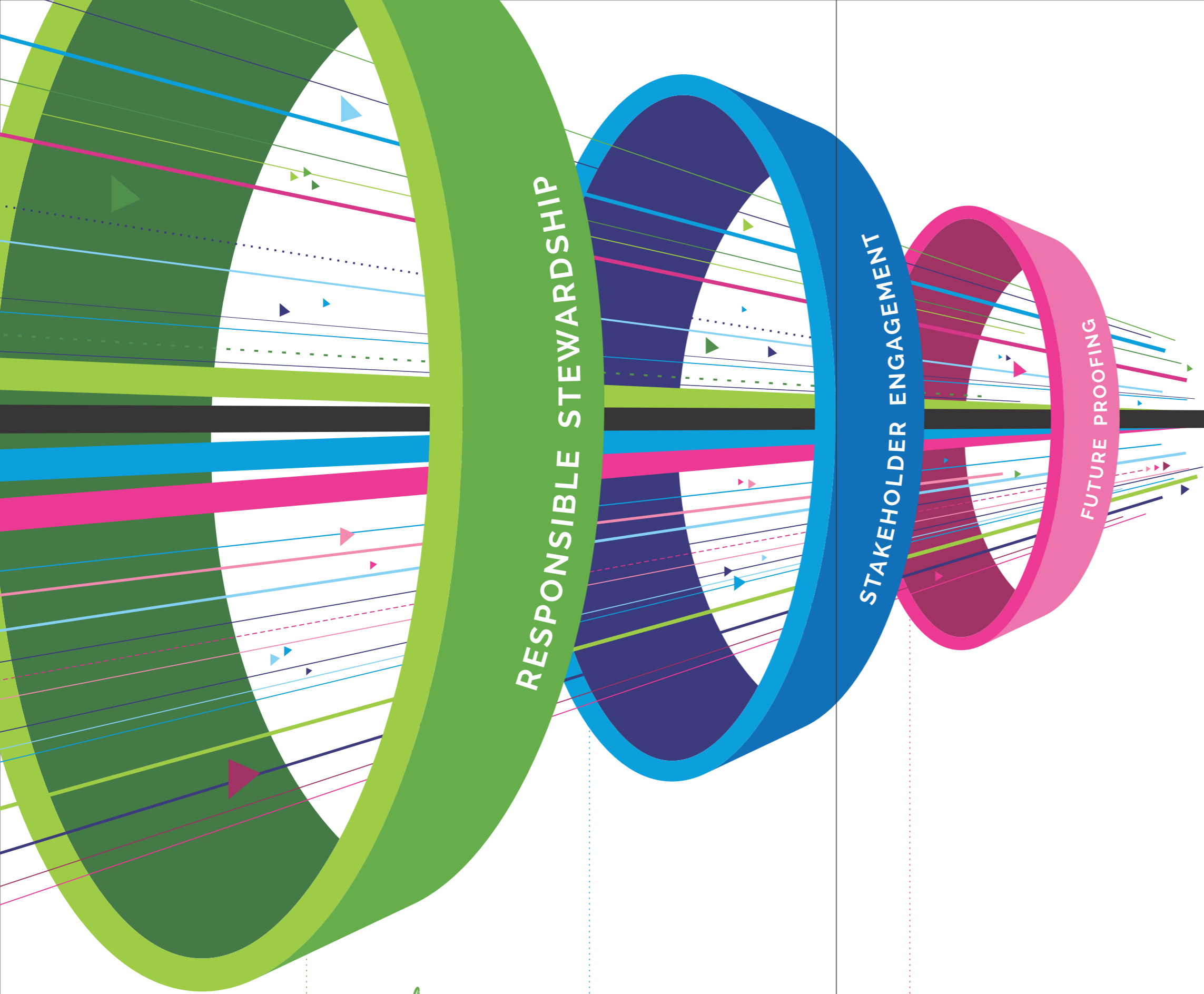


# Retarth

FOR OUR TOMORROW



RESPONSIBLE STEWARDSHIP

STAKEHOLDER ENGAGEMENT

FUTURE PROOFING

*ReStoring*  
ECOSYSTEMS

*ReCognising*  
TRENDS

*ReDesigning*  
BUSINESS

Retearth  
FOR OUR TOMORROW

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

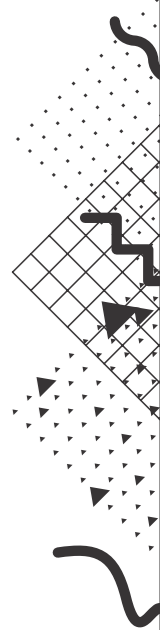
Yes, there was a time when everything was in plenty,  
and to make a choice was never compulsory.  
Back then, every pillar of the ecosystem:  
Environment, Economy, Society,  
balanced each other well.

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

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

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

Let's preserve our tomorrow.  
Let's protect our planet.  
Let's Re-Earth.



ABOUT THE REPORT



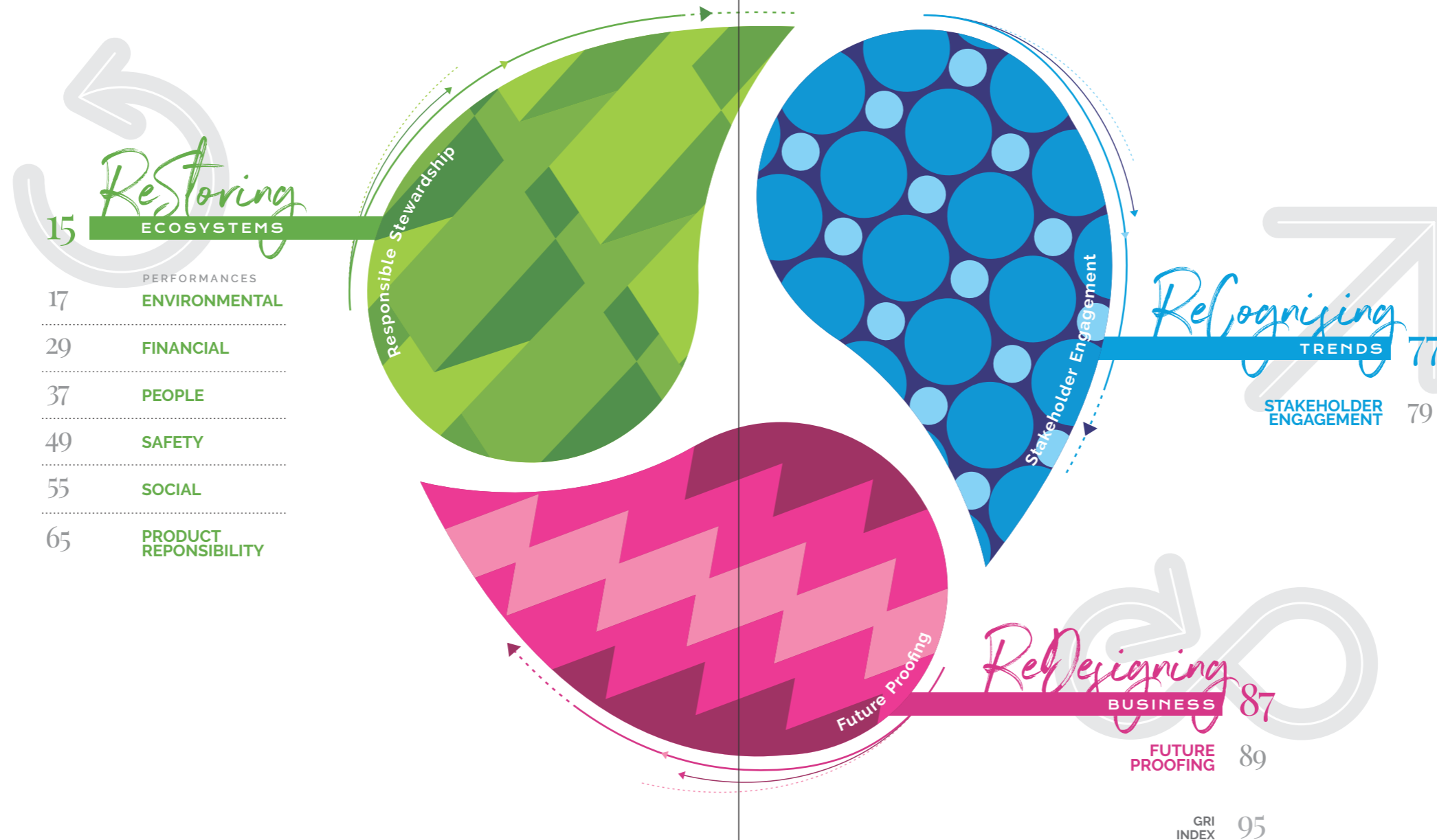
This is our maiden Sustainability Report. In this report, we have disclosed in detail how we address the most significant economic, environmental and social impacts facing us and the progress we have made so far in our sustainability journey.

We believe that measuring and reporting our sustainability performance will lead to better management of our sustainability agenda. We also see this report as a valuable medium that will help us strengthen engagement with our large and diverse stakeholder base.

IN THE REPORT

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SUSTAINABILITY & US 07    CORPORATE GOVERNANCE 12



## MESSAGE FROM THE Business Director

**We believe that our economic growth must be balanced with environmental and societal interests, by integrating sustainable business practices into our ways of working. We are committed to giving back more than what we take from our ecosystem.**



Dear Stakeholder,

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

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

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

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

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

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

**Pranab Barua**  
 Business Director, Apparel & Retail Business, Aditya Birla Group

## MESSAGE FROM THE Business Head

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



Dear Stakeholder,

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

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

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

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

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

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

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

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

**Ashish Dikshit**  
 Business Head, Aditya Birla Fashion & Retail Limited



# COMPANY Profile

**Aditya Birla Fashion and Retail Ltd. is part of USD 41 billion Aditya Birla Group.**  
**The Group is a member of the Global Compact, an international forum that operates under the aegis of the United Nations, and aims to become the leading Indian conglomerate for sustainable business practices.**

## FY 2016-17 HIGHLIGHTS

USD \$ **1.8** billion\*  
 Market Capitalisation



INR **6,633** crore  
 Revenue



**19,000+** Employees



**6.2** million sq. ft.  
 of retail space



**750+** Cities



**2,261** Stores



\*as on 31<sup>st</sup> March 2017

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

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

Our division Madura Fashion & Lifestyle has been transforming fashion in India since 1988, by launching brands that became iconic benchmarks.

Louis Philippe, steeped in ethos of excellence; Van Heusen, which defined power dressing; Allen Solly, that initiated Friday Dressing; and Peter England, which evolved value fashion. Today, these are India's top four menswear brands that personify luxury, style, attitude and comfort. Planet Fashion houses all the brands along with other lifestyle brands, to give the brand-conscious customer a choice of leading brands under one roof, in an exceptional environment.

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

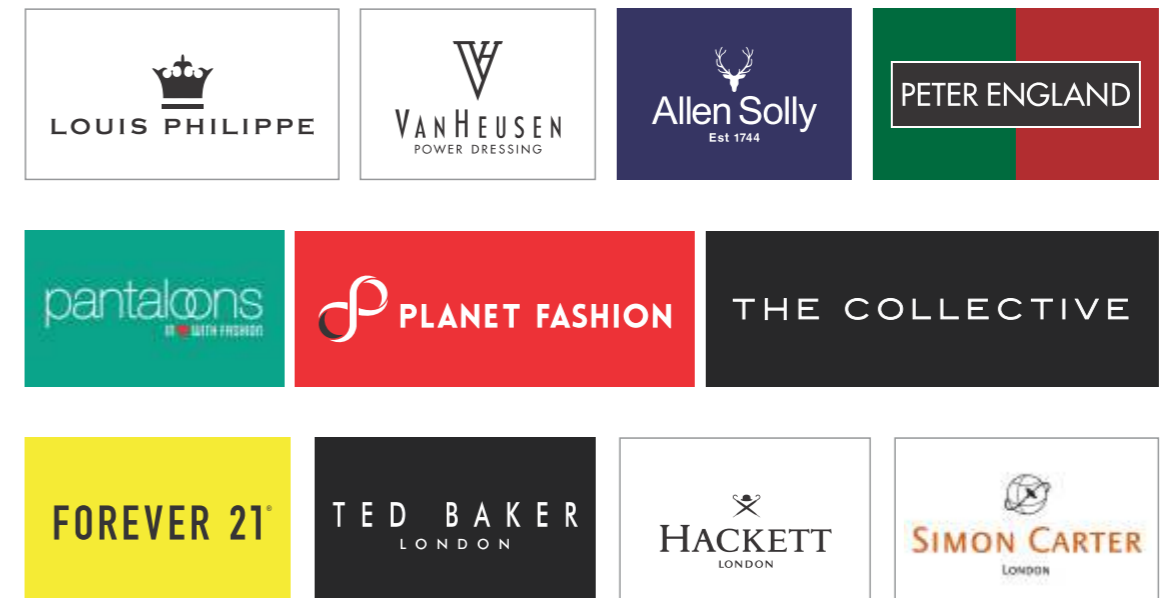
It has a bouquet of brands to cater to all segments and sensibilities. A seven million Greencard membership bears testimony to Pantaloon's brand leadership and the overall experience it creates for the customers.

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

The iconic fast-fashion brand 'Forever 21', British luxury clothing brand 'Hackett London', the sophisticated and quirky 'Simon Carter', and the global lifestyle brand 'Ted Baker'. These are complemented with

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

**While we celebrate our leadership position in the fashion segment and continue to grow our brand equity and consumer base, we are always working towards giving back to the environment through 'Re-Earth' our sustainability philosophy.**



## MEMBERSHIPS IN INDUSTRY ASSOCIATIONS

As one of the largest players in the Indian garment and retail industry, it is our privilege and responsibility to play an active part in various industry bodies. This not only helps us contribute to policies that impact the industry, but also enables us to remain updated on the latest norms and trends.

## AWARDS & RECOGNITIONS

Our commitment to cater to the Indian consumers' lifestyle and fashion needs with highly reputed and quality brands has earned us many accolades.



**Most Admired Affordable Fashion Retailer of the Year** at the IMAGES Fashion Awards 2017 was won by Pantaloons.



### Best Customer Centric Company

'Best Loyalty Programme in Retail Sector - Large / Multi - Brand Format' and 'Best Use of Customer & Data Analytics in Loyalty Programme', both awards were bagged by Pantaloons at the Customer Loyalty Summit 2017.



### Top 100 Best Companies for Women in India

Working Mother Media and AVTAR Group included Madura Fashion & Lifestyle in their list.

### Top Apparel Innovator 2016

MFL was adjudged 'Top Apparel Innovator 2016' by US based apparel magazine 2016 for its Product Lifecycle Management (PLM) Solution case study.



### Best Customer Relationship Management Programme Award

at the Customer Loyalty Summit 2017 was won by Peter England.

### Best Performing Brand in Men's Formal / Casual Wear

at The Flipkart Fashion Conclave 2017 was won by Peter England.



### Most Popular Women's Brand

on the e-commerce platform Myntra was won by Forever 21 in 2016.

## REPORTING SCOPE AND BOUNDARY

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

## REPORT BOUNDARY

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

Offices	Factories	Warehouses	Stores
Head office - Bangalore	Crafted Clothing – Bangalore Fashion Craft – Bangalore Europa Garments – Bangalore Classical Menswear – Bangalore	Warehouse 1 (Entoma, Bangalore)	MFL Stores – PAN India
Registered Office - Mumbai	English Apparels – Bangalore Haritha Apparels – Bangalore Alpha Garments – Bangalore	Warehouse 2 (Hoskote, Bangalore)	Pantaloons Stores – PAN India

## REPORTING FRAMEWORK

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

For our first sustainability report, we have chosen the 'In Accordance' Core criteria. The page references for general standard disclosures, disclosures on management approach and specific standard disclosures for all material aspects are provided in the GRI Content Index at the end of this report.

