



VIKRAM WOOLLENS

SUSTAINABILITY REPORT FY 15



ADITYA BIRLA GROUP
Domestic Textiles Business

VISION
"To build leadership position in Linen and be a preferred choice for consumers & customers in Wool & Polyester Viscose segments through Innovative Products, Brand Building and Superior Service."

MISSION
"To Achieve a revenue of Rs. 3,000 Crs and Rs. 400 Crs EBITDA by 2017."

VIKRAM WOOLLENS
(A Unit of Grasim Industries Ltd.)

VISION
"To be No. 1 supplier of Worsted Spun Wool Blended and Specialty yarns in the domestic market."

MISSION
"To achieve revenue of Rs. 125 Cr. By FY 2017."

Our Values

Integrity	Commitment
Passion	Teamwork
Speed	Transparency

MANUFACTURING

Chairman's Message

"To position ourselves as the Leading edge, world class corporation, in an increasingly competitive and borderless World, our Group's carefully crafted strategy revolves around our customers, our employees and our shareholders. Our aim is to deliver Value to those key constituents. In Our endeavour to attain our goals, the World Class Manufacturing Program will be the driving force of all of our operations. We have to inculcate a Culture which aims for Zero defects, Zero Accidents, Zero Breakdowns, Zero Pollution, Zero Customer complaints and Zero Losses through Zero Abnormality Movement"

"Beat the Best"

EIGHT TYPES OF ABNORMALITIES

1. Minor Flaws- (Accumulation, Damage, Play, Slackness, Abnormal Dimensions & Adhesion)
2. Unfulfilled basic conditions- (Lubrication/Coolant, Lubrication Supply, Oil Level Gauges, Tightening, Measuring Instruments)
3. Inaccessible Places- (Cleaning, Checking, Lubricating, Tightening, Operation And Adjustments)
4. Contamination sources- (Product, Raw Materials, Lubricants, Gases, Liquids, Scrap & others)
5. Quality Defect Sources- (Foreign matter, Shock, Moisture, Grain Size, Concentration & Viscosity)
6. Unnecessary/ Non urgent Items- (Machinery, Piping Equipment, Measuring Instruments, Electrical Equipment, Jigs and Tools, Spare Parts & Make shift repairs)
7. Unsafe Areas- (Floors, Steps, Lights, Rotating machinery, Lifting Gear & Others)
8. Unsafe practices- (Human, Safety Equipment & Inadequate Information)

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PAVING THE PATH FOR FUTURE PROOFING

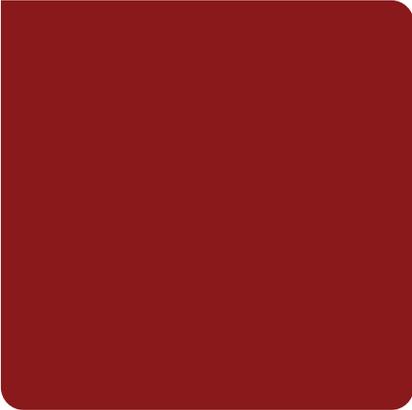
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FOREWORD BY BUSINESS HEAD

Dear Reader,

Businesses should be run not just with the purpose of making profits but to create enduring value. We believe that purpose of our business is not just to be answerable to our shareholders but to touch the lives of our employees, customers, suppliers and the communities at large. All of our stakeholders, in different measures play an important role in sustaining our business. All the entities in textile business have voluntarily adopted the Aditya Birla Group's framework for sustainable business i.e. Responsible Stewardship, Stakeholder Engagement and Future Proofing. Our journey started two years ago and this is our first sustainability report. We view this report as a part of our continued commitment to our stakeholders and an important element of our accountability to them.

Our journey at VW has been adventurous. This report is the testimony to that fact that we have accepted the challenges of sustainability despite adverse market conditions. Having undergone this journey, my colleagues and myself are convinced that sustainability does pave the way for being

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responsive to the environment, collaborative and innovative through the value chain, thus future proofing the business.

My colleagues will provide you with accounts of the value that we generate and distribute; the care that we take of environment and society across the value chain. I invite all stakeholders to engage with and help us to deliver value to economy, society and environment.

– Mr. Thomas Varghese



CEO'S MESSAGE

Sustainability at the Centre of our Business

Dear Readers,

It is my pleasure to introduce our first sustainability report. We aspire to achieve leadership in our industry by continuously enhancing organizational and people capability, developing innovative products and processes that satisfy customers and attain challenging benchmarks in productivity.

We endeavour to become a leading industry benchmark for sustainability processes and performance by 2020 through engagement of all stakeholders. This report builds on our persistent efforts to build an ethical, responsible and sustainable business.

