested rainwater for real-time utilization, the quantity of groundwater recharged and real-time use of water stored in the check-dams by the community. Water Credit over Water Debit gives the Water Positive Index.



# Green Building



## Making Crafted Clothing Factory a NET-ZERO FACILITY



Green building is a holistic concept that starts with the understanding that the built environment can have profound effects, both positive and negative, on the natural environment, as well as the people who inhabit buildings every day, states the US Green Building Council (USGBC).

ABFRL is working towards creating a built environment that is positive for people and planet, and good for business.

**We ensure that materials used in the construction of our buildings and factories are responsibly sourced, are regional and recycled materials, and reduce water and energy use.**

We are also in the process of replacing conventional energy sources with renewables, as part of our Sustainability 2.0 strategy. Indoor air quality of the buildings is also important for the occupants' health. Through sustainable construction of buildings, we take care of the health of our employees and workers.

We have 5 facilities that are certified under green building rating system at various levels (existing building category - HAL, FCL, CCL and LEA, and new building category - Attibele Warehouse).

### The pilot of two certified facilities under the IGBC Net-Zero energy rating system is in progress for Net-Zero Energy Built Environment.

Facilities with green building certification



#### Attibele Warehouse



#### Haritha Apparels



#### Fashion Craft



#### Crafted Clothing



#### Little England Apparels

We are currently working on four projects, out of which two are new projects i.e. Odisha Factory and Innerwear Warehouse, while the other two are existing buildings i.e. Alpha Garments and Classic Menswear.

All these projects are scheduled to be completed in the next financial year. Odisha, AGL and CML will be aspiring for IGBC Green Factory rating, and Innerwear WH for the newly launched IGBC Green Logistics Parks and Warehouses rating system.

Launched in August 2020, the IGBC Green Logistics Parks and Warehouses rating system is the latest rating system offered by IGBC. It is specifically designed for logistics parks & warehouses where not only the sustainability of building is taken care of, but also covers some of the aspects related to its operations. This includes access to multi-modal transport, efficient fleet operations, servicing of vehicles and basic facilities for the drivers of the vehicle, to quote a few.

#### Key proposed features of the new Innerwear warehouse:

- Shuttle service will be provided for more than 50% of employees
- On-site solar energy capacity of 228 kWp will be installed and commissioned
- Electric vehicle charging facility
- 100% treated waste water will be used for flushing and landscaping
- Miyawaki forest (biodiversity) and Aroma garden are planned
- Around 1 lakh litres of roof rainwater storage has been planned
- 60% of non-roof rainwater will be harvested and recharged

#### Key proposed features of the new MAL factory:

- 95% of roof and non-roof rainwater harvesting planned
- Low-flow water fixtures to reduce the potable water consumption
- On-site renewable energy
- Low VOC paints, adhesive and sealants are used in the building
- Roof with high reflective index to avoid heat island effect
- More than 20% of site will be under landscaping with native species



## OUR CORE APPROACH



### Feasibility study

Involves meetings with project team to understand the project, its operation and data, for existing building. For new buildings, the requirements are explained to all the stakeholders. These meetings help us in analysing the features and concluding on design parameters to strike a balance between OpEx and CapEx, and achieving maximum level of rating for the building.



### Daylighting & Energy Modelling

Along with the feasibility study, daylighting and energy modelling is carried to arrive at best possible combination considering envelope of the building, efficient mechanical system, and optimum daylighting.



### Execution

Once the contractors and other related stakeholders are on board, stakeholder education is carried out on the dos and don'ts of the sustainable building, and relevant record is collected. Frequent visit of sustainable consultant happens to ensure 100% implementation of the envisaged target.

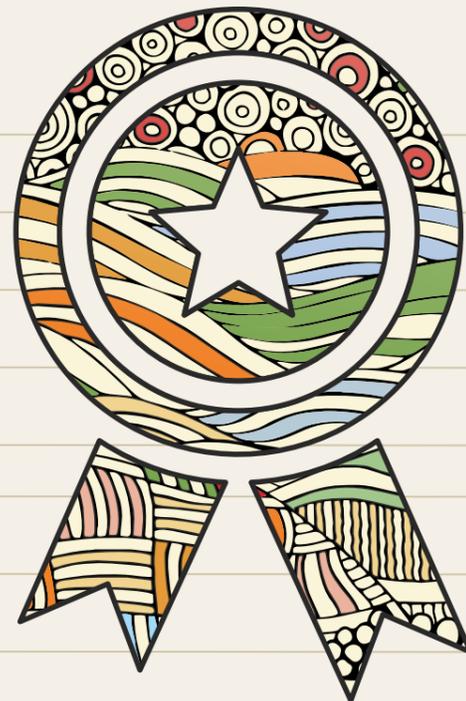


### Rating

At the completion of the project, we collect all the design and construction related documents and carry out two-stage completion, which usually take about three months from the time of submission.

## OUR CORE STRATEGIES FOR CERTIFICATION PROCESS

- **Aspire for zero run-off.** Harvest more water than the potential consumption
- **100% wastewater** to be treated on-site and maximise wastewater reuse
- **70% of regularly** occupied areas to be planned for daylight (minimum)
- **At least 50% of material** that is used at the site to be locally manufactured
- **Use of low VOC materials** to limit the exposure of occupants to carcinogenic gases
- Ensure fresh air requirement as per the **ASHRAE standards**
- **Plan for maximum renewable energy** to replace fossil fuels and offset carbon footprint
- **Meters installation to track and record** the performance of the resource use



We have come a long way in the journey of green buildings and as part of the natural progression, we are focussing on new areas such as having Net-Zero energy, being water positive, better management of waste and carbon neutrality.

## TOWARDS NET-ZERO

Energy efficiency improvements in building and built environment projects have dual benefits for ABFRL - operational costs benefits and reduction in carbon emissions. To further off-set the use of conventional energy and to achieve carbon neutrality (Net Zero Energy, Water and Carbon Performance), we use renewable energy sources to power the buildings.

***ABFRL has adopted the concepts of Net-Zero Energy Building (NZEB) and we are working closely with IGBC to achieve the goal of Net-Zero Energy.***

This is a unique initiative of ABFRL and first in the apparel and retail sector.

This year, we are conducting a feasibility study and pilot of the concept at two select projects of different categories, one is a warehouse facility and the other is a manufacturing facility.

Both these facilities already have solar rooftops installed and are certified green buildings under the IGBC green factory rating system. Hence, attaining Net-Zero is a logical progression as the Green certified projects are highly energy efficient and have the renewable energy capacity to the maximum extent.

As per the IGBC Net Zero rating, the primary focus is to reduce active energy demand first and then off-set remaining grid energy use through renewables. ABFRL has followed the same approach and lowered the energy demand by 15-20% and then installed a solar PV rooftop plant to replace conventional energy.

In our Warehouse project, the annual energy consumption is around 500 MWh. Around 50% of the energy demand is met through the on-site solar PV rooftop. The project could only seek the unique solution to meet net zero energy target owing to state policy on Renewable Energy.

Hence, efforts from ABFRL and IGBC are on, to power the facility with 100% clean energy. Our pilot study, if successful, will be replicated for other similar facilities of ABFRL. It will also become a role model for other businesses to emulate the best practices to become a Net-Zero energy facility.



**Net-Zero Energy buildings are those that are designed to have low energy demand and high energy efficient operation, with energy requirements being met through renewable energy sources.**

**The Net-Zero concepts can be applied in both new and existing buildings, and any building type like a factory, or an office building, or a warehouse facility, etc**

CASE STUDY

# TAKING CRAFTED CLOTHING FACTORY TOWARDS A NET-ZERO FACILITY



**Challenge**

The Crafted Clothing factory is one of the largest facilities of ABFRL. Around 23 lakh garments (finished goods) are manufactured in this factory annually.

The factory used conventional energy for operations and diesel-fired boilers for steam generation, resulting in increased emissions.

**Action**

To achieve and maintain sustainable goals, we set up a 734 kWp solar rooftop system for powering operations and a 4-ton boiler that uses biomass briquettes for steam generation.

**Going Forward**

We are in discussions with the solar rooftop developers on closing the deal for two more SRT PV projects that would be approximately 700 kWp for two factories i.e. Little England Apparels (LEA), Thally, Tamil Nadu and Mancheswar Apparels Limited (MAL), Mancheswar, Odisha.

Also, we are looking forward to install about 300 kWp in Karnataka at two of our factories i.e. Alpha Garments Limited (AGL) and Classic Menswear Limited (CML). However, due to the amendments in the Karnataka rooftop policy, these projects are on hold and we will roll out once the policies and regulations are favourable.

**OUTCOMES**

**Reduced carbon emissions by approximately 525 tCO<sub>2</sub> from Apr' 20 onwards and eliminated more than 1,100 tCO<sub>2</sub> using biomass for boiler**

**88% renewable energy consumption at a garment level**

**Solar Roof Top (SRT) PV system saved more than INR 15 lakh**

**Utilising briquettes-fired boiler saved resource cost up to 6.5 times than that of diesel-fired boiler**

# Circular Economy



Globally, the fashion industry created 92 million tons of waste which is expected to increase by 60%, by 2030. Eliminating waste is critical to reduce fashion's environmental impact\*.

At ABFRL, waste management is integral to our 'ReEarth' programme. We have a two-pronged approach for effective management of waste - reduce overall waste and encourage circularity, and secondly, safe disposal of waste.

Waste management is also an opportunity for us to create value not only for our stakeholders, but also for the nation as a whole. ABFRL believes in creating a closed loop system where waste generated is recycled or reused and converted to useful resources. Circular economy is based on the principles of designing out waste and pollution, keeping materials in use and regenerating natural systems. The entire non-hazardous waste in ABFRL facilities is either recycled or reused, and a small quantity undergoes composting.

ABFRL believes in creating a closed loop system where waste generated is recycled or reused and converted to useful resources. Circular economy is based on the principles of designing out waste and pollution, keeping materials in use and regenerating natural systems.

The entire Non-hazardous waste in ABFRL facilities are either recycled or reused and a small quantity of undergoes composting. Waste disposal data is reported from each facility and compiled based on the type or composition. Hazardous Waste is disposed following guidelines and regulations to ensure zero waste to landfill.

**In line with our commitment for management of waste in a sustainable manner, 'Waste Traceability Assessment' is done to validate and certify the disposal mechanism of waste till its last mile, for best practices and adherence to compliance.**

The aim is to audit and monitor the waste disposal to authorized recyclers, to ensure reliability, and to substantiate our sustainability goals. All facilities dispose waste in compliance with operating permits and legal authorisations, and also engage with waste disposal facilities / waste recyclers after due validation. We are working towards establishing an ecosystem for extended producer responsibility in waste management and enhance the scope of circularity across our operations. Through our streamlined waste management approach, we continue to ensure 'Zero Waste to Landfill across all our own facilities'.

**As per target, we achieved 'ZERO WASTE TO LANDFILL ACROSS ALL OUR OPERATIONS'**

**and ensured 100% traceability of waste disposed.**



\*<https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/state%20of%20fashion/2021/the-state-of-fashion-2021-vf.pdf>

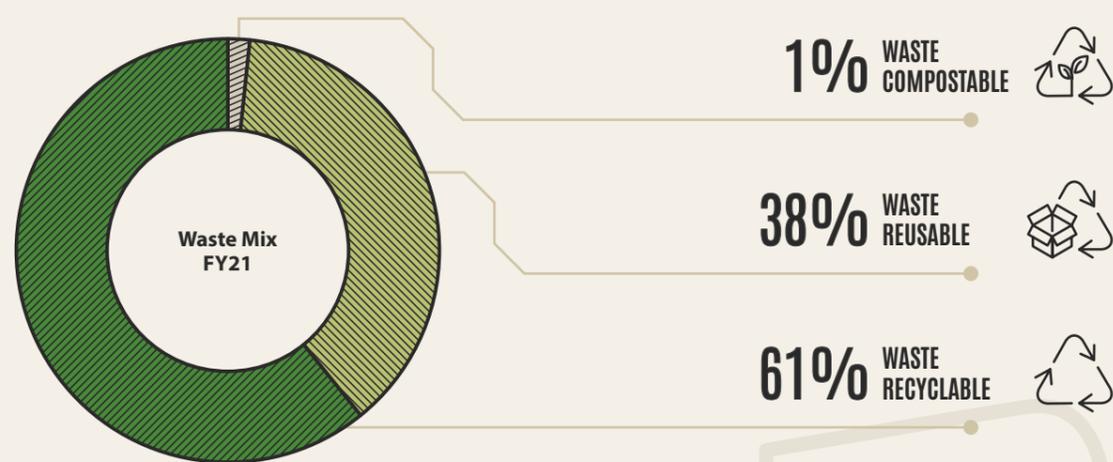
**Waste Footprint**

MT

Total Waste Generated	FY 2018-19	FY 2019-20	FY 2020-21
Non-Hazardous	4,223	4,140	2,234
Hazardous	7	8	6
Total	4,230	4,148	2,240

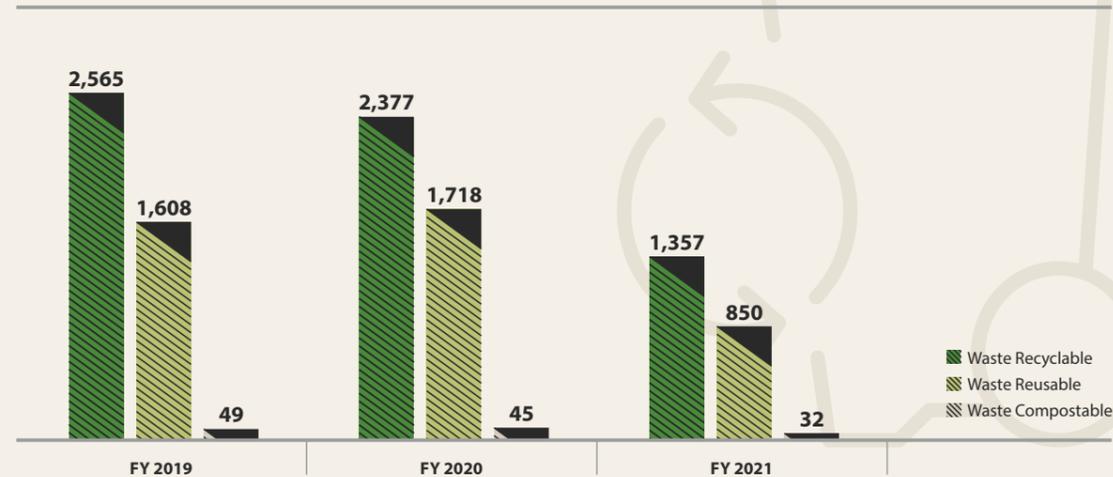
Please refer to the Packaging section of Product Responsibility section on page no.123 for detailing on waste composition.

**ABFRL Waste Mix**



**Waste Trend - ABFRL**

in MT



Note:

- Briquette ash is not accounted as part of our waste generation
- Scope of waste generation is limited to 9 Manufacturing Facilities, 7 Warehouses and 2 offices (refer reporting boundary & scope for details) and excludes waste generation at Entoma warehouse, Retail stores.

# Climate Strategy



Fashion industry contributes to around 10% global greenhouse gas emissions. Being one of the leading fashion company and a thought leader in the area of sustainability, ABFRL is committed to lowering carbon emissions.

**Our sustainability goals 2025 are aligned to the Paris Agreement on climate change and we are determined to work in the direction in an accelerated manner.**

In the reporting year, ABFRL explored possible approaches which are relevant for developing a plan for climate strategy. Based on the learnings from various stakeholder consultations and results from ESG assessments in FY 19-20, we used Science Based Initiative (SBTi)\* approach for formulating our climate strategy. In order to align with the approach, we:

- Developed completeness of our GHG inventory for our Scope 1 and Scope 2 emissions
- Developed GHG emission baseline for Scope 3 based on the primary data available in our value chain

**Absolute GHG Emissions - Scope 1&2**

tCO<sub>2</sub>

	FY 2018-19	FY 2019-20	FY 2020-21
Direct Emissions (Scope 1)	1,590	937	1,467
Indirect Emissions (Scope 2)	57,877	59,101	25,841
Total	59,467	60,038	27,308

Note: There is an LTL increase observed in Scope 1 direct emissions due to:

- PFRL retail diesel consumption data availability for the year, unlike last year
- LPG usage doubled due to COVID situation at MFL WH
- PFRL WH diesel consumption increased by 15%

\* [https://sciencebasedtargets.org/resources/legacy/2019/06/SBT\\_App\\_Guide\\_final\\_0718.pdf](https://sciencebasedtargets.org/resources/legacy/2019/06/SBT_App_Guide_final_0718.pdf)

In FY 2020-21, we have observed:

**3.38% REDUCTION** in Scope 1 & 2 emissions across ABFRL operations against the baseline of the last financial year



This was due to the initiatives taken under decarbonisation programme which are mentioned in the resource efficiency chapter.

**Absolute GHG Emissions - Scope 3**

tCO<sub>2</sub>

	FY 2019-20	FY 2020-21
Indirect Emissions (Scope 3)	632,111	436,159
Total	632,111	436,159

Note: Significant Year on year decrease in scope 3 overall reduced activity due to COVID situation and inactivity during the month of April 2020 due to COVID lockdown. The data reported is beyond defined scope and boundary of report.

- Categories covered in Scope 3 -
- Upstream Transport through road
  - Downstream transportation through road
  - Business travel (Air, Road)
  - Franchise stores (PFRL)

**Emission Factor References**

- <http://www.ipcc.ch/organization/organization.shtml>
- [https://cea.nic.in/wp-content/uploads/baseline/2021/06/User\\_Guide\\_ver\\_16\\_2021-1.pdf](https://cea.nic.in/wp-content/uploads/baseline/2021/06/User_Guide_ver_16_2021-1.pdf)

Note:

- The emission factors used to compute direct and indirect emissions is sourced from our group GHG accounting standard.
- Reported data includes only CO<sub>2</sub>.
- Only CO<sub>2</sub> data has been captured. Refrigerant based emissions are not reported (data not available).
- Baseline year is the previous year i.e. FY 2019-20.

# FINANCIAL

P E R F O R M A N C E



 ₹ **5,249<sup>Cr</sup>** revenue; de-growth of 40% over previous year

 **1,500<sup>Cr</sup>** raised through issuance of equity shares on a preferential basis to Flipkart Investments Pvt Ltd.

 ₹ **1,200<sup>Cr</sup>** of cost rationalised during the year to mitigate the impact of COVID-19 on profitability

 **170<sup>+</sup>** new stores added



FY21 was the year of the pandemic. A global event that affected every economy, business and individual. In the face of this unprecedented crisis, we did not lose sight of our objective to power a sustainable and profitable growth, and deliver long-term value for all our stakeholders. Because, FY21 was also a year of hope. A hope that when this storm blows over, there will be happier and more prosperous times for businesses and people alike.



## IN JULY 2020, WE RAISED CAPITAL VIA A RIGHTS ISSUE AGGREGATING TO INR 995.12 CRORE

We saw a glimpse of this recovery in the second, third and fourth quarters of the year. After a tumultuous start to the year plagued by uncertainty and national lockdown, we saw a strong resurgence in demand through Q2 and Q3, fuelled by weddings and renewed consumer optimism. The business also grew strongly between January and February 2021, as against the same period in FY20. In fact, we recorded an EBITDA growth of 51% YoY Q4. This despite the second wave of the pandemic striking towards the end of Q4. It was only with the emergence of 2nd wave of COVID-19 towards the end of Q4, and consequent lockdowns and restrictions in large parts of the country, that the footfalls in stores got dramatically impacted.

The uncertainties of the year did not dissuade us from strategic financial decisions like equity infusion, debt reduction, alliances and acquisitions, aimed towards ensuring sustained prosperity for all stakeholders in the long run.

### Strategic Acquisition during FY21

**51%** stake in Sabyasachi Calcutta LLP in January 2021

**33.50%** stake in Goodview Fashion Private Limited in February 2021

**80%** stake in a Indivinity Clothing Retail Private Limited in February 2021

	FY 2019-20	FY 2020-21
Growth in revenue	8%	-40%
Stores added	400+	170+
Revenue (in INR crore)	8,807.62	5,253.78
Economic Value Retained (in INR crore)	867.73	168.56

Economic Value Generated and Distributed*	(in INR crore)	
Operating costs	6,455.01	3,741.07
Employee benefits & wages	1,045.95	823.91
Payments to providers of Capital	422.73	498.39
Payments to Government	12.7	19.85
Community investments	3.5	2.0
<b>Total</b>	<b>7,939.89</b>	<b>5,085.22</b>

*Note\*: Regrouping of expenses to conform the current financial FY 2020-21 classification in audited statement. As a result of regrouping, operating costs have increased by Rs 12.45 Cr and employee benefit expenses have reduced by Rs 12.45 Cr. Overall no impact on profit and loss account.*

## Business Overview & Developments

### LIFESTYLE BRANDS

**Madura business segment consists of Lifestyle brands:** Louis Philippe, Van Heusen, Allen Solly and Peter England, **Fast Fashion brands:** Forever 21

**The revenue for the reporting period INR 2,750 crore as compared to INR 4,626 crore in the same period last year.**

### PANTALOONS

**Business recovered to 53% of LY ~Rs. 1,859 Cr. in FY21 Vs. 3,514 in FY20.**

### OTHER BUSINESSES

This segment comprises youth fashion brands such as Forever 21 and American Eagle, Innerwear and Athleisure business, global super premium brands and the newly incubated ethnic wear businesses

## Strengthened play in ethnic wear segment with new investment in partnerships with Sabyasachi and Tarun Tahiliani.



### Strengthen balance sheet

Reduced Net debt by ~74% from INR 2,511 crore in FY20 to INR 654 crore in FY21



### Deep cost rationalisation

Executed cost reduction of INR ~1,200 crore



### Product innovation

Successfully launched several new products in line with changing consumer needs



### Digital business model

Rapid growth of Ecommerce ~1,000 stores Omni-enabled

For more information please refer to [http://www.abfirl.com/docs/investors/financial\\_reports/investor\\_presentation/ABFRL\\_%20Board-meeting\\_Outcome\\_May-28-2021.pdf](http://www.abfirl.com/docs/investors/financial_reports/investor_presentation/ABFRL_%20Board-meeting_Outcome_May-28-2021.pdf)

## Outlook

ABFRL is focussed on the wellbeing of its employees and their families at present, while strengthening itself to capture the large growth opportunity post the pandemic. With widespread vaccination over next few months, we expect consumers to ride through the current challenging times, giving way for an optimistic consumption outlook during the later part of the year.

On the operational front, optimised cost control and tighter cash flow management will continue to be at the core of the business model. We are now much better placed to manage business disruptions. With a gradual recovery in consumer footfalls and spends going forward, we are confident of emerging stronger on the other side of this crisis.

### BUSINESS STRATEGY

The key tenets of business strategy include:

#### Enhancing portfolio

Identify emerging segments and enhance play through brand extensions, new product launches and strategic acquisitions

#### Expanding distribution footprint

Accelerate growth by expansion of retail network

#### Building a strong brand

Strengthen brand visibility through strong campaigns, product design and a refreshed store experience

#### Investing in talent

Continue to invest in the acquisition, development, retention and recognition of our workforce

#### Digital transformation

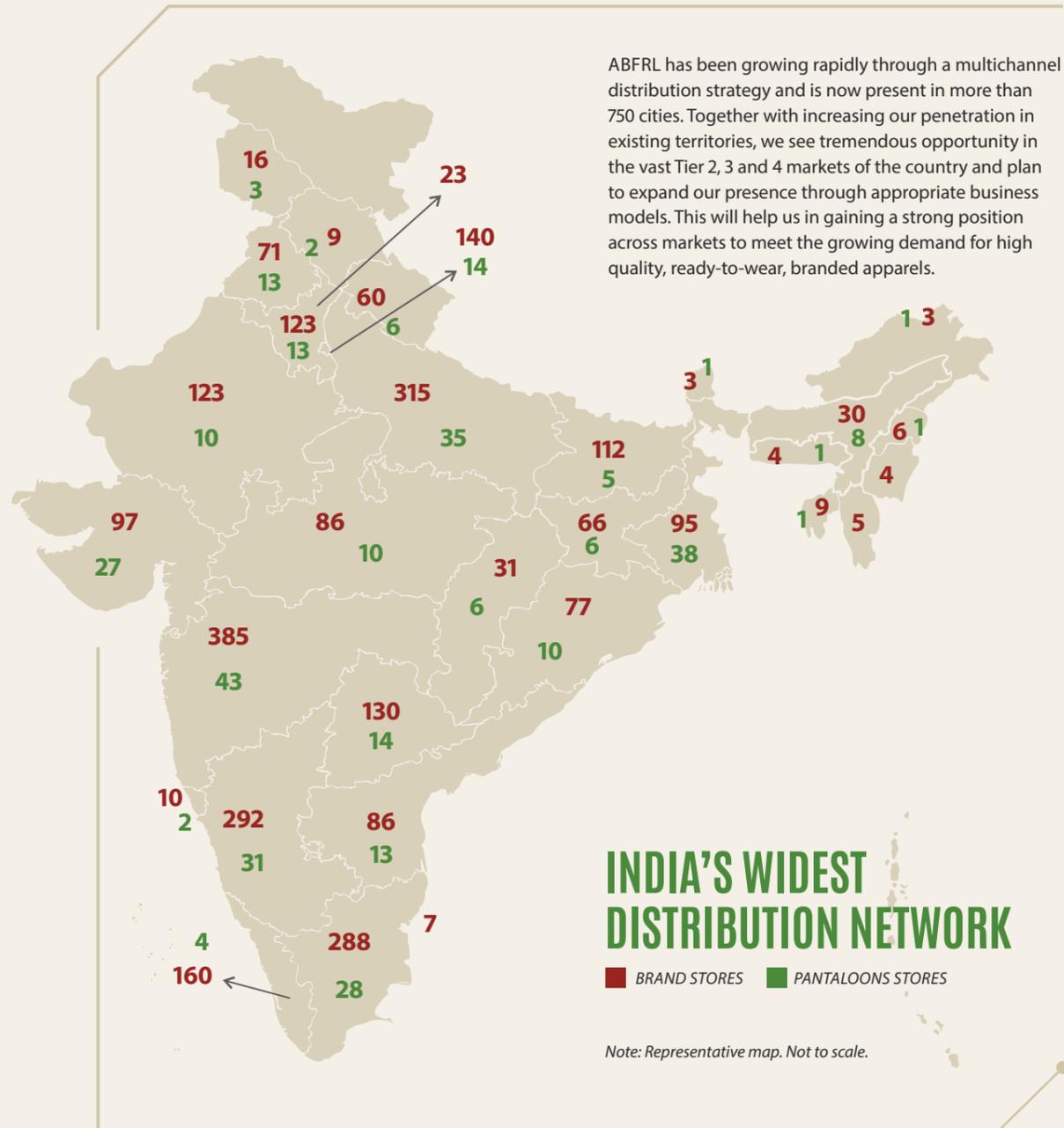
Data analytics, in-store digitisation through virtual stores, omni-channel initiatives, and an agile & digital supply chain

#### Supply chain sustainability

The sustainability of our supply chain plays a determining role in how sustainable we are as an organisation. We aspire to include the entire supply chain in our initiatives. Some of the key initiatives include Supplier Sustainability Index (SSI), Higg Index, Vendor Code of Conduct (VCO), and Chemical Management.

# Footprint

ABFRL has been growing rapidly through a multichannel distribution strategy and is now present in more than 750 cities. Together with increasing our 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.



**8.4** million sq.ft. FOOTPRINT

**2,866** BRAND STORES

**346** PANTALOONS STORES

**31,767** MULTI-BRAND OUTLETS

**6,878** SLS ACROSS DEPT STORES

# COVID-19 Impact

The COVID-19 pandemic has had a significant impact on our business operations and the financial results for the year. We have assessed the impact of this pandemic on our business operations and has considered all relevant internal and external information available to determine the recoverability and carrying value of financial assets and non-financial assets.

The impact of the second wave of infection on the overall economic environment is uncertain and so we will closely monitor any material changes to future economic conditions. We continue to take various precautionary measures to ensure health and safety of our customers, employees and their families from COVID-19.

As we are allowed to resume our operations post easing of lockdowns, we are prepared for opening each store with utmost precautions, implementing highest standards and protocols on safety and hygiene to make them absolutely safe for our consumers and staff.



As of May 25, 2021, out of a total network of 3,212 stores, about 419 stores are operational.

# PEOPLE

P E R F O R M A N C E



**22,000<sup>+</sup>** employees



**12,000<sup>+</sup>** women employees



**75** specially-abled employees



**784** store level employees undergoing career advancement programme



**3,178<sup>+</sup>** lives have benefitted so far through the CAER programme's services.



At ABFRL, we have a 'People Vision' that is to 'Drive a High Performing and Customer Centric Culture with Happy and Value Oriented Employees'. We are proud of our performance that is expertly anchored by advanced capabilities and productivity; a culture that puts customers first through a strong service orientation; happiness through purpose-driven behaviour; by delivering high quality and through dedicated talent that is value-oriented with a deep commitment to the ethics of the Aditya Birla Group.



While we maintained a positive outlook during the ongoing pandemic, there is no denying the unprecedented challenges we were faced with in FY21. One of the industries heavily impacted by the 'new normal' was undoubtedly the clothing business with apparel, being a discretionary spend item. Due to this, a deep impact was witnessed on our financial performance. This highlighted our need to:

- **Survive, revive and grow the business despite the pandemic and beyond**
- **Respond to the health and safety needs of our employees/customers**
- **Enable alternative methods of organisational coping through WFH, training & wellness initiatives**

All our People Priorities were revisited, and we embarked on a series of actions focussed on ensuring business continuity, employee well-being and safety, cost and cash conservation and accelerating digital initiatives.