## FEEDBACK

We welcome feedback from our stakeholders as this will enable us to bring continuous improvement in our policies, processes and performance. Moreover, this being our first sustainability report, your valuable feedback in terms of report content and presentation, will help us sharpen our efforts in this direction.

Please send your comments and suggestions to

**Dr. Naresh Tyagi**  
 Chief Sustainability Officer

**Aditya Birla Fashion and Retail Limited**  
 Plot no. 5B, Regent Gateway,  
 Doddanakundi Village, KIADB Industrial Area,  
 ITPL Road, Bangalore - 560 048, India.

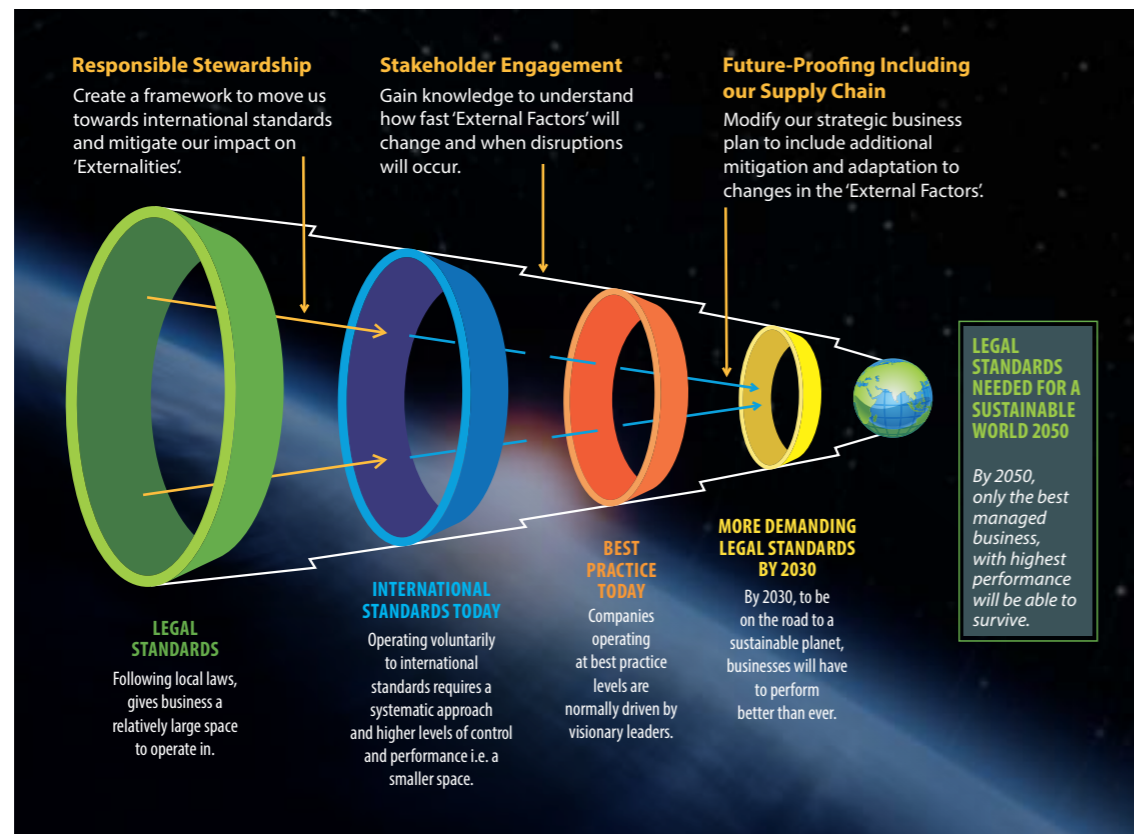
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[reearth@abfrl.adityabirla.com](mailto:reearth@abfrl.adityabirla.com)



# SUSTAINABILITY & *Us*

Sustainability has been woven into Aditya Birla Fashion and Retail Ltd. (ABFRL) and reflects in fashion, style and values that we promote. It has been built into our business strategies, integrated into our brand and tied to our core business. As the founding circle member of Sustainable Apparel Coalition, our brands and facilities have adopted the Higg Index, to self-assess and steer sustainability throughout the product life cycle.

## ADITYA BIRLA GROUP SUSTAINABILITY FRAMEWORK



The Aditya Birla Group endeavours to become the leading Indian conglomerate for sustainable business practices across its global operations. With this ambition, the Group has articulated a Sustainability Framework comprising three pillars - RESPONSIBLE STEWARDSHIP, STAKEHOLDER ENGAGEMENT and FUTURE PROOFING.

Each of the Groups' businesses are aligned with this overarching principle, and have individually defined their unique set of stakeholders and material issues

depending on their business and location to improve their sustainability performance.

At ABFRL, we have aligned our ReEarth mission with the group level sustainability policies and international frameworks. Through ReEarth, we hope to create a future-ready organisation, which can preempt imminent challenges, address the needs of all stakeholders and continue to be a preferred partner for its consumers, thereby securing a common future for tomorrow.

## HIGG INDEX

The Sustainable Apparel Coalition (SAC), a global non-profit organisation, is the apparel, footwear and home textile industry's foremost alliance for sustainable production. Companies from every segment of fashion, manufacturing and retailing, from all over the globe, have joined forces with SAC.

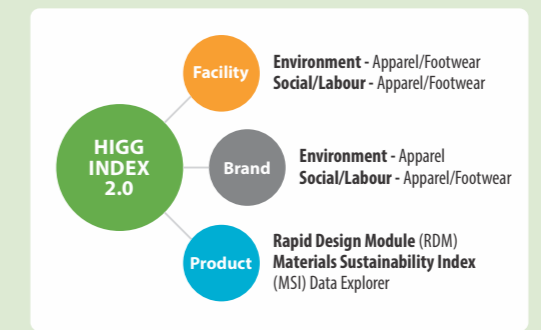


### MADURA FASHION AND LIFESTYLE (NOW ABFRL) IS ONE OF THE FOUNDING CIRCLE MEMBERS OF THE SAC

We have been actively participating and contributing to the SAC and its initiatives by being part of various working groups, providing inputs for their new initiatives and also supporting them with pilot implementation.

The core driver of the SAC is the Higg Index, a suite of ground-breaking self-assessment tools that not only empower brands, retailers and manufacturers to measure their environmental, social and labour impacts at every stage of the life cycle and value chain, but also demonstrate data in a standardised and simplified way.

ABFRL adopted the Higg Index (facility and brand modules) in 2013 and carried out self-assessment of environmental and social impact of its operations. We began our Higg Index journey by conducting orientation and awareness sessions for key teams, sourcing of sustainable raw material or recycled material, conducting life cycle assessment study for select products to identify opportunities that reduce the environmental impact, and releasing Brand Sustainability Guidelines.



## Design Development Module (DDM)

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

## Materials Sustainability Index (MSI)

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

## Way Forward

Going forward, we intend to carry out a pilot for both - FEM 3.0 and Retail module. This will arm us with better information and help select more responsible materials for our products. We also intend to integrate the Higg Index into all aspects of our business - design, development, sourcing, marketing, sales and distribution of sustainable products and thereby, offer superior value to all our stakeholders.





Flagged off in 2013-14, ReEarth is a movement to give back more than we take from the ecosystem. The ReEarth movement is carried forward through 10 Missions with annual targets, clear responsibilities and timelines. It is supported by an efficient monitoring and evaluation framework that helps align and steer day-to-day business operations across the organisation.

**ReEarth MISSIONS - STATUS DASHBOARD 2017**

MISSION	TARGET	STATUS (FY 2016-17)
<b>ENERGY</b>	30% reduction in consumption of grid electricity through - Reduction in demand & waste - Adoption of renewable energy	<b>33.1%</b> reduction achieved
<b>CARBON FOOTPRINT</b>	10% reduction in Scope 1 & 2 emissions	<b>6%</b> reduction achieved
<b>GREEN BUILDING</b>	Optimise environmental impact of facilities through Green Building certification	<b>3</b> of our facilities, spread out in <b>6 lakh</b> sq. ft. area, were registered for greenbuilding certification. <i>Of these, two factories were registered with U.S. Green Building Council (USGBC) and one warehouse with Indian Green Building Council (IGBC)</i>
<b>WATER</b>	Zero Liquid Discharge across all owned facilities	<b>32.78%</b> waste water recycled & reused
<b>WASH (WATER, SANITATION &amp; HYGIENE) PLEDGE</b>	100% compliance to WASH pledge	<b>98.5%</b> compliance achieved
<b>WASTE</b>	Zero organic waste to landfill from own operations	<b>100%</b> achieved
<b>SAFETY</b>	Ensuring a safer workplace	<b>5</b> lost time injuries with no fatalities in operations under our control
<b>CSR</b>	No. of beneficiaries (target)	No. of beneficiaries (achieved)
IMPACT GIRL CHILDREN	17,299	19,888
VOLUNTEERING HOURS	100,000	9,572
SKILLING	360	494
HEALTHCARE & SANITATION	103,469	5,243*
<b>PACKAGING</b>	100% packaging material with zero pollution potential	<b>92.55%</b> achieved
<b>SUSTAINABLE PRODUCT</b>	Define sustainability attributes	Sustainability attributes has been defined Baseline computation initiated
	Compliance to vendor code of conduct	<b>69</b> T1 vendors assessed

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

**SUSTAINABILITY ROADMAP 2020**

We have set ourselves the target of becoming the most sustainable apparel and retail brand in Asia by 2020.

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

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

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

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

**SUSTAINABILITY GOALS 2020**

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



## GOVERNANCE STRUCTURE

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

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

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

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

### The Sustainability Council

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

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

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

## BRAND SUSTAINABILITY GUIDELINES

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

### Product Stewardship

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

### People Stewardship

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

### Environment Stewardship

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

# C O R P O R A T E Governance

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

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

## CORPORATE GOVERNANCE: PHILOSOPHY AND PRINCIPLES



**TRANSPARENCY**  
 in all decision-making processes relating to the company



**DISCLOSURES**  
 Maintaining high levels



**ETHICS**  
 High standards



**IMPROVEMENT**  
 Regular review of processes and management systems



**CONTROL SYSTEM**  
 to enable the Board to efficiently conduct business and discharge its responsibilities to stakeholders

## ORGANISATION STRUCTURE

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

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

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

**MR. PRANAB BARUA**  
 Managing Director

**MR. SUSHIL AGARWAL**  
 Non-Executive Director

**MR. BHARAT PATEL**  
 Independent Director

**MS. SUKANYA KRIPALU**  
 Independent Director

**MR. ARUN THIAGARAJAN**  
 Independent Director

**MR. SANJEEB CHAUDHURI**  
 Additional Independent Director

**MS. GEETIKA ANAND**  
 Company Secretary & Compliance Officer

The Managing Director (MD) is the highest executive officer of the company. The MD, who is the Business Director for the Apparel & Retail Business of the Aditya Birla Group, also serves as the Managing Director of Aditya Birla Retail Limited - the retail arm of the Aditya Birla Group that ventured into food and grocery in 2007.

Various committees, constituted by the Board to deal with specific areas, are entrusted with the implementation of the Board's policies.

## COMMITTEES OF THE BOARD

The committees of the Board are important cogs in taking the corporate governance forward. Formed to carry out clearly defined roles, the terms of reference of these committees are approved by the Board and are in line with the requirements of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("applicable laws") and erstwhile Listing Agreement. The Board supervises the execution of its responsibilities by the committees. At ABFRL, the following committees have been instituted:

### AUDIT

We have a qualified and independent audit committee and its composition is in line with the applicable laws. The audit committee is mainly entrusted with supervising and monitoring the company's internal controls and financial reporting process amongst other terms of reference.

### NOMINATION & REMUNERATION

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

## STAKEHOLDERS RELATIONSHIP

This committee is entrusted with the responsibility of considering and resolving grievances of the security holders of the company, including complaints related to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends, if any.

## RISK MANAGEMENT

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

## CORPORATE SOCIAL RESPONSIBILITY

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

## POLICIES

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

### ANTI-FRAUD

Frauds can be detected, prevented and deterred in the day-to-day business of the company.

### WHISTLE BLOWERS

Adopted at the Aditya Birla Group level, this policy is a provision for disclosures or demonstration of evidence of an unethical activity or any conduct that may constitute breach of the Group's/Group Company's code of conduct or Group values.

### COMPANY CODE OF CONDUCT

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

These policies are supported by a vigil / whistle blower mechanism which provides direct access to the management and the audit committee for all stakeholders to report concerns about unethical behaviour, actual or suspected fraud, and violation of code of conduct or policies. We ensure that this is adhered to without any bias or preference.

Also, we have adopted 'Policy for Prevention of Sexual Harassment at Workplace' which specifically guarantees the right to 'blow a whistle'. The other policies, programmes and codes include:

- Corporate Social Responsibility Policy
- Risk Management Policy
- Policy on Related Party Transactions

- Familiarisation Programme for Independent Directors

- Forex Policy

- Code of Conduct for Trading in Listed or Proposed-to-be Listed Securities of ABFRL

- Code of Conduct for Board Members and Senior Management of ABFRL

- Policy on Preservation of Documents

- Policy for Determining Material Subsidiary Companies

- Policy for Determination of Materiality of Information or Event

- Policy for Archival of Documents

- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive

- Information (UPSI)

## PUBLIC POLICY ADVOCACY

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

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



Responsible Stewardship

# Restoring

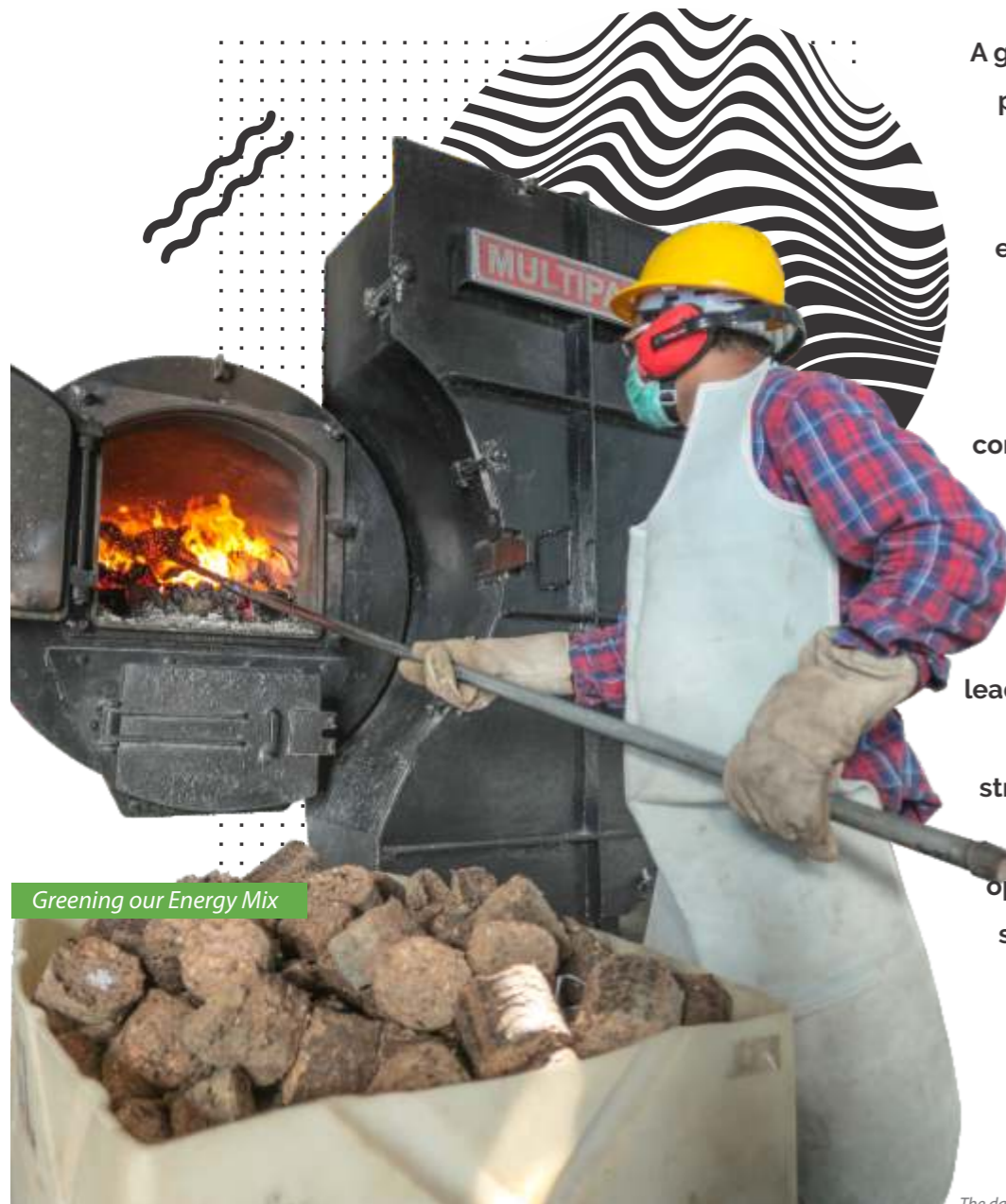
## ECOSYSTEMS

Reduction of the footprint as essential as it is, will soon hit a wall because consumption is integral to production. When we aim for eco-restoration, a remarkable story emerges, one of renewal, continuity, integrity, vibrancy and sustainability. The responsibility of long-term stewardship to the environment, society and business can only be fulfilled by re-establishing the natural processes, empowering the community to help itself and embedding in the organisation a culture of governance and innovation.



