

EXPANDING OUR WINGSPAN



Retarth 2.0
FOR OUR TOMORROW

SUSTAINABILITY
REPORT/2021-22

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MESSAGE FROM THE CHAIRMAN



Dear Stakeholders,

We are defined by the challenges we overcome. FY22 presented its unique set of challenges. As the economy was recovering, we were struck by a new variant of the Coronavirus. The Russia-Ukraine conflict aggravated matters while supply chain problems persisted. These factors resulted in a stop-start rhythm to business and life, and impacted commodity prices and energy costs, thus worsening the situation across industries.

Amid all this, climate change remains a persistent disruptor. And responsible businesses need to walk the extra mile to reduce their environmental footprint.

Through ABG's 'Sustain-ability Journey 2.0', we are 'accelerating ESG-bility and bolstering sustainability' to mitigate these challenges. Our journey focuses on the megatrends of the current decade and accelerates mainstreaming of ESG in executive and operational decision-making.

In this decade of action, our businesses are weaving ESG metrics into their strategies and operations. Our sustainability policies now consider the four dimensions (4Ds) of sectoral uniqueness, geographies of operation, stakeholder expectations across the value chain, and time horizon. This implies that ESG priorities and imperatives may vary across businesses and markets. However, our daily actions recognise the principles and guardrails that underpin our Group's ethos.

Fashion and Retail Sector

Apart from global challenges, the fashion and retail sector faces inherent issues - customer preference swings, uneven demand, and fractured supply chains, to name a few.

To stage a recovery in this dynamic, ever-evolving scenario, businesses needed to amplify their agility to stay in step with fast-changing consumer demand and harness opportunities as and when they emerged. Moreover, businesses were required to ramp up their sustainability efforts to reflect customer values in their assortments, supply chains, and ways of working. It gives me great pleasure to share that ABFRL continued to deliver on all these fronts in FY22.

Deeper digital roots. Wider brand offerings.

ABFRL accelerated its digital transformation journey, making the business more agile, flexible and resilient, along with becoming more sustainable. To this end, the company adopted a three-pronged strategy: digital connect with the consumer, aggressive e-commerce play, and backend digitisation.

As part of its ongoing strategy of building a solid presence across all large segments of the apparel fashion market, ABFRL expanded its portfolio by acquiring the Indian operations of the global sportswear brand Reebok and partnering with the designer-ethnic wear brand House of Masaba.

ESG-driven Growth

At Aditya Birla Group, we define sustainability as our 'ability to sustain.' Longevity is determined by a foundation of values and purpose, not just profits. An enduring corporation is not only a repository of quality products or shareholder wealth; it is a repository of trust. The trust of customers, employees, shareholders, and all stakeholders, that the company will consistently deliver on their expectations.

ABFRL has been an exemplary custodian of stakeholder trust. Therefore, it comes as no surprise that it was declared Asia's 'Most Sustainable Company' in the Textile, Apparel & Luxury Goods Industry' by S&P Global CSA 2021 for a second consecutive year.

With an ESG-driven, digitally sound and structurally transformed business, ABFRL is well-poised for long-term sustainable growth.

KUMAR MANGALAM BIRLA

Chairman, Aditya Birla Group

MESSAGE FROM THE MANAGING DIRECTOR



Dear Stakeholder,

At ABFRL, we are optimistic realists. In the last two years, even as the fashion retail industry faced extremely difficult external circumstances, we not only successfully navigated the challenges arising from the pandemic, but also increased our focus on the emerging trends such as sustainability and digitalization. As we come out of the pandemic, we have emerged stronger and better placed to build on these themes going forward.

We accelerated our sustainability journey, ramped up our digital capability and evolved our product proposition in line with shift in consumer tastes and behaviour. This required multi-disciplinary teams to work in unison and ensure that sustainability, digital and product, evolved in an integrated fashion. The goal was to not only tide over immediate challenges, but also use the opportunity to fortify resilience and amplify our sustainability mission.

Increasingly, we see greater acceptance in the society to embrace greener products but the journey of large-scale adoption will require businesses to make these products accessible and more affordable. As one of the largest fashion retailers in India, we at ABFRL are sensitive to the role we can play in instilling sustainability at scale at the product and consumer level. Our 'Product-led' Sustainability 2.0 strategy is aligned with this thought and I am pleased to share with you that at the end of the reporting period, more than half of our products by volume, will have at least one sustainability attribute.

During the reporting period, we accelerated our sustainability journey by widening the breadth of our coverage and enhancing the depth of our initiatives. While we continued to focus on decarbonisation, sustainable sourcing, sustainable raw materials, greener production process, green manufacturing facilities, sustainable packaging, sustainable livelihood, ESG advocacy and thought leadership, we intensified our focus on circularity.

We are exploring options to steadily introduce the use of recycled materials in production of our garments. We have already launched shirts made from 'Liva Reviva' – an RCS (Recycled Claim Standard) certified fibre made from 20% pre-consumer cotton fabric waste and 80% wood pulp. The wood pulp is sourced from 100% sustainable forestry and has lower water consumption, low greenhouse gas emissions and faster biodegradability.

Through our recent collaboration with GIZ, we aim to boost the circular economy in the areas of material, recycling, non-plastic packaging and traceability in the industry.

We continue to be anchor partners to the Circular Apparel Innovation Factory (CAIF), an industry-led platform whose mission is to build the ecosystem and strengthen capabilities to drive the transition to a circular economy in the apparel and textile industry. As part of the #BetterThanPlastic industry challenge with CAIF, we have identified biodegradable polybags as a substitute for HDPE/PP polybags. Collaborations are core to accelerating sustainability. To increase business agility and improve operational efficiency, we are working closely with a multitude of technology partners. To further enhance sustainability within ABFRL and across the sector, we have on-going collaborations with global and national bodies and platforms including Ellen MacArthur Foundation, Sustainable Apparel Coalition, ZHDC, Textile Exchange, FICCI, etc.

This report details our sustainability performance in these unprecedented times and in the face of strong headwinds. It stands as a testimony of our unwavering focus and commitment to achieve ReEarth 2025 - our publicly stated sustainability goals.

ASHISH DIKSHIT

Managing Director,
Aditya Birla Fashion and Retail Limited

MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER



Dear Stakeholder,

At ABFRL, sustainability and fashion are not a paradox. Over the years, sustainability has been systematically built into our business strategies, integrated into our brand and tied to our core business. This steady expansion of our sustainability wingspan has helped us delight our discerning and environmentally conscious customers, earned us global recognition, and assert a leadership position in sustainable fashion.

I am happy to share that in FY22 ABFRL was included in the S&P Global Sustainability Yearbook 2022 - the world's most comprehensive publication on corporate sustainability, and was also awarded 'Gold Shield' for reporting on Sustainable Development Goals by ICAI Sustainability Reporting Awards.

In the last ten years, we have come a long way, but still, a lot needs to be done. The ABG Sustainability Journey 2.0 that coincides with the 'decade of action' is progressing briskly. Despite the varied challenges faced this year, our ESG performance improved against the targets set in our ReEarth Mission 2025. We overachieved in some, did exceptionally well in others and moved ahead incrementally in a few.

Environment

Our focus continues to remain on making our products more sustainable, decarbonising our operations and improving supply chain sustainability. In FY22, 61% of products by volume had at least one out of five sustainability attributes. We also added 33% of renewable energy to our energy mix across ABFRL operations against the target of 35%. On the water and waste front, we over-achieved our targets. Against ReEarth mission of 2025, we are already water positive and ensure that no waste gets disposed to landfill from any of our operations. Against our commitment of using 100% sustainable packaging material by 2025, we have achieved over 86%.

Social

Our people come from diverse backgrounds and we support their growth by enhancing their capabilities and productivity through various training programmes. We also take care of their safety, health and well-being. This year, again, no 'severity 5' incidents were reported at any of our premises. Diversity and Inclusion have also been one of our key focus areas. We have a healthy gender diversity with women employees comprising 56% of our workforce and the percentage of women in top management positions stands at a commendable 30.64%. Being an Aditya Birla Group company, reaching out to the underserved community has been part of our DNA. In FY22, we spent over INR 3.09 crore on CSR initiatives benefitting 2,59,000 people.

Governance

The best of intentions can remain ineffective if not governed and monitored with vigour. Our Risk Management & Sustainability Committee (RMSC) systematically monitors and reviews pertinent issues and reports to the Board. We are also building a robust Enterprise Risk Management framework in alignment with global frameworks such as COSO and TCFD.

The report shares in detail our sustainability performance during the year, our approach, our goals and our upcoming plans. I urge you to read the report and share with us what we are doing well, and where all we could do better. Together we can build a more sustainable world.

DR. NARESH TYAGI

Chief Sustainability Officer,
Aditya Birla Fashion and Retail Limited

Company Profile

THE GROUP

Aditya Birla Group is a premium global conglomerate in the League of Fortune 500. Anchored by an extraordinary force of over 140,000 employees belonging to 100 nationalities, the Group is built on a strong foundation of stakeholder value creation. The Group is a member of numerous global sustainability organisations, including the United Nations Global Compact and the World Business Council for Sustainable Development, and has followed responsible business practices for over seven decades.

ADITYA BIRLA FASHION & RETAIL LIMITED

ABFRL is part of the Aditya Birla Group. The Company has become India's leading fashion powerhouse in recent years. With revenue of INR 8,136 Cr. spanning across retail space of 9.2 million sq. ft., it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands, and one of India's most well-known retail formats, Pantaloons.

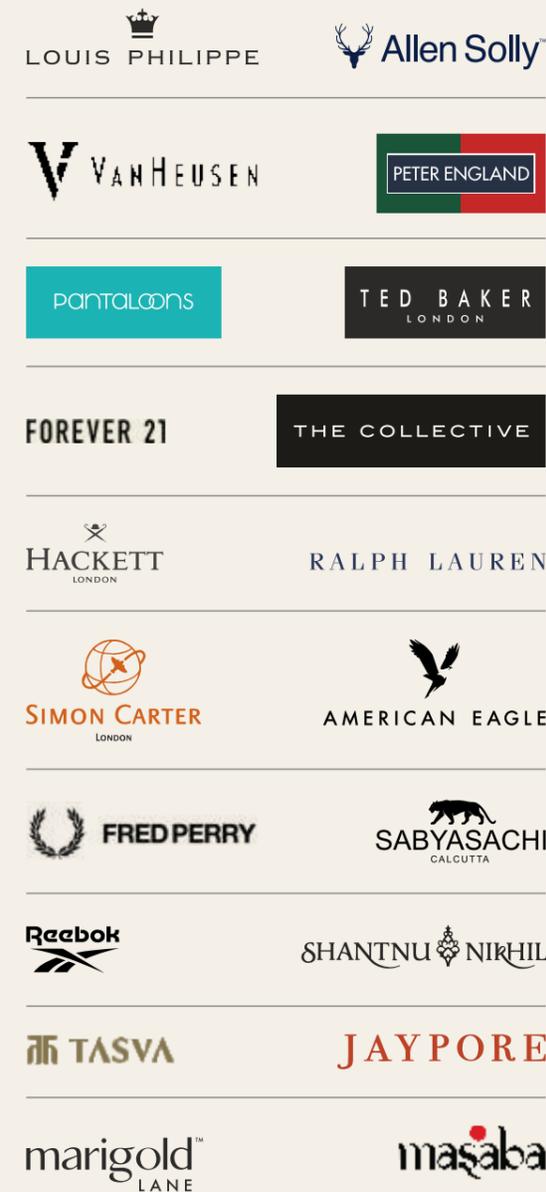
The Company is focused on leveraging its strong brand portfolio, evolving its product profile in line with changing consumer preferences, expanding its reach across channels and accelerating its omni-channel play.

To align with the evolving market, ABFRL is also partnering with gen-next focused fashion and lifestyle businesses creating the next set of iconic brands young, aspirational and digital-first brand.

D2C

DIRECT-TO-CONSUMER BRAND

ABFRL plans portfolio of up to 30 internet-first brands. It has set up a new entity, TMRW, that will organically incubate and acquire promising & distinct digital brands across segments. ABFRL will scale them up rapidly through strategic and operational interventions, closely working with their founding teams.



In FY22, ABFRL signed an agreement to acquire 52.4% stake in designer Masaba Gupta's 'House of Masaba'. This partnership aims to create a young, aspirational and digital-led brand across the affordable luxury segment in the fashion, beauty and accessory categories. The initiative is part of the company's overall strategy of partnering with India's top most designers to build a portfolio of distinctive and aspirational home-grown brands across fashion and lifestyle categories. The Company also announced the signing of a long-term licensing agreement with Reebok, which grants it exclusive rights to distribute and sell Reebok products through wholesale, e-commerce and branded retail stores in India. This deal marks company's foray into India's fast-growing sports and activewear segment

Besides, ABFRL has a repertoire of industry's largest, strongest and most resilient fashion brands including Louis Philippe, Van Heusen, Allen Solly, and Peter England. It also holds exclusive online and offline rights to the India network of California-based fast fashion brand Forever 21. The international brands include - The Collective, India's largest multi-brand retailer of international brands, Simon Carter and select mono-brands such as American Eagle, Ralph Lauren, Hackett London, Ted Baker, Fred Perry and Reebok.

The Company's foray into branded ethnic wear business includes brands such as Jaypore, Tasva & Marigold Lane. The Company has strategic partnerships with designers 'Shantanu & Nikhil', 'Tarun Tahiliani', 'Sabyasachi' and 'House of Masaba'.

In addition, the Company is also establishing a significant position in new areas including innerwear, Athleisure and Activewear. Van Heusen Innerwear is one of India's most innovative and fashionable brand.

Sustainability has been built into its business strategies, integrated into its brand and tied to its core business. This sustainability maturity has put the Company on the leadership position in sustainable fashion and earned several key global recognitions.

ABFRL, with a network of 6,515 points of sale in department stores, has presence across ~28,585 multi-brand outlets throughout India.

MARKET UPDATES

Strong recovery post COVID Wave 3

- After a short dip, demand rebounded
- Increase in footfalls across malls and high streets as pandemic impact weakens

Accelerated digitalisation spurred by pandemic

- Brands continued to increase their online presence and utilize data analytics to offer personalised solutions to customer
- Brands are investing heavily in omni-channel play
- Direct selling to customers without any intermediaries is an emerging business model

Inflationary pressure

- Continued pressure on textile value chain leading to cost inflation
- Inflation countered by price increases
- Several cost saving measures implemented in order to maintain/increase margins

Brick & Mortar bouncing back

- As the markets came back to normal with the pandemic waning off, need for a real-life experience brought consumers back to offline retail

Emergence of new categories

- Ethnic Wear market has evolved into a fashion trend driven by a shift from tailored wear to ready-to-wear and rising need of young Indians to rediscover their culture and heritage
- Fusion wear, Athleisure and Kids Wear have seen growth in recent times

ABFRL FY22 HIGHLIGHTS

Strengthened Portfolio

- Acquired Reebok's India operations to build strong play in sportswear
- Launched premium men's ethnic wear brand 'TASVA' & women's ethnic wear brand 'Marigold Lane'
- Added 'House of Masaba' to the portfolio

Category Extension

- Continued Category extensions through AS Tribe, VH Flex, Louis, Street Armor, etc.
- Strengthened Pantaloons private label play in Home, Saree & Athleisure
- Introduced kids segment in Peter England; scaled up kids wear in Allen Solly & Pantaloons

Aggressive Retail Expansion

- Retail expansion across brands and markets
- Piloting innovative partner models to further distribution in newer markets
- Continued expansion into Tier 3 and below markets
- New incubated business to undertake an accelerated network expansion approach in the coming years

Digital Acceleration

- E-commerce business grew by 52% over LY; currently at a scale of INR ~1,000 Cr.
- One of the largest fashion omni-channel plays with ~50% network omni-enabled
- Embarked on a journey to build a portfolio of digital-first brands

HIGHLIGHTS (CONSOLIDATED)

REVENUE
(INR crore) **8,136**

REVENUE
Standalone (INR crore) **7,824**

EQUITY
(INR crore) **2,789**

MARKET CAPITALIZATION
as on 31st Mar 2022 (INR crore) **28,344**

NET DEBT
(INR crore) **504**

RETAIL SPACE
(million sq. ft.) **9.2**

EMPLOYEES **24,500⁺**

BRAND
STORES **3,091**

PANTALOONS
STORES **377**

CITIES **900⁺**



LIFESTYLE BRANDS

- Revenue grew by 64% over LY to reach INR 4,522 Cr.
- E-commerce business grew by 61% over LY led by significant improvement in operational metrics
- Category extensions & segment expansion as key growth driver
 - ◆ Successful launch of AS Tribe, VH Flex and Louis
- The small-town expansion agenda continues
 - ◆ 400+ stores for Peter England's small-town format
 - ◆ More than 50 stores in Allen Solly Prime
 - ◆ Business has now piloted similarly modeled small-town formats for Van Heusen and Louis Philippe

PANTALOONS

- Posted revenue of INR 2,626 Cr. at 41% growth YoY & 33% LTL
- Added 49 stores during the year to exit with 377 stores
- Launched Premium Women's Ethnic brand 'Marigold Lane'
- E-Commerce exhibited aggressive progression
 - ◆ PT.com showed strong traction with 68% growth
 - ◆ New website launched with improved CX
 - ◆ More than 75% network is now Omni-enabled



PANTALOONS

OTHER BUSINESS SEGMENTS



Van Heusen – Active Athleisure Innerwear

- FY22 revenue grew by 33% YoY
- E-commerce continued with strong growth momentum; revenue up 44% over LY
- Continued the aggressive network expansion
 - ◆ Now selling at ~27,000 MBOs
 - ◆ Also building a strong retail network

Youth Western Wear

- **Forever 21**
 - ◆ FY22 Revenue grew at 13%
 - ◆ Successfully piloted partnered model: Expanded with launch of 3 stores
- **American Eagle**
 - ◆ Revenue for FY22 grew by 79% over LY
 - ◆ Strengthened its position as a favorite denim brand
 - ◆ Gradually building strong departmental-store network

Super Premium Brands

- Highest ever annual business for The Collective & Mono Brands
- Thecollective.in continued to display robust growth
 - ◆ Grew more than 60% for the year
 - ◆ Consistent improvement in operating KPIs
- Continued retail expansion – Opened 6 new stores

Shantanu & Nikhil

- FY22 revenue ahead of LY by 141%
- Two new stores opened in FY22
- Consistently investing in strengthening brand equity

TASVA

- Brand receiving excellent customer feedback as reflected in high store conversion rate
- The brand that commenced its journey this year started with 7 stores and plans to growth the footprint multifold by the end of next fiscal



JAYPORE



Jaypore

- FY22 revenue grew by 40% over LY led by strong retail expansion and growth in E-commerce business
- Aggressive retail expansion with 7 new stores during the year
- New categories showing strong consumer pull
 - ◆ Home & Accessories grew ~27% over LY
 - ◆ Men's apparel business grew 4x

Masaba Gupta

- Acquired majority stake in brand 'House of Masaba'
- Entry into Beauty & Personal Care segment
- Build a truly digital first brand

Sabyasachi

- FY22 revenue grew by more than 100% over LY with accessories and jewelry gaining traction
- All set to expand our international footprint
- Brand continues to hold a leadership position in celebrity weddings

Reebok

- Acquired exclusive rights for Reebok India operations
- Integration process underway



MEMBERSHIP IN INDUSTRY ASSOCIATIONS

With over a decade of sustainability journey, ABFRL believes that collaboration and co-creation help in achieving newer avenues and striving ahead of its peers and industry swiftly. With 2030 in timeframe, the Company is working towards accelerating advocacy and exploring innovative solutions with prime focus on circularity, sustainability sourcing and low carbon pathway. This journey requires deep collaboration across the entire value chain envisaging radical transformation benefiting the entire ecosystem.

Along with its existing collaboration with the Sustainable Apparel Coalition (SAC), Ellen McArthur foundation, Cotton 2040 and Circular Apparel Innovation Factory (CAIF), ABFRL has made a large stride in its circularity journey through its collaboration with the 'GIZ' a German Government agency in a 'private-public development partnership project'. It has also collaborated with ZDHC Foundation with an objective to drive good chemical management practices across the supply chain, as this helps to assure the end-customer on the sustainability of its value chain.

ABFRL is a member of the Retail Association of India (RAI) and Clothing Manufacturers Association of India (CMAI).



GIZ develoPPP Project

With an aim to strengthen circular business practices for the Indian market, this collaboration shall focus on material innovation, reduce inputs of harmful substances, increase textile-to-textile recycling, develop alternatives to plastic packaging, and foster traceability. This will support the industry to match supply and demand which was witnessing pressure due to resource constraints.

ZDHC

ABFRL envisages to transform its value chain to deliver sustainable fashion beyond traditional approaches and help in reducing the chemical footprint and deliver safe products.

Science Based Targets initiative (SBTi)

As part of an expert advisory group, ABFRL provided feedback and suggestions on science-based target initiative specific to the apparel and footwear sector developed by World Resources Institute (WRI) on behalf of the Science Based Targets initiative (SBTi).

The Project SU.RE

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

CAIF

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

Ellen MacArthur Foundation

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

Reporting Scope & Boundary

In the last few years, ABFRL has significantly expanded its business portfolio through organic and inorganic routes. While our core businesses of Madura brands and Pantaloons have grown rapidly and shown strong resilience even through the difficult market conditions during the COVID pandemic, we have steadily built a more diverse and promising portfolio of new businesses as a part of our strategy to be a meaningful player across all significant market segments. As we grow further catering to the needs of our customers across market segments, **we stay committed to 'give back more than what we take from our ecosystem'.**

This is our 6th consecutive sustainability report, showcasing our sustainability journey and maturity over the years towards driving sustainability in and beyond our own operations, building sustainable fashion, and creating long-term sustained value for all our stakeholders.

The report covers financial year 2022 (1st April 2021 to 31st March 2022). We believe that the sustainability report acts as a manifestation of our decade long sustainability journey and the impact generated from sustainability initiatives, especially in the last year. The report also reinforces trust and augments our accountability across the business ecosystem. We publish sustainability report annually and our last report was published in August 2021. In line with our earlier sustainability report, this report has also been prepared in accordance with the 'core' criteria of the Global Reporting (GRI) Standards. The GRI Content Index and the Assurance Statement can be found at the end of this report.

REPORT BOUNDARY

The sustainability performance disclosures in this report pertain to our corporate office in Mumbai and office in Bengaluru, factories, warehouses, and retail stores. The defined boundary covers significant operations of the organisation.

We have continued using the gate-to-gate approach for disclosures, and unless otherwise stated, this report does not include any data and/or information which pertain to any entity outside our organisation.

Offices	Factories (Only MFL)	Warehouses	Stores
Head Office Bengaluru	<ul style="list-style-type: none"> Crafted Clothing - Bengaluru Fashion Craft - Bengaluru Europa Garments - Bengaluru Classical Menswear - Bengaluru English Apparels - Bengaluru 	MF&L (Madura Fashion and Lifestyle) <ul style="list-style-type: none"> Attibele Warehouse - Bengaluru Hoskote Warehouse - Bengaluru E-commerce Warehouse - Bengaluru 	MFL MFL Stores ³
Regd. Office Mumbai	<ul style="list-style-type: none"> Haritha Apparels - Bengaluru Alpha Garments - Bengaluru Little England Apparels - Thalli¹ Mancheshwar Apparels Limited - Mancheshwar, Odisha² 	Pantaloons <ul style="list-style-type: none"> Warehouse 1 - Bengaluru Warehouse 2 - Bhiwandi Warehouse 3 - Hooghly Warehouse 4 - Gurgaon 	Pantaloons Stores - PAN India

FEEDBACK

We seek and appreciate feedback from our stakeholders as it helps in refining and realigning our systems and strategies. Please share your suggestions and observations to:



Dr. Naresh Tyagi

Chief Sustainability Officer

naresh.tyagi@abfrl.adityabirla.com

reearth@abfrl.adityabirla.com

Aditya Birla Fashion and Retail Limited

Piramal Agastya Corporate Park,

Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502,

L.B.S. Road, Kurla, Mumbai - 400 070 | 080-67271600

1. Little England Apparels is located in Thalli, Tamil Nadu | 2. Mancheshwar Apparels is located in Mancheshwar, Odisha | 3. Scope is limited to Safety only

Sustainability & Us

As we dive into the post-pandemic next normal phase loomed by uncertainty and deepening asymmetries, business recovery strategies have placed Environment, Social and Governance (ESG) aspects / Sustainability in the spotlight. While investors and financial markets are increasingly demanding a compelling sustainability agenda, the need of the hour is to act proactively in the self-regulating business ecosystem.

At ABFRL, we consider sustainability as our ability to survive and thrive in the face of growing uncertainty and megatrends to build a sustainable business. Post successful achievement of milestones in 2021, we have set ourselves on a transition - Sustainability 2.0 - from 'Process-led to Product-led', with a 2025 agenda focussing on product design and development, customer centricity and supply chain. We believe this transition shall strengthen integration of sustainability across the whole spectrum of design development, supply chain and consumer end of use for product life cycle, while we expand our wingspan.

Despite the pandemic and various operational & supply chain constraints, we continue to accelerate our efforts to achieve our 2025 goals. Our digitalisation agenda in alignment with our sustainability maturity is acting as a catalyst in unlocking the true potential and delivering positive impact.

ABFRL retained sustainability leadership as Asia's 'Most Sustainable Company' in the Textile, Apparel & Luxury Goods Industry by S&P Global CSA 2021.

At ABFRL, sustainability has always been a guiding principle for all our core business strategies, operations and investments generating long-term value for stakeholders. We have been **leaders, anchor partners and torchbearers for the apparel industry in accelerating sustainable fashion concepts and building circular ecosystems.**

Through **collaborative efforts and partnerships** with our value chain partners, innovators and global forums over the years, our business ecosystem has strengthened garnering **innovative, scalable and shared solutions.** All our value chain partners are in principle alignment with our sustainability goals and continue to play a vital role in achieving them together with us. These partnerships demonstrate **our vision and commitment to deliver sustainable fashion with a positive impact on society, stakeholders and the ecosystem.**

Going forward, imperatives for sustainability will only intensify and collective efforts with a pragmatic approach shall contribute in holistic growth, establishing a global ecosystem which is transparent, accountable and also sustainable.

The scientific evidence is clear, and the UN Climate Change Conference (COP 26) recently held in Glasgow reiterated that it is very likely that the burgeoning needs of the world shall have serious impacts on the global business ecosystem resulting in a climate crisis, if not acted in a pragmatic way to limit global temperature rise to 1.5°C.

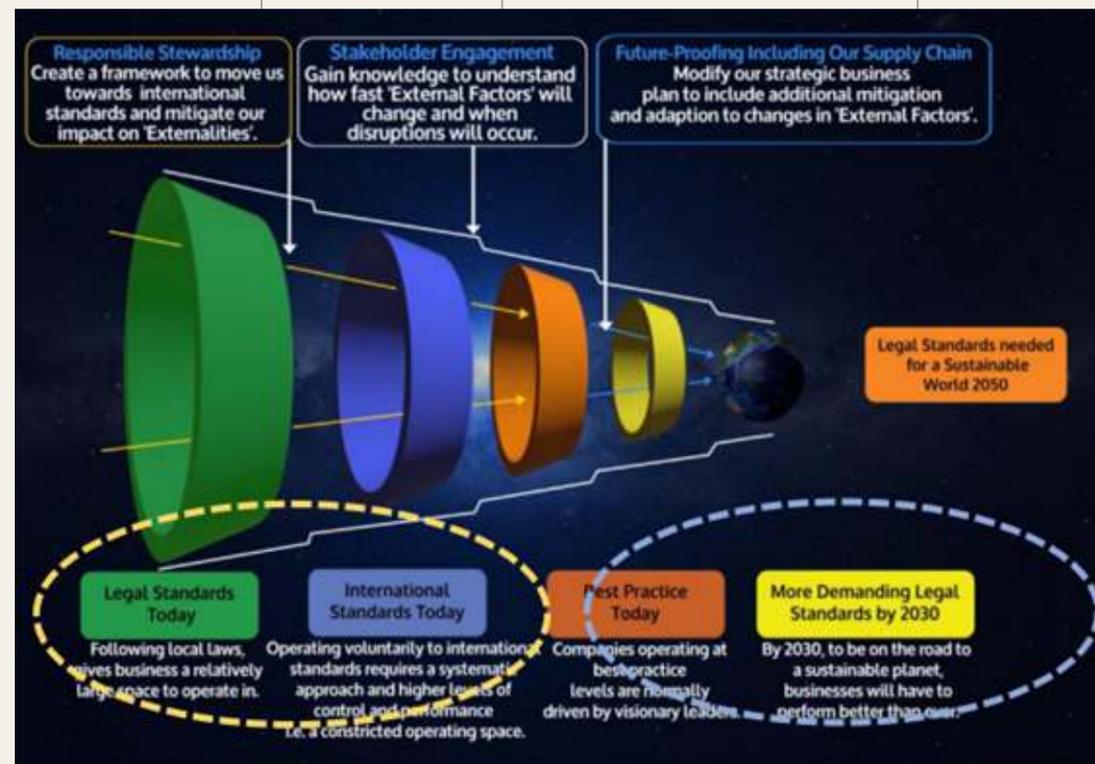
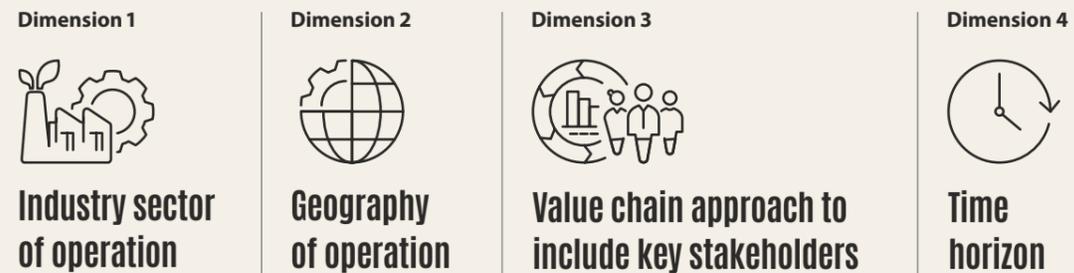
In this 'Decade of Action', we at ABFRL continue to transform our ambitions to effective actions ensuring alignment not just to our sustainability goals, but also to regional, national and global goals.



ABG SUSTAINABILITY FRAMEWORK

Aditya Birla Group has laid an ambitious vision to become the leading Indian conglomerate in sustainable business practices across operations. We have now embarked on ABG Sustainability Journey 2.0 to focus on what the megatrends 2020-2030 demand from the private sector in mainstreaming of ESG in executive and operational decision-making.

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



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

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

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

- 1 Identifying and understanding value chain aspects across geographies for a sector**
- 2 Prioritising material aspects across time horizons and stakeholder expectations**
- 3 Developing sustainable business strategies with time-based targets**
- 4 Creating annual action plans which are measurable and can be monitored to future proof our business strategies, products, operations and supply chains to remain sustainable**

OUR SUSTAINABILITY JOURNEY

Anchored by the ABG Vision and Sustainable Business Framework, we at ABFRL embarked on our sustainability journey with the launch of the Sustainability 1.0 programme 'ReEarth - For Our Tomorrow' in FY13.



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

This first phase of our Re-Earth programme i.e., Sustainability 1.0 was carried forward through 10 Missions with focus on our operations, seeking to restore the balance between natural and business ecosystems, with an aim to create a business that thrives in a world with rising resource constraints. Post successful achievement of milestones in 2021, we have set ourselves on a transition - Sustainability 2.0 - from 'Process-led to Product-led', with a 2025 agenda focussing on product design and development, customer centricity and supply chain.

Our objective is to nurture an ecosystem that is ethical, equitable and environmentally conscious, with innovation and digitalisation acting as overarching pillars.

Through this commitment, we strive to enable swift impactful transformations across the fashion value chain. This combination of sustainability-friendly products at pocket-friendly prices has the potential to mainstream sustainability faster and more efficiently.

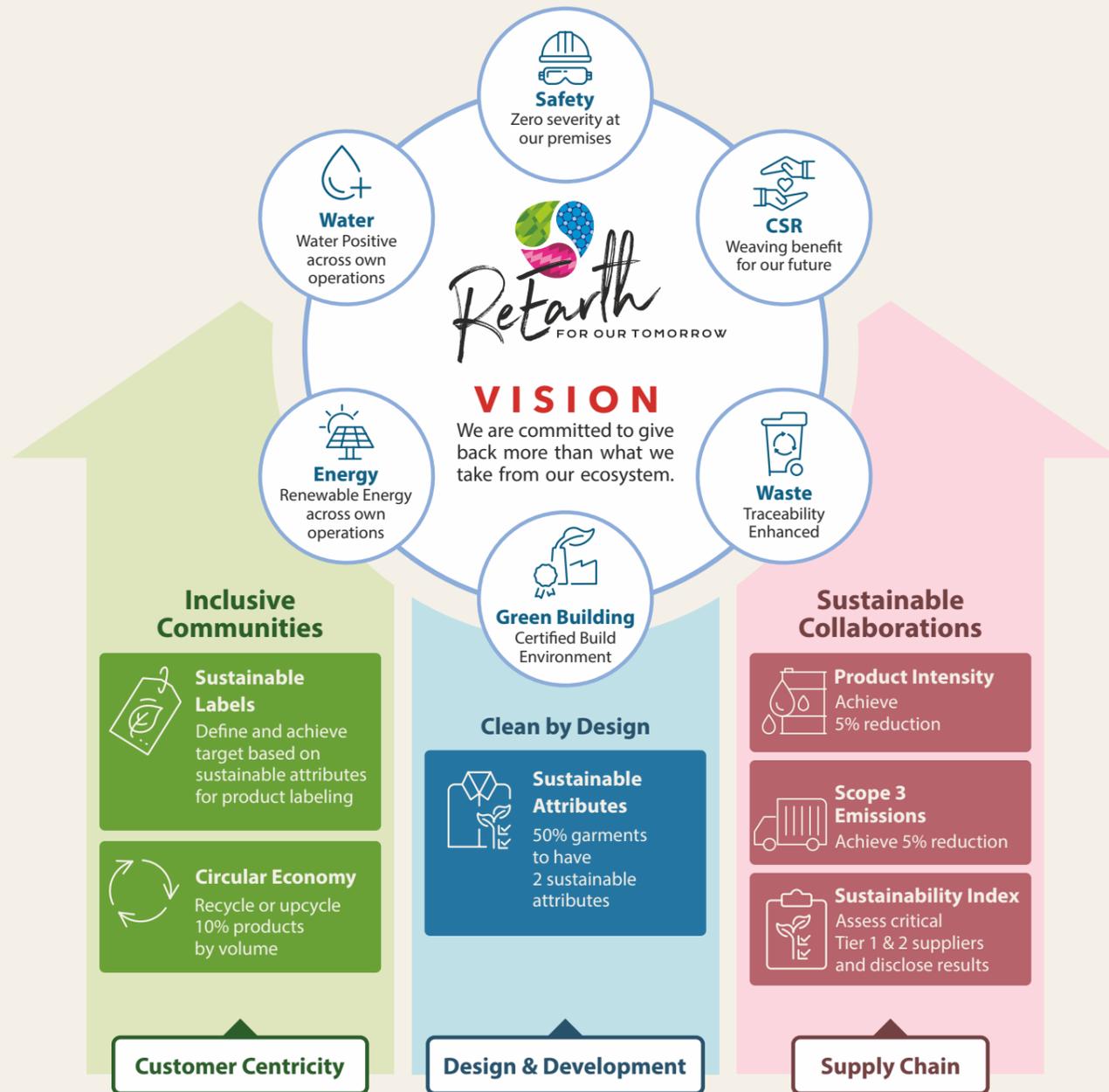
SUSTAINABILITY STRATEGY 2025

Our Product Life Cycle Approach is the fulcrum of our Sustainability 2025 strategy. From product design and development, to supply chain and customer-centricity, and through use and end-use, this approach shall act as a pivot in integrating sustainability into products.

Three pillars

CLEAN BY DESIGN | **SUSTAINABLE OPERATIONS** | **INCLUSIVE COMMUNITIES**

SUSTAINABILITY 2.0



We are focussing on 'clean by design' products by working on alternate materials, sustainable production processes and sustainable packaging practices to achieve 5% reduction in our scope 3 emissions by 2025.

Similarly, our approach for the supply chain is through interventions in 'sustainable operations' by establishing the baseline for product intensity, sustainability index and scope 3 emissions. Our focus is on increasing 'Model Stores' for safety and environment parameters in continuation with the safety target of zero fatality.

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



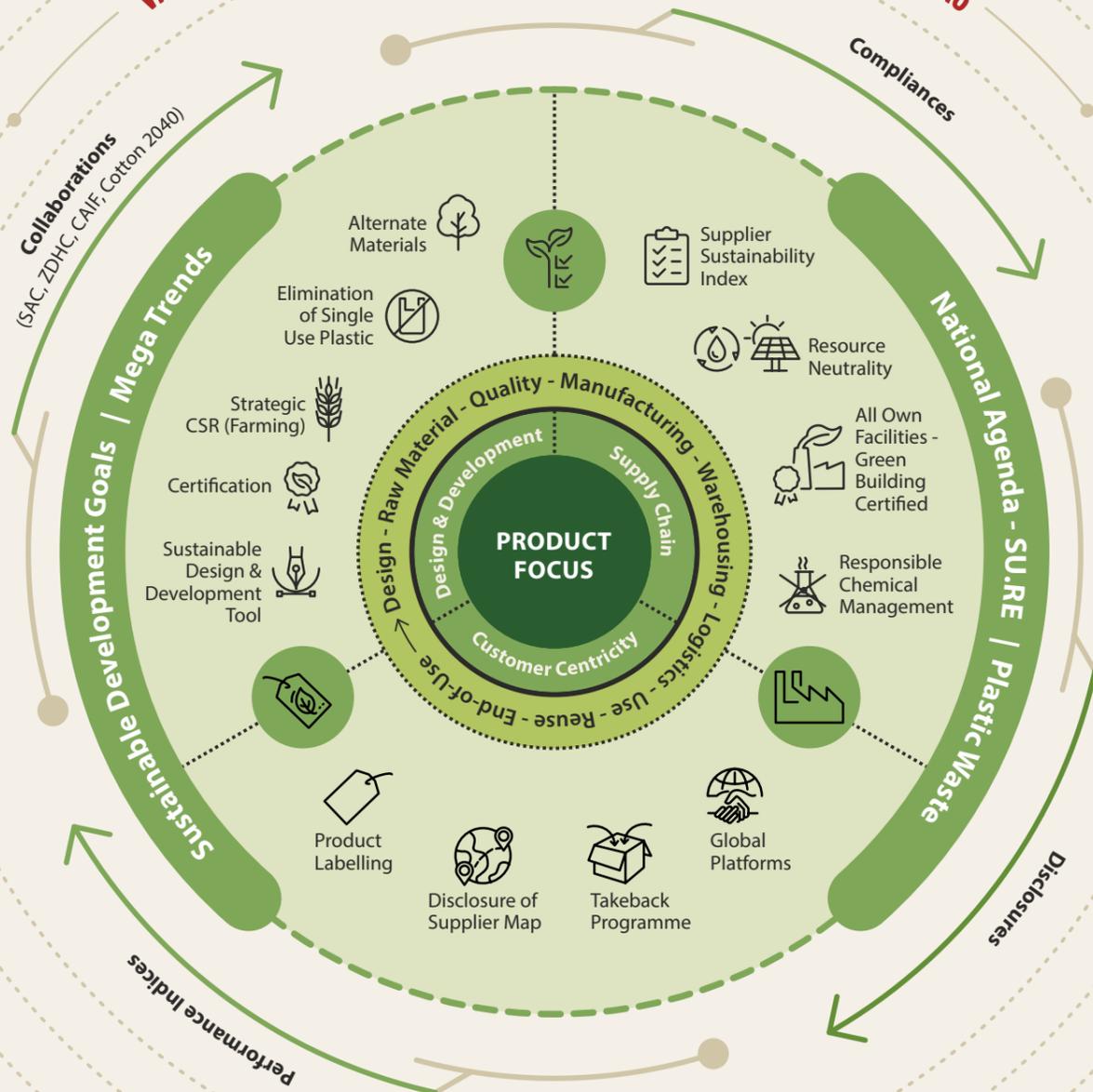
OCCUPATIONAL HEALTH AND SAFETY

Along with the three pillars, empowering communities we operate in and establishing conducive work environment through robust occupational health & safety (OHS) framework are equally critical to us. Over the years we have progressed multi-fold in terms of outreach and impact. Going forward, **we commit to create a more equitable and inclusive society by nurturing pathways leading to sustainable transformation and social integration.**

When it comes to OHS, our management systems coupled with effective and robust governance assures that our employees and infrastructure are not exposed to high-risk incidents and illnesses at the workplace. Over the years, our systems, procedures and protocols have been seamlessly tested with time, including during the ever-growing uncertain circumstances like COVID-19 pandemic, providing 360° vigilance across our office spaces, factories, warehouses and retail stores.

The strong business recovery, growth and expansion is magnifying the need for strengthened change management practices, and our Health & Safety framework is playing a vital role, kick-starting with the due-diligence assessment to daily on-site assessments, ensuring the common goal '**Zero severity at our premises**' is achieved. Going forward, we envisage strengthening our management systems at work place far beyond compliance, international and national standards, and ABG technical standard requirements.

VARIOUS STAGES IN THE PRODUCT LIFE CYCLE AND THE FOCUS AREAS



PRODUCT DESIGN AND DEVELOPMENT

Close loop design | Chemical management
Resource conservation | Sustainable materials



RAW MATERIAL SOURCING

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



MANUFACTURING

Human rights and compliance | Zero defects
Energy management | Water management
Chemical management | Waste management



LOGISTICS, STORAGE AND PACKAGING

Sustainable packaging | Plastic waste management
GHG emission management | Zero Waste to Landfill



MARKETING AND SALES

Sustainable packaging | Sustainable product labelling



USE

Water management | Energy management
Plastic free | Durability



END TO END

Circularity | Recycling and upcycling



A summary of the missions, respective targets and status for FY 22 is depicted below.