One of the first steps to ensure the safety of all our employees across offices, stores and factories against COVID-19, was the setting up of an Emergency Response Team. This team included HR Heads of all businesses and led by the Chief Human Resources Officer. This team, formed ahead of the lockdown, focussed on:

- **Implementation of the advisories issued**
- **Plan scenarios, response and execution actions**
- **Monitor local (environment and situation) conditions in business locations on an ongoing basis**
- **Adhere to government advisories and local health authority's circulars**
- **Maintain active communication and awareness across business operations**

Across our businesses, the teams had risen admirably to these new implementations and took on a proactive approach to handle a host of issues. Right from breaking through existing structures and dealing with conflicting scenarios, the experiences enriched the teams, making them emerge stronger and better prepared. This would not have been possible but for the tremendous resilience, robust relationships, a close collaborative approach and strong leadership exhibited.

Our organisation's core values of seamlessness, passion, speed, commitment, and integrity have always guided our actions and are the key to why our employees work with us.

This year, we are proud to announce ABFRL's recognition as one of India's Best Workplaces in 2021 in the Retail industry. This stands testament to a close-knit organisation that values our people above all else.



We have a diverse workforce of 22,000+ permanent employees who hail from varying social, economic and geographic backgrounds, adding depth to the company's ever growing knowledge capital with a range of educational and industry experience. We continue to build an inclusive environment for our diverse workforce.

**We are proud to be represented by women across levels and comprising 54% of our overall workforce. We also have a healthy mix of multi-generational employees with over 48% of our employees under the age of 30.**



## 54% of our workforce comprises women employees

ABFRL has maintained healthy, cordial and harmonious industrial relations at all levels through Proactive ER, Development Initiatives, Gender Diversity and Community Development.

Share of women in organization - Diversity Indicator Percentage (0 - 100 %)	
In management positions	25.87%
In junior management positions	26.47%
In top management positions	30.64%
In management positions in revenue-generating functions	22.39%
In STEM*-related positions	9.93%

(\*STEM – Science Technology Engineering and Mathematics)

# Management Approach

Our philosophy that drives ABFRL has been **'The Biggest Brands and Best People'**. This acknowledges the fact that while we have several well-known brands under our umbrella, it is the people behind the brands who have made us what we are. Our unique Employee Value Proposition - **'A World of Opportunities'** makes us a preferred employer for professionals in the industry.

## TALENT MANAGEMENT AND CAREER GROWTH

One of our priorities at ABFRL has been the effective harnessing of our leadership and people's capabilities through focussed initiatives towards talent development. The initiatives enable our employees to focus on the achievement of personal and professional goals while in alignment with the organisational strategy and their own career aspirations.

Our institutionalised Talent Councils actively review the organisation's talent pipeline, succession planning for key roles and requisite development interventions. We have in place annual career conversations, which are structured to understand employee aspirations and provide them with a direction. Through such conversations, we are also able to provide employees with a clear vision of their career paths and how they may achieve them by identification of their areas of strength and development.

With the pandemic touching all corners of our nation, we built contingencies for probable scenarios in order to ensure business continuity. The scenarios include key individual leaders, members or team becoming infected and indisposed for a certain period. As a part of this plan, we have identified 'Acting Heads' for 100% of our critical business roles. In addition to this, Succession Planning for all critical roles were reviewed and validated with the Management Team to ensure Readiness Assessment of key talent. All critical contributors across the organisation were identified and focussed talent retention measures have been initiated to ring fence them.

**The initiatives have delivered strong KPIs on talent with a healthy Succession Index of 62% for critical positions at ABFRL (Ready Now 1-2 years).**

Alongside these measures, we looked into Focussed Redeployment of our employees in high impact, cross-functional projects. This has helped support the new growth areas, including E-commerce and Digital Marketing Initiatives during the period of external hiring freeze. These measures have contributed to giving existing employees exposure to new skills, while delivering their own KRAs.

The youth of a nation hold the promise to take their country, as well as the companies they work at, to new heights and newer horizons. To continue the growth trajectory for both the business and the country, we invest in the early careers of bright young students from premier institutes across the country, creating a future talent pipeline. We have structured programmes to enable the development of campus hires by giving them meaningful business stints and exposure to senior leadership.

Our Young Talent Programme includes hires across multiple streams such as Business Management, Fashion Management, Chartered Accountancy and Retail Operations.

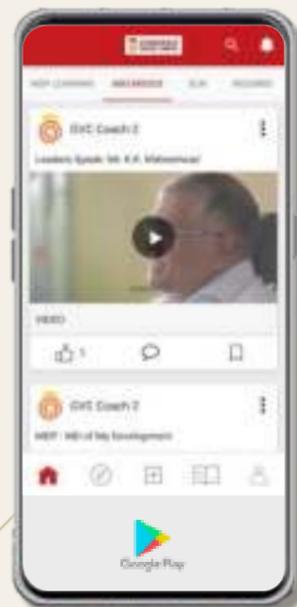


## LEARNING AND DEVELOPMENT

In a rapidly changing and ever-evolving business landscape, it is impossible to flourish without continuous updating of knowledge and skills. In this regard, we focus on our people's development on both behavioural and functional learning, enabling us to develop future-ready leaders. The learning of employees is anchored by our internal capability-building academy, ABFRL University as well as Gyanodaya, the Aditya Birla Group Global Centre for Leadership.

As we progress and benefit from our in-house structured learning initiative, **ABFRL University**, has strengthened and expanded its wings to other lines of businesses.

*The programme works on the principle of 70:20:10, wherein 70% of the pedagogy is live projects and assignments, 20% is mentorship and 10% is classroom training.*



**1,00,000** learning hours.

### GYANODAYA VIRTUAL CAMPUS (GVC)

With the onset of the pandemic, there has been a major shift towards eLearning through the Gyanodaya Virtual Campus (GVC) App,

**clocking over 1,00,000 learning hours. We have also witnessed a massive increase in unique users from 22% to 89%.**

The GVC Learning App supports rapidly changing needs of our employees to upgrade their knowledge and skills, placing a host of content and topics tailored specially for them at their fingertips, based on interests and learning goals.

### DIGITAL CAPABILITY BUILDING SERIES

We launched a Digital Capability Building series for all things digital. The aim is to build it as a core competency required by the business, to help keep up with the dynamic, competitive business landscape and evolving consumer behaviour in the marketing domain. This was done by curating an application oriented Digital Marketing Programme for 43 marketing and E-commerce Leads, across ABFRL. Eight modules totalling 28 hours, with live application in ongoing marketing campaigns alongside sessions by expert practitioners were conducted.

*We also launched a Digital Capability Programme for the Senior Leadership Team to equip them for a Digital Transformation in business that is already under way.*

### INDIA'S FINEST STORE MANAGER PROGRAMME

One of our best endeavours is India's Finest Store Manager (IFSM) Programme, geared towards bringing best industry practices through learning and development initiatives that groom our Store Managers, to lead them towards senior roles in the organisation.

### UNNATI LEARNING PROGRAMME

Our functional learning programme, Unnati, is conducted for talent across factories and functions including Supply Chain, Operations, Planning and Category, among others, across Madura.

**This programme helps build a succession pipeline for manufacturing roles.**



### SEEKH MADURA AND SEAP

Similarly, Seekh Madura and SEAP offered a host of learning modules for frontline employees.

**Over 5,000 frontline employees engaged every day through digital learning and safety habits,**

resulting in customers perceiving us as one of the 'Safest Retailers to Shop With'. One of the major focus areas have been building the capability of frontline employees to support the strategic shift of enabling 'Phy-gital' Stores. This has contributed significantly to customer experience and helped arrest a significant sales drop during the worst period of the pandemic.

### PRATIBHA SCHOLARSHIP PROGRAMME

English Language classes are conducted at our warehouses for supervisory cadre employees to facilitate personal and professional development through the Enguru App. We also have programmes to support our employees in building a future for their children with the Pratibha Scholarship Programme. Through this programme, employees' children are granted a scholarship for pursuing graduate and post-graduate education in their chosen fields.

### A WORLD OF OPPORTUNITIES (AWOO)

In addition to this, we have 'A World of Opportunities' (AWOO) Foundation which supports the funding of education for children of our workmen and store associates.

## REWARDS AND RECOGNITION

### Remuneration and Benefits

We have a comprehensive, agile, balanced and inclusive approach towards remunerations and benefits. ABFRL takes a Total Rewards Approach which essentially covers both monetary (Fixed Compensation, Variable Pay and Long-Term Incentive Plan) and non-monetary rewards (Benefits Programme, Recognition Programmes, and Work-life Effectiveness Programme). Pay is purely decided on performance in the job and potential of the individual. We strive to ensure absolute non-discrimination in pay because of gender, age, and experience of the individual.

Our reward approach lays significant emphasis on programmes that incentivise both short-term and long-term business performance. We have also put in place fairness measures in certain scenarios such as maternity leave, inter-business or intra-business transfers.



**As part of the benefit programme this year, medical insurance coverage was reviewed for the entire frontline retail staff. Special financial assistance in case of a medical emergency was made available for our retail and manufacturing employees.**

Organisation productivity plans were reviewed closely, and a comprehensive set of actions were deployed to prepare the organisation to be future-ready in the context of changes happening at Work, Workplace and Workforce.

### Recognition

There are multiple platforms for recognition of employees and teams, whether at the ABFRL level or at a business level.

In FY21, the **ABFRL Awards** celebrated the achievements and milestones of the hard work put in by all employees across the country. Even though the pandemic brought the world to a halt, and a slow re-start, our people at ABFRL have shown immense strength, grit and determination to beat all odds and emerge winners in their own right. This year's ABFRL Awards was a 4-day extravaganza of celebration, knowledge and fun, the ABFRL way. Of course, it was also the right way, in the midst of a pandemic - a unique micro-site was created for the occasion and hosted 4,500 guests for a virtual user experience that featured an interactive Message Wall.

***Apart from recognising team and individual contributions through the year, a special category of awards was included that celebrated the brilliance, determination and innovation of employees to highlight the exemplary work that these testing times have inspired. These included Innovation in Lockdown Awards, Digital Acceleration Awards and Resilience and Grit Awards.***

## BUSINESS LEVEL AWARDS

### PACE Awards

The Pantaloons Annual Conference for Excellence (PACE) Awards recognises store and zonal employees for business achievements and upholding group values. 137 awardees were recognised at the FY21 PACE Virtual Awards.

### GEMS Awards

The GEMS Awards at Pantaloons celebrate the contributions of employees while displaying the Business's cultural tenets of result orientation, customer centricity, and collaboration. Over 360 employees have been felicitated as GEMS in FY21. They were presented with awards at the quarterly leadership town halls in the presence of all employees.

### PingMe

A real-time feedback platform, it gives employees a platform to communicate/seek instant feedback to or from anyone in ABG. It opens a channel for cross-functional teams to provide feedback to each other to bring in more rhythm in collaborative ways of working. During FY21, PingMe achieved an adoption rate of more than 70% and 1,800+ unique users.

## ENRICH YOUR LIFE

Our vision is to provide a fulfilling workplace for our employees, where everyone feels valued and supported as an individual, and not just an employee.

**At ABFRL, we are consistently working towards creating a supportive, friendly and happy workplace.**

Our Leave Policies, Flexible Work Arrangements, and Employee Wellness Programmes aim to impart a healthy work-life balance for employees to better manage their professional and personal commitments.

### Employee Wellness

Employee Wellness has always been one of the priority areas in enriching life and strengthening the Employee Value Proposition at ABFRL. With the pandemic and its ramifications still looming, this has become an even bigger priority for us.



In this regard, we pioneered a one-of-its-kind programme that comprehensively addresses employee and employee's family wellness needs. ABFRL's COVID Assistance & Emergency Response (CAER) Programme, is an industry-first programme initiated by a Corporate. Subsequently, many organisations including other Aditya Birla Group companies have adopted and adapted similar programmes, following in our footsteps. CAER aims to offer organisational support to employees through access to resources and information, to respond to situations needing our attention with quality care and empathy.



The programme offers the below facilities to employees:



**Awareness on prevention of COVID-19**



**Online doctor consultation**



**COVID-19 testing and related consultation**



**Basic life support ambulance service**



**Home isolation support programme**



**Hospitalisation/quarantine information and coordination**



**Temporary financial assistance**



**COVID-19 vaccination support**



**Voluntary additional insurance cover**

We adopted 100% Work from Home for a large part of the office-based workforce, save for a few selected functions, and occasionally, strictly on a needs-only basis, people were required to report at the office. There has been daily tracking of those who were unwell and of COVID-19 cases across all units of ABFRL, with regular contact with the HR for every employee. Robust SOP formulation and adherence mechanism has been in place for stores, factories and offices covering enhanced safety and hygiene protocols for operations.

**We were the first in the industry to proactively shutdown our stores and factories, well before the government guidelines at the onset of the pandemic, illustrating our commitment to our Employees' well-being.**

We have an annual, comprehensive health check-up for all our employees that is managed by a third-party vendor to maintain confidentiality. It includes physicals, checking blood sugar levels, ECG, echocardiogram, taking X-rays when needed, and more.



Last year we also launched

**Enrich Your Life @ ABFRL**

a comprehensive programme that focusses on wholesome wellbeing through four key dimensions -

- 1. Physical
- 2. Mental
- 3. Financial
- 4. Social wellness

The programme hosted a series of expert sessions, webinars, informational communication and interactive engagement activities. We partnered with employees on building and sustaining 10 Power Habits for a healthy lifestyle.

# Communicate

To facilitate a friendly and open work environment at ABFRL, we encourage informal and direct communication amongst teams.

**We also have a systematic and established set of platforms, including town halls, internal journals and emailers, for structured and important communication with employees.**

In order to have a continuous finger on the pulse of employees' satisfaction and feedback on important, as well as new policies/practices, there are multiple surveys for different employee segments. FY21 being a difficult year, daily check-in on employees' health by HR SPOCs across Corporate, Store and Manufacturing Units were carried out in collaboration with managers, to be aware at the slightest instance of COVID-19 or COVID like symptoms.



## EMPLOYEE FEEDBACK SESSION

We regularly conduct open houses, chaired by either HR Leadership, CEOs or the MD. These are anchored on specific topics ranging from inclusion at workplace to making work processes efficient. This is followed by requisite action planning and its progress is reviewed over a period of the next 2-3 months.

## PARTICIPATIVE DISCUSSION

At ABFRL, we follow deep operational rigour to ensure that we do not lose sight of our targets and to speedily resolve concerns. Weekly and quarterly review meetings are held as closed group meetings, wherein the functional, departmental and/or organisational leadership reviews their respective team's progress.

## TOWN HALL

CEO town halls are conducted frequently (on monthly and quarterly basis) to reiterate our mission, relay updates on the business's direction, and most importantly, give rise to hope during this difficult year. The forum is used for sharing key milestones, hits and misses, policy updates as well as recognising good performers.

## GREAT PLACES TO WORK CERTIFICATION

It gives us immense pride to announce that we have been recognised as one of India's Best Workplaces in 2021 in the Retail Industry! This is a testament to our close-knit family at ABFRL who always come together to make dreams a reality, every day. We are also recognised among India's 50 Best Workplaces for Women 2020.

## EMPLOYEE ENGAGEMENT

We believe that only people who are engaged and involved with a company's purpose can build an organisation of this magnitude, collectively. A strong team is one that is not only collaborative and a deliverer of high-quality work, but also consists of members who enjoy working together. Across our offices and stores, there is an employee engagement calendar that lists the events and celebrations planned. Through our engagement programmes, we encourage a sense of belonging and ownership among employees, resulting in workplace satisfaction, retention and enhanced productivity.

## VIBES SURVEY

Vibes is an enterprise level, engagement survey that is conducted biennially. It measures employee satisfaction against 9 dimensions, including engagement, alignment, performance culture, managerial effectiveness, agility and more. ABFRL's engagement index witnessed an increase from 80% in 2017 to 85% in 2019.

# Policies and Processes

The employee onboarding process is carried out with the aim to help guide new hires to feel connected with the organisation and their teams. It also facilitates the process of cultural adaptability while enhancing the productivity and efficiency of new hires. We periodically review our HR policies and processes to keep them up to date with the latest industry trends and best practices.

## EQUAL OPPORTUNITY EMPLOYER

At ABFRL, we do not discriminate 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 process, promotion, transfers, compensation, training and other benefits are strictly based on the merit and competency of the individual and the business needs of the organisation.*



## OCCUPATIONAL WELLNESS

The ambience and atmosphere of the offices, as well as its ergonomics, have been designed such that it is open, spacious, relaxed and well lit. Most of our offices are arranged in way that employees can enjoy sufficient daylight and are decorated with warm colours and enhanced with live plants to create a warm and natural working environment.

Workstations are designed to avoid instances of excessive force, motion, contact, stress or vibrations. We provide ergonomic workstations with adjustable office chairs and screens to support the natural curve of the spine and maintain proper body alignment. At our manufacturing sites, we also have a five-minute ergonomic exercise break every morning, which includes stretching and bending exercises.

**All our offices, manufacturing sites and retail outlets are compliant to the fire safety norms. Every employee is briefed on emergency procedures and evacuation routes/assembly points. We also conduct regular safety drills to check emergency preparedness and accordingly take corrective actions, if required.**

## POLICY ON SEXUAL HARASSMENT (POSH)

ABFRL has adopted the POSH Framework, which ensures a work environment that is professional, mature, and free from animosity, while simultaneously reinforcing integrity and respect for the individual. It is applicable to all employees of ABFRL, as well as our vendors. Apart from legally mandated guidelines, 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. The guidelines for communication and redressal are clearly outlined and are available on the Company Intranet and are communicated via e-mail and awareness posters.

All the POSH committee members undergo refresher training by an external facilitator on an annual basis. Detailed investigations are conducted by the designated POSH committee members governed by the principles of natural justice and within prescribed timelines.

**15 cases** of POSH were reported and closed in FY21

## WHISTLE BLOWER POLICY

All employees are expected to adhere to the organisation's Values Framework and Code of Conduct to ensure prevalence of a common minimum standard of professional behaviour in the workplace. This covers Value Violations, Violation of the Code of Conduct and Fraud. The Whistle Blower Policy provides a platform and mechanism for employees to voice genuine concerns or grievances about unprofessional conduct without the fear of reprisal.

**79 Value** Violation cases were reported in FY21

## HUMAN RIGHTS

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



## CHILD LABOUR

We strongly prohibit child labour at all our facilities and in our suppliers' premises. We also prohibit any form of forced or compulsory labour. To enforce this, we ensure stringent, regular audits 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 2.6% of our employee membership.

## SUCCESSFUL WORK FROM HOME POLICY

The Work from Home Policy was rolled out to ensure the emotional well-being of employees and to help cope with the mounting stress of the pandemic. This policy lays out guidelines on flexible working hours, effective and productive ways of working and wellness leave. Periodic surveys are also conducted to gauge the successful implementation of the policy.

*For more details on the policies and processes followed by company please refer our website and annual report.*

# Workforce Snapshot

Workforce	2018-19	2019-20	2020-21
Total permanent employees	23,269	25,347	22,351
Total contractual employees	15,393	19,166	14,336
Total permanent women employees	12,569	13,308	12,066
New employees joined in the reporting period	12,230	12,077	6,788
Specially-abled employees	77	68	75
Undergoing special training	844	943	784
% of Employee under age of 30 years	NA	63	48

NA - Not Available

There is no major variance number of employees in the company and all the headcount numbers are reported as on 31<sup>st</sup> March 2021.

## HUMAN RIGHTS

We, at ABFRL are committed to respecting human rights. Our business units, factories and offices are committed to respecting the human rights of our workforce, communities and those affected by our operations wherever we do business (including our contractors and suppliers).



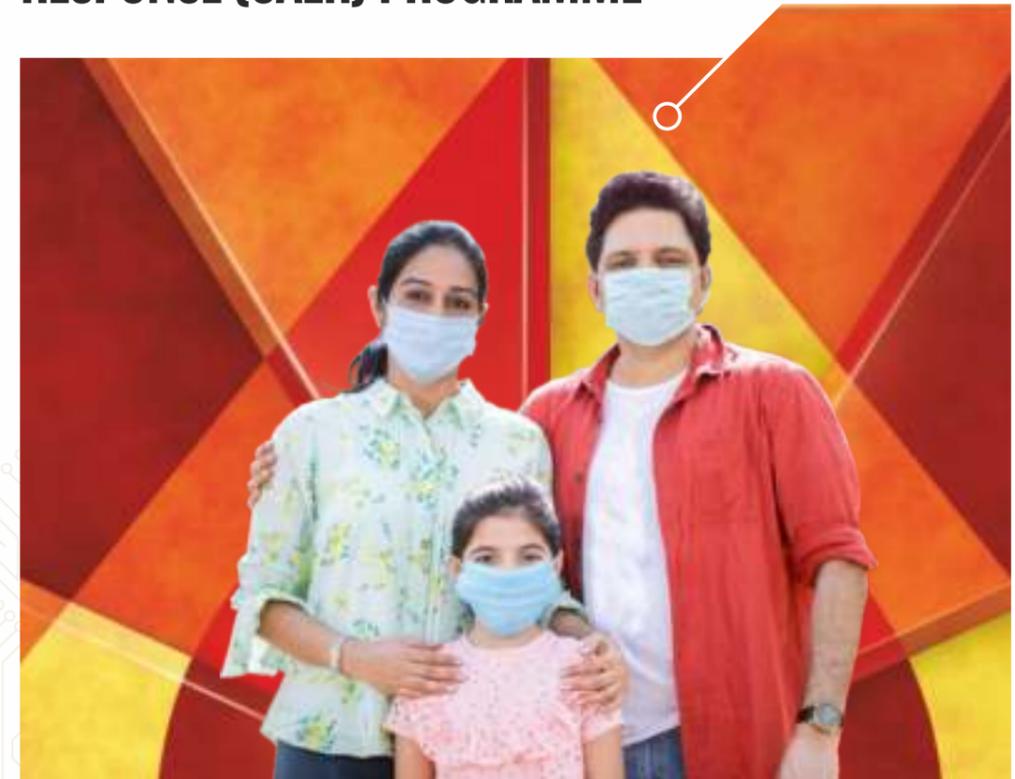
**Our Human Rights Policy is in line with internationally recognised frameworks, including the UN Global Compact Principles of Human Rights and Labour, Social Accountability 8000 International Standard and its associated international instruments.**

Our commitment entails respecting human rights and seeking to avoid involvement in human rights abuses, identifying, assessing and minimising potential adverse impacts through due diligence and management of issues, and effectively resolving grievances received from affected stakeholders. Additionally, in the reporting year we have initiated a Human Rights Assessment Framework for all our facilities. Assessment of human rights-related risks is also a part of our supplier evaluation process.

Note: 1.We do not report gender break-up of contractual employees. | 2.We do not have any part-time employee.

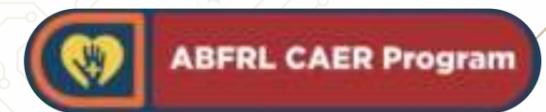
## CASE STUDY

# ABFRL COVID ASSISTANCE AND EMERGENCY RESPONSE (CAER) PROGRAMME



Taking the COVID-19 pandemic head-on, ABFRL jumped into action quick, fast and first, to set up the **COVID-19 Assistance & Emergency Response (CAER) Programme**. CAER became the industry's first 360° programme which was rolled out to keep employees and their family members safe on account of the health and medical risks. The massive programme was made applicable to all employees of ABFRL across Head Offices, Zonal Offices, Stores and Manufacturing Units, pan India covering 35,000+ employees and their families, both on-roll and off-roll.

*Subsequently, many organisations, including other Aditya Birla Group companies, have adopted and adapted similar programmes hot on our heels, and we are proud to be catalysts for an initiative that cares for the backbone of our businesses - our people.*





The programme offers the following facilities to employees



**PREVENTION & AWARENESS**

Expand and accelerate awareness and education on preventive care through expert sessions. Awareness sessions for self and family in the form of resource guides and live/recorded sessions as well as stress management and counselling sessions.



**COVID-19 TESTING & OTHER RELATED CONSULTATION**

Facilitation of COVID-19 testing through partner network labs has been organised in various parts of the country. Arrangements include home-based sample collection, testing centre visits and/or alternatively visiting onsite camps at our facility. Pro-active mass testing is also carried out at all manufacturing locations across ABFRL.



**ONLINE DOCTOR CONSULTATION**

Access to good quality medical practitioners for online consultations (to avoid physical visits to a clinic) available 24/7 with multi-lingual options. This is done via empanelment with MediBuddy. We have also empanelled specialised doctors (such as pulmonologists) for the handling of critical cases.



**HOSPITAL SUPPORT/ QUARANTINE FACILITY**

Organisational support is provided for information and coordination through our Emergency Assistance Partner - ABG Code Red for hospitals and quarantine facilities in the vicinity.



**AMBULANCE SUPPORT**

Life Support Ambulance Services have been activated for 40 cities and towns through MediBuddy and Medulance.



**HOME ISOLATION SUPPORT PROGRAMME**

Tied-up with a health care partner to provide virtual consultation and support package, specifically over the period of COVID-19 care (for 14-17 days).



**VOLUNTARY ADDITIONAL INSURANCE COVER**

An additional medical insurance cover of INR 1 to 5 lakh for self, spouse and two children has been made available at reduced rates for employees through Onsurety and Qness.



**TEMPORARY FINANCIAL ASSISTANCE**

Advance of up to 3 months' salary made available to needful employees for immediate liquidity requirements related specifically to COVID-19 situations.



**COVID-19 VACCINATION**

We have forged proactive partnerships across 20+ cities and towns with 200 partner hospitals (tie-up through MediBuddy and Rx Dx) to facilitate the vaccination process for our employees. ABFRL will bear the cost of vaccinations for all employees in our stores (store manager and below), all workmen in our actories/warehouse and JB 11, and below management cadre employees in offices (HO/ZO).

IMPACT

**3,178+** lives have benefitted so far through the CAER programme's services.

Average recovery period for ABFRL reported COVID-19 cases is 18 days.

*Of the total active cases, only*

**30%** were institutionally hospitalised

*The remaining 96% recovered under home quarantine.*

**1%** were treated in Quine Centres

# SAFETY

P E R F O R M A N C E



**12,153** Man-days of safety training



**292** trainings on average conducted monthly



**10** Lost Time Injuries, with no fatalities in operations under our control; 0.11 LTIFR<sup>1</sup>

<sup>1</sup>We track LTI and LTIFR on a consolidated basis for both employees and contractors.



**ZERO** Fatality at workplace

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 the injury occurred



# Management Approach

At ABFRL, ensuring health and safety of our people is embedded in our functioning, and is evident in every stage of operations. The robust safety endeavours are successful because of the constant feedback we receive from our employees, which helps in identifying and fixing safety gaps.

**By working in tandem with our people, we are able to not only work towards a safe workplace but also empower them with knowledge that fosters well-informed safety decisions in routine tasks.**

*Strict adherence to safety standards, rigorous on-ground implementation and effective safety communication are the key enablers of a safe working environment at ABFRL.*

We aspire to create the right work environment and are aware that having a great safety record not only motivates them but is also essential in attracting talented and engaged future employees. To ensure such an environment, our safety management system framework takes reference from Aditya Birla Group Technical Standards, which includes compliance to all legal and statutory requirements, **international and national standards which makes our safety framework exhaustive.**



**International Labour Organisation (ILO)**



**GRI**



**International Finance Corporation (IFC)**



**International Organisation for Standardisation (ISO)**

which makes our safety framework exhaustive

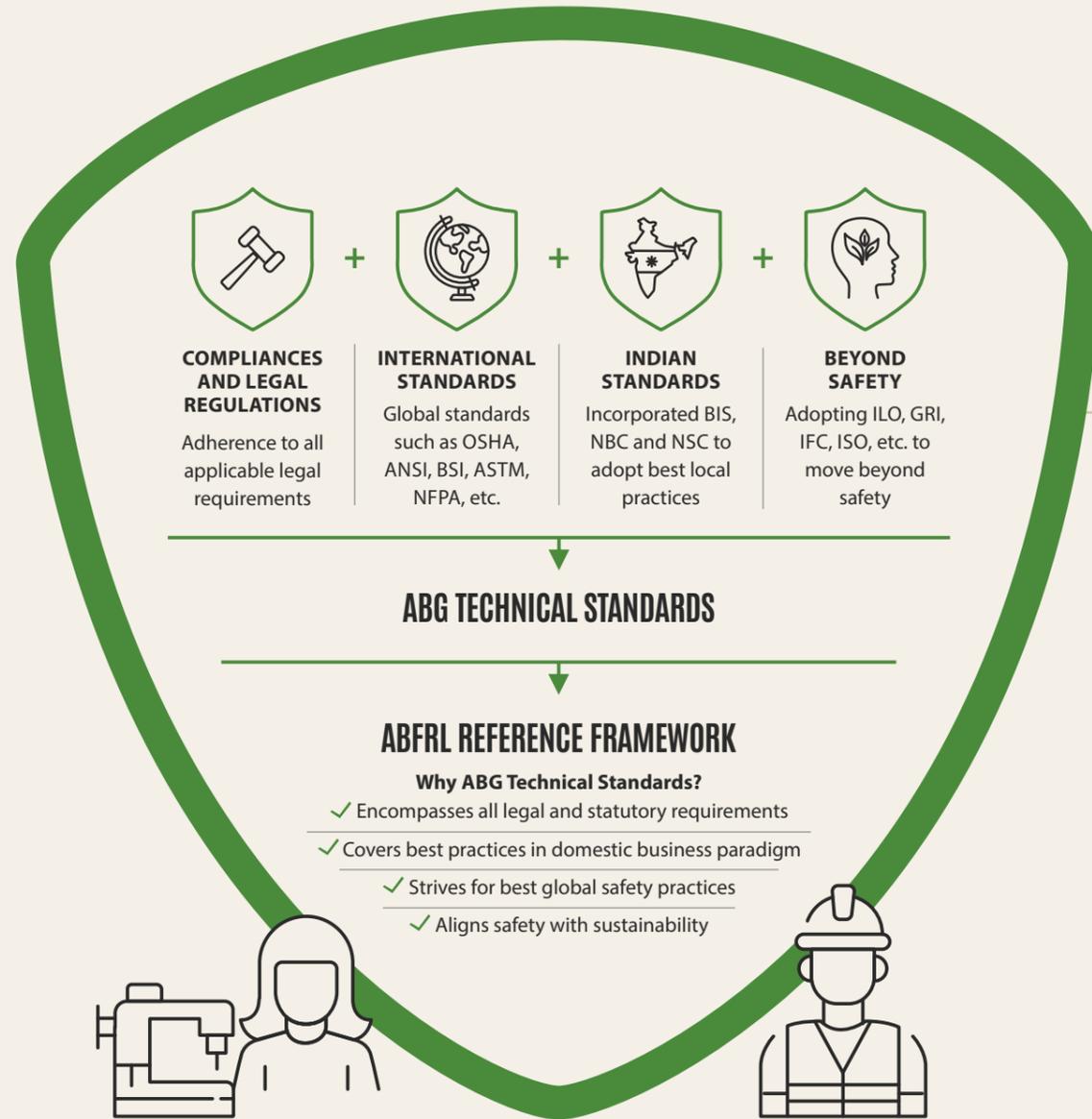


To anticipate and avoid workplace hazards, we have a robust

## **Safety Management System and Occupational Health & Safety (OHS)** roadmap in place.

*We have implemented a comprehensive OHS Policy across all operations, and have established central and regional OHS committees along with committees at our factories, warehouses, and regional and corporate offices to monitor our safety performance.*

**Our facilities are also certified under OHSAS 18001:2007 - Occupational Health and Safety Management System, and we are now transiting to new ISO 45001 requirements.**



Our three-tier approach to safety performance includes an initial review by the Site Safety Committee, followed by the Business Safety Committee/Sub-Committee and finally, by the Business Review Council.