# PERFORMANCES Environmental

INR <b>101.5</b> MILLION	<b>33%</b>	<b>ZERO</b>	<b>33%</b>
ENVIRONMENTAL INVESTMENT IN ENERGY, WATER & WASH MISSIONS	REDUCTION IN PURCHASE OF GRID ELECTRICITY	ORGANIC WASTE TO LANDFILL ACROSS OWN OPERATIONS	OF WASTEWATER RECYCLED AND REUSED



A growing business and a prosperous society can only exist if there is a thriving natural environment. At ABFRL, we go beyond the standard narrative of austerity and reduced consumption to embrace a philosophy of rejuvenation of the environment. Replete with thought leadership and innovative interventions, our strategy is proactive and aims to create an operating system that is symbiotic and nurtures all three bottom-lines.

The data reported does not include retail stores.

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

## ENERGY

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



### ENERGY PERFORMANCE

Absolute Energy Consumption <sup>(000 TOE)</sup>		
	FY 2015-16	FY 2016-17
Direct	2.18	1.99
Indirect	4.17	4.66
<b>Total</b>	<b>6.35</b>	<b>6.65</b>

### Energy Intensity

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

### ENERGY EFFICIENCY

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

INR **985** lakh invested on robust measures to curtail energy usage through demand/waste reduction

**76.31**

lakh kWh of electricity saved during FY 2014-17 through energy efficient measures, operational efficiency and technical interventions




Our energy mission started in FY 2013



ENERGY SAVINGS

**29** lakh kWh saved by installing LED and high efficiency lighting 

**7.31** lakh kWh saved through various technical interventions 

**40** lakh kWh savings achieved by enhancing operational efficiency 

Initiatives

Installed LED lights at 25 existing stores and 166 new stores

Installed control devices for ductable air conditioners at 104 stores

Power Savers Installed at 4 stores

Energy Management Systems installed at three factories to track and monitor energy performance, and identify and prevent leakages

Solar water heater system of 500 litre per day capacity installed at our warehouse

RENEWABLE ENERGY

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

Energy Mix ('000 TOE)

	FY 2016-17
Renewable	1.64
Non-Renewable	5.01

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


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

WASTE

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

Total Waste Generated in MT

	FY 2015-16	FY 2016-17
Non-hazardous	3,209	3,443
Hazardous	3	3
<b>Total</b>	<b>3,212</b>	<b>3,446</b>

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

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

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

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

WASTE DISPOSAL

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

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

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

GREEN BUILDINGS

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



CERTIFICATIONS



In the reporting period,

**3** of our facilities, spread out in 6 lakh sq. ft. area, were registered for green building certification.

Of these, two factories were registered with U.S. Green Building Council (USGBC) and one warehouse with Indian Green Building Council (IGBC)

SALIENT FEATURES

**60%** of total energy consumption comes from renewable biomass material

**36%** reduction in potable water consumption across the two factories

**90%** of the staff use public transport, company vehicle or commute by walk

**95%** of the waste generated is diverted from landfill

Plantation of native and adaptive species of flora & fauna

Treated wastewater is used for flushing and landscaping purpose

Increased use of CFC-free refrigerants

No Smoking and No Tobacco premises



## CARBON FOOTPRINT

We are continuously stepping up our game in reducing carbon footprint by enhancing efficiencies and adding alternative energy to our energy mix. Our regenerative approach minimises wastage and fosters conservation through renewable energy resulting in reduced specific energy consumption leading to lesser emissions.



### INITIATIVES THAT HELPED US ACHIEVE CARBON FOOTPRINT REDUCTION TARGETS

Substituting more than 60% of boiler fuel by biomass briquettes helped us reduce our Scope 1 emissions

Tie up with sustainable logistic partners and reducing returns helped us lower our Scope 3 carbon footprint

We encouraged our employees to use public transport and car pooling wherever possible and have replaced in-person meetings with video conferencing to further decrease our Scope 3 emissions

## GHG EMISSIONS

Good air quality is crucial for ensuring human and environmental health. Increased emissions resulting out of the usage of fossil fuels, adversely affect the atmosphere and trigger harmful climate change.

We constantly monitor our GHG emissions to assess our carbon footprint and devise mitigative measures.

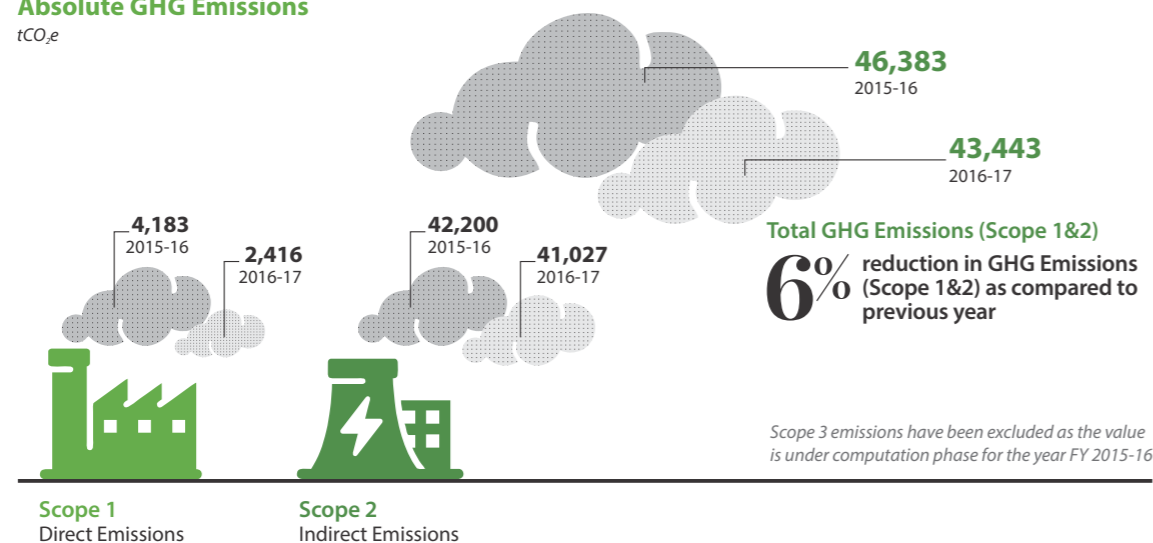
### GHG Emissions Intensity

FY 2016-17

Total GHG Emissions Scope 1 & 2 (tCO <sub>2</sub> e)	43,443
Total Revenue (INR crore)	6,633
GHG Emissions Intensity (tCO <sub>2</sub> e/INR cr)	6.5

### Absolute GHG Emissions

tCO<sub>2</sub>e



## WATER

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

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

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

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



### INITIATIVES TO MOVE TOWARDS A WATER NEUTRAL STATUS

Zone wise installation of water meters to monitor water usage pattern and address leakages

Installation of efficient water fixtures as per Green Building Standards

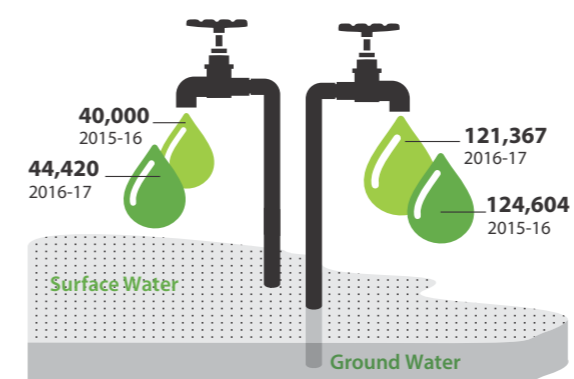
Installation and upgradation of Sewage Treatment Plants and usage of treated wastewater for flushing and gardening

Installation of Rain Water Harvesting Systems at two facilities as a pilot. Soon to be extended to other facilities

## WATER PERFORMANCE

### Water Consumption

in m<sup>3</sup>



### Water Harvested & Recycled

Persistent recycling and reuse of wastewater is indispensable to achieve a water neutral status.

At ABFRL, we have formulated and initiated target based interventions to achieve this goal.

	in m <sup>3</sup>
	FY 2016-17
Rainwater Harvested	1,099
Wastewater Recycled	54,347

WASH



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

98.5% WASH compliance by March 2017 at ABFRL

Access to clean water and sanitation has an important role to play in human development and a prerequisite for maintaining minimum standard of health to undertake productive activities. At ABFRL, WASH is not just an initiative but one of our missions.

We provide our employees with safe and hygienic workplace which enhances their morale and improves their productivity.

The pledge is aligned with the Aditya Birla Group's sustainability strategy and philosophy of providing a caring workplace environment for its employees.

The WASH pledge gives us an opportunity to show solidarity with the World Business Council for Sustainable Development (WBCSD) on a very elementary yet critical aspect of responsible stewardship. We are committed to provide safe drinking water, sanitation and hygiene in all our operations.



The WASH (Water Sanitation and Hygiene) pledge is an initiative by the World Business Council for Sustainable Development (WBCSD), an organisation led by CEOs of leading companies, including the Aditya Birla Group.

WASH PLEDGE

WATER



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

SANITATION



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

HYGIENE



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

WASH Scores

MFL	Facility	Score (out of 2.00)	Compliance (%)
Factory	CCL	2.00	100%
	EAL	2.00	100%
	FCL	2.00	100%
	AGL	1.93	95%
	CML	2.00	100%
	EGL	2.00	100%
	HAL	1.90	95%
Warehouse	Entoma	1.93	96%

MFL	Facility	Score (out of 2.00)	Compliance (%)
Warehouse	Hoskote	1.93	96%
Office	Regent Gateway	1.90	95%
Retail	Stores	NA	100%
PFRL	Facility	Score (out of 2.00)	Compliance (%)
Retail	Stores	NA	100%

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



## PACKAGING

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

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

achieved  
**~93%**  
non-pollutant  
packaging  
in FY 2016-17



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

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

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

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



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

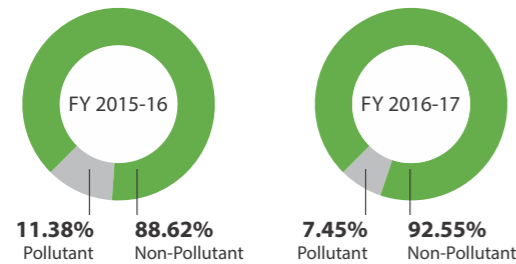
- Packaging Policy is prepared for sustainable packaging material and design.
- Develop alternate raw material or better packaging substitute which either falls in the non-pollutant category or should be recyclable.
- Devise a packaging testing protocol and standard for quality monitoring system and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





Our year-on-year progress in packaging pollutant reduction is as below:

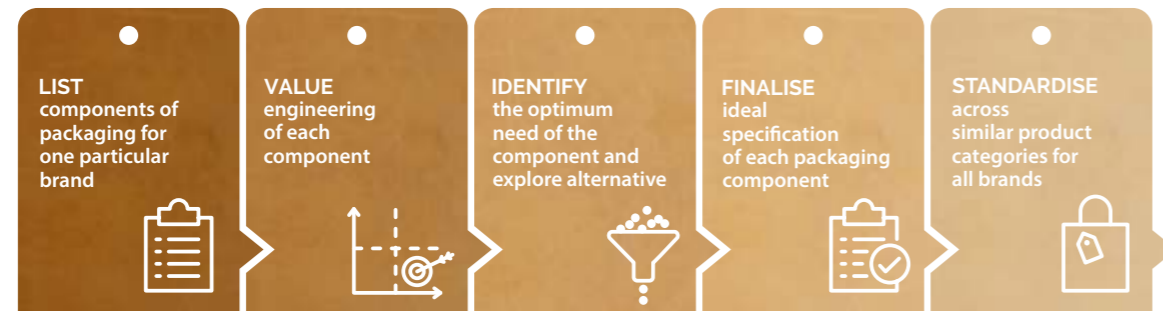
**Pollutant and Non-Pollutant Packaging %**



Increasing non-pollutant components in packaging is part of our Packaging Mission. Our Sustainable Packaging Strategy takes in to consideration components such as Packaging Design, Quality, Reduction of waste and Recycle packaging.

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

**PACKAGING SPECIFICATIONS STANDARDISATION PROCESS FLOW**



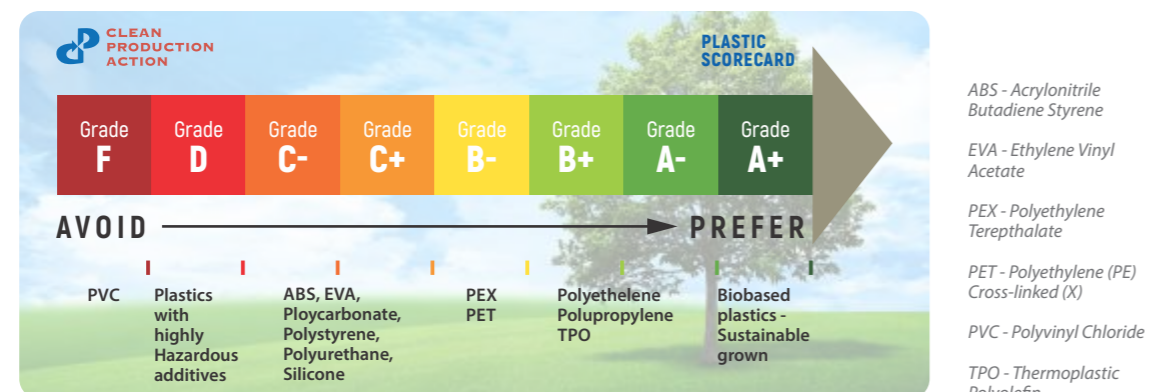
The only way to arrest ever increasing waste generation is to shift from the current linear waste disposal mechanism to a circular one. To drive this transformation, we are exploring the use of recycled raw materials and biodegradable packaging materials. Sourcing raw materials based on their life cycle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

**THE PLASTIC SCORECARD**

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

Based on the Packaging Sustainable Value Network's packaging scorecard model, we adopted 'The Plastic Scorecard' in collaboration with the Clean Production Action and Pure Strategies.

The scorecard is a useful tool to evaluate various plastics based on their impact across their life cycle.



CASE STUDY

**AN EFFECTIVE CIRCULAR PACKAGING MECHANISM AT MFL**



**CHALLENGE**

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

**INTERVENTION**

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

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

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

Assessments were carried out to:

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

**IMPACT**

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

Currently 100% trousers are being dispatched through plastic containers and the total number of containers in circulation are 2,211. Our aim is to ensure that 100% products are being transported through these crates, further reducing our impact on the environment in the years to come.