ReEarth Missions - Status Dashboard FY 2021-22

MISSION	TARGET	FY 22 ACHIEVEMENT STATUS
ENERGY 	35% renewable energy	33% of energy from renewable energy sources across our operations
WATER 	Water positive	Water positive across our facilities 41% renewable water i.e., 61,827 kl of rainwater harvested and artificially recharged within premises 72% recycle / reuse i.e., 1,08,241 kl wastewater treated and reused within premises
CLIMATE STRATEGY 	5% reduction in Scope 1 & 2 carbon emissions (in tCO ₂ e) Scope 3 baseline computation	6.6% reduction in scope 1 & 2 emissions across ABFRL operations due to renewable energy and energy efficiency measures Streamlined and accounted Scope 3 emissions at ABFRL level - 4,76,608 tCO₂
GREEN BUILDING 	To minimise the environmental impacts from our built environment across facilities by pursuing green building certification Net-Zero Water buildings Net-Zero Energy buildings	2 lakh sq. ft. of our built environment is under the green building certification process under the logistics and warehouse rating system by IGBC One facility certified LEED Zero Water under USGBC rating system The pilot of two certified facilities under the IGBC Net Zero Energy Rating System is in progress
CIRCULAR ECONOMY 	Zero waste to landfill	Zero waste disposed to landfill is achieved across ABFRL facilities
SAFETY 	Zero severity – no severity 5 incidents at our premises	Zero severity 5 incidents at our premises

MISSION	TARGET	FY21 ACHIEVEMENT STATUS
CSR 	No. of beneficiaries (Target)	Achievement
Education	17,034	17,333
Healthcare & Sanitation	130,102	165,799
Sustainable Livelihoods	1,663	1,163
Water & Watershed	36,390	40,490
Others - Village Development Project (Tree Plantation, etc.)	8,100	9,987
Digitalisation	23,491	24,228
Volunteering	20,000 hrs	18,011 hrs
Beneficiaries Impacted	216,780	259,000
PACKAGING 	100% sustainable packaging	86% sustainable packaging
SUSTAINABLE PRODUCTS 	50% products by volume to have at least one sustainable attribute	61% of products by volume have at least 1 sustainability attribute
Higg Assessment for brands & own factories	BRM self-assessment for five brands (Louis Philippe, Van Heusen, Allen Solly, Pantaloons and Van Heusen Inner Wear) FEM & FSLM self-assessment for all nine facilities FEM verification through SAC nominated verifying body for five of our factories (FCL, EGL, HAL, EAL, LEA) Achieved an outstanding Higg score of 80 in one of our manufacturing unit Fashion Craft Ltd.	More than 95% tier-1 vendors covered
All tier-1 suppliers to be covered under Vendor Code of Conduct Programme		

COLLABORATING FOR ACCELERATING SUSTAINABILITY

We have participated in and collaborated with various global platforms and ESG Indices such as **UNEP, SAC, ZDHC, CAIF, GIZ, Ellen McArthur Foundation, SU.RE, CII, FICCI, IACC, and S&P Global**. Along with our active participation, we have also contributed ~24 lakhs directly towards accelerating advocacy of the issues that are of relevance and significance to our stakeholder groups in the pursuit of long-term value creation.

This assisted us in staying relevant and provided us an opportunity to benchmark our sustainability performance with domestic and global peers, and also ensured alignment with global as well as national sustainability agenda.

Along with that, it contributed towards our achievement of global recognition and various other accolades in this decade of sustainability journey including **ranking as Asia's Most Sustainable Company by S&P Global CSA, Golden Peacock Award for Sustainability, CII-ITC Sustainability Award for 'Outstanding Accomplishment in Corporate Excellence', and IGBC Green Village Award for one of our CSR programme.**

Going forward, imperatives for sustainability will only intensify and collective efforts with a pragmatic approach shall contribute in holistic growth of our business.



Some of our key initiatives and collaborations on sustainability include:

Jeanologia - Technology Partnership

ABFRL entered in a technology partnership with Jeanologia to create an ethical, sustainable, and eco-efficient textile and apparel industry. We also collaborated with **Color Threads Inc. to launch inStem's 'G-Fab' Technology for making antiviral masks in India.**

Green Madura Challenge

We conducted a 'Green Madura' challenge with a **primary goal of seeking innovative, feasible and scalable sustainable products and supply chain initiatives.**

GIZ develoPPP Project

Collaborated with GIZ to focus on material innovation, reduce inputs of harmful substances, increase textile-to-textile recycling, develop alternatives to plastic packaging, and foster traceability. It will also support the industry to match supply and demand which was witnessing pressure due to resource constraints.

Brand Sustainability Dashboard

It provides accessibility of data across the organisation and helps strengthen brand communications that creates a stronger relationship with customers. The Brand Dashboard emerged from our strategic sustainability focus shift from facility operations to a product-centric approach. The dashboard rests on a solid data repository structured and sliced to reveal the sustainability performance.

Supply Chain Sustainability Dashboard

We engage with our suppliers on sustainability issues and improve their performance through periodic assessments through this dashboard. We have developed our own methodology - 'Supplier Sustainability Index', to evaluate supplier sustainability performance. As part of this process, we use self-assessment questionnaires on Environmental and Social parameters developed in line with international standards. These questionnaires cover suppliers who are not part of the Higg Index Assessment.

ABFRL has been an early adopter of Higg Index Suite of tools, with more than nine years' of active engagement with SAC. This engagement has enabled us to have a bird's eye view of the entire value chain's sustainability performance, in turn developing strategy and improving environmental & social performance within brands, in-house operations, and supply chain.

For more information on our collaboration with other key stakeholders, please refer to the Stakeholder Engagement section on page no 159.

Sustainability Awards and Recognitions

Our sustainability maturity and leadership has contributed towards achievement of global recognition and various other accolades in this decade of sustainability journey. This year, we continued to win accolades from prominent forums and organisations.



Awarded 'Gold Shield' for Reporting on Sustainable Development Goals by ICAI Sustainability Reporting Awards 2021

Retained the sustainability leadership as Asia's ' Most Sustainable Company ' in the Textile, Apparel & Luxury Goods Industry ' by S&P Global CSA 2021	Recognised with Excellence Award in IGBC Performance Challenge 2021 for LBRD Warehouse, Bengaluru	ABFRL's Fashion Craft Limited won Gold in the ' India Green Building Manufacturing Challenge (IGMC) 2021-22 '
ABFRL's Fashion Craft Limited awarded ' LEED Zero Water ' under USGBC certification system	Sollepura Village, Tamil Nadu awarded ' Platinum ' certification from Indian Green Building Council (IGBC) - a testament of our social responsibility programmes	ABFRL's Madura Clothing received the CII-ITC Scale Award 2021 for ' Supply Chain and Logistics Excellence in Garments and Textiles ' category

Corporate Governance

Business sustainability stems from effective corporate governance. Sound corporate governance ensures accountability, transparency, rule of law at all levels and efficient management of economic, environmental and social aspects that impact the business.

Aditya Birla Group is committed towards the adoption of the best corporate governance practices and its adherence in the true spirit, at all times. As part of the Group, we at ABFRL are committed to adopt and adhere to the best governance practices. We work in line with the Group's core values of Integrity, Commitment, Passion, Seamlessness and Speed.



These values are the basis of our corporate governance framework and philosophy. The framework is instrumental in enhancing trust among our stakeholders. At ABFRL, we foster this trust by deploying professionalism and respecting our stakeholders' rights.

At all times, ABFRL strives to develop, strengthen and uphold the corporate governance principles, systems and processes, and incorporates the necessary amendments introduced from time to time. We keep our governance practices under continuous review and benchmark ourselves with the best practices across the globe.

PHILOSOPHY AND PRINCIPLES

We are committed to the highest standards of business ethics and corporate governance. The governance philosophy is our road to consistent, competitive, profitable and responsible growth, creating long-term value for our stakeholders. The governance philosophy of the Group and ABFRL rests on the following basic tenets viz.

TRANSPARENCY AND DISCLOSURES

Transparency, integrity and disclosures are keys to corporate governance practices. Our practices ensure that we make timely and accurate disclosures



ETHICS

Our practices ensure that we maintain high standards of ethics



REVIEW

Regular review of processes and management systems for improvement are ensured



ACCOUNTABILITY AND INTERESTS

Our practices ensure accountability towards all stakeholders. And protection minority interests and rights



MONITOR

Effective monitoring and reviewing the risk management framework and associated practices is ensured



CONTROL

Effective Control systems are maintained to ensure efficient conduct of business and discharge of responsibilities



ORGANISATION STRUCTURE

ABFRL has a strong governance culture. The top leadership at ABFRL share their inputs and insights to further strengthen it. Operating within the framework of a well-defined responsibility matrix, the Board is instrumental in the management, general affairs, direction and performance of the organisation. Duly supported by the Managing Director, Key Managerial Personnel (KMP) and the Senior Management, the Board has been vested with the requisite powers and authority to fulfil their duties and responsibilities.

ABFRL has maintained a robust sustainability programme with the assistance and approval of senior management, including the Management Committee. In 2021, we developed our 2025 sustainability targets and strategy. We utilised the Annual Business Planning Process and Impact Report to update the Management Committee on sustainability issues and opportunities, and progress against our strategy.

The Board

The Board is at the core of the corporate governance system of ABFRL. The Board is responsible for, and committed to, sound principles of corporate governance by overseeing how the Management serves the short and long-term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which we strive to maintain an effective, informed and independent Board.

Composition of the Board of Directors (as on March 31, 2022)

The composition, diversity and strength of the Board is reviewed from time to time to ensure that the same is in line with the applicable laws, and also that it remains aligned with the strategy and long-term needs of the Company. As on March 31, 2022, the Board comprised 12 members, consisting of 3 Non-Executive Directors (including the Chairman), 3 Executive Directors, and 6 Independent Directors.



Kumar Mangalam Birla
Chairman & Non-Executive Director



Himanshu Kapania
Non-Executive Director & Vice-Chairman



Vikram Rao
Non-Executive Director



Ashish Dikshit
Managing Director



Sangeeta Pendurkar
Whole-time Director



Vishak Kumar
Whole-time Director



Arun Adhikari
Independent Director



Nish Bhutani
Independent Director



Preeti Vyas
Independent Director



Sukanya Kripalu
Independent Director



Sunirmal Talukdar
Independent Director



Yogesh Chaudhary
Independent Director

THE BOARD COMMITTEES

The Board Committees play a crucial role in the governance of the Company. Formed with the approval of the Board, the Committees function under their respective terms of references framed in accordance with the Companies Act 2013 and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015.

The Committees meet at regular intervals and take the necessary steps to perform the duties entrusted by the Board. Each Committee demonstrates the highest levels of governance standards and has the requisite expertise to handle issues relevant to their fields. These Committees devote time and provide focussed attention to various issues placed before them. The guidance provided by these Committees lends immense value and support, enhancing the quality of the decision-making process of the Board. The Board reviews the functioning of these Committees from time to time.

At ABFRL, the following Committees have been instituted:

Audit Committee (AC)

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

Nomination and Remuneration Committee (NRC)

The overall responsibility of the NRC is to approve and recommend to the Board matters relating to the appointment and remuneration of the Company's Executive Directors, KMP and senior management, in line with the Nomination Policy and Executive Remuneration Policy of the Company

Stakeholders Relationship Committee (SRC)

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

Corporate Social Responsibility Committee (CSRC)

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

Risk Management and Sustainability Committee (RMSC)

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



Category	Total Members	<30		30-50		50>	
		Male	Female	Male	Female	Male	Female
Board of Directors	12	0	0	1	0	8	3
Audit Committee	4	0	0	0	0	3	1
Nomination & Remuneration Committee	5	0	0	0	0	4	1
Stakeholder Relationship Committee	3	0	0	0	0	2	1
Corporate Social Responsibility Committee	4	0	0	1	0	2	1
Risk Management and Sustainability Committee	4	0	0	1	0	3	0

For more information please refer our website - <http://www.abfirl.com/corporate-governance/>

POLICIES

ABFRL has formulated several employee-centric policies within the Company's Corporate Governance framework. These policies help foster an organisational culture that results in transparent, ethical and responsible operations of the Company. Our employees ensure a professional and mature work environment that reinforces ABFRL's value of integrity. Some of the policies and codes adopted by the Company are as under:

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

Name of the Code / Policy	Details of the Policies and Codes / Description / Web Link
12. Code of Conduct for Board of Directors and Senior Management of Aditya Birla Fashion and Retail Limited	http://www.abfrl.com/docs/corporate_governance/code_of_conduct/Codeof-Conduct-for-Board-of-Directors-and-Senior-Management-of-Aditya-Birla-Fashion-and-Retail-Limited1.pdf
13. Familiarisation Programmes for Independent Directors	http://www.abfrl.com/docs/corporate_governance/policies/ABFRL_Familiarisation-programmes-imparted-to-Independent-Directors1.pdf
14. Vigil Mechanism / Whistle Blower Policy	http://www.abfrl.com/docs/corporate_governance/policies/Whistle-Blower-Policy.pdf
15. Anti-Fraud Policy	http://www.abfrl.com/docs/corporate_governance/policies/Anti-Fraud-Policy.pdf
16. Policy on Prevention of Sexual Harassment at Work	ABFRL has adopted 'Policy for Prevention of Sexual Harassment at Workplace' (POSH) at a Company-wide level to ensure the respect and dignity of all the employees. POSH is applicable not only to employees but also to third parties or clients and vendors of the company. During the year under review, no cases were filed under the POSH Act
17. Tax Policy	http://www.abfrl.com/docs/corporate_governance/policies/ABFRL-TAXPOLICY.pdf
18. Human Rights Policy	http://www.abfrl.com/docs/corporate_governance/policies/HUMAN-RIGHTSPOLICY.pdf
19. Environmental Policy	http://www.abfrl.com/docs/corporate_governance/policies/ENVIRONMENTAL-POLICY.pdf
20. Safety Policy	http://www.abfrl.com/docs/corporate_governance/policies/ENVIRONMENTAL-POLICY.pdf
21. Vendor Code of Conduct Policy	Our VCoC elucidates the basic requirements that all factories, suppliers and sub-contractors must meet in order to do business with Apparel and Retail. The Code is based on national laws and internationally accepted labour standards including ETI (Ethical Trading Initiative), ILO's core conventions (International Labour Organisation) SA 8000, and National Voluntary guidelines



RESTORING ECOSYSTEMS

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

RE-ESTABLISHING

NATURAL PROCESSES AND EMPOWERING THE COMMUNITY TO HELP ITSELF.

PERFORMANCES	33 ENVIRONMENT	61 PEOPLE	105 SOCIAL
	55 FINANCIAL	85 SAFETY	131 PRODUCT RESPONSIBILITY

ENVIRONMENTAL P E R F O R M A N C E



33%



of our total energy requirement is met through Renewable Energy Sources

~22



lakh units solar power generated leading to a reduction of more than 1,721 tonnes of CO_{2e}

WATER
POSITIVE



across our facilities. 61,827 KL of rainwater harvested and artificially recharged within premises

ZERO
WASTE



disposed to landfill and more than 99% waste has been recycled and reused

~2



lakh square feet area of our built environment is under the green building certification process

1



manufacturing facility certified 'LEED Zero Water' under USGBC rating system



CLIMATE RELATED RISKS & OPPORTUNITIES assessed in alignment with TCFD framework recommendations

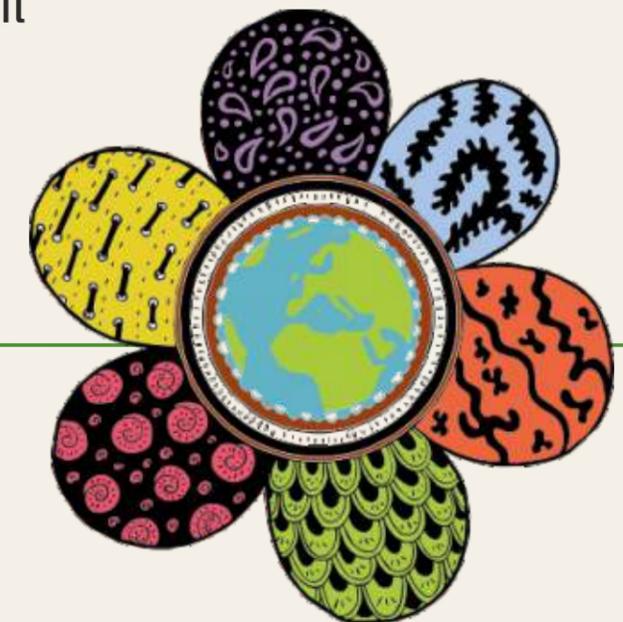


Climate change continues to be perceived as the gravest threat to humanity. In the global risk report 2022 by World Economic Forum, respondents have rated 'climate action failure' as the risk with potential to inflict the most damage at a global scale over the next decade.

**AT ABFRL, WE ARE COMMITTED TO
A LOW-CARBON ECONOMY. SO,
WHILE WE ARE EXPANDING OUR
WINGSPAN, WE ARE SHRINKING
OUR ENVIRONMENTAL FOOTPRINT.**

With the guidance of ABG's sustainable business model, we continue to advance towards our sustainability 2.0 journey swiftly transitioning towards building sustainable value chains and thereby delivering sustainable fashion for the end-consumer. In continuation of our sustainable packaging efforts, we are further deploying bio-degradable polybags and strengthening plastic waste management in adherence to Extended Producer Responsibility guidelines.

Taking cognisance of our sustainability philosophy and commitment, sustainability has been effectively embedded across all our core business strategies, operations and investments to 'give back more than what we take from our ecosystem' - Regenerate, Restore and Revitalise ecosystems and uplift communities that we operate in.



Our Approach

At ABFRL, we believe that the health of business and environmental well-being are interwoven. Our sustainability approach puts products at the heart of business and ensures that the entire lifecycle of the product is designed in harmony with people's and planet's health. So, we are accelerating our sustainability journey by leveraging our sustainability maturity, emerging business models and technology, to expedite the achievement of our 2025 sustainability goals.



These goals are pivotal as we move towards a greener, collaborative and resilient future for our tomorrow.

OUR GOAL FOR 2025 IS TO ACCOMPLISH



100% built facility environment to be Green Building certified



100% waste traceability across operations



50% renewable energy across own operations



5% reduction in Scope 1, 2 & 3 emissions



NET (NZEB) certification ZERO for select facilities



WATER POSITIVE across operations

This year, we refreshed our Enterprise Risk Management (ERM) framework to better understand ESG-related shifts, impacts and dependencies that may affect our ability to achieve the desired objectives.

This exercise has contributed in emphasising our efforts in governance of sustainability risks including climate change across our operations and also align ourselves with global framework and standards.

With a desire to strengthen business and sustainability governance system, we have amplified our digital foray, migrating our data management, analysis, systems and processes including various assessments to a digital platform - 'Sustainability Digital Dashboard (SDD)'.

No significant fines or non-monetary sanctions were received from CPCB / SPCB for non-compliance with environmental laws and / or regulations in FY22.

HIGG INDEX

Being a core member of SAC, we adopted Higg Index early. Early adoption helped us to assess the sustainability performance of the entire value chain. It also led to the development of environmental and social performance strategy within brands, in-house operations, and supply chain.

In addition to the self-assessment of Facility Environment Module (FEM) and Facility Social Labour Module (FSLM) for all our 9 in-house manufacturing facilities, we also carried out FEM verification across 5 of our factories (FCL, EGL, HAL, EAL, LEA) through SAC nominated verifying body and we achieved an outstanding Higg score of 80 in one of our manufacturing unit Fashion Craft Limited.

In this 'decade of actions', anchored by the ABG vision and the three pillars of Sustainable Business Framework - Responsible Stewardship, Stakeholder Engagement and Future-proofing, along with our tailor-made sustainability 2.0 strategy, we have set ourselves in 'ACT LOCAL - IMPACT GLOBAL' mode, driving a robust, transparent, accountable and resilient business ecosystem. With our actions, we ensure that our sustainability strategy results in achieving broader national and global commitments.

DIGITALISATION

Digitalisation is a major focus of our innovation efforts. We leverage digital opportunities to boost business performance, accelerate our research and development activities, better manage our supply chain and broaden our existing product portfolio to include new innovative digital experiences.

'ReEarth Portal' - our IT platform for sustainability, extends across business operations including retail, to map the sustainability KPIs further facilitate data reporting, validation and assurance. The platform enables automated data collection, provide comprehensive sources of sustainability data and make disclosure efficient, precise and easy. This will significantly enhance our data accuracy, timeliness and future planning.



OUR STRATEGIC AREAS TO FOCUS ARE

RESOURCE EFFICIENCY



GREEN & NET-ZERO BUILDINGS



CIRCULAR ECONOMY



CLIMATE STRATEGY



Resource Efficiency



ENERGY



We reduce energy use through operational improvements such as remote energy management systems, fuel switch (such as effective use of biomass fuel) and renewables. These initiatives have helped us improve our carbon footprint and reduce our energy bills.

This year, we explored innovative renewable energy technologies such as hybrid technology, a combination of Solar PV system and wind turbines. This technology serves better in terms of more energy density in less occupied area and will boost our renewable share across our retail space.

ENERGY PERFORMANCE

Energy Consumption in TJ			
	FY 2019-20	FY 2020-21	FY 2021-22
Total Electricity Consumption	269	126	187
Total Fuel Consumption	104	78	115
Total Energy Consumption	373	205	301



~33%
of our total energy requirement is met through renewable energy sources like solar power and biomass.

Energy Mix in TJ			
	FY 2019-20	FY 2020-21	FY 2021-22
From Renewable Sources	100	69	99
Total Electricity Consumption	8	9	8
Total Fuel Consumption	92	60	91
From Non-Renewable Sources	273	136	202
Total Electricity Consumption	261	118	179
Total Fuel Consumption	12	18	24

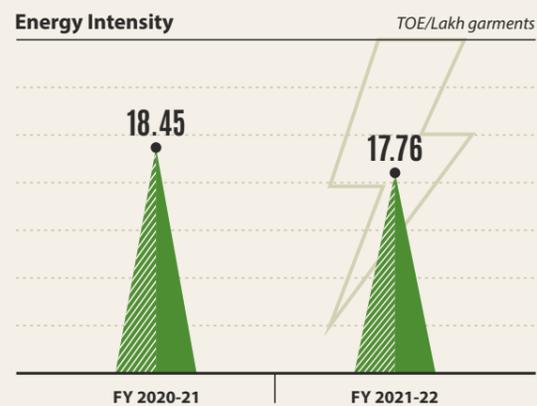
Energy Intensity

	FY 2019-20	FY 2020-21	FY 2021-22
Turnover (INR Crore)	8,743	5,249	8,136
Energy Intensity (TJ / INR Crore)	0.043	0.039	0.037

ENERGY EFFICIENCY

We implemented initiatives across our operations, including optimum internal and external lighting, installation of LED lights, VFDs and efficient equipment, and also designing new facilities and stores embracing green concepts.

These initiatives yielded a year-on-year reduction of 4% in energy intensity at a garment manufacturing level.



RENEWABLE ENERGY

Over the years, we have adopted a pragmatic approach to increase our share of renewable energy through solar rooftops and biomass-based briquettes. Our 2-MW solar rooftop PV system across six facilities has generated 8,197 MWh of power since FY19. In FY22, we generated ~2,179 MWh of solar electricity. Along with the SRT PV system, we have leveraged biomass and wood as a fuel across our boilers consuming 4,821 tons of briquettes and wood.



In addition to the ongoing efforts, in FY22, we have signed a Power Purchase Agreement (PPA) of around 1 MW of additional solar rooftop systems across 4 more facilities which is currently heading towards the installation and commissioning phase. With this increase of solar energy, our portfolio of SRT PV system will reach 3 MW, enhancing our renewable energy share.

We also installed more than 80 solar streetlights across 3 warehousing facilities which will reduce our energy consumption by 20,000 units, consequently eliminating at least 17 tonnes of carbon emissions.

This year, we conducted a third-party assessment to identify hotspots and potential areas of intervention to reduce energy consumption and also enhance the share of clean energy.

WATER

NITI Aayog's Composite Water Management Index (CWMI) has identified Bengaluru, Chennai, Delhi and Hyderabad among the most susceptible cities when it comes to water availability. Most of our operations being placed in and around Bengaluru, it is important for us to act on high priority and cascade efforts across our operations.

Over the years, we have embraced a two-pronged approach, i.e., conservation of water and rejuvenation of water sources; in order to reduce the dependency on freshwater, and thereby establish integrated water management systems.

The initiatives include installation and strengthening of rainwater harvesting systems, sewage treatment plants and waterless / water efficient fixtures.



61,827 kl
rainwater harvested and artificially recharged within the premises

Water Footprint (kl)

ABFRL Facilities	FY 2019-20	FY 2020-21	FY 2021-22
Surface Water	10,506	9,343	8,726
Groundwater	1,01,479	99,612	1,32,530
Third party Water	23,820	9,841	8,774
Total Water Withdrawal	1,35,805	1,18,796	1,50,030
Total Water Discharged	3,369	4,072	4,398
Total Water Consumption	1,32,436	1,14,724	1,45,631
Turnover (INR Crore)	8,743	5,249	8,136
Water Consumption Intensity (kl / INR Crore)	15.5	21.9	17.9

Note: 1. Rainwater (used) in FY22 is included in surface water as per GRI alignment. | 2. Total water consumption is different between water withdrawal and wastewater discharged. | 3. Five facilities are resulting into waste water discharged into municipal sewers | 4. Area of operation with Water Stress: Bengaluru and Gurgaon; Purpose: Domestic Use

Breakdown of total water withdrawal from sources

	in kl
Freshwater (≤1,000 mg/l Total Dissolved Solids)	1,15,942
Other water (>1,000 mg/l Total Dissolved Solids)	34,088

Water Harvested and Recycled

ABFRL Facilities	FY 2019-20	FY 2020-21	FY 2021-22
Rainwater Harvested	42%	45%	41%
Water Recycled & Reused	82%	75%	72%

Note: Water Recycled & Reused percentage has witnessed a downwards trend due to COVID circumstances and also expansion of Scope i.e., scope in FY 20 was limited to MFL facilities however, FY 21 & FY 22 has been extended to all ABFRL facilities which includes Pantaloons Office and Warehouses as well

Our **water stewardship journey**, an amalgamation of all the initiatives in the past decade has enabled us to achieve a significant milestone, i.e., **Water Positive at an organisational level in line with our sustainability 2.0 vision and ambitious 2025 goals.** At the facility level, following initiatives contributed in achieving this milestone:

Reducing water demand

In this journey, we leveraged latest technologies to ensure and further strengthen effective monitoring, modelling and real-time management of water systems. We are in the process of establishing IoT and Cloud-based services across our facilities. This digitalisation will assist us in predictive and proactive analysis of our water management systems.

Enhancing recycle and reuse of wastewater

Harvesting through roof and non-roof rainwater harvesting systems

Artificial recharge systems

Offsetting through watershed programmes at the community level

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

We have harvested 61,827 kl of rainwater, and recycled & reused 1,08,241 kl of wastewater.

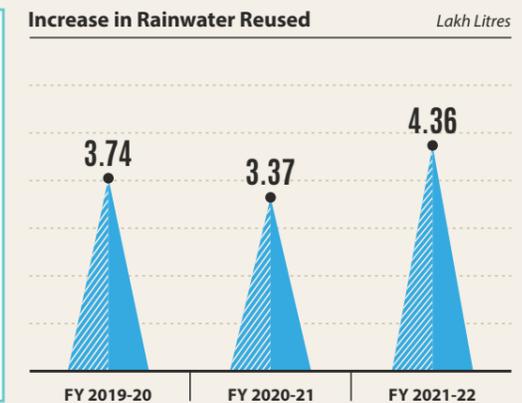


Net-Zero Water Buildings

The USGBC identified Fashion Craft as a showcase example of sustainability to demonstrate leadership in transforming the building industry. Fashion Craft was in compliance with LEED's rating system requirements based on annual water use/performance data, which was reviewed and validated with positive feedback.

The unit is equipped with rainwater harvesting system and artificial aquifer recharge system that has collected and harvested more than 4,800 kl of rainwater this year. It utilised more than 400 kl of rainwater for domestic or process purpose; and recycled & reused more than 9,100 kl of treated wastewater for flushing and landscaping.

In FY22, the quantity of total alternative water sources and water returned by this facility is more than its total potable water consumed.



HIGHLIGHTS

- Ensured our alignment with Net-Zero strategy
- Identified opportunities to maximise alternate water sources and minimise total water consumption
- Demonstrated our commitment towards water stewardship and sustainable water use
- Returned 1.3 times more water back to the ecosystem

WAY FORWARD

Post the review and performance evaluation by GBCI, we have analysed our existing facility portfolio. As per our analysis, many of our manufacturing units and warehouses demonstrate a strong case for Net-Zero Water and as we progress forward, we envisage extending the initiative to our remaining facilities with accelerated action.

CASE STUDY



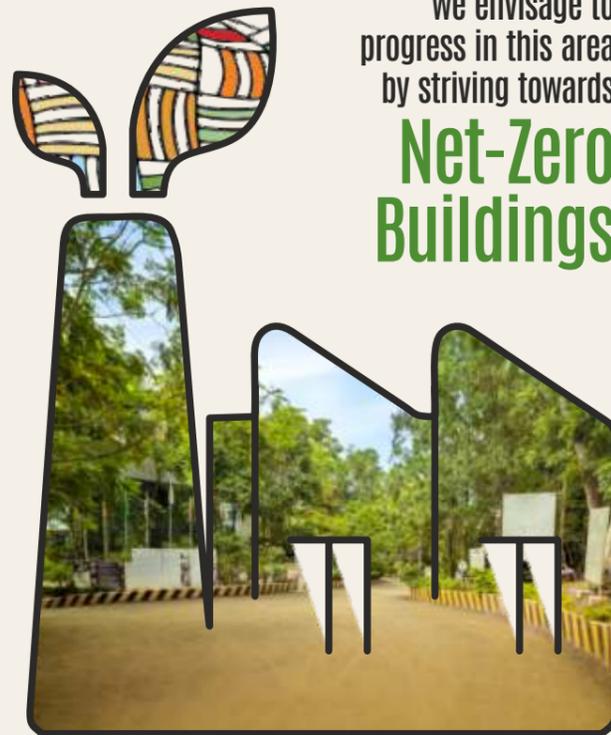
Green & Net-Zero Buildings

Globally, the continuous growth in built environment has led to the emergence of unplanned and resource-inefficient ecosystems. This has already manifested in a multitude of ways and there is a growing need to shape a low-carbon built environment.

Green Building has always been a vital pillar in our ongoing environment stewardship efforts transitioning towards a decarbonised ecosystem. At ABFRL, our green building focus emphasises on constructing and operating built environment in a resource-efficient manner promoting sustainability principles and embracing life cycle approach end-to-end.

We ensure that materials used in the construction of our built infrastructure promote life cycle thinking, are responsibly sourced, are regional and recycled, reduce water and energy use, enable efficient indoor air quality and ultimately contribute in shifting away from fossil fuels, mitigating or eliminating negative impacts.

We have five facilities that are certified under Green Building rating system at various levels (four in existing building category - HAL, FCL, CCL and LEA, and one in new building category - Attibele Warehouse).



Going forward, we envisage to progress in this area by striving towards **Net-Zero Buildings**

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

- US Green Building Council (USGBC)

Facilities with Green Building Certification



HARITHA APPARELS



FASHION CRAFT



CRAFTED CLOTHING



LITTLE ENGLAND APPARELS



ATTIBELE WAREHOUSE

We are currently working on four projects for green building certification, out of which two are new projects, i.e., Odisha Factory and Innerwear Warehouse, while the other two are existing buildings, i.e., Alpha Garments and Classic Menswear. Odisha, AGL and CML will be aspiring for IGBC Green Factory rating, and Innerwear WH for the newly launched IGBC Green Logistics Parks and Warehouses rating system.

OUR CORE APPROACH

For each project, we go through the following steps.

- Our team conducts the feasibility study of the existing building



- Daylighting and energy modelling is carried out to arrive at the best possible combination considering envelope of the building, efficient mechanical system and optimum daylighting



- Once the contractors and other related stakeholders are on board, stakeholder education is carried out on the dos and don'ts of the sustainable building, and relevant record is collected



- Frequent visit of sustainability expert and team happens to ensure 100% implementation of the envisaged target



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



**OUR CORE STRATEGIES
FOR CERTIFICATION PROCESS**

Aspire for zero run-off. Harvest more water than the potential consumption

100% wastewater to be treated on-site and maximise wastewater reuse

70% of regularly occupied areas to be planned for daylight (minimum)

At least 50% of material that is used at the site to be locally manufactured

Use of low VOC materials to limit the exposure of occupants to carcinogenic gases

Ensure fresh air requirement as per the **ASHRAE standards**

Plan for maximum renewable energy to replace fossil fuels and offset carbon footprint

Meters installation to track and record the performance of the resource use

Over a decade of our sustainability journey, we have unlocked many milestones as part of our green building strategy. Going forward, we envisage to progress in this area by striving towards Net-Zero Building rating systems i.e., both Net-Zero Water Building (NZWB) and Net-Zero Energy Building (NZEB) across built environment.

We have adopted the concepts of NZEB and NZWB in alignment with IGBC and USGBC rating systems to achieve the goal of Net-Zero operations. This is a unique initiative of ABFRL, and first in the apparel and retail sector.



**One facility certified under
LEED USGBC Zero Water
Certification system.**



Last year, we conducted a preliminary feasibility study and pilot of the concept at our select green building certified facilities. Taking the initiative forward this year, we have finished final submission of for one of the facility and achieved 'LEED Zero Water' under USGBC rating system.

By aligning our built-environment with NZEB and NZWB rating system, we envisage to reduce energy and water consumption, enable the use of appropriate renewable energy sources and alternate water sources to meet the requirement, and also facilitate net-zero built-environment.



NET-ZERO WATER BUILDINGS

Reducing our water demand by enhancing water efficiency

Harnessing alternate water to reduce fresh water demand

Promote water conservation at national level, to ensure water security

**SALIENT FEATURES OF
NET-ZERO WATER BUILDINGS**

Improvement in water efficiency and hence reduction in annual water consumption to the tune of about 30-50% with respect to the baseline

Overall reduction in water cost by 30%

Reduce dependency on raw water

Compliance to local regulation and promote water conservation

NET-ZERO ENERGY BUILDINGS

Reducing our energy demand by enhancing energy efficiency

Enhancing the share of renewable energy sources for meeting the energy demand and reducing the use of fossil fuels

Ultimately reducing the GHG emissions to meet our international commitments

**SALIENT FEATURES OF
NET-ZERO ENERGY BUILDINGS**

Improvement in energy efficiency and hence reduction in annual energy consumption to the tune of about 25 -30% with respect to the baseline

Overall reduction in energy cost of at least about 30%

Reliable source of power supply if combined with energy storage devices

Compliance to national codes and standards on energy efficiency, increased daylighting and enhanced thermal comfort for the workforce

CASE STUDY

Demonstrating Global Leadership in Green Built Environment

IGBC launched a performance challenge programme for green built environment in 2019 to facilitate fully certified green building projects so that they will continue to maintain their facility as 'Green'.

One of our IGBC certified facilities (LBRD Warehouse, Attibele) participated in this performance challenge under 'Warehouse Building' category. Presently, the warehouse contributes to more than 2.3 Lakh kWh of electricity generated from Solar PV system in our annual energy consumption avoiding more than 185 tonnes of CO₂ every year.

75% of the water mix represents rainwater harvesting and recharge. The same number accounts for recycle and reuse of treated waste water for flushing and landscaping. The performance was evaluated based on energy and water compliance monitoring, health & well-being as well as occupant comfort provided by the facility.

This data was reviewed as per national and international benchmarks. The warehouse outperformed on parameters such as enhanced ventilation, occupant comfort, energy performance index by 17%, and reduced water consumption by 23%, compared to EPI at the time of certification.

Recognising the outstanding performance, LBRD Warehouse was awarded and felicitated in the leadership awards programme.

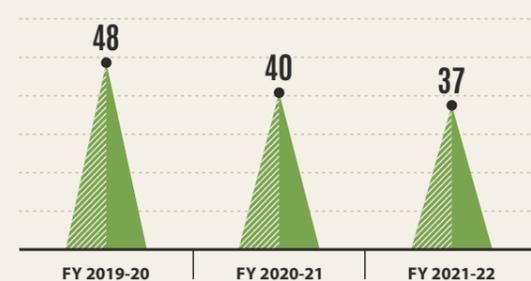
During the virtual session of IGBC's Green Building Congress 2021. This programme demonstrated our leadership in green built environment and benchmarked operational excellence. Going forward, we will continue to extend our efforts for global leadership.



Energy Performance Index (EPI) kWh/sq. m./year



Specific Water Consumption LPCD



Circular Economy

Globally, the fashion industry created 92 million tons of waste which is expected to increase by 60%, by 2030. Eliminating waste is critical to reduce fashion's environmental impact*. Global challenges with supply chains, material shortages, and increased visibility towards waste pollution have reaffirmed what ABFRL has known and strived towards: the depletion of the resources in the current linear take-make-dispose models of resource consumption are not economically or environmentally sustainable and must be replaced with circular economy models.

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

At ABFRL, pioneering circular economy and resource efficiency are integral to our 'ReEarth' programme. Circular economy drives us and we are constantly seeking solutions that help us minimise the negative impacts of our activity throughout the life cycle of our products.

We have two approaches - reduce overall waste generation, and end-to-end traceability to establish circularity. ABFRL has also undertaken a 'Zero Waste to Landfill' goal to ensure safe handling and disposal.

INITIATIVES OF CIRCULAR ECONOMY

We at ABFRL, consider waste as an opportunity for us to create value not only for our stakeholders, but also for the nation as a whole. ABFRL believes in creating a closed loop system where waste generated is recycled, reused or upcycled to useful resources. Initiatives in circular economy are based on the principles of designing out waste and pollution, keeping materials in use and regenerating natural systems.

The entire non-hazardous waste in our facilities is either recycled or reused, and a small quantity undergoes composting which is used as bio manure for farming.



WASTE TO LANDFILL ACROSS ALL OUR OWN FACILITIES

Hazardous Waste is disposed following all guidelines and regulations to ensure Zero Waste to Landfill. Towards ZWTL, ABFRL puts a strong emphasis on diverting waste from the landfills through alternative solutions. This provides an opportunity for sites to work collaboratively within their internal supply chains, along with external suppliers and waste management providers to find innovative solutions.

End-to-end waste traceability assessments are done to validate and certify the safe disposal mechanism of waste till its last mile, for best practices and adherence to compliance. The aim is to audit and monitor the waste disposal to authorised recyclers, to ensure reliability, and to substantiate our sustainability goals. All facilities dispose waste in compliance with operating permits and legal authorisations, and also engage with waste disposal facilities / waste recyclers after due validation.

We are working towards establishing an ecosystem for extended producer responsibility in waste management and enhance the scope of circularity across our operations. Through our streamlined waste management approach, we continue to ensure 'Zero Waste to Landfill' across all our own facilities!

As per target, we achieved 'Zero Waste to Landfill across all our operations' and ensured 100% traceability of waste disposed to achieve circularity.

Waste Footprint		MT
Total Waste Generated		FY 2021-22
Non-Hazardous		3,731
Hazardous		5
Total		3,736

Total Waste Generation			MT
Type of Waste	Unit	Quantity	
Used Oil	Litres	1,832	
	Tonnes	2	
Batteries	Numbers	171	
Bio-medical waste & others	Tonnes	3	
Total Hazardous	Tonnes	5	
Paper	Tonnes	301	
Fabric	Tonnes	1,515	
Metal	Tonnes	29	
Plastic	Tonnes	130	
Carton Box	Tonnes	1,313	
Canteen Waste	Tonnes	42	
Any other Non-hazardous Waste	Tonnes	16	
Coverall	Tonnes	22	
Construction & Demolition	Tonnes	362	
Total Non-Hazardous	Tonnes	3,731	
TOTAL WASTE	Tonnes	3,736	

Waste Disposal and Treatment		MT
		FY 2021-22
Waste Recyclable		1,814
Waste Reusable		1,877
Compostable		42
Incineration		3

**'Waste-to-Resource' ambition at ABFRL
Maximising value recovered
from waste at facilities.**

ZERO Waste Facility

At ABFRL we believe in creating closed loop 'Zero Waste' system where waste generated is recycled or reused and converted to useful resources. Abiding to this, we have established an Integrated Waste Management model to extend the life of our resources – creating smarter, cleaner, and more efficient operations.

Across our operations, we implemented 3 R principle i.e., Reduce-Reuse-Recycle and also established various programs to foster innovation and embed circular economy aspects across our operations. Some of the key programs include repurposing waste generated, enhancing sustainable packaging coefficient, automating marker efficiency and cutting tools. We also periodically conduct workshops and capacity building sessions contributing to an attitudinal change of responsible consumption. All the programs together helped us achieve our commitment 'Zero Waste to Landfill'.



This year, our manufacturing facilities i.e., Fashion Craft and Crafted Clothing have received TRUE (Total Resource Use and Efficiency) Zero Waste Gold certification from Green Business Certification Inc. (GBCI) and Zero Waste to Landfill Certification from Bureau Veritas respectively. This milestone is testament of our journey of responsible consumption and commitment towards making fashion circular.

We are further looking towards scaling-up for Circular economy program and exploring innovative ways to repurpose / reuse the production line waste in our products thereby reducing ever increasing demand for raw materials.

We believe sustainability as an opportunity to accelerate in these unprecedented times and key enabler in delivering long-term value creation for all our stakeholders both internal and external.



Climate Strategy



The Global Fashion Agenda and McKinsey analysis found that Fashion Industry is accountable for 4% of global greenhouse gas (GHG) emissions and under the current trajectory, the fashion industry will miss the 1.5°C pathway by 50%.

Delivering sustainable fashion being the core of our strategy, we, at ABFRL, have adopted a pragmatic approach to accelerating our climate change agenda and decarbonising our operations across the value chain.

Our climate change agenda and sustainability 2025 goals are defined well in accordance with Paris Agreement.

Over the years, we have adopted various initiatives across Scope 1 & 2 emissions and initiated dialogue with stakeholders for mitigating Scope 3 emissions across the ecosystem. Along with the initiatives adopted across the operations, we have established protocols and accounting methodologies across scope 1, 2 and 3 emissions.