**Goal**

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

**Target 2022**

We aim to achieve zero severity level 5\* incidents at the workplace. To achieve this, we have instituted various mechanisms to assess, manage and improve safety practices.

**Vision**

Maintain a safe and healthy workplace for employees, customers and contractors in compliance with applicable laws and regulations. Promote a positive attitude towards safety by providing industry-leading training.

*Note: Level 5 - work related injuries resulting in death of employee/ contractor or third party.*

**ABFRL Safety Journey**



**Policy, Objective and Targets**  
Safety Policy is implemented and safety objectives are framed for business

**Safety Governance System**  
Safety Committees are formed to monitor and review the safety management system implementation.

**Assessments**  
Safety assessment is conducted and improvement plan developed

**Incident Management**  
Safety assessment is conducted and improvement plan developed

**Training & Awareness**  
Capacity building of employees is key to our safety approach to improve culture



## FROM REACTIVE TO PROACTIVE



Our safety journey at ABFRL has shifted from band-aid solutions to a more robust and proactive stance. In this light, and with guidance from our top leadership, a comprehensive Occupational Health and Safety (OHS) policy was implemented across all operations. This was followed by the establishment of central and regional OHS committees, along with committees at our factories, warehouses, and regional and corporate offices to monitor our safety performance. We hold monthly meetings and reviews to track the safety performance and fix any gaps.

We have implemented a Risk Assessment and Management Process as an integral component of our Safety Management System (SMS).

**We believe that Hazard Identification and Risk Assessment are strategic tools, that give us necessary information about workplace hazards and the risks related to the health and safety of employees, enabling us to take corrective actions to mitigate or eliminate expected impacts.**



As a part of our proactive approach, we ensure employees get comprehensive safety training to identify 'Near Miss, Unsafe Condition, Unsafe Act' and report workplace injuries.



**We investigate injuries and near misses, take corrective and preventive actions to eliminate the root cause of incident. We also monitor and address safety observations reported by employees on priority basis.**

Additionally, we carry out regular audits and third-party assessments to identify any possible gaps. These constant assessments, as well as monitoring and upgrading our safety interventions, help us build a safe working environment for our employees.

## ZERO HARM MEANS NO ALARM

ABFRL has established a Safety Observation Programme to instill a proactive safety approach among employees. The management is committed to ensure that the safety observation process is practiced at all sites that involves dialogue with employees on human behaviour at their workplace in order to reinforce positive behaviour. These safety observations (Unsafe Condition, Unsafe Act & Near Miss) are used for identifying gaps and used for developing a strategic improvement plan.



**Employees have the OBLIGATION and the RIGHT to report unsafe conditions, unrecognised safety hazards, or safety violations of others.**

**Employees who report unsafe work conditions or practices are protected by ABFRL policies and can choose do so without fear of reprisal.**

**ABFRL safety management systems are established to protect employees from hazards by either eliminating or reducing them.**

**Zero Harm can be ensured through automating hazardous procedures, reducing the time employees are exposed to the hazards, and by providing them with personal protective equipment.**

Our well-articulated OHS roadmap and monitoring framework covers internal capacity building, training, implementation of standards & procedures, hazard identification & risk assessment, and emergency preparedness. We also carry out regular audits and inspections to identify any possible gaps and take corrective actions. While gap assessment is done to ensure safer stores, OHS is also taken into consideration at the design and planning stage of new projects.



**As part of our endeavour to facilitate the creation of a positive safety culture and achieve our goal of Zero Harm, ABFRL has also established Life Saving rules.**

## Enabling A Safe Workplace

Cultivating a safe work culture is not something we take lightly. It is a constant pursuit of improvement and excellence. To ensure our employees are not exposed to high-risk incidents or high-risk diseases related to their occupation, we insist on continuous monitoring, reviewing and upgrading of our safety mechanisms and practices. The Occupational Health and Safety Policy we have in place, ensures increased vigilance and awareness and assists us in our collaborative efforts towards achieving our safety goals and targets.

Some of the key activities undertaken during this year to promote a safe workplace are:

- 
**ABFRL SAFETY HANDBOOK**  
 The Handbook serves as a ready reference for our employees to understand the ABFRL safety framework, governance system and standards on Fire, Electrical, Height Work and more
- 
**SAFETY KPIS**  
 With the introduction of target based KPIS for factories and warehouses, we seek to achieve the ABFRL Safety Goal
- 
**COVID 19 POST RESUMPTION GUIDELINES**  
 We developed a list of parameters after close scrutiny and studying of various government guidelines and research on different WHO guidelines, to prepare SOPs for our different businesses
- 
**SAFETY TRAINING VIDEOS**  
 Continuing our efforts in capacity building, we have developed safety-training videos to train all employees in our retail stores and we garner its impact through online assessments
- 
**COVID-19 POST RESUMPTION CHECKLIST**  
 This was released as a method to ensure strict adherence to Post COVID-19 guidelines as well as Fire and Electrical Safety
- 
**SAFE MODEL STORES**  
 We have completed our 'Safe Model Stores' concept where the stores are assessed on all mandatory safety requirements as per the statutory requirements

In our ongoing efforts to create a positive safety culture at ABFRL to achieve our goal of Zero Harm, we have established **9 LIFE SAVING RULES**, and strict adherence to them is mandatory for all employees.



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



# Safety Training

Safety is something that is not inculcated overnight - training and awareness building are the first steps in helping establish safety as a mindset among employees. Through regular trainings we are able to ensure employees follow the statutory safety requirements and stay on top of the safety practices.

To aid our efforts in capacity building, we have put together animated safety-training videos for training all retail store employees. We have also launched these training videos on an online platform so that they can be accessed by employees from anywhere, at any time. Additionally, to encourage employees and increase engagement, we are also awarding e-certificates to them once they complete the training videos that cover topics like:



- FIRE SAFETY
- ELECTRICAL SAFETY
- ERGONOMICS
- SLIP
- TRIP & FALL
- ROAD SAFETY

Over and above this, we also conducted classroom training and workshops across retail operations and facilities. The programmes include:

 <b>COVID 19 SAFETY AWARENESS</b>	 <b>INCIDENT REPORTING</b>
 <b>FIRE SAFETY</b>	 <b>ROAD SAFETY AWARENESS</b>
 <b>EMERGENCY PREPAREDNESS</b>	 <b>MACHINE GUARDING</b>
 <b>ELECTRICAL SAFETY</b>	 <b>HAZARD IDENTIFICATION &amp; RISK ASSESSMENT</b>

### TOTAL EMPLOYEES TRAINED

To illustrate how robust our training programmes are, we have conducted an average of **292** trainings per month on safety, to creating awareness and upgrading skills. Our safety training sessions are conducted every month covering all employees in manufacturing units, warehouses and stores.



In FY21, we have conducted 12,153 Man-days of safety training.

ABFRL Training Man-days			Average No. of Employees trained per month		
MFL	Factories	1,944	MFL	Factories	1,301
	Warehouses	924		Warehouses	145
	Stores & Offices	944		Stores & Offices	254
PFRL	Stores & Warehouses	8,341	PFRL	Stores & Warehouses	2,574
<b>Total</b>		<b>12,153</b>	<b>Total</b>		<b>4,274</b>

# Tiered Safety Committees

Tiered Safety Committees have been formed across all facilities to improve our governance system and align the

- SITE SAFETY COMMITTEE WITH THE BUSINESS SAFETY COMMITTEE
- COMMITTEE MEMBERS REVIEW SAFETY PERFORMANCE
- THE GAPS IN SAFETY TRAININGS
- SAFETY IMPROVEMENTS AND SUGGESTIONS

Our Safety Committee meetings see the active participation of employees in discussions revolving around safety issues and solutions. We believe that getting workers from the shop floor invested in the safety process helps create a sense of ownership, leading to greater responsibility towards safety protocols, and ensuring fewer safety lapses. Committee members are selected among workers through an election process to maintain transparency.

### The role of the Safety Committee is to:

- Coordinate with the management to implement OHS policy
- Promote and maintain the interest of employees in health and safety issues
- Help make health and safety activities an integral part of the organisation's operating procedures, culture and programmes
- Educate managers, supervisors and employees through awareness and training activities
- Provide an opportunity for the free discussion of health and safety problems and possible solutions
- To reduce the risk of workplace injuries and illnesses, ensure compliance with health and safety standards



COMMITTEES	COMMITTEE MEMBERS	COMMITTEE OBJECTIVES
<b>ABFRL SAFETY APEX COMMITTEE</b> Quarterly	<ul style="list-style-type: none"> <li>• Managing Director</li> <li>• Chief Operation officer</li> <li>• Man Com Members</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Safety at business level</li> <li>• Strategic policy decisions on safety</li> </ul>
<b>SAFETY STEERING COMMITTEE MANUFACTURING</b> Bi-Monthly	<ul style="list-style-type: none"> <li>• Chief Operation officer</li> <li>• Head of Manufacturing</li> <li>• ABFRL Safety Head</li> <li>• Manufacturing Safety Head</li> <li>• Factory Managers &amp; Chief Medical officer</li> <li>• Maintenance Head</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Safety Performance</li> <li>• Gaps in Safety Trainings</li> <li>• Important changes in the layout</li> <li>• Safety Compliance Status</li> </ul>
<b>SITE SAFETY COMMITTEE</b> Bi-Monthly	<ul style="list-style-type: none"> <li>• Factory Manager</li> <li>• HR Head &amp; Doctor</li> <li>• Safety Lead</li> <li>• Maintenance</li> <li>• Department Supervisors</li> <li>• Employees from each department</li> <li>• Contractors (Security, Housekeeping)</li> </ul>	<ul style="list-style-type: none"> <li>• Safety related findings</li> <li>• Communication of injuries</li> <li>• Training requirements</li> <li>• Safety events communication</li> </ul>



## Self-assessment Questionnaire

To strengthen our safety management system, we have put together a questionnaire for our employees at factories and warehouses. With the results of the questionnaire, we have discovered employee requirements and areas for the continuous improvement of our system.

## Digital Dashboard

We have launched a Digital Dashboard to improve our incident management system. The dashboard will help us receive safety incident details on time from all our facilities. With this information, we can investigate incidents and take corrective actions to prevent similar incidents from occurring at other facilities. With this information, we ensure all incidents are investigated to get to the root cause of problem areas, enabling us to take course corrective actions.

By focussing on horizontal deployment of corrective action, we are able to proactively prevent similar incidents from occurring in our other facilities.



**We have also created a safety checklist through the digital dashboard to ensure all the facilities are following ABFRL's safety standards.**

## Incident Management

Our Digital Dashboard helps register incidents related to the safety and health of our employees - and this is precisely what enables a safe workplace. Because only when incidents are duly reported, we can work towards fixing the problem. Analysis and learnings are shared, illustrating the importance of prevention in ensuring mistakes are never repeated. All incidents are investigated, root causes are identified, and corrective actions are implemented.

### The principles that guide incident investigation are:

- Incidents don't just happen, they are caused
- Incidents can be prevented if causes are eliminated
- Causes can be eliminated if all incidents are investigated properly
- Unless the causes are eliminated, the same situation will reoccur
- All incidents including near misses shall be reported regardless of the severity of injury, and duly investigated
- All incident investigation shall be conducted based on prevention and not on the basis of attributing fault



Category	The number and rate of fatalities as a result of work-related injury	The number and rate of high-consequence work-related injuries (excluding fatalities);	The number and rate of recordable work-related injuries;	The main types of work-related injury;
Employee	0	6	19	Cut injury
Contractors	0	4	8	Cut injury

We have used Hazard Identification and Risk Assessment (HIRA) used for identifying Hazards at the sites. Physical hazards have caused maximum injuries After the incident takes place Root cause analysis is done and the gaps are identified. We also look at elimination of the hazards by using different and appropriate hierarchy control. For e.g there was an incident of a person falling from a height where he had mistook the ACP hard sheet to be the true flooring. The ACP sheet could not hold his weight. When checked with Store Manager it was learnt that there was no work permit used. We have there after done training and introduced work permit system. This is an example for administrative control.

**Post incident we do RCA and there after corrective actions are taken by using Hierarchy of control the rate has been calculated using 1000000 hours worked.**

We have not excluded any type of worker from scope. We are using BIS Standards (IS: 3786 - 1983 ), OSHA, Factory act as standard methodology

## Emergency Drills

To prepare our employees in case of an emergency, special Emergency Preparedness Drills are conducted regularly in compliance with regulatory requirements, across our facilities.

We identify and train personnel from each of our facilities for the Emergency Response Team (ERT) covering a range of topics including evacuation techniques, basic first aid and firefighting. This helps in conditioning and readiness of employees for a faster response to curtail losses in terms of human life and asset, and also facilitates faster recovery. The de-briefing after the mock drills help in identifying opportunities for improvement and closures.

*An on-site emergency response procedure has been developed containing all possible emergency scenarios such as fire, explosions, spills and natural calamities, along with a list of emergency response team members and important telephone contacts.*



## National Safety Week & National Road Safety Week

We continued to celebrate National Road Safety Week & National Safety Week this year as well, in all our factories, warehouse and retail stores, with the aim to inculcate a positive safety culture.

**Through engaging events and exciting rewards, our endeavours help shed light on the importance of health, road safety and responsible driving.**



Employees across all levels participated enthusiastically in the events. Some of the highlights of our Safety Awareness campaign include:

- Safety posters displayed across the facilities to create awareness
- National Safety Day badges distributed to all employees by the leadership team to motivate employees on safe work practices
- Basic Fire Fighting and First Aid training for employees
- Safety Drawing competition and quiz to raise awareness for employees
- Safety training programmes are conducted to improve awareness of employees
- Display of safety gadgets for employees to view and update their knowledge
- Engagement activities and games conducted to enhance the safety culture and motivate employees in safety programmes

# Employee Health & Work Environment

In our endeavour to make work environment that is stress free it is also important to inculcate healthy lifestyle choices, be it within the workplace or outside. We care for our employees and we want to see them have a balanced life. Therefore, the health of our employees and providing a safe work environment is one of the focus areas at ABFRL.

## INITIATIVE

### ANEMIA MANAGEMENT

During the reporting period, we conducted an in-house anemia camp to improve the health of our women workforce at all factories, including the micro manufacturing units in association with the Department of Factories and Boilers, Karnataka.

***Through our research, we found that 24% of our women employees were anemic (below 10 gm hemoglobin). This led us to set up counseling for our women employees, making them aware about eating right and healthy.***

Going a step further, we also provided employees, who wish to eat at the canteen, with balanced and nutritional meals during the lunch break. Our lunch menus are carefully curated based on the health checkups and monthly-consolidated report of OPD from OHC of the respective factory canteen. Furthermore, to supplement the anemia campaign, every morning our employees are provided delicious Ragi Malt - an Energy Drink with a combination of dry fruits, multi grains, milk and water.



## INITIATIVE

### WORKPLACE ERGONOMICS

Occupational health issues are the bane of the modern world. We are extremely mindful of this growing health issue and at ABFRL, we routinely train staff on combatting the effects of repetitive work, constant sound, heat and other extremes that they may be exposed to in a manufacturing environment.

To help facilitate a healthier approach to work tasks, we have adopted the principles of ergonomics in our operations. These include:

- A** Maintaining a neutral posture
- B** Allowing stretching and other simple exercises
- C** Providing adequate lighting to minimise straining of eyes

We have implemented the below initiatives to prevent ergonomics related issues:

- Layouts and workstations are adequately designed to minimise wrong and problematic postures
- Ergonomically designed chairs to support the natural curves of the spine
- Routine visits by doctors and safety officer to reinforce the correct postures
- Ergonomic exercise breaks, including stretching are a part of daily work management



# SOCIAL

P E R F O R M A N C E



₹ **19,101,000** spent on Corporate Social Responsibility in FY21

 **377,743** beneficiaries covered through various initiatives

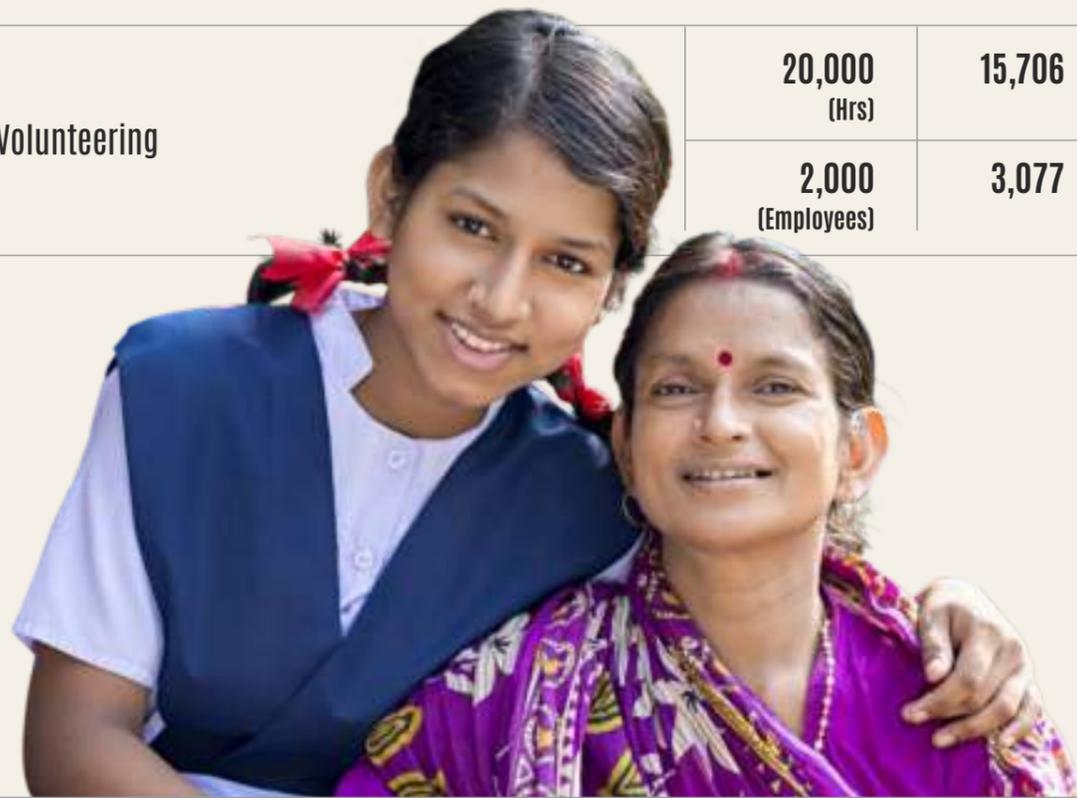
 **15,706** hours contributed by employee volunteers in FY21

 **PLATINUM RATING AND HIGHEST SCORE IN INDIA** for ABFRL Jan Kalyan Trust CSR programme 2021  
(By Bluesky Sustainable Business LLP)



CSR MISSION PROGRESS FY21

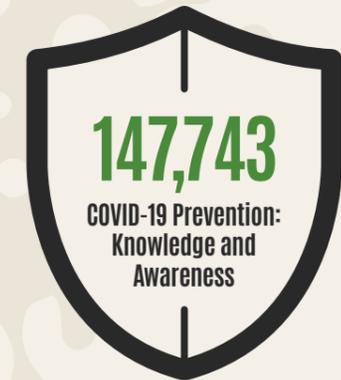
Focus Area	Targeted # Beneficiaries FY21	Achievement
Education	17,053	15,653
Health & Sanitation	128,909	144,477
Sustainable Livelihood	2,164	2,357
Water & Watershed	36,479	36,850
Digitalisation	22,481	23,043
Others - Village Development Project (Tree plantation etc.)	7,022	155,363
Others- COVID-19 beneficiaries		
Volunteering	20,000 (Hrs)	15,706
	2,000 (Employees)	3,077
<b>Grand Total</b>	<b>214,108</b>	<b>377,743</b>



COVID-19 continues to create havoc and this time around, the impact was far greater than when it first made its entry into the country. The damage wreaked across the nation is immeasurable and the Government is working hard to control the effect of the pandemic. While the choice between saving lives and saving livelihoods is an excruciating one, the Government has initiated a slew of reforms to help the citizens. Particularly notable is the sharp focus on the rural ecosystem and the MSMEs, besides the relief measures for the marginalised. That there is a long road ahead is undeniable.

At ABFRL, we too are doing our bit to pitch in and help bring stability to the country. In this hour of crisis, there is a compelling need to reach out, with financial and other material support, to those afflicted directly or indirectly.

As many of you may be aware, ABG has been reaching out to the COVID-19 affected in several ways. Our initiatives include:



- 

Contribution of INR 400 crore to the PM-CARES Fund
- 

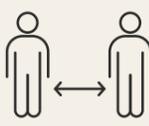
A grant of INR 50 crore to FICCI-Aditya Birla CSR Centre for Excellence for COVID relief measures
- 

Activated a 100-bed COVID-19 facility at Seven Hills Hospital in Mumbai, in partnership with BMC
- 

Earmarked more than 200 beds for COVID-19 Patients across locations including Ujjain, Pune, Hazaribagh, Rayagada, Solapur and Kharach
- 

Allocation of INR 50 crore towards supply of 1 million N95 masks, 280,000 personal protective equipment (PPE), as well as ventilators

- 

Undertook the production of 1 million triple layer surgical masks and 1 lakh overall garments with the support of the Textiles Ministry
- Involvement of community and self-help groups in home production of lakhs of masks across several locations.
- 

Ongoing proactive engagement with local communities and other stakeholders, including awareness camps across 200 locations and door-to-door campaigns to reinforce prevention and social distancing messages
- 

In the hinterland of the country, we sanitised 1,000 villages/urban slums and distributed 1,000,000 meals, pan India

## Our Approach

Key stakeholders of our business are treated with the utmost respect and the communities around us are no less. We strongly believe that for a business to flourish, we must drive positive change in the society by addressing their needs the best we can. Corporate Social Responsibility (CSR) is integrated into our business strategy and we undertake a number of initiatives to address crucial developmental challenges. Our robust CSR policy guides us in formulating effective CSR programmes and sets up ambitious but attainable targets for the betterment of our surrounding communities.

To monitor our programmes and progress, we conduct impact assessments and SROI studies of CSR projects to identify any gaps and implement corrective actions. During the reporting year, an internal impact assessment and SROI study was carried out.

## Our Vision

**To actively contribute to the social and economic development of the communities in which we operate. In so doing, in sync with the United Nations Sustainable Development Goals build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.**

## Holistic Development

To trigger positive action on a macro level, we believe it is achievable only through focus on micro and local interventions. Designed to empower communities in a holistic manner, these interventions aim to create sustainable societies in alignment with the Sustainable Development Goals (SDGs).

**Our community engagement in the five focus areas: Education, Health & Sanitation, Sustainable Livelihood, Water & Watershed and Digitalisation, have been linked with 16 SDGs.**



Here's the glimpse of key initiatives we have taken under some of the SDGs:

### SDG 1

SDG-1, which is to end poverty, is an overarching goal that's connected to all the other goals. In this regard, our initiatives include providing employability and entrepreneurship opportunities to rural youths through skilling courses such as Customer Resource Management (CRM), Warehouse Pickers & Digital Marketing, Self-employed Tailor Training and Career Readiness Trainings. We have trained 564 youths and linked 270 youths with livelihood opportunities. We have also provided financial assistance to 20 Self Help Groups (SHGs), who are involved in trades like Mushroom Cultivation, Badi-Papad making, Cattle rearing, etc. Through our Sustainable Livelihood initiatives, we have been able to lift the burden of poverty from the shoulders of some of the most marginalised community members.

### SDG 2

SDG-2 is to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. Hunger issues are inextricably linked with poverty alleviation where water and agriculture play a major role.

Through our projects, we promote Government Schemes in villages as catalysts to trigger positive change. Mothers' meetings have been introduced in the villages where village women get free ration and nutrition counselling under the Integrated Child Development Scheme (ICDS). This initiative is crucial in the prevention of malnutrition among children below five years old and anaemia among children, women and adolescents.

We champion Sustainable Agriculture through our integrated watershed programme which aims to manage and utilise runoff water for useful purposes, enhance ground water storage, increase crop intensity in watershed areas and improve the socio economic status of farmers. In 2020-21, the watershed programme helped save/recharge approximately 31,910 kl of water, benefitting 36,850 community members.

### SDG 3

SDG-3 pertains to ensuring healthy lives and promoting well-being for all, at all ages. We are extremely proud of our work towards this goal, providing for the basic healthcare needs of the underprivileged. More than one lakh people across 67 villages, have benefitted from our projects.

### SDG 4

SDG-4 focusses on inclusive and equitable quality education, and in the larger context, promoting lifelong learning opportunities, for all. Our proactive initiatives to foster education in villages, schools and colleges in Maharashtra, Karnataka, Tamil Nadu and Odisha have yielded encouraging results.

### SDG 5

SDG-5 is geared towards Women Empowerment and Gender Equality, where women empowerment is an embedded outcome from each key focus area. We have provided financial assistance to 20 self-help groups till date.

### SDG 6

### SDG 7

### SDG 8

SDGs 6, 7 and 8, can be clubbed together, as they are interlinked. These SDGs call for water and sanitation, reliable, sustainable, and modern energy and decent work and economic growth. Our focussed interventions such as the Water ATMs, Solar Street Lights, Sustainable Livelihood initiatives and Watershed Programmes, contribute immensely towards achievement of the targets under these SDGs.

### SDG 9

SDG-9 emphasises on investing in better infrastructure, thus we engaged in the installation of solar lights and construction of parks for recreational purposes. These initiatives have aided 2,084 beneficiaries. We are also contributing to certain targets of SDG-10, 11, 12, 13, 15, 16 and 17 through all our interventions.

Our Village Development Programme is a step towards our pursuit of holistic, all-inclusive growth. Through synergistic development it is made possible to uplift lives across the village demography. It seeks to maximise the social values generated by interlinking social, environmental and economic parameters. Aside from this, we also run independent and standalone projects catering to the diverse needs of the community.

# Stronger Together

Our partnerships continue with several institutions, NGOs, local authorities and government bodies that help us leverage our core competencies and amplify the impact of our initiatives. Several of our collaborations with major institutions in the past, while helping seed change, were carried out largely in an indirect capacity. For the last two years, however, we have moved towards a more direct approach in implementing our strategies to uplift our communities.

At ABFRL, our employees too share our commitment towards a better future, and they actively support us through volunteering initiatives. In this regard, we have formulated a policy to encourage them to volunteer and channelise their expertise towards community building.

## CSR Value Chain

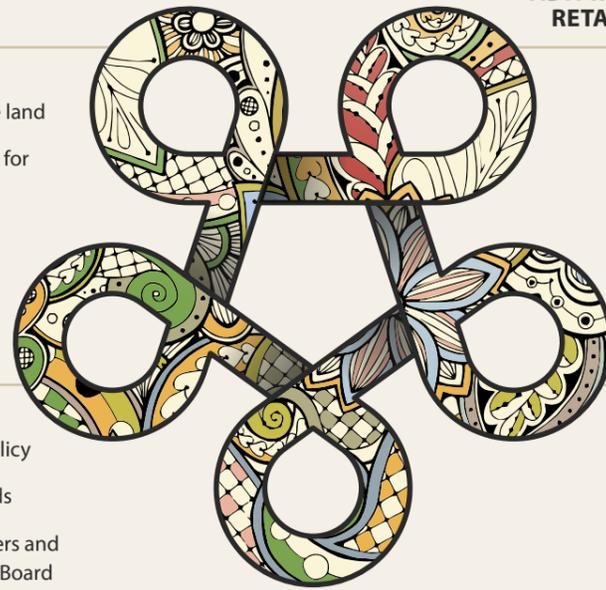
We have developed a robust CSR value chain, which designs and implements effective strategies based on the shared vision with our partners. With these efforts, we have reaped positive outcomes, which are valued by all our stakeholders.

### CSR COMMITTEE OF THE BOARD

- Ensure compliance of CSR initiatives to the law of the land
- Provide strategic direction for CSR initiatives
- Approve CSR plan and monitor progress

### ABFRL MANCOM

- Ensure alignment of CSR initiatives to ABG's CSR policy
- Provide direction and funds
- Onboarding of new partners and ensuring execution as per Board approved CSR plan



### ADITYA BIRLA FASHION AND RETAIL JAN KALYAN TRUST

- Periodically reviews CSR initiatives
- Provide guidance and direction in programme implementation

### ABFRL CSR TEAM

- Ensure execution of the CSR plan
- Monitor CSR partners, report progress to MANCOM
- Formulation of MOUs with partners (in consultation with Legal and Finance teams)

### EMPLOYEES

Volunteer their skills and expertise for CSR activities

## Focus Areas



### EDUCATION

Improving educational outcomes by providing access to quality education through a variety of means including Academic Support Centres in villages, at municipal and other schools supported by us, teachers' training, setting up libraries, providing educational aid and scholarships, 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 pulse polio immunisation drive. Providing dignity of life by facilitating access to water, sanitation & hygiene through our partners and government organisations.