# PERFORMANCE S Financial



Wealth distribution is a subset of wealth generation. The more one generates, the more one can distribute. A profitable enterprise can consistently provide the requisite means to propel positive change, not only for the internal stakeholders and capital providers, but also for the external stakeholders like government, local community and ancillary businesses. At ABFRL, we bring scale to operations and create significant economic value in an environmentally responsible and socially inclusive manner.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

INR million

Economic Value Generated & Distributed	Amount
<b>Economic Value Generated</b>	
Revenues	66,711
<b>Economic Value Distributed</b>	
Operating Costs	54,262
Employee Benefits and Wages	7,058
Payment to Providers of Capital	1,797
Payments to Government	611
Community Investments	23
<b>Economic Value Retained</b>	<b>2,960</b>

Notes: Depreciation of INR 2,425 million does not form part of operating cost as it is a non-cash expense. VAT is not part of Payments made to Government / Revenues, since the amount is collected on behalf of the Government.

## BUSINESS OVERVIEW

The apparel industry has evolved rapidly and continued to witness accelerated change during the reporting period owing to



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

In this mixed environment, our focus on exceptional customer experience and provision of greater choice to the consumers across all our formats and channels has helped us augment our financial performance sustainably. We take pride in our loyal customer base, and the repeat business generated continued to grow along with an increase in the number of new loyal customers. Although our revenue growth was impacted due to demonetisation in Q3, we were successful in improving our profitability through store rationalisation, calibrated discounting and keeping non-linear costs in check.

**43%**  
of our sales in lifestyle brands came from loyal customers.



## BRAND PORTFOLIO

### LIFESTYLE BRANDS

Our lifestyle brands, Louis Philippe, Van Heusen, Allen Solly and Peter England, continue to be the market leaders in their respective segments, with over 9 million deeply engaged customers and the largest distribution network. The rollout of omni-channel model across

500+ stores further strengthened their position, providing our customers with an unmatched access to increased choice of products. Our relentless focus on consumer experience, innovation and brand building has helped us build a strong equity with our consumers.



Three out of our four flagship brands have crossed the

# INR 10 billion

mark in consumer sales.



### PANTALOONS

This year has been one of immense growth for Pantaloons with the opening of 79 new stores. To meet with the constantly changing retail scape, Pantaloons

has moved from a two-season cycle to a four-season cycle, bringing updated fresh fashion to the stores in shorter intervals.

Pantaloons doubled its store count in the last 2 years and currently has

# 209

stores spanning over

# 3.2

million sq. ft.



### FAST FASHION

Responding to the opportunities that exist in the fast fashion segment, we have taken definitive strides into the youth fashion market with our two retail brands – Forever 21 and People. People is a young, vibrant and

edgy brand that caters to the youth of the country, while Forever 21 is an iconic global fashion name that brings the latest international fashion trends to Indian markets. We are all set to scale up these brands over the coming years to ensure wider customer reach.

### INNERWEAR

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

### INTERNATIONAL BRANDS

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



## GROWTH STRATEGY

As India's No.1 fashion lifestyle entity with the widest distribution network, we endeavour to offer to the discerning Indian consumers, apparel and accessories of superior value, strong brands and a high-quality experience that gives them futuristic and comprehensive omni-channel options.

New brand extensions were created for our major brands like Louis Philippe, Van Heusen, Allen Solly and Peter England which covered more occasions and apparel categories to ensure continued franchise expansions. Our value fashion segment created true value through the addition of several in-house brands across various products.



**Pantaloons launched two new retail formats targeting kids and women such as 'Pantaloons Kids' and 'Pantaloons Women'.**

Our business requires an insight into the ever-changing landscape of fashion and retail coupled with quick responsiveness. In line with the latest industry developments and consumer mindsets we have zeroed in on the following areas of strategic response and growth:

### BUILDING STRONG BRANDS

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

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

**17** million  
loyal customers as  
brand ambassadors  
of our products.

## ENHANCING PORTFOLIO

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

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

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



## INVESTING IN TALENT

We continue to invest in the

- acquisition
- development
- retention and
- recognition of our workforce.

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

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

## BUILDING AGILE DESIGN AND SUPPLY CHAIN

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

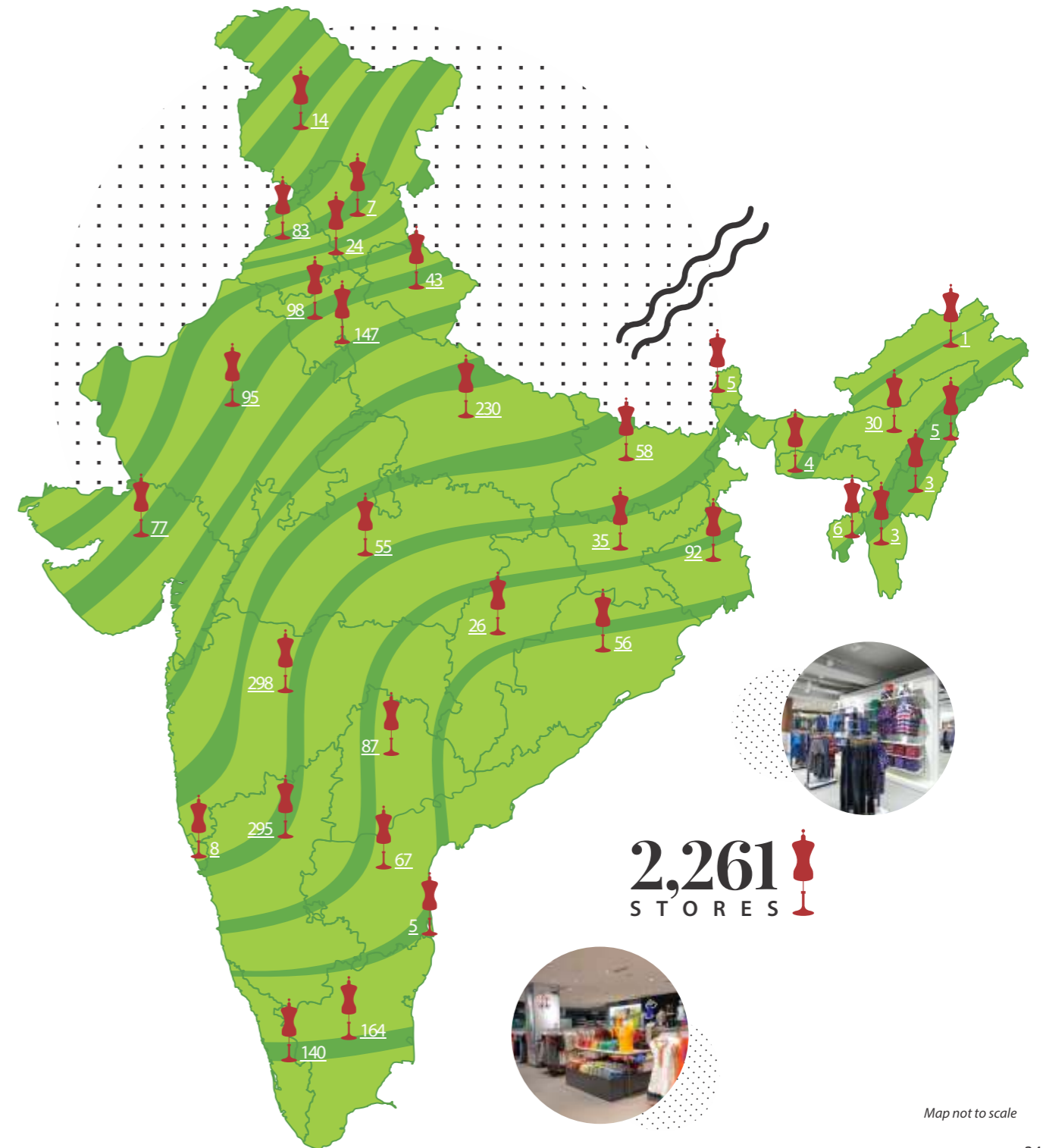


WE HAVE  
SHIFTED TO A  
FOUR-SEASON  
CYCLE



## EXPANDING DISTRIBUTION FOOTPRINT

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



Map not to scale



## LOCAL SUPPLY

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

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

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

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

**5000+**  
pieces of our Ikat shirt collection were sold in the first 45 days



## PETER ENGLAND

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



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

## ALLEN SOLLY

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

## SUPPLY CHAIN SUSTAINABILITY

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

### GREEN CHANNEL PARTNERSHIP

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



The goal of Green Channel Partnership is:

- to accept the merchandise based on supplier self-certification, and avoid duplicity of testing and inspection
- to reduce supply chain cycle timeline
- to reduce cost and improve OTIF through better supplier management

**40%** of our fabric supply chain has been covered under the Green Channel Partnership activity in FY 2016-17

### SUPPLIER ASSESSMENT ON RESTRICTED SUBSTANCES LIST (RSL)

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

### VENDOR CODE OF CONDUCT

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

### MATERIALS

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

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



### LAUNDRY AUDIT SYSTEM

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



### TRANSPORTATION

Optimising the mode of transport and the vehicle route, reducing the distance travelled, and ascertaining the optimum weight and volume of cargo play a crucial part in reducing our environmental and social footprint. Regular feasibility assessments are undertaken to identify the most efficient means of transport and freight movement. Active measures are being taken to reduce the usage of air transport.



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

2,600

NEW EMPLOYEES  
IN FY 2016-17

1,293

CANDIDATES HAVE BEEN  
TRAINED AT THE  
ABCRE, SINCE 2013

1,200

STORE LEVEL EMPLOYEES  
UNDERGOING CLASSROOM AND  
ON-THE-JOB TRAINING  
(PROJECT PRAGATI)



**"The Biggest Brands and Best People"**  
is the philosophy that drives ABFRL.

We attract the best people in the apparel industry and have strong systems of nurturing this talent, backed by robust people development processes, mentoring, career development programmes and employee engagement initiatives which provides us a competitive edge.

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

ABFRL welcomed 2,600 new employees in FY 2016-17. Together, more than 19,000 employees enable us to delight our customers across India through superior products, infrastructure and memorable experiences.

## MANAGEMENT APPROACH

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

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

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

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

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



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

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

## POLICIES & PROCESSES

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



## EQUAL OPPORTUNITY EMPLOYER

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



## REMUNERATION & BENEFITS

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

## SAFE WORKING ENVIRONMENT

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

### ■ POLICY ON SEXUAL HARASSMENT (PoSH)

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

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

- All the PoSH committee members undergo refresher training by an external facilitator once a year.
- Detailed investigations are conducted by the designated PoSH committee members governed by the principles of natural justice and within prescribed timelines.

### ■ CONTINUOUS EDUCATION

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

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

## WHISTLE BLOWER POLICY

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

## HUMAN RIGHTS

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

### ■ CHILD LABOUR

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

### ■ FREEDOM OF ASSOCIATION

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

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

## OCCUPATIONAL WELLNESS

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

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

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

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

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

## DIVERSITY: HIRING DIFFERENTLY ABLED EMPLOYEES

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

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

**61** differently abled employees are on board in factories across Madura Clothing



## EMPLOYEE ENGAGEMENT

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

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

In the intervening year, the Team Vibes survey provides us with feedback on engagement at the team level and

addresses concerns to deliver superior team performance.

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

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



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

## COMMUNICATE

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



### EMPLOYEE FEEDBACK SESSIONS

Regular open house sessions with senior management to discuss work practices, challenges and air any concerns followed by requisite action planning

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

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



### BUSINESS COMMUNICATION

Townhall by CEOs to share business updates, important milestones, new projects initiatives and goals; annual employee gatherings to share business performance & coming year plans and regular emails / monthly newsletters.



### PARTICIPATIVE DISCUSSIONS

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



## CARE

For us, our people are not just a resource to enhance business outcomes. They are our growth partners and key indicators of the effectiveness of our sustainability strategy. We are concerned with the all-round wellness of our workforce and undertake comprehensive programmes to ensure and augment their well-being.



### ■ SANJIVNI

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

#### Initiatives Under Sanjivni

Initiatives ranging from ante-natal, post-natal and child care for young mothers, free iron tablets to improve haemoglobin levels, to counselling programmes for emotional and domestic wellness. Our employees have also emerged as go-to-persons for healthcare awareness in the community.



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



#### The Sanjivni Impact

Business Excellence (QCIP) Scores have risen from 64.48% to **78.37%** ↑

Employee Satisfaction exceeded **93%** 👍

Attrition and Absenteeism **7%** 📦  
industry average 10-12%

**83%** of anaemic patients showed improvement in their haemoglobin level 💧



Sports days and initiatives like Stepathlon and exercise at work are frequently conducted to keep the employees fit, active, and energetic. Gym memberships are provided and healthy physical activity such as use of staircase is promoted.



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

## EMPLOYEE WELLNESS

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

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

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

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

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

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

## REWARDS & RECOGNITION (R&R) FRAMEWORK

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

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

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

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





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

At Corporate Offices - Employees and teams are shortlisted and recognized for their outstanding efforts. The award ceremony is conducted on the office floor and select employees are recognised by the leadership team for their outstanding efforts.

The winners receive experiential awards like movie tickets, meal vouchers, etc. so that they can celebrate with friends/family. This award has been institutionalised for corporate office and zonal offices.

Dedicated monthly award scheme for store staff encompassing instant recognition, employee of the month and team of the month wherein felicitated employees get featured in national bulletins

**KUDOS**

This is our online employee recognition portal which enables employees and managers to recognize efforts as well as provide informal pat on the backs. Every month the function heads identify the winners nominated through the portal and award them through a ceremony in front of their peers

**ANNUAL AWARDS EVENING**

This serves as a strong aspirational platform for all employees and cross-functional teams. The winning teams are felicitated in a glittering ceremony.

At ABFRL, we enable employees to become effective contributors in our growth through various interventions that enhance performance.

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



**LEARNING AND  
DEVELOPMENT**

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

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

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

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

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



Action plans are formed and executed for each training participant. Senior leaders are mapped to advance leadership programmes at the Aditya Birla Group's state-of-the-art learning centre, 'Gyanodaya'.

CASE STUDY

**ADITYA BIRLA CENTRE  
FOR RETAIL EXCELLENCE**



**CHALLENGE**

The Indian retail sector is facing an acute shortage of employable talent, even as there is a growing focus on service standards in the industry. The high attrition rate in the industry also dissuades most industry players from investing more into enhancing the retail skill set of front-end employees.

**INTERVENTION**

In an effort to meet the growing talent shortage in the burgeoning Indian retail sector, Aditya Birla Group's fashion and retail businesses joined hands to set up the first Aditya Birla Centre for Retail Excellence (ABCRE), in Bengaluru in May 2013.

The flagship training centre at Bengaluru includes three training rooms, supported with three break-out rooms and has a 20-pax dining room, spread across 3,940 sq. ft. The centre can train 75 candidates at a time. The Aditya Birla Centre for Retail Excellence will integrate the learning spaces across web-based, instructor-led and store-based trainings. Every retail employee will have a unique learning ID, which will track the learners' training lifecycle. The electronic tab based learning management system will provide accurate metrics on training ROI and effectiveness.

The ABCRE training centres will ultimately cover 18 cities including smaller ones such as Vizag, Cochin, Mysore, Nasik, Indore, Thane and Vadodara. The training centres, manned by Learning Delivery Specialists (LDS), will deploy modern teaching methods including e-learning and mobile learning tools. The centres will singularly focus on competency training for the retail staff.

**IMPACT**

**1,293** candidates have been trained at the ABCRE, since 2013



## TALENT MANAGEMENT AND CAREERS

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

### 1 Current supply of talent by completing potential assessment of employees

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

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

### 3 Succession Pipeline: All roles in JB3 – 5 | Crucible roles in JB6

### 4 Development Interventions for top talent

### 5 Accelerated career movements and mapping talent to positions



Sector and Business Talent Councils have been constituted to govern the talent management system at ABFRL.