<https://racetozero.unfccc.int/fashion-lays-down-its-route-to-net-zero/>

↓ 6.6%

reduction in Scope 1 & 2 emissions across ABFRL operations due to renewable energy and energy efficiency measures

Absolute GHG Emissions - Scope 1&2

	FY 2019-20	FY 2020-21	FY 2021-22
	tCO2	tCO2	tCO2e
Direct Emissions (Scope 1)	937	1,467	1,926
Indirect Emissions (Scope 2)	59,101	25,841	39,300
Total	60,038	27,308	41,226
Turnover (INR Crore)	8,743	5,249	8,136
Total Scope 1 and Scope 2 Emissions per Turnover (tCO2-tCO2e) / INR Crore)	6.9	5.2	5.1

Emissions (Other than GHG)

	FY 2020-21	FY 2021-22
	in MT	
NOx	2.8	2.2
SOx	1.6	0.7
Particulate matter (PM)	5.5	3.0

Our initiatives across energy efficiency and renewable energy aspects led to an emission reduction of 1,810 tCO₂e which included 1,721 tCO₂e from solar PV systems, 35 tCO₂e by switching boiler fuel from diesel to biomass boilers, and 54 tCO₂e from energy efficient lights and solar streetlights.

In accordance to the GHG Accounting Protocol, we, at ABFRL, have identified relevant categories and over the years have streamlined established systems for accounting emissions, and also established a baseline for future course of action. Leveraging on the baseline established and data insights, we have initiated discussions with our value chain partners including the logistics providers, on feasibility of transitioning towards e-mobility in a phased manner. While there exist certain practical challenges, we are moving swiftly with an objective to decarbonise our value chain to the last mile.

Absolute GHG Emissions - Scope 3

	FY 2019-20	FY 2020-21	FY 2021-22
	tCO ₂		
Indirect Emissions (Scope 3)	6,32,111	4,36,159	4,76,608

Categories covered are: Upstream transportation through road | Downstream transportation through road - Business travel (air, road) | Franchise stores (PFRL)

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Along with the ongoing emission accounting in line with GHG protocol and the initiatives adopted to mitigate Scope 1, 2 & 3 emissions, this year we conducted a comprehensive risk refresh project with an agenda to refresh the Enterprise Risk Management Framework at ABFRL level. One of the key objectives of the project is to build resilience against emerging sustainability risks like climate change based on the key takeaways from the Intergovernmental Panel on Climate Change (IPCC), COP26 and other global frameworks.

As part of the project, we have developed scenarios considering time horizons, technology trends and policy landscape. Based on the learnings and key risks identified, we have assessed the implications on our operations and value chains. This rigorous project not only helped us in enhancing climate change risk assessment at ERM level but also complimented us in aligning the journey in accordance with Task Force on Climate-Related Financial Disclosures (TCFD).

While we are staying focussed towards achieving our 2025 goals, we are also working towards devising a 'Net-Zero' roadmap and looking forward to communicating our roadmap as well as milestone years in the coming years' Sustainability Report.

This year the SBTi methodology alignment is also done and the submission is work in progress.



FINANCIAL

P E R F O R M A N C E



₹ **8,136 Cr**
revenue; 55% growth over previous year



STRONG RECOVERY
post the third wave of COVID-19



DIGITAL-FIRST BRANDS
emerged as a new business model



255+
new stores added

Emerging out of the clutches of the pandemic, FY22 was affected by increased geopolitical tension that impacted the global economy with slower growth and faster inflation. While global growth is estimated to have surged to 5.9 percent in 2021 due to ease in pandemic-related lockdowns in many countries, resurgences of the COVID-19 pandemic and widespread supply bottlenecks weighed appreciably on global activity in the second half of FY22. Moreover, emerging markets and developing economies are experiencing notably weaker and more fragile recoveries compared to those in advanced economies.

However, despite the highly transmissible third wave driven by the Omicron variant, India is charting a different course of recovery. It is poised to grow at the fastest pace year-on-year among major economies according to projections made by the International Monetary Fund (IMF). India's recovery is supported by large-scale vaccination and sustained fiscal and monetary support. To make the most of this recovery and cater to the consumer demand, at ABFRL, we ensured strategic investments, network and portfolio expansions and accelerated e-commerce and omni-channel abilities. The rapid revival in demand across categories led to a robust performance for ABFRL despite the impact of the third wave. The investments in e-commerce and omni-channel expansion have shown results with rising consumer affinity for our brands. **At ABFRL, we maintained a keen focus on powering a sustainable and profitable growth and delivering long-term value for all our stakeholders.**



	FY 2020-21	FY 2021-22
Growth in revenue	-40%	51%
Stores added	170+	255+
Revenue (in INR crore)	5,253.78	7,918
Economic Value Retained (in INR crore)	168.56	833.23
Economic Value Generated and Distributed		
Operating Costs	3,741.07	5,684.03
Employee benefits and wages	823.91	1,043.43
Payments to providers of capital	498.39	340.19
Payments to Government	19.85	14.32
Community Investments	2.0	3.09
Total	5,085.22	7,085.06

Business Overview & Developments

LIFESTYLE BRANDS

Lifestyle Brands consist of: Louis Philippe, Van Heusen, Allen Solly and Peter England.

The revenue for the reporting period was INR 4,522 crore up by 64% over FY21.

The EBITDA margin was positive 17.4% at INR 788 crore compared to INR 340 crore in FY21.

Lifestyle Brands continued with the expansion of their presence in the retail channel. Product innovations and expansion into newer categories drove this growth. The business also continued its expansion into smaller town markets, building upon successful pilots carried out earlier during the reporting period.

PANTALOONS

The revenue for the reporting period was INR 2,626 crore, up by 41% from FY21

EBITDA stood at INR 368 crore compared to INR 276 crore in FY21

EBITDA margin was a positive 14.0% for FY22

Pantaloon has a high presence in mall formats and the pro-longed restrictions in malls had an impact on the sales in FY22, but Pantaloon continued a sharp focus on sourcing agility and cost controls to deliver an encouraging performance this year. Despite continued challenges from the subsequent waves of the pandemic, **Pantaloon opened 49 new stores to exit FY22 with 377 stores.**

OTHER BUSINESSES

This segment comprises youth fashion brands, innerwear and athleisure business, global super premium brands and the newly incubated ethnic wear businesses. Innerwear and athleisure segment saw consistent growth during the year driven by distribution expansion through trade and e-commerce.

Super premium brands, comprising The Collective and Mono brands maintained their excellent growth trajectory during the year and achieved highest ever annual business.

Ethnic wear business also showed sharp revenue growth with scale coming from both network expansion, new portfolio additions and category extensions. The business is currently operating at an annual run rate of ~ INR 400 Cr.



Strengthened balance sheet (Consolidated)

Reduced Net debt by ~ 5% from INR 530 crore in FY21 to INR 504 crore in FY22



Strengthened balance sheet (Standalone)

Reduced Net debt by ~ 14% from INR 654 crore in FY21 to INR 562 crore in FY22



Product innovation

Successful launched several new products in line with changing consumer needs



Digital business model

Rapid growth of e-commerce; ~50% stores Omni-enabled

Outlook

ABFRL continues to focus on the well-being of its employees and their families, while strengthening itself to capture the large growth opportunity post the pandemic. The onset of third wave had an effect in the early part of the fourth quarter. However, the business witnessed strong rebound, with March 2022 sales growing by 50% over last year. We expect this momentum to continue for the rest of the year.

On the operational front, optimised cost control and tighter cashflow management will continue to be at the core of the business model. The recovery trend observed this fiscal is testimony to the temporary nature of the impact of the pandemic and the resilient consumer sentiment. The future for the Indian apparel industry looks promising, buoyed by strong domestic consumption and export demand. The per capita consumption of apparel will grow swiftly in the times ahead fuelled by aspirational buying and an organised market play.

As digital consumption continues to build its dominance, ABFRL will continue investing in building its digital capabilities at front and back end to make it intrinsic to its business model going forward.



BUSINESS STRATEGY

The key tenets of business strategy include:

Enhancing the Portfolio

We have moved towards a portfolio play led strategy focused on providing a bouquet of offerings as we plan to take advantage of large growth opportunities across multiple segments in line with rapidly evolving consumer shifts

Expanding Distribution Footprint

Accelerate growth by expansion of retail network

Building a Strong Brand

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

Digital Transformation

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

Investing in Talent

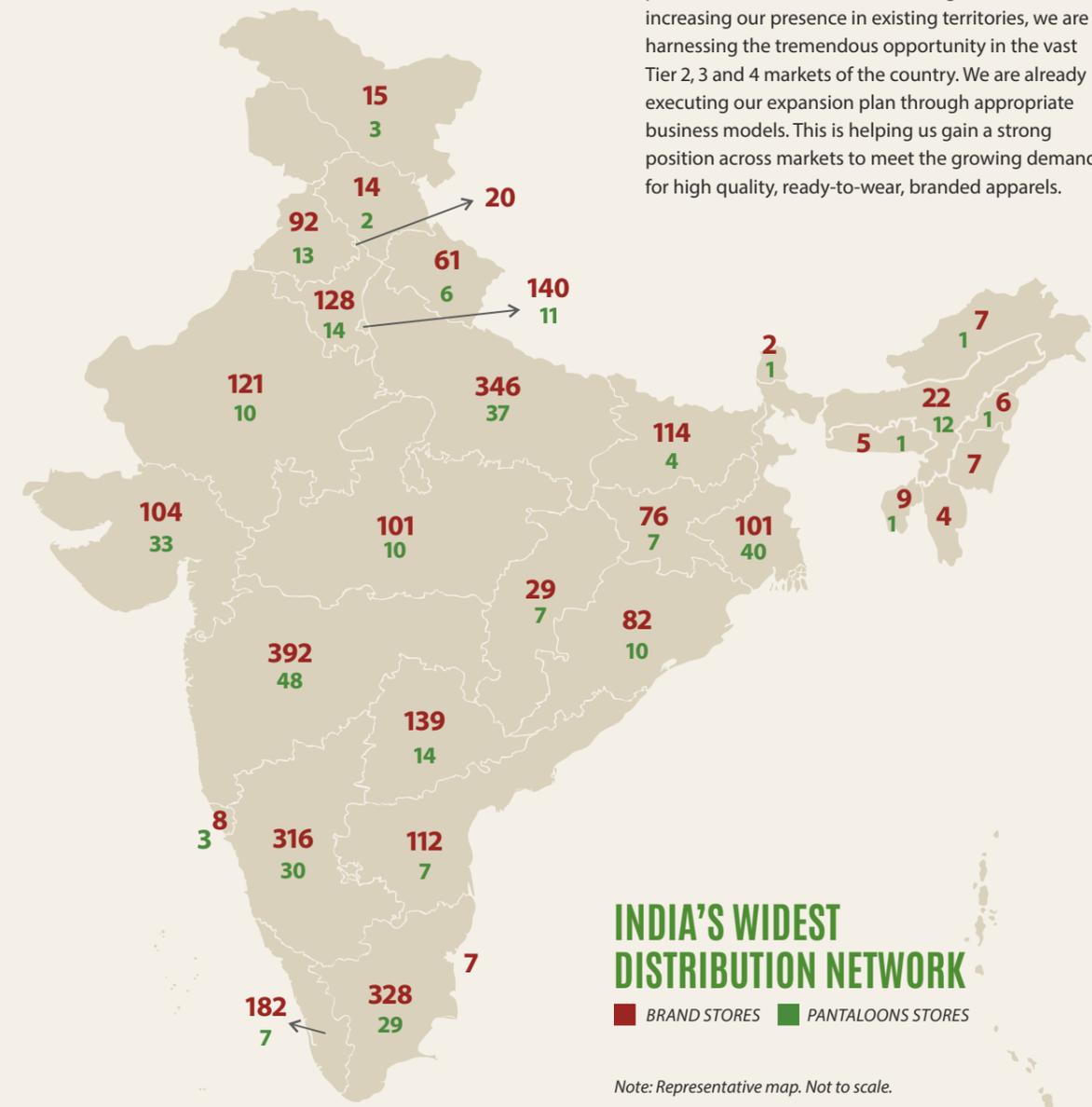
Continue to invest in the acquisition, development, retention and recognition of our workforce

Supply Chain Sustainability

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

Footprint

ABFRL has focused on rapid growth rapidly through a multichannel distribution strategy. Today, we are present in more than 900+ cities. Together with increasing our presence in existing territories, we are harnessing the tremendous opportunity in the vast Tier 2, 3 and 4 markets of the country. We are already executing our expansion plan through appropriate business models. This is helping us gain a strong position across markets to meet the growing demand for high quality, ready-to-wear, branded apparels.



INDIA'S WIDEST DISTRIBUTION NETWORK

■ BRAND STORES ■ PANTALOONS STORES

Note: Representative map. Not to scale.

9.2 million sq.ft. FOOTPRINT	3,091 BRAND STORES	377 PANTALOONS STORES	28,585 MULTI-BRAND OUTLETS	6,515 SLS ACROSS DEPT STORES
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PEOPLE

P E R F O R M A N C E



24,500+
employees



13,800+
women employees



80
specially-abled
employees



1,379
store-level employees
undergoing career
advancement programme



4,800+
COVID beneficiaries
and 10,000+ lives
covered under voluntary
insurance cover



**FULLY
VACCINATED**
All employees
across stores,
factories and HO/ZO
are fully vaccinated

AT ABFRL, OUR 'PEOPLE VISION' IS TO 'DRIVE A HIGH PERFORMING AND CUSTOMER CENTRIC CULTURE WITH HAPPY AND VALUE ORIENTED EMPLOYEES'

Through a strong service orientation, we foster a culture that puts customers first and focusses on creating happiness through purpose-driven behaviour and delivering high quality. All of these objectives are accomplished through our dedicated talent that is value-oriented with a deep commitment to the ethics of the Aditya Birla Group. We are expanding our wingspan anchored by advanced capabilities and enhanced productivity of our people.



Although we maintained a positive outlook during the ongoing pandemic, there is no denying the unprecedented challenges that came our way in FY22. It highlighted our need to:



Respond to the emergency health and safety needs of our employees / customers



Enable alternative methods of organisational coping through WFH, training, wellness and digital initiatives

In order to ensure safety of our employees across offices, stores and factories against COVID-19, we formed an Emergency Response Team which included the HR Heads of all businesses and was led by the Chief Human Resources Officer. This team, formed ahead of the lockdown, focussed on four key aspects:

Adhere to government advisories and local health authority's circulars

Plan scenarios, responses and execution actions

Monitor local (environment and situation) conditions in business locations on an ongoing basis

Maintain active communication and awareness across business operations

Faced with implementing new protocols overnight, across our businesses, our teams rose to the occasion admirably and took a proactive approach to handle a host of unprecedented issues. This was made possible by displaying tremendous resilience, cultivating robust relationships, adopting a close collaborative approach and exhibiting strong leadership. Our organisation's core values of seamlessness, passion, speed, commitment, and integrity have always guided our actions.

We have a diverse workforce of 24,000+ permanent employees who hail from varying social, economic and geographic backgrounds, adding depth to the Company's ever-growing knowledge capital with a range of educational and industry experience. We continue to build an inclusive environment for our diverse workforce.

FY22

Employees - Age-wise		Total	Age Group (Years)		
			<30	30-50	>50
Permanent	Senior Management	275	3	228	44
	Middle Management	792	80	681	31
	Junior Management	10,515	5,512	4,866	137
	Workers	13,236	6,592	6,522	122
Total		24,818	12,187	12,297	334

Note: In addition to the above, we also employ 16,959 contractual workforce

Employees - Gender Break-up		FY20		FY21		FY22	
		Gender (No.s)		Gender (No.s)		Gender (No.s)	
		Male	Female	Male	Female	Male	Female
Permanent	Senior Management	181	54	167	49	214	61
	Middle Management	544	194	497	163	587	205
	Junior Management	9,587	2,517	7,813	2,081	8,160	2,355
	Workers	1,718	10,543	1,808	9,773	2,017	11,219
	Total	12,030	13,308	10,285	12,066	10,978	13,840
		53%		54%		56%	

Differently - abled	Total	Male		Female	
		No.s	%	No.s	%
Workers (Permanent)	80	33	41%	47	59%

Note: We do not have differently - abled under employee category

Employee Turnover Rate	FY20			FY21			FY22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees									
Turnover Rate	29	31	29	22	23	22	22	26	22
Permanent Workers									
Turnover Rate	39	45	44	47	56	55	52	52	52

Employee Turnover	FY20	FY21	FY22
No. of employees who choose to leave voluntarily (such as resignation, retirement, early retirement, etc.)	402	260	513
Average no. of persons employed	2,377	2,288	2,430
Voluntary Employee Turnover Rate	16.91%	11.36%	21.11%

Share of Women in the Organisation - Diversity Indicator Percentage (0-100%)

	% (for FY 22)
In management positions	24.70
In junior management positions	23.69
In management positions with revenue generating functions	20.47
In top management positions	22.10
In STEM-related positions	06.25

Women across levels comprise 56% of our overall workforce.

We also have a healthy mix of multi-generational employees with over 49% of our employees under the age of 30. ABFRL has maintained healthy and harmonious industrial relations at all levels through development initiatives, gender diversity and community development.



Management Approach



At ABFRL, 'The Biggest Brands and Best People' come together. While we have several well-known brands under our umbrella, it is the people behind the brands who have made us what we are. Our unique Employee Value Proposition - 'A World of Opportunities' makes us a preferred employer for professionals in the industry.

TALENT MANAGEMENT AND CAREER GROWTH

A top priority at ABFRL is effectively harnessing the leadership skills and capabilities of our people through focussed initiatives on talent development. These initiatives enable our employees to achieve personal and professional goals that are in alignment with the organisational strategy.

Our institutionalised Talent Councils actively review the organisation's talent pipeline, succession plans for key roles and requisite development interventions. We have in place annual career conversations, which are structured to understand employee aspirations, provide them a clear vision of their career path, and how they may achieve them by identifying their areas of strength and development.

To manage the disruption caused by the pandemic, we built contingencies for probable scenarios that would ensure business continuity. The scenarios include key individual leaders, members or team becoming infected and indisposed for a certain period. As a part of this plan, we identified 'Acting Heads' for 100% of our critical business roles. In addition to this, succession planning for all critical roles were reviewed and validated with the management team to ensure readiness assessment of key talent.

In the last two quarters of FY22, when every industry faced a great wave of resignations, we too witnessed a very high attrition rate. Various employee retention measures were taken to arrest this exit rate.

	FY22			FY21		
	Male	Female	Total	Male	Female	Total
Permanent Employees						
Return to Work Rate (%)	100	94	95	100	25	56
Retention Rate (%)	11	454	131	42	131	74
	FY22			FY21		
Permanent Workers	Male	Female	Total	Male	Female	Total
Return to Work Rate (%)	0	44	44	0	23	23
Retention Rate (%)	0	91	91	0	100	100

We also looked into focussed redeployment of our employees in high impact, cross-functional projects.

This helped support new growth areas, including e-commerce and digital marketing initiatives during the period of external hiring freeze. These measures contributed in giving employees exposure to new skills, while delivering their own KRAs.

To continue the growth trajectory for the business and the country, we invest in the early careers of bright students from premier institutes across the country, creating a future talent pipeline. We have structured talent management programmes to enable the development of campus hires by giving them meaningful business stints and exposure to senior leadership. Our Young Talent Programme includes hires across multiple streams such as Business Management, Fashion Management, Chartered Accountancy and Retail Operations.

Learning and Development

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



ACE Programme

Launched three years ago under the umbrella of ABFRL University, the programme provides employees with functional development opportunity in alignment with their career aspiration. This year, an organisation-wide functional capability building initiative was developed based on the experiential learning principle, driven by the Madura Senior Leadership Team.

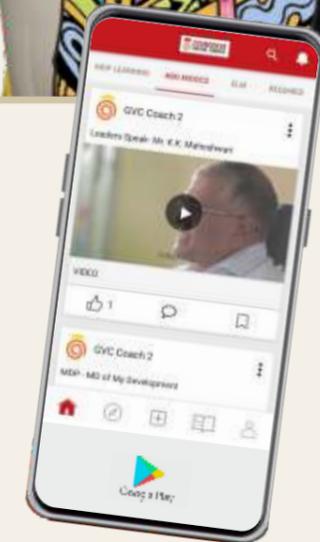
The primary focus of the programme was on providing key experiences through projects and exposures from both internal and external leadership perspectives. The Core Curriculum spanning seven months was designed in collaboration with internal subject matter experts, deans and convenors. Teaching inputs are delivered through expert lead sessions focussing on external perspectives, assignments, assessments, quiz, and learning check-ins.

With the pandemic, there was a major shift towards eLearning through the Gyanodaya Virtual Campus (GVC) App; clocking over 10,00,000 learning hours of more than 90% of the workforce.

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

Springboard Programme

Five women leaders from the middle management underwent the **Springboard** accelerated programme, a learning intervention that facilitates self-insight and enables awareness of strengths, areas of development, management and leadership style. This leads participants to develop their identity as leaders and managers.



Digital Marketing and Communication

Ten employees underwent a special learning intervention on Digital Marketing and Communication by MICA and upGrad. The top skills gained by them were SEO, Search Engine Marketing, Social Media and Content Marketing, Branding, and Marketing Analytics.

Data Analytics and Advanced E-Commerce Capability Building

We launched programmes focussed on **Data Analytics and Advanced E-Commerce Capability Building**. The aim was to build up the core competencies required by business, to keep up with the competitive business landscape and evolving consumer behaviour.

An application-oriented programme for 40+ marketing and e-commerce employees across ABFRL was curated.

More than ten modules of up to 30 hours with live application in ongoing campaigns, alongside sessions by expert practitioners were conducted.



Visual Merchandising (VM) Academy

In line with our strategy pillar to 'create a great place to work', we embarked on a journey of strengthening our learning & development offerings from a functional programmes perspective. One of the key offerings we launched was, building **Visual Merchandising (VM) functional capability & operational excellence** - critical to developing and retaining best-in-class VM talent. In the first phase, 80 store and area visual merchandisers enrolled for VM Academy, and were taught tips to enhance customer experience.

SPRINT Leadership Development Programme

A leadership development programme, SPRINT, was launched to groom talent for senior leadership roles in ABFRL. This programme focussed on working with leaders to turn today's challenges into opportunities and lead with confidence, clarity, and a sense of optimism.

India's Finest Store Manager (IFSM) Programme

This is geared towards bringing the best industry practices to groom our Store Managers, and lead them towards senior roles in the organisation. This was the **second year of IFSM 2.0** where 15 best-in-class store managers were selected through a comprehensive assessment and their learning journey started with IIM Indore. Along with this, we kick-started **Leap Ahead Programme - a capability building programme** for Pantaloon's Area Business Managers through the virtual mode wherein all 27 ABMs were enrolled to be a part of a year-long learning and development journey. They went through a well-crafted competency-based leadership development programme by industry experts, business leaders and expert faculty from IIM.

Store Managers Academy

Store Managers Academy provides comprehensive capability building path to store managers throughout their journey in 3 stages. This academy enables new store managers to manage the store effectively, progressively prepares them to handle larger and complex territories, making them ready for next level leadership roles.



i-PEARL

i-PEARL Daksha and Saksham are career development programmes designed for front-end sales force that creates a career path for a fashion assistant to become a store manager. These programmes are designed and delivered in close collaboration with business leadership and are executed through a 70:20:10 learning approach to provide the participants with a holistic learning environment.

FA STAR Certification

A strategic project on skill-based segmentation for front line employees to bring alive the service experience by helping them express the best version of themselves. The programme has four stages and each stage is linked to processes and benefits in an employee's life cycle which encourages and motivates them to continuously progress on the journey of learning and skill building.



Pragati

Madura successfully completed its Pragati 3.0 learning initiative in May 2021.

Out of 559 candidates, 429 candidates (a total of 76%) across 4 levels, were declared as Green and ready for the next role.	93% of the Green candidates were moved into new roles during FY22 and 24 were placed in corporate positions (ABMs and Senior Executive roles).	We commenced with Pragati 4.0 in July 2021 with 505 candidates of whom 80% had been already evaluated in the month of March 2022.
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We are now looking forward to 100% closure in May 2022 and are in the process of establishing the LMS (Learning Management System).

Performance and Career Development Reviews of Employees and Workers

	FY22			FY21		
	Total (A)	No.s done (B)	% (B / A)	Total (C)	No.s done (D)	% (D / C)
Employees						
Male	8,961	8,961	100%	8,477	8,477	100%
Female	2,621	2,621	100%	2,293	2,293	100%
Total	11,582	11,582	100%	10,770	10,770	100%
Workers						
Male	2,017	2,017	100%	1,808	1,808	100%
Female	11,219	11,219	100%	9,773	9,773	100%
Total	13,236	13,236	100%	11,581	11,581	100%



Leadership Restructuring

Madura Manufacturing underwent some major structural changes during the past financial year, with four major roles - Deputy Head of Manufacturing and three Cluster Head positions being helmed by new talent. In order to support the transitioning leaders, a comprehensive learning programme was put in place. It comprised a wide range of topics and initiatives driven through in-house SMEs, Gyanodaya Outreach Programmes, GVC, and other online interventions like LinkedIn Learning. The nine month programme, held from June 2021 to March 2022, concluded successfully with 84% completion rate and an overall rating of 4 out of 5 stars from the participants.

Madura University

In a bid to keep the learning process alive during the pandemic, Madura University was constituted as a way of formalising the treasure trove of internal knowledge that exists within Madura Clothing. The intent was to tap into this ready repository and enhance the learning network by identifying and on-boarding in-house SMEs who would work together to break down silos and drive cross-functional learning. With this idea in place, HR for Non-HR and Finance for Non-Finance learning series were launched. During the year, 28 enriching and interactive sessions led by voluntary participation from NIPM-certified HR professionals and qualified chartered accountants as instructors were held.

Unnati Learning Programme

Our functional learning programme, **Unnati**, is conducted for talent across factories and functions including Supply Chain, Operations, Planning and Category, among others, across Madura. This programme helps build a succession pipeline for manufacturing roles.

Pratibha Scholarship Programme

We support our employees in building a future for their children with the **Pratibha Scholarship Programme**. Under this programme, employees' children are granted a scholarship for pursuing graduate and postgraduate education in their chosen fields.



A World of Opportunities

We have '**A World of Opportunities' (AWOO) Foundation** which supports the funding of education for children of our workmen and store associates.

REWARDS AND RECOGNITION

Remuneration and Benefits

Our approach to rewards at ABFRL is drawn from our overall people philosophy. We have a comprehensive, agile, balanced and inclusive method towards remunerations and benefits, and our rewards programme aims to attract, engage and retain top class talent in the industry. Our rewards value proposition is anchored in '**Total Rewards**' where we incorporate both the monetary (Fixed Compensation, Variable Pay and Long-Term Incentives) and the non-monetary elements (Benefits, Recognition and Work-Life Effectiveness). Salary decisions are rooted in pay for performance, long-term potential of the individual, and competitiveness with respect to our market peers.

To further strengthen our ESG journey, we have enhanced management accountability by integrating and aligning the ESG performance into Annual Incentive Program (AIP) framework and also into KRA of senior management. All the key focus areas of E, S & G including CSA scores, Sustainable Products & Packaging, Climate Strategy & Action, Safety, Green Building have been included under the framework with defined target, thresholds and maximum for the proposed criteria with appropriate weight-age respectively.

We strive for absolute non-discrimination in remuneration with fairness measures in place for specific scenarios such as maternity leave and talent mobility across businesses. Our reward approach lays significant emphasis on programmes that incentivise both short-term and long-term business performance.



Details of minimum wages paid to employees and workers

		FY22				FY21					
		Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
			No.s (B)	% (B/A)	No.s (C)	% (C/A)		No.s (E)	% (E/D)	No.s (F)	% (F/D)
Permanent employees	Male	8,961	1,706	19%	7,255	81%	8,477	902	11%	7,575	89%
	Female	2,621	626	24%	1,995	76%	2,293	265	12%	2,028	88%
Permanent workers	Male	2,017	273	14%	1,744	86%	1,808	171	9%	1,637	91%
	Female	11,219	4,263	38%	6,956	62%	9,773	3,785	39%	5,988	61%

Details of median and average remuneration

	Number	Male (FY22)		Female (FY22)	
		Number	Median remuneration/salary/wages (in INR)	Number	Median remuneration/salary/wages (in INR)
Key Managerial Personnel	3		5,90,77,127	2	5,25,71,697
Employees other than BoD and KMP	8,958		3,00,351	2,619	2,02,153
Workers	2,017		1,52,315	11,219	1,22,305

Average Salary Women & Men FY22

Employee Level	Average Women Salary	Average Men Salary
Executive level (base salary only)	1,16,10,812	1,16,18,873
Executive level (base salary + other cash incentives)	1,51,32,470	2,20,78,659
Management level (base salary only)	15,20,233	15,36,940
Management level (base salary + other cash incentives)	17,12,466	17,13,532
Non-management level (base salary only)	3,02,203	3,59,761

Employees Covered by Benefits (%)

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No.s (B)	% (B/A)	No.s (C)	% (C/A)	No.s (D)	% (D/A)	No.s (E)	% (E/A)	No.s (F)	% (F/A)
Male	8,961	8,961	100	8,961	100	0	0	3,332	37	0	0
Female	2,621	2,621	100	2,621	100	2,621	100	0	0	0	0
Total	11,582	11,582	100	11,582	100	2,621	23	3,332	29	0	0

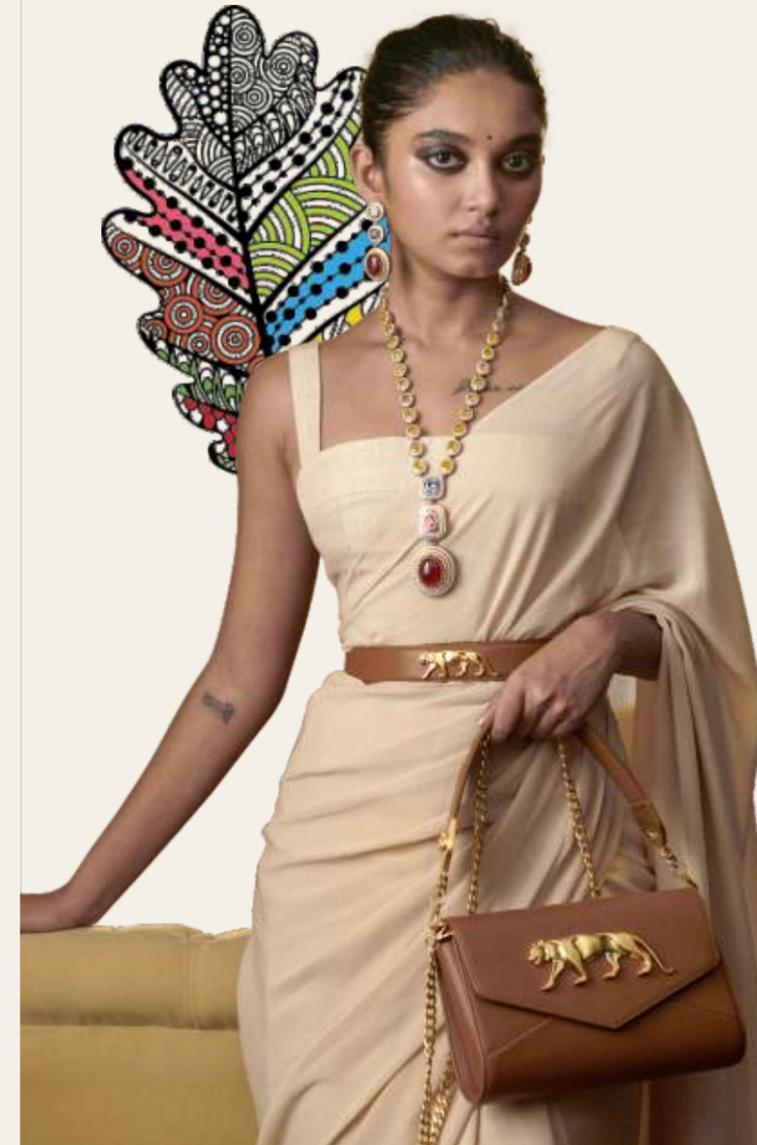
The above benefits include 'Permanent employees' category

Workers Covered by Benefits (%)

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No.s (B)	% (B/A)	No.s (C)	% (C/A)	No.s (D)	% (D/A)	No.s (E)	% (E/A)	No.s (F)	% (F/A)
Male	2,017	0	0	0	0	0	0	0	0	0	0
Female	11,219	0	0	0	0	11,219	100	0	0	0	0
Total	13,236	0	0	0	0	11,219	85	0	0	0	0

The above benefits include 'Permanent workers' category

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



Recognition

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

ABG Awards

The ABG Group hosted the much-awaited ABG Awards 2022 recognising contributions and efforts of all employees across businesses on a group level. **ABFRL won a total 12 awards in the Chairman's Individual Awards** category wherein this time employees from our ethnic businesses-designer led brands i.e. Tarun Tahiliani, Sabyasachi, Shantanu & Nikhil were also represented in all categories.

In FY22, we also held the **ABFRL HR Awards - Heroes of Hope** that felicitated the HR team members for their exceptional contribution in ensuring the safety and security of our employees since the onset of the pandemic. The Awards, sponsored by our CHRO was a half day virtual event.

A unique micro-site was created for the occasion and hosted 400 guests for a virtual user experience that featured an interactive Message Wall.



ABFRL identified seven fresh award categories in the Heroes of Hope Awards that recognised the COVID heroes and presented 300 trophies to the awardees.

BUSINESS LEVEL AWARDS

PACE Awards

The Pantaloons Annual Conference for Excellence (PACE) Awards recognises store and zonal employees for business achievements and upholding group values. 91 awardees were recognised at the FY22 PACE Virtual Awards.

GEMS Awards

The GEMS Awards at Pantaloons celebrate the contributions of employees while displaying the cultural tenets of result orientation, customer centricity and collaboration. They were felicitated at the quarterly leadership town halls in the presence of all employees.

PingMe

A real-time feedback platform, it gives employees a platform to communicate/seek instant feedback to or from anyone in ABG. It opens a channel for cross-functional teams to provide feedback to each other to bring in more rhythm in collaborative ways of working.

During FY22, PingMe achieved an adoption rate of more than 73% and 897+ unique users.



ENRICH YOUR LIFE

Our vision is to provide a fulfilling workplace for our employees, where everyone feels valued and supported as an individual. Our Leave Policy, Work from Home Policy, Flexible Work Arrangements and Employee Wellness Programmes, all aim to impart a healthy work-life balance for employees to better manage their professional and personal commitments.

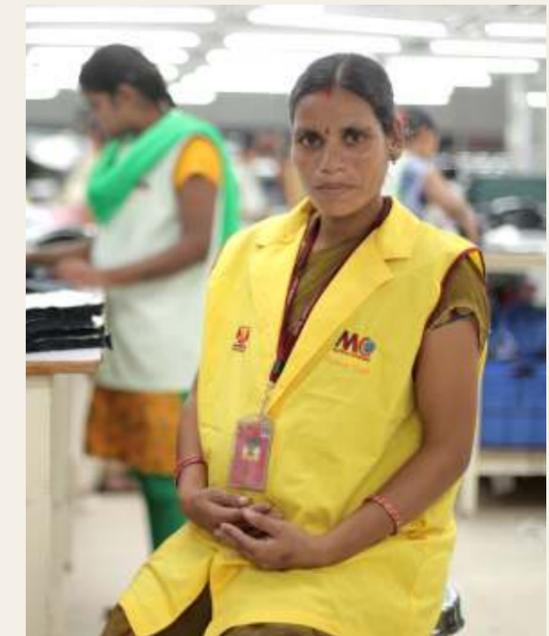
Employee Wellness

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

ABFRL's COVID Assistance & Emergency Response (CAER) Programme, is an industry-first programme initiated by a Corporate. Subsequently, many organisations including other Aditya Birla Group companies have adopted and adapted similar programmes. CAER aims to offer organisational support to employees through access to resources and information, to respond to situations with quality care and empathy.

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

More details at the end of this chapter



Womb-to-Cradle

Madura Manufacturing has an employee base of about 14,000 employees, of which 85% are women, having an average age of 29 years. The Womb-to-Cradle Programme is a crucial part of the larger wellness initiative of Sanjeevni, focussing on the needs of a woman as she steps into the role of a mother for the first time. It encompasses pre-natal and post-natal care, and includes not just medical care but also personal and social aspects.

Counselling

Counselling at workplace is an essential support intervention. Welfare officers appointed in factories, identify employees to provide individual counselling and group counselling using various methods depending on the need and area of concern. Counselling is also used as a tool to reduce the rate of attrition, and to analyse the reasons for attrition or absenteeism.



Enrich Your Life at ABFRL

It is a holistic programme that focusses on wholesome well-being through four key dimensions -

PHYSICAL | EMOTIONAL | FINANCIAL | SOCIAL WELLNESS

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

We also launched **Emotional Wellness Programmes - Self Care & Grief Support** wherein employees impacted with COVID could benefit from the model of group healing and work on their emotional well-being and focus on self-care. A number of series on financial well-being were held so as to enhance the financial know-how of our women in the workforce. Many wellness initiatives like **Well-O-Mania**, adopting a **wellness app - Multiply**, etc., were also taken. Even Madura conducted its annual **Madura Championship** on a virtual mode this time, which was a much-celebrated event.

We have an **annual, comprehensive health check-up** for all our employees that are managed by a third-party vendor to maintain confidentiality. It includes physicals, checking blood sugar levels, ECG, echocardiogram, taking X-rays when needed, and more. A few businesses also adopted a policy of allowing employees to take a 7-day break from work and do something purposeful, something which allows them to follow their passion, like voluntary teaching, donating, investing in self-learning and development etc.

One major step we took was including a mental wellness leave in our policy - ensuring we accept mental illness as one of the reasons for leave.



COVID-proofing & Vaccinations

Apart from a total of 2 months of work stoppage, Madura factories were functional in mass-producing PPE components. In resuming work in the middle of the pandemic, much care and caution was practiced to enable building and maintaining a rigorous and safe working protocol for employees. A team of 8 doctors, 25 nurses and 10 ambulance drivers spread over all the units, were engaged full-time in ensuring a medically sound and responsible working of the factories. Supervisors at factories called each of their line workers to check on their well-being, pursuing hard-to-reach rural residents through text messages and even visits.



One of the greatest challenges was implementing the vaccinations to a large, widespread, sometimes inaccessible and occasionally unwilling workforce. A massive coverage of all the employees and their families was done free of cost through BBMP and Governmental Health Centres, which included contract employees as well.

 **The first dose was administered to 15,172 employees and the second dose was administered to 15,013 employees.**

The medical teams' overall efforts had kept the case fatality rate very low during both waves of the pandemic (3 in 1st wave and 10 in 2nd wave), with the infection rate limited to an average of 5.5% throughout. Close monitoring of all severe/hospitalisation cases and home isolation cases were done daily - 12 severe out of 716 positive cases were reported in 1st wave and 33 severe out of 899 in the 2nd wave, including all employees and their families, located across Karnataka, Tamil Nadu and Orissa.

Manufacturing Masks

It is imperative for a business to secure financial sustenance at an individual and organisational level through resilience and adaptability. Our production teams took on the challenge and through innovation combined with resourcefulness, commenced manufacturing masks and coveralls that were the need of the hour. The team developed the systems and processes to meet the stringent quality standards and received certification by SITRA (a Govt. nominated lab). Based on this approval, we received massive orders, one of the highest across any company in India. To overcome the challenge of a two-month lead time on machinery, our production and engineering teams developed in-house machines and delivered orders on time and in full.



Through this and multiple other instances of creativity, Madura Clothing (MC) was able to provide employment to employees and generate revenue.

The effort involved 2,700 employees working with 82 customised machines to manufacture over 8 lakh coveralls and 20 lakh masks, leading to INR 530 million in revenue and INR 230 million in profits.

MC also manufactured widely recognised masks for our brands like Van Heusen, Allen Solly, Peter England, Jaypore and Louis Phillippe in various designs.

Gig Workforce Model

The pandemic pushed organisations to relook at their productivity measures, move towards leaner models and implement more effective productivity norms. One such initiative driven by Team Pantaloons was to introduce a footfall-based Gig Workforce Model at their stores.

The Gig Project was piloted by Pantaloons after its analysis revealed that footfalls during the weekends go up significantly. Hence, a dynamic deployment model was introduced to have flexible Gig Workforce that caters to the increased workload during the target period. As part of the initiative, we on-boarded 150+ Gigs in ~60 stores with 70% repeat workforce. Apart from efficiencies on cost and manpower, the experiment also provided operational agility and would soon be expanded to other parts of the organisation.

COMMUNICATION

To facilitate a friendly and open work environment at ABFRL, we encourage informal and direct communication amongst teams. We also have a systematic and established set of platforms, including town halls, internal journals and emailers, for structured and important communication with employees.

In order to have a consistent finger on the pulse of employees' satisfaction and feedback on important, as well as new policies/practices, there are multiple surveys for different employee segments. FY22 was another challenging year with the spread of a new wave of the pandemic.

Employee Feedback Session

We regularly conducted open houses, chaired by HR Leadership, CEOs or the MD. These were anchored on specific topics ranging from inclusion at workplace to making work processes efficient. This was followed by requisite action planning and review.

Town Hall

CEO town halls were conducted frequently (on monthly and quarterly basis) to reiterate our mission, relay updates on the business's direction, and most importantly, give rise to hope during this difficult year. Used for sharing key milestones, hits and misses, policy updates as well as recognising good performers, many new formats of town halls / leadership connect sessions were conducted in FY22 on virtual platforms like Yours Truly Sandeep, CEO - Anything you can ask Sangeeta, etc.

Participative Discussion

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

Employee Engagement

Through our engagement programmes, we encourage a sense of belonging and ownership among employees, resulting in workplace satisfaction, retention and enhanced productivity. Across our offices and stores, there is an employee engagement calendar that lists the events and celebrations planned.



Vibes Survey

Vibes is an enterprise level, engagement survey that is conducted biennially. It measures employee satisfaction against 9 dimensions, including engagement, alignment, performance culture, managerial effectiveness, agility and more. ABFRL's engagement index witnessed an increase from 80% in FY17 to 87% in FY22. Our employee engagement scores of Vibes were very well received and we were rated very high by our employees on all parameters in comparison to ABG scores.