At the Aditya Birla Group, sustainability in business is the holistic pursuit of a three step agenda:

- Managing business operations responsibly. This includes, but is not limited to the creation of a safe working environment at all sites and workplaces, conserving energy and water, managing waste and emissions and the protection of human rights.
- The understanding of material issues of all stakeholders, their perspective, and usage of this knowledge to actively seek ways to create and share value with each of these stakeholder groups.
- Put in place steps that future proof our business.

We developed our sustainability roadmap in FY13 which identified focus areas and risks and related mitigation plans. The enablers have been a strong sustainability governance structure at the Group level, VW's sustainability committee and champions and our existing management systems that have helped us to strengthen the initiative, leverage and work towards integrating sustainability into our business operations.

Our key focus areas in FY 13 has been minimizing our environmental footprint on key aspects such as materials, energy, water, waste and effluent and improving our performance on employee health and safety.

The focus areas in FY 14 has been improving stakeholder engagement, carbon management, improving our performance on all economic and social parameters including human rights. In addition to improving our performance on sustainability parameters, we have also utilized the Higgs Index tool since FY 13 to improve our sustainability performance in operations and products. The sustainability IT platform and dashboards helps us to track and monitor our performance which is also reviewed by the Group's Apex Sustainability Council.

We endeavour to become a leading industry benchmark for sustainability processes and performance by 2020 through engagement of all stakeholders.

We are facing some challenges such as rising power costs, competition from existing and new entrants in domestic market, volatility in availability of raw material especially with respect to wool and a lack of skilled workers. In order to overcome these and sustain ourselves in business, we have thus adopted various improvement measures such as stretching resource use, conservation, quality improvement, overheads reduction and technological advancements in processes, operations, and management of manpower.

In terms of product offering we have continuously increased our presence in the specialty / value added yarn segment.

We are now aspiring to be a gold recipient of World Class Manufacturing (WCM) awards. With our present capacity of 1,099 MT/Year (48 NM equivalent), we have 0.7% of the world market share. We are looking to increase existing plant capacity to 12,000 spindles with addition of subsequent machines over the medium term.

We are looking for ways to collaborate with all stakeholders to overcome these challenges and achieving sustainable performance and implementing sustainability practices across the business. We believe that putting sustainability at the centre of our business will help us maintain a competitive edge, we look forward to working with you on solutions that make a difference and help create a cleaner world.

– Mr. S. Krishnamoorthy



ABOUT OUR REPORTING



OUR OPERATIONS AND PRODUCTS

“Our mission is to be a preferred supplier of worsted yarns to chosen market segments and provide total customer satisfaction through trust on cost, quality, speed and innovation.”

Vikram Woollens (VW), a unit of Grasim Industries Ltd was established in 1995 and has its manufacturing unit at Malanpur in Bhind district, Madhya Pradesh, India. Reporting to the shareholders is done once a year at the Annual General Meeting. However, key shareholders are kept informed about the developments in the business through quarterly board meetings. Close and personal interaction of our senior management, and continuously improving business performance has helped us gain the confidence of our shareholders.

From an installed capacity of 8,832 spindles, the company has grown consistently to reach its present capacity of 9,984 spindles. The use of advanced technology, automation, computerized process control systems make the operations of Vikram Woollens efficient, reliable and cost competitive. The company has a focus on systems improvement, a common shared vision aligns all VW employees who are inspired to put in their best and thus aspire and challenge the impossible.

With our wide product range, we serve the domestic market, export yarn and value added products like cashmere and wool silk. Our superior product quality, competitive pricing, customization, flexibility, and unmatched technical services have made the company one of the world's most cost competitive producers of worsted yarn.

FACTS ABOUT VW:

- Currently VW is the largest producer of superfine wool/ silk blended yarn in India and holding over 60% of the market share.
- VW is the preferred choice of sourcing yarn by the Western India based P/W fabric exporters for its quick service.
- VW is gaining popularity as the best choice for pure guaranteed cashmere yarn supplier.



Total Employee Strength

374 (permanent = 264; contract = 110)



Value of Net Sales

INR 82.02 crores



Quantity of Products Sold

861 MT

OUR FOCUS AREAS:

Domestic market, value added products & increased share in export markets

1995-2002

Domestic Market Focus / fulfilling needs fo Grasim Gwalior plant

2003-2008

Survival & Sustaining Profits, maximise utilisation of plant capacity

2009-2011

Capacity enhancement, market development

2012-2017

Value added product development, enhancement capacity

LIST OF CERTIFICATIONS AWARDS

- **Chairman's WCM Silver Award - 2011**
- **ISO 50001 - 2015**
- **SA 8000 – 2014**
- **WOOLMARK by Australian Wool Innovation- 2010**
- **ISO – 9001: 2008 by DQS - 2009**
- **ISO 14001: 2004, OHSAS 18001: 2007 by DQS - 2009**
- **Ranked first in Best HR Practices in Malanpur & Banmore Industries (Survey by J.K. Tyres) - 2009**
- **National Energy Conservation Merit Certificate - 2001**
- **Best Employers Award from EPFO - 2000**
- **National Energy Conservation
2nd in Textiles - 2000**
- **Export Award by Wool & Woollen
Promotion Council – 1997-98**

There has been no significant changes during the reporting period with respect to the organization's size, structure, ownership or its supply chain.