**The initiatives have delivered strong KPIs on talent. More than 60% of critical positions have a ready now/ ready in 1-2 years successor. 55% of positions at all levels are filled internally.**

## BRINGING ALIVE A WORLD OF OPPORTUNITIES FOR STORE STAFF

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

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

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



Project Pragati, a new intervention at ABFRL lifestyle brands, covers

**1,200** store level employees undergoing classroom and on-the-job training

**100,000** hours of training

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

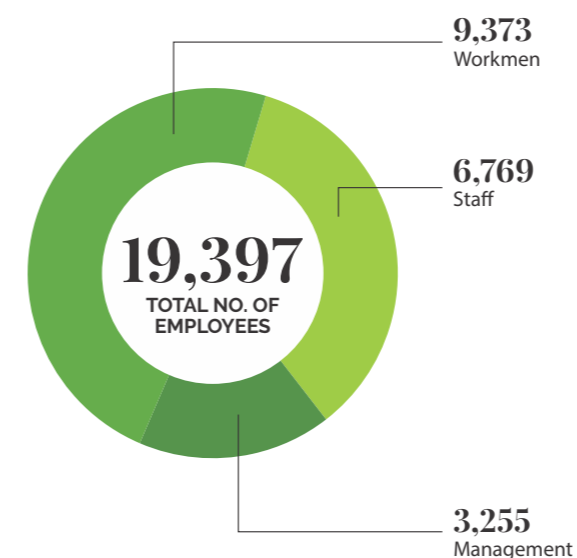


## WORKFORCE SNAPSHOT

ABFRL welcomed 2,600 new employees in FY 2016-17. Together, more than 26,000 employees enable us to delight our customers across India through superior products, infrastructure and memorable experiences.

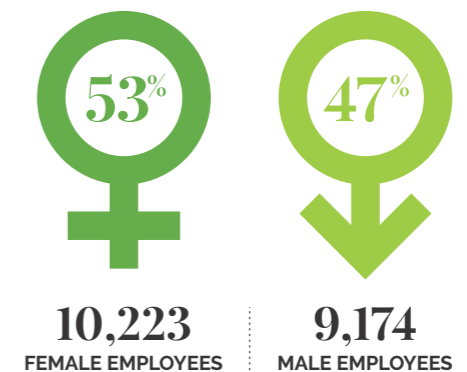


### Employee Category



Numbers as on 31st March'17

### Gender Ratio (for permanent employee)



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



PERFORMANCES  
*Safety*  
1,600+ ZERO

SAFETY TRAINING PROGRAMMES

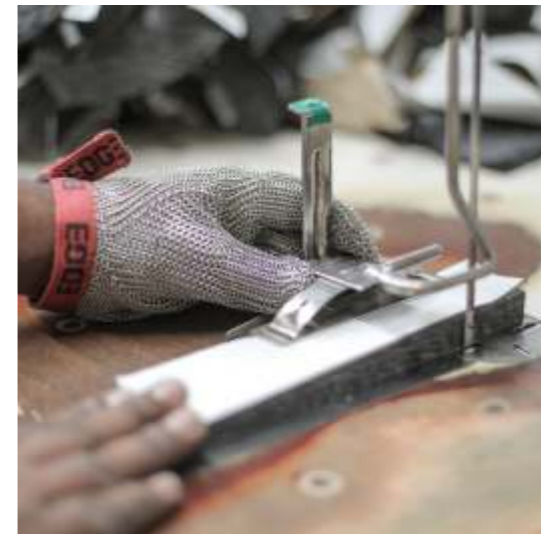
FATALITY AT WORK PLACE



At ABFRL, safety is embedded into each and every stage of our operation.

The success of our workplace safety endeavours is based on the constant encouragement provided to employees to identify and report safety gaps and opportunities for improvement while empowering them with knowledge that fosters well-informed safety decisions in routine tasks. Strict adherence to safety standard, rigorous on-ground implementation and effective safety communication are the key enablers of a safe working environment at ABFRL.

PROACTIVELY SAFE



Nurturing and reinforcing a culture of safety is the top most priority at ABFRL. A comprehensive Environment Health and Safety (EHS) Policy, implemented across all operations under the guidance and supervision of the top leadership ensures unwavering focus. Constant assessment, monitoring and upgradation of our safety interventions ascertain that our employees work in a secure working environment.

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



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

**Pranab Barua**  
Business Director, Apparel & Retail Business  
The Aditya Birla Group

YEAR  
**2017**  
WE REPORTED  
**ZERO FATALITY**

ACROSS ALL OUR LOCATIONS

TARGET  
**2020**  
WE AIM TO ACHIEVE  
**ZERO (SEVERITY 5) INCIDENT**



## ENABLING SAFE WORKPLACE IN MFL

MFL has undertaken the following initiatives across all facilities to enhance the safety quotient:

- Dedicated safety officers are stationed in all factories
- Safety policy is communicated to all employees
- Regular training in fire-fighting, first aid, ERT (Emerging Response Training), PPE (Personal Protective Equipment) usage is conducted
- Established and published safety violation code book, safety handbook and expected behaviour protocols are clearly communicated across all cadres
- Mock drills are conducted in periodic intervals in all Factories, Warehouses
- Identification and reporting of near miss and unsafe acts and conditions by employees. All the identified near miss cases are recognised and rewarded
- Monthly safety committee meetings followed by closure of safety gaps, if any
- Safety quiz, essay and slogan writing, and drawing competitions are conducted during campaigns to increase both awareness and ownership
- External and internal audits are held periodically in factories
- Safety induction trainings for new employees and contractors are conducted on a regular basis (Contractors – while entering the premises, Employees – every Friday)
- The factories have firefighting equipment. Periodic monitoring of such equipment are in place



## ENABLING SAFE WORKPLACE IN PANTALOONS

Safety at Pantaloons is not an isolated event, but a continual pursuit of improvement and excellence. To achieve the same, it is imperative to monitor and continually upgrade safety mechanisms and practices.

A comprehensive EHS audit is carried out at all our stores and warehouses on a monthly basis. The list covers fire compliance, statutory safety standards and best practices across various focus areas.

Non-compliances if any are immediately addressed at the zonal level. To ensure there are no gaps, cross audits of the self-assessed stores are conducted and the findings are shared with the respective teams for implementation of corrective actions, if any.

Due to regular and rigorous management review, the impacts and scores of internal audits have

**INCREASED THIS YEAR FROM  
84% to 93%**

## HAZARD ELIMINATION

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

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

## SAFETY TRAINING

Safety trainings are an integral part of embedding safety into our work ethos. Regular and ongoing safety training exercises ensure that our employees imbibe best safety practices, stay updated with new industry benchmarks and demonstrate excellence in safety standards at all times.

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

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



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

## SAFETY FOR OUR EXTENDED FAMILY

At ABFRL we believe that employees are a part of our family. Hence, their families are ours, too. So, to ensure their safety, we carried out home and fire safety campaigns. Drawing competition was held for the employees' kids as part of the campaigns. Winners were awarded appreciation letter from ABFRL's top management and their drawings were displayed as desktop wallpapers.



## INITIATIVES

### NATIONAL SAFETY WEEK

In order to ensure that health and safety are integrated seamlessly into the work culture and employees' lifestyle, we organised a National Road Safety Week at ABFRL. In order to encourage ownership of the cause, the Safety Head communicated with all our employees the importance, purpose, objectives and outcomes of the safety week.

#### ACTIVITIES

A plethora of activities were held during this 7-day long safety campaign, that elucidated enthusiastic participation from our employees across all cadres.



Safety awareness trainings were provided through daily presentations, which were followed by on-spot quiz competitions



Training programmes on fire-fighting, near miss incidents, first aid and incident reporting were conducted



Self-defence safety training was conducted for female employees at HO



Emergency evacuation drill was conducted in Factories / Warehouse as per plan



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



Outlet assessments were carried out at some locations

Online quiz competitions were held to raise awareness and winners were rewarded in person



Daily flasher / tips related to safety awareness were sent to employees through e-mails

Desktop wallpaper displays on road safety and national safety week



Customer awareness drives aimed at educating them on the basic safety do's and don'ts



Safety banners and posters were displayed across our premises

**The Safety Week helped renew employee commitment towards health and safety at the workplace and in general.**

### ROAD SAFETY WEEK

Since road safety is one of the most important focus areas for individual safety, ABFRL organised a Road Safety Week to emphasise and reiterate the need for safety on roads.

#### ACTIVITIES

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

The importance of wearing a helmet while driving a two wheeler was reinforced by quizzes and mailers.



Road Safety Week banners were displayed at the conspicuous location



Training on ABFRL life-saving rules was conducted



Road safety was included in the CEO's town hall



Video streaming on road safety



Awareness trainings were provided to the shuttle bus drivers



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



Road safety awareness training was also given at our stores

Training was provided in Bengaluru by the Assistant Commissioner of Police (traffic dept.), followed by distribution of safety badges to staff members of our warehouse

Road safety rally was held at the warehouses

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



In addition to the National Road Safety Week and National Safety Week, ABFRL also carried out several awareness activities during Fire Service Day and World Environment Day.



PERFORMANCES  
Social

INR <b>21.74</b> MILLION	<b>1.545</b> MILLION	<b>19,888</b>	<b>9,572</b>
SOCIAL INVESTMENT	GARMENTS STITCHED ANNUALLY THROUGH MICRO-MANUFACTURING	GIRLS BENEFITTED THROUGH VARIOUS EDUCATION INITIATIVES	EMPLOYEE VOLUNTEERING HOURS



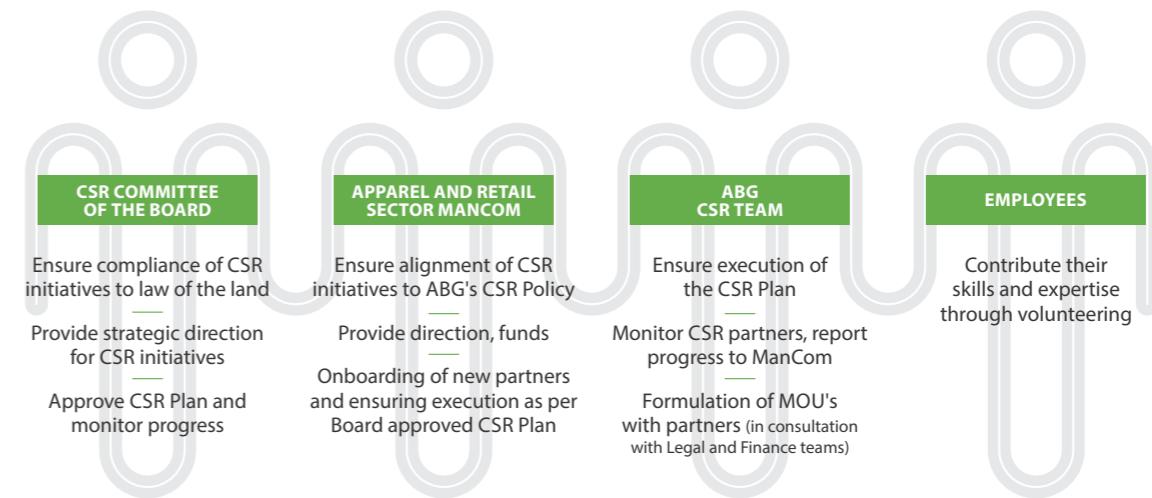
Caring is a valued attribute that leads to sense of belongingness and sense of community. It is through caring that we are transforming the neighbouring communities into thriving self-sustaining ecosystems, which is at the core of Aditya Birla Group's Corporate Social Responsibility. At Aditya Birla Fashion and Retail Ltd., we are living this philosophy by creating and sharing value for the larger good of the society.

OUR VISION

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

Companies, communities and government, share a symbiotic relationship, hence all our CSR initiatives emerge from a shared vision. To transform this vision into action, we have developed a robust CSR value chain which designs and implements effective strategies that create sustainable positive outcomes which are valued by our stakeholders. With an aim to leverage core competencies and amplify the impact of our initiatives, we partner with several institutions, local authorities and Government bodies.

CSR VALUE CHAIN



FOCUS AREAS

We believe, that what we do today, should make a large difference to the community's tomorrow. Hence our interventions are in areas which yield cascading long term benefits and lay the foundation for a more secure and prosperous future.

<p><b>EDUCATION</b></p> <p>The importance of education in uplifting society cannot be understated. At ABFRL, we make timely and impactful interventions to empower communities with opportunities through education.</p>	<p><b>HEALTH &amp; SANITATION</b></p> <p>A healthy society is a happy society. At ABFRL, we go that extra mile to extend support where it matters and ensure the wellness of the underprivileged communities, by making quality healthcare accessible and affordable.</p>	<p><b>SUSTAINABLE LIVELIHOODS</b></p> <p>For India to reap its demographic dividend, it is vital that the youth of the country are gainfully employed and become a part of the mainstream economy. We expose them to various opportunities, help them identify what will be a good fit and then help them master the required skills.</p>	<p><b>EMPLOYEE VOLUNTEERING</b></p> <p>We provide platforms and opportunities to our employees to contribute their time and expertise for the betterment of society. Employee Volunteering not only builds bridges between different economic strata of society, it also inculcates empathy among social hierarchies.</p>	<p><b>RURAL ENTREPRENEURSHIP</b></p> <p>Economic independence is a pre-requisite for an equitable society. Empowering local communities with entrepreneurship opportunities ensures financial stability and improvement of living conditions.</p>
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## EDUCATION

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



### GIRL CHILD EDUCATION

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

#### ■ PARTNERSHIP WITH SWAMI VIVEKANANDA YOUTH MOVEMENT (SVYM)

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

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

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

#### INTERVENTION

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

#### OUTCOME

**90%** Attendance  
**Zero** Dropouts

**100%** Enrolment and improved academic performance

#### Viveka Scholar Programme (VSP)

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

#### INTERVENTION

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

#### OUTCOME

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



#### SUCCESS STORIES | VSP

##### Lavanya

H D Kote, Karnataka

A brilliant student whose parents could not finance her higher education.

VSP took Lavanya under its wing and today she is living her dream and studying science in Jyothi Institute of Technology.

##### Yashodha

H D Kote, Karnataka

She successfully completed her PU and is currently enrolled in BE Computer Science in a City Engineering College.

Yashodha is now chasing her aspiration of becoming a software engineer.



#### SUCCESS STORY | KGBV

##### Nethravathi

Byrapatna, Karnataka

Our CSR team constantly supported and motivated her until she completed her graduation in Commerce. She currently works as a teacher in the same KGBV school where she studied and earns INR 5,000/month.

Nethravathi is now self-reliant and aspires to become a Chartered Accountant.

#### Kasturba Gandhi Balika Vidyalayas (KGBV)

KGBV schools are an initiative under Government of India's 'Sarva Shiksha Abhiyan' to support rural girl students to continue their education and reduce dropouts.



#### INTERVENTION

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

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

#### OUTCOME

**100%** Enrolment and retention Results for the record 5th time WASH awareness

#### EDUCATIONAL & FINANCIAL ASSISTANCE

##### ■ PRATHAM

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



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

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

**Read India Urban Learning Camps** These are short duration intense activities where children in Std. III to VII lagging behind in age appropriate learning levels are taught math and language in a focussed manner through Combined Activities for Maximised Learning (CAMaL) methodology.

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

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

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



■ ROCKFUND SCHOLARSHIP

The 'Rockfund Scholarship' initiative commenced three years ago to help girls from urban poor families to continue their education in different parts of Bengaluru.

**100** girls studying in Class 5 -10 have been given scholarships

■ PROJECT GYANARJAN

A value addition programme was designed to provide special coaching to students of standard 10th, 11th and 12th. It also helps students perform better in their school and helps them secure better results in competitive exams (CET/NEET).