Actively engaged employees based on your company's scaled employee engagement surveys.

	FY 20	FY 21	FY 22	Target for FY 22
Actively engaged employees based on your company's scaled employee engagement survey	86%	NA	87%	86%
Data Coverage (% total Employees)	3,803	NA	3,514	100%

Policies and Processes



We periodically and consistently review our HR policies and processes to keep them up to date with the latest industry trends and best practices.

Equal Opportunity Employer

At ABFRL, we do not discriminate against any employee on the grounds of race, colour, religion, caste, gender, age, marital status, disability, nationality, or any other factor under applicable laws and contemporary practices at the workplace.

Occupational Wellness

The ambience and atmosphere of the offices, as well as its ergonomics, have been designed such that it is open, spacious, relaxed and well lit. Also, all our offices, manufacturing sites and retail outlets are compliant to fire safety norms. Every employee is briefed on emergency procedures and evacuation routes. We also conduct regular safety drills to check emergency preparedness and accordingly take corrective actions, if required.

Policy on Sexual Harassment (POSH)

ABFRL has adopted the POSH framework, which ensures a work environment that is professional, mature, and free from animosity, while simultaneously reinforcing integrity and respect for the individual. It is applicable to all the employees of ABFRL, as well as our vendors. As a regular practice, all the POSH committee members have undergone refresher training by an external facilitator in FY22. Detailed investigations are conducted by the designated POSH committee members governed by the principles of natural justice and within prescribed timelines. In FY22, 16 cases of POSH were reported and all were closed.

Successful Work from Home Policy

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

Whistle Blower Policy

All employees are expected to adhere to the organisation's Values Framework and Code of Conduct to ensure prevalence of a common minimum standard of professional behaviour in the workplace. The Whistle Blower Policy provides a platform and mechanism for employees to voice genuine concerns or grievances about unprofessional conduct without the fear of reprisal. In FY22, 69 Value Violation cases were reported.

Child Labour

We strongly prohibit child labour at all our facilities and in our suppliers' premises. We also prohibit any form of forced or compulsory labour. To enforce this, we ensure stringent, regular audit checks of vendors. The robust implementation of our Code of Conduct (CoC) further fortifies human rights protection across our value chain.

Freedom of Association

An association of employees, which is for their betterment under the overall goals of the business, is given its due credit. At present, there is a management-recognised employee association in our factories, which covers 2.6% of our employee membership.

For more details on policies and processes followed, please refer our website & annual report.



Workforce Snapshot

Workforce	FY20	FY21	FY22
Total permanent employees	25,347	22,351	24,818
Total contractual employees	19,166	14,336	16,959
Total permanent women employees	13,308	12,066	13,840
New employees joined in the reporting period	12,077	6,788	11,871
Specially-abled employees	68	75	80
Employees undergoing special training	943	784	1,379
Percentage of employee under the age of 30 years	0.63	0.48	0.49

Note: There is no major variance number of employees in the Company and all the headcount numbers are reported as on 31st March 2022.

Human Rights

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

We, at ABFRL, are committed to respecting human rights. Our business units, factories and offices are committed to respecting the human rights of our workforce, communities and those affected by our operations wherever we do business (including our contractors and suppliers). Our Human Rights Policy is in line with internationally recognised frameworks, including the UN

Global Compact Principles of Human Rights and Labour, Social Accountability 8000 International Standard and its associated international instruments.

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



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



CASE STUDY

ABFRL COVID Assistance and Emergency Response (CAER) Programme

The COVID-19 pandemic presented an unprecedented challenge to human life. The economic and social disruption caused by the pandemic, over the course of three waves, was devastating. The steps taken during the first wave to ensure safety of our employees across offices, stores and factories against COVID-19 included:

COVID TESTING CENTRE TIE-UP

- Onboarded additional partners to support testing infrastructure PAN India
- Due to surge in cases, city wise local lab tie-ups were done to fasten the TAT
- Enabled mass testing services especially for corporate offices & manufacturing units



DIGITAL DOCTOR CONSULTATION

- Extended the digital consultant services from 2 (General Physician & Paediatrician) to 25 specialisations
- Empanelled specialist doctors (Pulmonologists & Paediatricians) to build an immediate support mechanism due to stress on medical infrastructure



AMBULANCE SUPPORT

Onboarded new partner to extend Life Support Ambulance Service from PAN India across cities and towns



HOME ISOLATION SUPPORT

Upgraded the package to include 5 doctor consultations and monitor the employees' health status 3 times a day



FRONT END INSURANCE SUPPORT

Provided choice to employees to include parents / siblings under voluntary insurance programme as against the cover for self, spouse and two children extended during the first wave



OXYGEN CONCENTRATORS / OXYGEN CYLINDERS

Backed by the Aditya Birla Group, we extended support by providing Oxygen Concentrators via the Hub & Spoke model. This has been a great help to employees, especially during scarcity of beds



For more details about the 1st wave measures, please see Sustainability Report FY21



2nd & 3rd Wave - Measures

The impact of second wave was very severe and healthcare facilities were struggling to cope with the drastic increase in COVID positive cases across the nation. In continuation to the services extended during the first wave, we scaled up the services along with new additions as per the need of the hour.



EMPLOYEE WELL-BEING

Programmes were launched to support different employees' needs, over and above the existing programme Santulan

- Self-care programme to prioritise oneself by taking care of physical and emotional health
- Grief Care Programme to help employee to join with others who have also experienced the loss of a loved one; provide support to move towards healing



CITY / TOWN VOLUNTEER NETWORK

Brought together a team of 178 volunteers within ABFRL who were familiar with the local health infrastructure / have local networks, to support emerging needs across 70 cities and 25 states



TEMPORARY FINANCIAL SUPPORT

Salary advance of up to three months' salary to cover for immediate liquidity requirement



HOSPITAL SUPPORT / QUARANTINE FACILITY

Information and coordination through ABG Code Red for hospitals, quarantine facilities, etc., in the near vicinity



PREVENTION & AWARENESS

- Live sessions by Dr. Rishikesh Naik, Chief Medical Officer to create awareness and clarify myths around vaccination
- Employee communication by CEO, CHRO, COOs, Retail Directors, Zonal Heads to increase vaccination uptake

Employee COVID Care Policy

Apart from series of measures like tie-ups with hospitals, making oxygen concentrators available, medicines, vaccination, trauma counselling and network of volunteers, we introduced Employee COVID Care Policy to support employees to further build psychological safety and comfort for themselves and their families.



Employee COVID Care policy was extended keeping mind the below needs:

Address the need for higher medical expenses beyond the existing safety net via Groups' mediclaim insurance / voluntary insurance cover

Time off to employee who is a Care Giver to attend to family member/s recovering from COVID

Assistance to family in the event of unfortunate death

The Policy Elements

COVID Related Medical Expenses: Reimbursement of 75% of additional medical expenses beyond existing medical insurance cover.

COVID Care Giver Leave: Employees were entitled to avail 2 weeks leave to support family member/s down with COVID-19. In addition, employees could choose to work part-time to support the family.

Family Assistance on Demise of Employee due to COVID-19: In case of an unfortunate situation of an employee succumbing to the COVID-19 and COVID-related complications, additional family assistance elements were introduced over and above the existing policies in place:

- Relocation Assistance
- Children's Education Assistance
- Family Medical Insurance
- Deceased Employee Medical Expenses
- Emergency Advance
- Psychological & Financial Well-being Support Programmes

Resumption to Work from Offices (HO/ZO)

- Employees were asked to return to work through roster mechanism keeping in mind the risk of pandemic
- Domestic / international official travel as per Govt. guidelines along with authorised approvals
- All meetings with vendors / suppliers / stakeholders done virtually as much as possible
- All visitors screened for symptoms and double vaccination certificate; if not fully vaccinated negative RTPCR / Antigen test report mandatory to enter the office premises. Visitors not allowed to meet employees at workstation
- Employees needed to complete their double vaccination to enable their entry into office. In case employees on the roster have not yet completed double vaccination due to any medical condition, then they need to compulsorily produce a negative RTPCR / Antigen test report while reporting to work
- Compulsory screening for symptoms of all employees entering office space
- Employees needed to follow safe practices such as wearing of masks, sanitising their hands and adopting social distancing at all times

SAFETY

P E R F O R M A N C E



 **Zero**
fatality
at workplace

 **59**
trainings conducted
on average monthly

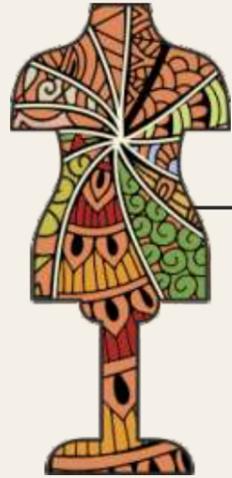
 **14,805**
man-days of
safety training

 **0.07**
LTIFR¹ (Lost Time Injury
Frequency Rate)

 **6** Lost Time Injuries, with no fatalities in
operations under our control

¹ We track LTI and LTIFR on a consolidated basis for both employees and contractors.

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



'Safety' is critical to the fabric of life.

AT ABFRL, ENSURING THE HEALTH AND SAFETY OF OUR PEOPLE IS EMBEDDED INTO OUR FUNCTIONING, AND IS EVIDENT IN EVERY STAGE OF OUR OPERATIONS. WHILE WE ARE EXPANDING OUR WINGSPAN, WE ARE DOING IT WITH MINIMUM HARM.



The robust safety endeavours are successful because of the constant feedback we receive from our employees, which helps us in identifying and fixing safety gaps. By working in tandem with our people, we are able to not only work towards a safe workplace but also empower them with the knowledge that fosters well-informed safety decisions in routine tasks. Strict adherence to safety standards, rigorous on-ground implementation and effective safety communication are the key enablers of a safe working environment at ABFRL.



Management Approach

We aspire to create a zero-harm working environment and are aware that having a great safety record not only motivates employees but is also essential in attracting talented and engaged future employees. To ensure such an environment, our safety management system framework takes reference from Aditya Birla Group Technical Standards, which includes compliances to all legal and statutory requirements, Indian and international standards on safety, and prominent safety frameworks such as that of International Labour Organisation (ILO), Global Reporting Initiative (GRI), International Finance Corporation (IFC) and International Organisation for Standardisation (ISO) - all of which helps us make our safety framework exhaustive.



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

GOAL

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

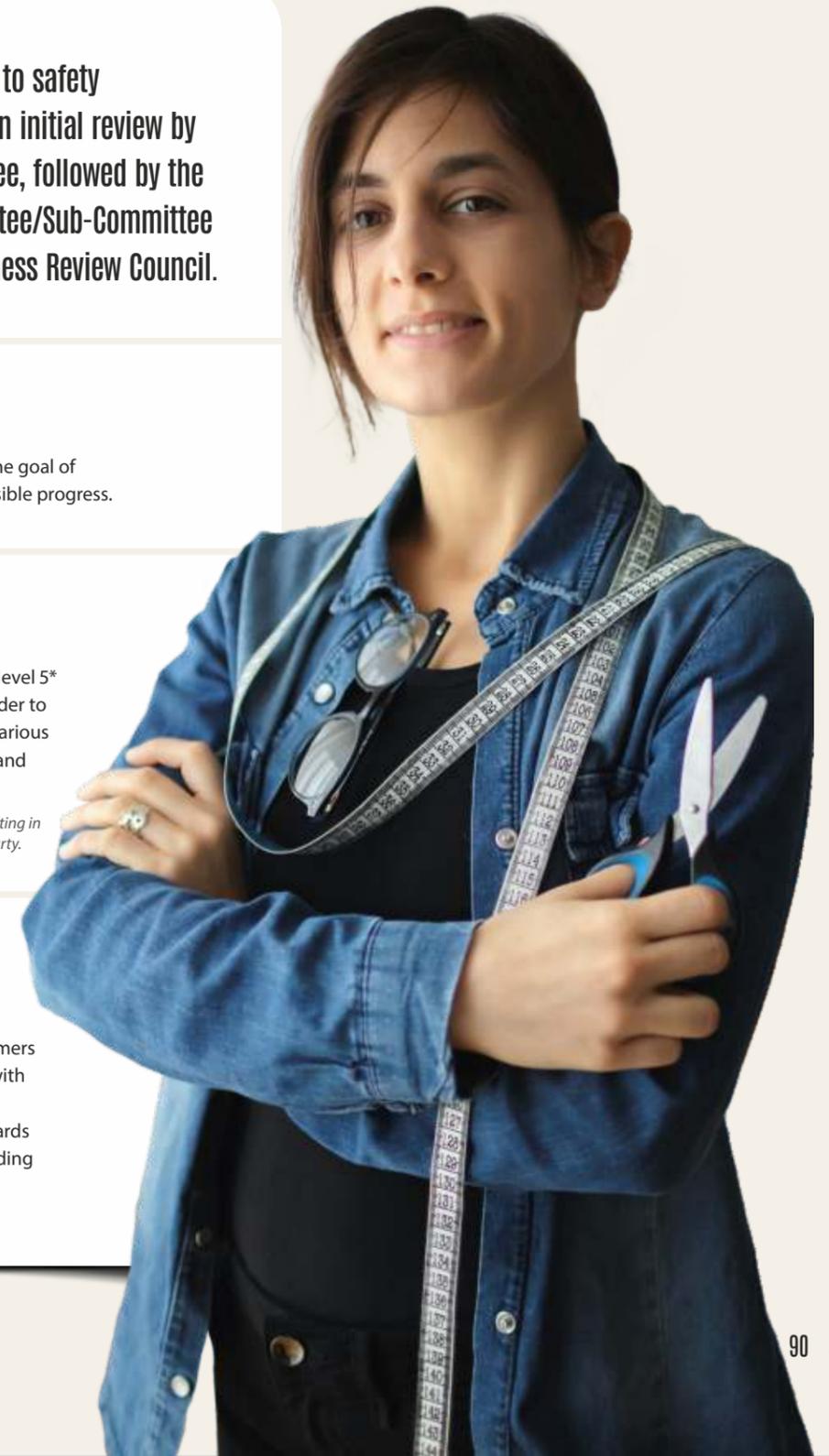
TARGET 2025

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

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

VISION

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



ABFRL Safety Journey

This year, our facilities transitioned from OHSAS 18001:2007 to ISO 45001:2018 - Occupational Health and Safety Management System, and were successfully certified by a 3rd party certification body.



FROM REACTIVE TO PROACTIVE



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

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

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

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



All injuries and near misses are investigated, and corrective and preventive actions are implemented to eliminate the root cause. All safety observations reported by employees are monitored, addressed and closed on priority.

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



of all employees, and workers are covered by OHS management system that has been internally audited or certified by an external party

ZERO HARM MEANS NO ALARM

ABFRL established a Safety Observation Programme that instills a proactive safety approach in all employees to achieve the safety target of 'Zero Severity'. The management is committed to ensure that the safety observation process is practiced at all sites by participating in and encouraging a dialogue with the employees on human behaviour at the workplace. These safety observations (i.e. Unsafe Condition, Unsafe Act, and Near Miss) are used to identify gaps and develop a strategic improvement plan.

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

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

ABFRL safety management systems are established to protect employees from hazards by either eliminating it or minimising the risk.

This is achieved by restricting access to the hazards or automating hazardous procedures, reducing the time employees are exposed to the hazards, providing training, and by ensuring the use of Personal Protective Equipment (PPE).

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

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



ENABLING A SAFE WORKPLACE

Cultivating a safe work culture is not something we do as an afterthought, but aim to instil it as a reflex. Hence, at ABFRL, we are in constant pursuit of improvement and excellence. To ensure our employees are not exposed to high-risk incidents or high-risk diseases related to their occupation, we insist on continuous monitoring, reviewing and upgrading of our safety mechanisms and practices. Some of the key activities undertaken in this reporting year to promote a safe workplace:

THIRD PARTY FIRE AND ELECTRICAL SAFETY AUDIT

We conducted an exhaustive fire and electrical safety audit for our 17 facilities including factories and warehouses by the world's leading third-party certification body TÜV SÜD. All our facilities achieved scores from Amber to Green and none was scored as Red.

THERMOGRAPHY AUDIT

We completed the Thermography Audit for 52 stores that were more than five years old. Immediate corrective actions were taken on high-risk items. Medium and low-risk items' corrective action plan is under progress.

SAFETY HUDDLES FORUM

We conduct monthly meetings with NROM (National Retail Operation Manager) on a regular basis and discuss all the key safety points. Additionally, the minutes of the meeting are shared with the leadership team to keep them updated with the situation on ground.

SAFETY AUTOMATION

Staying at par with industry best practice, we implemented a real-time remote monitoring system for critical safety equipment. This helps us monitor the critical equipment's working condition and its readiness. At present, we have completed the first phase of implementation process and will complete the other phases by FY23.

ABFRL SAFETY HANDBOOK

The Handbook serves as a ready reference for our employees to understand the ABFRL safety framework, governance system and standards on Fire, Electrical, Height Work, and more.

SAFETY NEWSLETTER

With the aim of enriching the positive safety culture among employees, we have initiated a Safety Newsletter which will provide safety information and insights.

SAFETY KPIs

With the introduction of target based KPIs for factories and warehouses, we have increased the accountability and effectiveness of our safety framework.

SAFETY TRAINING VIDEOS

Continuing our capacity building efforts, we developed safety training videos to train all employees in our retail stores. The impact is gauged through online assessments.



In our ongoing efforts of creating a positive safety culture at ABFRL to achieve our goal of Zero Harm, we have established nine Life Saving Rules, and strict adherence to them is mandatory for all employees. The rules are:

- 

All incidents shall be reported and investigated, and the recommendations must be completed within the time frame
- 

All operations must be carried out within the designed and safe operational limits
- 

Work with a valid work permit when required. Hazard identification and risk assessment must be carried out
- 

Verify energy isolation process LOTO prior to commencing any maintenance or servicing work
- 

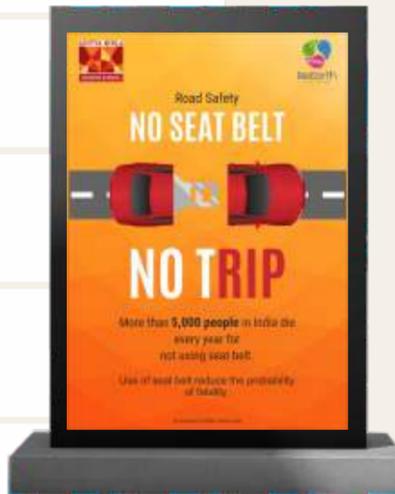
Secure against a fall while working at a height
- 

Obtain written authorisation before disabling safety critical equipment
- 

Obtain authorisation on written lift plan before lifting material including prevention of people movement under suspended load
- 

Wearing a seat belt (in 4-wheelers irrespective of seat position) or a crash helmet (in 2-wheelers, both rider and pillion) is compulsory at any time a vehicle engine is running
- 

Driving under alcoholic and intoxicated condition, over speeding, and use of mobile phone while driving is prohibited



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

Safety Training



Safety is not something that manifests overnight - it takes meticulous training and awareness building initiatives to establish a safety mindset among employees. Through regular training, we ensure employees are well-versed with and follow the statutory safety requirements; and stay on top of the latest safety practices as well. To aid us in our capacity building efforts, we have put together animated safety training videos to train all retail store employees. We have also launched these training videos on an online platform so that they can be accessed by employees from anywhere, at any time. Additionally, to encourage employees and increase engagement, we are also awarding e-certificates to them once they complete the videos.



The topics covered include - Fire Safety, Electrical Safety, Ergonomics, Slip, Trip & Fall, and Road Safety.

Over and above this, we also conducted classroom training and workshops across our retail operations and facilities, and the programmes provided include:

 COVID-19 Safety Awareness	 Fire Safety	 Emergency Preparedness	 Electrical Safety	 Work Permit System
 Incident Reporting	 Road Safety Awareness	 Machine Guarding	 Hazard Identification & Risk Assessment	 Lock Out, Tag Out (LOTO)

TOTAL EMPLOYEES TRAINED

We conducted regular safety training sessions covering all employees in manufacturing units, warehouses and stores. An average of 59 trainings per month on safety was conducted to enhance awareness and upgrade skills. In FY22, we conducted 14,805 man-days of safety training.

ABFRL Training Man-days		
MFL	Factories	1,479
	Warehouses	774
	Stores & Offices	520
PFRL	Warehouses	307
	Stores	11,725
Total		14,805

Average No. of Employees Trained Per Month		
MFL	Factories	1,753
	Warehouses	1,063
	Stores & Offices	465
PFRL	Warehouses	288
	Stores	16,311
Total		19,880

TIERED SAFETY COMMITTEES



The prime objective of establishing robust occupational health and safety (OHS) governance framework is to foster conducive and safe workplace which we at ABFRL believe is critical to drive positive impact and enhance productivity. Our OHS management systems coupled with effective and robust governance assures that our employees and infrastructure are not exposed to high-risk incidents and illnesses at the workplace. The governance structure comprises the Board of Directors, Safety Management Committee, Safety Steering Committee and Site Safety Committee, with specific roles and responsibilities.

The Board of Directors shall act as the apex committee providing leadership on the organization's OHS agenda and setting future goals. The Safety Management Committee devise and own the OHS goals and targets across our business operations. To enhance accountability of defined OHS targets the same are integrated into Annual Incentive Program (AIP) framework for executive management and also into KRA of both executive management and line management with defined thresholds and appropriate weightages respectively.

The safety steering committee is responsible in driving the OHS agenda seamlessly review safety performance across facilities and also acts as a bridge between Site Safety Committee and Safety Management committee. Lastly, the site safety committees have been formed across all facilities to improve our systems / procedures, conduct adequate safety trainings / drills, collect data across defined KPIs periodically and also recommend action items for enhancing workplace safety.

Our Safety Committee members are selected from the shop floor employees through election process maintaining transparency. The meetings record active participation of employees in discussions revolving around occupational safety and health aspects. As part of this, we also engage Human Resource and Business Unit managers on periodic frequency to document, discuss and act on health and safety issues / risks. We believe this approach assists in creating a sense of ownership, leading to greater responsibility towards OHS protocols, and ensuring fewer lapses.

The role of the Safety Committee is to:

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

COMMITTEES	COMMITTEE MEMBERS	COMMITTEE OBJECTIVES
BOARD OF DIRECTORS Half Yearly	• Members of the Board	• Leadership on the organization's OHS agenda and setting future goals
SAFETY MANAGEMENT COMMITTEE Quarterly	• Managing Director • Chief Executive Officer • ManCom Members	• Devise and own the goals / targets • Review of Safety at business level • Strategic policy decisions on safety
SAFETY STEERING COMMITTEE Bi-Monthly	• Chief Operation officer • Head of Manufacturing • ABFRL Safety Head • Manufacturing Safety Head • Factory Managers & Chief Medical officer • Maintenance Head	• Driving the OHS agenda • Review of Safety Performance • Gaps in Safety Trainings • Important changes in the layout • Safety Compliance Status
SITE SAFETY COMMITTEE Monthly	• Factory Manager • HR Head & Doctor • Safety Lead • Maintenance • Department Supervisors • Employees from each department • Contractors (Security, Housekeeping)	• Enhance systems / procedures • Safety trainings / drills • Data collection across defined KPIs • Safety events & communication

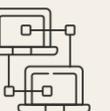
Self-Assessment Questionnaires

With the intention to identify gaps in our existing system, self-assessment questionnaires are being followed in our factories and warehouses for Safety Management System, Fire Risk Management, Emergency Preparedness & Response, and Road & Driving Safety. Through the feedback of the questionnaires, we have discovered opportunities for improvement to achieve our goal of zero harm.



Digital Safety Portal

We have launched a digital portal to improve safety data management. It provides our facilities all safety-related information like incidents, safety observations, and inspection details, etc., on time. This information helps us ensure that all incidents are reported and investigated efficiently to get to the root cause of the problem, and enable us to course-correct as needed. By focussing on the horizontal deployment of corrective action, we are able to proactively prevent similar incidents from occurring in our other facilities. We have also created a safety checklist through this digital portal to ensure all the facilities are following ABFRL's safety standards. Going forward, we are working towards **building integrated and dedicated robust systems and protocols ensuring dynamic tracking and monitoring of safety legal compliances, safety audits, and inspections.**



Incident Management

Incidents when reported ensure accidents are averted. Our Digital Dashboard helps register incidents related to the safety & health of our employees - and this is precisely what helps enable a safe workplace becoming a reality. Each incident that is duly reported, allows us to fix the problem and ensure safety. Analysis and learning are shared, illustrating the importance of prevention in ensuring mistakes are never repeated. All incidents are investigated, root causes are identified, and corrective actions are implemented.



The principles that guide incident investigation are:

Incidents don't just happen, they are caused

Incidents can be prevented if causes are eliminated

Causes can be eliminated if all incidents are investigated properly

All incidents including near misses shall be reported regardless of the severity of injury, and duly investigated

All incident investigations shall be conducted based on prevention and not on the basis of attributing fault

Categories	Description	FY22		
		Number	Rate	Description
For all employees	Fatalities as a result of work-related injury	0	0	-
	High-consequence work-related injuries (excluding fatalities)	0	0	-
	Recordable work-related injuries	26	0.24	Employees
	Main types of work-related injuries	-	-	Bruises, Minor Cuts, Minor Crush, etc.
	Number of hours worked	5,02,64,256		-
For all workers who are not employees but whose work and/or workplace is controlled by the organisation	Fatalities as a result of work-related injury	0	0	-
	High-consequence work-related injuries (excluding fatalities)	0	0	-
	Recordable work-related injuries	9	0.16	Contractors
	Main types of work-related injuries	-	-	Bruises, Minor Cuts, Minor Crush, etc.
	Number of hours worked	3,17,40,024		-
The work-related hazards that pose a risk of high-consequence injury, including	How these hazards have been determined	<ul style="list-style-type: none"> Structured method of Hazard Identification & Risk Assessment Process Safety Observation Programme 		
	Which of these hazards have caused or contributed to high-consequence injuries during the reporting period	No		
	Actions taken or underway to eliminate these hazards and minimise risks using the hierarchy of controls	Continuous actions are underway to eliminate the hazards and risks as per following hierarchy <ul style="list-style-type: none"> Elimination Substitution Engineering Control Admin Control Personal Protective Equipment (PPE) Systems in Place: <ul style="list-style-type: none"> Work permits for high risk activities LOTO for electrical maintenance Machine guarding and fencing Daily and monthly workplace inspections SOP's and OCP's for all tasks 		
Any actions taken or underway to eliminate other work-related hazards and minimise risks using the hierarchy of controls	Other hazards which have medium and low-risks are being controlled as per the hierarchy of controls as mentioned above.			
Whether the rates have been calculated based on 200,000 or 10,00,000 hours worked	10,00,000 hours			
Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded	Nil			

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

Post incident, we do a RCA and there after corrective actions are taken by using hierarchy of control. The rate has been calculated using 10,00,000 hours worked and we have not excluded any type of worker from the scope.

We are using BIS Standards (IS: 3786-1983), OSHA, and Factory Act as standard methodology.

Emergency Preparedness Drills

Special Emergency Preparedness Drills are conducted regularly to prepare our employees in case of an emergency; in compliance with regulatory requirements across our facilities.



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

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



National Safety Week and National Road Safety Week

We continued to celebrate National Road Safety Week and National Safety Week this year as well; to inculcate a positive safety culture in all our factories, warehouse and retail stores. Through engaging events and exciting rewards, our endeavours help shed light on the importance of health, road safety and responsible driving.

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



National Safety Day badges distributed to all employees by the leadership team to motivate employees for safe work practices



Safety posters displayed across the facilities to create awareness



Basic Fire Fighting and First Aid training organised for employees



Conducted safety training programmes to equip employees



Engagement activities and games conducted to enhance the safety culture and motivate employees



Organised safety drawing competition and quiz to raise awareness



Display of safety gadgets for employees to view and update their knowledge

Employee Health and Work Environment



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

INITIATIVES

Anaemia Management

We conducted an in-house anaemia camp to improve the health of our women workforce at all our factories including the micro manufacturing units, in association with the Department of Factories and Boilers, Karnataka. Through our research, we found that 24% of our women employees were anaemic (haemoglobin below 10 gm.) leading us to set up counselling for employees to focus on eating right and healthy.

Going a step further, we also provide employees who wish to eat at the canteen, with balanced and nutritional meals during the lunch break.

Our lunch menus are carefully curated based on the health check-ups and monthly-consolidated reports of OPD from OHC of the respective factory canteen. Furthermore, to supplement the anaemia campaign, every morning our employees are provided delicious Ragi Malt - an energy drink with a combination of dry fruits, multi grains, milk and water.



INITIATIVES

Workplace Ergonomics

Occupational health issues are the bane of the modern world. We are extremely mindful of this growing health issue, and at ABFRL, we routinely train staff on combating the effects of repetitive work, constant sound, heat and other extremes that they may be exposed to in a manufacturing environment. To help facilitate a healthier approach to work tasks, we have adopted the principles of ergonomics in our operations.

These include:

Maintaining a neutral posture

Allowing breaks for stretching and other simple exercises

Providing adequate lighting to minimise straining of eyes

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

Layouts and workstations are designed to minimise wrong and problematic postures

Provided ergonomically designed chairs to support the natural curves of the spine

Routine visits by doctors and safety officer to reinforce the correct postures

Ergonomic exercise breaks for stretching, etc., are a part of daily work management



Workplace Noise and Illumination

Indoor noise and illumination levels are monitored at regular intervals to ensure good working conditions and occupational health of the employees.



SOCIAL

P E R F O R M A N C E



₹ **3.09**

crore spent on Corporate
Social Responsibility in FY22



18,011

hours contributed by
employee volunteers in FY22



Total

2,59,000

beneficiaries covered
through various initiatives

CSR MISSION PROGRESS FY22

Focus Area	Targeted # Beneficiaries FY22	Achievement
Education	17,034	17,333
Health & Sanitation	1,30,102	1,65,799
Sustainable Livelihood	1,663	1,163
Water & Watershed	36,390	40,490
Digitalisation	23,491	24,228
Others - Village Development Project (Tree plantation etc.)	8,100	9,987
Volunteering	20,000 (Hrs)	18,011 (Hrs)
	2,000 (Employees)	2,743 (Employees)
Grand Total	2,16,780	2,59,000



Introduction

ABFRL follows the Aditya Birla Group's CSR Policy which aims at reaching out to underserved communities and has a firm conviction in the Trusteeship concept, which entails transcending business interests and working towards making a meaningful difference to those communities.

Our Vision is to actively contribute to the social and 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. ABFRL has put in place robust systems to ensure effective and ethical implementation.

ABFRL also strongly encourages voluntary employee participation in the CSR activities and has a policy in place to facilitate this. Through employee volunteering, the expertise of individuals in the organisation is leveraged to enhance the scale, reach and effectiveness of our CSR initiatives. ABFRL undertakes CSR interventions in Karnataka, Tamil Nadu, Maharashtra and Odisha through its independent entity called Aditya Birla Fashion and Retail Jan Kalyan Trust (ABFRJKT).

ABFRL implements its CSR initiatives under 5 pillars, i.e.,



Education



Health & Sanitation



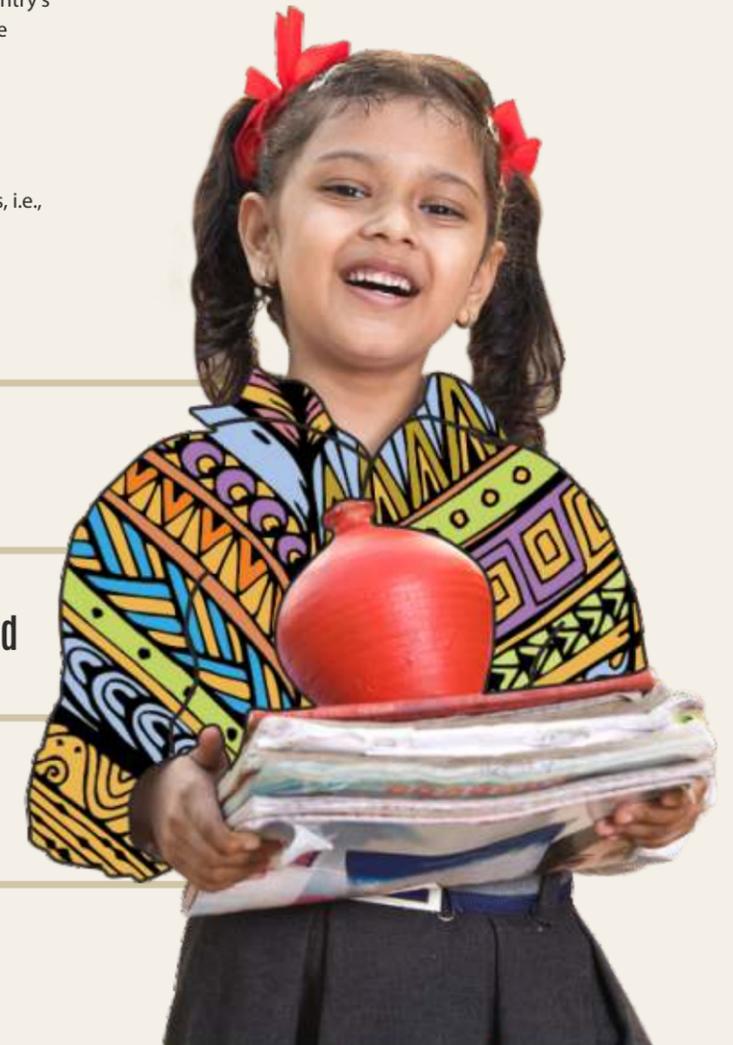
Sustainable Livelihood



Water & Watershed



Digitalisation



Our Approach

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

To monitor our programmes and progress, once in every three years we conduct impact assessments and SROI studies of CSR projects to identify any gaps and implement corrective actions. The last study was conducted in FY21.

Our Vision

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

Holistic Development

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

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



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

SDG-1

SDG-1, which is to end poverty is an overarching goal that's connected to all the other goals. In this regard, our initiatives include providing employability and entrepreneurship opportunities to rural youth through skilling courses such as Customer Resource Management (CRM), Warehouse Pickers & Digital Marketing, Self-employed Tailor Training and Career Readiness Trainings. We have trained 315 youths and linked 253 youths with livelihood opportunities. We have also provided financial assistance to 39 Self Help Groups (SHGs), who are involved in trades like Mushroom cultivation, Badi-Papad making, Cattle rearing, Bag making etc. Through our Sustainable Livelihood initiatives, we have helped lift some of the most marginalised community members out of poverty.

SDG-2

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

In all our project areas, we work in collaboration with the government for better policy implementation and service delivery. Mothers' meetings have been introduced in the villages where village women get free ration and nutrition counselling under the Integrated Child Development Scheme (ICDS). This initiative is crucial in the prevention of malnutrition among children under the age of five and anaemia among children, women and adolescents.

We champion Sustainable Agriculture through our integrated watershed programme which aims to manage and utilise runoff water, enhance ground water storage, increase crop intensity in watershed areas and improve the socio-economic status of farmers. In FY22, the watershed programme helped save/recharge approximately 36,818 kl of water, benefitting 40,490 community members.

SDG-3

SDG-3 pertains to ensuring healthy lives and promoting well-being for all, at all ages. With initiatives addressing the basic healthcare needs of the underprivileged, we are extremely proud of our work towards this goal. More than one and a half lakh people across 69 villages, have benefitted from our projects.

SDG-4

SDG-4 focusses on inclusive, equitable and quality education, and promotes lifelong learning opportunities, for all. Our proactive initiatives to foster education in villages, schools and colleges in Maharashtra, Karnataka, Tamil Nadu and Odisha have yielded encouraging results and benefited 17,333 students.

SDG-5

SDG-5 is geared towards Women Empowerment and Gender Equality, where women empowerment is an embedded outcome from each key focus area. We have provided financial assistance to 39 Self Help Groups.

SDGs 6, 7 & 8

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

SDG-9

SDG-9 focusses on better infrastructure. We are engaged in the installation of solar lights and construction of parks for recreational purposes. These initiatives have aided 9,987 beneficiaries. We are also contributing to certain targets of SDG-10, 11, 12, 13, 15, 16 and 17 through all our interventions.

Stronger Together

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

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

CSR Value Chain

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

CSR COMMITTEE OF THE BOARD

- Ensures compliance of CSR initiatives to the law of the land
- Provides strategic direction for CSR initiatives
- Approves the CSR plan and monitors its progress

ABFRL MANCOM

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

Aditya Birla Fashion and Retail Jan Kalyan Trust

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

ABFRL CSR TEAM

- Ensures execution of the CSR plan
- Monitors CSR partners, reports progress to MANCOM
- Formulates MOUs with partners (in consultation with Legal and Finance teams)

EMPLOYEES

- Volunteer their skills and expertise for CSR activities



Our Focus Areas

HEALTH & SANITATION

Ensuring healthy communities in underserved villages through eye camps, school health camps, dental camps, specialised health camps such as cancer screening and awareness camps, and pulse polio immunisation drive. Providing dignity of life by facilitating access to water, sanitation & hygiene through our partners and government organisations.

EDUCATION

Improving educational outcomes by providing access to quality education through a variety of means including Academic Support Centres in villages, at municipal and other schools supported by us, teachers' training, setting up libraries, providing educational aid and scholarships, special coaching classes for rural girls and continuing education programme for dropouts.

SUSTAINABLE LIVELIHOOD

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

WATER & WATERSHED

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

DIGITALISATION

Our interventions include digitalising villages to mainstreaming its residents to use the latest technology through Village Information Centres and SMART Classrooms. These facilities provide access to E-health, E-education, E-banking and E-employment among other digital services.



These pillars are the guiding thematic areas for our initiatives. Our primary initiatives are:

Girl Child Education Project

- School Transformation Project
 - Gyanarjan
- Kasturba Gandhi Balika Vidyalaya (KGBV)

1

Village Development Project

- Tamil Nadu and Karnataka Programme
 - Odisha Programme

2

Sustainable Livelihood

- Project Kaushalya
- Bag making project

3

Spread the Joy

- Takeback programme
- Reaching the needy

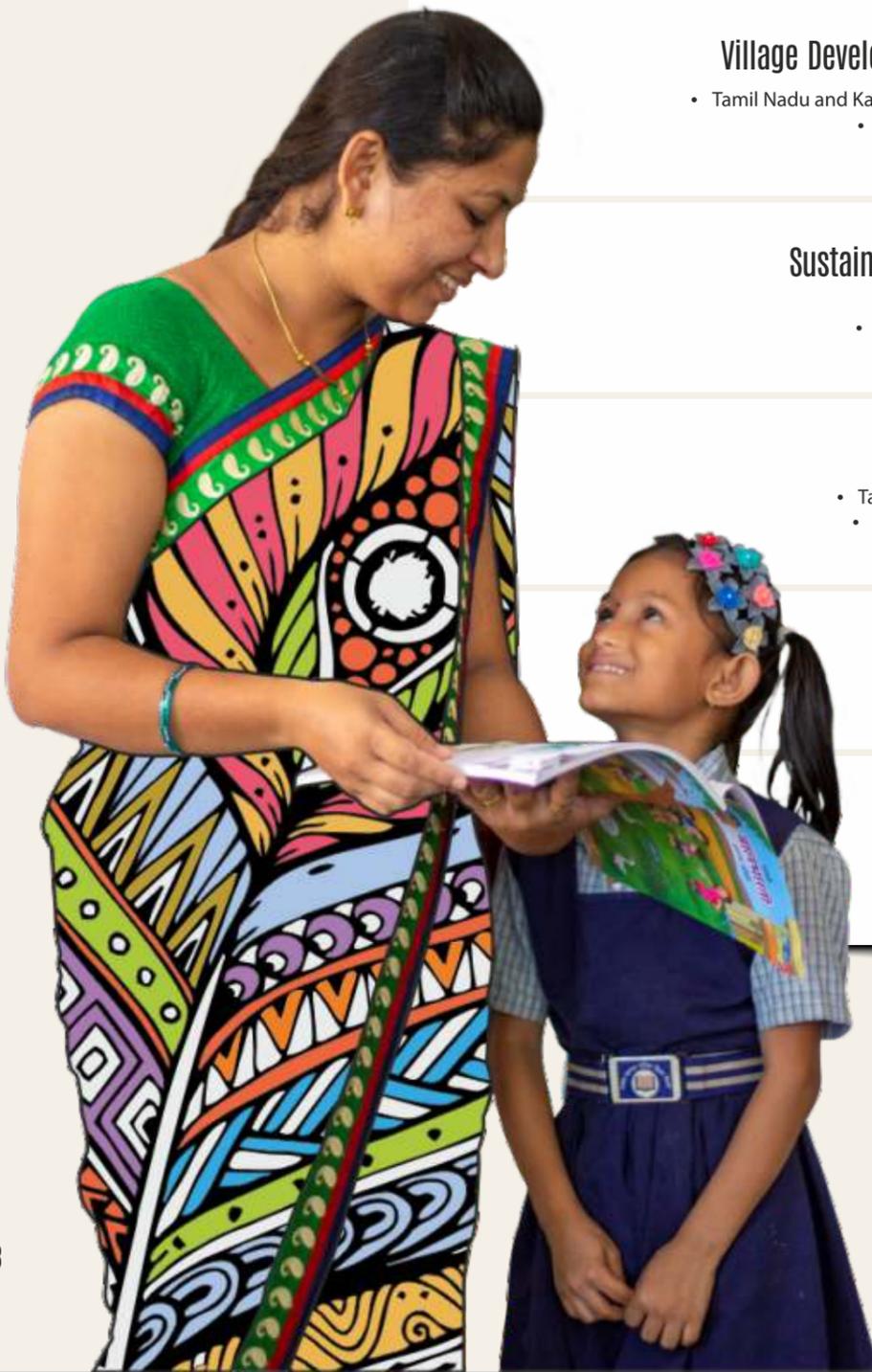
4

Employee Volunteering

5

COVID-19 Crisis Response

6



Girl Child Education

At ABFRL, we are committed to ensuring that girl students get opportunities to attend school, receive a quality education, continue higher studies and become financially independent. We take this forward through our successful interventions under the School Transformation Project, Gyanarjan and KGBV schools, by leading an intensive programme on Girl Child Education.

Our Education Initiatives have reached

17,333 students

across four states.