### SUSTAINABLE LIVELIHOODS

Empowering people and providing them pathways for sustainable livelihoods through coaching at skill training centres as a part of the Kaushalya initiative, and training youth in career readiness and support to Self Help Groups (SHGs) and Persons with Disability for Income Generation Activities.



### WATER & WATERSHED

Safeguarding water sources for communities through rainwater harvesting, bore well recharge pits and by recharging water bodies in water stressed villages. Providing safe drinking water for villages by installing water-purifying plants, called Water ATMs.



### DIGITALISATION

Digitalising villages to mainstream residents to modern ways of life, through Village Information Centres and SMART Classrooms. These facilities provide access to E-health, E-education, E-banking and E-employment among other digital services.



# Girl Child Education

Under the broad area of Education, at ABFRL, we are committed to ensuring that girl students get opportunities to attend school, receive a quality education, continue higher studies and become financially independent. We take this forward through our successful interventions under the School Transformation Project, Gyanarjan and KGBV schools, by leading an intensive programme on Girl Child Education. With the ongoing COVID-19 pandemic, we have initiated alternate methods of teaching, like online classes for students.



**Our Education Initiatives have reached 15,653 students across four states**



## SCHOOL TRANSFORMATION PROJECT – PANVEL, MAHARASHTRA

Our efforts through an MoU with the Panvel Municipal Corporation (PMC) are continuing to prove beneficial to the community. In 2017, we went into an agreement to transform 11 Panvel Primary Municipal Corporation Schools by improving the quality of education and health of the students. Through the programme, we aimed to create a nurturing environment for young students, while providing age-appropriate academic skills. To achieve the same, qualified teachers were appointed in the 11 schools.

**In FY21, the project benefitted 5,233 students.**

In the year of COVID, we had to learn to adapt quickly and efficiently transition students of underserved communities, to online classes. Special efforts were taken to lay emphasis on Mohalla and online extra-curricular activities as well, engaging students through art and craft activities like drawing, origami, and greeting cards.

### Mohalla Art Classes

With the shutting of schools due to the pandemic, we improvised by conducting online Mohalla Classes in Panvel, to engage children in Art and Craft activities. The daily sessions lasted 3-4 hours with 745 children participating in these classes. Drawing Competitions were also organised with the best drawings being awarded.

### Online Drawing and English Classes

Initiated with the aid of the Education Department, Panvel Municipal Corporation, ABFRL's support teachers had the rapt attention of students through online Storytelling Sessions. During the sessions, the children would listen to the stories and participate in a lively Q&A post session. We have also developed an online Book Fair platform to encourage children to read and write. These initiatives have benefitted 500 children.

### Online Essay and Creative Writing Competition

An Online Essay writing competition was organised with the children of Panvel Municipal Primary Schools. 988 students submitted their entries. The essays were reviewed and the officials from Panvel Municipal Corporation awarded the best essays.



## PROJECT GYANARJAN

Our successful value addition programme for rural girls in Karnataka, "Gyanarjan", seeks to aid them in their crucial educational years in Classes 10, 11 and 12. Since 2014, through the programme, we have offered special coaching classes to girl students to prepare them for competitive exams such as CET/NEET. In FY21, we supported 1,094 students in three centres, the Channapatna Government Girls PU College, Maharani Government Girls Junior College in Mysore, and R V Institute of Management, Jayanagar, Bengaluru. During the reporting period, the centres were temporarily closed due to the pandemic; hence, online classes were initiated to ensure continuous learning of the students. Furthermore, value addition classes such as Personality Development, how to prepare for exams, and career counselling sessions etc., were also imparted.

**The Gyanarjan students scored well in the previous academic session. Class 10 students achieved a result of 79.09% (against state average of 71.80%) and Class 12 students achieved 71.07% (against state average of 61.80%).**

## KASTURBA GANDHI BALIKA VIDYALAYAS (KGBV)

The KGBV Schools, an initiative under 'Sarva Shiksha Abhiyan', motivates underprivileged girls from rural regions to continue their education and not bow out due to societal pressures. Through ABFRJKT, we support five KGBV schools in Karnataka and Tamil Nadu. We also, organise Special Coaching classes for the core subjects, Math, Science and English. **During the reporting period, 755 rural girl students of Class 10 benefitted.**

# Village Development Programme

For a nation to prosper, its villages must thrive. And in a country with a 65% rural population, the need to develop our villages is even greater. Built upon the framework of Sansad Adarsh Gram Yojna (SAGY) guidelines, our Village Development Programme is a unique and innovative initiative that aims to transform villages through integrated and holistic development.

The Project was initiated in eight villages around our factory location in Karnataka and Tamil Nadu with a focus on two primary purposes – to scale up ongoing initiatives, and to take up new initiatives that contribute to the growth of the village. This model adapts the hub and spoke system to escalate the impact on a maximum of beneficiaries.

The eight villages in Karnataka and Tamil Nadu serve as a HUB to seven nearby SPOKE villages (catering to 64 villages). In Odisha, the project interventions target three villages. The programme has benefitted 222,600 individuals.

The project interventions are categorised as per the SAGY attributes of personal, social, economic and environmental development, and strategies have been developed to mitigate challenges faced by these villages, specifically in the areas of Education, Health & Sanitation, Sustainable Livelihood, Water & Watershed and Digitalisation.

To build a sense of ownership over the initiative, each village is assigned with a community tutor and health worker. These villages serve as Model Centres and help to provide the foundation we require to replicate it in other villages as well.

**In the journey to become a model village, one village has attained 100% of the relevant attributes and two villages have attained 90% of the relevant attributes as per the SAGY guidelines.**



## 2.23 lakh people

benefitted through Village Development Programme



## EDUCATION



### ACADEMIC SUPPORT CENTRES

With government primary schools temporarily shut in the wake of the COVID-19 pandemic, ABFRL had to be quick to initiate and facilitate a home-based learning programme in villages. It was imperative to ensure school closures do not derail the extensive work being done to educate the underprivileged and to facilitate the continuity of education through remote learning. Through worksheets and other creative methods, the community teachers have been able to provide online classes.

**This initiative benefitted 235 students. Of these, over 95% students have achieved grade specific competency.**

### SPOKEN ENGLISH CLASSES

It is no doubt that verbal communication skills are a confidence booster as well as a CV requirement. To capacitate students to improve their communication skills, ABFRJKT has initiated spoken English classes in government schools,

**benefitting 230 students in three model villages.**

### SUPPORT THROUGH SCHOLARSHIPS

To ensure bright students from economically weak backgrounds do not miss out on a good education, we offer scholarships through a merit-based process to identify them. The scholarships cover the expenditure that students would incur during the tenure of their education.

**In FY21, 80 students were provided with scholarships to continue their higher education.**

## HEALTH AND SANITATION



### HANDWASH AWARENESS PROGRAMMES

We reached eight villages through Handwashing Awareness programmes and our health workers undertook home visits, educating 3,039 community members.

### FOSTERING HEALTHY HABITS

Yoga is a way of life that ensures healthy living and to promote it amongst the rural communities, we conducted sessions for children and community members in three model villages. Through YouTube Yoga Sessions we helped community members and children inculcate the habit of practicing yoga regularly to stay healthy.

1,808 people have benefitted from this initiative.

### CANCER CAMPS

The lack of awareness on cancer in India is shockingly low, especially in rural communities. Cervical cancer accounts for an estimated 24% of India's cancer cases among women and evidence shows it is more common among the lower economic strata. The lack of awareness about the disease compounded by limited access to prevention and treatment facilities, makes this a grim situation.

Our aim is to sensitise the target group by organising of cancer camps and awareness programs on how to detect cancer and treatment options available.

In FY21, four cancer awareness and screening camps were organised, benefitting 636 women. Of these, 289 women underwent PAP test.

### EYE CAMPS

Aditya Birla Fashion and Retail Jan Kalyan Trust, in association with Narayan Nethralaya, has been organising eye camps for the underprivileged since 2011. At every camp, the patients undergo an eye test and examination. Patients diagnosed with cataracts are counselled and given free surgery while those diagnosed with refractive errors are given spectacles free of cost. The number of cataract cases reported in the eight focus villages have reduced, and thus we are now organising camps in nearby villages.

In FY21, ten community eye camps were organised, benefitting 2,205 people. 1,140 patients were given support in the form of spectacles, while 238 underwent cataract operations.

### AWARENESS PROGRAMMES

A vast number of issues in underserved communities can be tackled through simple awareness programmes. Through effective tools, we are able to educate community members on preventive measures and resilience building techniques. Often, imparting such knowledge doesn't end at these sessions, but participants carry their learnings forward, educating those around them.

Through awareness programmes on the following themes

- Parents' awareness meeting on Early Childhood Care (ECC) and nutrition by involving staff from Anganwadi Centres and Public Health Centres
- Mothers' Meet sessions on the links between learning environment and nutrition, health and sanitation
- Awareness on disease prevention like Malaria, Dengue, Typhoid, Deworming etc. and Pulse Polio campaign
- Awareness on personal hygiene with special focus on Menstrual Hygiene Management

During the reporting period, health workers reached out to 15,919 community members.

### E-HEALTHCARE PROJECT

With everything becoming more efficient by going digital, Healthcare too is not far behind. Our new project, 'e-Healthcare', is a health-related IT platform that has enabled the delivery of digital healthcare solutions and services for facilities at Sollepura Village as well as Spoke Villages.

This powerful Smart Diagnostic System (SDS) can be carried to multiple locations, and can perform rapid basic healthcare checks, including, Electrocardiogram (ECG), ante natal and post-natal care, with multiple other diagnostics.

The system enables patient registration, diagnostics, and tests for 30+ parameters, storage of patient records in an open EMR, an instant, on-cloud enabled platform, and tele and video conference services for on call doctor consultations. This endeavour has opened the gates for much-needed preliminary healthcare to remote regions.



The project facilitated general check-ups for 845 people along with unique medical IDs.

## SUSTAINABLE LIVELIHOODS

### FINANCE MANAGEMENT AWARENESS

It is imperative for children to know how to manage their finances at a young age to help them benefit in a long run. We organised sessions for children covering topics like savings, banking, and the importance of digital banking, etc.

**581 children participated in these sessions.**

### COMMUNITY AND FARMERS' MEETINGS

Community meetings in the model villages include community members, farmers and Self-Help Group members. These meetings cover topics that range from personal finance management, Sustainable livelihood opportunities, to expanding on the ABFRL Model Village concept to the participants.

### ATMA NIRBHAR BHARAT ABHIYAAN AWARENESS

If there's one thing the pandemic has taught us, it is the importance of being self-reliant. We conducted awareness sessions on the Atma Nirbhar Bharat Abhiyaan in the Model Villages, where farmers were apprised on the importance and benefits of niche income generating endeavours such as Beekeeping, Mushroom and Medicinal Plants cultivation etc. 12 Self Help Groups were provided financial assistance to undertake Income Generation Activities.



## CAREER READINESS TRAINING PROGRAMME

Aditya Birla Fashion and Retail Jan Kalyan Trust is implementing the Career Readiness Training Programme for Senior Secondary students and youths in 3 Model villages and 21 Spoke villages in Karnataka and Tamil Nadu. The Programme aims to develop employable skills including problem solving, empathy, collaboration and communication, technical competency and English proficiency.



**Through this programme, 600 youths were enrolled out of which 246 have completed their training.**

## TAILORING

**A series of training sessions in tailoring were held for women from Solleपुरa village. 28 women participated in these sessions, enabling them to focus on a particular set of working skills leading to self-employment opportunities.**



## SUSTAINABLE LIVELIHOOD - PROJECT KAUSHALYA

Equipping people with the right skills to live a comfortable life of dignity is the priority of Project Kaushalya. In its fifth year, it continues to identify unemployed youth from rural areas and arm them with the tools to gain employable skills and link them to sustainable livelihood opportunities. This year, we have adopted a hybrid model of online/offline classes and added new courses like Digital Marketing, Warehouse Pickers, CRM (Customer Relations Management). We are also retaining the Self-Employed Tailors classes.

**In FY21, 339 rural youths underwent training in 14 batches, out of which 318 youth completed their training and received certificates. 230 students were linked to sustainable livelihood opportunities.**



**WATER & WATERSHED**



**WATER ATMS**

All eight Model Villages and Focus Villages have access to 100% pure drinking water facilities through Water ATMs, benefitting 23,300 community members. The community as well as panchayat members are self-reliant in managing the Water ATMs.



**WATERSHED PROGRAMME**

A world without water is an unimaginable one. But at the rate we are progressing, it is becoming more and more of a grim reality. In such a scenario it becomes imperative, we do all that we can to prevent water loss. In this regard, the integrated watershed programme aims to manage and utilise runoff water for useful purpose, enhance ground water storage, increase crop intensity in watershed areas and improve the socio-economic status of farmers.



*In FY21, the watershed programme has helped save/recharge around 27,160 kl of water, benefitting 10,160 community members.*

Other than awareness sessions on water conservation, the following programmes were commenced to conserve water and improve agricultural yields.

Water Structures	Agricultural Activities
Water absorption trenches	Green manure cultivation
Farm ponds	Mulching
Gully plugs	Weed management
Masonry check dams	Micronutrient mixture application
Sunken ponds	Vermi compost units
Bore well recharge pits	Deep ploughing
Renovation of traditional ponds	

**DIGITALISATION**

**VILLAGE INFORMATION CENTRE**

Life without digitalisation is near impossible in today's world. In times like this, it is crucial rural and underserved urban communities are not left behind as we progress into the future, due the lack of digital awareness. To address these concerns and equip rural communities to be digitally savvy, ABFRJKT has established Village Information Centres in four villages. These centres come with computers, printers, WIFI, etc. and is run by a knowledgeable 'Digital Champion's'. The centres support community members to avail e-schemes, e-banking, online courses, e-library, job portals, printing services, and health insurance, etc. 14,984 community members have benefitted from these services.

*Additionally, Computer Literacy classes were organised, benefitting 943 students. Sollepura and Madiwala villages are 100% digitally literate villages. In all, the digitalisation initiatives have benefited 15,927 people.*



## URBAN SERVICES

Urban Services as programme was launched in the semi urban areas / villages which are quite nearer to the cities. The common developmental issues faced by the residents are urban poverty, unemployment, vulnerability to climate change impacts like flooding, poor infrastructure, services and governance systems, lack of proper housing and access to basic infrastructure and services like water and sanitation systems. We are working in three semi-urban locations in Bangalore and we have realigned the project interventions in these locations i.e. Rayasandra, Jakkur Layout and Nyanapanahalli under a new project named Inclusive, Safe and Sustainable Communities: Urban Services. We have mapped a list of 32 relevant attributes in alignment with the five focus areas.

***Out of the 32 relevant attributes, Rayasandra, Jakkur layout and Nyanapanahalli villages have achieved 72% of attributes. During the reporting period, we have chosen to focus on Urban Planning and Solid Waste Management.***



## URBAN PLANNING AND SOLID WASTE MANAGEMENT

We undertook a participatory exercise in the three semi-urban locations to identify unsafe and hazardous areas, including houses right by dumping grounds, beside open sewers, and inadequately lit areas in these neighbourhoods. It was identified that garbage was disposed in open in Rayasandra Village. Two E-Rickshaws (Garbage Dumping Vehicle) were provided under waste management programme, which benefitted 2338 people.

## OTHERS

### TREE PLANTATION PROGRAMME

During the year, we organised a tree plantation drive in our Model Villages in collaboration with the forest department and community.

***Around 2,000 saplings were planted during the drive.***



### SOLAR LIGHTS

Aditya Birla Fashion and Retail Jan Kalyan Trust has installed 25 Solar Street Lights in Sollepura village. This initiative will save 30,544-kilogram CO<sub>2</sub> emission for 15 years

### RECREATIONAL PARK

In Basavanapura village, a park was developed for Recreational purposes. The park has become an important part of the community. It has become a space for community members to get together and reconnect with nature and each other. Children enjoy playing in the park. The park is benefitting 1,224 community members.

# Odisha Programme

ABFRJKT undertook an extensive Need Assessment in Janla Gram Panchayat Khurda, Odisha to understand the immediate and long-term needs of the community. Our findings have led us to initiate projects in the areas of Education, Health & Sanitation, Sustainable Livelihoods and Water & Watershed Management.

## EDUCATION

### Academic Support Centre

The Home-based learning programme was initiated in June 2020, with children being provided with worksheets and online assignments. The three Academic Support Centres continue to function with 93 children attending classes. Children are provided with masks/sanitiser and social distancing is ensured. **As per the end line assessment, 85% of students achieved grade specific competency.**

## HEALTH AND SANITATION

### Deworming Initiative

In collaboration with staff from the Public Health Centre, health workers initiated a deworming programme for the entire Janla panchayat, and **1,650 children were immunised in the process.**

### Solid Waste Management

Garbage disposal just got greener, as we provided two e-Rickshaws to the Panchayat to facilitate garbage disposal in the dumping yard 8 kms away from the intervention villages. This initiative is **benefitting 6,731 community members from all three villages.**



## WATER & WATERSHED

We have renovated community ponds to help farmers in irrigation and promote fishery as a livelihood activity. **4,750 Kilo Litres of water was saved.**

## SUSTAINABLE LIVELIHOOD

Eight Self-Help Groups were provided revolving funds for Income Generation Activities. The Government of India has launched the Atma Nirbhar Bharat Abhiyaan to revive every sphere of the economy from demand, supply to manufacturing, in the mission to make India self-reliant. In the same spirit, and giving legs to the popular idiom "teach a man to fish, and you feed him for a lifetime", we supported eight groups to become self-reliant through cage fishing, inland fishing, etc. This programme is **benefitting 80 families.**

## DIGITALISATION

On the 151<sup>st</sup> birth anniversary of Mahatma Gandhi, we inaugurated the Village Information Centre in Janla Panchayat. Through the Centre, villagers have access to a range of digital requirements like online travel ticketing, online bill payment, keeping village records, employment records, photocopying, printing and more, while also aiming to make 100% digitally literate villagers. The Centre has **benefitted 7,116 villagers.**



# Employee Volunteering

Employee volunteering is a key part of our CSR strategy. By fostering collaboration and teamwork, we are also strengthening stakeholder engagement and relationships, involving our employees in the noble cause of uplifting our communities. The company recognises the contribution that volunteers make to the community and is committed to providing opportunities for them to engage in volunteering activities that benefit the communities in which they live and work. Some of the key highlights include:

In FY21,  
**3,077**  
employee  
volunteers  
contributed  
**15,706**  
hours in  
volunteering



## VIRTUAL EMPLOYEE VOLUNTEERING PROGRAMME

To make employee volunteering more impactful, we carried out a Pan-India Survey to understand their volunteering interests. 312 employees during the survey, indicated an interest in virtual volunteering activities. The volunteers conducted Art and Music Workshops, Online classes, Mentorship programme for youths, Awareness sessions on Water conservation, Environmental Conservation, Personal Hygiene, Sponsoring Children's education, etc. 211 employees participated in virtual employee volunteering activities and clocked 2,780 hours.

## COMMUNITY INITIATIVES BY PANTALOONS

1,753 volunteers from Pantaloon stores from North, East, West and South regions engaged in community initiatives and clocked 2,356 volunteering hours. The employees organised a range of activities by collaborating with local NGOs.

## INITIATIVES AT MANUFACTURING

In Odisha, the employees contributed by volunteering to carry out activities such as library sessions for children, tree plantation, etc. A total of 179 employees contributed 1534 volunteering hours. In Karnataka and Tamil Nadu too, the employees contributed to activities like Namma Library sessions, tree plantation, as well as distribution of scholarships. 583 volunteers contributed 4457 hours.

# Impact Assessment

We carry out impact assessments on a regular basis of the CSR projects to identify gaps and implement corrective measures. During the reporting period, internal impact assessments of projects were conducted.

## INTERNAL ASSESSMENT

Under Village Development Programme, our interventions are focused in eight villages in Karnataka and Tamil Nadu which serve as a HUB to seven nearby SPOKE villages (catering to 64 villages) and three villages in Odisha. In the reporting period, three Model villages (Karnataka and Tamil Nadu) were assessed with the following objectives:

- To do a preparatory study before the impact assessment
- To judge achievements and carry out midcourse corrections

A Dipstick survey was done in three model villages to collect household data and to take the opinion of beneficiaries on our five focus areas - Education, Health & Sanitation, Sustainable Livelihood, Water & Watershed and Digitalisation. The survey revealed that in Model Villages, 100% of the households have access to LPG connection, electricity and tap water connection.

## RECOMMENDATIONS OF THE STUDY

The recommendations are based on qualitative feedback that we have received from different stakeholders and online interviews with respondents.

In the journey to become a model village, Sollepura village has attained 100% of the relevant attributes and Madiwala and Basavanapura have attained 95 % of the relevant attributes as per the SAGY guidelines.



## EDUCATION

School learning environment: In the School Gradation tool, we have recorded that the Madiwala School runs in an old building, and thereby lacks in few indicators including adequate play space and storage space for teaching and learning material.

With the Madiwala School shifting to a new building, the above-mentioned points will be assured prior to shifting in the next academic session.

## HEALTH & SANITATION

Community members were interviewed for their feedback and if their health problems have been resolved by attending our Eye and Cancer Awareness camps. Only one community member has unresolved issues post his Cataract operation. The CSR team has taken a note on this and the beneficiary has been referred for re-examination.



## SUSTAINABLE LIVELIHOOD

Career Readiness programme (in three model villages): Gaining employment is the first step towards a sustainable livelihood. But those placed must get continuous support in case of any workplace difficulties. It is recommended that there be a follow up with youths after placement, for a minimum of 6 months. The ABFRL CSR team has planned an alumni meet to comply with these recommendations.

## WATER & WATERSHED

We conduct regular awareness drives among the community to make them understand the benefits of drinking clean and safe water, and shatter the myths related to Water ATMs.

During our engagement with community in Sollepura village, one elderly member was found not using the water ATM due to misinformation related to filters used in purifying water. We shatter such myths during our regular drives to help the community stay healthy.

## DIGITALISATION

**Digital adoption and awareness & E-Library (Sollepura)**  
In its current phase, the programme is focused on educating children, but it is recommended that in the next phase, this initiative should reach the adult population of the community as well.

**100% Digitally Literate Village**  
In the villages of Madiwala and Basavanapura, households are to be identified to initiate batch-wise training of children in Digital Adoption and awareness as implemented in Sollepura, a 100% digitally literate village.

*Computer training sessions were conducted in Madiwala village and it has become a 100% digitally literate village.*

## SOCIAL IMPACT ASSESSMENT

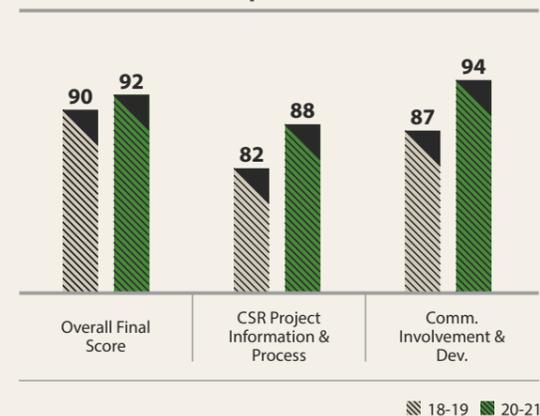
*Bluesky Sustainable Business LLP conducted the CSR Social Impact Assessment. The impact assessment was conducted using the accredited Bluesky CSR Inspection Framework (BSCIF) methodology. It covered complete CSR programme interventions undertaken in the year 2020-21.*

The assessment comprised a combination of documentation review, validation, and sample stakeholder interaction through online video calls, group talk using mobile telephony and online group discussion, mobile surveys across selected sites. Aditya Birla Fashion & Retail Jan Kalyan Trust CSR Programme 2021 has been awarded a Platinum Rating and Highest score in India. The Platinum Rating signifies:

- Innovative initiative with a strategic intent for social change.**
- Defining new solutions to issue management.**
- Alliance of multi-organisational stakeholder relationships.**

The graph below highlights the scoring of the CSR programmes under two domains: CSR Project Information & Processes and Community Involvement & Development.

**Benchmark Social Impact Score** %



## SOCIAL RETURN ON INVESTMENT

Social Return on Investment is an internationally recognised, principles-based approach for understanding and measuring the impacts of a programme or an organisation. It measures the social, environmental and economic outcomes of a project or an organisation and uses monetary values to represent them. It is calculated by establishing an impact model for a specific project, programme or an organisation.

We undertook an Evaluative SROI of all CSR Projects implemented in 2020-21. The objective of the study was to understand and measure the social value created by CSR Projects. SROI methodology of Social Value UK International was deployed to measure the social value. Theory of change and seven principles were applied to know the outcomes and impacts of the projects. Deadweight, Displacement and Attribution factors were considered to avoid any overclaim. SROI of the projects is 5 which implies that ABFRL's CSR projects creates an SROI of INR5 for every INR 1 invested.

The results of the SROI for the different projects are:

### OVERALL RESULTS OF ALL CSR PROJECTS

**1:5** Karnataka, Tamil Nadu, Odisha and Maharashtra

**GYANARJAN**  
Channapatna, Bangalore and Mysore

**1:16**

**KGBV**  
Channapatna and Krishnagiri

**1:15**

### VILLAGE DEVELOPMENT PROGRAMME, KARNATAKA AND TAMIL NADU

Madiwala

**1:7**

Hinnakki

**1:6**

Nyanapanahalli

**1:5**

Jakkur Layout

**1:5**

Basavanapura

**1:4**

Sollepura

**1:4**

Billawadahalli

**1:4**

Rayasandra

**1:4**

**KAUSHALYA**  
Anekal

**1:3**

**SCHOOL TRANSFORMATION**  
Panvel

**1:3**

**ODISHA PROGRAMME**  
Uttaramundamunha

**1:1.48**

Dakhinamundamunha

**1:0.81**

Ogalapada

**1:0.42**



# COVID-19 Crisis Response

The COVID-19 crisis in India required quick action to ensure concerns are addressed and there is minimal disruption to lives. ABFRL proactively reached out to underprivileged and vulnerable groups through our CSR programmes, and carried out prevention and relief activities in four districts across Karnataka, Tamil Nadu and Odisha.

**ABFRL initiated awareness programmes in March as a quick response to prepare community members to deal with this crisis and reached out to 147,743 community members through the following activities:**

## COVID-19 PREVENTION: KNOWLEDGE AND AWARENESS



Awareness through announcements and pamphlet distribution on practices that prevent the spread of COVID-19



24x7 counselling and referrals through Village Health Helpline



Continuous entry-level checking through ray/infrared thermometers and linking abnormal reading to Public Health Centres



Thorough sanitization of the intervention villages

## BEHAVIOUR CHANGE: HEALTH & HYGIENE

The programmes rolled out by the team relate to behaviour change initiatives such as

- Following social distancing norms
- Importance of using masks and washing hands

## FOOD SECURITY AND DISTRIBUTION OF HEALTH ESSENTIALS

- Distributed dry ration, masks, sanitizers to migrant workers and community members
- Livelihood support to Self Help Groups through mask production initiatives

## DISTRIBUTION OF RATION AND HEALTH ESSENTIALS

Our CSR teams worked seamlessly with the Panchayat and State Authorities to ensure medical support to the villagers and redirect affected patients to Public Health Centres.

Our teams ensured availability of masks and assisted the Panchayats in distributing food and the smooth running of the PDS. In semi-urban villages, which were closer to cities, our teams connected the affected people to local quarantine centres.

## MASK MAKING BY SHGS

**In the wake of the COVID-19 pandemic, 100 SHG members stitched 41,050 facemasks, which were distributed to community members in ABFRJK Trust's Model and Focus Villages.**

In Karnataka, we identified three women SHGs to manufacture face masks. These groups were provided with the requisite skills and required material and have stitched 35,000 facemasks, which were distributed to community members. In Odisha, we identified 20 SHG members who manufactured 6,050 facemasks for their community.

## DRAW FROM HOME CONTEST

With children at home 24/7 during the lockdown, it became crucial to keep them engaged and not idle. A "Draw from Home Contest" was organised in all villages and we saw creativity abound as children used their imagination to spread awareness on COVID-19 in their community. The contest was well received by the students and around 350 children enthusiastically participated in the contest.



## COVID-19 INTERVENTIONS AT GOVERNMENT SCHOOLS

The government schools reopened in January 2021 and our trained health workers are helping keep things under control by carrying out regular entry-level temperature tests, ensuring social distancing and creating awareness on handwashing. We have provided masks and sanitizers to government schools.

# PRODUCT P E R F O R M A N C E



Transitioning towards a product centric approach in  
**SUSTAINABILITY 2.0**



Vendor Code of Conduct audit completed for more than  
**95% TIER-1 VENDORS**



Developed Concept & Methodology of  
**SUPPLIER SUSTAINABILITY INDEX (SSI)**



**OLD CLOTH BUY-BACK INITIATIVES**  
in Forever 21 and Shantanu & Nikhil



Usage of  
**BCI COTTON, LIVA ECO AND  
RECYCLED POLYESTER**  
as sustainable raw materials



## Our Approach

ABFRL's vision is to "passionately satisfy Indian consumers' needs in fashion, style and value". Over the years, our discerning customers have increasingly become aware and conscious, and prefer sustainably manufactured garments that also stand true to their quality and value expectations.

Responsible management of the product is therefore our top priority. In line with our Re-Earth Vision, we are committed to be net positive – that is to

**'GIVE BACK MORE  
THAN WE TAKE  
FROM THE EARTH'**

We infuse sustainability in every strand of fibre, in every production process and in every business decision that we make. Customers are at the centre of our product-led sustainability strategy. We listen to them and go beyond their expectations. We continue to provide our customers with products that are environmentally-friendly as well as socially conscious.