LIST OF MEMBERSHIPS

We are a member of the following associations and councils:

- FICCI
- ASSOCHAM
- CII
- National Safety Council, Mumbai
- The Synthetics Rayon and Textile Exports Promotion Council, Indore
- Federation of Indian Exports Organisation, Mumbai
- Member of Madhya Pradesh Textile Mills Association.
- Member of Quality Circle Forum of India (QCFI)
- Member of Northern MP State HR Forum

PRODUCTS PORTFOLIO

We supply 100% wool & wool blended yarns for weaving & knitting and value added yarns like Cashmere, wool/silk for knitting and shawl making in domestic markets. We also supply worsted yarn and value added products in domestic market to corporate customers like Raymond, Siyaram, Donear, Reid & Taylor and to intermediary suppliers servicing export markets.

WHAT WE MAKE:

We offer variety of Spun Yarn in all wool and wool blends with polyester, silk and speciality yarns like Angora, Kid Mohair, Camel, Pashmina etc.

SPECIALITY YARNS

- **Cashmere & Cashmere blended with wool/ PVA/ wilk/ nylon** up to 250 Nm
- **High Twisted Yarn** (crepe)
- **Siro & Siro-Lycra**
- **Wool / Silk**
- **Vigro Printed**

WOOL BLENDED YARNS

- **Polyester/ Wool** (In various blends)
- **From Nm** 24/2 to 120 / 2

100% WOOL YARN

- **From Nm** 24/2 to 120 / 2

We have strong Customer Technical Service (CTS) team with highly qualified, multilingual, experienced professionals who provide comprehensive solutions to address customer needs throughout the value chain.

PRODUCT FEATURES

- Quality
- Value added products
- Competitive costs
- Technical support
- Flexible lot sizes
- On time delivery



COMPLETE DISCLOSURE - SCOPE AND BOUNDARY

This is our first year of reporting, we are publishing the report as per the Global Reporting Initiative (GRI), G4 guidelines. The report is compiled in accordance with the Core Option of GRI and we have considered aspects relevant to our business. We intend to publish our sustainability report annually.

This report covers information from the period 01 April, 2014 to 31 March, 2015. The information includes overall performance results, targets, future plans collected from VW, Malanpur which is the sole entity. The aspect boundary is limited to our operations at Malanpur.

TRANSPARENT DISCLOSURE - REPORTING PRINCIPLES

We are committed to measuring and reporting on our material environmental and social aspects. In this respect, we have conducted a materiality assessment under the guidance of external consultants with management, internal and external stakeholders. The identified issues were rated on a scale of 1 to 4 with following criteria:

1. Issues that are not important/ relevant to organization.
2. Issues that can pose threat to upcoming regulations OR issues that can result in cost savings or competitive advantage.
3. Issues that can result in operational discontinuity OR issues that can pose threat to brand reputation and goodwill.
4. Issues that can result in business discontinuity OR issues that can provide significant business opportunities.

The assessment included identification and prioritization of issues that can pose risks to business and stakeholder interests in the short and long term. The quality of the report is defined in such a manner so as to ensure information presented to stakeholders is unbiased, comparable, accurate, reliable and understandable.

Further, we have also made efforts to introduce sustainability context in various material issues which are highlighted in the report.

CONFORMANCE TO GRI

In accordance with the GRI G4 reporting framework, we describe our approach to identifying and responding to our most material economic, social and environmental issues within the contents of this report. Our report is aligned with the ABG sustainability framework that we have adopted voluntarily.

ABG Sustainability Framework:

Responsible Stewardship

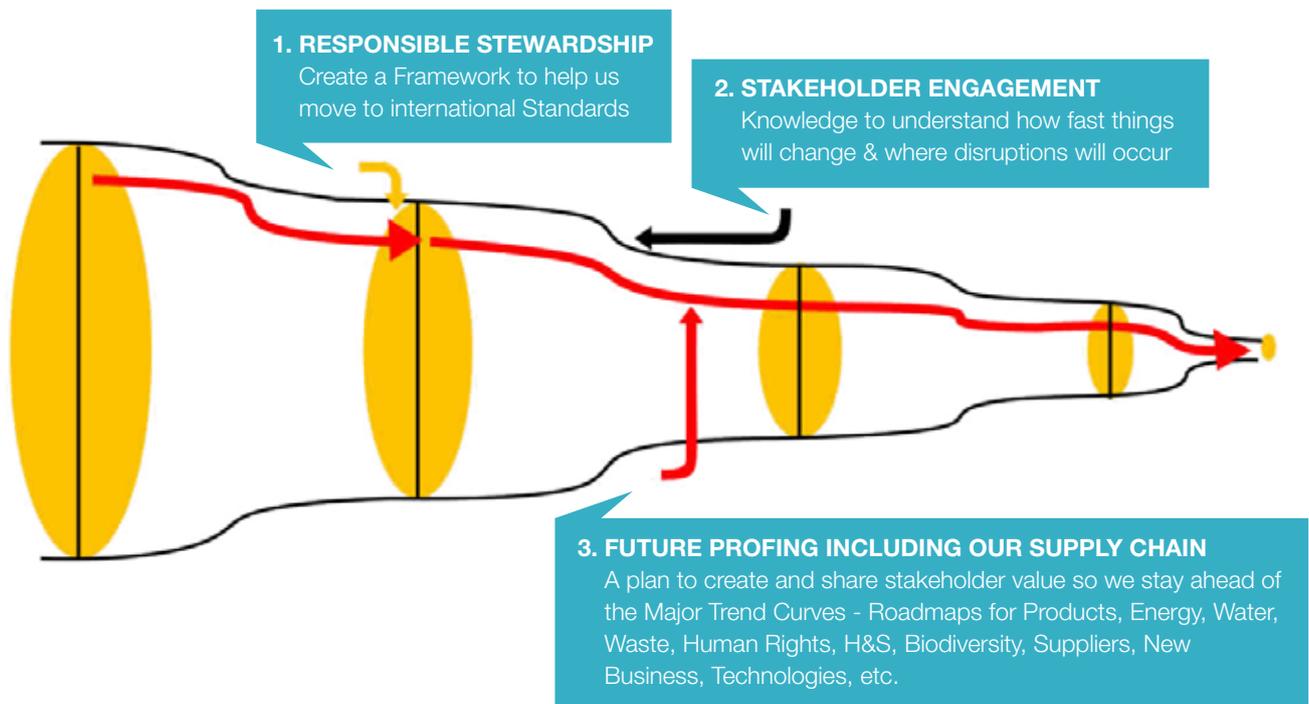
Focus on how we manage today and our goal is to build a framework of policies, technical and management standards aligned to international standards as defined by the IFC, OECD, UNGC ISO and OSHAS. By introducing these standards into our systems we will manage our operations in the most responsible manner.

Stakeholder Engagement

To understand the external changes that will inevitably impact our companies in the future and this step of the model is called "Stakeholder Engagement". Our goal is to build strong relationships with our stakeholders and key technical experts on climate change, water and waste management, developments in human rights legislation, safety standards, health impacts and the like.

Future Proofing

We will embed sustainability trends into our strategic business plans to minimise the risks and find new opportunities that will be presented by the requirements of a sustainable planet and society by 2030 and 2050 and make our businesses sustainable.



All impact boundaries are domestic and apply to VW unless otherwise stated throughout the content of this report.

ENABLERS & GOVERNANCE



“Making continual attempts to transform ourselves to build a sustainable future.”

At Vikram Woollen, the aspirations and concerns of our diverse stakeholders shape our agenda as much as any business decision. Everyone we deal with viz.our customers, suppliers, employees, shareholders, partners, elected representatives, regulators, NGOs and the media expect VW to act responsibly and with integrity at all times. Disclosing financial results alone are not enough: the societies

and communities within which we operate want the company to focus on enhancing lives and livelihoods, by delivering both financial and non-financial value to all stakeholders. We are aware that overlooking this expectation would risk undermining our prospects for long-term value creation. We have thus embraced “sustainability” as one of our core business values.

HAWK EYE ON SUSTAINABILITY GOVERNANCE

“BEING the change to SEE the change”

In order to drive towards a sustainable future, a strong, responsive and all inclusive governance structure needs to be in place. Balancing value and caring for the environment and society is primarily steered by our board. VW is committed to the adoption of best governance practices and adhering to it in the true spirit. Our governance practices are a product of the culture of trusteeship deeply ingrained in our value system and reflected in our strategic thought process.

At a macro level, our governance philosophy rests on five basic tenets:

- Board accountability to the Company and the shareholders.

- Strategic guidance and effective monitoring by the Board.
- Protection of minority interests and rights.
- Equitable treatment of all stakeholders.
- Transparency and timely disclosures.

The Company, as a continuous process, strengthens the quality of disclosures with respect to the Board composition and functioning, remunerations paid and level of compliance with various Corporate Governance Codes to the extent practicable and required by applicable regulations.