SCHOOL TRANSFORMATION PROJECT - PANVEL, MAHARASHTRA

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

Online English Classes

Initiated with the aid of the Education Department, PMC, ABFRL's support teachers had the rapt attention of students through online Storytelling Sessions. During the sessions, the children would listen to the stories and participate in a lively Q&A session. **This initiative benefitted 434 children.**

Online Summer Camp

An Online Summer Camp was organised with the children of PMC-run schools. **89 students participated and displayed their creative work.** The creative work of the students was reviewed and the officials from PMC rewarded the best students.

In FY22, the project benefitted 7,487 students

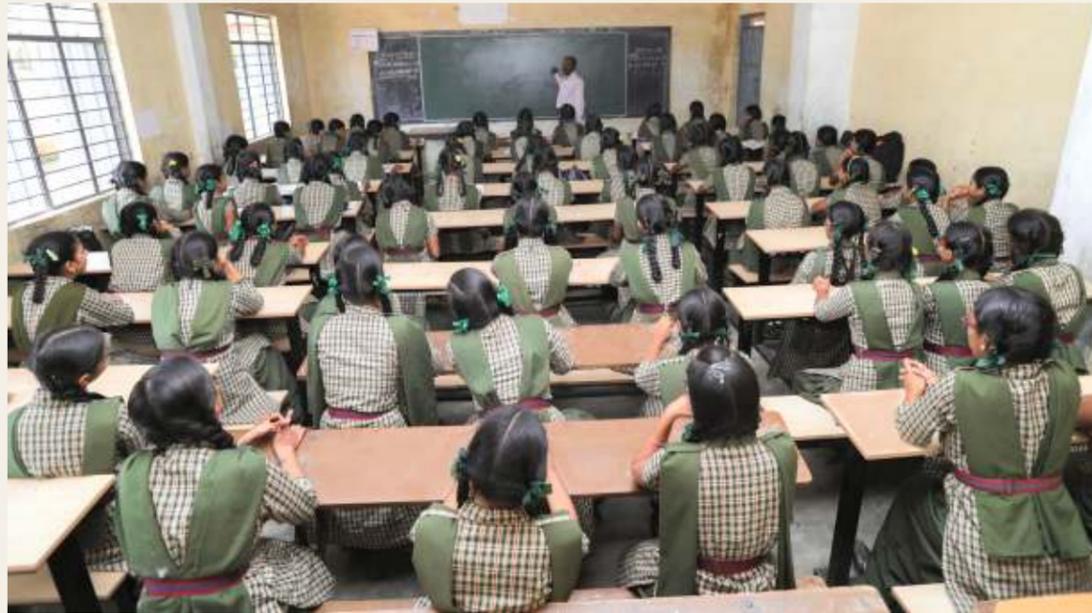
With COVID, we had to learn to adapt quickly and efficiently aid the transition students from underserved communities to online classes. Special efforts were taken to lay emphasis on Mohalla and online extra-curricular activities as well by engaging students through art and craft activities.

Online/Offline Art Classes

With school's shutdown due to the pandemic, we improvised and conducted a hybrid model of Online/Offline Art Classes in Panvel, to engage children in Art and Craft activities that included organising drawing competitions. **The daily sessions lasted 3-4 hours with 1,006 children participating in these classes.**

Online/Offline Martial Art Classes

Exercise is important to boost immunity; in this regard, we have started hybrid model of online/offline martial art classes for students. **1,939 students attended the martial art classes.**



PROJECT GYANARJAN

Our successful value addition programme for rural girls in Karnataka, 'Gyanarjan', seeks to aid them in their crucial educational years in Classes 10, 11 and 12. Since 2014, through the programme, we have offered special coaching classes to girl students to prepare them for competitive exams such as CET/NEET.

We are proud to mention that during 2021 Board Exams, Gyanarjan students have achieved 100% results in Class 10 and 12.

In FY22, we supported 1,358 students in three centres, the Channapatna Government Girls PU College, Maharani Government Girls Junior College in Mysore, and RV Institute of Management, Jayanagar, Bengaluru.

KASTURBA GANDHI BALIKA VIDYALAYAS (KGBV)



The KGBV Schools, an initiative under 'Sarva Shiksha Abhiyan', motivates underprivileged girls from rural regions to continue their education and not bow out due to societal pressures. Through ABRJKT, we support five KGBV schools in Karnataka and Tamil Nadu. We also, organise Special Coaching classes for the core subjects, Math, Science and English.

In FY22, 845 rural girl students of Class 10 benefitted from the project. The students of KGBV School, Byrapattana, continue achieving a fantastic score of over 95% in their Class 10 board exams, year on year.

Village Development Programme

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

The project interventions are categorised as per the SAGY attributes of personal, social, economic, and environmental development, and strategies have been developed to mitigate challenges faced by these villages, specifically in the areas of Education, Health & Sanitation, Sustainable Livelihood, Water & Watershed and Digitalisation. To build a sense of ownership over the initiative, each village is assigned with a community tutor and health worker. These villages serve as Model Centres and help to provide the foundation we require to replicate it in other spoke villages as well.

The village development project is currently implemented in Karnataka, Tamil Nadu and Odisha and has **benefitted 2,48,909 individuals.**

KARNATAKA AND TAMIL NADU PROGRAMME

The Project was initiated in eight villages around our factory location in Karnataka and Tamil Nadu with a focus on two primary purposes - to scale up ongoing initiatives, and to take up new initiatives that contribute to the growth of the village. The eight villages in Karnataka and Tamil Nadu serve as a HUB to seven SPOKE villages (catering to 64 villages).

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



EDUCATION



Academic Support Centres

With government primary schools temporarily shut in the wake of the COVID-19 pandemic, ABFRL was quick to initiate and facilitate a home-based learning programme in villages. It was imperative to ensure school closures do not derail the extensive work being done to educate the underprivileged and to facilitate the continuity of education through remote learning.



Through worksheets and other creative methods, the community teachers have been able to provide online classes, benefitting 270 students and 95.19% of students have achieved grade specific competency through this endeavour.

School Development and Monitoring Committee (SDMC)/Parents Meeting

Initiating online classes were an important step towards ensuring uninterrupted education, but it was equally important to make sure the learning carried forward on the right track. By organising Parent Meetings, we were able to take the parents' feedback on Home Based Learning while also keeping them updated on COVID-19. **1,046 parents participated in these meetings.**

Support through Scholarships

To ensure bright students from economically weak backgrounds do not miss out on a good education, we offer scholarships through a merit-based process to identify them. The scholarships cover the expenditure that students would incur during the tenure of their education. **In FY22, 80 students were provided with scholarships to continue their higher education.**

Smart Classroom

The smart classroom helps teacher to deliver lectures more effectively for better teaching and learning experience. It has a digital board, projector, computer, LED, internet facility etc. for imparting quality education. Teachers can show any practical solutions to the students using many education websites and apps. **150 students of Class 8 to 10 are benefitting from this programme at Government High School of Marsur Village.**

HEALTH AND SANITATION

Awareness Programmes

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

During the reporting period, health workers reached out to 32,905 community members through various awareness programmes.

The following themes were covered in these programmes:

Parents' awareness meeting on Early Childhood Care (ECC) and nutrition by involving staff from Anganwadi Centres and Public Health Centres

Mothers' Meet sessions on the links between learning environment and nutrition, health and sanitation

Awareness on disease prevention like Malaria, Dengue, Typhoid, Deworming etc. and Pulse Polio campaign

Awareness on personal hygiene with special focus on Menstrual Hygiene Management

Cancer Camps

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

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

In FY22, eight cancer awareness and screening camps were organised, benefitting 656 women. Around 386 of them underwent PAP tests.



Eye Camps

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



In FY22, ten community eye camps were organised, benefitting 2,049 people. 1,111 patients were given support in the form of spectacles, while 281 underwent cataract operations.



Solid Waste Management

The semi-urban villages are over populated and many people from low socioeconomic background are forced to live in unsafe and unhygienic environment in the villages. In order to make these villages clean and healthy we provided two E-trolleys for garbage collection at household level under waste management project at Marsur & Billwaradahalli Villages, **benefitting 5,500 community members.**



School Health Camp

Organised 8 health camps in government schools. The camps covered eye, dental and general check-ups. **1,125 students benefitted from the camps.**



SUSTAINABLE LIVELIHOODS

Income Generation Activity

Self Help Groups (SHGs) are known to be the most effective means of empowering women. In FY22, ABFRJKT trained 11 SHGs and provided revolving funding. These SHGs have started income generation activities such as livestock, accessory store business, saree business, and agricultural activities such as flower and vegetable cultivation.

In FY22, 23 SHGs with 342 members involved in income generation activities increased their family income.



Income Generation Programme for the Differently-abled

A Model Village must be all-inclusive and the SAGY framework highlights the need for strong focus on the special needs of Persons with Disabilities (PWD), particularly children and women. In line with the framework and upon completion of our survey, we started a livelihood programme for individuals with special needs. **With initial financial assistance provided by us, 30 people have since started income generation activities like animal rearing and small businesses.**



Career Readiness Training Programme

The purpose of the training is to make rural youth career-ready by developing skills in Anekal Taluk. The programme will help the youth in building the foundational skills, aligned with the 4th Industrial revolution. Along with this, the focus is to build capacity in schools around the district by focussing on empowering the students with new age technology like Artificial Intelligence and upskilling teachers with advanced Microsoft tools which will help them in their day-to-day operations in the school. **Through this programme, 260 youths were trained.**



WATER & WATERSHED

Water ATMs

All eight Model Villages and the focus villages have access to 100% pure drinking water facilities through Water ATMs, benefitting 16,200 community members. The community as well as panchayat members are self-reliant in managing the Water ATMs.



In FY22, the watershed programme has helped save/recharge around 36,818 kl of water, benefitting 37,100 community members.

Watershed Programme

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

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

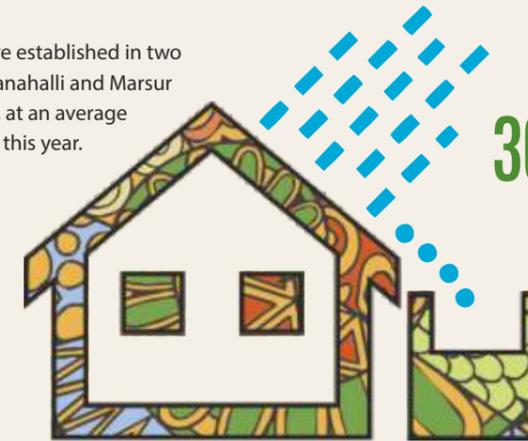


Water Structures	Agricultural Activities
Water absorption trenches	Green manure cultivation
Farm ponds	Mulching
Gully plugs	Weed management
Masonry check dams	Micronutrient mixture application
Sunken ponds	Vermicompost units
Bore well recharge pits	Deep ploughing
Renovation of traditional ponds	

Rainwater Harvesting

Rainwater harvesting units were established in two government schools at Mayaganahalli and Marsur Villages. Through this initiative, at an average 1,126 kl of water was conserved this year.

The recycled water was mostly used for washing hands, in toilets as well as in the kitchen gardens. The harvesting systems have proven to be a boon for these schools, as it has helped reduce their dependency on bore wells.



Through this effort **300 children** benefitted

DIGITALISATION

Village Information Centre

ABFRJKT has established Village Information Centres in four villages to equip the community with digital literacy. These centres come with computers, printers, WIFI, etc. and are run by a knowledgeable 'Digital Champion'. The centres support community members to avail e-schemes, e-banking, online courses, e-library, job portals, printing services, and health insurance etc. 14,709 community members have benefitted from these services.



Additionally, Computer Literacy classes were organised, benefitting 302 students. Sollepura and Madiwala villages are 100% digitally literate villages. In all, the digitalisation initiatives have benefited 15,011 people.



OTHERS

Solar Lights

ABFRJKT has installed 79 Solar Street Lights in Madiwala village.



This initiative will save 53,883 kilogram CO₂ emission for 15 years.



Recreational Park

In Madiwala village, a recreational park was developed. The park has become an important part of the community providing a space for community members to get together, reconnect with nature and for children to play.

The park is benefitting 1,250 community members.



Odisha Programme

ABFRJKT undertook an extensive Need Assessment in Janla Gram Panchayat Khurda, Odisha to understand the immediate and long-term needs of the community. Our findings have led us to initiate the village development project. The project interventions target three villages and these villages will bring a ripple impact to two other villages.

EDUCATION

Academic Support Centre

The Home-based learning programme was initiated, and children were being provided with worksheets and online assignments. Simultaneously, three Academic Support Centres are continuing to function, and 93 children are attending classes. Children are provided with masks/sanitiser and social distancing is ensured. As per the end line assessment, **86% of students achieved grade specific competency.**

Study Material Support

During COVID restrictions children were hardly able to get study materials, hence study materials were provided to **254 children of three primary schools.**

HEALTH AND SANITATION

Eye Camp

Organised free Eye Camp in collaboration with ASG Eye Hospital and Janla Panchayat. Eye check-up was done for all participants, free spectacles were provided and also cataract operations were done for identified people. **223 people benefited from free eye check-up camp.**

Deworming Initiative

In collaboration with staff from the Public Health Centre, health workers initiated a deworming programme for the entire Janla panchayat, and **1,374 children** were immunised in the process.

Solid Waste Management

Garbage disposal just got greener, as we provided four e-Rickshaws to the Panchayat to facilitate garbage disposal in the dumping yard 8 km away from the intervention villages. **This initiative is benefitting 8,074 community members from all three villages.**

SUSTAINABLE LIVELIHOOD

Livelihood programme through SHGs

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

This programme is benefitting 130 families.



DIGITALISATION

Village Information Center

Two Village Information Centers set up in Janla Panchayat. Through the Centre, villagers have access to a range of digital requirements like online travel ticketing, online bill payment, keeping village records, employment records, photocopying, printing and more, while also aiming to make 100% digitally literate villages.

The Centre has benefitted 9,217 community members.



WATER & WATERSHED

Watershed Programme (Pond Renovation)

We have renovated community ponds to help farmers in irrigation and promote fishery as a livelihood activity. **2,714 kl of water was saved benefitting 3,390 community members.**



Sustainable Livelihood

PROJECT KAUSHALYA

Equipping people with the right skills to live a comfortable life of dignity is the priority of Project Kaushalya. In its eighth year, it continues to identify unemployed youth from rural areas and arm them with the tools to gain employable skills and link them to sustainable livelihood opportunities. **253 students were linked to sustainable livelihood opportunities.**

This year, we adopted a hybrid model of online/offline classes and added new courses like 'Tailoring, Warehouse Pickers and Customer Relations Management. We are also retaining the Self-Employed Tailoring classes. In FY22, 315 rural youths underwent training in 14 batches, out of which 311 youth completed their training and received certificates.



BAG MAKING PROJECT

We encourage the communities around us to become self-reliant and independent and the best example is our recent initiative of making bags by Self Help Groups in collaboration with Peter England brand, supported by our manufacturing team.

Through this initiative more than 90 rural women from 3 Self Help Groups are on their way to become economically self-reliant.

We have plans to extend this project to other brands as well.



Spread the Joy

'Spread the Joy' is a CSR initiative in collaboration with different Brands of ABFRL. This initiative aims at reaching out to marginalised and rural communities, by providing them access to clothing and thereby a dignified life.

TAKE BACK PROGRAMME

Peter England, a renowned brand of ABFRL, has joined hands with Goonj, an NGO, to run a nationwide campaign among their customer base in different cities to collect used clothing across its retail stores and deliver it to the beneficiaries with the help of Goonj.

Similarly, F21 collaborated with Give India NGO to run a specific campaign across the country through its retail stores.

Cumulatively 78,838 Garments were collated and shared with needy people through this campaign.

REACHING THE NEEDY

The 'Reaching the needy' is an initiative aims to reach needy people by providing in-kind support, specifically by donating garments which had minimal quality issues. During the year, we donated 4,77,529 garments to reputed NGOs like Goonj, AOL, BOSCOMANE & KGBV Schools.

These resources are used by NGOs as 'Secondary Economy' (especially by Goonj) to ensure:



- Developmental work such as construction of schools, bridges, roads, water bodies etc.
- Some quantity of these garments is also used/converted to make sanitary napkins, school bags and other items addressing rural women's health and hygiene issues and other needs

It also ensures basic clothing for people in need during natural calamities / disaster, floods, earthquakes etc.

Employee Volunteering

In FY22, we saw 2,743 employees contributing 18,011 hours in volunteering.



Employee volunteering is a key part of our CSR strategy. By fostering collaboration and teamwork, we strengthen stakeholder engagement and relationships and involve our employees in the noble cause of uplifting communities. We recognise the contribution that volunteers make to the community and are committed to provide engagement opportunities.

Some of the key highlights include:

VIRTUAL EMPLOYEE VOLUNTEERING PROGRAMME

The virtual volunteers conducted Art and Music Workshops, Online Classes, Mentorship Programme for youth, Awareness Sessions on Water Conservation, Environmental Conservation, Personal Hygiene, etc. 60 employees participated in virtual employee volunteering activities and clocked 761 hours.

COMMUNITY INITIATIVES BY PANTALOONS

203 volunteers from Pantaloons stores from North, East, West and South regions engaged in community initiatives and clocked 60 volunteering hours. The employees organised a range of activities by collaborating with local NGOs.

INITIATIVES AT MANUFACTURING UNITS

In Odisha, employees contributed by volunteering to carry out activities such as library sessions for children, tree plantation, blood donation camp etc. A total of 527 employees contributed 5,037 volunteering hours. In Karnataka and Tamil Nadu too, employees contributed to activities like Namma Library sessions, tree plantation, blood donation camp as well as distribution of scholarships. 1,953 volunteers contributed 12,153 hours.

COVID-19 Crisis Response

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

In FY22, ABFRL initiated awareness programmes to prepare community members to deal with this crisis and reached out to 61,268 community members.

Social Impact Assessment (SIA)

Once in every three years, we carry out impact assessments of the CSR projects we undertake in order to identify gaps and implement corrective measures. In FY21, we conducted the SIA with Bluesky Sustainable Business LLP. The impact assessment was conducted using the accredited Bluesky CSR Inspection Framework (BSCIF) methodology.

The assessment done in May 2021 comprised of a combination of documentation review, validation, and sample stakeholder interaction through online video calls, conference calls, online group discussion and mobile surveys across selected sites.

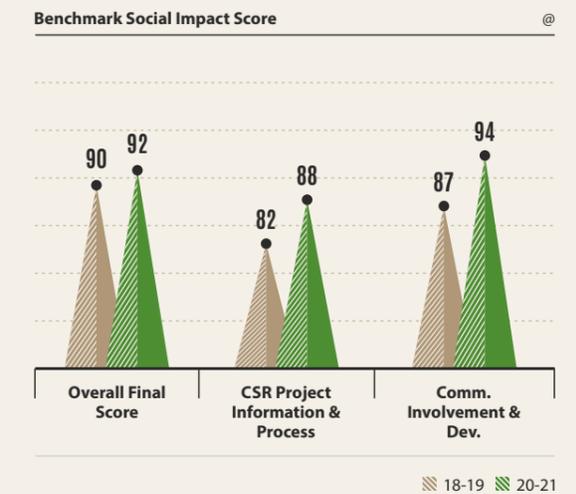
In June 2021, ABFRJKT CSR Programme 2021 has been awarded a Platinum Rating and the Highest Score in India. The Platinum Rating signifies:

Innovative initiative with a strategic intent for social change

Defining new solutions to issue management

Alliance of multi-organisational stakeholder relationships

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



SOCIAL RETURN ON INVESTMENT (SROI)

We undertake SROI study every alternate year. In 2021, we undertook an Evaluative SROI of all CSR Projects implemented. Social Return on Investment is an internationally recognised, principles-based approach for understanding and measuring the impacts of a programme or an organisation to understand and measure the social value created by CSR Projects. SROI methodology of Social Value UK International was deployed for this purpose.

Theory of change and seven principles were applied to know the outcomes and impacts of the projects. Deadweight, Displacement and Attribution factors were considered to avoid any overclaim. SROI of the projects is 5 which implies that ABFRL's CSR projects creates an SROI of INR 5 for every INR 1 invested.

OVERALL RESULTS OF ALL CSR PROJECTS

1:5 Karnataka, Tamil Nadu, Odisha and Maharashtra

GYANARJAN
Channapatna, Bangalore and Mysore

1:16

KGBV
Channapatna and Krishnagiri

1:15

VILLAGE DEVELOPMENT PROGRAMME, KARNATAKA AND TAMIL NADU

Hinnakki 1:6	Jakkur Layout 1:5	Sollepura 1:4
Rayasandra 1:4	Madiwala 1:7	Nyanapanahalli 1:5
Basavanapura 1:4	Billawardahalli 1:4	

KAUSHALYA
Anekal
1:3

SCHOOL TRANSFORMATION
Panvel
1:3

ODISHA PROGRAMME
Uttaramundamunha
1:1.48
Dakhinamundamunha
1:0.81
Ogalapada
1:0.42

Awards - Green Village Certification

Sollepura village, Krishnagiri District, Tamil Nadu has been awarded a Platinum Rating by CII-IGBC.

This is one of the first villages in Tamil Nadu to receive the green village status and stands out as an excellent example in the country. Green Village is defined as one with access to clean energy, adequate water, basic education, good healthcare and hygienic sanitation, all of which lead to economic prosperity and an enhanced quality of life in a sustainable manner.



Stories of Impact

Sustainable Livelihood

ABFRJKT EMPOWERS WOMEN SELF-HELP GROUPS (SHGS)

Under Sustainable Livelihood initiatives, ABFRJKT has been encouraging Women SHGs to undertake Income Generation Activities through financial support. The leaders Kalpana Moharana and Chitrakala Moharana of Maa Batabhuasuni SHG have taken a lead to set up a Paper Plate manufacturing unit.



The SHG members run the unit successfully and are earning INR 10,000-15,000 monthly which adds as an additional income to their families.

In Ogalapada village, Odisha, ABFRJKT identified 13 SHGs and provided financial support. These groups undertake Income Generation Activities as per their skillset and local market demand. SHG members were trained on the skills required and provided material required as per their request. The Maa Batabhuasuni, a 10-member SHG group, decided to set up a Paper Plate manufacturing unit. ABFRJKT assisted them in purchase of raw material and also provided support to market their finished product.

Integrated Watershed Programme

GIVE A SHADE TO SOIL AND IT WILL GIVE THE WEALTH- MULCHING SHEET

Manjunath, a resident of Madiwala village, Karnataka is a farmer. He owns 2-acre of land, and Tomato is the major crop in his farm. With the earlier practise, he used to get 12 tonnes of Tomato from 1 acre of his land. Through his fellow farmers, Manjunath heard about mulching sheet distribution under the Community-led Sustainable Management of Watershed project of ABFRJKT and consulted them.



By following mulching sheet technique, Manjunath was able to cut down the weeding cost from INR 11,500 to INR 8,500. Manjunath is extremely happy with the support provided and the outcomes.

After understanding the technique, he got mulching sheet to cultivate in his one acre of land. He was surprised with the results of this technique as he got **15 tonnes of tomato from his one acre of land which is a whopping 25% increase in yield.** Another major expense of any farming practices is weed removal.

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



SUSTAINABILITY 2.0

Transitioning towards a product-centric and life cycle approach



96% TIER 1 SUPPLIERS

Vendor Code of Conduct audit completed



41 CRITICAL SUPPLIERS

Assessed on Supplier Sustainability Index (SSI)



HUMAN RIGHTS ASSESSMENT

For selected facilities in alignment with UNGP Guidelines



Usage of
BCI COTTON, LIVA ECO AND LIVA REVIVA
as sustainable raw materials

Our Approach

ABFRL is committed to its vision to 'passionately satisfy Indian consumers' needs in fashion, style and value'. Consumers today are more aware and prefer brands that are delivering style and service by manufacturing products sustainably and operating responsibly and ethically. They make the conscious, and often a well-researched choice to opt for products that meet their expectations in terms of both quality and values without compromising on sustainability.

With this in mind, we are now even more determined to

'GIVE BACK MORE THAN WE TAKE FROM OUR ECOSYSTEM'

and are committed to be net positive. Through our product-led sustainability strategy, we aim to imbibe sustainability in each of our products and every business decision.

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

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



Product Responsibility

With sustainability at the forefront, we aim to design great products that are manufactured responsibly. For this, we collaborate across the industry to facilitate an exchange of ideas and propel the industry forward to go beyond conventions and set new benchmarks. Our product-centric approach focusses on product life cycle management and covers the entire value chain with detailed attention to circularity.

Through our ReEarth journey towards the Sustainability Goals 2025, the product-centric approach focusses on 6 broad aspects:



DESIGN & DEVELOPMENT



SUSTAINABLE PRODUCT



CIRCULAR FASHION



PACKAGING



SUSTAINABLE SUPPLY CHAIN



CUSTOMER CENTRICITY

Design and Development



Product innovation is the cornerstone of sustainable product development. Since inception, we have embraced product innovation and developed a robust competitive edge in the market. Resource efficiency, higher quality products, lesser emissions, safe disposal, product durability and circularity are some of the key concepts that we keep in mind while designing and developing new products.

At ABFRL, we keep a keen eye on changing trends and focus on getting a better understanding of the changing customer preferences, so that we can design and develop products to not only meet our customers' expectations but go beyond them.

Our New Product Development processes leverage cross-functional collaboration to co-create new concepts and designs. We also collaborate with our suppliers to co-create new products wherein the brand designers and the suppliers' designers work together to come up with new designs. This approach has greatly reduced lead times in product innovation.

CULTURE OF INNOVATION

It is a culture of innovation and creativity that motivates people to stay ahead of the curve and move the needle forward.

At ABFRL, to foster an environment of innovation, we have instituted several Centers of Excellence through which we channelise industry best practices and steer product development and innovation.

Our Centers of Excellence such as **Technology Management Centre (TMC), Garment Technical Cell, Knowledge Management Centre and Product Lifecycle Management (PLM)** are helpful in monitoring and measuring market trends and customer demands, helping us to maintain our market leadership position.

Sustainable Products



There is no doubt that Sustainable Products are in high demand. The worldwide traction that sustainable products have generated in recent times is only set to increase in momentum. We believe this presents both a responsibility and an opportunity. Hence, at ABFRL, we are working to embed product sustainability at the core of our product offerings.

All our brands strive to source all products responsibly and sustainably. Looking beyond incremental improvements in the existing products, we are focussing on developing new sustainable products. Our high-quality products are designed to conserve natural resources and without negatively impacting the health of customers or having any adverse social impact. Achieving this goal, means concentrating on procuring a variety of sustainable materials, greening our production processes and ensuring that the workers in our supply chain are treated with dignity and respect.

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

These attributes are recognised based on their environmental and social impact on the product journey from sourcing to disposal. This year, we reworked the framework and updated the nomenclature of some of the attributes.

The five revised Sustainable Attributes of a product are: Sustainable Raw Material, Production Process, Manufacturing Facilities, Sustainable Packaging and Sustainable Livelihood. The product sustainability attributes are measured by volume half yearly and annually. Individual brand's performance is shared with all key stakeholders for their action plan and fuel overall improvement.

The five sustainability attributes of a product are:

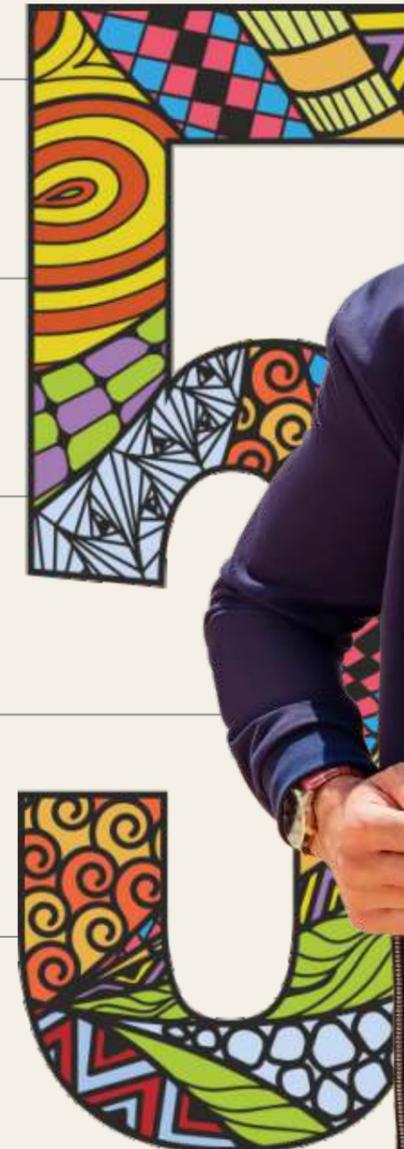
 **Sustainable Raw Material**

 **Production Process**

 **Manufacturing Facilities**

 **Sustainable Packaging**

 **Sustainable Livelihood**



61.4% garments (by vol.) of MFL and PFRL have at least one out of five sustainability attributes





SUSTAINABLE RAW MATERIAL

We realise that to create sustainable products, it is essential to integrate sustainable raw materials and responsible sourcing into the product life cycle.

We define Sustainable Raw Material as raw materials that have a lower environmental impact as compared to conventional materials and create a positive social value. To identify the most sustainable materials, we refer to Higg Material Sustainability Index (Higg MSI) and various other international standards.

We strive to source more sustainable materials and manufacture at factories that ensure environmental and social responsibility while maintaining optimal cost and highest standards of quality.

At ABFRL, we use various sustainable raw materials such as BCI Cotton, Liva Eco, FSC certified Birla Modal, Recycled Cotton and Polyester etc. and its blends. We are also actively promoting handcrafted fabrics and garments that use indigenous techniques, to promote India's cottage industries, which are threatened by the tough competition posed by mill-made fabrics.



BETTER COTTON INITIATIVE (BCI)

ABFRL is the market leader and the largest consumer of cotton in the country. To address the challenges associated with conventional cotton cultivation, we shifted our focus to sourcing more sustainable cotton in order to reduce the negative impacts. To achieve this, we partnered with Better Cotton Initiative (BCI) to source sustainable cotton as an integral part of our commitment to establish a sustainable ecosystem.

This initiative is helpful in minimising the consumption of fertilizers and pesticides and mitigating the adverse impacts that chemicals cause to water bodies, soil and natural habitats. It also helps cotton communities to survive and thrive, while protecting and restoring the environment.

LIVAECO FIBRE



We have made conscious efforts to increase the portfolio of garments made from sustainable fabrics such as LivaEco. In our PFRL Brands, 97% Rayon-based products are being replaced with LivaEco Fibre. LivaEco Fibres are made from FSC certified wood source and it has a low environmental footprint, and lowest GHG emissions when compared to other natural fabrics. The journey of every LivaEco tagged garment can be traced to its origin through blockchain technology, which means we can track this fibre from the forest to the garment's last stage.

RECYCLED VISCOSE & POLYESTER FIBRE

We have taken initiatives to increase the use of recycled fibres in our product portfolios. The use of recycled raw materials aligns with the larger movements of global industries towards circular economy, and we are working to achieve a closed-loop production cycle.

In some of our product categories, we have used Recycled Polyester since it reduces our dependence on petroleum as the raw material and requires less energy than virgin polyester. It also reduces the amount of PET bottles that go into landfill, soil contamination and water pollution.



For our brand Peter England, we have launched LIVA Reviva Shirt which is made from 80% FSC certified wood pulp and 20% pre-consumer cotton fabric waste and has achieved RCS (Recycled Claim Standard) certification.

Wood pulp is sourced from 100% sustainable forestry and has lower water consumption, low greenhouse gas emissions and faster biodegradability.

SUSTAINABLE PRODUCT

Allen Solly Duo Defence Face Masks

Allen Solly launched a brand-new range of anti-viral face masks with a campaign titled 'Power of Two' for the new collection of Duo Defence Masks. It is a 5-layered mask with 5-layered detachable filter, with three melt blown layers providing High Particle Filtration.

The Duo Defence Mask has been created in India, with VIROBLOC™, a Swiss technology that is tested to provide resistance against common viruses and bacteria as per AATCC 100 and ISO 18184 global testing methods. Both the mask and filter are washable and recommended to be reused; up to 20 gentle washes for the mask, and up to 10 gentle washes for the filter.

The Allen Solly Duo Defence face masks also give enhanced comfort due to their ergonomic shape. The mask consists of a nose clip that gives a firm fixture and fits a person's face while also blocking the aerosol flow. The mask is manufactured with premium woven fabric with anti-viral finishing such that customers are comfortable wearing the masks for long durations.

Peter England Linen Shirts Infused with Antiviral Technology

Peter England unveiled its new spring-summer clothing line 'The Antiviral Linen Project'.

These 100% linen shirts are breathable, feather-soft and infused with antiviral technology powered by Viroban, a Swiss fabric technology firm.

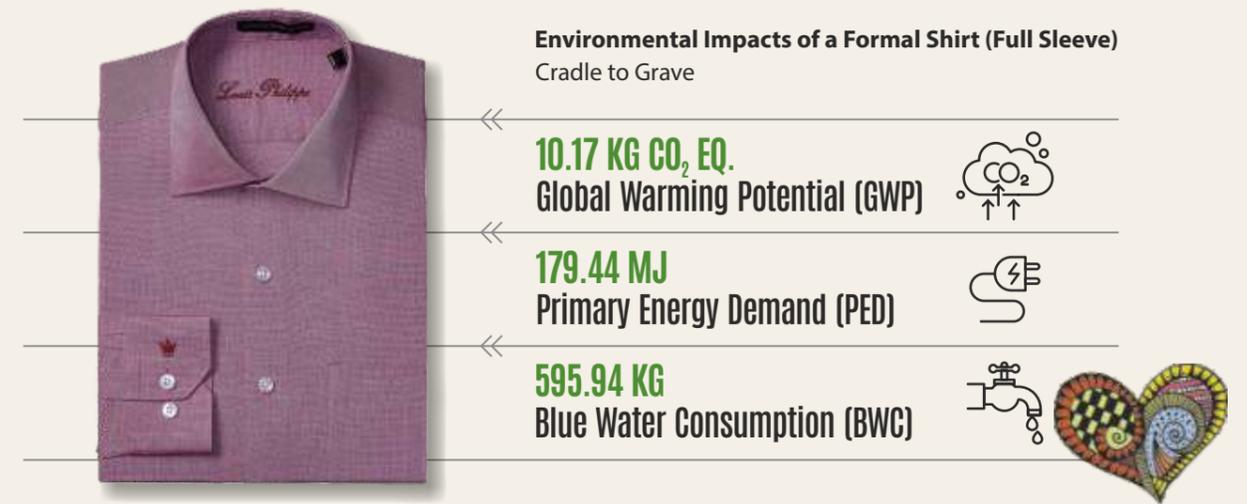


Lifecycle Assessment of Shirt

Product sustainability is at the core of our sustainability strategy. We aim to provide our customers with products that have less risk to health and improved environmental and social sustainability performance. We identify risks and opportunities to reduce resource and material consumption through Life Cycle Assessments (LCA) of products from Cradle to Grave.

ABFRL has implemented numerous process efficiencies that have resulted in reduced environmental impacts and we further seek resource efficiency; and are including eco-design and decision-making as part of our LCA approach.

In the current year, we conducted the LCA study of two products (Casual & Formal Shirts) to map their environmental footprint across their entire value chains. This study has helped in understanding the hotspots in the value chain and explore sustainable options in various phases that can be incorporated to improve the product's environmental footprint. We have in place a mechanism for continuous monitoring of year-on-year progress of our initiatives by conducting LCAs periodically.



Brand Sustainability through Higg BRM

The Higg Brand and Retail Module (Higg BRM) developed by Sustainable Apparel Coalition (SAC) guides brands on their sustainability journeys and identifies opportunities for improvement in the value chain. It encompasses the cradle-to-cradle concept aligned to business operations identifying sustainability risks and impacts.

At ABFRL, we have adopted the BRM module of the Higg Index as an integral part of the brand operation, enabling brands to strategise and embed the concept of clean by design at the very beginning of the product development. This enhances with the overarched effort of the brand to devise various sustainability initiatives that assess and reduce the impact of the brands' product footprint.

Higg self-assessment is carried out year-on-year, to redefine, outline and manage sustainability priorities, eventually comparing environmental and social performance at the brand level. In the reporting year, we have done assessments for 5 brands - Louis Philippe, Van Heusen, Allen Solly, PFRL and Van Heusen Inner Wear for Higg BRM.

Circular Fashion

With rising extreme weather events disrupting lives, it is now more critical than ever to move beyond conventional methods and propel an industry-wide shift from a linear to a circular business model. In alignment with our efforts to move towards a circular economy, we have set goals for circular innovations and products in our Sustainability 2025 Roadmap.

In the reporting year, we explored the following innovations related to circularity:

CASE STUDY

100% Recycled Polyester Thread

At present, the use of virgin Polyester thread is a norm in the apparel industry. However, sourcing of polyester is dependent on petroleum which is a finite natural resource. In our circular fashion journey, to promote sustainable alternatives without compromise, we collaborated with thread manufacturer – Coats and did a pilot run using their innovative product 'Epic EcoVerde' which is 100% recycled premium polyester core spun sewing thread.

Coats EcoVerde is the first globally available 100% recycled line of premium core spun and textured sewing threads, delivering the same proven level of performance as the industry's leading non-recycled threads.

To create this product, waste plastic is collected from various industrial and post-consumer sources, sorted, cleaned, ground into flakes and then melted down and extruded into the fibre and filaments from which EcoVerde sewing threads are made.

Our extensive pilot was implemented for a continuous 6 months, and we produced approximately 50 lakh garments across multiple categories. The encouraging results of the pilot has motivated us to move towards exploring options where we produce all MFL garments with Recycled Polyester thread from FY23 onwards.



LIVA Reviva Shirt A consciously fashionable fibre

ABFRL's brand Peter England and Birla Cellulose collaborated on a project to promote recycling and the concept of circularity in the textile value chain with a key imperative to co-launch a programme in the Indian retail market as a sustainable model.

To create high impact with a marketing and promotion campaign that put a greater focus on circularity, Birla Cellulose and Peter England agreed on co-branding, design input and new product development using LIVA Reviva fibre.

LIVA Reviva is made using 20% pre-consumer textile industrial waste and 80% FSC certified wood pulp at fibre manufacturing stage. LIVA Reviva is certified as per Recycled Claim Standard (RCS) and garments made from Liva Reviva have a better hand feel. The blockchain-based GreenTrack platform allows tracking of Birla's fibres along the supply chain in real time – from certified forests to the end consumer. By simply scanning a QR code, this journey of a garment can also be viewed by consumers.



LIVA REVIVA – UNIQUE USAGE OF WASTE

Liva Reviva has low water consumption and is offers source traceability, thereby it has very less impact on the environment.

Viscose is widely adopted in the women's wear category. The big idea for both Birla Cellulose and ABFRL's Peter England was to offer it in the shirt and other product categories to bring newness to the existing bases with the unique feature of being recycled.

With the consumer being more and more mindful towards sustainability performance of the products, LIVA Reviva is a game-changer by solving the issues of waste and recycling.

CASE STUDY



Packaging

Ensuring safe and damage-free delivery of our products makes packaging as essential as the product itself. Apparel packaging consists of multiple types of materials like paper, carton, plastic, textile and metal. While some of the packaging materials are non-polluting in nature and biodegradable, a few materials like plastic do not disintegrate. Across the globe, significant steps are being taken to reduce the impact of plastic on the environment.

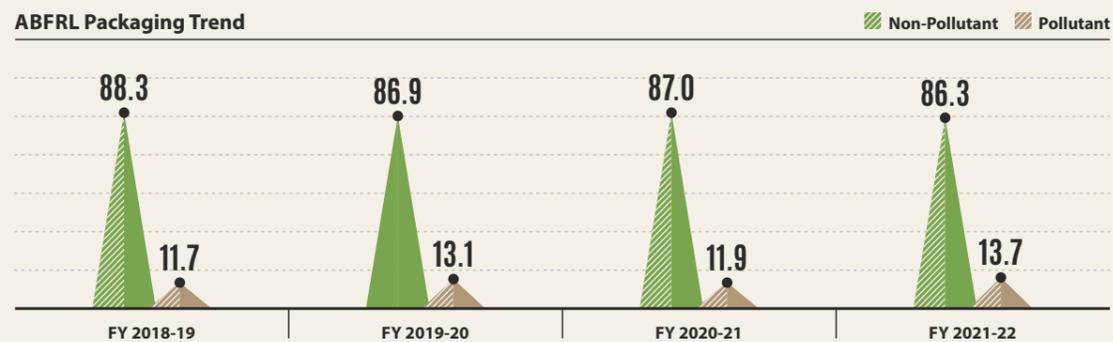
As a leader in the apparel retail sector, ABFRL has made a commitment to use 100% sustainable packaging material by 2025.

Our packaging strategy takes into consideration components, design optimisation, reduction and recycling. We started measuring packaging consumption in 2013 and have been taking the necessary steps to reduce pollutant content. Pantaloons has moved away from plastic bags and ships all products in either paper bags or corrugated boxes, which is also more customer-friendly. By the end of FY22, we were able to achieve 86.3% sustainable packaging.



86.3%
sustainable packaging

ABFRL Packaging Trend



ABFRL PACKAGING MIX FY22

Type of Packaging Material	Category	By Volume	
		In MT	In %
Paper - Product Box, Carton, Collar Support, Back Support, Barcode etc.	Non-pollutant	5,164.9	79.9
Plastic - Polybag, Collar Traveller, U & M Clip, Butterfly, Hanger, PU etc.	Pollutant	870.9	13.5
Compostable Polybag - Compostable / Biodegradable Plastics	Non-pollutant	90.6	1.4
Wood - Hangers	Non-pollutant	317.8	4.9
Metal - Pins		6.2	0.1
Others - Fabric, Rubber, etc		16	0.2

Sustainable Polybags

To achieve our target of 100% sustainable packaging, we continuously explore new opportunities. In 2018, ABFRL and Circular Apparel Innovation Factory (CAIF) jointly launched the #BetterThanPlastic industry challenge with an objective to find new sustainable packaging materials or business models that can curb the negative environmental impact of packaging and can be integrated into businesses. With this challenge, we were able to identify some innovative packaging solutions and decided to implement biodegradable polybags as a substitute for HDPE/PP polybags.