Each of our brands uses its unique voice to communicate with customers on the importance and impact of sustainable products. We take a life cycle approach for product responsibility which has a clear focus at each stage of the product life cycle – from the raw materials used to production processes to their end-of-life.

We also understand the need of responsible procurement and keep focus on this through:

### 1 Implementation of Vendor Code of Conduct

### 2 Sustainable materials procurement

### 3 Greening the supply chain through various initiatives

### 4 Reducing packaging material and eliminating plastic from our products and transport

*We encourage all our customers to make sustainable choices while using and disposing of our products. This includes providing information about garment care, encouraging customers to use products for as long as possible and offering opportunities for reuse and recycling through our take-back programme.*

We ensure our products remain responsible post sale and therefore we engage with our customers through feedback mechanisms at the point of sale and post purchase. ABFRL has clearly defined processes in place to ensure responsibility at each stage of life cycle of the products. Our management systems and processes are structured in such a way that product responsibility goals are achieved and tracked at regular intervals through transparent evaluation procedures.



# Product Responsibility

We aim to design great products keeping sustainability in mind while collaborating across the industry to create a collective movement towards doing more good. Product centric approach focusses on product life cycle management and covers the other aspects of traceability and circularity.

Moving ahead in our ReEarth journey towards Sustainability goals 2025, our product-centric approach will focus on four broad aspects that cover the entire product life cycle:

**DESIGN & DEVELOPMENT**



**SUSTAINABLE PRODUCT & PACKAGING**



**SUSTAINABLE SUPPLY CHAIN**



**CUSTOMER CENTRICITY**



This approach will help us in developing strategy and interventions for each life cycle stage of the product, including upstream and downstream operations.

# Design & Development

We at ABFRL have kept fashion relevant by constantly innovating and upgrading products and methods since inception, giving us a competitive edge over others.

Resource efficiency at each stage of product life cycle, durability and longevity are some of the key concepts kept in mind while designing and developing new products. Continual focus on sustainable design has encouraged us to shift towards a closed loop or 'circular' economy.

The fashion industry is transforming alongside advancements in technology – be it design, marketing, production or sales. At ABFRL, we embrace technology as it is pervasive in our business, helping us effectively use it to understand customers better so that we can design and develop products as per their requirements.

Technology enables us to get real time fashion industry trends and reduce production costs, shorten the supply chain, and bring more transparency and traceability.



## NEW PRODUCT DEVELOPMENT

To keep up and adapt to the dynamic fashion industry, it is essential to keep upgrading and developing new products while being 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.

Our New Product Development processes leverage cross-functional collaboration to co-create new concepts and designs. Concepts go through the ideation, evaluation and testing phases, upon the completion of which they are exhibited for booking orders.

Based on the orders booked and feedback garnered, the teams go back to the drawing board and ideate for more concepts. The response at various shows is used by our brands to create season plans as per the fashion cycles.

We also collaborate with our suppliers for co-creating new products where brand designers and supplier designers work together to develop new designs, construction etc. This approach has greatly reduced lead times and has resulted in process efficiency, greater color retaining fabric and sustainable products.

### PRODUCT DEVELOPMENT PROCESS



## CULTURE OF INNOVATION

**We believe that an innovation culture in an organisation drives people to constantly get better and move forward.**

To encourage an environment of innovation, we have instituted several 'Centres of Excellence' and Technology platforms. Through these Centres of Excellence and Platforms, we channelise best practices and drive product benchmarking, development and innovation.

These centres are helpful in monitoring and measuring market trends and customer demands, helping us maintain our market leadership position.





## Product Sustainability

*At ABFRL, we are in the process of mainstreaming sustainable fashion. Product is our prime focus, and all sustainability initiatives revolve around it.*

Our brands strive to source all products responsibly and sustainably. Our high-quality products are designed to conserve natural resources without impacting the customers' health and society throughout their entire life cycle. To do this, we focus on a variety of sustainable material, production processes and ensure that the workers in our supply chain are treated with dignity and respect.

**At ABFRL, we have developed a comprehensive guideline to create awareness and measure the product sustainability performance throughout the value chain. This guideline is known as Product Sustainability Attribute.**

Product sustainability attribute is defined as a feature of the product or a characteristic of its design, sourcing, manufacturing or disposal process that leads to improved environmental and social sustainability performance and addresses the risks and opportunities across the value chain. These attributes are recognised based on their environmental and social impact on the product journey from sourcing to disposal.

### TECHNOLOGY MANAGEMENT CENTRE (TMC)

Located at one of our manufacturing units, this centre is helpful in driving R&D in garmenting and supports prototyping for various categories like women's wear, kids wear, casual, denims and ethnic wear. It strengthens the innovation in order to bring in fresh ideology to keep up with the changing patterns of customer demands.

This has helped in swift response to difficult times like COVID-19 by promptly responding to the market need and developing cloth masks and other relevant products in no time. It has also been helpful in automating the style creation in CLO from allocated Gold seals.

### KNOWLEDGE MANAGEMENT CENTRE (KMC)

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

*ABFRL has been an early adopter of PLM in the apparel industry. This has helped us to cope with increasing complexity and challenges in developing new products.*

### GARMENT TECHNOLOGY CELL

Each business unit has a centralised garment technology cell which helps in faster prototyping, using of Technology like CLO and providing solutions to our suppliers for any technical constraints.

### PRODUCT LIFE CYCLE MANAGEMENT (PLM)

PLM refers to the handling of a product as it moves through the typical stages of its product life since inception, through design and technical detailing, till its manufacturing. This handling involves both the manufacturing of the product and the marketing of it. The concept of product life cycle helps inform business decision-making, from pricing and promotion to expansion or cost-cutting.

The five sustainability attributes of a product are:

RAW MATERIAL



PRODUCTION PROCESS



FARM & FACTORIES



SUSTAINABLE PACKAGING



PEOPLE PEOPLE



Along with these five attributes, we have also established a 'Minimum Criteria' covering regulatory and mandatory requirements to qualify the product as sustainable. The product sustainability attributes are measured by volume and individual brands' performance are shared every quarter. In 2020, all of our brands expanded their efforts to embed sustainability into product design and raw material selection, and they increased customer communication to emphasise the importance of environmental and social awareness.

**In the reporting year, 40% Garments of ABFRL have at least one sustainability attribute out of all five attributes, of these Packaging attribute is also measured and reported separately.**

## SUSTAINABLE RAW MATERIAL



We believe that sustainable products are created by integrating sustainable raw material and responsible sourcing into the product life cycle. Sustainable materials are those which has a lower environmental impact compared to conventional material. or creates positive social value.

To identify the most sustainable material, we refer to the Higg Material Sustainability Index (Higg MSI) and various other international standards.

We strive to source more sustainable material and manufacture at factories that ensures environmental and social responsibility, while not compromising on cost and quality. We are also actively promoting handcrafted fabrics and garments that use indigenous techniques, to promote India's cottage industries, who are threatened by the tough competition posed by mill made fabrics.



**At ABFRL, we use varied raw materials including cotton, viscose, linen, wool, acrylic, polyester and blends. Also, we keep exploring sustainable/alternate materials including recycled and those produced by local artisans.**



*In 2020, though our business was largely impacted by the COVID-19 lockdown, we have used some of these sustainable materials in our product range. For example, few style codes in t-shirts and denims were made using recycled polyester wherein the polyester is derived from recycled PET bottles and the Liva Eco fabric, an eco-friendly fibre being used in our women's wear category in PFRL.*

## SUSTAINABLE COTTON

Being a market leader, it makes us responsible to address the challenges associated with conventional cotton cultivation and shift our focus to sourcing more sustainable cotton to reduce the negative impacts. To do that, we have aligned our approaches as per emerging trends and working with partners across the apparel industry.

ABFRL has partnered with **Better Cotton Initiative (BCI)** for sourcing sustainable cotton as an integral part of our commitment to establish sustainable ecosystems.



**This initiative is helpful in minimising, and wherever possible eliminating consumption of fertilizers and pesticides to mitigate the adverse impacts caused to water bodies, soil and natural habitats.**

## RECYCLED POLYESTER

ABFRL has taken initiatives to increase the use of Recycled Polyester in our product portfolios. Recently recycled polyester has become a very popular and preferred fibre.

Using recycled polyester reduces our dependence on petroleum as the raw material for our fabric needs.

**It reduces PET bottles in landfill, reduces soil contamination and water pollution, and requires less energy than virgin polyester.**



Garments created from recycled polyester aim to be continuously recycled with no degradation of quality, allowing us to minimise wastage. This means the manufacturing of polyester garments could potentially become a closed loop system.

**LIVA ECO FIBRE**

We are conscious of the impacts our products have across the value chain - right from the way it is sourced, produced, transported, used and disposed. Constant efforts are made to increase the portfolio of garments made from sustainable fabrics, so we help our environment by preserving natural resources for future generations.

In collaboration with vendor partners, we have upgraded the normal LIVA to LIVA Eco which is more sustainable as compared to LIVA, thus increasing the benefit to our ecosystem.



***LIVA Eco fibres are made from FSC certified wood sources and it has a low environmental footprint, biodegrades easily and has the lowest GHG emissions when compared to other natural fabrics.***

The journey of every LIVA Eco tagged garment can be traced to its origin as it has a unique molecular tracer inside the fibre for source verification at all stages. It also has supply chain traceability through Blockchain, which means we can track this fibre from forest to garment's last stage.

**SUSTAINABLE PRODUCTS**

**NEEM TULSI COLLECTION**



As part of our wellness fashion initiative, Peter England launched an innovative range of apparel named "Neem Tulsi Collection". Under this collection, Peter England launched shirts, masks, jeans, Bermuda shorts, kurtas and pyjamas infused with the legacy of ancient Indian herbs. The goodness of the wonder herbs, Neem and Tulsi, were powered with a patented technology called "Enliven". Treatment of this product was tested to provide resistance from common bacteria and fungi as per AATCC 100 testing standards up to 20 gentle washes. It was also tested to provide defence to the product from ultraviolet rays for minimum UPF20 as per AATCC 183 testing standards up to 20 gentle washes.

Produced in a factory located in a small village in Himachal Pradesh,

**the making of these apparels involve ancient ways of extracting benefits from herbs, combined with new-age nano-biotechnology, to provide nature's best in a sustainable way.**

The shirt fabric particularly is developed under the Home-Made-Cotton Initiative through energy efficient small-scale units where the cotton is directly procured from our farmers, avoiding middlemen. Hence, it is not only an ode to our farmers but also a tribute to our rich Vedic heritage.



**ENABLING ARTISANS**



Jaypore, our ethnic brand, has collaborated with Creative Dignity, a zero-margin voluntary platform, to provide relief to artisan communities severely hit due to the COVID-19 pandemic.



With this collaboration, Jaypore has ensured that the artisan community reaches to customers digitally using the brand's wide reach with its pan-India customer base through their e-commerce platform. This gives artisans access to new markets and sustained livelihood opportunities. Under the 'Artisan Direct' campaign of Creative Dignity, the collaboration features work of over 250 artisans on their website over a period of time, giving these artisans a platform to sell their products to customers from across the country.

Creative Dignity and Jaypore will help the artisans to boost their business by providing them with training in the field of ecommerce including templates for catalogue making, photography, pricing, and logistics management.

***These training programmes are backed by the volunteers from premier Design Institutes in India as well as designers and NGOs. Continuous training is planned for the artisans by expert volunteers in their villages. The sales campaign is being promoted by FICCI FLO at the national level.***

**MADE WITH HANDS, MADE WITH LOVE**



Allen Solly gave a tribute to the inherent creativity and relentless passion of garment workers at the factory who work for ABFRL through The Handmade Collection. Named 'Made with hands, made with love', the collection gave consumers a unique take on shirts as each piece was embroidered differently.



**Each of the shirt carried a signature of the garment worker who hand embroidered the piece with love and care.**



**SUSTAINABLE PRODUCTS**

**ANTIVIRAL MASK WITH INSTEM'S 'G-FAB' INNOVATIVE TECHNOLOGY**

Van Heusen, India's leading power dressing brand from ABFRL, entered into a collaborative agreement with Color Threads Inc. to launch inStem's 'G-Fab' Technology in India.

Through this collaboration, Van Heusen launched a premium quality Made-in-India mask and athleisure clothing powered by G99+ antiviral™ to meet the current demands of the new-age consumer.

**The mask and athleisure products are manufactured using the 'G-Fab Technology' licensed from inStem an autonomous institute of the Department of Biotechnology, and further developed by Color Threads Inc.**

Made-in-India face mask and athleisure clothing is the first offering to be launched under this collaboration.



**Peter England announced Ayushmann Khurrana as the brand ambassador to augment the brand's continuous growth in the menswear sector. Widely known for his extraordinary performances in the Indian film industry, Khurrana, posted a short video emphasising the importance of wearing face masks while stepping out during this pandemic.**



# Packaging



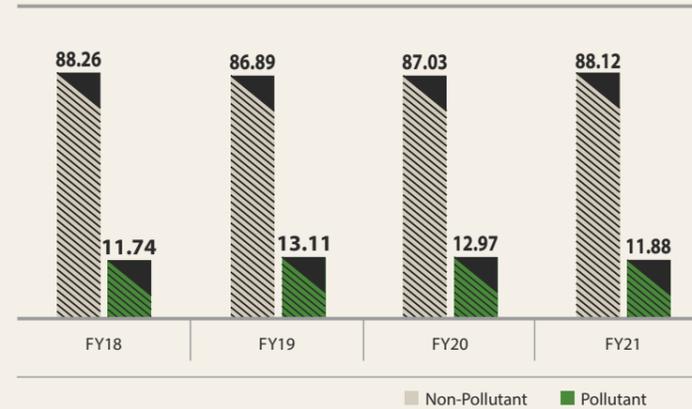
Product packaging is a necessary evil and as important as the product itself. Apparel packaging consists of variety of materials like paper, carton, textile, metal and plastics. While some of the packaging material are non-pollutant in nature and biodegradable, few materials like plastic does not disintegrate easily in landfills resulting in the creation of pollution. Across the globe, countries are taking significant steps to reduce the impact of pollutant material.

**ABFRL, being a leader in the apparel retail sector, has taken a commitment to use 100% sustainable packaging material by 2025.**

Our sustainable packaging strategy takes into consideration packaging components design optimisation, reduction and recycling of packaging material for products as well as transport packaging.

**Since the year 2013, we have been actively measuring packaging consumption and taking necessary steps to reduce the pollutant content inside our packaging material. By the end of FY21, we were able to achieve 88% sustainable packaging.**

ABFRL Packaging Trend (in %)



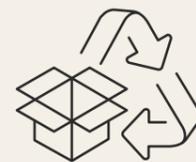
ABFRL Packaging Mix (FY21)

Type of Packaging Material	Category	% by Volume
<b>Paper</b> Product box, carton, collar support, back support, barcode etc.	Non-pollutant	84.66
<b>Plastic</b> Polybag, collar traveller, U & M clip, butterfly, hanger etc.	Pollutant	11.88
<b>Wood</b> Hangers	Non-pollutant	2.45
<b>Others</b> Metal pins, satin tape etc.		1.01

To achieve our target of 100% sustainable packaging, we continuously explore new opportunities. Last year, we started a pilot project under the Simon Carter brand where except the polybag, all other plastic packaging components like collar traveller, butterfly, M clip, U clip etc. were converted from plastic to non-pollutant and biodegradable material.

In a similar way, ABFRL and Circular Apparel Innovation Factory (CAIF) jointly launched the #BetterThanPlastic industry challenge with an objective to find new sustainable packaging materials or business models that can demonstrate its ability to curb the negative environmental impact and can be integrated in businesses in the coming years. With this challenge, we were able to identify some innovative packaging solutions for which cost feasibility study and pilot trial is under process.

We have also taken initiative to increase the recycled content in packaging while most of the paper packaging material are made from recycled material.



Our plastic packaging material are mostly recyclable in nature. To ensure **100% recyclability**, during the reporting year, we have started working towards Extended Producer Responsibility (EPR) commitment to ensure that nothing goes to the landfill.

## BRAND SUSTAINABILITY THROUGH HIGG BRM

The Higg Brand and Retail Module (Higg BRM) developed by Sustainable Apparel Coalition (SAC) guides brands on their sustainability journeys and identifies hotspots and opportunities for improvement. From material sourcing to a product's end of use, the Higg BRM assesses the life cycle stages of a product as it goes through the organisation's operations, identifying sustainability risks and impacts.

At ABFRL, we have adopted the BRM module of Higg Index as a key part of our sustainability initiatives to assess the sustainability impact of brands' products and processes. Higg self-assessment is carried out on an annual basis.

*It has helped us to redefine, outline and manage sustainability priorities, eventually comparing environmental and social performance at the brand level. In the reporting year, we have done assessments of PFRL for Higg BRM.*



## Circular Fashion

Our planet provides us an abundance of natural resources. However global demands are rapidly increasing, and the planet is running out of natural resources. Therefore, we cannot continue to produce garments and operate in the same way as we used to do earlier. We believe that an industry-wide shift from a linear to a circular business model is the future.

In alignment with our efforts to move towards a circular economy, we have set goals for circular products in the Sustainability 2025 roadmap. In the reporting year, we have explored various collaborations and innovations related to circularity and a few of the initiatives covered are as follows.

### COLLABORATION WITH ELLEN MACARTHUR



We have continued our collaboration with the Ellen MacArthur Foundation in the reporting year for the 'Make Fashion Circular' initiative. Ellen MacArthur adopts a collective and result oriented approach, engaging leading organisations and think-tanks across various platforms for re-thinking and co-creating innovative solutions. This initiative focusses on redesigning the future of fashion by collectively raising industry ambition levels by setting long-term targets, reinforce complementary initiatives towards circularity and deepen their impact, and demonstrate new ways of working by driving large-scale, cross-value-chain demonstration projects.

### COLLABORATION WITH CIRCULAR APPAREL INNOVATION FACTORY

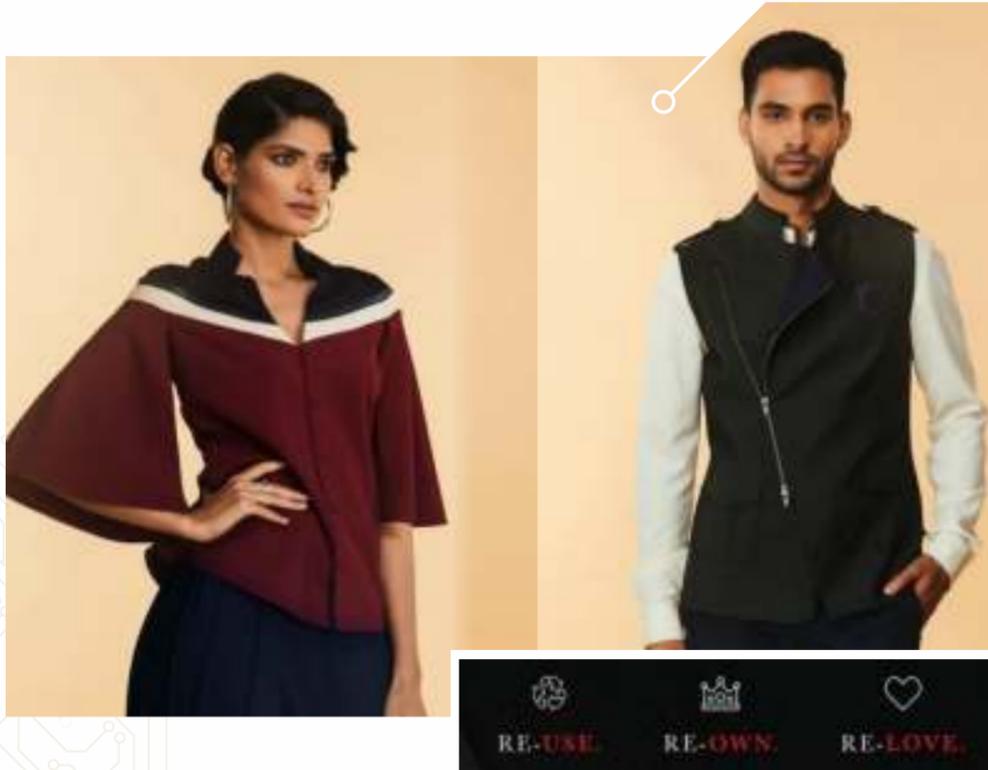


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CASE STUDY

## REDUCING THE PRESSURE ON NATURAL RESOURCES BY MAKING FASHION RESPONSIBLE



**Challenge**

Due to growing consumerism, natural resources are depleting very fast and it is time we reduced the pressure which we are creating on our natural resources.

**Action:**

We took the clothes buy-back initiative considering 'sustainable development' as the crux in creating a circular ecosystem with our consumers. The buy-back allows them to exchange their old Shantanu & Nikhil outfits for credit values that they can use on their next purchase. This not only drives responsible consumerism but also ensures controlled production at our end and saves precious natural resources.

**OUTCOME**

*This programme has been running since August 2020 in all our stores. Some key impactful outcomes are:*

- Increase in customer loyalty
- Resource conservation and reduced pressure on new creations
- Contribution towards carbon footprint reduction

INITIATIVE

## FOREVER GIVING BY FOREVER 21

Another such initiative, our brand Forever 21 has taken steps towards circularity by initiating #ForeverGiving take back programme in collaboration with the NGO partner GOONJ. We did a one-month F21 Campaign (during Diwali) and collected more than 350 jackets. Based on the success and appreciation by consumers, this initiative was further extended till Christmas in association with Give India (NGO) for their education support programme.



# Supply Chain Sustainability

Supply chain in the apparel sector is complex and has environmental and social risks associated with it. In recent years, the growth and importance of sustainability in supply chains has increased due to an insurgence of interest in climate change, environmental pollution, regulatory requirement and consumer expectation.

We, at ABFRL, strive to operate in a more sustainable manner throughout the supply chain and believe that by working closely with our suppliers, we can collectively create positive impact. We always look for ways to collaborate and improve standards further.

**Our key focus in supply chain is to build on two important issues:**



**Ensuring that the people who make our clothes are fairly treated under safe and healthy working conditions**



**Manufacture products in a way that has minimum impact on the environment**

We are disseminating our sustainability efforts in supply chain by assessing suppliers' performances through various initiatives as mentioned below:



## SOURCING FROM SUSTAINABLE SUPPLIER BASE

ABFRL prefers suppliers with sustainable practices in their manufacturing process. Last year, we identified all our critical tier-1 and tier-2 suppliers and strategic partners keeping in mind long-term relationships. As an initial step, we have started collecting information on critical and high impact suppliers' sustainability initiatives. Going forward, few of the sustainability initiatives on which ABFRL intends to gradually focus at the supplier level, include

**Water Conservation initiatives like Zero Liquid Discharge, Rain Water Harvesting and Chemical Management.**



## Making Supply Chain a Strong Link in Sustainability

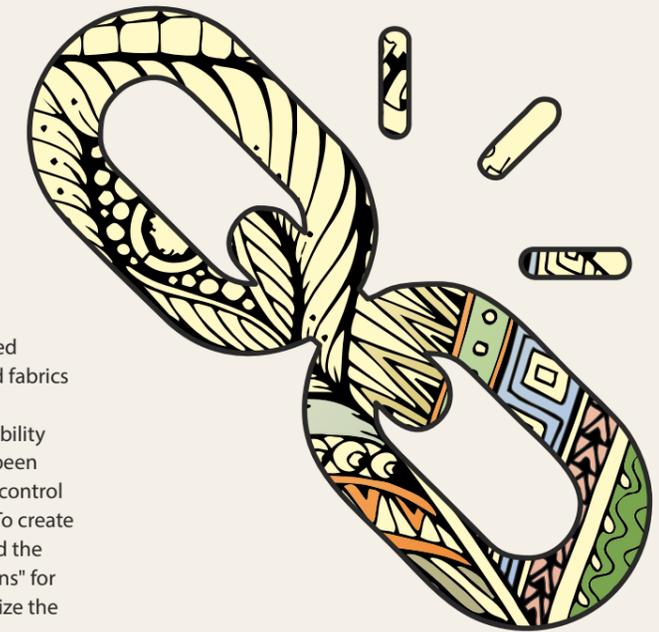
### VARDHMAN Textiles

Vardhman is one of the largest vertically integrated textile manufacturers in India producing yarn and fabrics for both tops and bottoms in apparel segment. Vardhman Group has actively integrated sustainability into the business since the year 2000. They have been focusing on water management, prevention and control of water wastage and air, noise & land pollution. To create a road map for this initiative, they have developed the "Vardhman Environmental Sustainability Directions" for the Group. The Vardhman Group strives to minimize the negative impact on the environment by applying innovative thinking to every step of manufacturing process through PRO (Proactively Responsible Organization) Vardhman.

#### Vardhman attempts to contribute to a better environment by:

- Reducing fresh water consumption & rejuvenate the sources.
- Minimise, Reuse & Upcycle waste to reduce landfill burden.
- Using renewable & greener resources for energy over conventional ones.
- Eliminate hazardous chemicals from processes and adopt green chemistry.

**ABFRL and Vardhman have a long relationship of 20 years. We believe in long term business relationships and collaboration with those suppliers who adhere to all environment and social best practices and committed to drive sustainability.**



### LuThai Textiles

A company's sustainability performance is as good as the supply chain. The supply chain holds the biggest opportunities for breakthroughs in sustainability performance.

**ABFRL is working with suppliers who follow sustainable practices to improve our sustainability performance as well as manage various risks.** Luthai, one of the largest textile mills in China, committed to producing high-quality eco-friendly textiles for the world. It continues to promote energy conservation, emission reduction, green manufacturing and builds green factories as part of its active effort to develop a green ecosystem for the textile economy. It has increased investment in reclaimed water reuse projects, further promoting recycled use of water and providing long-term assurance for social development.

**ABFRL and Luthai are working towards a common goal. We believe in growing along with our suppliers with commitment and mutual compassion. This approach has resulted in greater communication, trust and has led to a long and wonderful journey of collaboration and development.**

## SUPPLIER SUSTAINABILITY ASSESSMENT

Apart from gathering information on supplier sustainability initiatives, we aim to conduct thorough and periodic assessments of our critical suppliers in a phased manner and engage them on sustainability issues to improve their performance on an ongoing basis.



### Supplier Sustainability Index (SSI)

In the reporting year, we have developed our own methodology with "Supplier Sustainability Index" (SSI) to evaluate the supplier sustainability performance and arrive at a single score, so that it is comparable across suppliers. A higher score of SSI implies that suppliers have improved Environmental and Social performance and are formalised in operations. It also indicates that they have lower exposure to work disruptions due to environmental and social causes which in-turn leads to higher responsiveness and better supply chain efficiency.

**This year, we have started using a self-assessment questionnaire on Environmental and Social parameters developed in line with international standards. These questionnaires are used by those suppliers who are not part of the Higg Index Assessment, thus covering all critical suppliers in the supply chain.**

### Higg Index

The most used tool to evaluate the environmental and social sustainability impacts at apparel manufacturing facilities around the world is Higg Index FEM module, which is designed and run by Sustainable Apparel Coalition (SAC). ABFRL has more than 8 years of active engagement with SAC and adoption of their suite of tools has enabled us in improving environmental and social performance of our in-house manufacturing facilities and Brands.

**ABFRL's Re-earth programmes and initiatives for product, packaging, environment, social and safety have led to significant improvement in our sustainability performance.**

Raising the bar year on year and achieving desired outcomes, eventually sustained the top quartile scoring in Facility Environment Module.

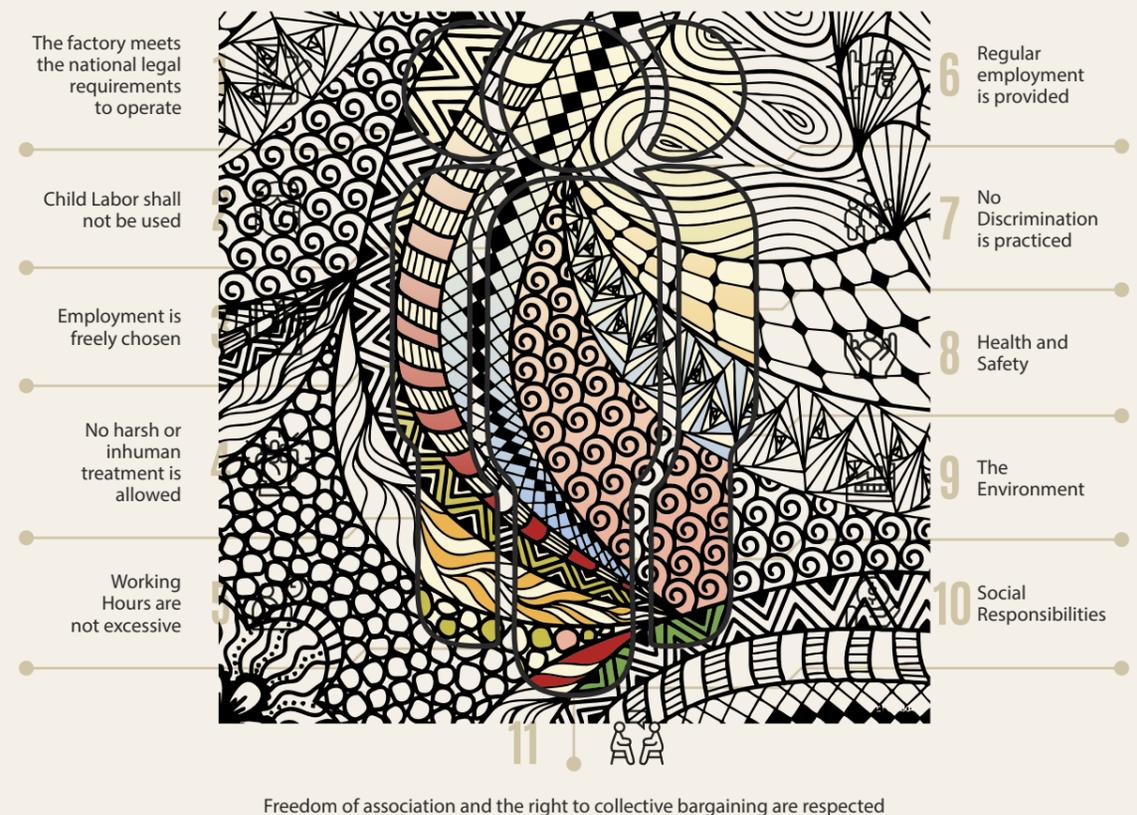
This year, Higg verification was carried out at three of our factories (Alpha Garments, Crafted Clothing and Classical Menswear) through an SAC nominated verifying body and we achieved an outstanding Higg score of 80 in one of our manufacturing units, Crafted Clothing.