THE BOARD

In the year 2013 -14, VW's Board (The Board of Grasim Industries Ltd.) comprised of 12 directors as follows:

Name of Board member	
Mr. Kumar Mangalam Birla	Chairman
Mrs. Rajashree Birla	Director
Mr. M. L. Apte	Director
Mr. B. V. Bhargava	Director
Mr. R. C. Bhargava	Director
Mr. Cyrill Shroff	Director
Dr. Thomas M. Connely	Director
Mr. N. Mohan Raj	Director
Mr. Shailendra K. Jain	Director & occupier
Mr. Om Prakash Rungta	Director
Mr. K. K. Maheshwari	Managing Director
Mr. Adesh Kumar Gupta	Whole Time Director

The board provides the oversight to environmental, social and economic performance of the organization and oversees upholding a broad set of

governance principles, delegating management authority to the Chief Executive within defined limits. All business decisions are taken in a participative manner with the involvement of teams rather than individuals. This transparent work culture has made us an organization where there are no instances of irregularity. This is evident from the fact that all our key customers, key suppliers, shareholders and also employees have a strong faith in the organization and are continuing to grow with us.

The board reviews key risks, including risks arising from imperatives of sustainable development and how they are managed. The management exercises risk management through appropriate internal controls and periodically reports to the board.

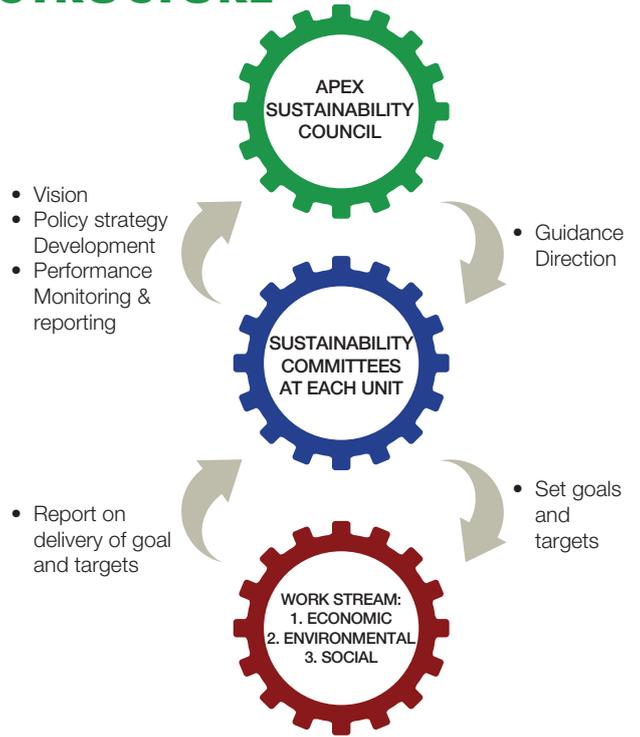
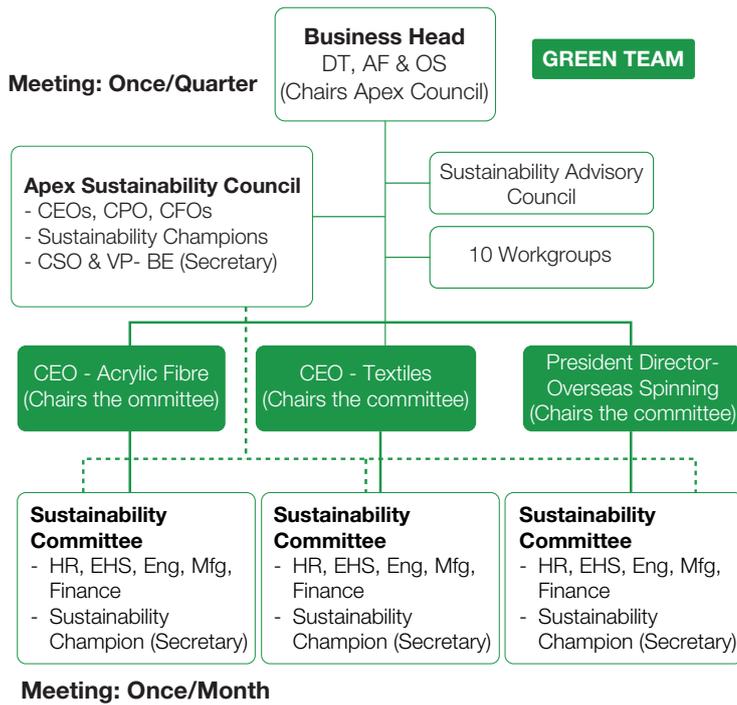
VW has a sustainability subcommittee consisting of the following team members which works with the domestic textiles sustainability committee and who in turn works with the apex sustainability council of textiles, acrylic fibre and the overseas spinning business:

VW SUSTAINABILITY COMMITTEE

Mr. Manmohan Singh	Head - Wool Business and Unit Head - Vikram Woollens
Mr. Shekhar Aher	Head – Operations
Mr. Uddeetabh Mishra	Head – HR
Mr. Hitesh Fandot	Head – Engineering, Sustainability
Mr. Santosh Kumar Singh	Head – F&C



SUSTAINABILITY GOVERNANCE STRUCTURE



This institutional mechanism is the main enabler for driving sustainability practice and performance. Besides, we have deployed a comprehensive set of enablers that drive sustainability:

DRIVING SUSTAINABILITY



We want sustainability to be integrated with different functions of our business. But in the short term, a separate identity is being maintained for focus and emphasis. Many aspects are already integrated with existing functions.