LIFE CYCLE OF BIOPLASTIC BAGS

Bioplastics are a type of plastic that are made from natural resources like PLA-based materials and are biodegradable and compostable.

In an industrial composting environment, it has a compost-ability duration of 180 days.

To check the authenticity of biodegradability, we assessed the vendor and on the basis of the certificate issued by the Central Institute of Plastics Engineering and Technology (CIPET) and Central Pollution Control Board (CPCB), they have been empaneled as approved suppliers.

We conducted internal testing of biodegradability using a food digester and other mechanism at our in-house manufacturing facilities. Challenges in biodegradable polybag were the availability, scalability, cost, transparency and performance. A complete market study was carried out for availability and scalability before implementation.

We then implemented the biodegradable sustainable bags in all our MFL brands and a pilot run is being implemented for other businesses. This project was presented at National Level Conference and received the Par Excellence Award from National Convention on Quality Conference (NCQC).

BIOPLASTICS LIFECYCLE



CASE STUDY



One Garment, One Tag

We continuously explore various options to reduce our packaging footprint. This year, we have implemented a design optimisation exercise for various hang tags and were able to reduce the number of tags to one per garment. Usage of multiple tags in a product requires more packaging material and also increases the cost. On average, brands have been using 2 tags for products - bar code tag and brand information tag. To reduce the number of tags a new integrated tag was introduced. This is designed in such a way that it covers all the information such as a barcode, branding, special feature, storyline, etc.

As a result of this initiative, we were able to reduce paper usage for tags by almost 50%.



Before



After

The potential saving in terms of cost from this project is approximate INR 2.31 Crore per annum across the MFL brands and products.



Plastic-free packaging in Louis Philippe Green Crest

Packaging is necessary to safeguard the products against damage during transportation. Specifically, for the shirts there are a number of primary packaging materials used such as collar traveler, butterfly etc. to avoid damage and a crushed look. These materials are made of plastic and are always preferred because of their stability and hardness.

Keeping in mind our transition towards sustainable packaging, we brainstormed and held multiple trials to substitute the plastic with more sustainable materials like recycled paper. This year, we were able to develop a new collar support which is made of 100% recycled paper board. This helps to eliminate the plastic collar traveler and butterfly and makes the LP crest product line completely plastic-free and more sustainable.



EXTENDED PRODUCER RESPONSIBILITY (EPR)

EPR is an environmental protection strategy that makes the manufacturer, brand owners and producers responsible for recycling and final disposal of plastic packaging material. EPR also encourages brand owners to gradually decrease the plastic they introduce in the market and adopt alternate non-polluting packaging.

At ABFRL, all our plastic packaging materials are single-layered plastic and recyclable in nature. To ensure 100% recyclability, last year we started working towards the Extended Producer Responsibility (EPR) commitment to ensure that nothing goes to landfill.

In the reporting year, we registered ourselves with Central Pollution Control Board (CPCB) for EPR to comply with the latest Plastic Waste Management Rules. This will help us in collecting state-wise post-consumer plastic waste and recycling through proper channels with complete transparency and traceability.

Supply Chain Sustainability



At ABFRL, we strive to operate sustainably throughout the supply chain and believe that by working closely with our suppliers, we can collectively create a positive impact. We always look for ways to collaborate and further improve standards and set new benchmarks.

Apart from manufacturing products in a way that has minimum impact on the environment, ensuring a sustainable supply chain includes ensuring that the people who make our clothes are treated fairly and work under safe and healthy conditions.

We are deploying our sustainability within our supply chain through multiple initiatives as mentioned below:

Supplier Sustainability Assessment

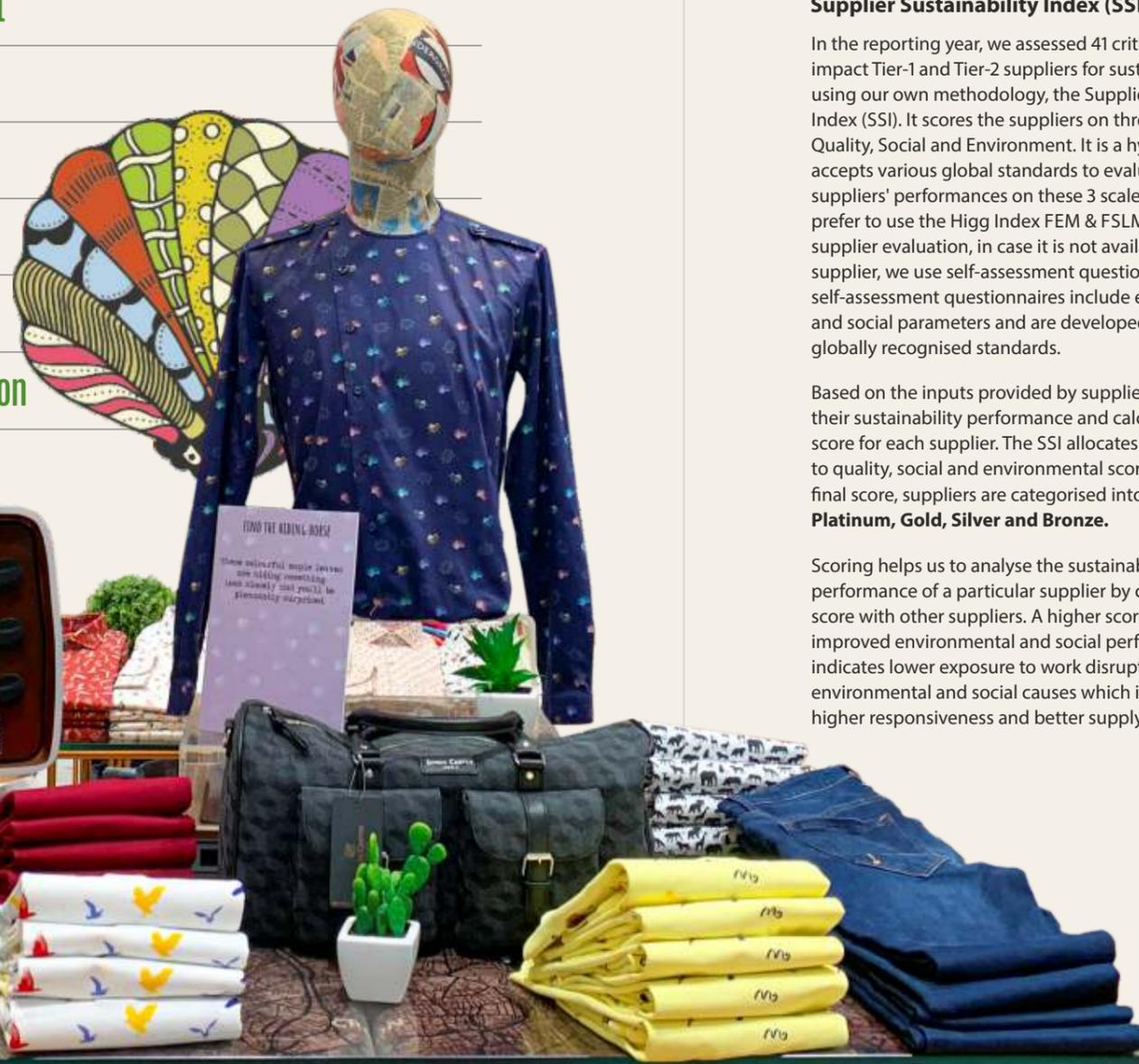
Vendor Code of Conduct

Human Rights Assessment

Chemical Management

Quality Management

Vendor Development & Collaboration



SUPPLIER SUSTAINABILITY ASSESSMENT

ABFRL prefers to source from suppliers with sustainable practices at their manufacturing facilities. We have developed a priority list of Tier-1 and Tier-2 strategic suppliers on the basis of their sustainability performance and the long-term relationship that we have cultivated. We have also taken steps to facilitate suppliers in implementing sustainability initiatives like Zero Liquid Discharge, Rainwater Harvesting, Chemical Management etc.

We aim to assess our suppliers on their sustainability performance and drive improvement through collaboration. Apart from gathering information on the supplier's sustainability initiatives, we aim to conduct thorough and periodic assessments of our critical suppliers in a phased manner and engage them to improve their sustainability performance on an ongoing basis. Some of the initiatives related to supplier assessments are:

Supplier Sustainability Index (SSI)

In the reporting year, we assessed 41 critical and high impact Tier-1 and Tier-2 suppliers for sustainability by using our own methodology, the Supplier Sustainability Index (SSI). It scores the suppliers on three key aspects - Quality, Social and Environment. It is a hybrid model and accepts various global standards to evaluate the suppliers' performances on these 3 scales. Though we prefer to use the Higg Index FEM & FSLM module for our supplier evaluation, in case it is not available with the supplier, we use self-assessment questionnaires. These self-assessment questionnaires include environmental and social parameters and are developed in line with globally recognised standards.

Based on the inputs provided by suppliers, we evaluate their sustainability performance and calculate a unique score for each supplier. The SSI allocates 100 points each to quality, social and environmental score. Based on the final score, suppliers are categorised into four ratings - **Platinum, Gold, Silver and Bronze.**

Scoring helps us to analyse the sustainability performance of a particular supplier by comparing the score with other suppliers. A higher score implies improved environmental and social performance, it also indicates lower exposure to work disruptions due to environmental and social causes which in-turn leads to higher responsiveness and better supply chain efficiency.

Higg Index

ABFRL has been an early adopter of 'Higg Index - Suite of tools' with more than 9 years of active engagement with SAC. This engagement has enabled us to have a bird's eye view of the entire value chain's sustainability performance, which in turn has enabled us to develop a robust strategy and improve environmental and social performance within brands, the in-house operations and the supply chain.

We have completed self-assessment of the Facility Environment Module and Facility Social Labour Module for all our 9 in-house manufacturing facilities. **Higg FEM verification was carried out at 5 of our factories (FCL, EGL, HAL, EAL, LEA) through SAC nominated verifying body and we achieved an outstanding Higg score of 80 in one of the manufacturing units Fashion Craft.**



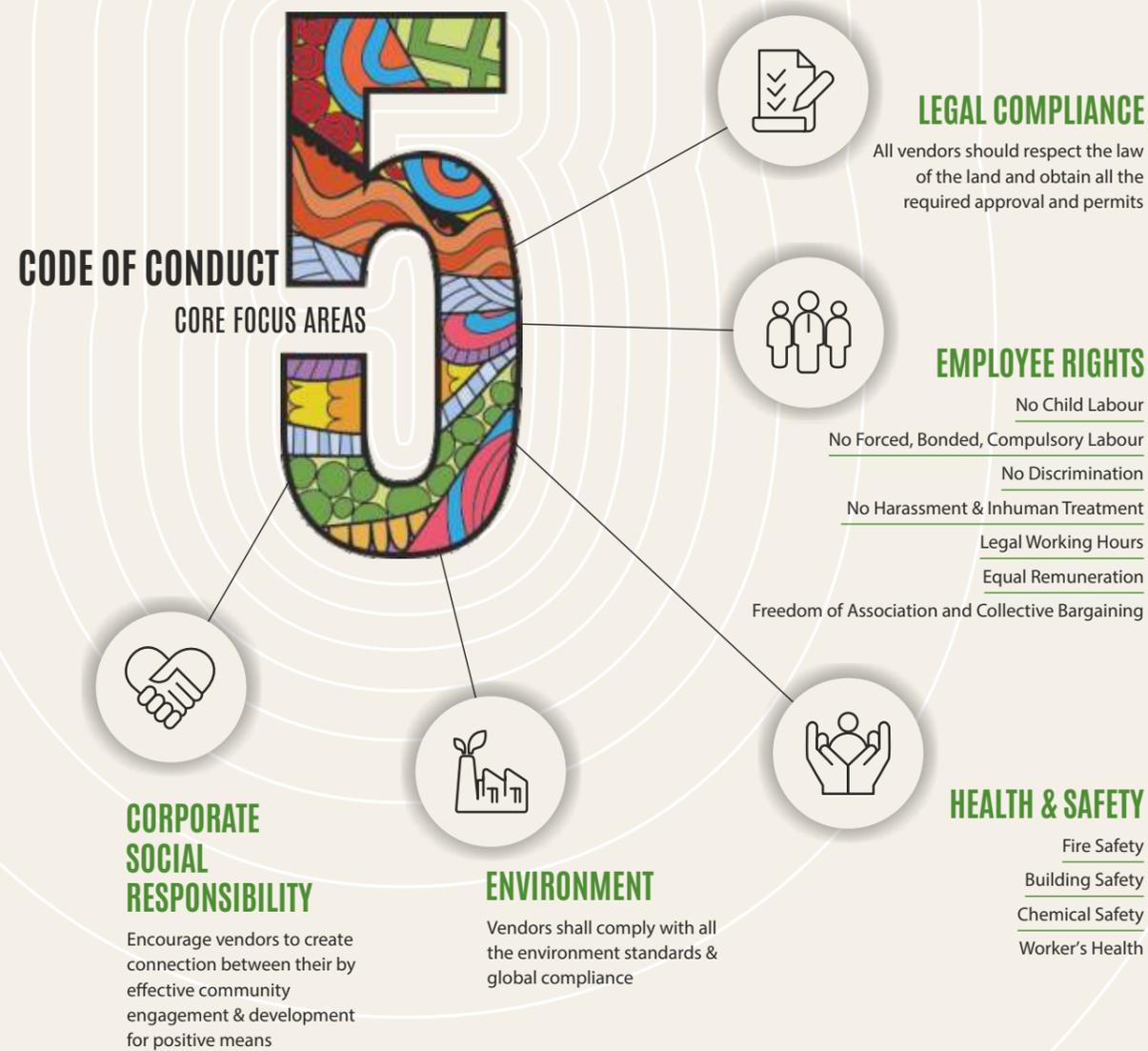
ABFRL's Re-earth programmes and initiatives for product, packaging, environment, social and safety have led to significant improvement in our sustainability performance, raising the bar year-on-year and sustaining the top quartile scoring in FEM, FSLM and BRM.

VENDOR CODE OF CONDUCT

ABFRL is committed to conducting its business in the most responsible, sustainable manner while upholding the highest standards of ethical and legal requirements. We strive to promote dignity, equal opportunities and promote social dialogue for all people across our supply chain to drive improvements and deliver fair incomes and greater shared values.

To achieve this, we have implemented a due diligence programme - the 'Vendor Code of Conduct' that is aligned with globally established legal and statutory requirements. The objective of the Vendor Code of Conduct (Vendor CoC) is to mitigate risks associated with supply chain, comply with legal and statutory requirements and ensure workers' health, safe work environment, minimum wages and other social responsibilities as outlined by the Indian Factories Act 1948, International Labour Organization (ILO), SA 8000 and WRAP standards.

Our Vendor Code of Conduct covers 11 principles and falls under five core focus areas of social responsibility.



ABFRL mandates all its vendors and sub-contractors to strictly adhere to Vendor CoC policy and improve their Ethical, Social, Environmental and Health & Safety standards in the workplace.

Since the inception of this programme, we have covered more than 96% vendors of MFL & PFRL businesses. This year we have expanded our scope to other businesses like Forever'21 and VH innerwear. With regular training and monitoring mechanism, significant number of vendors was transitioned from non-compliant (red category) to compliance level (green category).

In this reporting year, we assessed 200 suppliers for social impacts in accordance to our vendor code of conduct. Out of the assessed, 23% i.e., 46 suppliers were identified as having significant negative social impacts (i.e., issues limited to excessive working hours and remuneration). Post assessment, action plan was devised and agreed with all the identified suppliers for the areas of negative impacts.

100%
new suppliers screened using social criteria



CASE STUDY

Human Rights Assessment

In the reporting year, we completed the first human rights 3rd party due diligence and assessment for select units which includes our Head Office, In-house Manufacturing Units, Warehouse and Outsourced Supplier. The objective of this study was to prioritise the salient human rights issue, evaluate the consistent application of Company policies, ascertain the current level of policy awareness and identify control mechanisms.

The framework used for assessment was 'The UN Guiding Principles (UNGPs)' on Business and Human Rights. The assessment methodology was built on a risk-based approach emphasising action of identified human rights thrust areas.

The methodology considers requirements of national legislation, sector specific human rights risks and global frameworks and best practices on human rights. It is a multi-layered approach and probes adherence to current human rights best practices at various operational levels of our value chain. The methodology evaluates the level of awareness and alignment with the policy intent at the operational level through a detailed assessment checklist.

The assessment was administered through a blended approach encompassing site visits and focussed interviews undertaken by assessors. The assessment has identified prevailing human rights practices and serves as a foundation to further explore the human rights impact of the Company.

PROTECT RESPECT AND REMEDY FRAMEWORK

PROTECT



"The State duty to protect human rights against abuse by third parties, including business, through appropriate policies, legislation, regulations and adjudication"

RESPECT



"The corporate responsibility to respect human rights, meaning to act with due diligence to avoid infringing on the rights of others and address adverse impacts with which they are involved"

REMEDY



"The need for greater access to effective remedy, both judicial and non-judicial, for victims of business-related human rights abuse"

CHEMICAL MANAGEMENT

Chemical Management in the supply chain is one of our key focus areas. In 2016, our chemical management journey commenced with the laundry audits for garment washing and dyeing units. Over time, we developed a chemical management manual, policy, RSL and wastewater discharge guidelines to measure, manage and control chemical consumption and ensure a safe working environment.

In the reporting year, we collaborated with Zero Discharge of Hazardous Chemicals (ZDHC) as 'Friends of ZDHC' to strengthen our leadership and commitment to sustainable practices and ensure product safety with zero harm to the environment.

ROADMAP TO ZERO

The collaboration with ZDHC will pivot us towards transforming the value chain and delivering sustainable fashion by going beyond traditional approaches. This programme will help us leverage cleaner inputs, reduce chemical footprint, deliver safer products, enable transparency and mitigate environmental impact within the supply chain and the broader environment.

QUALITY MANAGEMENT

ABFRL is recognised across the fashion industry for best quality products and it perceives quality and durability as a point of differentiation and a source of competitive advantage. We have a well-managed quality management system in place that has been designed keeping in mind the organisation's vision and commitment to customers and the overall strategy.

At ABFRL, we have a robust quality appraisal system, which is devised through the lens of customer-centricity to ensure that the customer receives only the highest quality product. Our quality management system enables us to consistently maintain quality according to predefined standards. We conduct multiple quality appraisals/audits that include raw material testing, process quality audits, supplier performance evaluation and finished goods inspection to ensure we deliver only the best quality.

Suppliers are a key stakeholder in our value chain and play a crucial role in delivering high quality products and services. We, at ABFRL, continuously engage and collaborate with our suppliers to establish a culture where we all are driven by the ethos – 'exceeding the customer expectation'.

To assess the quality of the products from our suppliers, we regularly use various tools like the Vendor Quality Performance Index (VPQI) and Quality Index Number (QIN) and share the results with the suppliers. These scores allow us to have informed interactions with our suppliers, by means of assessing their facilities and sharing leading industry-practices for improvement. The results of the appraisals are given to the relevant teams for immediate action.



VENDOR DEVELOPMENT & COLLABORATION

Collaboration is the crux of our approach towards our vendors. Through regular engagements and development programmes we foster a culture cooperation and consensus that leads to swifter decision-making and reduced lead times. Some of the key initiatives undertaken for vendor development and collaboration in reporting year are:

Green Channel Partnership

Green Channel Partnership (GCP) is a unique initiative that offers a supplier quality system certification for accepting merchandise quality, based on the supplier quality report and self-certification. It encourages a collaborative partnership between buyers and suppliers in order to create a better alignment with sourcing strategies and expectations. This partnership establishes a common understanding of the quality of products and processes between MFL and suppliers. This results in consistent availability of quality raw materials, on-time delivery and minimum inventory by operating within limited resources.

In the reporting year, 11 garment factories were certified as GCP which contribute 16% of garments (by volume) to MFL across categories. In raw materials, 27% of fabrics (by volume) have been procured through Green Channel Partnership.

Vendor and Front-end Staff Skill Development

We conduct regular training sessions and workshops for vendors in various geographical regions. These trainings are crucial to identify and eliminate manufacturing issues and improve productivity and quality and to reduce defects. For the last two years, due to COVID-19 restrictions we did not conduct any in-person training programmes. However, to keep the momentum going, the QA team designed multiple online training modules and conducted virtual training sessions for more than 100 garmenting vendors across India and the world.

This year, QA team also conducted an exclusive training programme for our front-end retail stores staff including store manager and CCA. This programme enabled us to connect with more than 1,000 store teams across India.



The Quality Team also facilitated and trained more than 25 additional trainers, to expand the talent pool and amplify the training initiative in the near future. A total of 25 Training Modules have been created by the Quality Team and the trainings have been provided to almost 2,500+ participants across organisation including factory, warehouse, cross functional teams and retail stores.

Customer Centricity



Customer-centricity is the key to long-term business sustainability. For us, it is a means to become the preferred choice for our customers and achieve long-lasting competitive advantage in the industry. At ABFRL, we aim to build consistent customer satisfaction by providing high-quality customer experience that delivers superior value.

By continuously innovating and developing products based on a thorough analysis of consumer feedback, we have developed a repertoire of lifestyle brands that cater to every consumer's needs across multiple occasions.

Our customer-centricity approach revolves around:



Mission Happiness
Post Purchase Survey



Customer Voice Response System (CVRS)



Customer Delight Through Quality Improvement



Incidents of non-compliance concerning product and service information and labelling	FY 2021-22
Resulting in fine or penalty	9
Resulting in warning	0
With voluntary codes	0

Customer Privacy & Data Aspect		FY 2021-22
Total number of substantiated complaints received concerning breaches of customer privacy, categorised by:	Complaints received from outside parties and substantiated by the organisation	0
	Complaints from regulatory bodies	0
Total number of identified leaks, thefts, or losses of customer data		1

MISSION HAPPINESS POST PURCHASE

Initially launched in 2014 in MFL, with the objective of ensuring a positive and consistent consumer experience and enforcing common SOPs for complaint resolution, Mission Happiness continues to be a huge success. By building and deploying effective and valuable survey that asks the right questions in best way, at a right time to its customers, Mission Happiness has achieved a remarkable feat in the domain of gathering, sharing and implementing customer feedback to plan and grow our business.

At MFL we listen to customers at point of purchase in stores and on our brand websites/apps through iPads, SMS, and survey integrated on web pages at the point of order confirmation. While point of purchase continues to be an important place to understand customer shopping experience, we launched e-commerce Mission Happiness last year to cover the entire consumer journey:

Website Order Confirmation Survey helps us understand consumer experience at the time of placing the order on our brand website

Post-delivery consumer experience survey

Survey for refund experience in case the customer has initiated one

Post 30 days of product purchase survey to meticulously monitor a customer's service and product usage experience

At MFL, we have completed **1.01 crore+ feedback** up to March 2022 since the inception of Mission Happiness. We had more than **7 lakh consumer conversations** through Mission Happiness in the reporting year and collected 3 lakh+ feedback across in-store and online channels.

Through an electronic interface, our customers can provide detailed feedback and rate their in-store, e-commerce as well as their post-purchase experience. This feedback is also carefully monitored, and training is imparted to the employees to decode and respond to it, by helping us better understand consumer demands and enhance our ability to dynamically cater to the growing as well as ever-changing demand landscape. This initiative is supported by CRM initiatives such as Loyalty Cards and Complaint Resolution Mechanism.

CUSTOMER VOICE RESPONSE SYSTEM

Customer Voice Response System (CVRS) is a platform which handles customer complaints and ascertains process transparency through the deployment of an online Complaint Management System. This encourages customers to share their experiences, feedback and complaints. It also helps us identify opportunities of interventions in order to enhance customer satisfaction. Through this platform, we are able to ensure on-time closure of all product and service-related complaints within a 24-hour turn-around time.

Omnichannel Expansion

Whether the mode of shopping is through an online store or brick-and-mortar store, the omnichannel approach integrates distribution, promotion and communication channels on the backend to provide customers with a seamless shopping experience. During the reporting period, both MFL and Pantaloons have been on an omnichannel expansion phase.

As part of our futureproofing strategy, MFL - one of the largest e-commerce apparel players in the country, strengthened its presence on both owned as well as partnered e-commerce channels. **The e-commerce revenues for MFL in FY22 grew by 114% from FY21.** Its strategic partnership with Flipkart will accelerate the execution of the large-scale omnichannel strategy, deepen our consumer connect and augment our backend capabilities.

With a strong network of 350+ physical stores across the country, Pantaloons is aiming to be a phygital brand. By rolling out a new, updated D2C website, launching a shopping app and ensuring its presence in online marketplaces, Pantaloons is expanding its customer reach. **In FY22, Pantaloons.com scaled up their omnichannel plan and has 75% of the network's store live on D2C website and around 45% of the network live on marketplaces.** Through its wide store network and online capabilities, Pantaloons is building a robust, seamless omnichannel experience.

Hyperlocal Deliveries

At MFL, we have enabled 1,000 stores with omnichannel functionality transforming them from a physical customer touchpoint to an e-commerce delivery location. Post-COVID, these stores across the country commenced keeping inventory, a function reserved for warehouses in the past, resulting in a speedier product delivery. We have embarked on a pilot project for hyperlocal deliveries of our products i.e. same day delivery to customers within a particular proximity of our stores. At Pantaloons, our shipments get delivered in approximately 4.5 days and we intend to roll out our hyperlocal service in FY23.

CUSTOMER DELIGHT THROUGH QUALITY IMPROVEMENT

Customer delight is the process of exceeding a customer's expectations to create a positive experience with a product. The aim is to generate a remarkable experience for users by focussing on their needs, interests, and wishes. Achieving this requires a highly customer-centric approach, being sensitive to the customers' needs and taking swift actions to improve their experience.

To ensure customer delight in product quality, the MFL QA team initiated multiple quality improvement projects based on customer feedback/complaints from our stores and post-purchase Mission Happiness surveys.

Some of the key initiatives undertaken are:

- To prevent cross-staining and colour-bleeding issues in woven and knit categories during consumer usage, an in-house test procedure was developed and implemented at key mills to ensure development of right quality the first time. We are also collaborating with the dye manufacturer and South India Textile Research Institution to further reduce colour-bleeding issues. Technical details are collected from various mills on selected fabrics with issues and shared with the partners for additional study to overcome this problem.
- Pilling in formal suit and bottom weights in woolen blends was a major concern in recent years. A detailed analysis has been done on the trend and nature of customer complaints and a customised in-house test of Martindale pilling was developed. Simultaneously, product development and fabric sourcing team worked together with the mills to improve fabric quality through better yarn quality, fabric re-engineering and better chemical and mechanical finishes.





RECOGNISING TRENDS

Stakeholder Engagement is a crucial cog in identifying underserved needs as well as unearthing emerging trends early enough to capitalise on them. Encompassing the myriad sections of society to capture real-world concerns, the conventional process of stakeholder engagement delivers well on the former. However, it flounders on delivering results when it comes to ascertaining a trend well before

IT EVOLVES INTO A WIDE-SPREAD PHENOMENON.

We, therefore, engage with

INDUSTRY EXPERTS

WHO USE THEIR DEEP DOMAIN KNOWLEDGE. THIS LAYERING OF STAKEHOLDER ENGAGEMENT WITH MATERIALITY RESULTS IN HIGH QUALITY PARTNERSHIPS THAT PUSH THE BENCHMARK.





The pandemic has forced all of us to take a step back and reset our priorities. One key takeaway that has clearly emerged is that a resilient business model that embraces sustainable practices shall have an edge over the traditional business models. The fashion industry being one of the fastest moving sectors has significantly accelerated its progress through a 360-degree transformation. This has been made possible through

EXTENSIVE INTERACTION WITH A DIVERSE RANGE OF STAKEHOLDERS AND THEN ALIGNING THEIR VISION WITH THE SUSTAINABILITY COMMITMENT OF THE ORGANISATION.

Identifying and partnering with stakeholders to understand relevance to business objectives and material issues, analysing stakeholders and taking their perspective into account to determine the appropriate level of engagement, maintaining an active dialogue to understand their views, implementation of new strategies and incorporating their feedback where appropriate, has been critical in creating an ecosystem where the stakeholders continue to champion Environment, Social and Governance (ESG) aspects, while holding businesses accountable for their impacts.



Management Approach



Over the years, we have developed firm-level processes to encourage open and constructive interaction with our stakeholders. It reinforces our understanding of relevant matters and helps us identify those attributes of stakeholders that make them important to our business. Engaging with stakeholders provides us an opportunity to serve them in the best way and redefine our strategies to deliver the maximum value. By partnering with our stakeholders, we involve them in decision making and create an enabling environment to do better together.

The United Nations' 17th Sustainable Development Goal recognises the value of global partnerships in creating sustainable development. Our partners are critical to helping us develop and achieve our sustainability ambitions and goals. We work with them to enrich our strategy and amplify our work, which aims to drive change across the broader apparel industry.

We have adopted a structured approach to materiality assessment aligned to the GRI standards and SDG framework that includes identifying a broad umbrella of relevant issues, and prioritising them based on changing business needs and stakeholder feedback.



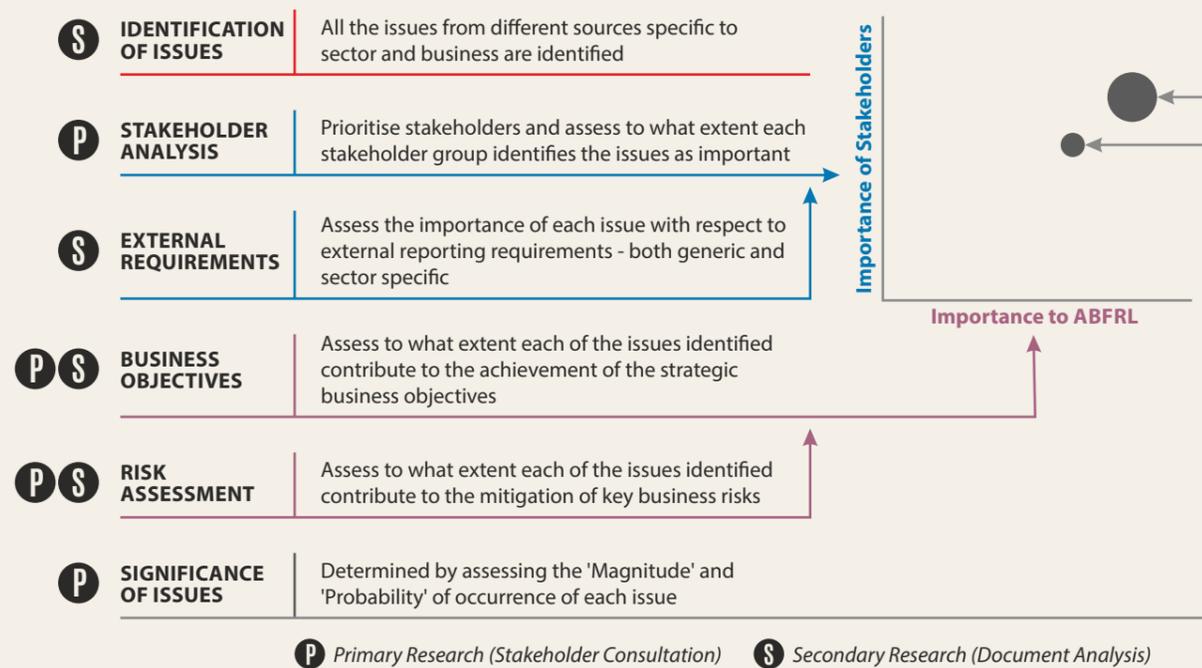
STAKEHOLDER ENGAGEMENT FRAMEWORK

Our sustainability programme brings together stakeholders from across the value chain to identify and address the industry's most pressing environmental issues. One-on-one meetings, annual general meeting, training, group discussions, surveys, and supplier and custodial relationships are all examples of systematic channels of interaction with our stakeholders, integrated throughout our business operations.

Stakeholders are identified from respective stakeholder groups relevant for our business. These include investors, employees, customers, suppliers, regulatory authorities, media, industry associations, communities, NGOs and peer companies. Stakeholder engagement exercise is carried out to engage with prioritised stakeholders from each of these groups through deliberation. The exercise helped us understand their concerns and feedback.

In 2019, we carried out a detailed materiality analysis, focussing on development of our 2025 strategy for ReEarth's Sustainability 2.0. It involved extensive stakeholder engagement with senior management, employees, functional heads, suppliers, customers, local community and industry associations. Inputs from various sector trends, peer performance and internal strategy documents were also collected. A list of material issues were identified and prioritised through consultation with different stakeholder groups. The outcome of the process was a comprehensive materiality analysis along with qualitative outputs that helped in the sustainability strategy development process.

In recent times, we have been witness to a large scale shifting of consumer perceptions and expectations at a global level, leading us to tap into the insights from domain experts, to make informed choices on styles, materials, colours and marketing communications.



Engagement Mechanism

Stakeholder Engagement helps us decide, define and develop our future roadmap detailing our long-term, mid-term and short-term strategies. We also participate in various forums and discussions to benchmark our stakeholder engagement practices and sustainability performance with our global and domestic peers.

Our Group level guiding principles and policies help us in drafting an effective and efficient mechanism for stakeholder engagement. Some of our important ways that help us capture key inputs and concerns of our stakeholders, as well as their frequency, can be found in the table below. It also summarises the key issues of interest of the stakeholder groups.

Stakeholder Groups	Mode of Engagement	Frequency of Engagement	Key issues of interest
SUPPLIERS 	Periodic vendor communications, supplier meets/summits	Continual	<ul style="list-style-type: none"> Supply chain mapping & traceability Integration of sustainability aspects in supplier assessment process Less packaging and/or recycled packaging material Factories certified as per international standards (such as ISO, Green Building) Business ethics and transparency Training and development of partners and suppliers
INVESTORS 	Annual report, Annual General Meeting, company website, analyst calls, investor meets and roadshows, press releases, communication from Stock Exchanges, SEBI, bank's Registrar and Transfer Agents	Continual	<ul style="list-style-type: none"> Performance and growth with respect to revenue and market share Capital allocation for improved environmental performance Product & process innovation Increased manufacturing efficiency Internal and external communication about sustainability practices
GOVERNMENT AND REGULATORY BODIES 	Mandatory filings with regulators (including SEBI)	Quarterly/ Half - yearly/ Annual	<ul style="list-style-type: none"> Lesser usage of chemicals or alternatives for hazardous / toxic chemicals Less packaging and/or recycled packaging material Focus on occupational health and safety of all individuals at the workplace Ensuring compliance with local laws and regulations
MEDIA 	Press Releases, Media Interactions by Senior Management, PR agency partnerships	Continual	<ul style="list-style-type: none"> Internal and external communication about sustainability practices

Stakeholder Groups	Mode of Engagement	Frequency of Engagement	Key issues of interest
EMPLOYEES 	On-ground employee engagement platforms like Retail Sports Meet, Retail Premier League, Retail Got Talent, and other such structured platforms for top-down, bottom-up and horizontal communications	Continual	<ul style="list-style-type: none"> Occupational health and safety Career planning and development Market-based compensation, benefits and amenities Employee welfare programmes Collective bargaining/freedom of association Code of Conduct and corporate policies Sustainability performance, especially environment, health and safety Work - life balance Promotion and action on diversity and equal opportunities Training, skill up-gradation and continuous learning
CUSTOMERS 	Interactions at stores, social media interactions, online and mobile initiatives, customer satisfaction surveys, customer feedback mechanism (Mission Happiness)	Continual	<ul style="list-style-type: none"> Customer centricity Mission Happiness Post purchase survey
SOCIETY 	Community need assessment surveys, disaster management workshops, community visits, satisfaction surveys, meetings with community heads	Continual	<ul style="list-style-type: none"> Cluster Development projects (e.g. Ikat, Ajrak) Increase in number of CSR programmes and beneficiaries Local sourcing of labour Human rights Model village (Livelihood, Education, Healthcare, Infrastructure Development)
MARKET DEVELOPMENT / CHANNEL PARTNERS 	Periodic meetings and communications, market surveys, customer need identification	Continual	<ul style="list-style-type: none"> Supply Chain mapping & traceability Integration of sustainability aspects in supplier assessment process

SUPPLIERS

It is our suppliers who power our operations and ensure that we deliver on our promise as a business. As our growth partners, suppliers are instrumental in contributing towards our economic, social, and environmental sustainability.

We interact with a broad range of suppliers based on domain, sector, geography and supplied material type. To encourage vendors to improve and grow along with us, we support them in optimising their performance, reducing costs, mitigating risks, and aligning with global standards.

Some of the initiatives that strengthen our relationship with our suppliers and enhance their capacities on sustainability are as follows:

Partner Innovation Summit

Quality/Joint Implementation Programme

Green Channel Partnership

Vendor Workshop Series

The HIGG Index (Facility)

Vendor Code of Conduct

Samanvay - Vendor Partnership Summit



INITIATIVES

Partner Innovation Summit

It is a platform for our suppliers that lets them network and interact with the key decision makers of all our brands. This encourages them to develop new collections and ideas while also inspiring brands to adopt new concepts. Partners across the value chain participate in The Summit, from trims to fabric to accessories suppliers, to showcase their innovations, products and designs.



Vendor Workshop Series

Strengthening vendor-partner relationships is an ongoing process that must evolve with time. Since 2013, Pantaloons vendor workshops have been conducted regularly on an annual basis across seven of its sourcing zones in India. The objective of these workshops is to increase awareness and facilitate adoption of best practices in supply chain management. The workshops focus on newer and better sourcing processes, updates on key performance indices, expectations of vendors, process enhancements, vendor on-boarding, product development, order finalisation/execution, support services functioning, supply chain and finance. At the end of each workshop, we organise a Q&A session to address questions and concerns of our vendors in real-time.



Green Channel Partnership

Through the Green Channel Partnership, we collaborate with key fabric suppliers to reduce lead-time, lower cost and improve efficiency. This results in establishing long-term relationships with our vendors and procuring fabric from responsible sources.

In the reporting year, a total 11 garment factories were certified as GCP which contributes 16% of garments (by volume) for MFL across categories. In fabrics, 27% of fabrics (by volume) came through Green Channel Partnership.

To know more about our other initiatives with suppliers and vendors, please refer to the 'Product Responsibility' section of this report

CUSTOMERS

At ABFRL, customer centricity is the key to product centricity. We keep in mind the expectations and concerns our customers have, especially with regards to being a responsible corporate citizen with a positive impact on the communities and the planet. Our ReEarth journey is calibrated according to these customer expectations.

We stay in tune with customer expectation by continuously interacting with them. Our customers belong to different age groups, lifestyles, genders, cultures, and geographies, and we map their needs accordingly.

We welcome customer feedback and are open to ideas for delivering the best products and create a memorable brand experiences. Customer ideas and feedback are garnered using various media to understand their mindsets and expectations. Some of the initiatives include:



There have been no complaints and none pending against the Company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behaviour during the last five years, as of 31st March 2022.

EMPLOYEES

At ABFRL, the knowledge, talent and passion of our employees is crucial to our success. In these testing times, it is the ability of our employees to innovate and their willingness to embrace agility, that drive us forward. As we continue to strengthen our position, we focus on enhancing the capabilities and enthusiasm of our people.

It is important for us to ensure our employees are in tune with the organisation's purpose and values. Employee performance is critical to the overall success of the company, and employees who are content and happy with their organisation can help them grow and succeed. ABFRL cultivates a positive work environment by rewarding high-performance employees with incentives and providing constructive feedback to all employees. Moreover, through our engagement programmes, we try and build a sense of belonging and ownership among employees, resulting in workplace satisfaction, retention, and enhanced productivity.

Across our offices and stores, there is also an employee engagement calendar that lists the events and celebrations planned. We are consistently working towards creating a supportive, friendly, and happy workplace while maintaining a healthy work-life balance.



For more information on our employee engagement initiatives, please refer to the 'People' section of this report and to know more on Labour Relations and the Human Rights Policy, please visit our website <https://sustainability.adityabirla.com/> and Annual Report FY 2022.

STRATEGIC COLLABORATIONS

As one of the largest players in the apparel and garment sector, we believe it is our responsibility to play an active part in collaborating with various industry bodies and strengthen sustainability across the value chain. 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.

We have taken a significant stride in our circularity journey through our collaboration with 'GIZ' - a German Government agency, in a 'public-private development partnership project'.

This collaboration focusses on material innovation, reduction of harmful substances at the input stage, increase in textile-to-textile recycling, development of alternatives to plastic packaging, and fostering traceability. This will support the industry to match supply and demand which witnesses pressure due to resource constraints.

We have also collaborated with ZDHC Foundation with the objective to drive good chemical management practices across the supply chain, as this helps to assure our end customer on the sustainability of our value chain.

To strengthen our aim towards imbibing and quantifying our sustainability targets, we will commit to Science-Based Target initiative (SBTi) specific to the apparel and footwear sector developed by World Resources Institute (WRI).

ABFRL is also a signatory to five commitments under Sustainable Resolution (SU.RE) that are linked to the product responsibility missions. Some of our existing collaborations are with Sustainable Apparel Coalition (SAC), Ellen McArthur Foundation, Cotton 2040 and Circular Apparel Innovation Factory (CAIF). ABFRL is also a member of Retail Association of India (RAI) as well as Clothing Manufacturers Association of India (CMAI).

For more information on our collaborations, please refer to the 'Future Proofing' section of this report.

Materiality

We believe materiality assessment is one of the most crucial activity in devising a tailor-made sustainability strategy for a business. Our material assessment and extensive stakeholder engagement enabled us to identify, review, and analyse potential aspects that could impact our operations and influence our stakeholders.

We initiated our materiality assessment by identifying potential material topics i.e., universal aspects obtained by analysing mega trends and from global peer group, and gleaned our previous engagements and research studies including the one with Forum for Future. Post identification, the universal issues were assessed for their contribution to achievement of business objectives and mitigation of risks identified under Risk Management Framework.