## ABFRL VENDOR CODE OF CONDUCT

We recognise the importance of human rights and our consistent endeavour is to treat the people with dignity and respect across our value chain and develop a resilient supply chain which is responsive and respectful to the workers who make our products.

***To do this, we have implemented a supply chain due diligence programme "Vendor Code of Conduct" aligned with globally established legal and statutory requirements based on 11 principles.***

The aim of Vendor Code of Conduct policy and programme is to mitigate supply chain associated risks with regard to legal and statutory compliance, workers health and safety, environment, minimum wages and social aspects as outlined by the Indian Factories Act 1948, International Labour Organization (ILO), SA 8000 and WRAP standards.



ABFRL mandates all its vendors and sub-contractors to display the Vendor CoC policy in a conspicuous place at factories to create awareness in employees and understand the importance of adherence to Ethical, Social, Environmental and Health & Safety Standards. Since inception of this programme, we have covered more than 95% vendors. With a regular training and monitoring mechanism, significant number of vendors were transitioned from non-complied (Red) to compliance level (Green Category).

**GOAL FY21**  
**All tier-1 suppliers to be covered under ABFRL Vendor Code of Conduct Programme**

**FY21 Performance**  
**>95% Vendors covered (MFL & PFRL)**

INITIATIVE

## VENDOR CODE OF CONDUCT (VCoC) - REAL TIME AUDIT ON DIGITAL PLATFORM



A few years back, a Vendor Code of Conduct audit was done through pen and paper mode at manufacturing sites. Being a rigorous audit process, documentation and publishing reports used to take a week's time.

Keeping in mind the above challenges, we developed the VCoC Audit Module in Sustainability Digital Dashboard, an online software. Through this platform, the entire audit happens in real time and Audit Report/Dashboard is published immediately.

**It has made our VCoC Audit process paperless and more sustainable. This has helped in improving report sharing time to relevant stakeholders and supported in quick decision making. This platform is accessible to all internal as well as third party external auditors.**



### LIFE CYCLE ASSESSMENT (LCA)

With the transition from a process-led to a product-led sustainability strategy, we are keeping our products as the core of our sustainability focus. This provides a framework for active engagement across the company to ensure that our products have no risk to health and the environment. It encourages innovation in our products and processes to meet increasing social and business expectations regarding sustainability and transparency.

We identify risks and opportunities to reduce resource and material consumption through Life Cycle Assessments (LCA) of products from Cradle to Grave. ABFRL has implemented numerous process efficiencies that have resulted in reduced environmental impacts and we further seek resource efficiency, eco-design and decision-making as part of our LCA approach. Outcomes of an LCA also act as a quantifiable measure of our efforts towards embedding sustainability within our products. This will be enabled through continuous monitoring of year-on-year progress on our initiatives by conducting LCAs periodically.

In the current year, we have initiated an LCA study for two of our garment products (a casual shirt and a formal shirt) to map their environmental footprint across their entire value chains. This assessment shall help in understanding the hotspots in the value chain. It will also help identify sustainable options in various phases which can be further explored to be incorporated in improving the product's environmental footprint.

### CHEMICAL MANAGEMENT

Our chemical management journey began in FY 16 through the initiative of Laundry Audits with the objective to identify the gaps and evaluate basic hygiene in chemical management. This resulted in the realisation that there was an urgent need for a holistic chemical management system.

In collaboration with an industry expert, ABFRL has developed a chemical management manual which includes policy, RSL and wastewater discharge guidelines to measure, manage and control chemical consumption and ensure a safe working environment.

In the reporting year, the PFRL business unit has driven the Chemical Safety programme in the kids wear category by disseminating the information on use of Restricted Substance Material on final products and randomly checking on compliance by testing at third party stage.

### QUALITY MANAGEMENT

ABFRL is recognised in the fashion industry for best quality products and it perceives quality as a point of differentiation and a source of competitive advantage. We have a well-managed quality management system in place that has been designed keeping in mind the organisation's vision and commitment to customers and the overall strategy.

At ABFRL, we have a robust quality appraisal system, which is designed through the lens of customer centricity to ensure that the customer receives the highest quality product. Our quality management system enables us to consistently maintain quality according to predefined standards. Various quality appraisals are carried out in ensuring best quality products like raw material testing, process quality audit, supplier performance evaluation and finished goods inspection.

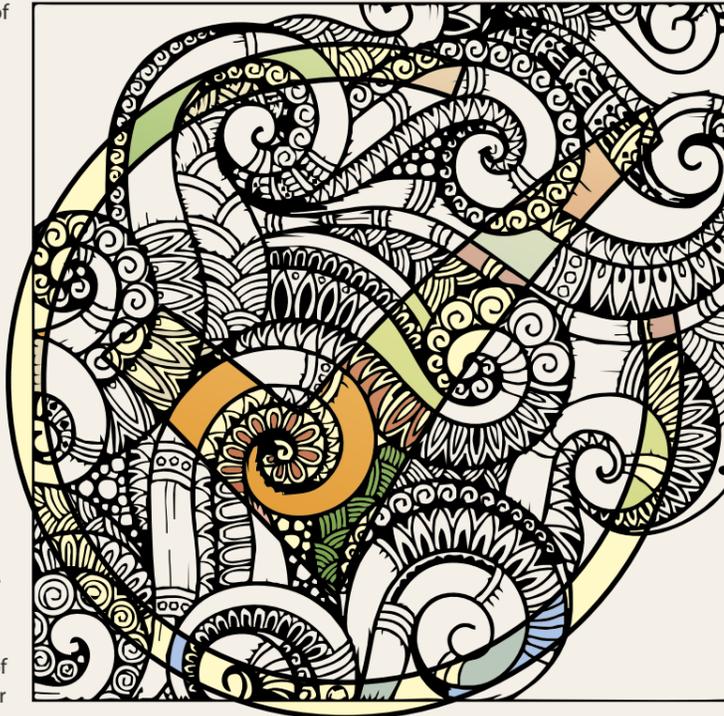


### ENSURING SUPPLIER QUALITY

Suppliers are most important key stakeholders of the value chain and play a crucial role in delivering high quality products and services. We, at ABFRL, continuously engage and collaborate with our suppliers to establish a culture where we are all driven by the ethos -

### EXCEEDING THE CUSTOMER EXPECTATION

To assess the quality of the products of our suppliers, various tools like Vendor Quality Performance Index (VPQI) and Quality Index Number (QIN) are regularly used and shared with the suppliers. These scores allow us to have informed interactions with our suppliers, by means of assessing their facilities and sharing leading practices for improvement. The results of the appraisals are given to the relevant teams for immediate action.



### CUSTOMER DELIGHT THROUGH QUALITY IMPROVEMENT

Customer delight is going above or beyond meeting customer expectations and providing a positive experience with your brand, products, or services. Achieving customer delight through finest product quality delivery requires a highly customer centric approach and being sensitive to take quick actions to improve the consumer experience. In the product quality improvement journey, we strive to work on following aspects:

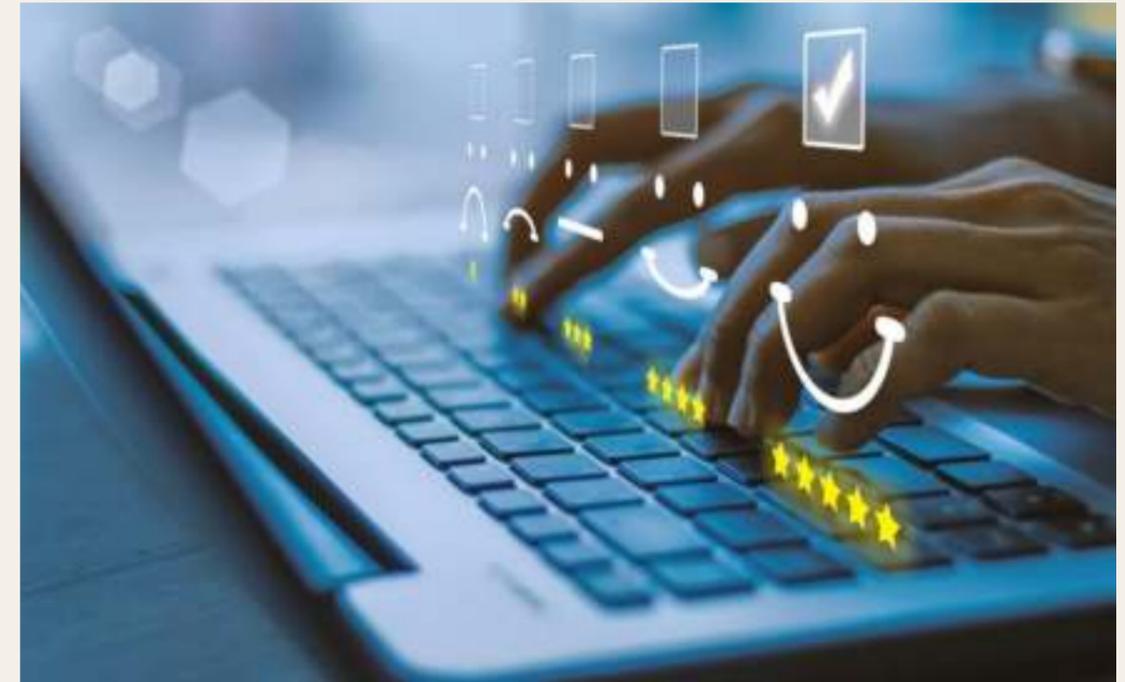
- Assuring Quality at Source of Manufacturing
- Improving Product Quality based on all channel feedbacks
- Resolving consumer issues at highest priority

**In MFL, Quality Performance Index (QPI) was recalibrated with tighter scoring mechanism to take it to the next level. This took the average QPI to 86. The PPM level of customer complaints decreased to the lowest ever score of 87 which is a huge improvement.**



### CUSTOMER FEEDBACK AND ACTION PLAN

At ABFRL, customer satisfaction is our topmost priority. We take customer feedback and complaints as inputs to improve our product quality. We discuss the issues raised by the customers with respective internal stakeholders and garment manufacturers in monthly vendor interaction meets and resolve all the existing issues and incorporate the learnings and improve our performance.



**With regard to the continuous improvements in product quality, MFL QA team initiated many quality improvement projects based on customer feedback and complaints through our Stores and Post Purchase Mission Happiness.**

Some key initiatives are:

- To prevent cross staining and bleeding issues in woven and knit categories during consumer usage, an in-house test procedure developed and implemented at key mills to ensure right quality the first time around.
- Pilling in formal suits and bottom weights in woollen blends was a major concern in recent years. A detailed analysis has been done on the trend and nature of customer complaints, and a customised inhouse test of Martindale pilling was developed. Simultaneously, product development and fabric sourcing team jointly worked with mills to improve fabric quality through better yarn quality, fabric re-engineering and providing better chemical and mechanical finishes.
- Risk Analysis on fabric qualities is another initiative to take corrective actions proactively by identifying the potential quality risk factors at the fabric development stage itself. This has helped to reduce the fabric rejections, improve the order serviceability and ensure right quality at the first time.

CASE STUDY

## DIGITALISING QUALITY PROCESS



### Challenge

Financial year FY21 began with the pandemic an unexpected and never-before experience. Human health and safety became a big concern and movements became a challenge with the spread of virus across the globe. Restricted movement led to travel bans across many cities. For MFL QA it became difficult and challenging to assure quality at source of manufacturing as physical presence is vital in quality operations. Holding physical meetings for vendor's orientation, factory training and regular monitoring to achieve the desired manufacturing quality became harder than ever before.

### Action

In this critical phase, use of digital platforms like MS team, QA App, Zoom etc., proved a boon for MFL and was soon adopted across the supply chain as a new way of working. MFL QA function not only adopted the new age technology but also leveraged the digital platforms to execute the quality KPIs and support business and continued to deliver the best quality products.

**MFL QA function was able to make a detailed quality-operating plan and effective process control for a large vendor base in India, Bangladesh, Sri Lanka, China and other countries.**

### OUTCOME

*Work efficiency and effectiveness improved significantly with the use of digital platforms. Knowledge transfer to a larger team with digital attendance made it a lot easier than physical presence. Large number of stakeholders were trained in a short duration, and engagement with the stakeholders became easy and more meaningful. It also helped us in developing quality skills of over three hundred people. Factory training, vendor awareness programme, QA certification, right process execution on digital platforms saved costs due to good quality product deliverance. Also, no physical travel was required leading to additional costs saving. Over 32 new factories from India and overseas were on-boarded through Virtual Factory Evaluation.*

## VENDOR DEVELOPMENT AND MANAGEMENT

With the transition from a process-led to a product-led sustainability strategy, we are keeping our products as the core of our sustainability focus. This provides a framework for active engagement across the company to ensure that our products have no risk to health and the environment. It encourages innovation in our products and processes to meet increasing social and business expectations regarding sustainability and transparency.

We identify risks and opportunities to reduce resource and material consumption through Life Cycle Assessments (LCA) of products from Cradle to Grave. ABFRL has implemented numerous process efficiencies that have resulted in reduced environmental impacts and we further seek resource efficiency, eco-design and decision-making as part of our LCA approach.

Outcomes of an LCA also act as a quantifiable measure of our efforts towards embedding sustainability within our products. This will be enabled through continuous monitoring of year-on-year progress on our initiatives by conducting LCAs periodically.

**In the current year, we have initiated an LCA study for two of our garment products (a casual shirt and a formal shirt) to map their environmental footprint across their entire value chains.**

This assessment shall help in understanding the hotspots in the value chain. It will also help identify sustainable options in various phases which can be further explored to be incorporated in improving the product's environmental footprint.

Some of the key initiatives taken for vendor development are:

### Green Channel Partnership (GCP)

Our Green Channel Partnership (GCP) is a unique initiative that offers a supplier quality system certification for accepting merchandise quality, based on the supplier quality report and self-certification. This results in consistent availability of quality raw materials, on-time delivery and minimum inventory by operating within limited resources. Our Green Channel Partnership has shown good progress over the year. In the reporting year, 24% of MFL fabrics has come through Green Channel Partnership.

### Vendor Skill Development and Upgradation

We conduct regular vendor training and workshops at various geographical regions to identify and work on manufacturing issues and ensure improved productivity, quality and reduced defects.



# Customer Centricity

For us, Customer centricity is a means to become the preferred choice for customers and achieve competitive advantage in the fashion industry. Consumers today expect that brands are aware about the negative impact of their products, and proactively use environmentally friendly materials, mindful use of resources and ensure fair treatment of workers.

At ABFRL, we believe that customer-centricity is key to long-term business sustainability. Continuously 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 evolves around:

## MISSION HAPPINESS Post-purchase survey



## CUSTOMER VOICE RESPONSE SYSTEM (CVRS)



## CUSTOMER LOYALTY PROGRAMME



## QUALITY CARE CELL



We also use multiple data collection and research methodologies like Top-Down BEI and CVP for generating consumer feedback. ABFRL's 'Epic Centre' has been started as a means of positively leveraging social media to manage brand image.

## MISSION HAPPINESS - POST PURCHASE

Initially launched in 2014 in MFL, with the objective of ensuring positive and consistent consumer experience and enforcing common SOPs for complaint resolution, Mission Happiness continues to be a huge success.

Through an electronic interface, our customers can provide detailed feedback and rate their in-store as well as their post purchase experience. This feedback is meticulously monitored, and training is imparted to the employees to decode and respond to it, by helping us better understand 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.

Pantaloons has also initiated "Post Purchase Survey" to know the customer's experience with the product and gain insights on quality, fit, look and feel post wash. It has helped us in evaluating our designs, product standardisation and evaluation of vendor partners.

**We have completed 98.2 lakh+ feedback up to March 2021 since Mission Happiness' inception. We had 7 lakh+ consumer conversations in MH in the reporting year and collected 3.3 lakh+ post purchase feedback across all EBOs (active franchisee or consignment).**



## 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.

**Through this platform, we are able to ensure on-time closure of all product and service-related complaints within 24 hours TAT (turnaround time).**

## QUALITY CARE CELL

MFL 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. Thus, QC Cell plays a major role in two areas:

- Quick resolution of customer complaints
- Drive product quality improvements through analysis and collaboration

For quicker resolution of customer complaints, the QC cell issues Refund Gift Vouchers for justified complaints directly on to the customer's mobile via SMS. This saves time and eliminates printing and couriering of physical gift vouchers. This fair and transparent process has enabled greater customer centricity and resolved the issues at a much faster pace.

# RECOGNISING TRENDS



STAKEHOLDER  
ENGAGEMENT



STAKEHOLDER ENGAGEMENT

Transitioning to a product-led sustainability is bringing about a fundamental change in our production and consumption process. By adopting product circularity, we are reducing environmental pressures linked to the entire life-cycle of our products. Going beyond, we are also aligning our supply chain to this new approach, **CREATING A RIPPLE EFFECT TO AMPLIFY OUR EFFORTS**

## RE-ESTABLISHING

NATURAL PROCESSES AND EMPOWERING  
THE COMMUNITY TO HELP ITSELF.

## Management Approach



Across the globe, the fashion industry is witnessing a complete transformation, both internally and externally. The ongoing pandemic has meant fashion companies have had to take the time to redesign their business models, streamline operations and refine their customer propositions.

Additionally, the fashion industry is also impacted by megatrends that influence crucial ingredients of the business - supply chain, employees' perception, consumer expectations and vendor performance. With the impact of the pandemic, many businesses face unprecedented challenges with extreme uncertainty resulting in the need to embrace rapid digitalisation, combat environmental depletion and degradation, comply with watchful regulators, and be aware of growing societal unrest.

The stakeholders across the spectrum continue to champion fairness and social justice, while holding businesses accountable for their Environment, Social and Governance (ESG) impacts. They also expect businesses to be the engines that drive innovation and step up to respond to these new risks and capture the opportunities created.

**All of this has led to increased investor interest, with governments and consumers concentrating on businesses that operate in a responsible manner to create ESG driven value for stakeholders.**

The nature of our industry enables us to interact with a diverse range of stakeholders, all of whom influence the way we conduct our business. It is our firm belief that to internalise positive changes and constantly evolve our business strategy, we need to be in continuous dialogue with those who are directly shaping the market through their choices, or indirectly impacting the market through innovations, policies and trends.

Stakeholders were recognized from respective stakeholder groups relevant for our business. These include investors, employees, customers, suppliers, regulatory authorities, media, industry associations, communities, NGOs and peer companies.

Stakeholder engagement exercise was carried out to engage with prioritised stakeholders from each of these groups through deliberation. The exercise helped us understand their concerns and feedback. The engagement agenda with different key stakeholder groups however it also involves the discussion of key issues with reference to Sustainability Report disclosures as well.

**Our exhaustive mapping of internal and external stakeholders and their expectations from the business, helps us spot early trends, get introduced to emerging technologies, be aware of the upcoming policies and most important of all, ferret out unmet needs.**

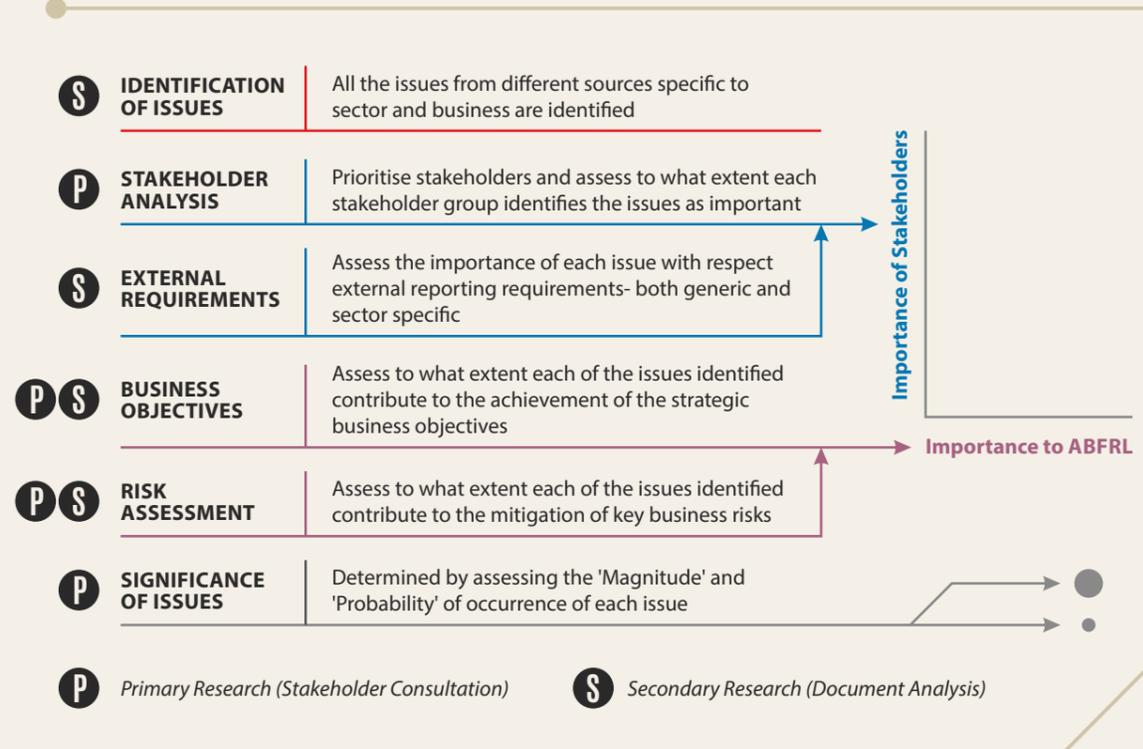
*We also interact with industry specialists and domain experts in emerging areas of fashion, which aid in identifying any gaps and prepare us for the future. These insights, from engagement with stakeholders and experts, are then sieved through the materiality filter to create long-term value for all our stakeholders.*

During the reporting period, the external audit agencies have scored us well in a range of areas, including KPI Management, Materiality Assessment, Talent Development and Health & Safety of our Employees.



Back in 2019, we carried out a detailed materiality analysis, focussing on development of our 2025 strategy for ReEarth's Sustainability 2.0. It involved extensive stakeholder engagement with senior management, employees, functional heads, suppliers, customers, the local community and industry associations. Inputs from various sector trends, peer performance and internal strategy documents were also collected. A list of material issues has been identified and prioritised through consultation with different stakeholder groups. The outcome of the process is a comprehensive materiality analysis along with qualitative outputs that feed into the sustainability strategy development process.

In recent times, we have been witness to large scale shifting of consumer perceptions and expectations at a global level, leading us to tap into insights from domain experts, to make informed choices on styles, materials, colours and marketing communications to retain and enhance consumer preferences.



## Engagement Mechanism

Stakeholder Engagement at ABFRL helps us with the 3 'Ds' - Decide, Define and Develop, to formulate our long-term, mid-term and short-term strategies. Depending on the requirements and expectations of stakeholders we garner from our engagements, we gain clarity on the development of our future roadmap.

Our Group level guiding principles and policies help us in drafting an effective and efficient strategy for stakeholder engagement. We also participate in various forum and discussions to benchmark our stakeholder engagement practices and sustainability performance with our domestic and global peers.

Some of our crucial modes of engagement that help us capture key inputs and concerns of our stakeholders, as well as their frequency, can be found in the table below. It summarises the stakeholder groups, sample size and engagement mechanisms used for the materiality analysis at ABFRL.

Stakeholder Groups	Mode of Engagement	Frequency of Engagement	Key issues of interest
<b>SUPPLIERS</b> 	Periodic vendor communications, supplier meets/summits	Continual	<ul style="list-style-type: none"> <li>Supply Chain mapping &amp; traceability</li> <li>Integration of sustainability aspects in supplier assessment process</li> <li>Less packaging</li> <li>Recycled packaging material</li> <li>Factories certified as per international standards (such as ISO, Green Building)</li> </ul>
<b>INVESTORS</b> 	Annual report, annual general meeting, company website, analyst calls, investor meets and roadshows, press releases, communication from stock exchanges, SEBI bank's registrar and transfer agents	Continual	<ul style="list-style-type: none"> <li>Performance and growth with respect to revenue and market share</li> <li>Process innovation</li> <li>Increased manufacturing efficiency</li> <li>Internal and external communication about sustainability practices</li> </ul>
<b>GOVERNMENT AND REGULATORY BODIES</b> 	Mandatory filings with regulators (including SEBI)	Quarterly/Half Yearly/Annual	<ul style="list-style-type: none"> <li>Ensuring compliance with local laws and regulations</li> </ul>
<b>MEDIA</b> 	Press releases, media interactions by senior management, PR agency partnerships	Continual	<ul style="list-style-type: none"> <li>Internal and external communication about sustainability practices</li> </ul>
<b>EMPLOYEES</b> 	On-ground employee engagement platforms like Retail Sports Meet, Retail Premier League, Retail Got Talent and other such structured platforms for top-down, bottom-up and horizontal communication	Continual	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Training, skill upgradation and continuous learning of all employees</li> </ul>

Stakeholder Groups	Mode of Engagement	Frequency of Engagement	Key issues of interest
<b>CUSTOMERS</b> 	Interactions at stores, social media interactions, online and mobile initiatives, customer satisfaction surveys, customer feedback mechanisms (Mission Happiness)	Continual	<ul style="list-style-type: none"> <li>• Customer centricity</li> <li>• Mission happiness</li> <li>• Post purchase survey</li> </ul>
<b>SOCIETY</b> 	Community need assessment surveys, disaster management workshops, community visits, satisfaction surveys, meetings with community heads	Continual	<ul style="list-style-type: none"> <li>• Continued Cluster Development projects (E.g. Ikat, Ajrak)</li> <li>• Increase in number of CSR programs and beneficiaries</li> </ul>
<b>MARKET DEVELOPMENT/ CHANNEL PARTNERS</b> 	Periodic meetings and communications, market surveys, customer need identification	Continual	<ul style="list-style-type: none"> <li>• Supply Chain mapping &amp; traceability</li> <li>• Integration of sustainability aspects in supplier assessment process</li> </ul>

## SUPPLIERS

What fuels our organisational processes and keeps the engine of our business running, is our Suppliers. They contribute towards our economic, social, and environmental sustainability and are our growth partners. We interact with a broad range of suppliers based on domain, sector, geography and supplied material type. To foster an environment where our vendors can improve and grow with us, we support them in optimising their performance, reducing costs, mitigating risks, and aligning with global standards.

Some of the initiatives that reinforce our relationship with our suppliers and enhance their capacities on sustainability are as follows:

Partner Innovation Summit

Quality/Joint Implementation Programme

Green Channel Partnership

Vendor Workshop Series

The HIGG Index (Facility)

Vendor Code of Conduct

Samanvay - Vendor Partnership Summit



## INITIATIVE

### PARTNER INNOVATION SUMMIT

The Partner Innovation Summits are organised to provide our suppliers with a platform to network and interact with the key decision makers of all our brands, in order to develop new collections and ideas while also inspiring brands on new concepts to adopt. The Summit sees the participation of all partners across the value chain, from trims to fabric to accessories suppliers, who use the opportunity to showcase innovations, products and designs.

### VENDOR WORKSHOP SERIES

Since 2013, Pantaloons vendor workshops have been conducted regularly, on an annual basis across seven of its sourcing zones in India, as part of an ongoing process to strengthen the vendor-partner relationship. The workshops aim to increase awareness and assist them in adopting best practices the 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. Each time, the workshops end with a Q&A session to address questions and concerns of vendors.

### GREEN CHANNEL PARTNERSHIP

Through the Green Channel Partnership, we are working with key fabric suppliers to reduce lead-time, cost and improve efficiency.

***This helps us procure fabric responsibly and establish long-term relationships with vendors. In FY 21, the total fabric sourced from Green Channel Vendors was ~24% in MFL.***

*To know more about our other initiatives with suppliers and vendors, please refer to our 'Product Responsibility' section of this report on page no.123*



## CUSTOMERS

Customer centricity leads the way towards product centricity. We are receptive towards the concerns of our customers, who in today's world expect businesses to be responsible towards communities and the planet. With sustainability being the need of the hour, our ReEarth journey is calibrated according to these customer expectations. We continuously interact with all our customers belonging to different age groups, lifestyles, gender, culture and geographies, and map their expectations and needs accordingly. We take feedback, ideas and suggestions of our customers very seriously to ensure that they receive the best products and have a memorable experience with our brands.

### Customer ideas and feedback are garnered using various media to understand their mindsets and expectations and used to improve their experience.

Some of the initiatives include:

1 MISSION  
HAPPINESS

2 CUSTOMER VOICE  
RESPONSE SYSTEM

3 POST PURCHASE  
SURVEY

4 QUALITY  
CARE CELL



[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, 2021.](#)

To know about these initiatives in detail, please refer to the 'Customer Centricity' under Product Responsibility section of this report on page no.123

## EMPLOYEES

At ABFRL, it is important for us to ensure our employees are in tune with the organisation's purpose and values. Employee performance is critical to the overall success of the company. The employees who are content and happy with their organisation and work environment can help the company grow and succeed.

It is with this in mind, that ABFRL cultivates a positive work environment by rewarding high-performance employees with incentives and providing constructive feedback to all employees. Moreover, through our engagement programmes, we try and build a sense of belonging and ownership among employees, resulting in workplace satisfaction, retention and enhanced productivity.



Across our offices and stores, there is also an employee engagement calendar that lists the events and celebrations planned. We are consistently working towards creating a supportive, friendly and happy workplace while maintaining a healthy work-life balance.