THE TEN WORKING GROUPS -

'MISSION TEAMS' DRIVING SUSTAINABILITY
ACROSS THE FIBRE AND TEXTILE BUSINESSES.



ENERGY & CARBON



WASTE MANAGEMENT



CHEMICAL MANAGEMENT



PRODUCT STEWARDSHIP



WATER & EFFLUENT



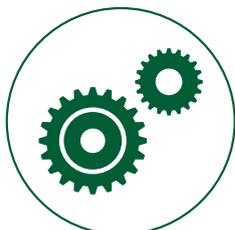
STAKEHOLDER ENGAGEMENT



ENVIRONMENT, HEALTH & SAFETY



SOCIAL & LABOUR



SUPPLY CHAIN

COMPLIANCE & RISK
MANAGEMENT

OUR VALUES STEER OUR CONDUCT



WORLD CLASS MANUFACTURING

EIGHT DIMENSIONS

Aditya Birla Business Excellence Dimensions

ADITYA BIRLA GROUP

Sustainable Services Business

VIKRAM WOOLLENS
(A Unit of Gujarat Industries Ltd.)

MISSION
"To achieve turnover of Rs. 125 Cr. By FY 2011"
"Our Vision"

Chairman's Message

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"Don't let the Boss"

EIGHT TYPES OF ABNORMALITIES

1. **Minor Flaws:**
(Accumulation, Damage, Play, Slackness, Abnormal Measurements & Adhesion)
2. **Unfulfilled basic conditions:**
(Lubrication/Coolant, Lubrication Supply, Oil Level Gauges, Tightening, Measuring Instruments)
3. **Inaccessible Places:**
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5. **Quality Defect Sources:**
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7. **Unsafe Areas:**
(Floors, Steps, Lights, Rotating machinery, Lifting Gear & Others)
8. **Unsafe practices:**
(Human, Safety Equipment & Inadequate Information)

INTEGRITY

Honesty in every action - we act and take decisions in a manner that is fair, honest, and follows the highest standards of professionalism



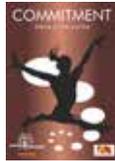
SEAMLESSNESS

Across boundaries – we work effectively across our different businesses, operations, geographies and hierarchies.



COMMITMENT

Deliver on the promise – on the foundation of integrity we do whatever it takes to deliver value to stakeholders.



SPEED

Always one step ahead – we seek optimum efficiency so that we can deliver on or before time, every time.



PASSION

Energized action – we engage emotionally with our organization, so that work is rewarding and inspires each one to give his or her best.



CODE OF CONDUCT

“Integrity, trust, fairness and honesty are the basics that guide our strategies”

We voluntarily follow the Code of Conduct outlined by the Aditya Birla Group. The Code of Conduct, which incorporates the Business Principles, is our central guidance document for norms of behaviour. Under our Governance system, we consider employees, suppliers, the community, and our

creditors our stakeholders, and their legal rights are protected and treated with care.

The detailed information is provided to shareholders on company’s performance by way of the Director’s report.

GRIEVANCE REDRESSAL MECHANISMS



We recognize that a strong grievance redressal mechanism contributes to effective management and strengthening of stakeholder engagement.

We have adopted a grievance policy which defines the formal grievance procedure for all stakeholders. Our grievance handling mechanism is a three level process with appropriate grievance form at each level.

First Level: Individual Grievances: Shift Supervisors / Foreman

1. If any worker has a grievance, he should meet his shift supervisor or equivalent and talk it over with him.
2. In cases of appeal against punishments excluding suspension, discharge or dismissal, the worker should meet his Section Head or equivalent.



3. If necessary he should obtain a copy of Grievance Form-I and the following steps should be undertaken:
 - a. The Form-I should be filled in and submitted within one week of the date on which he knew the facts, on the basis of which the grievance has arisen.
 - b. In the case of promotions, the time limit of six weeks from the date of the promotion in question will be allowed.
4. The grievance form should be handed over to the shift supervisor, foreman or equivalent, as the case may be, who will arrange to issue an acknowledgement receipt.
 - a. The person will make the necessary enquiries and return the form to the worker concerned with his remarks in the space provided for this purpose or, with the remarks of the head of the department (where the matter is beyond the jurisdiction of the foreman or the shift-supervisor or equivalent), within the next three working days from the receipt of the form.
 - b. In cases requiring reference to higher authorities this time limit will be relaxed. If necessary, the worker can discuss the case further with the supervisor concerned in the light of his remarks

Second Level: Individual or Group Grievances: Grievance Redressal Committee

If the worker is not satisfied with the reply at first

level:

- a. He may obtain from the foreman or the shift supervisor or equivalent as the case may be, a copy of Grievance Form-II, enter therein the reasons for reconsideration of the case.
- b. He submits Form-II to the Grievance Redressal Committee within three working days of the receipt of reply at first level and obtain an acknowledgement receipt thereof.
- c. Appeals against suspension should be addressed to the head of the department on Grievance Form-II or on ordinary paper, within seven days of the receipt of orders or after the last date of suspension, whichever is later, and these will be considered at second level, in the first instance.
- d. The Grievance Redressal Committee will discuss the issue with the worker and the supervisor concerned and return this Form with their remarks within five working days of receipt of the Form. In cases requiring reference to higher authorities or to another department this time limit will be relaxed.

Third Level: Individual or Group Grievances: Management

- a. If the worker is still not satisfied with the reply, he may appeal to the management (Plant Head/ Unit HR Head), on Grievance Form-III, within seven working days of the receipt of the reply at second level.
- b. Appeals against orders of discharge or

dismissal should be addressed to the head of Grievance Redressal Committee, on Grievance Form-III, or on ordinary paper, and these will be considered at stage three, in the first instance. This should be done within six weeks of the receipt of the orders.

- c. The decision reached by the management after due consideration of the recommendations of the Grievance Redressal Committee will be communicated to the employee on Grievance Form-III through proper channels.
- d. The Grievance Redressal Committee's unanimous recommendations, to which the Management or the worker raises no objection within 10 days of the receipt of such recommendations, shall be final.
- e. Where such recommendations are not unanimous or have not been accepted by the management or the worker, the Grievance Redressal Committee will refer the case to the Unit HR head / Unit Head.

There are no pending grievances related to environment, social, labour or human rights in the reporting period.

Grievance Areas	Number of grievances identified
Labour Practices	2
Environment	0
Society	0
Human Rights	0

THE WHISTLE BLOWER

We have also formulated a “whistle blower policy” to encourage all employees to fearlessly raise in case they spot any violation of “ABG Values” and “Code of Conduct”, misuse of company’s property, mismanagement or wrongful conduct prevailing in

the company. The policy ensures that the whistle blower’s identity is protected.

THINGS THAT THE WHISTLE BLOWER CAN NOTIFY VW ABOUT:

- Violation of any law or regulations
- Corruption, bribery, theft, fraud, coercion and willful omission
- Conflict of interest
- Procurement frauds
- Mismanagement, Gross wastage
- Manipulation of Company data
- Stealing cash / company assets; leaking confidential information
- Unofficial use of Company’s material/human assets
- Activities violating Company policies
- Danger to public health and safety
- Abuse of authority, Discrimination

POSITIVE COMPLIANCE

“Our robust systems also safeguard our preparedness to go beyond compliance and manage potential risks”

Meeting all applicable requirements to achieve compliance is one of the key focus areas of our organization. We have been giving meeting all applicable laws and regulations utmost priority.

Our management systems, periodic audits ensure that we review and comply our list of legal requirements. We are maintaining a tracking system which has (i) applicable laws listed and (ii) assigned person responsible along with actions that are required to be taken. As a part of the risk assessment to ensure that we meet compliance not only in our country but also in those where our products are exported, we track product safety legislations of those countries where standards such as Oeko-Tex are not prevalent.

For FY15, there have been no fines or sanctions imposed on VW for non-compliance of laws and regulations.



ISSUES THAT MATTER

We focus our sustainability activities and reporting on issues of greatest concern to VW and our stakeholders.

We engaged external agency to manage engagement with board, management teams of different relevant functions, employees, suppliers,

customers and the community to obtain feedback and feed into the process to identify issues that are material to VW.

MATERIALITY MATRIX:

- We used a 'materiality matrix' (see below) to map issues that our stakeholders are most concerned about against those that have the biggest financial or operational impact on our business.
- We then applied the materiality principle to each key issue to help us identify and prioritise the most significant aspects.
- To create the matrix, we used a tool developed by our consultants specifically for the textile industry combined with VW's own criteria to assess and quantify risk.



The word cloud below shows our most material issues based on our assessment in May 2014.



All aspects are material except biodiversity as the unit location Malanpur does not fall under an ecologically sensitive zone.

POLICIES

Our policies help to ensure that our Business Principles are put into practice in our day-to-day actions. In our policy articulation, we follow positive compliance with applicable regulations and good industry practices; extend our responsibility to

value chain; engage and co create with stakeholders and apply a precautionary approach to all decisions pertaining to our stakeholders and the environment.