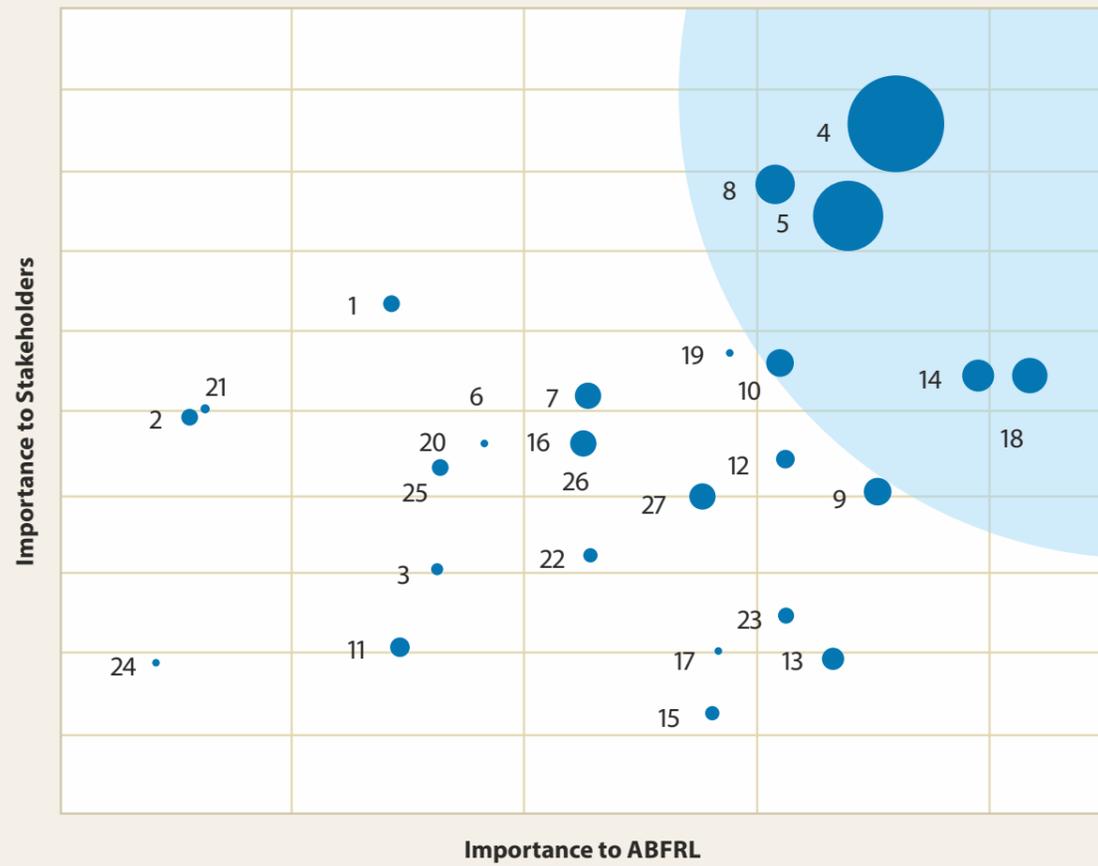
Post gathering of inputs from all the assessments, each universe of issue is reviewed in the short, mid and long-term time frame to assess the 'Magnitude' and 'Probability' of occurrence of each issue. Basis the determined probability and magnitude, the universe of issues are plotted in a 2 by 2 matrix, i.e., Influence on Stakeholders and Significance to Business, for identifying and prioritising material issues for ABFRL.

A stakeholder engagement exercise of ~300 internal and external stakeholders was conducted involving the Leadership, Senior Management, Key Internal Stakeholders, Industry Associations, Suppliers, Customers and Local Community Stakeholders, to understand their perspective, vision and concerns about the identified universe of issues.

Each stakeholder was assigned a weightage based on their ability to influence, and get influenced, by ABFRL's performance and operations.

Post the stakeholder engagement, the universe of issues were assessed for relevance and importance in alignment with external requirements such as Global Reporting Initiative (GRI) and Sustainability Development Goals (SDGs), and Sector specific tools such as Higg Index.





Note: Size of the bubble indicates significance

Key material issues

NO.	MATERIAL ISSUE
01	Renewable Energy
02	Energy Efficiency
03	Carbon Footprint of Logistics
04	Water
05	Waste
06	Supply Chain Traceability
07	Environmental Aspects in Supplier Assessment
08	Sustainable Product
09	Chemical Use
10	Packaging
11	International Standard Factories
12	Revenue & Market Share Growth
13	CAPEX for Environmental Performance
14	Innovation

NO.	MATERIAL ISSUE
15	Manufacturing Efficiency
16	Supplier Capacity Building
17	Cluster Development
18	Health & Safety
19	CSR
20	Ethical Workplace
21	Diversity
22	Training
23	Compliance with Laws & Regulations
24	Grievance Redressal
25	Human Rights
26	Supplier Social Practices
27	Communication

For each identified material aspect, strategic approach adopted and action taken have been mapped below.

Aspect	Approach	Action
 SUSTAINABLE PRODUCT	Creating products by embracing lifecycle thinking, designing out waste and pollution, keeping material in use and enabling regenerative natural systems.	<ul style="list-style-type: none"> Focus on sustainable raw material & processes Sustainable manufacturing Product Sustainability Assessment tools like Sustainability attribute, Higg Index
 PACKAGING	Exploring environment-friendly substitutes for packaging while continuing the rigor on standardizing, eliminating, and minimizing the primary, secondary and tertiary packaging of the product	<ul style="list-style-type: none"> One garment one tag Leveraging on plastic crates to enhance reuse and eliminate carton consumption for the same Sustainable alternatives like Biodegradable plastics
 INNOVATION	Investing in innovation and technology to accelerate the journey ahead across product development, manufacturing, supply chain, and consumer engagement	<ul style="list-style-type: none"> Partner Innovation Summit Innovation Workshop Series Product Innovation & Digital Quality Check Digital Transformation Initiatives Technology platforms
 WASTE MANAGEMENT	Establishing integrated waste management system with a focus to reduce overall waste generation, encourage circularity, dispose zero waste to landfill and drive last mile traceability	<ul style="list-style-type: none"> Operational efficiency measures Waste traceability assessments Vendor Self-certification Material exchange matrix Waste Zero certification
 WATER MANAGEMENT	Conserving and rejuvenating water sources through reducing fresh water withdrawal and enhance share of alternate water i.e., rainwater, recycled water	<ul style="list-style-type: none"> Operational efficiency measures Recycle & Reuse Rainwater harvesting (onsite / offsite) Water Zero certification
 HEALTH & SAFETY	Strengthening safety management systems to establish a conducive workplace which are safe and healthy	<ul style="list-style-type: none"> Robust audit protocols Calendarized training and capacity building workshops (internal / external)

At ABFRL, the Management Committee's Apex Body along with our Risk Management & Sustainability Committee (RMSC) oversees the progress of our material aspects and risks which are in alignment with business strategy and long-term vision. Our sustainability 2025 goals are also adopted taking into account the material aspects ensuring no environmental, social or governance related risks and opportunities are left unaddressed.

For more information, please refer to the 'Corporate Governance' section of this report.



REDESIGNING BUSINESS

Disruptions are a reality of the world we live in. The enhanced frequency of natural disasters, the rapid spread of digital technologies, the growing challenges due to globalisation or multi-polar world due to geopolitical issue, changing consumer preferences, the splintering of long-held social contracts, are all roiling business, the economy, and society.

WHILE WE CAN'T ALWAYS ANTICIPATE DISRUPTIONS, WE CAN AND SHOULD PREPARE FOR THEM. IT WAS THIS PHILOSOPHY THAT LED ABFRL TO INTRODUCE A STRUCTURED, DYNAMIC AND ON-GOING PRACTICE OF

FUTURE PROOFING

OUR BUSINESS MORE THAN A DECADE AGO.





Disruptions are a constant in this fast-changing world. In the last two years, we have seen the pandemic disrupting lives, economies, businesses, and supply chains. This year, the Russia-Ukraine war led to increase in commodity prices, energy costs, and inflationary pressure that added to the set of challenges, while climate change remains a persistent disruptor impacting people and the planet in a big way.

Future proofing is ABFRL's structured way to safeguard the business from getting caught off-guard during such situations. The goal of future proofing is to examine external trends and internal capabilities to define how our business should evolve, in terms of the scope, scale, and specific actions, to meet critical challenges in demand swings, regulatory shifts, climate change, nature loss, and mounting inequality so that it can continue to deliver true value across social, environmental, and economic dimensions.

ABFRL IS ALIGNED WITH GLOBAL ENTERPRISE RISK MANAGEMENT FRAMEWORKS SUCH AS COSO AND TCFD.



The sheer velocity, intensity, and unpredictability with which disruptive events have unfolded over the past few years have made future proofing even more vital. Being ready provides us with the scope to find opportunities in times of adversities.

Our core modules of future proofing continue to be Diversified Product Portfolio, Risk Management, Scenario Planning, Circularity, Climate Change and Lifecycle Approach, Product and Customer Centricity and Technology Adoption.

This year, to keep in step with evolving ESG guidelines, frameworks and regulations we have laid significant focus on refreshing and reinforcing our Enterprise Risk Management framework. We are implementing tailor-made strategies and institutionalising systems that are efficient in countering threats and delivering long-term value to stakeholders. We are working to create a robust future for all stakeholders by enhancing agility, embracing lifecycle-thinking, pursuing sustainability leadership and fortifying resilience.

The Indian Apparel industry is set for long-term growth due to the strong fundamentals of a large and growing middle class, favourable demographics, rising disposable incomes and aspirations for brands. We believe that our robust risk management framework plus a continuously strengthening brand portfolio coupled with the unleashing of demand shall ensure that ABFRL will continue to retain and grow its leadership in the Textile, Apparel & Luxury Goods sector



Risk Management

ABFRL proactively identifies and manages risks. This year, we adopted the globally recognised COSO Enterprise Risk Management (ERM) framework along with its five components –

GOVERNANCE AND CULTURE

STRATEGY AND OBJECTIVE-SETTING

PERFORMANCE

REVIEW AND REVISION

INFORMATION, COMMUNICATION, AND REPORTING

This year, we have also aligned our climate-related risks and opportunities with Task Force on Climate Related Financial Disclosures (TCFD).

The COSO ERM framework is one of the widely accepted risk management standards organisations use to help manage risks in an increasingly turbulent, unpredictable business landscape.

For more details refer to Annexure - TCFD Alignment.



GOVERNANCE AND CULTURE

The Board is responsible for oversight of the organisation's ERM programme and the Management of its design and operation. The Board convenes half-yearly to review risks, including climate-related risks, strategies, risk policies and performance.

The overall corporate governance is executed through four levels of management:

Risk management and sustainability committee (RMSC)

RMSC is the top governing body entrusted with the responsibility of continual management of applicable risks, including ESG risks, to the organisation. The committee appraises the Board on emerging key enterprise and sustainability risks during the half-yearly meetings.

Entity level risk management steering committee (RSC)

Each business within ABFRL has a designated RSC responsible for the management of risks and assessing the effectiveness of mitigation plans for the identified risks. The RSC reports the status of the key risks to the RMSC quarterly.

Group Risk Team

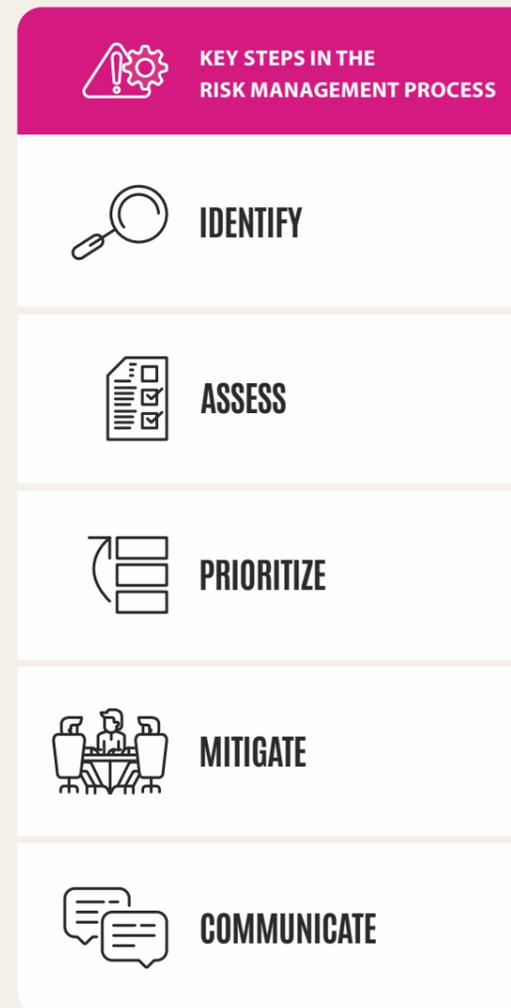
Headed by the Chief Risk Officer, the team is responsible for the successful implementation of the Group risk methodology across ABFRL for key risks that matter and for overseeing risk management activities.

Business unit and functional leads

The functional leads and business unit leads are responsible for identifying, analysing and assessing functional and business risks on a continual basis. These risks are consolidated and reported to the respective entity steering committees.

STRATEGY AND OBJECTIVE SETTING

We have considered both internal and external challenges and opportunities to determine risks: the organisation's strategy, external business environment, industry benchmarks, socio-political factors, regulatory environment, climate, and sustainability trends. Enterprise risks are integrated with the strategy and performance of ABFRL across 6 large spectrums – strategic, financial, environmental, social, operations and compliance. Key steps in the risk management process.



Performance

Identified risks are prioritised based on a uniform scoring mechanism arrived at as a multiple of impact and likelihood. The risk criteria for impact consider both quantitative and qualitative aspects and scores range from minor to critical across eight elements namely, financial, strategy, operations, compliance, information security, technology, people and brand.

The RMSC consolidates and monitors the top 30 risks at an entity level including the implementation of action plans. Based on the severity of the risks, the functional level risks are consolidated at a business unit level and entity level risks are consolidated at the entity level. Entity level risks are monitored from the entity level.

Review and Revision

The RMSC continually reviews the external business and regulatory environment, the organisation's strategies, objectives, people, process, and technology to assess if any changes are to be made to the Company's risk framework.

Three Lines Model

We have established the Three Lines Model as prescribed by the Institute of Internal Auditors for the effective management of risks, represented by management control as the first line, risk and control monitoring as the second, and independent assurance through the internal audit function as the third.

Information, Communication and Reporting

The top-rated risks identified through the risk management process are periodically communicated internally to the RMSC and externally through the risk management section of the annual report. At ABFRL, we also utilise technology to facilitate the risk assessment process.

Circular Ecosystem

Our strategic focus of creating sustainable products is rooted in enabling circularity - designing out waste and pollution, keeping material in use, and regenerating natural systems.

Principles of 'Lifecycle Thinking' power our design and development. We are enhancing the sustainability attributes of our products by adopting alternate materials, eliminating single-use plastic, embracing sustainable production processes and encouraging sustainable farming practices.

Innovation and technology act as a catalyst in enhancing circularity. Over the years, we have used innovative technology solutions to foster circularity both in developing sustainable products and operating facilities in a smart and environmentally friendly way. Our recent collaboration with GIZ is a testament to our continued efforts and value chain focus to boost circular economy.

CASE STUDY

Collaborating with GIZ to boost Circular Economy in India

CHALLENGE

Textile industry is one of the most polluting and complex industrial chains in manufacturing. India's textile and apparel industry is the sixth largest in the world and the challenge is to put forth a common vision and strategy for the industry and stakeholders to implement circularity best practices.

ACTION

ABFRL joined hands with GIZ to boost the circular economy in the Indian textile industry. The joint project seeks to promote globally benchmarked circular business practices in India.

The key focus areas include

**Material Innovation | Textile-to-Textile Recycling | Reduction in Inputs of Harmful Substances
Alternatives to Plastic Packaging and | Traceability**

This unique initiative is part of the 'DeveloPPP programme' and is being implemented by ABFRL and GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development.

EXPECTED OUTCOMES

Increased implementation of circular business practices in the industry

Development of new circular solutions suited to India

Setup of the working group on the circular textile and apparelindustry

Adoption of Good Industry Practices by key stakeholders across the industry



OTHER COLLABORATIONS

Our drive to embrace Circular Economy saw the strengthening of our ongoing collaborations with the Ellen MacArthur Foundation and Circular Apparel Innovation Factory (CAIF).

Through these collaborations, we intend to bring forth ideas and innovations that will add more impetus to our pioneering work around sustainability.

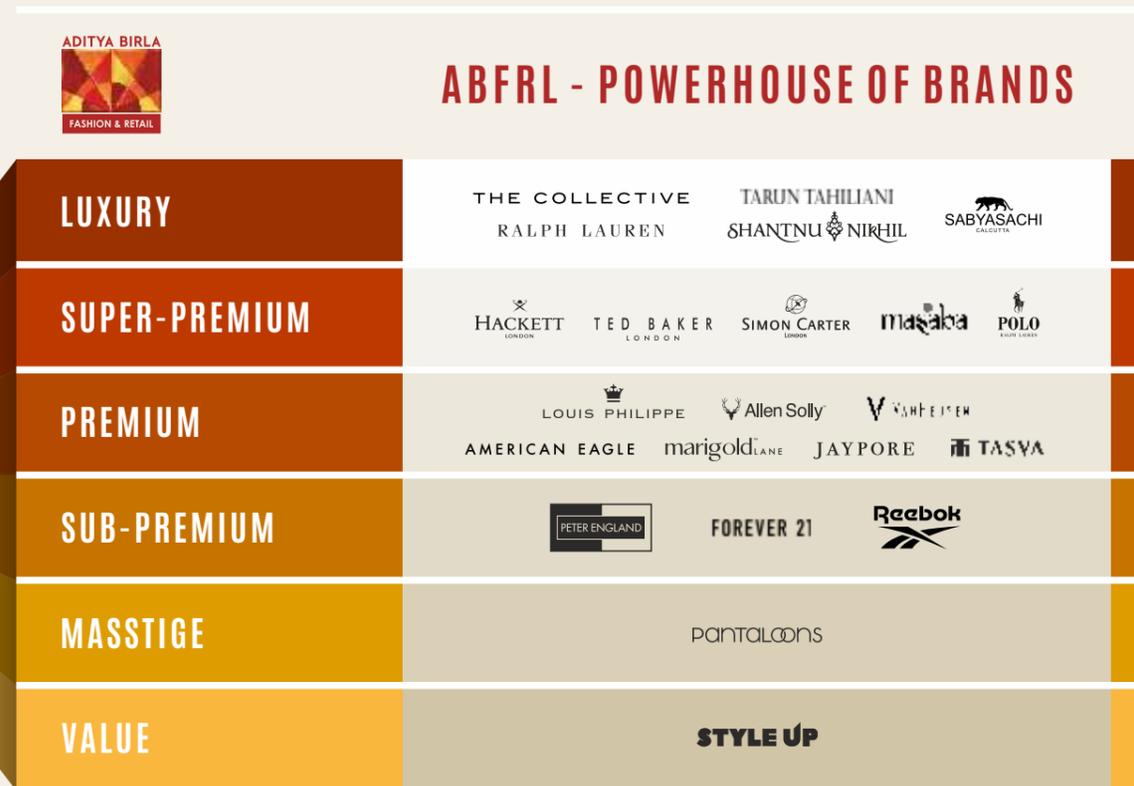
ABFRL and CAIF jointly launched the #BetterThanPlastic industry challenge with an objective to find new sustainable packaging materials or business models that can curb the negative environmental impact of packaging and can be integrated into businesses.

With this challenge, we were able to identify quite a few exciting innovative packaging solutions and as a first step have already decided to adopt biodegradable polybags as a substitute for HDPE/PP Polybags.



Diversified Brand Portfolio

Having a diverse brand portfolio de-risks fashion disruption and demand shifts. The surge in demand for athleisure products during the work-from-home phase of the pandemic and the resurgence in demand for formal wear with the opening of workplaces are cases in point.



Reinforcing and constantly updating this portfolio in line with new markets and evolving consumer tastes is a vital component of our future-proofing strategy.

- During the year, we launched premium men's ethnic wear brand 'Tasva' and women's ethnic wear brand 'Marigold Lane'. Today, ABFRL has one of the strongest and most comprehensive ethnic wear portfolios comprising brands across price points, consumer segments and occasions. We have a constellation of partnerships with leading designers like Sabyasachi, Tarun Tahiliani, and Shantanu & Nikhil.
- We acquired Reebok's India operations to build a strong play in sportswear.
- We also acquired a majority stake in the brand House of Masaba. This will strengthen our play into fashion for young and digitally native consumers along with marking a foray into the branded beauty & personal care segment.
- Introduced kids segment in Peter England and scaled it up in Allen Solly and Pantaloons.
- Strengthened Pantaloons private label play with home decor, sarees and athleisure.

Omni-channel Strategy

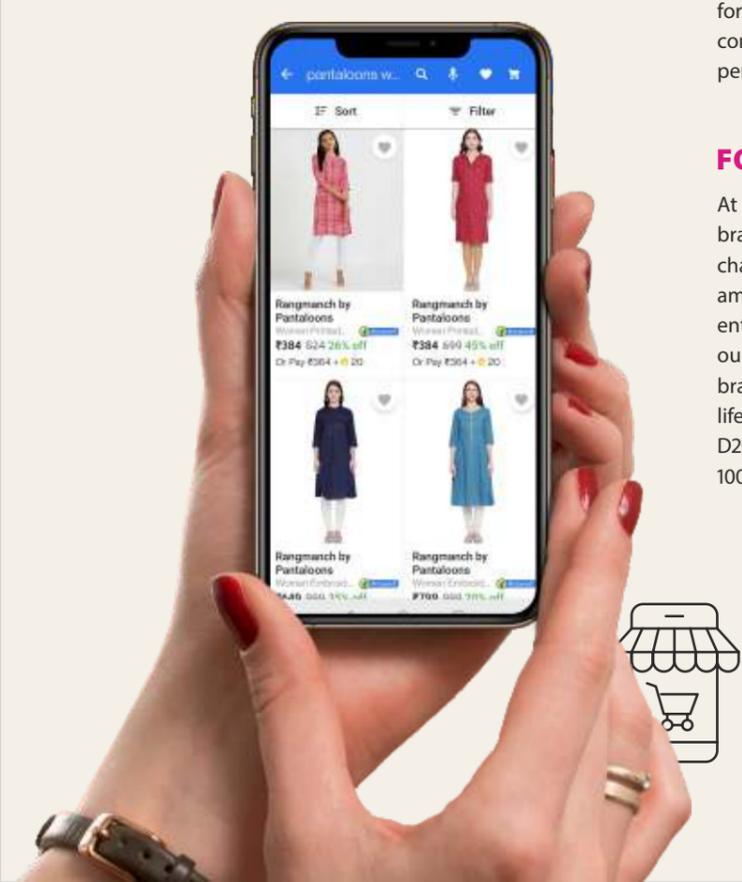
As part of our future proofing strategy, we are significantly amplifying our presence in both owned as well as partnered e-commerce.

ABFRL has one of the largest fashion Omni-channel plays with 50% network omni-enabled. Madura and Pantaloons both are on an omni-channel expansion phase and stores are being transformed from just being physical touchpoints for the customer to delivery locations for e-commerce.

Additionally, here are select initiatives that are furthering our omni-channel strategy:

NEW WEBSITE AND APP LAUNCH

Pantaloons rolled out a fresh website and launched a shopping app with a user-friendly interface. The app connects seamlessly with the store network to deliver omni-channel experience to the customers.



HYPERLOCAL

A true blue omni-channel initiative, Hyperlocal, delivers on speed and sustainability. Digital customers are shown products that are in the inventory of nearby stores and promised same-day delivery. After a successful pilot last year, we scaled up 'Hyperlocal' during the year and currently, this feature is live on 342 PE RED stores, and in the pilot stage on other brands.

Along with the speed of delivery, the key benefit of this initiative is that it helps mitigate the overall pollution caused due to delivery and returns. If this feature goes live in all our 3,700+ stores across brands, we will be able to cater to 20,000 pin codes in India with a reduced carbon footprint.

HYPER-PERSONALISATION

We entered a strategic partnership with Algomomy to deploy Hyper-Personalisation solutions across our brands. We will leverage the personalisation suite to craft truly seamless and 1:1 shopping experience across all consumer channels - website, app, email, and in-store, and across the ecommerce journey touch points for search, browse, product recommendations and content. Pantaloons will be the first brand to deploy personalisation and will be followed by other brands.

FORAY INTO D2C

At ABFRL, we want to build the next set of iconic brands in the digital space as we evolve with our changing consumers. This year, we announced our ambitious plan of setting up a dedicated company to enter the Direct to Consumer (D2C) business, as part of our strategy to build a portfolio of new-age, digital brands across categories in fashion, beauty and lifestyle segments. We strongly believe that the overall D2C market opportunity in India will be close to USD 100 billion by 2025.



Digitalisation

A comprehensive digital transformation programme is underway to drive ecommerce, enhance sustainability, build stronger engagement and affinity for our brands, harness efficiencies and manage risks.

The initiatives which were focused on and are explained in detail come under 3 strategic levels:



- 1 Improve prediction of style demand to reduce wastage of resources**
- 2 Reduce data's energy footprint and redundancy**
- 3 Make sustainability reporting traceable, digital, and accessible for all**

DECODING DEMAND

The statistics around the fashion industry's levels of waste are alarming from every angle: environmentally, economically, and ethically. Precise demand forecasting is the need of the hour. Aligning demand and supply means sustainable supply chains, massively reduced waste, and increased profits. In a changing and increasingly fraught market, this could be a mega competitive advantage at best and the difference between survival and closure, at the least.

To future proof our business, we have started leveraging data and advanced software algorithms to enhance the accuracy of our demand forecasting, ensuring that the voice of customers is heard better, and the learnings are passed on to the teams throughout the value chain.

To this end, some of the key projects include:

Demand Forecasting

The objective of this project is to build a system that forecasts Sales at a granular level (Style pack and Location level). The system uses historical sales data, and product master data to forecast future sales. The system also allows automated workflow and approval process which simplifies the business process of planning. Another benefit is that the tool provides sharper sales forecasts over a longer period. This will help brand teams in planning for production, supply and inventory. Sharper forecasts will lead to optimal planning and hence, optimal usage of inventory space and transportation.

Fabric Grading System

Our team rolled-out a B2B app to gather feedback from a network of over 1,000 stores. The feedback was gathered on upcoming fabric designs via 3D high-definition visuals for the products which would be delivered in stores in another 6 months. This feedback helps us in creating products to be at par with the market demand and hence, minimise wastage while maximising deployment of resources for manufacturing.

UPGRADING TO FUTURE-READY INFRASTRUCTURE

If there is one industry that changes at a similar speed as the fashion industry, it is IT and to retain one's competitive edge, it is vital to upgrade IT infrastructure to meet the new demands of the digital world. Utilising the full potential of interconnected devices and other smart technologies requires next-gen secure network connectivity, the ability to scale services with automation, and advanced analytics that enable timely, data-driven decisions.

Some of the key milestone projects undertaken to upgrade IT infrastructure across ABFRL include:

D365 Cloud Migration



ABFRL's MFL/Pantaloons and other business units migrated from the existing offline POS version to an Online POS application through D365 MPOS. The application helps easy scalability as per business growth needs. The initiative helped remove servers from our data centres and reduced the power consumption leading to reduction in carbon emissions.

Product Lifecycle Management (PLM)



Digitalisation brings transparency and accountability to project management. From product development to the sale in stores/online, we are digitalising PLM across the new and upcoming business units like Tasva, Pantaloons, etc. This deployment provides 360-degree seamless connectivity amongst all stakeholders (internal and the external supplier ecosystem) operating across the concept-to-shelf spectrum.

S/4 VB HANA - A Single Digital Core Platform



ABFRL's S/4 VB HANA, a 'single digital core' platform is vertically integrated from manufacturing to wholesale to retail, bringing more transparency and accountability to all stakeholders. Being an integrated platform, it reduces energy use, prevents data duplication, removes unneeded storage, and repurposes hidden space.

E-Invoicing



Pantaloons was the first large format retailer to replace physical paper invoices with digital ones, integrating customer information and feedback at 316 stores. This simple and well-executed digitalisation step led to a contactless shopping experience for our customers during the pandemic. It also continues to serve our purpose of communicating and capturing customer feedback. We have generated over 2 crore digital invoices so far.

SUSTAINABILITY DIGITAL DASHBOARD

We launched a cloud-based digital dashboard that tracks sustainability from end to end. It captures sustainability KPI data from various sources such as factories, stores, warehouses and offices, consolidates the data and generates reports and data trends. The data is captured in real-time and all sustainability KPIs and metrics are available for analysis in one dashboard, enabling timely and informed decisions based on hard data. This in-turn helps accelerate sustainability and to course correct in time if an initiative is veering off-course.

For more information on Sustainability Digital Dashboard, please refer to the environmental performance section of the report page no 33.

Innovation Centres Brand Sustainability

When the external environment is riddled with disruptions, business as usual will not yield the desired outcomes. Businesses need to not only ride the disruptions, but they also need to create their positive disruption to lead the market. The key to achieving this goal is constant innovation. At ABFRL, we have established centres which act as hubs of innovation.

BRAND DESIGN STUDIO

Brand Design Studios act as a catalyst in design conceptualisation and facilitates creative, lifecycle thinking approach across the product portfolio for all the brands. All our brands have a dedicated 'Brand Design Studio'.

TECHNOLOGY MANAGEMENT CENTRE (TMC)

TMC drives R&D in garmenting and supports prototyping for various categories like women's wear, kid's wear, casual, denim and ethnic wear. The centre strengthens our innovation capabilities and helps us respond swiftly in crucial times like developing cloth masks during COVID-19.

KNOWLEDGE MANAGEMENT CENTRE (KMC)

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

MANUFACTURING CENTRE OF EXCELLENCE

Centre of Excellence's have been established across all our manufacturing units to seamlessly drive product innovation, prototyping, sustainability and quality. CoE's also conduct periodic benchmarking assessment to identify and embed best practices in garmenting processes and the final product.

One can keep arguing about percentages, but data clearly shows that demand for environmentally friendly products is on the rise and consumers, regardless of their generation or industry, have upgraded their environmental - conscious mindset. The businesses of the future are going to be businesses that offer sustainable products.

In alignment with this macro-trend, product sustainability is a core focus at ABFRL. Our brands have adopted a lifecycle thinking approach and have enhanced their focus on delivering sustainable fashion through strategic interventions in design, sourcing, and manufacturing.

The accelerated push for enhancing the sustainability quotient can be witnessed in each brand in our portfolio.



LOUIS PHILIPPE

Green Crest

Green Crest aims to bring 'Responsible Luxury' to weave an eco-conscious future in Fashion Industry.

Guardrails

Products to have all of these or some of the attributes to qualify for Green Crest.

Fair Trade

Sustainable Development | Recycled/Natural Fabrics
Responsible Manufacturing | Ecological Dyes
Traceability | Sustainable Trims & Packaging



FAIR TRADE



SUSTAINABLE DEVELOPMENT



ECO FRIENDLY



RESPONSIBLE MANUFACTURING



RECYCLED FABRICS



ECOLOGICAL DYES



TRACEABILITY



BIODEGRADABLE



SUSTAINABLE PACKAGING



Products

Luxure

Linen Shirts, Linen Blazers, Linen Trousers under Luxure

Denim

End-to-end sustainable

Shoes

Formal Shoes sourced from Gold Rated Tannery certified by the leather working group

Polybags Packaging

All polybags in the brand have been shifted to recycled versions

All of the above products are available at the Louis Philippe store and have been well received by the customers.

Future Pipeline

Exploring options to cover the entire bottomwear range with recycled poly, viscose and shoes with recycled PU



Sustainable Packaging

15% of paper raw material is sourced organically. FSC Certified. Recyclable biodegradable, 40% PCW.

Sustainable Back patch & Lables

Recycled bonded leather and Recycled poly inner labels

Sustainable Metal Trims

Made with 0 hazardous components. Meets the human ecological requirement as per the test performed under STANDARD 100 by OEKO-TEX(R)

Recycled Cotton / Poly Fabric

(10% recycled PCW cotton / blend of recycle poly)

Washed with E-Flow Technology

(95% water savings, 90% less chemical, 40% less energy, 0 hazardous chemical)

Recycled Stitching Thread

Made with 0 hazardous components. Meets the human ecological requirement as per the test performed under STANDARD 100 by OEKO-TEX



Van Heusen Denim Labs to move towards environmentally responsible line delivering sustainable fashion.

- Moving the washing process of the denim, shirts, jeans and tees to cleaner processes
- Using zero liquid discharge plants and certified laundries for washing purposes
- Embracing sustainable packaging – single tag / no lamination tags / minimum color usage / biodegradable product bags
- Sewing with Secura/Epic Eco-sewing thread made from recycled material
- Enhancing communication – in store / website page / wash care label

Way Forward

- In-store communication on VH sustainability – products & care
- Vendor Code of Conduct for all VH partners
- No air shipments
- Transport partners for electric vehicles
- Local sourcing
- Calculation of carbon footprint at a basic level to decide the supply base
- Sharing best practices with partners
- Launch of laundry bags

Peter England has taken up multiple initiatives to reduce pollution, conserve water and contribute to create a better environment.

- Conversion of the Denim washing into a cleaner process; Certain proportion of denims processed at ZLD plants and certified laundries
- Sustainable Packaging across products in biodegradable bags / single tag per garment
- Using laser treatment for the washed look on Denim
- Eco Sewing thread made from recycled material
- Using recycled cotton / recycled poly / organic cotton
- Usage of zero discharge chemicals

Way Forward

- Increase usage of sustainable materials in the range
- Signature differentiated trims
- Exchange of old garments to stores and tie-up with mills for extraction of fibres
- Reusable shopping bags (Initiated in FY22)
- Beyond mandatory communication on the website – garment care, product features, etc.
- In-store communication on PE sustainability – products & care
- Vendor Code of Conduct for all PE partners
- Local sourcing





Sustainable Packaging

- Moved entire polybag packaging from non-biodegradable to biodegradable
- Introduced 'one tag per garment' across product categories
- Conceptualised and developed carry bags using pre-consumer waste textile generated at our factories, the bags shall be launched across prime stores
- Adopted goal to source 100% of packaging trims from sustainable raw materials

Sustainable Materials

- Focus on investing in better yarn and dyes for better product quality and durability

Sustainable Process

- Adopting laser treatment in denim washes with an objective to reduce water consumption across 25% of total denims

Sustainable Supply Chain

- Ensuring enhanced transparency and traceability by working exclusively with vendors who rank high on sustainability



PANTALOONS

Pantaloons is actively promoting usage of sustainable raw materials across the product portfolio leveraging on BCI Cotton and Liva.

Commitments 2023 – Driving Sustainable Fashion:

- All labels shall be made of 100% Recycled Polyester
- All brand tags shall be made using FSC-certified paper
- 100% apparel products will be wrapped with compostable biodegradable polybags
- A part of the denim range will be produced with the advanced technology of Ozone Bleach and Laser Washing, resulting in less water consumption

JAYPORE

Packaging

- Jaypore has adopted corrugated packaging for outer packaging and reusable muslin bags for inner packaging instead of polythene bags to ensure responsible packaging.
- The recovery rate for old, corrugated containers from recycling has hovered around 90% over the years. It is noteworthy that despite heavy volumes as an aggregator, we ensure the sustainability of packaging even if it comes at a high cost and expects the same from our partners.
- All brands selling on our portal have found unique ways to ensure sustainable packaging. However, due to the nature of some fragile Home products and to prevent oxidation of silver, we are forced to use plastic in a few places. We are committed to find alternatives for the limited current use of plastic as well.

Product

- More than 50% of the fabrics used in our products are made up of natural fibres, especially cotton and silk. These are renewable resources, can biodegrade and use less water, chemicals and energy than most other fibres. A large part of the business is handloom-based and continues to remain so even as the brand grows. This holds true for other brands and categories we sell on our platform as well. A lot of our product range adopts Upcycling and Recycling using older pre-loved/pre-owned fabrics, clothes and trims.

Sourcing

- We make it a priority to source from vendors who adopt responsible dyeing techniques. These dyes are not only biodegradable but non-toxic and non-allergic too. Unlike synthetic dyes, natural dyes neither contain harmful chemicals nor carcinogenic components and raw materials used, produce no waste.

MTO Business Model

- We have consciously kept as high as about 60% of our business model as Made to Order business, wherein, the garment is made only once the order is placed based on the product display on our ecommerce website. It's a much longer lead time but we have committed to grow the fraternity of consumers who are willing to wait for goods made responsibly and with love. This helps us to avoid excess inventory build-up and thereby, scrapping excess in models where 70% sell-through is considered high and ~ 30% is often scrapped.

Upcycling Vintage Brocade Sarees

CHALLENGE

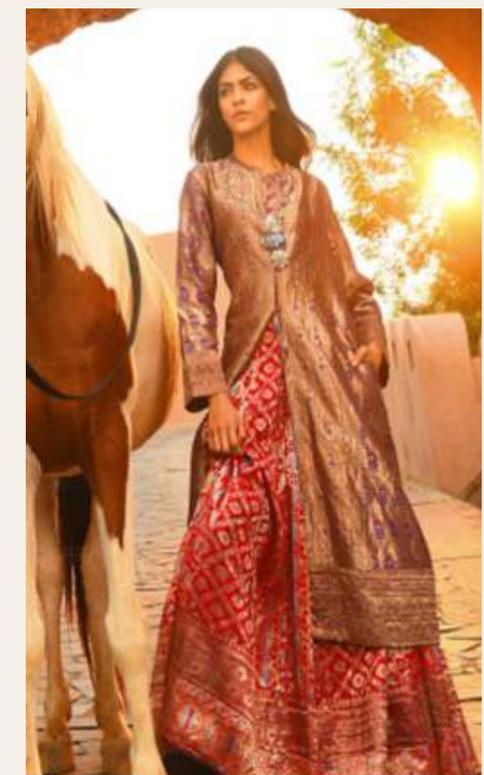
Indian women's wardrobe is incomplete without a brocade saree. These sarees are passed on for generations till they reach the end of their life, and later in the landfill or at the scrap vendor.

ACTION

Jaypore came up with a sustainable solution to solve this problem. The brand upcycled a series of brocade sarees to create a new range of products under the collection name Kalyaji- the Vintage Brocade Collection. The brand utilised USED sarees into making clothing essentials such as Lehenga, Jacket and Kurta.

OUTCOMES

This brocade collection was admired, and a 100% sell-through collection was achieved.



CASE STUDY



SHANTNU & NIKHIL

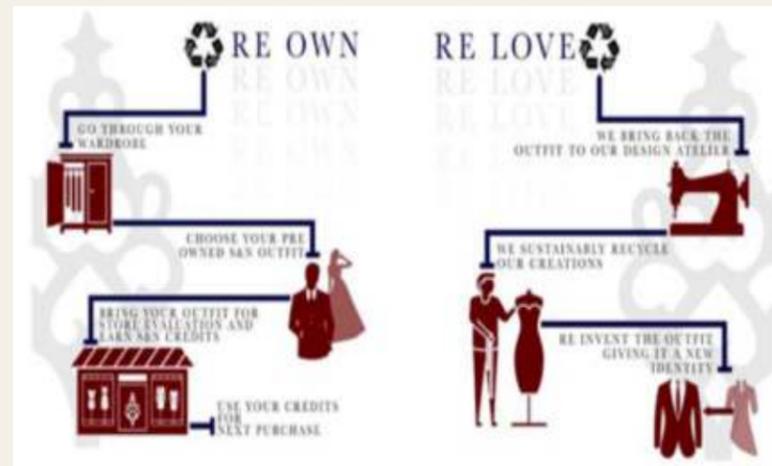
At Shantanu & Nikhil, our efforts are directed towards making a positive difference to society and the environment. Design thinking, which was till now an undercurrent, has moved to the centre of our decision-making process.

Sustainability Champions & Brand Friends



Buy-Back Programme

The programme allows consumers to exchange their old Shantanu & Nikhil outfits for credit values that they can use on their next purchase. This drives responsible consumerism and ensures controlled production at our end. Going forward, we will continue such efforts to become more circular and sustainable.



SABYASACHI CALCUTTA

Societal Sustainability - At Sabyasachi, we keep 'societal sustainability' very close to our hearts. Besides making quality products, we empower our artisans and weavers at the grassroots level by providing training in quality aspects and reducing waste, round the year.

We follow our cluster management cycle to keep the concept of sustainability alive through our products. Following our success in Benaras and Kanchipuram clusters, we now plan to connect with artisans, women workers, weavers, and other finishing artisans of Srinagar in FY23 for an exclusive cluster of Pashmina.



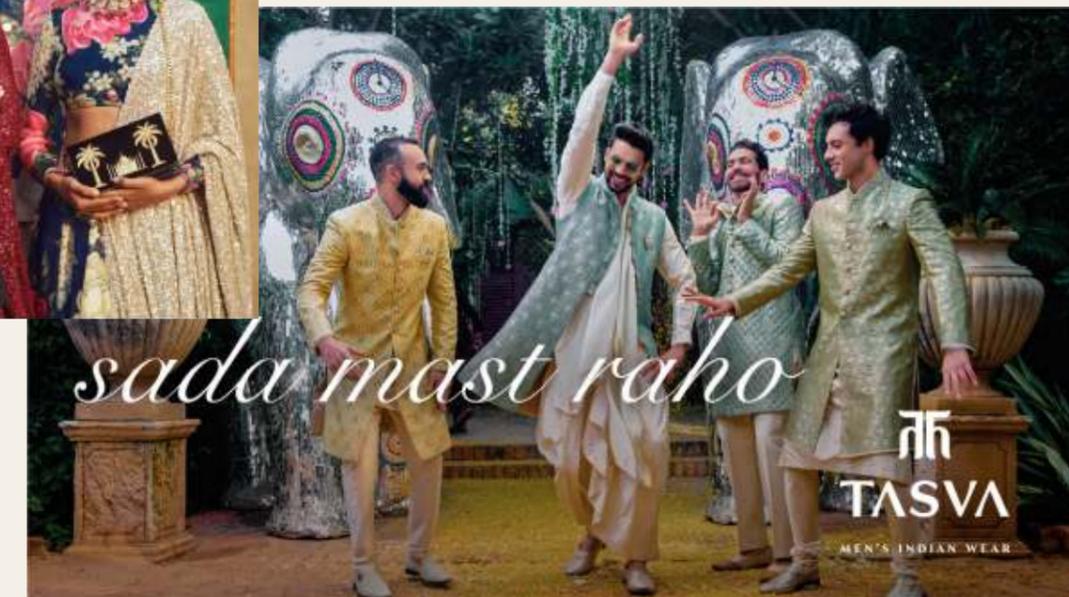
TASVA

TASVA – Global Indian, seeks to see Indian celebrations changed forever

- Promoting the handloom sector of Benaras
- Working with small weavers
- No use of plastic in the tags - replaced it with jute string

Accelerating action going forward

- Going de-plastic, the aim is to reduce the usage of plastic shrouds
- Sustainable packaging for garments
- Embracing recycling and reuse
- Working with green factories elevating the existing vendor base



TCFD Alignment

Climate Change is accelerating at an alarming rate with clear scientific evidence, and it is very likely that the needs of a sustainable world shall have impact on business to act proactively self-regulating the business ecosystem. We at ABFRL adopted a 'product-led' sustainability strategy taking into account the climate change impact across our business operations in accordance with global and national commitments including Paris Agreement on Climate Change, UN Sustainable Development Goals (SDGs).