10th Std. | Achieved 62% average pass

12th Std. | Achieved 53.48% average pass

CET Performance | Majority of the students are within 30% of the state rank

Career counselling and personality development sessions were also organised by experts focussing on holistic development of the girl students.

**772** rural girls supported this year

**1,694** total beneficiary count till date



SUCCESS STORY | GYANARJAN

**Rubina**  
Channapattana, Karnataka

Being part of a large family, dependent on a single meagre income, Rubina faced adverse situation when pursuing her Std. 10th board exam. Despite being a bright student, Rubina's ambition of topping her school in the 10th grade seemed a distant dream as her family couldn't afford to send her for additional coaching.

Gyanarjan came to her rescue and offered her special coaching classes to aid her preparation for the board exam. With the help of this project, Rubina became an SSLC topper. She continued her journey with Gyanarjan through the next two years and once again made us proud by securing the second rank in her 12th grade. She is currently pursuing her BSc. in agriculture and aspires to be an IAS officer.



■ HELP VIDYA WRITE

The 'Help Vidya Write' initiative supports underprivileged students studying in the Govt. schools by providing them notebooks. The funds for this 5-year-old initiative are mobilised through employee volunteering and attracts enthusiastic support from all ABFRL employees.

**14,173** books collected and distributed benefitting 3,467 students from 20 Government schools

■ UNIFORM DISTRIBUTION

For the 6th year in a row, ABFRL has provided additional support to encourage education by supplying uniforms to children studying in Government schools.

**4,549** students supported. 2,360 girls and 2,189 boys studying in 35 schools



HEALTH & SANITATION



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



HEALTH EDUCATION

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

**230** students studying between Std. 5th - 10th at VTCL benefited from attending Health Education classes

**50** bathrooms constructed at the residences of girl students of VTCL, led to 100% utilisation of toilets and 100% of menstruating girls using hygiene pads

■ PREVENTIVE HEALTH CAMPS

INTERVENTION

During the reporting period, several health screening camps were conducted across Government schools to facilitate preventive healthcare among school children. 6 health camps were conducted in 16 Government schools.

OUTCOME

**2,515** students benefitted, 503 students were referred for secondary treatment

COMMUNITY HEALTH

■ EYE CAMPS

INTERVENTION

We envision cataract-free villages in future and undertake persistent efforts towards realising our dream. 8 eye camps in coordination with the Gram Panchayats and local eye hospitals were organised.

OUTCOME

**1,865** villagers benefitted



**101** cataract operations conducted, 908 spectacles provided. Since FY 2012-13, 850+ cataract operations conducted

■ CANCER AWARENESS CAMPS

INTERVENTION

Cancer detection and treatment has been an area of concern in the remote parts of the country. 8 cancer awareness and screening camps for rural women in collaboration with Cancer Care India were conducted, benefitting 663 women, out of which 374 were sent for PAP test.



## SUSTAINABLE LIVELIHOOD



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



### SKILL DEVELOPMENT

#### Kaushalya - Skill Development Project

##### INTERVENTION

Initiated in FY 2014 -15 in collaboration with CII, Kaushalya's primary objective was to provide rural youth a learning platform, help them identify their potential and acquire employable skills to leverage it. We also help create self-employment opportunities to enable economic empowerment. These programmes have achieved 80% success rate in skill enhancement.

##### OUTCOME

**1,054** rural youth trained with National Skill Development Corporation, India certification

**769** trained youth have been placed into sustainable livelihood opportunities



#### SUCCESS STORIES | KAUSHALYA

**Manoj Kumar**  
Anekal, Karnataka

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

**Muniswamy**  
Anekal, Karnataka

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



### VOCATIONAL TRAINING

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

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

## EMPLOYEE VOLUNTEERING



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



**3,200+** employee volunteers

**9,572** hours volunteered

**5,600** lives impacted

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

#### T20 Cricket World Cup for the Blind

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

**1,200** hours contributed by 99 employee volunteers, helping in arrangements of the tournament and assistance to medical teams

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



\*ABRL - Aditya Birla Retail Ltd. (Aditya Birla Group's Food & Grocery Business)

#### The Joy of Giving

ABFRL and ABRL\* employees from Bengaluru and Mumbai experienced the joy of giving by distributing 20 cartons of clothes and 10 cartons of shoes in association with Goonj and Greensole NGOs respectively.

These activities are undertaken as part of the Daan Utsav or Joy of Giving Week held between October 2-8 every year, where clothes, shoes and other household goods are donated to the less privileged sections of society across India by various NGOs.





### Namma Library/Community Library

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



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

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



### Enriching Lives

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

**Store Orientation** Lectures and orientation on skill development are conducted by employee volunteers on regular basis at stores for under privileged students to give them insight of retail industry.

**Library Sessions** conducted in association with NGO Pratham, consisted of storytelling, painting and a science project on planets

**English Teaching Workshops** held in association with Animedh Charitable Trust



**Mentoring Sessions** for students who are in their final year of college or have completed their graduation

**Safety Sessions** organised at BMC School and at community centres in coordination with NGO's (Vidya & Door Step School), based on the module designed by ABFRL safety team

**Music, Dance & Karate Training Sessions**



## RURAL ENTREPRENEURSHIP



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



### MICRO MANUFACTURING UNITS (MMUs)

#### INTERVENTION

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

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

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

#### OUTCOME



44% reduction in the cost of manufacturing per shirt achieved by the first MMU

INR 708.9 lakh/annum was distributed to the local economy in the form of wages

15.45 lakh garments stitched every year at these MMUs

648+ women employed in 4 MMUs



# PRODUCT Responsibility

At ABFRL, we hold our products to exacting standards. They need to deliver the greatest possible customer benefit, the highest safety standards, and maximum environmental and climate compatibility. To transform this intent to outcome, and harness every opportunity from fibre selection to end consumer use, we drive product responsibility through four vital pillars.

INNOVATION & DEVELOPMENT | VENDOR DEVELOPMENT & MANAGEMENT | QUALITY | CUSTOMER CENTRICITY



## INNOVATION AND DEVELOPMENT

### CENTRES OF EXCELLENCE

We have developed several Centres of Excellence to encourage innovation, staying abreast of the latest consumer and market trends and retain market leadership.

#### Mission Happiness

A continuous customer listening framework for post-purchase, e-commerce and Omni channel feedback

#### Epic Centre

Tracks all social media trends and engages customers' lives through social media platforms

#### Bosstomer Café

1st one in India to implement this unique tool for designers and product managers to remain directly in touch with customers

#### Design Studio

A collaborative space which enables designers to innovate and create designs

#### Aadhar & Nischint Portal

Proprietary tools for end to end merchandise creation & production milestones across entire internal / external eco-system

#### Denim Development Centre

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

#### Manufacturing Excellence

In-house facilities which manufacture up to a capacity of 18.48 million garments per annum



#### Technology Management Centre

TMC drives R&D in garmenting and supports prototyping for women's wear and kids' wear categories

#### Product Life Cycle Management

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

#### Knowledge Management Centre

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

#### Green Card Loyalty Programme

One of its kind loyalty program with 6 million plus loyal customers

#### BOARD Planning Tool

1st ever implementation of high-end retail planning tool in India, to effortlessly manage merchandise assortment across network

#### Product Testing Laboratory

Testing lab ensures product reliability and satisfies the consumer needs with highest standard of quality

#### Aditya Birla Center of Retail Excellence

ABCRE offers best talent to expedite the front end training needs



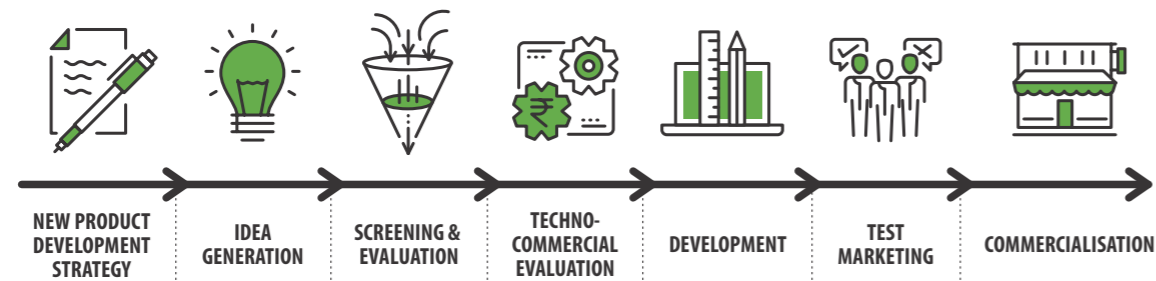
### NEW PRODUCT DEVELOPMENT

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

Continuous improvement, technological advancement, and consumer lifestyle insights are few of the many triggers which initiate new product development. Several apparel designs get created every year and numerous visual merchandising concepts are

developed around new colour combinations, Fabric & Fits, concepts, new categories, theme and overall brand identities. We exhibit new styles, products and concepts in the season trade show in which, more than 1000 retailers / customers participate to book orders and each brand consolidates the feedback and order booking in four season plan. We then assess customer feedback on tradeshow concept and the new product range and changes are incorporated on their insight and input.

#### PRODUCT DEVELOPMENT PROCESS



### TECHNOLOGICAL EDGE

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



Our in-house manufacturing facilities are equipped with state-of-art technology and machinery to deliver superior quality products and meet the demands of a competitive market. Modern and centralised NABL certified laboratories ensure high class quality standards in products delivered to customers.

#### SCAN

- Emerging technology in industry
- International visits
- Fairs • Competition
- Vendor collaboration

#### EVALUATE

- Relevance
- Feasibility
- Costing
- Impact

#### ADOPT

- Customisation
- Capability building
- Collaboration
- Pilot
- Adopt

### PRODUCT SUSTAINABILITY

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

### SUSTAINABILITY ATTRIBUTES

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

**RAW MATERIALS**  
Responsible sourcing from sustainable sources

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

**PRODUCTION**  
Eco-dyeing, Ozone Technology

**PACKAGING**  
Sustainable Packaging

**PEOPLE**  
Sustainable Cotton, Cluster Development

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

### Sustainable Attribute | Production

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

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

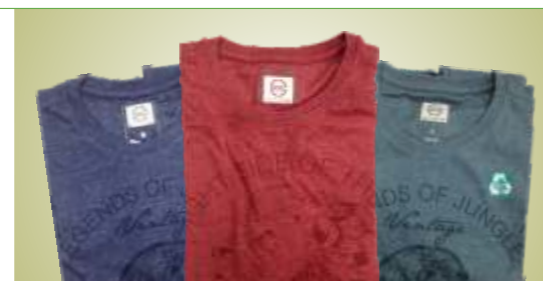
**Eco-Resin** Eco-resin technology enables manufacturing of shirts with non-iron performance and durable wear.



### Sustainable Attribute | Raw Material

**Recycling PET bottles into staple fibres** Pantaloon is creating sustainable apparel products from polyester fibres produced by upcycling used PET bottles. The used bottles are converted into flakes and then to pellets which are finally spun into yarn to create fabric. This entire process has a very low carbon footprint.

Exclusive "Re-Earth" zone basis sustainable products has been planned at Pantaloon stores to create consumer awareness.



CASE STUDY

## MORE SUSTAINABILITY PER SHIRT



#### OPPORTUNITY

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

#### INTERVENTION

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

Overall, an EasyWash shirt helps reduce



#### IMPACT

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



## Sustainable Attribute | People

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

CASE STUDY

### WEAVING THE IKAT STORY



#### OPPORTUNITY

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

#### INTERVENTION

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

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

#### IMPACT

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

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

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

### REVIVING THE FINE ART OF BLOCK-PRINTING

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

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

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

### PRESERVING THE ART OF MADHUBANI

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

Newer platforms for showcasing their talent has provided these artisans with the confidence that this rich art form will not fade away due to lack of relevance and that it will continue to bring them livelihood opportunities.



### Sustainable Attribute | Factories

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

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



### Sustainable Attribute | Packaging

Our constant endeavour has been to reduce existing packaging consumption as well as to switch to more sustainable packaging material.

Packaging material does not directly contribute to product usage and the operating principle is to question each material which can be optimised without compromising the presentation or freshness of the product.

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

Elimination of plastics, foams, hangers, etc., has improved the environment friendliness for packaging material from 84% to **93%**

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

Please refer to the section on Packaging for further details.

## QUALITY MANAGEMENT

ABFRL has a well-defined quality management system which is in line with the quality policy of the Aditya Brila Group. The system has been designed keeping in mind the organisation's vision, commitment to customer and overall strategy.

### QUALITY POLICY

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

We have established comprehensive quality plan to assure product and service quality as per the defined standards that exceed customer expectations.

Quality standards/specifications and norms have been devised through various benchmarking exercises of quality standard/protocol comparison against domestic and international brands. Reference has been taken from internationally recognised standards like AATCC, ASTM, ISO, ASQC, etc.

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

ABFRL has a multi-level quality appraisal system and process to check, maintain and assure quality at various stages in order to maintain consistency in products, processes and services offered to customers. All the quality appraisal systems and processes are embedded in the quality manual and SOP. We also engage with external agencies for periodic quality system appraisal (like ISO, IMS audits).

We have implemented management systems like ISO 9001 (quality management system), ISO 27001 (information security management system), ISO 14001 (environmental management system) and OHSAS 18001 (occupational health and safety assessment series), in all areas of its operations, which resulted into IBMS (Integrated Business Management System).

This, in turn, paves way for system and process robustness. Thus, effectiveness in deployment of quality systems are tracked through periodic internal audits and third party certification audits in a systematic manner.

### QUALITY ASSURANCE FOR PRODUCTS, SERVICES AND PROCESSES

We follow a systematic approach that ensures consumers receive superior quality products through the new product development process. Quality assurance is in-built in every process either in the form of validation or critical checkpoints at each stages.

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

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

### Continuous Quality Improvement

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

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

### RESTRICTED SUBSTANCES LIST

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

We focus continuously on addressing the environmental, health, safety and resource impacts of chemical and product manufacturing, use and disposal. The product integrity team further evaluates product safety, quality and environmental impact throughout the stages of many new product developments.

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

## CUSTOMER CENTRICITY

We believe that customer-centricity is important to long-term business sustainability. Hence, we strive to ensure that customer complaints, if any, are appropriately and promptly addressed. On several occasions, we have also gone beyond the required response to ensure our consumers' needs were fully satisfied.

### CUSTOMER HEALTH & SAFETY

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

### MISSION HAPPINESS

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

For more information on this initiative, please refer to the Stakeholder Engagement section pg 83



Mission Happiness is Our Agent for Transformation in Driving Consumer Centricity

### PRODUCT AND SERVICE LABELLING

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



There have been four incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling which have been resolved for FY 2016-17.

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

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

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

### MARKETING COMMUNICATIONS

Brand management and marketing has been strengthened to sharply focus on brand growth and consumer connect in each brand and segment.

Central marketing and omni-channel teams are created to drive synergies across brands and streamline external communication, public relations (PR) and consumer delight. The brand/marketing teams conduct consumer surveys and market research to find opportunities in category, segment and new trends for their respective portfolios.

### CUSTOMER VOICE RESPONSE SYSTEM (CVRS)

Customer Voice Response System helps handle customer queries efficiently and productively.

*For more information on this initiative, please refer to the Stakeholder Engagement section pg 79*

### PRODUCT RATING AS CUSTOMER (PRAC)

Product rating as customer is a method for evaluating and rating the quality of a product, basically from consumers' perspective and also from manufacturing perspective in retail stores. It is a method of expressing the quality in numerical form to make it measurable and comparable.

### QUALITY CARE CELL

The Quality Care Cell was created with an objective to specifically understand and address the post-purchase consumer experiences in product quality.

A team of product specialists receives and analyses the products from consumers at this centre, and work with the quality assurance team and other stakeholders to

find solutions for quality improvements. Learnings from this centre also go as inputs for future product and vendor developments.