*For information on our employee engagement initiatives, please refer to the People section of this report on page no.61*

*To know more on Labour Relations and the Human Rights Policy, please visit our website [http://www.abfrl.com/docs/corporate\\_governance/policies/HUMAN-RIGHTS-POLICY.pdf](http://www.abfrl.com/docs/corporate_governance/policies/HUMAN-RIGHTS-POLICY.pdf) and Annual report 2021.*

## STRATEGIC COLLABORATIONS

Collaboration is the key to a more sustainable planet, as such a large endeavour cannot be accomplished singularly. To ensure our product sustainability efforts are well supported, ABFRL is a part of leading industry associations including the **Sustainable Apparel Coalition** - to promote the Higg Index tools to drive sustainability in the sector. We are also a part of **Cotton 2040**, an association that encourages the adoption of sustainable cotton, and the Ellen MacArthur Foundation to promote circular business practices.

**We have further taken initiatives to develop new products from recycled Rayon using pre-consumer cotton waste, in collaboration with our Group company, Birla Viscose.**

As anchor partners of the Circular Apparel Innovation Factory (CAIF), an industry-led initiative, we help advance circularity in the apparel and retail sectors.



In FY 21, ABFRL and the CAIF jointly launched the **#BetterThanPlastic** industry challenge with an objective to find new sustainable packaging materials or business models that can curb negative environmental impacts and can be easily integrated in businesses in the coming years.

**With this challenge, we were able to identify innovative packaging solutions for which research into cost feasibility and a pilot trial is under way.**



## SU.RE

SUSTAINABLE RESOLUTION

We are part of the SU.RE project that was launched in August 2019. It stands for Sustainable Resolution and is a commitment from the Indian apparel industry towards sustainable fashion. ABFRL is also a signatory to 5 commitments under SU.RE that are linked to its product responsibility missions:

- 1 Develop a complete understanding of the environmental impact of the garments being currently produced
- 2 Develop a sustainable sourcing policy for consistently prioritising and utilising certified raw materials that have a positive impact on the environment
- 3 Make the right decisions about how, where, and what we source across the value chain by selecting sustainable and renewable materials and processes and ensuring their traceability
- 4 Communicate our sustainability initiatives effectively to consumers and media through our online and physical stores, product tags/labelling, social media, advertising campaigns and events
- 5 Through these actions, shift a significant percentage of our supply chain to a sustainable chain by the year 2025, addressing critical global issues such as climate change, contributing to the UN Sustainable Development Goals, and building a world that is safe for future generations, as an acceptance of a responsibility we all share.

### CIRCULAR APPAREL INNOVATION FACTORY

CAIF is an industry-led initiative. ABFRL along with the DOEN Foundation as anchor partners, and driven by Intellectap, envisions India's textile and apparel industry becoming circular by building capabilities, and taking up ecosystem centric initiatives needed for this transition.

#### Global/National Forums and Collaborations

- Global Forums - Ellen MacArthur Foundation, Sustainable Apparel Coalition (Continual)
- National Forums/Partners - SU.RE, Circular Apparel Innovation Factory (CAIF) (Continual)

*For information on our collaborations, please refer to the 'Future Proofing' section of the report on the page no.167*

## Materiality

At ABFRL, we use Materiality Assessments to prioritise sustainability issues across our business operations.

We set issues as 'material' to ABFRL on the basis of:

### Impact on Business



### Importance to Stakeholders



ABFRL has carried out an extensive materiality analysis involving over 290 stakeholders to identify and prioritise material issues across the business. The experience with the materiality analysis has been deeply insightful and achieved the following key outcomes:

- Development of a materiality matrix with material issues identified and prioritised
- Extensive engagement with various stakeholder groups on sustainability issues
- Deeper and more meaningful conversations within various internal departments of ABFRL on sustainability
- Gathering of qualitative insights in addition to the quantitative materiality matrix

We have initiated our Materiality Assessment by identifying potential material topics i.e., universal material topics through mega trends, global peer group materiality, ABFRL's previous engagement with Forum for Future and ABFRL's Business Excellence activities.

**Post identification, the universal material topics, along with business objectives and risks, are listed based on a business strategy and risk management framework.**

A stakeholder interaction exercise has been carried out across our operations covering senior management and middle management to help identify and understand their concerns among the identified material topics.

Our assessment of materiality is broken into two components:

### Identify Relevant Issues

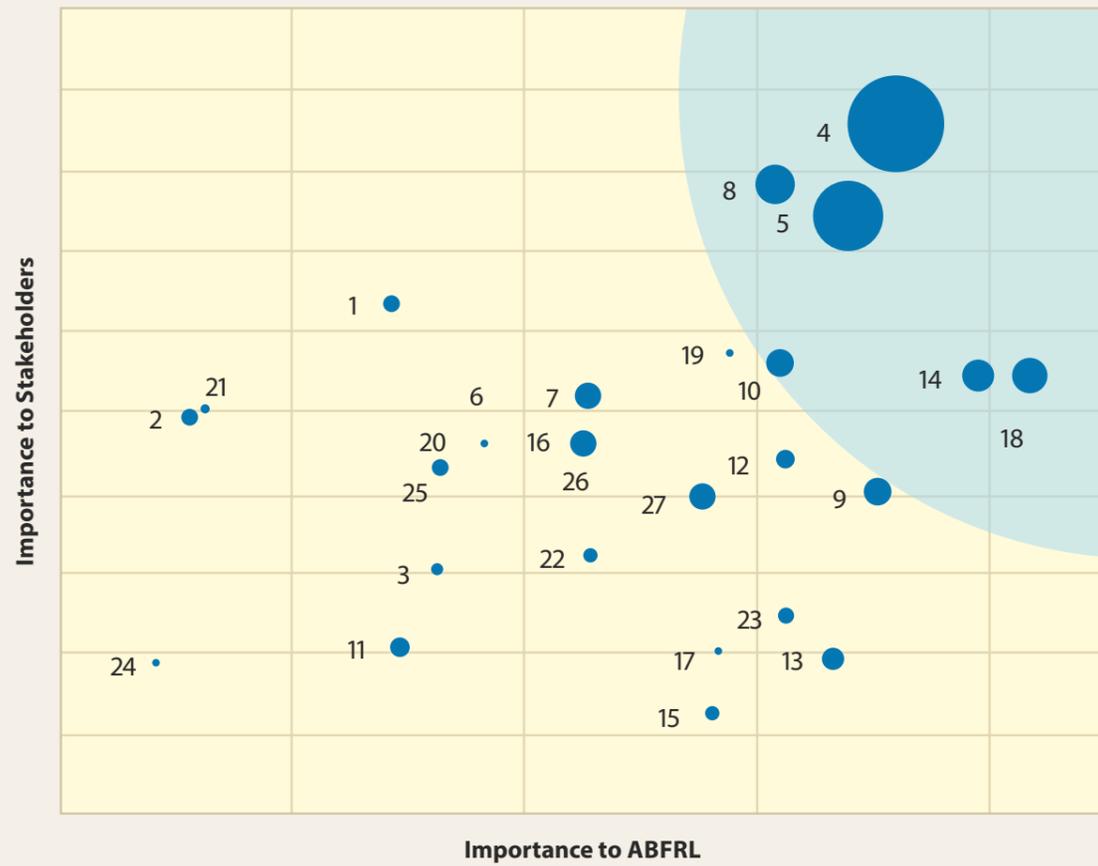


### Apply Materiality Principles



**Each stakeholder was assigned a weightage based on their ability to influence, and get influenced, by ABFRL's performance and operations. As the second step, each of the identified topics were assessed for its importance to each key stakeholder.**

Along with this, to identify if an issue is material, we also assessed the alignment of each issue with our vision, purpose, values and its potential impact on our business operations along with the degree to which it can impact or trigger a change. Post gathering of inputs from the stakeholders, analysis on occurrence of identified issues and business alignment, the material topics are plotted based on importance to stakeholders and impact on business in a graphical representation depicting the material issues for ABFRL.



Key material issues

Note: Size of the bubble indicates significance

NO.	MATERIAL ISSUE
01	Renewable Energy
02	Energy Efficiency
03	Carbon Footprint of Logistics
04	Water
05	Waste
06	Supply Chain Traceability
07	Environmental Aspects in Supplier Assessment
08	Sustainable Product
09	Chemical Use
10	Packaging
11	International Standard Factories
12	Revenue & Market Share Growth
13	CAPEX for Environmental Performance
14	Innovation

NO.	MATERIAL ISSUE
15	Manufacturing Efficiency
16	Supplier Capacity Building
17	Cluster Development
18	Health & Safety
19	CSR
20	Ethical Workplace
21	Diversity
22	Training
23	Compliance with Laws & Regulations
24	Grievance Redressal
25	Human Rights
26	Supplier Social Practices
27	Communication

For each identified Material Topic, we have mapped the action taken as well as aligned them with KPIs, which we monitor.

WATER MANAGEMENT	WASTE MANAGEMENT	HEALTH AND SAFETY	SUSTAINABLE PRODUCT	PACKAGING	PROCESS INNOVATION
<b>Action taken</b> Rainwater Harvesting, Wastewater Recycling and Reuse	<b>Action taken</b> Zero Waste to Landfill, Take Back Programme, Circular Initiatives	<b>Action taken</b> Policy, Third Party Audit	<b>Action taken</b> Sustainability Attributes, Sustainable Raw Material	<b>Action taken</b> Sustainable Packaging	<b>Action taken</b> New Digital Sustainability Platform, Digital Quality Check



At ABFRL, the Management Committee's Apex Body has the key responsibility to review progress of our Material Topics which are aligned with our business strategy including Business Sustainability Missions, related projects and initiatives, while doing our best in ensuring no environmental and social risks are left uncovered.

For more information, please refer to the 'Corporate Governance' section of the report on page no.27

Note: We have reworked on the material topics reported in the previous reporting year, to report on the specific materials which can be measured and impacted. Hence we relooked and removed the topics such as Communication, Digital Experience Collaborations, Responsible Procurement. We also continued reporting on few of the previous year material topics which are not material for FY21 due to change in significance such as Financial Performance, Customer Centricity, Energy Management, Community, and Human Rights & Labour standards.

# REDESIGNING BUSINESS



FUTURE  
PROOFING



FUTURE PROOFING

Disruptions are a reality of the world we live in. The enhanced frequency of natural disasters, the rapid spread of digital technologies, the growing challenges due to globalisation, changing consumer preferences, the splintering of long-held social contracts, are all roiling business, the economy, and society.

WHILE WE CAN'T ALWAYS ANTICIPATE DISRUPTIONS, WE CAN AND SHOULD PREPARE FOR THEM. IT WAS THIS PHILOSOPHY THAT LED ABFRL TO INTRODUCE A STRUCTURED, DYNAMIC AND ON-GOING PRACTICE OF

## FUTURE PROOFING

OUR BUSINESS MORE THAN A DECADE AGO.

Through the years and across disruptions big and small, our future proofing strategies and interventions have held us in good stead, but the pandemic was a mega disruption that brought the entire world to a screeching halt and put our future proofing through its most grueling test till date. Today, more than a year into the pandemic, we can safely say that not only did we manage to weather the storm, we actually emerged stronger. Our future proofing strategy and initiatives delivered.

Our core modules of future proofing such as Diversified Product Portfolio, Risk Management, Scenario Planning, Circularity and Lifecycle Approach, Product and Customer Centricity, Technology Adoption, continue to gain traction and are being further strengthened by integrating the rich learnings from the pandemic. The unique challenges and opportunities thrown up by the pandemic have led us to fast-track implementation in key focus areas -

**Digitalisation was accelerated, omni-channel services were ramped up and product-centric sustainability was embedded deeper across ABFRL's entire brand spectrum.**

**MANAGEMENT APPROACH**

Manage emerging risks while also successfully leveraging available opportunities, leads to creating long-term value for the entire stakeholder spectrum, and at Aditya Birla Group, we proactively work towards this agenda by inculcating sustainable business practices and future proofing our businesses.

## Risk Management

ABFRL's Risk Management and Sustainability Committee (RMSC) continues to identify, evaluate and mitigate operational, strategic and external risks including those across the ESG spectrum. An institutionalised framework of standardised policies & processes, and strong internal control systems are in place for effective and efficient risk mitigation.

**We have analysed, assessed and are integrating ESG risks into our core business strategy.**

The committee actively tracks developments in the socio-economic environment and identifies internal threats and opportunities, updates the framework and refines processes and systems for risk mitigation. The RMSC is supported by an internal committee, which consists of experts from various business processes and segments, including the Chief Financial Officer.

**RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE (RMSC) AND HOW IT WORKS**



## Circularity

Adopting a circular economy approach decouples economic growth from virgin resource use, the improves productivity of input utilisation, benefits local and global economics, and is a significant driver of job creation and dignified employment. As vital part of our future proofing strategy, we are embedding circular economy principles in our business strategy and aim to become a segment leader. Towards this objective, we have collaborated with two of the world's leading circularity think tanks.

**PARTNERING WITH THE THOUGHT LEADERS - GLOBALLY AND LOCALLY**

Key partners in our circularity journey are The Ellen Macarthur Foundation and Circular Apparel Innovation Factory (CAIF)- launched by Intellectap in partnership with the DOEN Foundation.



ABFRL has partnered with CAIF with an aim to accelerate sustainable fashion concepts and build an industry-level platform for a circular textile ecosystem. The partnership demonstrates our commitment to shift the Indian apparel industry from its current linear approach to a circular one. CAIF is a common action platform with the purpose of enabling the textile and apparel industry to become more resource efficient (by reducing carbon footprint) and responsible (by creating sustained and green livelihoods), through the circular economy as a pathway.

The two key focus areas of our partnership with CAIF in this post COVID year are:  
**To safeguard our supply chain partners and make them resilient, and partner with communities on innovative and regenerative practices.**

**To imagine plastics-free textiles and apparel regime by investing in commercially scalable alternatives through collective and coordinated efforts.**

**#BetterThanPlastic Challenge** - a collaboration between ABFRL and CAIF, involves innovators, manufacturers and start-ups across the globe to propose alternate packaging solutions that do not add to landfill waste.



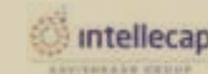
**Vikas Bali**  
CEO Intellectap

ABFRL has been a leader in thinking about the future and has, in collaboration with The DOEN Foundation and Intellectap, recognised that transition towards a circular textile and apparel industry requires a systems approach. Two areas need immediate and urgent attention in this transition.

First, decarbonising the textiles industry is not just a planetary imperative but also a business imperative. The risk to supply chain disruption by climate change is high and an inter-linked global supply chain means achieving net-zero requires coordinated efforts and all commitments to targets and time-plans should proactively include safe-guarding our supply chain partners and making them resilient as well. Another pathway to net-zero is to partner with communities on innovative and regenerative practices.

Second, investing in and commercially scaling alternatives requires collective and coordinated efforts to imagine a plastics-free textiles and apparel regime.

We look to ABFRL being the torchbearer for the global industry.





The Ellen MacArthur Foundation is a UK registered charity that promotes a circular economy. The foundation works with business, academia, policymakers, and institutions to mobilise systems solutions at scale, globally.

ABFRL has collaborated with Ellen MacArthur Foundation on the 'Make Fashion Circular' initiative and together, we aim to redesign the future of fashion. The initiative is currently focusing on the following five building blocks:

- Collectively raise ambition levels by setting long-term targets, aligning industry players behind them and identifying priority actions
- Reinforce complementary initiatives towards circularity and deepen their impact
- Demonstrate new ways of working by driving largescale, cross-value-chain demonstration projects
- Inform policymakers to enable more rapid progress towards the vision
- Inspire and engage stakeholders to ensure the wide promotion of the vision

Our partnership with Ellen MacArthur ensures that our products are used responsibly, made to be made again, and made from safe and recycled or renewable inputs.



**Andrew Morlet**  
Chief Executive,  
Ellen MacArthur  
Foundation

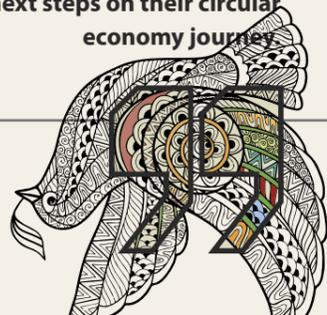
**ABFRL's decision to put the circular economy at the core of its business strategy shows how it can not only help us create a thriving fashion industry, but also help us tackle some of the biggest challenges we face - such as climate change, biodiversity loss, waste, and pollution. ABFRL has been a dedicated participant of the Ellen MacArthur Foundation's Make Fashion Circular initiative and we're excited to see them take the next steps on their circular economy journey.**

A circular economy is a bigger idea than incrementally reducing the harm of our current model. It tackles the root causes of global challenges such as climate change, biodiversity loss, waste and pollution, while creating opportunities for better growth. It requires system thinking, creativity, entrepreneurship, and radical collaboration to bring this change to life, at scale.

Over the last three years, ABFRL has been a dedicated Participant of the Ellen MacArthur Foundation's Make Fashion Circular initiative.

Make Fashion Circular is leading international efforts to stop waste and pollution by creating a circular economy for the industry, where clothes are used more, are made to be made again and are made from safe, recycled or renewable materials.

The Ellen MacArthur Foundation is excited to have received a contribution from ABFRL for our upcoming circular design fashion book that highlights the circularity movement in India. Our future endeavours will further strengthen our intent towards creating an ecosystem that brings purpose and hope to all our stakeholders.



## Diversified Brand Portfolio

Our vision is to satisfy the Indian consumer's need in fashion, style and value across wearing occasions in Apparel and Accessories through strong brands. Towards this goal, we have strategically built a large and diverse portfolio of brands that range from value to luxury and address very strong consumer needs from men's formals to men's casuals and Women's Western to Ethnic and Innerwear to Kids.

Updating this diverse brand portfolio in-line with new markets and evolving consumer tastes is a vital component of our future proofing strategy.

During the reporting period, we strengthened our ethnic brand portfolio. According to a study by Technopak, ethnicwear accounts for approximately 70% of the total womenswear market. As part of our future-proofing strategy, ABFRL has made a constellation of partnerships with leading designers like Sabyasachi, Tarun Tahiliani and Shantanu & Nikhil to add to its first investment in Jaypore.

**Today, ABFRL has one of the strongest and most comprehensive ethnic wear portfolios comprising brands across price points, consumer segments and occasions.**



### HOME TO INDIA'S 5 LEADING APPAREL BRANDS



### PORTFOLIO ADDRESSING VARIED SEGMENTS (%)



## Omni-Channel

Madura brands is one of the largest e-commerce apparel players in the country and as part of our future-proofing strategy, we are significantly amplifying our presence in both owned as well as partnered e-commerce.

**Our e-commerce revenues in FY 21 were almost 3 times more than FY 20. We got all our brands online with brand.com and on the marketplaces. We opened up our outlets on various platforms including Myntra, Flipkart, Amazon, Nyka, Paytm, etc.**



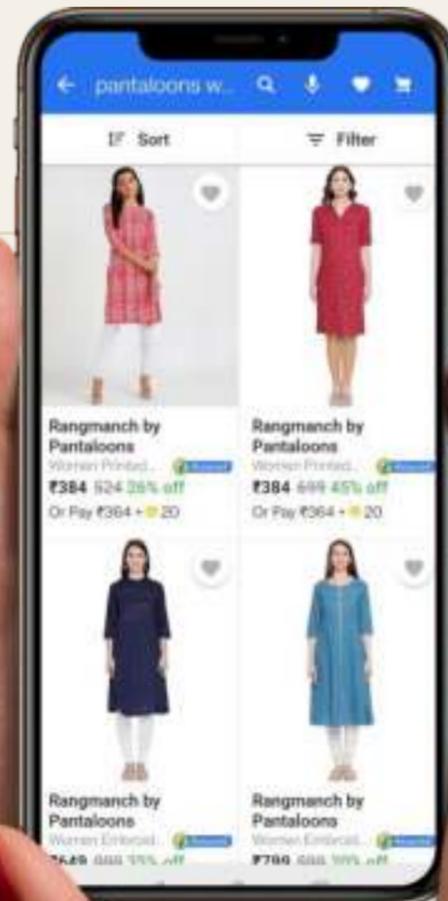
We have also enabled around 1,000 stores of ours with omni-channel functionality. They have transformed from just being physical touchpoints for the customer to a delivery location for e-commerce.



Earlier, we were storing our inventory in the warehouse, post-COVID these stores across the country keep inventory, resulting in a speedier delivery to customers. We have started a pilot for hyperlocal deliveries of our products for same day delivery to customers within a particular proximity of our stores.

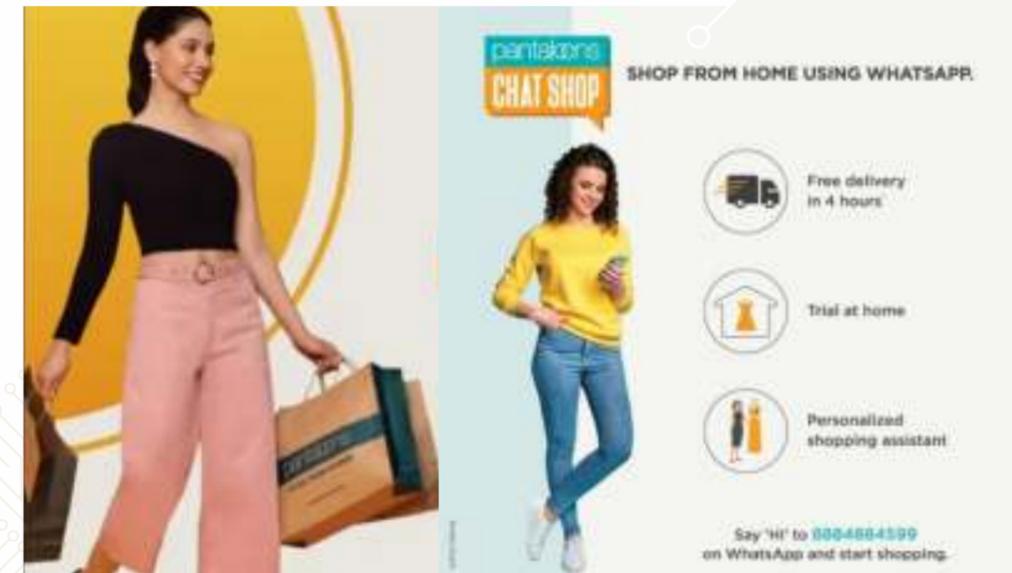


Our strategic partnership with Flipkart will accelerate the execution of our large-scale omni-channel strategy, will deepen our consumer connect and augment our backend capabilities; positioning us amongst the most comprehensive omni-channel fashion players in the country.



## CASE STUDY

### TAKING PANTALOONS TO THE CUSTOMER'S DOORSTEP



#### Challenge

The Covid-19 pandemic and the resultant lockdowns severely impacted in-store customer footfall and the challenge was to enable them to access our stores in a safe and convenient manner.

#### Intervention

ABFRL decided to take the Pantaloons store to the consumer - virtually. As part of the strategy, online presence was expanded through Pantaloons.com and e-commerce marketplaces. Pantaloons ChatShop; a chat-based sales channel was rolled out, through which consumers could connect with their chosen Pantaloons Store via WhatsApp from the comfort and safety of their homes.

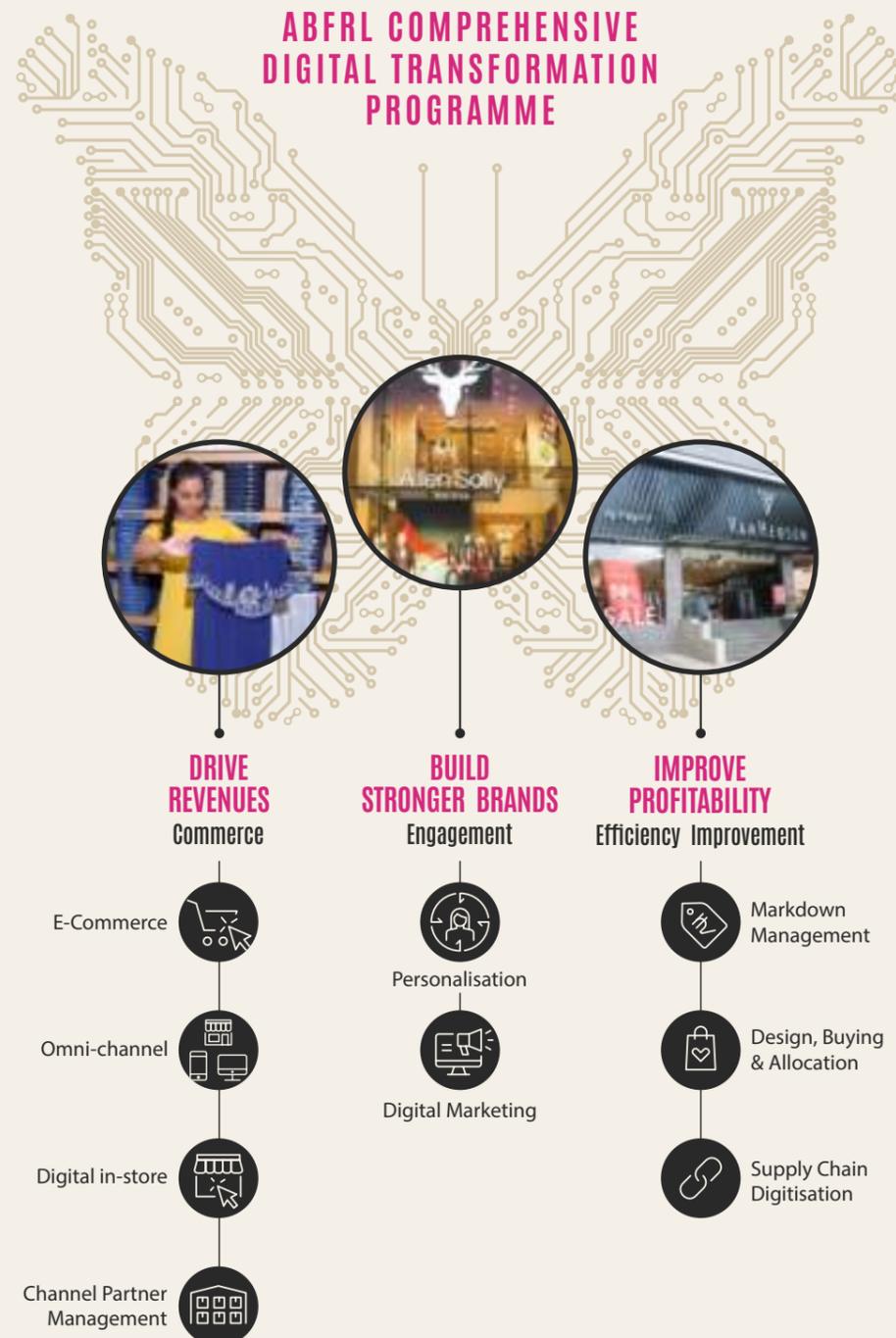
The concept was piloted in 10 stores in May 2020 and was quickly scaled up to cover the entire network in phases by July 2020. Through ChatShop, consumers were given a virtual tour of the store through sharing product catalogues, pictures and in some cases even video calls.

#### OUTCOME

**Till date, Pantaloons ChatShop has served over 1.6 lakh consumers and contributed to revenues in the retail channel. Consumers appreciated the shopping experience over a familiar medium (WhatsApp), with assistance from Store staff backed up by a quick and safe delivery proposition.**

# Digitalisation

We are executing a comprehensive Digital Transformation Programme, both for the front end of our business and the back end of our business. The goal is to leverage digitalisation to drive commerce, build stronger engagement and affinity for our brands and harness strong efficiencies. We are using power of digital technology to make our company smarter, intelligent and more efficient.



## REIMAGINING OFFICES

### Energy Intensity

As an organisation of our size, scale and number of people, work-from-home has a big impact on sustainability. The very fact that we were not running offices and we still don't see the point to run those offices with that number of people is because the whole migration from office to work from home was seamless and productivity levels are same or better.

## REIMAGINING PRODUCTIVITY

For managing employee productivity, we standardised one common tool for all employees and extended it to the store staff too. The whole approachability has become a lot easier with the current environment. For our store employees, this year we implemented a full-fledged app-based HRM system, which tracks their attendance, location, etc.

## REIMAGINING STORES

### Digitalisation and automation of the stores

Through digitalisation, we are reimagining our store completely. Automation, real-time information and trend analysis is helping us keep inventory in check. We have pilot tested methodologies to use digital communication tools to supplement and in some cases replace face-to-face customer interaction. A **Customer Service Associate App** was rolled out at select locations to enable customers to contact stores remotely.

## REIMAGINING SALES

### Digital Trade show

Every season we used to have an event for our distributors to come to experience our products and place orders. We have converted it into a digital trade show. The complete garment is made virtually using 3D technology eliminating the physical creation of garments anymore. It's built on an e-commerce backbone. Not only is it great from a sustainability perspective, but also gives us the option to enhance the frequency and create bespoke exhibitions without chalking up huge costs.

This multi-function app enables WhatsApp-based chatting and app-based chatting, facilitates catalogue sharing, supports video calls whereby the service associate can show the customers what's in the store and help the customers place an order. We are making these tools more intuitive, easy to use and seamless for our customers. While these functionalities are invaluable in times of lockdowns and prevailing store-visit hesitancy, they will be add-on sales channels even in times of normalcy.

## REIMAGINING SUSTAINABILITY MANAGEMENT

### Sustainability Digital Dashboard

We launched a cloud-based digital dashboard that tracks sustainability from end to end. It captures sustainability KPI data from various sources such as Factories, Stores, Warehouses and Offices, consolidates the data and generates reports and data trends to enable timely and informed decisions.

The data is captured in real-time and all sustainability key performance indicators and metrics are available for analysis in one dashboard, enabling timely and informed decisions based on hard data. This in turn helps accelerate sustainability, course correct in time if an initiative is veering off-course and provides constant monitoring.

### The Right Size

One major detractor in online shopping is size. Customers find that they don't get the right size. For that, we have partnered with a company ChimeAI (confirm name) which lets customers key in body measurements and map them to products to suggest the right size. This ensures higher customer satisfaction and lower returns.