In this journey, we at ABFRL are committed to implementing recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) around 4 thematic areas-governance, strategy, risk management, metrics and targets.

GOVERNANCE

Governance is the foundation for ABFRL's framework for overseeing climate-related issues. The overall corporate governance of ABFRL is executed through multi-tier sustainability governance mechanism that ensure the effective monitoring of climate-related risks with a focus on enabling robust, effective, transparent and an ethical ecosystem.

The sustainability governance structure comprises the Board of Directors, Risk Management and Sustainability Committee, Chief Sustainability Officer, and Format level teams, with specific roles and responsibilities.

Operating within the structure of a well-defined responsibility matrix, the Board is the apex committee instrumental in the adoption and overseeing the sustainability strategy, policies, and advising senior management regarding ESG initiatives of the organisation. The Board convenes half-yearly to discuss and decide on climate-related risks, strategies, and policies and reviews the performance of the Company.

The second layer constitutes the Risk Management & Sustainability Committee (RMSC) to monitor performance of ESG-related issues. The committee appraise the board of directors headed by the chairman on ESG-related issues during half-yearly meetings.

The Chief Sustainability Officer (CSO) leads the Sustainability Strategy and reviews the progress of Sustainability and CSR initiatives implementation across the business length and breadth and reviews the performance through periodic quarterly meeting. CSO also presents the updates to the RMSC and CSRC during the respective board committee meetings. The board committees grant sustainability and CSR budgets based on the inputs from the CSO.

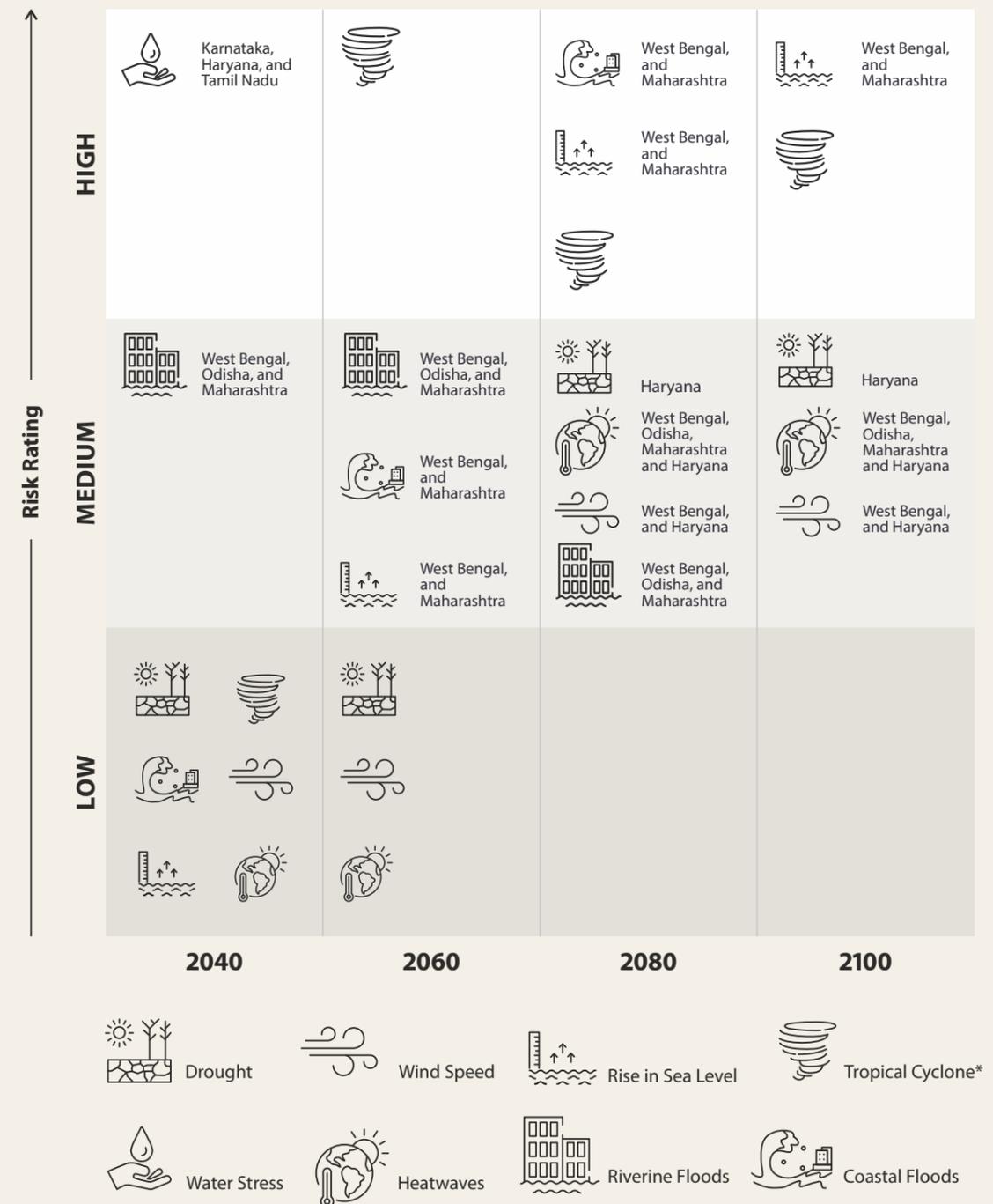
The last layer comprises Format level teams where bi-monthly meetings are held with business unit heads from factories, warehouses, brand level managers and retail to monitor sustainability and climate-related issues.

STRATEGY

ABFRL has adopted a sustainability strategy developed for 2025 under Re-Earth's Sustainability 2.0. programme with a vision 'to give back more than what we take from our ecosystem'. We have successfully transitioned to sustainability 2.0 - from 'Process-led to Product-led', with a focus on product design and development, customer centricity and supply chain. Climate risk assessment is accounted to further enhance sustainability actions and its future projections assisted in identifying the potential threats that may occur across operations.

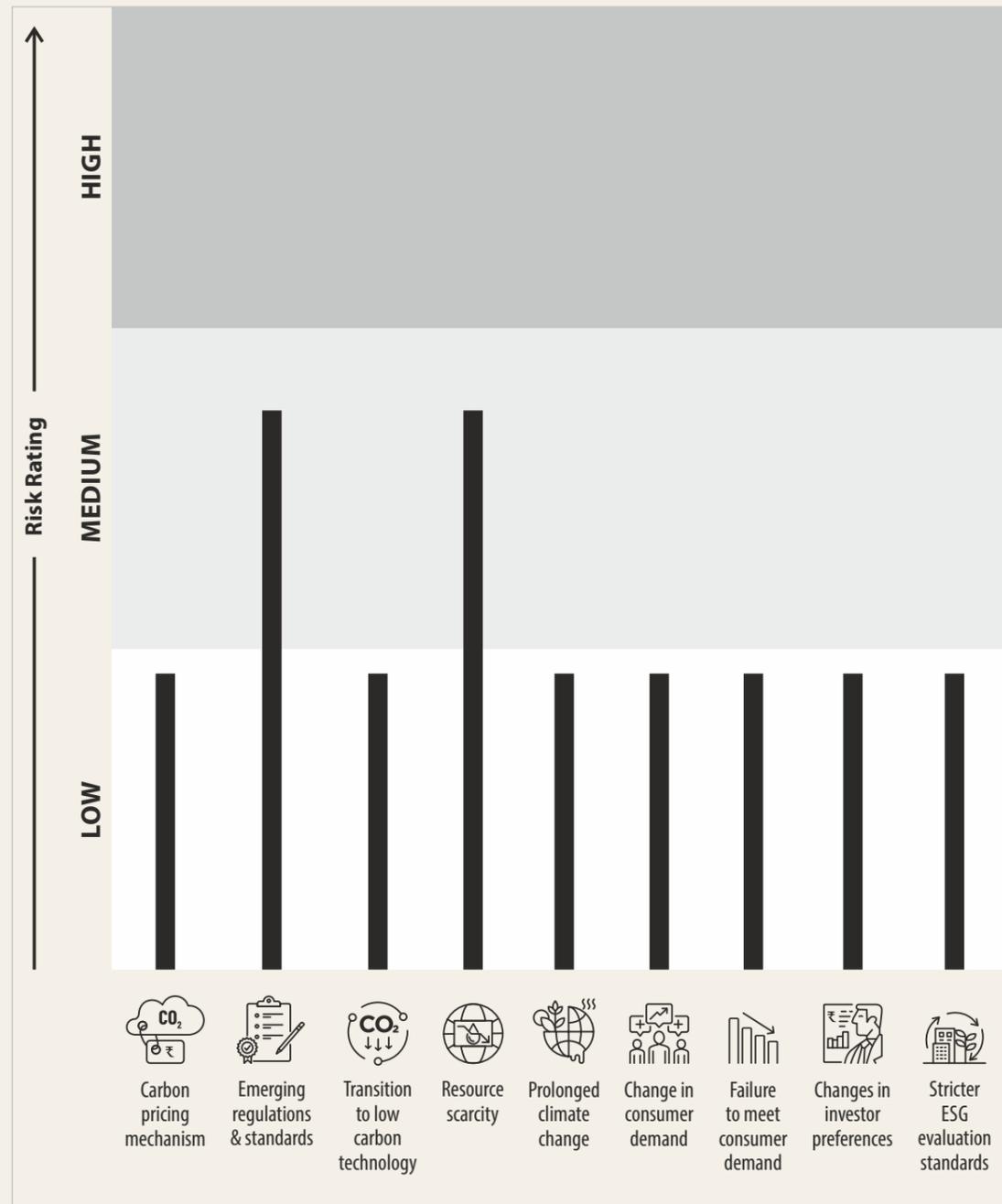
In accordance with TCFD guidelines, we at ABFRL have analysed the two integral risks i.e., Physical Risks and Transition Risks. The assessment of the associated physical and transition risks was carried out for all assets which included manufacturing units, warehouses, and retail stores. At ABFRL, we considered three-time horizons for assessing climate-related risks; risks arising up to 2030 were considered as short term, 2030-40 as medium-term, and above 2040 as long term. The associated physical risks were identified, and scenario analyses were performed considering the Representative Concentration Pathway (RCP) and Shared Socioeconomic Pathways (SSP).

Summary of Physical Risks



*Note: Tropical Cyclone Risk classification is from the perspective of whole of India

Summary of Transition Risks



Physical Risk & Opportunity

Risk	Risk description			Opportunity	Opportunity Description	
	Manufacturing	Warehouse	Stores			
Acute Risk	Drought	<ul style="list-style-type: none"> Increased cost of resources Increased water regulations Migration of workers & civic unrest 	<ul style="list-style-type: none"> Increased cost of resources Supply chain disruption due to civic unrest 	<ul style="list-style-type: none"> Store operation & maintenance problems due to shortage of water 	Efficient use of water resources	<ul style="list-style-type: none"> Further enhancing harnessing rainwater across operations & communities nearby Strengthen recycle & reuse thereby enhance usage of treated water Borewell recharge where applicable
	Riverine flood	<ul style="list-style-type: none"> Asset damage Disruption in production Supply chain disruptions Increased cost of resources post floods 	<ul style="list-style-type: none"> Inventory loss & asset damage Increased clean-up costs post floods Supply chain disruption 	<ul style="list-style-type: none"> Temporary shutdown of stores Looting and theft due to civic unrest post floods 	-	<ul style="list-style-type: none"> Ensure appropriate drainage pipelines with non-return valves Detailed business continuity plan Use of early warning system Insurance against flood risk
	Tropical cyclone	<ul style="list-style-type: none"> Property damage due to high-speed winds Supply chain disruptions 	<ul style="list-style-type: none"> Loss of inventory Property damage Supply chain disruption 	<ul style="list-style-type: none"> Temporary shutdown of stores Power shut down for several days or months 	Resilient buildings	<ul style="list-style-type: none"> Retrofitting of non-engineered structures Adopting guidelines to build an engineered structure, while developing or selecting new assets Use of prediction and early warning system
	Wind hazard	<ul style="list-style-type: none"> Increase in the cost of power backup Temporary shutdown 	<ul style="list-style-type: none"> Warehouse & inventory damage Temporary shutdown 	<ul style="list-style-type: none"> Building damage Temporary shutdown of stores 		
Acute Risk	Sea level rise	<ul style="list-style-type: none"> Permanent shutdown due to coastal flooding Increased cost of raw materials due to supply chain disruption 	<ul style="list-style-type: none"> Permanent shutdown due to coastal flooding Significant impact on supply chain disruption 	<ul style="list-style-type: none"> Higher operational cost due to supply chain disruptions Permanent shutdown of stores due to flooding in low-lying areas 	-	<ul style="list-style-type: none"> Coastal hazard zoning and future prediction on sea-level rise Elevated development of buildings
	Heat Wave	<ul style="list-style-type: none"> Increase in cooling costs Heat stress and worker's fatigue 	<ul style="list-style-type: none"> Increase in cooling costs Heat stress and worker's fatigue 	<ul style="list-style-type: none"> Increase in cooling costs Lower footfall to stores 	Alternate product development like solar AC and boost for solar rooftop	<ul style="list-style-type: none"> Adoption of renewable energy resources and energy efficiency measures Prediction and preparedness for heatwaves

Risk	Risk description			Opportunity	Opportunity Description
	Manufacturing	Warehouse	Stores		
Chronic Risk	Coastal Floods	<ul style="list-style-type: none"> Asset damage Supply chain disruptions Increased procurement costs due to an increase in the cost of port infrastructure 	<ul style="list-style-type: none"> Inventory loss Significant impact on supply chain disruption 	<ul style="list-style-type: none"> Property damage and inundation of low-lying areas 	<ul style="list-style-type: none"> Increased resiliency and moving to safe locations Coastal hazard zoning and future prediction on sea-level rise Insurance against coastal flood risk Development of engineered structures such as flood barrier walls, levees, and sea walls
	Water Stress	<ul style="list-style-type: none"> Increased water sourcing costs Workforce migration Competition & conflicts regarding sharing of available water resources 	<ul style="list-style-type: none"> Increased water sourcing costs Operation & maintenance problems 	<ul style="list-style-type: none"> Store operation & maintenance problems due to shortage of water Decreased sales & revenue 	<ul style="list-style-type: none"> Enhanced water efficiency Installation of rainwater harvesting structures in buildings Identify the potential to use treated wastewater Watershed development

Transition Risk & Opportunity

	Risk	Risk description	Opportunity	Opportunity Description
Policy & legal	Carbon pricing mechanism and carbon taxation	<ul style="list-style-type: none"> Imposition of policy and regulatory controls on carbon emissions Increased operational obligation Increased fixed costs in operations 	<ul style="list-style-type: none"> Renewable energy resources Boost towards low carbon technology Capitalizing carbon market 	Cost control rises in the supply chain due to a reduction in variable costs by promoting resource efficiency, introducing renewable energy, and reducing overall production costs
	New environmental regulations and standards	<ul style="list-style-type: none"> Increased cost of operation due to the requirement of pollution control equipment Increased regulatory costs leading to an increase in product cost 	<ul style="list-style-type: none"> Boost towards low carbon technology 	Strict regulations to promote low carbon technology development
Technology	Transition to low carbon technology	<ul style="list-style-type: none"> Initial capital investment for installation or replacement costs for efficient low-carbon technologies 	<ul style="list-style-type: none"> Increase in sales volume Better lead time 	Using low carbon technology enhances the company's reputation and leads to an increase in sales volume due to green marketing
Market	Resource Scarcity & growing demand	<ul style="list-style-type: none"> Resource scarcity may necessitate transportation from alternate/neighbouring geography resulting in increased production cost and scope 3 emissions 	<ul style="list-style-type: none"> Alternate raw materials 	Promotes research and development towards environment-friendly substitute raw materials which may be locally made or available
	Prolonged changing climate and extreme weather situations	<ul style="list-style-type: none"> Asset damage Disruption in supply chain 	<ul style="list-style-type: none"> New product and service development 	Appropriate product-market fit, resilient operations and supply chain will give the company an edge over its competitors and lead to an increase in market share

	Risk	Risk description	Opportunity	Opportunity Description
Market	Changes in consumer demand for low carbon products and services	<ul style="list-style-type: none"> Decline in sales for not meeting low carbon product requirement Reduction in demand for conventional products 	<ul style="list-style-type: none"> Increase in demand for sustainable products New product and service development 	Increased demand for products that address environmental change
	Failure to meet consumer demand	<ul style="list-style-type: none"> Reputation damage for not meeting the shift in consumer demand for sustainable products on time 	<ul style="list-style-type: none"> Early adoption of the sustainable manufacturing process 	Early adoption and development of sustainable products enhance the company's reputation
Reputation	A shift in consumer and investor behaviour and preferences	<ul style="list-style-type: none"> Increasing awareness of environmental impacts may lead to negative stakeholder responses to the firm's actions toward adverse climate incidents 	<ul style="list-style-type: none"> Better stakeholder engagement New product and service development 	<ul style="list-style-type: none"> Opportunity to carry out stakeholder engagement and develop a holistic mitigation measure Opportunity to enhance brand reputation by introducing products in line with the customer preference
	Stricter ESG evaluation standards or disclosure requirements	<ul style="list-style-type: none"> Decline in reputation due to non-reporting or inappropriate disclosure of sustainability data on public platforms 	<ul style="list-style-type: none"> Consistent disclosure to the stakeholders on non-financial Key Performance Indicators (KPI) 	Sustainability disclosures on a regular basis (annually) increase the trust among the stakeholders

RISK MANAGEMENT



Peer assessment and scenario analysis are conducted to identify climate-related risks using various tools. The physical and transition risks are analysed under multiple RCP scenarios (RCP 2.6, RCP 4.5, RCP 6, RCP 8.5), SSP scenarios (SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP3-7.0, SSP5-8.5) and WEO scenarios (Net Zero Emissions by 2050 Scenario (NZE), the Announced Pledges Scenario (APS), the Stated Policies Scenario (STEPS), and the Sustainable Development Scenario (SDS)). The identified risks are mapped as a low, medium, and high based on their potential impact and likelihood. This mapping also includes stakeholder consultation from different departments and internal experts' consideration of applicable existing and emerging regulatory requirements. Apart from scenario analysis, at ABFRL we have a robust Enterprise Risk Management framework that helps identify, evaluate, mitigate, and report risks. Please refer Risk Management, Future Proofing

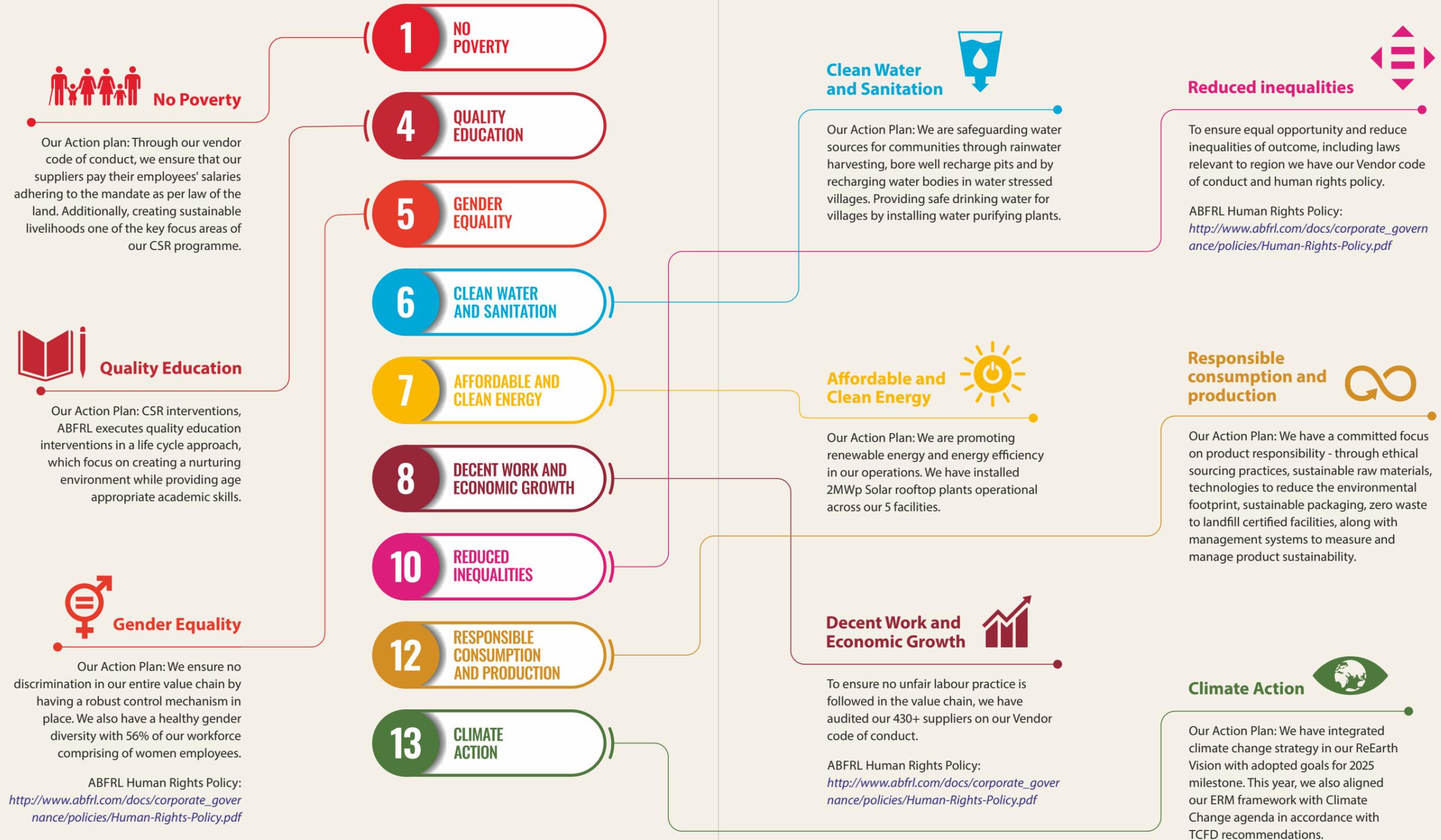
METRICS AND TARGETS



Our sustainability strategy 2025 is well supported by yearly targets, efficient monitoring and evaluation framework and clear responsibilities that help align and steer day-to-day business operations across the organization.

At ABFRL, our climate strategy and respective targets are well-defined in alignment with Science Based Target Initiative (SBTi) approach and further cascaded to respective facilities and functions. Our climate targets which drive climate change agenda across the business operations, performance across Scope 1, 2 and 3 emissions and respective targets can be referred through 'ReEarth Mission - Status Dashboard FY22' and 'Climate Strategy, Environment Stewardship'.

SDG Mapping



No Poverty

Our Action plan: Through our vendor code of conduct, we ensure that our suppliers pay their employees' salaries adhering to the mandate as per law of the land. Additionally, creating sustainable livelihoods one of the key focus areas of our CSR programme.



Quality Education

Our Action Plan: CSR interventions, ABFRL executes quality education interventions in a life cycle approach, which focus on creating a nurturing environment while providing age appropriate academic skills.



Gender Equality

Our Action Plan: We ensure no discrimination in our entire value chain by having a robust control mechanism in place. We also have a healthy gender diversity with 56% of our workforce comprising of women employees.

ABFRL Human Rights Policy:
http://www.abfrl.com/docs/corporate_governance/policies/Human-Rights-Policy.pdf

1 NO POVERTY

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Clean Water and Sanitation



Our Action Plan: We are safeguarding water sources for communities through rainwater harvesting, bore well recharge pits and by recharging water bodies in water stressed villages. Providing safe drinking water for villages by installing water purifying plants.

Affordable and Clean Energy



Our Action Plan: We are promoting renewable energy and energy efficiency in our operations. We have installed 2MWp Solar rooftop plants operational across our 5 facilities.

Decent Work and Economic Growth



To ensure no unfair labour practice is followed in the value chain, we have audited our 430+ suppliers on our Vendor code of conduct.

ABFRL Human Rights Policy:
http://www.abfrl.com/docs/corporate_governance/policies/Human-Rights-Policy.pdf

Reduced inequalities



To ensure equal opportunity and reduce inequalities of outcome, including laws relevant to region we have our Vendor code of conduct and human rights policy.

ABFRL Human Rights Policy:
http://www.abfrl.com/docs/corporate_governance/policies/Human-Rights-Policy.pdf

Responsible consumption and production



Our Action Plan: We have a committed focus on product responsibility - through ethical sourcing practices, sustainable raw materials, technologies to reduce the environmental footprint, sustainable packaging, zero waste to landfill certified facilities, along with management systems to measure and manage product sustainability.

Climate Action



Our Action Plan: We have integrated climate change strategy in our ReEarth Vision with adopted goals for 2025 milestone. This year, we also aligned our ERM framework with Climate Change agenda in accordance with TCFD recommendations.

Assurance Statement

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INDEPENDENT ASSURANCE

OPINION STATEMENT

Statement No: **SRA-IND-717758-4**

Aditya Birla Fashion and Retail Limited (ABFRL) Sustainability Report 2021-22

The British Standards Institution is independent to ABFRL and has no financial interest in the operation of ABFRL other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for ABFRL only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of ABFRL.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by ABFRL. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to ABFRL only.

Scope

The scope of engagement agreed upon with ABFRL includes the following:

1. The assurance covers the ABFRL's Sustainability Report 2021-22 prepared "in accordance" with GRI Standards – Core option and focuses on systems and activities of ABFRL covering the corporate offices in Mumbai and Bengaluru, factories, warehouses and retail stores during the period from 1st April 2021 to 31st March 2022.

2. The AA1000 Assurance Standard, AA1000AS v3, Type 1 engagement evaluates the nature and extent of ABFRL's adherence to all four AA1000 AccountAbility Principles: Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the report has been evaluated.

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Opinion Statement

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance standard, AA1000AS v3 and GRI Standards 2020. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that ABFRL's description of their self-declaration of compliance with the GRI Standards were fairly stated.

We conclude that the ABFRL's Sustainability Report 2021-22 Review provides a fair view of the ABFRL's ReEarth Sustainability Programme & CSR programmes and performances during FY 2021-22. We believe that the 2021-22 economic, social and environment performance disclosures are fairly represented. The sustainability performance disclosures disclosed in the report demonstrate ABFRL's efforts recognized by its stakeholders. The intended users of our assurance report are the management and stakeholders of ABFRL.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top-level review of issues raised by external parties that could be relevant to ABFRL's policies to provide a check on the appropriateness of statements made in the report
- Discussion with senior executives and their external consultant on ABFRL's approach and methodology of collection and evaluation of stakeholder engagement. We had no direct contact with external stakeholders
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out
- Review of key organizational developments
- Review of supporting evidence for claims made in the reports
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000 AccountAbility Principles Standard v3.
- A sample-based assessment of the reliability and quality of information as company's performance provided in the Sustainability Report

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out below:

Inclusivity

Aditya Birla Fashion and Retail Ltd. (ABFRL) is in the branded apparel businesses and is host to a fashion network which includes 3400+ ABFRL brand outlets, a footprint of 9.2 million sq. ft. of retail space across 850+ cities and towns. In this Sustainability Report, material data disclosed is primarily restricted to the corporate offices in Mumbai and Bengaluru, factories, warehouses and retail stores unless otherwise specified.

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Stakeholders as relevant to the business chiefly comprised of investors, employees, customers, suppliers, regulatory authorities, media, industry associations, communities, NGOs and peer companies. Stakeholder engagement exercise was carried out to engage with prioritized stakeholders from each of these groups through deliberation. This report has reflected a fact that ABFRL is seeking the engagement of its stakeholders through numerous channels such as client feedback review reports, client surveys, supplier workshops and an internal cross generation communication survey (through questionnaires).

The process of stakeholder engagement clearly addresses the various types of stakeholders involved, their modes of engagement together with their frequencies of interaction. Stakeholder interaction exercise has been conducted across own operations covering senior management and mid management to identify and understand their concerns among the identified universe of material topics.

This report covers the stakeholder issue together with fair reporting and disclosures for economic, social and environmental information. In our professional opinion, the report covers the ABFRL's inclusivity issues that demonstrates participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Materiality

ABFRL publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. Issues are determined to be material at ABFRL when it meets the following conditions (a) Impact on Business and (b) Importance to Stakeholder. The material topics identified are Water Management, Waste Management, Health & Safety, Sustainable product, Packaging, Economic Performance, Market Presence, Energy, Emissions, Compliance, Training, Diversity etc. Compared to the previous report, ABFRL have reworked and revised their material topics and yet chosen to report on a few of the previous year's material topics which are not material for FY'22.

In our professional opinion the report covers the ABFRL's material issues by using ABFRL materiality matrix and boundary mapping and nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness

ABFRL has implemented the practice to respond to the expectations and perceptions of its stakeholders. The Report brings out ABFRL's feedback and responses on key concerns, expectations and issues raised by its key stakeholders through its policies, strategies, management systems and governance mechanisms that the Company has established. In our professional opinion nothing has come to our attention to suggest that the responses related to identified material topics are not adequately represented in the Report.

Impact

ABFRL has also demonstrated that adequate systems are in place to monitor, measure and be accountable for their actions that affect the economy, the environment, society, stakeholders and the organisation itself.

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GRI-reporting

ABFRL provided us with their self-declaration of compliance GRI Standards and the classification to align with "In accordance" - Core.

Based on our verification review, we are able to confirm that social responsibility and sustainable development disclosures in all 3 categories (Environmental, Social and Economic) are reported with reference to "In accordance" with the GRI Standards - Core option.

The majority of data and information was verified through on-site verifications (manufacturing unit, Warehouses) and found to be fairly accurate and reliable. ABFRL has commenced implementing an integrated sustainability digital dashboard in FY19 for monitoring and reviewing and validating data at various levels. ABFRL also has a strong internal assurance team which ensures strengthening the assurance process for the missions and performance disclosures.

In our professional opinion the self-declaration covers ABFRL's social responsibility and sustainability issues. On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly describe the following sustainability disclosures as stipulated in the GRI Standards.

- GRI 302: Energy 2016 - 302-1, 302-2, 302-3, 302-4
- GRI 303: Water 2018 - 303-1, 303-3
- GRI 305: Emissions 2016 - 305-1, 305-2, 305-3, 305-4, 305-5
- GRI 306: Waste 2020 - 306-2, 306-4, 306-5
- GRI 307: Environmental Compliance 2016 - 307-1
- GRI 403: Occupational Health and Safety 2018 - 403-1, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10
- GRI 413: Local Communities 2016 - 413-1
- GRI 404: Training & Education 2016 - 404-2, 404-3
- GRI 414: Supplier Social Assessments - 414-1, 414-2
- GRI 405: Diversity and Equal Opportunity - 405-1

Competency and Independence

The assurance team was composed of lead auditors experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Standard, AA1000, ISO10002, ISO 14001, OHSAS 18001, and ISO 9001, etc. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

Assurance Level

The type 1 moderate level of assurance provided is in accordance with AA1000 Assurance standard, AA1000AS v3 and GRI Standards 2020 in our review as defined by the scope and methodology described in this statement.

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**Responsibility**

It is the responsibility of ABFRL's senior management to ensure the information presented in the Sustainability Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Reliability

The assurance statement on the performance was issued based on the evidence collected from ground level provided by the employees of ABFRL. The sample selection was on random basis and selection is done by BSI auditor. The sampled sites covered manufacturing units and warehouses included in the reporting boundary. The assurance team was convinced that the performance information presented in the report are reliable and representative.

Quality

The quality of information was checked through cross verification of data. Field level measurement and records were verified with the procurement and supply chain invoices/bills. Interview with the responsible persons detailed the activities, maintenance, and process performance. The fitness of the measuring devices, frequency of measurement and recording, competency of the person concerned, and review & approval of information were checked and found in conformance.

Performance Information

ABFRL Sustainability Report FY'22 has addressed their Environment, Social and Governance performance through GRI indicators. The assurance team has evaluated the requirements of the GRI indicators for general disclosures and those relevant to the material topics only.

For the specific data presented in the report, minimal technical/compilation errors were identified during the sampling process which were corrected for the final report.

Based on the processes and procedures conducted with a limited assurance, there is no evidence that the Environmental and Social data and information are not materially correct and are not a fair representation of their Environmental and Social performance.

For and on behalf of BSI:

Kumaraswamy Chandrashekara
Head – System Certification Operations, BSI Group India
New Delhi, India

19 08 2022



GRI Standard Content Index

The table below provides the linkage between the material aspects identified through our materiality assessment exercise & GRI Standard 2020 aspect, followed by the GRI Standard 2020 content index.

GRI Indicators	Description	Cross Reference / Direct Answer	FY22 Status	Page Number
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GENERAL DISCLOSURE (100 SERIES)

Organization Profile

102-1	Name of the organization	Cover Page	Reported	Cover page
102-2	Activities, brands, products, and services	Company Profile	Reported	5
		There is no sale of banned or disputed products		
102-3	Location of headquarters	Mumbai, India	Reported	12
102-4	Location of operations	The Company has pan-India operations	Reported	12
102-5	Ownership and legal form	ABFRL is a public limited Company registered under the Companies Act, 1956	Reported	5
102-6	Markets served	Mostly Indian market	Reported	6
102-7	Scale of the organization	Company Profile	Reported	8
		People Performance	Reported	62
		Financial Performance	Reported	56
102-8	Information on employees and other workers	People Performance	Reported	64
102-9	Supply chain	Financial and Product Performance	Reported	60, 147
102-10	Significant changes to the organization and its supply chain	There were no significant change during reporting period regarding size, structure or ownership	Reported	12, 147
102-11	Precautionary Principle or approach	Sustainability & Us	Reported	13
		Future Proofing	Reported	173
102-12	External initiatives	Company Profile	Reported	11
102-13	Membership of associations	Company Profile	Reported	11

Strategy

102-14	Statement from senior decision-maker	Message from the Chairman, the Managing Director and the Chief Sustainability Officer	Reported	1- 4
102-15	Key impacts, risks, and opportunities	Sustainability & Us Stakeholder Engagement Future Proofing	Reported	17 159 175

Ethics and Integrity

102-16	Values, principles, standards, and norms of behaviour	Corporate Governance	Reported	25
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GRI Indicators	Description	Cross Reference / Direct Answer	FY22 Status	Page Number
Governance				
102-18	Governance structure	Corporate Governance	Reported	27
102-20	Executive level responsibility for economic, environmental, and social topics	TCFD Annexure	Reported	191
102-21	Consulting stakeholders on economic, environmental, and social topic	Stakeholder Engagement	Reported	161
102-22	Composition of the highest governance body and its committees	Corporate Governance	Reported	28
102-29	Identifying and managing economic, environmental, and social impacts	Stakeholder Engagement - Materiality	Reported	169
102-30	Effectiveness of risk management processes	TCFD Annexure	Reported	175, 196
102-31	Review of economic, environmental, and social topics	TCFD Annexure	Reported	191
102-32	Highest governance body's role in sustainability reporting	TCFD Annexure	Reported	191
Stakeholder Engagement				
102-40	List of stakeholder groups	Stakeholder Engagement	Reported	162
102-41	Collective bargaining agreements	People and Product Performance	Reported	80, 149, 162
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	Reported	161
102-43	Approach to stakeholder engagement	Stakeholder Engagement	Reported	161
102-44	Key topics and concerns raised	Stakeholder Engagement	Reported	162
Reporting Practice				
102-45	Entities included in the consolidated financial statements	All entities covered in: https://www.abfirl.com/investors/financial-and-other-reports/	Reported	
102-46	Defining report content and topic Boundaries	Reporting Scope & Boundary	Reported	12
102-47	List of material topics	Stakeholder Engagement	Reported	169
102-48	Restatements of information	Financial Performance	Reported	57
102-49	Changes in reporting	Reporting Scope & Boundary	Reported	12
102-50	Reporting period	Financial Year 2021-22	Reported	12
102-51	Date of most recent report	Sustainability Report 2020-21	Reported	12
102-52	Reporting cycle	Annual	Reported	12
102-53	Contact point for questions regarding the report	Reporting Scope Boundary and Framework	Reported	12
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Scope Boundary and Framework	Reported	12
102-55	GRI content index	GRI Standard Content Index	Reported	205
102-56	External assurance	Assurance Statement	Reported	199

GRI Indicators	Description	Cross Reference / Direct Answer	FY22 Status	Page Number
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ECONOMIC DISCLOSURE (200 SERIES)

Economic Performance

201-1	Direct economic value generated and distributed	Financial Performance	Reported	57
201-2	Financial implications and other risks and opportunities due to climate change	Annexures: TCFD Alignment	Reported	193
201-3	Defined benefit plan obligations and other retirement plans	People Performance	Reported	73

Market Presence

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	People Performance	Reported	72
205-3	Confirmed incidents of corruption and actions taken	Management Approach	Reported	80
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Stakeholder Engagement	Reported	166

ENVIRONMENT DISCLOSURES (300 SERIES)

Energy

302-1	Energy consumption within the organization	Environment Performance	Reported	40
302-2	Energy consumption outside of the organization	Environment Performance	Reported	40
302-3	Energy intensity	Environment Performance	Reported	40
302-4	Reduction of energy consumption	Environment Performance	Reported	41

Water

103-1	Explanation of the material topic and its Boundary	Water Mission	Reported	42
103-2	The management approach and its components	Water Mission	Reported	42
103-3	Evaluation of the management approach	Water Mission	Reported	42
303-1	Interactions with water as a shared resource	Water Mission	Reported	43
303-3	Water withdrawal	Water Mission	Reported	42
303-4	Water Discharge	Water Mission	Reported	42
303-5	Water Consumption	Water Mission	Reported	42

Emissions

305-1	Direct (Scope 1) GHG emissions	Climate Strategy	Reported	54
305-2	Energy indirect (Scope 2) GHG emissions	Climate Strategy	Reported	54
305-3	Other indirect (Scope 3) GHG emissions	Climate Strategy	Reported	54
305-4	GHG emissions intensity	Climate Strategy	Reported	54
305-5	Reduction of GHG emissions	Climate Strategy	Reported	54
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Climate Strategy	Reported	54

GRI Indicators	Description	Cross Reference / Direct Answer	FY22 Status	Page Number
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Effluents and Waste

103-1	Explanation of the material topic and its Boundary	Circular Economy	Reported	50
103-2	The management approach and its components	Circular Economy	Reported	50
103-3	Evaluation of the management approach	Circular Economy	Reported	50
306-1	Waste generation and significant waste-related impacts	Circular Economy	Reported	51
306-2	Management of significant waste-related impacts	Circular Economy	Reported	51
306-3	Waste generated	Circular Economy	Reported	51
306-4	Waste diverted from disposal	Circular Economy	Reported	51
306-5	Waste directed to disposal	Circular Economy	Reported	51

Environmental Compliance- Regulatory Requirements

307-1	Non-compliance with environmental laws and regulations	Environment Performance	Reported	38
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Sustainable Product

103-1	Explanation of the material topic and its Boundary	Product Responsibility	Reported	135
103-2	The management approach and its components	Product Responsibility	Reported	135
103-3	Evaluation of the management approach	Product Responsibility	Reported	135
Non GRI	Sustainable Product	Product Responsibility	Reported	135

Packaging

103-1	Explanation of the material topic and its Boundary	Product Responsibility	Reported	143
103-2	The management approach and its components	Product Responsibility	Reported	143
103-3	Evaluation of the management approach	Product Responsibility	Reported	143
Non GRI	Packaging	Product Responsibility	Reported	143

SOCIAL DISCLOSURES**Employee Engagement**

401-1	New employee hires and employee turnover	People Performance	Reported	65, 81
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People Performance	Reported	73
401-3	Parental leave	People Performance	Reported	73

GRI Indicators	Description	Cross Reference / Direct Answer	FY22 Status	Page Number
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Occupational Health and Safety

103-1	Explanation of the material topic and its Boundary	Safety Performance	Reported	89
103-2	The management approach and its components	Safety Performance	Reported	89
403-1	Occupational health and safety management system	Safety Performance	Reported	93
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety Performance	Reported	93
403-5	Worker training on occupational health and safety	Safety Performance	Reported	96
403-6	Promotion of worker health	Safety Performance	Reported	103
403-8	Workers covered by an occupational health and safety management system	Safety Performance	Reported	99
403-9	Work-related injuries	Safety Performance	Reported	99
403-10	Work-related ill health	Safety Performance	Reported	103

Training and Education

404-2	Programmes for upgrading employee skills and transition assistance programmes	People Performance	Reported	68
404-3	Percentage of employees receiving regular performance and career development reviews	People Performance	Reported	70

Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	Organization Structure	Reported	28
405-2	Ratio of basic salary and remuneration of women to men	People Performance	Reported	72

Child Labor

408-1	Operations and suppliers at significant risk for incidents of child labor	Product Performance	Reported	149
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Security Practices

410-1	Security personnel trained in human rights policies or procedures	People Performance	Reported	82
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Forced or Compulsory Labour

412-1	Operations that have been subject to human rights reviews or impact assessments	Product Performance	Reported	149
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Local Communities

413-1	Operations with local community engagement, impact assessments, and development programs	Social Performance	Reported	109
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GRI Indicators	Description	Cross Reference / Direct Answer	FY22 Status	Page Number
Supplier Social Assessment				
414-1	New suppliers that were screened using social criteria	Supply Chain Sustainability	Reported	150
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Sustainability	Reported	150
Marketing and Labelling				
417-2	Incidents of non-compliance concerning product and service information and labelling	Product Performance	Reported	154
417-3	Incidents of non-compliance concerning marketing communications	Stakeholder Engagement	Reported	166
Customer Privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Centricity	Reported	154

ADITYA BIRLA



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