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

### OTHER INITIATIVES

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

- We recognise our position as an influencer of public choice and values, and therefore, ensure responsible advertising by eliminating bias, being political neutral and minimising ambiguity
- We have created strong competencies around brand building, product positioning and communicating the brand USP to potential customer segments
- Epic Centre has been started as a means of positively leveraging social media to manage brand image. It helps us engage with our customers through various social media platforms and stay abreast of the trends.



- Bosstomer café is a key platform for backend and support teams. It is a one-stop point located at the head-office and has a repository of more than 90,000 customer feedbacks. Responses are segregated by time period, geographical location, products and brands
- Voice of the Customer (VOC) has always been an important attribute while deciding marketing and business strategies. Initiatives to ensure a strengthened feedback from our customers includes direct feedback from store staff

## VENDOR DEVELOPMENT AND MANAGEMENT

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



The various initiatives undertaken for the suppliers are listed as below:

### Process Improvement

To improve overall process quality, critical processes are identified with respect to crucial requirements of customers. The relevant quality parameters of those processes are then identified and measured. The improvement parameters are taken on priority and assigned to a project team.

The progress of all such projects is regularly monitored until the desired results are achieved.

### ABFRL Vendor Code of Conduct

Our code of conduct recommends environmental and social management systems as outlined by the Indian Factories Act, International Labour Organisation (ILO) and SA 8000 standards.

Apart from assessing supplier performance, the VCoC also doubles up as a means for suppliers to demonstrate their alignment to our sustainability targets and take a step towards a greener future.

VCoC audits are conducted on a regular basis and follow-up audits as per necessity. We are currently in the process of achieving our ambitious target of auditing 100% of our supplier base for tier 1 suppliers.

### Sustainable Sourcing

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

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

### Green Channel Partnership (GCP)

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

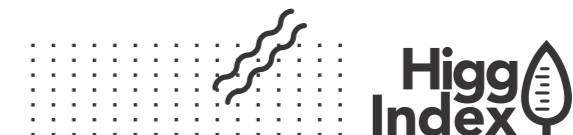
GCP is a supplier self-certification programme for fabric inspection and lab testing based on our standards and requirements. Green Channel vendors are certified with one year validity and renewed based on the vendor performance index.

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

### Higg Index

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

In addition, we also helped them strategise action plans to enhance their environmental and social performance, and thereby improve their overall Higg Index score.





# Recognising

The key purpose of stakeholder engagement is twofold, identify underserved needs and zero in on emerging trends early enough to capitalise on them. Designed to interact with large swathes of society, classic stakeholder engagement delivers on the former but falters on the latter. When it shows up across the spectrum, a trend has already taken root and is no more emerging. Thus, there is little to gain in terms of first mover advantage. We, therefore, engage with experts who due to their deep domain knowledge, are able to connect diverse phenomenon and spot early signals of emerging trends. It is the application of materiality to stakeholder engagement, wherein we opt for quality over quantity.










# STAKEHOLDER Engagement

Constant and rapid change is an inevitable part of the fashion industry. Hence, at ABFRL, it is our endeavour to seed and drive change as often as we can and be an early mover for all the emerging trends. To that end, we constantly keep one ear to the ground, picking up early signals of shifting consumer wants, needs and taste. And, the other ear intently listening to experts, policy influencers and opinion makers, to spot emerging technologies, new materials, regulations, policies and competitors, and new strategies by old competitors.

## OUR APPROACH

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

## ENGAGEMENT MECHANISM

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

## FASHION FORECASTERS & SUBJECT MATTER EXPERTS

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

## SUPPLIERS

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



INITIATIVES

PARTNER INNOVATION SUMMIT

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

Highlights of the Summit

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



Joint Implementation Programme

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

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



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

Green Channel Partnerships

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

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

Samanvay

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

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

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

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

Vendor Workshops

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



Vendor Training

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

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

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

Aadhar For Order Management

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

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

CUSTOMERS

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



With approx. \_\_\_\_\_

17 million+ Loyalty Members

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



INITIATIVES

MISSION HAPPINESS

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

Mission happiness has been a huge success

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

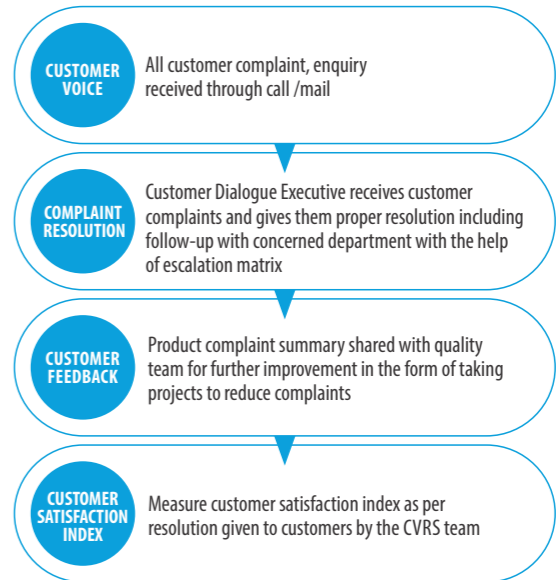


Customer Voice Response System (CVRS)

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

OBJECTIVE

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



Ensuring Customer Delight Through Quality Management

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

This process is undertaken across our stores and captures consumer feedback on product quality. The dashboard comprises metrics like DPMPs (Defects per million pieces sold) and % Proportion Defect Trend.

These metrics are applied at all product levels (Apparel and Non-apparel) and across various lines - Men, Ethnic, Women and Kids. The findings are used to decide on corrective actions which are then routed back to our products.

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

DEFECTIVE RETURNS TRENDS – FY2016-17

- There has been a reduction in DPMPs (Apparel & non-apparel Products) from 881 in Q1 FY2016-17 to 394 in Q4 FY2016-17
- Defectives identified by Stores team has increased to 54% in Q4 FY2016-17 from 39% in Q1 FY2016-17
- Customer returns have also reduced to 46% in Q4-FY17 from 61% in Q1-FY17

LAKSHYA FOR QUALITY

Customer experience is a combination of a host of factors like the look, feel, price and most importantly the quality and durability of the garment. Customer's purchase and owning experience is vital in building and retaining the brand image. Lakshya, the state-of-the-art in-house product testing laboratory, aims at ensuring the durability of our apparels at Pantaloons.



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

Lakshya operates on Aadhar – the in-house order management portal – right from receiving the test

sample to the dispatch. The system captures the work in progress and test results, and generates final reports based on the outcomes.

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

## EMPLOYEES

Employee engagement is a critical ingredient in building an innovative business that can stand the test of time and withstand competition. Effective engagement with employees has a positive impact on loyalty, productivity, innovation and customer satisfaction. At ABFRL, engagement starts right at the joining stage and goes on till the separation stage. ABFRL attracts the best talent in the apparel industry and has a strong system of nurturing them, backed by robust people development processes, mentoring and employee engagement programmes.

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



## MATERIALITY

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

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

### MATERIALITY ASSESSMENT PROCESS

Our materiality assessment process included the following key aspects:

Identification and understanding of common issues across the industry

Stakeholder perceptions and current trends

Detailed discussions with top and middle management, who regularly interact with diverse stakeholder groups

### SUMMARY OF KEY MATERIAL ASPECTS

Following aspects have been identified as material to our business:



Financial Performance



Employee Development & Retention



Human Rights & Labour Standards



Waste Management



Water Management



E-commerce



Carbon Emissions



Energy Efficiency



Compliance



Responsible & Sustainable Supply Chain



Innovation in Process & Products



Customer Centricity





Future Proofing

BUSINESS

# Redesigning

To be future-ready, ABG Sustainability Framework says, it is important that we analyse the potential challenges and come up with the solutions to harness emerging opportunities and combat risks. At ABFRL, we are redesigning the future by predicting it. ReEarth enables us in redesigning our business. We are looking for global standards with domestic innovations; use of non-conventional energy sources, exploring disruptive technologies such as metal 3D printing with bio-degradable and re-used materials, etc. We are also transforming wearables to make them invisible, eliminate hassles and seamlessly integrate them.



# FUTURE Proofing

The best way to predict the future is to shape it they say, and so at Aditya Birla Fashion and Retail Ltd., we are proactive in our approach for a better tomorrow. While it is impossible to know accurately what the future holds, deep understanding of the emerging trends and potential impacts help increase our responsiveness to change and ability to be future-ready. Knowledge of the shifting paradigms, fosters identification of risks and opportunities, based on which we devise innovative strategies that both build resilience and drive progress.

## RISK MANAGEMENT

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

### RISK MANAGEMENT COMMITTEE (RMC)



IDENTIFY



ANALYSE



ACTION



MONITOR

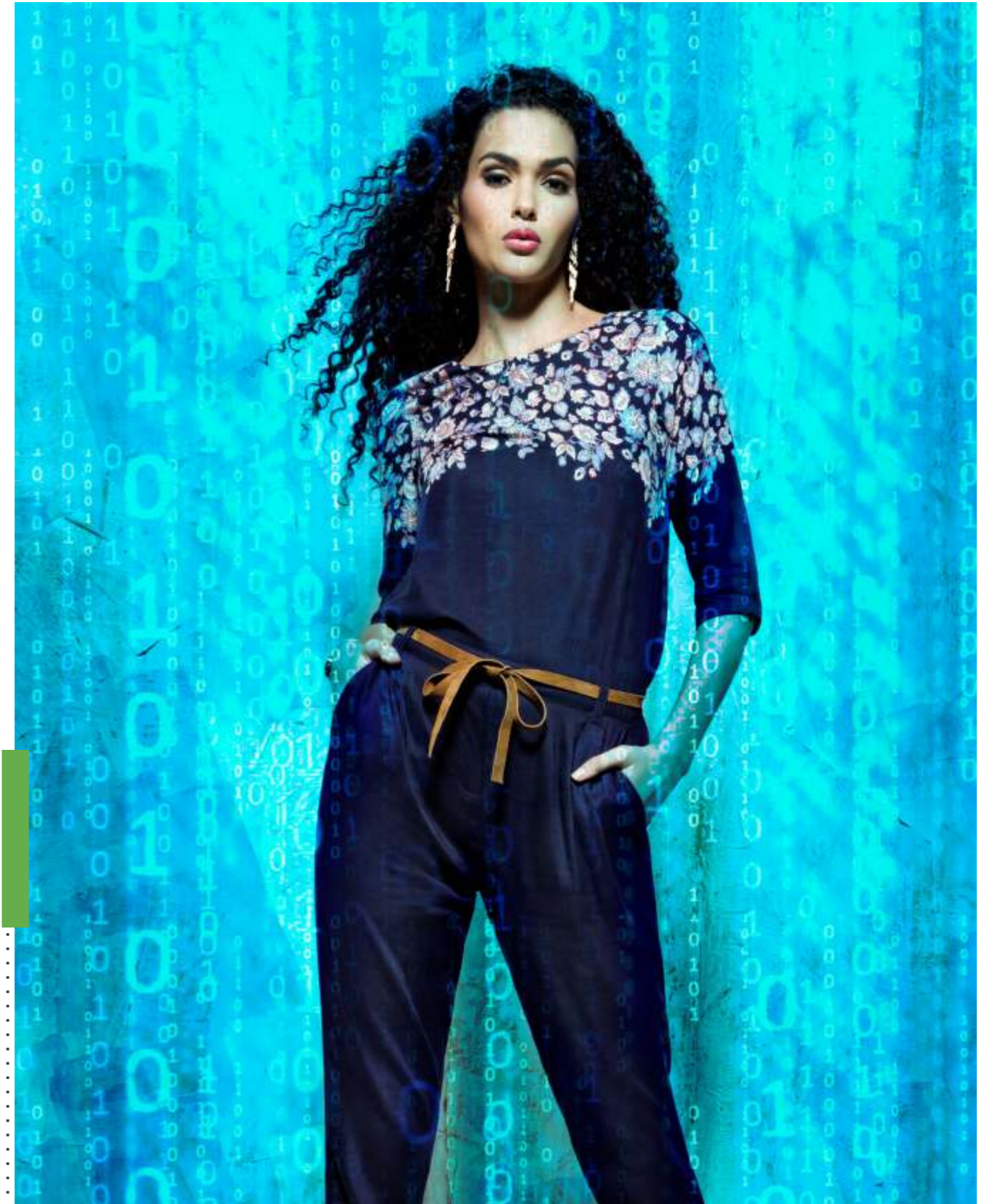


CONTROL



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

Based on the findings, the committee, in collaboration with the RMC, defines a risk management framework. It then implements the mitigation plans and monitors them regularly in a structured environment. Along with the business, the committee also assesses the socio-economic environment for internal threats and opportunities. The framework is then updated with refined processes and systems for mitigation, as per the outcomes.





## PREPPING FOR TOMORROW, TODAY

We believe the future is now. Integrating sustainability into our business strategies today, is hence constitutive of our readiness for tomorrow. Scanning the industry horizons for mega trends and simulating potential scenarios, enables the leaders in the organisation to have a long-term vision, ensuring that sustainable business is placed at the heart of our core business strategy.

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

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

## FACTOR PRIORITISATION

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

After careful evaluation during the reporting year, we identified significant areas having the highest possible impacts. These include shifting demographics in India, growth of online business and e-commerce, rapid urbanisation and logistics infrastructure in the country, etc.

## EXPLORING UNCERTAINTY

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

## BUILDING STRATEGIES

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



### ADOPT TO ADAPT

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



### INDIA REALLY SHINING

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



### VASUDEVA KUTUMBAKAM

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



### HUM INDIA WALE

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

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

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

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

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



**We have moved from e-commerce to omni-channel and we want to offer not just multi-brand environment, but a better opportunity for each individual brand with consumers.**

**Ashish Dikshit**  
Business Head,  
Aditya Birla Fashion and Retail Ltd.

## INITIATIVES

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

## TECHNOLOGY INNOVATIONS

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

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

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

## EXPLORING DISRUPTIVE TECHNOLOGIES

Technology is continuously evolving to create more ease, convenience and optimisation in the way things work. Cross-amalgamation of technologies across multiple domains is creating exciting possibilities in the Textile and Apparel domain as well. We are in relentless pursuit of these new inventions and discoveries.

## SUSTAINABLE TEXTILE TECHNOLOGY

Following are the new technologies adopted this year.



### ADVANCED DENIM

Manufacturing jeans with reduced consumption of energy and water



### HERBAL DYEING

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



### ECO-RESIN

Produce garments with non-iron performance & durable wear.



### ZERO DETERGENT

Allow easy stain removal without detergent and use of cold water.



## BEYOND TEXTILE TECHNOLOGY

We are exploring the possibilities of technologies like 3D printing and Wearables.

As part of our explorations, we first do the Proof of Concept (POC) demonstrations to evaluate feasibility and adaptability across multiple applications at ABFRL. The refined ideas thus obtained, are then adopted and implemented commercially.

## WEARABLES

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

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

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

## KNOWLEDGE MANAGEMENT CENTRE

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

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



## AN INNOVATION ECO-SYSTEM

To excel in the highly volatile and rapidly changing Garment industry, it is imperative to respond quickly and stay ahead of the curve in predicting the future trends.

At ABFRL, the Knowledge Management Centre (KMC) and the Technology Management Centre (TMC) were instituted to facilitate innovation and development through the best use of manufacturing practices to create world-class apparels with excellence in style, quality and sustainability.

## TECHNOLOGY MANAGEMENT CENTRE

Technology Management Centre drives R&D in garmenting and supports prototyping for women's wear and kid's wear categories.