*For more information on the Sustainability Digital Dashboard, please refer to the Environmental Performance section of this report on page no.35*

# Innovation Centres

## TECHNOLOGY MANAGEMENT CENTRE

TMC drives R&D in garmenting and supports prototyping for various categories like womenswear, kidswear, casual, denim and ethnic wear. It has been planned to strengthen innovation in order to bring in fresh ideology to keep up with the changing patterns of customer demands. This has helped in a swift response to difficult times like the COVID-19 pandemic. We promptly responded to the market need and developed cloth masks and other relevant products in a short time.

## KNOWLEDGE MANAGEMENT CENTRE (KMC)

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

# Brand Sustainability

Product centricity is a key aspect of Sustainability 2.0 at ABFRL. All our Brands are enhancing the sustainability quotient of their product portfolio by adding more sustainable lines and greening their existing lines. Towards this objective, they are exploring sustainable materials, building a sustainable supply chain and leveraging innovative technologies.



## Sustainable Product Stewardship

- Shifted from two brand tags to one brand tag in 5 million garments
- Reduction in the number of labels from 3 to 1 in 3 million garments thereby reducing polyester content, carbon footprint & costs
- Introduced a Sustainable Denim range which uses no fresh water and no softeners
- Deploying Jeanologia's innovative five technologies - Laser | G2 Ozone | E-flow | H2 Zero | Software to eliminate toxic discharge, usage of PP Spray and other toxic substances, stone and manual scraping.
- Recycling Pre-consumer waste and bits to make carry bags
- Increased the usage of Supima cotton from 70% to 90% in Van Heusen World Wear Line
- "Denim Lifestyle" a sub-brand of Van Heusen will have 90% sustainable products by 2023

## Sustainable Materials

- Percentage of non-pollutant packaging material rose from 92% to 98%



## Green Crest Authentic Sustainable Denim

Green Crest denim represents the honest circular future in the world of denim. Sustainability is not restricted to just the fabric or wash. Green Crest Denim is larger than that. It is a holistic approach to sustainability and includes a range of denim made from sustainable raw materials, in a sustainable environment and washed in the most sustainable way.

### Truly an end-to-end sustainable denim

- Fabric**  
Cotton PCW (Post-consumer waste) blend
- Sewing Thread**  
Recycled Poly thread
- Metal Trims: Shank & Rivet**  
Recycled metal
- All Sewing Labels**  
Main label, Size label and Collection label: 100% recycled polyester yarn from post-consumer plastic bottles
- Signature Back Patch**  
Bonded leather patch created from left-over leathers
- Packaging**  
Recycled paper hangtag & Bio degradable polybag for storage & transportation
- Pocketing Trims Fabric**  
Blend of recycled polyester
- Washing**  
**Dry Process** Laser - reduces GHG emission, no usage of sandpapers and rubber pads, eliminates the hazardous manual process  
**Wet Process** E-Flow is a disruptive technological development that is way more sustainable than conventional water-based washing techniques. It's a system in which air from the atmosphere is transformed into nanobubbles which become the carriers of the chemical products and transmit them homogeneously onto the garment. This entire new-age sustainable technology saves up to 95% of water consumption, reduces chemical usage by up to 90% and saves energy up to 40%.



## Ath Pure Shirts

The Green Crest initiative also extends to the ATH PURE range of shirts that are made from recycled Nylon created from pre-consumer fabric waste or post-consumer materials such as industrial fishing nets.

## Sustainable Linen

Louis Philippe SUSTAINABLE LINEN is made with 100% Hemp and Cotton Hemp blend. One acre of Hemp plantation absorbs more CO2 than one acre of forest. Cultivated organically, Hemp is one of the most sustainable fibres known to man.

## Soft Formals

The Soft formals range from Louis Philippe is created from Cotton blended with Tencel and Modal, which are regenerated fibres made from wood pulp.



### Handmade Series

During the lockdown, 4,500 garments were hand-embroidered by factory tailors to create an array of differentiated designs.



The initiative offered multi-prong benefits

- Engaged the factory workers in a creative manner during the tough lockdown phase
- Created a unique and exclusive offering that was high on emotional value
- Allowed the brand to repurpose existing products to those with high creative differentiation and difficult to replicate by competition
- Enabled capacity utilisation in a creative and engaging way
- New revenue stream with minimal cash outflow
- Spread joy amongst the tailors as their names were monogrammed in each piece

### Sustainable Fabrics

Adopted PCW (pre-consumer waste up to 20-25%) in denim fabrics for making garments. While it currently hovers at around 5% of total denim sourcing, plan is to take it up to 50% steadily over the next 3 years.

### Sustainable Supply Chain

To ensure better transparency and traceability, we work only with vendor who rank high on sustainability.

### Sustainable Materials

In the next 3 years all garments will use 100% sustainable recycled polyester threads and interlining materials made from used PET bottles.

PETER ENGLAND

### Neem & Tulsi Collection

Peter England launched the Neem & Tulsi Collection in 2020. A range of casual products encapsulated with the goodness of natural plant-based extracts. The Neem & Tulsi technology eliminates the use of hazardous chemicals.



### Re-purpose & up-cycle

#### Peter England MASKS

Stepped up to start producing and selling masks, made out of leftover dormant fabric & trims in inventory. This helped minimise environmental impact of discarding scrap and use of raw material.

The brand produced approximately 26 lakhs masks with completely recycled fabrics and treated it with Viroblock and Neem & Tulsi technology. Peter England masks with Viroblock HeiQ technology were also featured through a case study in WGSN consumer trend report.

#### WFH Apparel

Launched loungewear and casual clothing targeted at working WFH professionals. These apparels were designed & re-purposed out of leftover dormant fabric, trims & garments in inventory.

The re-purpose process included re-treatment of garment with special protective finishes such as Viroblock & NeemTulsi, giving the dormant styles a whole-new look and purpose of use, and therefore contributing in conserving energy and reducing the amount of waste that is put into landfills.

### 'PLANT A TAG' initiative

The plantable seed tag, used for MRP & standard product communication are made from a biodegradable eco-paper with plant seeds embedded within. When the tag is planted in a pot of soil, the seeds grow and the paper composts away. All that is left behind is green herbs or plants, and no waste.

The packaging upcycle initiative also encourages the consumers to re-use the mandatory Product Care instruction-card as a Tea-Coaster.

### Low Water, Low Chemical - Peter England Jeans

Adopted the latest Ozone technology that harnesses the natural bleaching capabilities of ozone gas to give a range of overall and specialty bleach effects with substantially reduced environmental impact. 75% of Peter England jeans, approximately 9 lakhs units per annum is now produced with Laser + Ozone technology.





AMERICAN EAGLE  
OUTFITTERS

**Real Good Badge**

American Eagle 'Real Good' badge helps customers identify sustainable items in the collection. Through this, American Eagle is encouraging people to embrace the idea that one should feel as good about their jeans as they do in their jeans. Real Good uses materials which are sustainably produced and/or sourced. These include recycled polyester and nylon; recycled, organic, and/or sustainably sourced through the Better Cotton Initiative.

JAYPORE

Jaypore is a pioneer e-commerce portal which plays a key role in nurturing Indian Craft and Heritage. During the COVID-19 pandemic, the brand helped the artisans and craftsmen get access to pan-India markets through e-commerce.

SHANTANU & NIKHIL

**Reown, Relove, Reuse - the buyback programme**

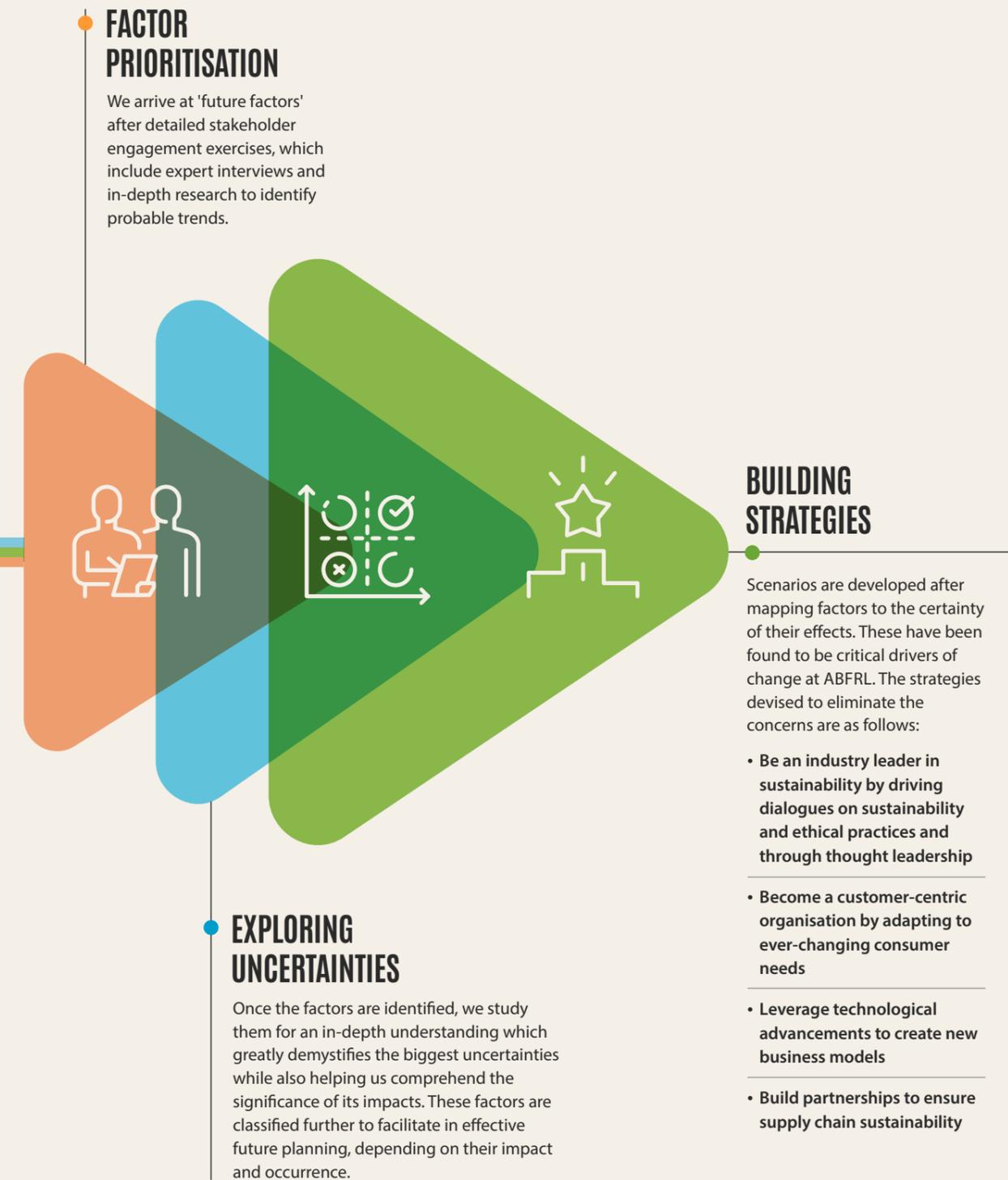
The brand is offering customers credit values in exchange of their old clothes so that they can use it to buy a new outfit. This helps the brand become a part of a circular system. The brand also advocates gender equality and fluidity, believes in creating a safe work environment for employees, and uplifts craftsman through skill training.

**Sustainable Production**

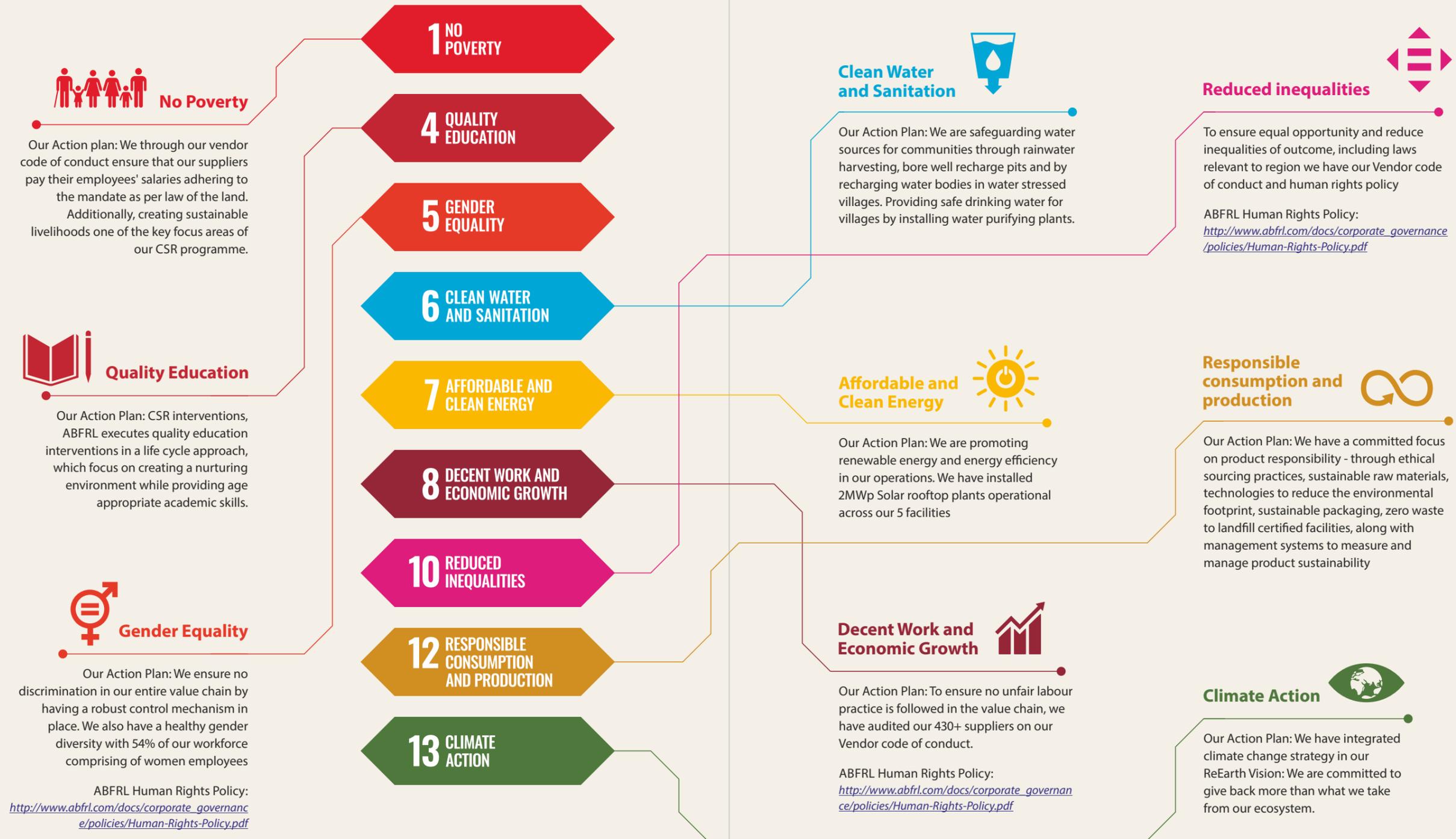
- 60% processes rely on humans
- Less water used in dyeing compared to industrial process

**WE ARE CONFIDENT THAT OUR BUSINESS MODEL IS FUTURE-READY AND DISRUPTION-STEADY AND ABFRL SHALL GO FROM STRENGTH TO STRENGTH AS OUR 2025 STRATEGY UNFOLDS.**

Future Proofing Process @ ABFRL



# SDG Mapping



# Assurance Statement




## INDEPENDENT ASSURANCE

### OPINION STATEMENT

Statement No: **SRA-IND-717758-3**

#### **Aditya Birla Fashion and Retail Limited (ABFRL) Sustainability Report 2020-21**

The British Standards Institution is independent to ABFRL and has no financial interest in the operation of ABFRL other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for ABFRL only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of ABFRL. Owing to the prevailing extraordinary situation due to the outbreak of the COVID-19 pandemic, the stage 1 assurance was completed using immersive techniques. A remote assurance was conducted over Microsoft Teams video-conferencing tool, where the assessor and the assessee client connected through the computer systems and internet.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by ABFRL. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to ABFRL only.

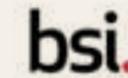
#### **Scope**

The scope of engagement agreed upon with ABFRL includes the following:

1. The assurance covers the ABFRL's Sustainability Report 2020-21 prepared "In accordance" with GRI Standards – Core option, and focuses on systems and activities of ABFRL covering the corporate offices in Mumbai and Bengaluru, factories, warehouses and retail stores during the period from 1st April 2020 to 31st March 2021.

2. The AA1000 Assurance Standard, AA1000AS v3, Type 1 engagement evaluates the nature and extent of ABFRL's adherence to all four AA1000 AccountAbility Principles: Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the report has been evaluated.

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#### **Opinion Statement**

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance standard, AA1000AS v3 and GRI Standards 2020. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that ABFRL's description of their self-declaration of compliance with the GRI Standards were fairly stated.

We conclude that the ABFRL's Sustainability Report 2020-21 Review provides a fair view of the ABFRL's ReEarth Sustainability Programme & CSR programmes and performances during FY 2020-21. We believe that the 2020-21 economic, social and environment performance disclosures are fairly represented. The sustainability performance disclosures disclosed in the report demonstrate ABFRL's efforts recognized by its stakeholders.

#### **Methodology**

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top-level review of issues raised by external parties that could be relevant to ABFRL's policies to provide a check on the appropriateness of statements made in the report
- Discussion with senior executives on ABFRL's approach to stakeholder engagement. We had no direct contact with external stakeholders
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out
- Review of key organizational developments
- Review of supporting evidence for claims made in the reports
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness as described in the AA1000 AccountAbility Principles Standard v3.

#### **Conclusions**

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out below:

#### **Inclusivity**

This report has reflected a fact that ABFRL is seeking the engagement of its stakeholders through numerous channels such as client feedback review reports, client surveys, supplier workshops and an internal cross generation communication survey (through questionnaires). Aditya Birla Fashion and Retail Ltd. (ABFRL) is in the branded apparel businesses and is host to a fashion network which includes 3200+ ABFRL brand outlets, a footprint of 8.4 million sq. ft. of retail space across 750+ cities and towns. In this Sustainability Report, material data disclosed is primarily restricted to the corporate offices in Mumbai and Bengaluru, factories, warehouses and retail stores unless otherwise specified. The process of stakeholder engagement clearly addresses the various types of stakeholders involved, their modes of engagement together with their frequencies of interaction. Stakeholder interaction exercise has been conducted across own operations covering senior management and mid

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management to identify and understand their concerns among the identified universe of material topics.

This report covers the stakeholder issue together with fair reporting and disclosures for economic, social and environmental information. In our professional opinion, the report covers the ABFRL's inclusivity issues that demonstrates participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

#### Materiality

ABFRL publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. Issues are determined to be material at ABFRL when it meets the following conditions (a) Impact on Business and (b) Importance to Stakeholder. The material topics identified are Water Management, Waste Management, Health & Safety, Sustainable product, Packaging and Innovation. Compared to the previous report, ABFRL have reworked and revised their material topics and yet chosen to report on a few of the previous year's material topics which are not material for FY'21.

In our professional opinion the report covers the ABFRL's material issues by using ABFRL materiality matrix and boundary mapping and nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

#### Responsiveness

ABFRL has implemented the practice to respond to the expectations and perceptions of its stakeholders. The Report brings out ABFRL's feedback and responses on key concerns, expectations and issues raised by its key stakeholders through its policies, strategies, management systems and governance mechanisms that the Company has established. In our professional opinion nothing has come to our attention to suggest that the responses related to identified material topics are not adequately represented in the Report.

#### Impact

ABFRL has also demonstrated that adequate systems are in place to monitor, measure and be accountable for their actions that affect the economy, the environment, society, stakeholders and the organisation itself.

#### GRI-reporting

ABFRL provided us with their self-declaration of compliance GRI Standards and the classification to align with "In accordance" - Core.

Based on our verification review, we are able to confirm that social responsibility and sustainable development disclosures in all 3 categories (Environmental, Social and Economic) are reported with reference to "In accordance" with the GRI Standards – Core option.

The majority of data and information verified through MS teams and calls for Head Office and sample locations were found to be fairly accurate and reliable. ABFRL has commenced implementing an integrated sustainability digital dashboard in FY19 for monitoring and reviewing and validating data at various levels. ABFRL also has a strong internal assurance

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team which ensures strengthening the assurance process for the missions and performance disclosures.

In our professional opinion the self-declaration covers ABFRL's social responsibility and sustainability issues. On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly describe the following sustainability disclosures as stipulated in the GRI Standards.

- GRI 302: Energy 2016 - 302-1, 302-3, 302-4
- GRI 303: Water 2018 - 303-3;
- GRI 305: Emissions 2016 - 305-1, 305-2;
- GRI 306: Waste 2020 - 306-3;
- GRI 403: Occupational Health and Safety 2018 - 403-9;
- GRI 413: Local Communities 2016 - 413-1;
- GRI 414: Supplier Social Assessments - 414-2;

#### Competency and Independence

The assurance team was composed of Lead auditors experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Standard, AA1000, ISO10002, ISO 14001, OHSAS 18001, and ISO 9001, etc. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

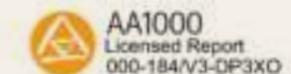
#### Assurance Level

The type 1 moderate level of assurance provided is in accordance with AA1000 Assurance standard, AA1000AS v3 and GRI Standards 2020 in our review as defined by the scope and methodology described in this statement.

#### Responsibility

It is the responsibility of ABFRL's senior management to ensure the information presented in the Sustainability Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

For and on behalf of BSI:



Kumaraswamy Chandrashekara  
Head – System Certification Operations, BSI Group India  
New Delhi, India  
17 August 2021

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# GRI Content Index

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

Material Issue	GRI Standard Aspects
Water Use	Water Withdrawal
Waste	Total Waste Generated
Health & Safety	Hazard identification, risk assessment, and incident investigation
Sustainable Product	None
Process Innovation	None
Packaging	None

General Disclosures	Description	Reported	Cross Reference / Direct Answer	Page Number
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## Organization Profile

GRI 102 - 1	Name of the organization	Reported	Cover Page	
GRI 102 - 2	Activities, brands, products, and services	Reported	Company Profile There is no sale of banned or disputed products.	11
GRI 102 - 3	Location of headquarters	Reported	Mumbai, India	14
GRI 102 - 4	Location of operations	Reported	The company has pan-India operations with insignificant international operations	
GRI 102 - 5	Ownership and legal form	Reported	ABFRL is a public limited company registered under the Companies Act, 1956   refer pg no.7	
GRI 102 - 6	Markets served	Reported	Mostly Indian Market	7
GRI 102 - 7	Scale of the organization	Reported	Company Profile People Performance Financial Performance	8, 9, 14, 75
GRI 102 - 8	Information on employees and other workers	Reported	People Performance	75
GRI 102 - 9	Supply Chain	Reported	Financial Performance	141
GRI 102 - 10	Significant changes to the organization and its supply chain	Reported	There were no significant changes during the reporting period regarding size, structure, or ownership	7
GRI 102 - 11	Precautionary Principle or approach	Reported	Sustainability and Us Future Proofing	30 169
GRI 102 - 12	External Initiatives	Reported	Company Profile	12
GRI 102 - 13	Membership of associations	Reported	Company Profile	12

## Strategy

GRI 102 - 14	Statement of senior decision-maker	Reported	Message from the Managing Director and the Chief Sustainability Officer	3, 4, 5, 6
GRI 102 - 15	Key impacts, risks, and opportunities	Reported	Sustainability and Us Stakeholder Engagement Future Proofing	169

General Disclosures	Description	Reported	Cross Reference / Direct Answer	Page Number
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## Ethics and Integrity

GRI 102 - 16	Values, principles, standards and norms of behaviour	Reported	Corporate Governance	31, 32
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## Governance

GRI 102 - 18	Governance structure	Reported	Corporate Governance	30
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## Stakeholder Engagement

GRI 102 - 40	List of stakeholder groups	Reported	Stakeholder Engagement	158, 159
GRI 102 - 41	Collective bargaining agreements	Reported	People Performance - Policies and processes	74
GRI 102 - 42	Identifying and selecting stakeholders	Reported	Stakeholder Engagement	155, 156
GRI 102 - 43	Approach to stakeholder engagement	Reported	Stakeholder Engagement	155 to 159
GRI 102 - 44	Key topics and concerns raised	Reported	Stakeholder Engagement	155, 156

## Reporting Practice

GRI 102 - 45	Entities included in the consolidated financial statements	Reported	All entities are covered <a href="http://www.abfrl.com/docs/investors/financial_reports/investor_presentation/ABFRL_%20Board-meeting_Outcome_May-28-2021.pdf">http://www.abfrl.com/docs/investors/financial_reports/investor_presentation/ABFRL_%20Board-meeting_Outcome_May-28-2021.pdf</a>	57
GRI 102 - 46	Defining report content and topic Boundaries	Reported	Reporting scope & boundary	14
GRI 102 - 47	List of material topics	Reported	Stakeholder Engagement	164 to 166
GRI 102 - 48	Restatements of information	Reported	Financial Performance	57, 190
GRI 102 - 49	Changes in reporting	Reported	Reported	14, 164 to 166
GRI 102 - 50	Reporting period	Reported	FY 2020-21	14
GRI 102 - 51	Date of most recent report	Reported	Sustainability Report for the FY 2019-20	14
GRI 102 - 52	Reporting cycle	Reported	Annual	14
GRI 102 - 53	Contact point for questions regarding the report	Reported	Reporting Scope Boundary and Framework	14
GRI 102 - 54	Claims of reporting in accordance with the GRI Standards	Reported	Reporting Scope Boundary and Framework	14
GRI 102 - 55	GRI Content Index	Reported	GRI Standard Content Index	189
GRI 102 - 56	External Assurance	Reported	Assurance Statement	185 to 188

## ECONOMIC

### Financial Performance

GRI 201 - 1	Direct economic value generated and distributed	Reported	Financial Performance	57
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General Disclosures	Description	Reported	Cross Reference / Direct Answer	Page Number
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## ENVIRONMENT

### Water Management

GRI 103-1	Explanation of the material topic and its Boundary	Reported	Water Mission	39, 45, 46
GRI 103-2	The management approach and its components	Reported	Water Mission	41, 42
GRI 103-3	Evaluation of the management approach	Reported	Water Mission	41, 42
GRI 303 - 3	Water Withdrawal	Reported	Water Mission	41, 42, 46

### Emissions

GRI 305 - 1	Direct (Scope 1) GHG emissions	Reported	Climate Strategy	42
GRI 305 - 2	Energy indirect (Scope 2) GHG emissions	Reported	Climate Strategy	42
GRI 305 - 3	Other indirect (Scope 3) GHG emissions	Reported	Climate Strategy	42

### Waste Management

GRI 103-1	Explanation of the material topic and its Boundary	Reported	Circular Economy	52
GRI 103-2	The management approach and its components	Reported	Circular Economy	52, 53
GRI 103-3	Evaluation of the management approach	Reported	Circular Economy	52, 53
GRI 306 - 3	Waste by type and disposal method	Reported	Circular Economy	52, 53

### Energy Management

GRI 302-1	Energy consumption within the organisation	Reported	Energy	42
GRI 302-3	Energy intensity	Reported	Energy	42
GRI 302-4	Reduction of energy consumption	Reported	Energy	41

### Sustainable Product

GRI 103-1	Explanation of the material topic and its Boundary	Reported	Product Responsibility	129
GRI 103-2	The management approach and its components	Reported	Product Responsibility	129
GRI 103-3	Evaluation of the management approach	Reported	Product Responsibility	129
Non - GRI	Sustainable Product	Reported	Product Responsibility	129

### Packaging

GRI 103-1	Explanation of the material topic and its Boundary	Reported	Product Responsibility	136
GRI 103-2	The management approach and its components	Reported	Product Responsibility	136
GRI 103-3	Evaluation of the management approach	Reported	Product Responsibility	136
Non GRI	Packaging	Reported	Product Responsibility	136, 137

General Disclosures	Description	Reported	Cross Reference / Direct Answer	Page Number
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## SOCIAL

### Human Rights

GRI 414 - 2	Negative social impacts in the supply chain and actions taken	Reported	This year we have initiated third party assessment and due diligence of Human Rights by external expert which is expected to be completed in FY22. The due diligence and commitment covering human trafficking, forced labor, child labor, freedom of association, the right to collective bargaining, equal remuneration, discrimination and other rights for Own employees, Women, Migrant workers and Third-party contracted labor	74
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### Safety

GRI 103-1	Explanation of the material topic and its Boundary	Reported	Safety Performance	81, 82
GRI 103-2	The management approach and its components	Reported	Safety Performance	81, 82
GRI 403 - 9	Work related injuries	Reported	Safety Performance	90, 92

### Communities

GRI 413 - 1	Operations with local community engagement, impact assessments, and development programs	Reported	Social Performance	97 to 122
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### Process Innovation

GRI 103-1	Explanation of the material topic and its Boundary	Reported	Future Proofing- Technology & Digital Experience	175 to 177
GRI 103-2	The management approach and its components	Reported	Future Proofing- Technology & Digital Experience	175 to 177
GRI 103-3	Evaluation of the management approach	Reported	Future Proofing- Technology & Digital Experience	175 to 177
Non GRI	Process Innovation	Reported	Future Proofing- Technology & Digital Experience	175 to 177

### Restatements

Regrouping of expenses to conform the current financial FY 2020-21 classification in audited statement. As a result of regrouping, operating costs have increased by Rs 12.45 Cr and employee benefit expenses have reduced by Rs 12.45 Cr. Overall no impact on profit and loss account.

### External Assurance

External assurance is conducted by BSI Group India who follow AA1000AS for assurance, or who apply systematic, documented, and evidence-based processes.

**ADITYA BIRLA**



**FASHION & RETAIL**

**Registered Office**

Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502,  
L.B.S. Road, Kurla, Mumbai - 400 070, Maharashtra, India.

**CIN:** L18101MH2007PLC233901 | **Tel:** +91 86529 05000 | **Fax:** +91 86529 05400 | [www.abfrrl.com](http://www.abfrrl.com)