## GRI G4 CONTENT INDEX

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

Material Issue	GRI G4 Aspects
Financial Performance	<ul style="list-style-type: none"> <li>Economic Performance</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>Energy</li> </ul>
Water Management	<ul style="list-style-type: none"> <li>Water</li> </ul>
Carbon Emissions	<ul style="list-style-type: none"> <li>Emissions</li> </ul>
Waste Management	<ul style="list-style-type: none"> <li>Waste and Effluents</li> </ul>
Responsible & Sustainable Supply Chain	<ul style="list-style-type: none"> <li>Supplier Environmental Assessments (EN)</li> <li>Supplier Assessments for Labor Practices (LA)</li> <li>Supplier Human Rights Assessment (HR)</li> <li>Supplier Assessments for Impacts on Society (SO)</li> </ul>
Employee Development & Retention	<ul style="list-style-type: none"> <li>Employment (LA)</li> <li>Training and Education (LA)</li> <li>Diversity and Equal Opportunity (LA)</li> <li>Equal Remuneration for Women and Men (LA)</li> </ul>
Human Rights & Labor Standards	<ul style="list-style-type: none"> <li>Non-discrimination (HR)</li> <li>Freedom of Association and Collective Bargaining (HR)</li> <li>Child, forced or compulsory labor (HR)</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Compliance (EN, SO and PR)</li> </ul>
Innovation in Process and Products	None
E-commerce	None
Customer Centricity	<ul style="list-style-type: none"> <li>Customer Health and Safety</li> <li>Product and Service Labelling</li> <li>Marketing Communications</li> </ul>

Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
G4-1	Statement from the most senior decision-maker of the organization.	Reported	Message from the Business Director (01)
G4-2	Description of key impacts, risks, and opportunities.	Reported	Sustainability & Us (07-11) Future Proofing (Page No. 89-94)
G4-3	Name of the organization	Reported	Cover Page
G4-4	Primary brands, products, and/or services.	Reported	Company Profile (03-05)
G4-5	Location of organization's headquarters	Reported	Mumbai, India
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Reported	The company has pan- India operations with insignificant international operations
G4-7	Nature of ownership and legal form.	Reported	ABFRL is a public limited company registered under the Companies Act, 1956
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Reported	Company Profile (03-05) Financial Performance (31-34)
G4-9	Scale of the reporting organization.	Reported	Company Profile (03-05) People Performance (48) Financial Performance (31-34) ABFRL Annual Report FY 2016-17 <a href="http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf">http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf</a>

Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
G4-10	Total number of employees by category, gender and region	Reported	People Performance (48)
G4-11	Percentage of total employees covered by collective bargaining agreements.	Not Reported	
G4-12	Description of organizations' s supply chain	Reported	Financial Performance (35-36)
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	Reported	There were no significant changes during the reporting period regarding size, structure, or ownership.
G4-14	Whether and how the precautionary approach or principle is addressed	Reported	Sustainability & Us (07-11) Future Proofing (Page No. 89-94)
G4-15	Subscriptions to any externally developed economic, environmental and social charters, principles, or initiatives to which the organisation subscribes or endorses	Reported	ABFRL (through the Aditya Birla Group) is a signatory to the World Business Council for Sustainable Development (WBCSD)'s International WASH pledge. The Group is also a member of the Global Compact, an international forum that operates under the aegis of the United Nations.
G4-16	Memberships of associations and national or international advocacy organisations	Reported	Company Profile (05)
G4-17	Entities included in the organisations consolidated financial statements or equivalent documents, as well as entities not covered in the report	Reported	ABFRL Annual Report FY 2016-17 <a href="http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf">http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf</a>
G4-18	Process for defining the report content and the aspect boundaries	Reported	Company Profile (06) Stakeholder Engagement (85)
G4-19	Material aspects identified in the process for defining report content	Reported	Company Profile (06)
G4-20	Aspect boundaries for each material aspect within the organisation	Reported	Stakeholder Engagement (85)
G4-21	Aspect boundaries for each material aspect outside the organisation	Reported	Company Profile (06)
G4-22	Explanation of any restatements of information provided in previous reports, and the reasons for such restatements	Reported	This is our first annual Report and hence there are no restatements.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Reported	This is our first annual Sustainability Report.
G4-24	List of stakeholder groups engaged by the organisation	Reported	Stakeholder Engagement (79-84)
G4-25	Basis for identification and selection of Stakeholders	Reported	Stakeholder Engagement (79-84)
G4-26	Organisation's approach to stakeholder Engagement	Reported	Stakeholder Engagement (79-84)
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has to those key topics and concerns, including through its reporting	Reported	Stakeholder Engagement (79-85)
G4-28	Reporting period (e.g. fiscal or calendar year)	Reported	FY 2016 - 17
G4-29	Date of most recent report	Reported	This is our first annual Sustainability Report for the FY 2016-17
G4-30	Reporting cycle (annual, biennial etc.)	Reported	Annual
G4-31	Contact point for questions regarding the report or its contents	Reported	Company Profile (06)
G4-32	In accordance' option the organization has chosen	Reported	Company Profile (06)
G4-33	Organisation's policy and current practice with regards to seeking external assurance for the report	Not Reported	
G4-34	Governance structure of the organisation, including committees of the highest governance body. Committees responsible for decision making on economic, environmental and social impacts	Reported	Sustainability & Us (07-11)
G4-56	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Reported	Corporate Governance (12-14)

Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
<b>Material Aspect: Economic Performance</b>			
G4-DMA	Disclosures on Management Approach	Reported	Financial Performance (29-30)
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Reported	Financial Performance (30)
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change and other sustainability issues.	Reported	Financial Performance (29) Sustainability & Us (07-11) Future Proofing (89-94)
EC3	Coverage of the organization's defined benefit plan obligations.	Reported	Compensation or Retirement benefit related policy(s) are as per the applicable laws and/or regulations.
EC4	Significant financial assistance received from government.	Reported	There was no financial assistance received from the government during the reporting period.
<b>Material Aspect: Energy</b>			
G4-DMA	Disclosures on Management Approach.	Reported	Sustainability & Us (07-10) Environmental Performance (18-19)
EN3	Energy consumption within the organization.	Reported	Environmental Performance (18)
EN4	Energy consumption outside the organization.	Partially Reported	Based on Life Cycle Assessment Studies of a Cotton Shirt and a Denim Jeans the amount of energy consumed in production and use stage is known to us. Going forward, we are undertaking Higg Index assessment of our suppliers, the results of which can be utilized to make a fair estimation of energy consumption during the production, and also devise initiatives to reduce the amount of energy consumed.
EN5	Energy intensity	Reported	Environmental Performance (18)
EN6	Reduction of energy consumption.	Reported	Environmental Performance (18-19)
EN7	Reduction on energy requirements of products and services.	Partially Reported	Future Proofing (89-94) Based on Life Cycle Assessment Studies of a Cotton Shirt and a Denim Jeans the amount of energy consumed in production and use stage is known to us. Going forward, we are undertaking Higg Index assessment of our suppliers, the results of which can be utilized to make a fair estimation of energy consumption during the production, and also devise initiatives to reduce the amount of energy consumed. This shall be undertaken by the Knowledge Management Centre.
<b>Material Aspect: Water</b>			
G4-DMA	Disclosures on Management Approach	Reported	Sustainability & Us (07-10) Environmental Performance (22)
EN8	Total water withdrawal by source.	Reported	Environmental Performance (22)
EN9	Water sources significantly affected by withdrawal of water.	Reported	Environmental Performance (22)
EN10	Percentage and total volume of water recycled and reused.	Reported	Environmental Performance (22)
<b>Material Aspect: Emissions</b>			
G4-DMA	Disclosures on Management Approach	Reported	Sustainability & Us (07-10) Environmental Performance (21)
EN15	Direct greenhouse gas (GHG) emissions - Scope 1.	Reported	Environmental Performance (21)
EN16	Indirect greenhouse gas (GHG) emissions - Scope 2.	Reported	Environmental Performance (21)

Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
EN17	Other indirect greenhouse gas (GHG) emissions - Scope 3.	Not Reported	
EN18	Greenhouse gas (GHG) emissions intensity.	Reported	Environmental Performance (21)
EN19	Reduction of greenhouse gas (GHG) emissions.	Reported	Environmental Performance (21) Our energy reduction initiatives are also leading to a direct reduction in the amount of emissions.
EN20	Emissions of ozone-depleting substances (ODS)	Reported	During the reporting year FY 2016-17, there were no facilities identified for emitting ozone-depleting substances.
EN21	NOx, SOx, and other significant air emissions by type and weight.	Reported	Currently, we are not recording the amount of NOx, SOx and other significant emissions. However, going forward, we intend to have mechanisms in place to adequately monitor and record the same.
<b>Material Aspect: Waste and Effluents</b>			
G4-DMA	Disclosures on Management Approach	Reported	Sustainability & Us (07-10) Environmental Performance (19)
EN22	Total water discharge by quality and destination.	Reported	Environmental Performance (22)
EN23	Total weight of waste by type and disposal method.	Reported	Environmental Performance (19)
EN24	Total number and volume of significant spills.	Reported	There were no significant spills reporting during the FY 2016-17
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Reported	We do not transport hazardous waste to international destinations. Hazardous waste generated at our facilities are disposed in accordance to the provisions of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
<b>Material Aspect: Supplier Assessment</b>			
EN32	Percentage of new suppliers that were screened using environmental criteria	Reported	Our supplier are audited using our Vendor Code of Conduct (CoC) that serves as a guidance document for supplier to establish environmental and social management systems. During the reporting period XX% of our suppliers were audited.
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Reported	No significant actual or potential negative impacts are witnessed in the supply chain.
LA14	Percentage of new suppliers that were screened using labor practices criteria	Reported	Our supplier are audited using our Vendor Code of Conduct (CoC) that serves as a guidance document for supplier to establish environmental and social management systems. During the reporting period XX% of our suppliers were audited.
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Reported	No significant actual or potential negative impacts on labor practices are witnessed in the supply chain.
HR10	Percentage of new suppliers that were screened using human rights criteria	Reported	Our supplier are audited using our Vendor Code of Conduct (CoC) that serves as a guidance document for supplier to establish environmental and social management systems. During the reporting period XX% of our suppliers were audited.
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Reported	No significant actual or potential negative human rights impacts are witnessed in the supply chain.



Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
SO09	Percentage of suppliers that were screened using criteria for impacts on society	Reported	Our supplier are audited using our Vendor Code of Conduct (CoC) that serves as a guidance document for supplier to establish environmental and social management systems. During the reporting period XX% of our suppliers were audited.
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Reported	No significant actual or potential negative impacts on society are witnessed in the supply chain.
<b>Material Aspect: Compliance</b>			
G4-DMA	Disclosures on Management Approach	Reported	Sustainability & Us (07-11) Future Proofing (Page No. 89-94)
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Reported	ABFRL Annual Report FY 2016-17 <a href="http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf">http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf</a>
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Reported	ABFRL Annual Report FY 2016-17 <a href="http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf">http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf</a>
<b>Material Aspect: Employment</b>			
G4-DMA	Disclosures on Management Approach	Reported	People Performance (37-38)
LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially Reported	People Performance (48)
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Reported	People Performance (39)
LA3	Return to work and retention rates after parental leave, by gender.	Not Reported	
<b>Material Aspect: Occupational Health and Safety</b>			
G4-DMA	Disclosures on Management Approach	Reported	Safety Performance (49-52)
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	Not Reported	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Partially Reported	Safety Performance (49-50)
LA7	Workers with high incidence or high risk of diseases related to their occupation	Reported	During the reporting period, there were no workers identified with high incidence or high risk of diseases related to their occupation.
LA8	Health and safety topics covered in formal agreements with trade unions	Not Reported	
<b>Material Aspect: Training and Education</b>			
G4-DMA	Disclosures on Management Approach	Reported	People Performance (45-46)
LA9	Average hours of training per year employee by gender, and by employee category	Reported	People Performance (47)
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Reported	People Performance (45-47)
LA11	Percentage of employees receiving regular performance and career development reviews, by gender.	Reported	All our employees receive regular performance and career development reviews.

Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
<b>Material Aspect: Diversity and Equal Opportunity</b>			
G4-DMA	Disclosures on Management Approach	Reported	ABFRL is an equal opportunity employer and does not tolerate any form of discrimination on the basis of colour, gender, race, caste, nationality, age, marital status, sexual orientation or disability Corporate Governance (12-14)
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Reported	Corporate Governance (12-14) For further details, please refer to ABFRL Annual Report FY 2016-17 <a href="http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf">http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf</a>
<b>Material Aspect: Equal Remuneration for Women and Men</b>			
G4-DMA	Disclosures on Management Approach	Reported	ABFRL is an equal opportunity employer and does support any form of discrimination on the basis of gender.
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Reported	ABFRL is an equal opportunity employer and does support any form of discrimination on the basis of gender.
<b>Material Aspect: Non-discrimination</b>			
G4-DMA	Disclosures on Management Approach	Reported	ABFRL is an equal opportunity employer and does support any form of discrimination on the basis of colour, gender, race, caste, nationality, age, marital status, sexual orientation or disability
HR3	Total number of incidents of discrimination and corrective actions taken.	Reported	During the reporting year, there were no incidents of discrimination reported.
<b>Material Aspect: Freedom of Association and Collective Bargaining</b>			
G4-DMA	Disclosures on Management Approach	Reported	No operations were identified where the freedom of association or collective bargaining were compromised.
HR4	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Reported	During the reporting period, no operations or facilities were identified in which the right to exercise freedom of association and collective bargaining were violated or was at a significant risk.
<b>Material Aspect: Child labor</b>			
G4-DMA	Disclosures on Management Approach	Reported	We abide by all applicable laws of the land pertaining to prevention of child labor. Minimum age for recruitment is 18 years for all categories of employees.
HR5	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Reported	No incident of child labour was reported in the FY 2016-17.
<b>Material Aspect: Forced or compulsory labor</b>			
G4-DMA	Disclosures on Management Approach	Reported	We abide by all applicable laws of the land pertaining to prevention of forced labor.
HR6	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Reported	No incident of forced labor was reported in the FY 2016-17.

Profile Disclosure / Key Performance Indicator	Description	Reported	Cross Reference / Direct Answer
<b>Material Aspect: Local Communities</b>			
G4-DMA	Disclosures on Management Approach	Reported	Social Performance (55-64)
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Reported	Social Performance (55-64)
SO2	Operations with significant potential or actual negative and positive impacts on local communities.	Reported	Social Performance (55-64)
<b>Material Aspect: Customer Health and Safety</b>			
G4-DMA	Disclosures on Management Approach	Reported	Product Responsibility (73-74)
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Reported	Product Responsibility (74)
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Reported	Product Responsibility (75)
<b>Material Aspect: Product and Service Labelling</b>			
G4-DMA	Disclosures on Management Approach	Reported	Product Responsibility (74-75)
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Reported	Product Responsibility (74-75)
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Reported	Product Responsibility (75)
PR5	Results of surveys measuring customer satisfaction	Reported	Product Responsibility (75)
<b>Material Aspect: Marketing Communications</b>			
G4-DMA	Disclosures on Management Approach	Reported	Product Responsibility (75)
PR6	Sale of banned or disputed products	Reported	The given indicator is not applicable to the Company's nature of business.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Reported	Product Responsibility (75)

## OUR PARTNER IN THE SUSTAINABILITY JOURNEY

The Aditya Birla Group's vision is to make all businesses sustainable by 2017, and this was one of the key drivers for ABFRL to set forth on their journey of sustainability. It started with launching of the 'ReEarth' initiative in 2013 and the related activities to aid in its implementation.



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



**Ernst & Young's (EY) role is to provide their expertise to ABFRL in achieving these goals and targets. EY facilitated and supported the internal teams in gaining deeper understanding on concepts and tools such as the Higg Index, green building certification, renewable energy, green house gas emission reduction, energy and water efficiency measures, sustainable supply chain and waste management circular economy initiatives.**

EY reviewed sustainability, missions, targets and protocols to ensure continued performance across factories, warehouses and offices. The review included document checks, stakeholder interviews and site visits. The objective of these visits were to arrive at gaps against Aditya Birla Group sustainability standards and guidelines, State and Central regulatory requirements and industry best practices. Based on these assessments recommendations, action plans were deliberated upon to address the gaps as well as to enhance the overall sustainability performance of ABFRL to bring them at par with the global standards.



**ADITYA BIRLA**



**FASHION & RETAIL**

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