The summary of our key policies, addressing these material issues are presented below:

TITLE	ELEMENTS ADDRESSED
ENVIRONMENTAL POLICY	<ul style="list-style-type: none"> • Positive legal compliance • Environmental management system • Conserve materials, Use renewable and recycled materials and Pollution Prevention • Waste prevention, reduction, reuse, recycle and disposal • Engage with stakeholders • Extend environmental care to suppliers • Transparency and disclosure
ENERGY AND CARBON POLICY	<ul style="list-style-type: none"> • Positive legal compliance • Reduce the energy intensity and carbon footprint • Increase use of renewable energy within our operations • Promote research and development for low carbon solutions • Continually improve energy and carbon management • Engage with stakeholders • Monitor, measure and report energy usage and carbon emissions
SAFETY POLICY	<ul style="list-style-type: none"> • Maintain safe and healthy work environment, • Share responsibility for safety amongst employees • Raise safety awareness • Engage with all stakeholders • Influence our contractors and suppliers • Continually improve safety performance of our products • Actively communicate and disclose
HEALTH POLICY	<ul style="list-style-type: none"> • Maintain healthy work environment • Raise preventive health awareness • Engage with relevant stakeholders • Influence our contractors and suppliers • Minimise negative health impacts of products • Actively communicate and disclose
BIO DIVERSITY POLICY	<ul style="list-style-type: none"> • Maintain positive legal compliance while planning and executing projects and in operations • Manage efficient use of biological resources • Minimize and mitigate impacts • Increase green cover • Suppliers impact on biodiversity and cruelty to animals • Engage internally and externally with stakeholders • Actively communicate and disclose
WATER STEWARDSHIP POLICY	<ul style="list-style-type: none"> • Maintain positive legal compliance • Manage efficient use of water resource by reducing, recycling and reusing water • Minimize and mitigate impacts on water sources and receiving bodies • Continually improve water foot print management • Engage internally and externally with stakeholders • Actively communicate and disclose • Monitor, measure and report water usage and effluent discharges

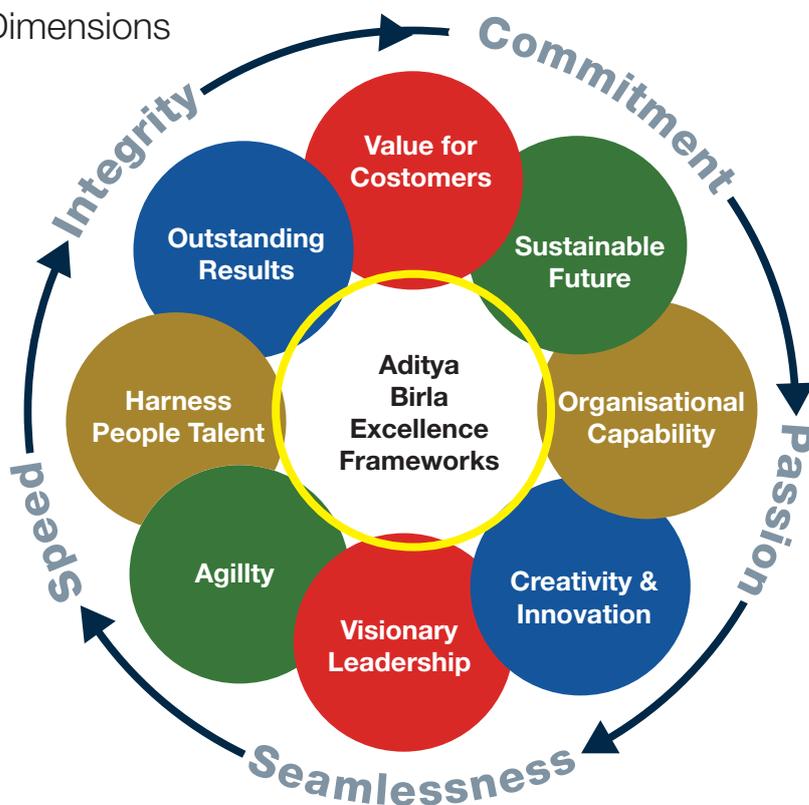
TITLE	ELEMENTS ADDRESSED
QUALITY POLICY	<ul style="list-style-type: none"> • Maintain positive legal compliance • Quality management system • Regular customer engagement, feedback gathering • Engage contractors and suppliers • Actively communicate and disclose
HUMAN RIGHTS POLICY	<ul style="list-style-type: none"> • Human rights including non-discrimination, prohibition of child and forced labor, and freedom of association and the right to engage in collective bargaining • Respect the customs and values • Provision of security in keeping with the laws • Disclosure to relevant stakeholders • Protection of Whistle-blowers
STAKEHOLDER ENGAGEMENT POLICY	<ul style="list-style-type: none"> • Engagement processes specific to each stakeholder group, that is inclusive, material and responsive • Inform, encourage, and build capacity • Delineate scope and mode of engagement • Integrate stakeholder engagement • Review mechanism • Communicate to stakeholders
SUPPLY CHAIN AND PROCUREMENT POLICY	<ul style="list-style-type: none"> • Screen and evaluate new and existing suppliers • No tolerance to child labour, forced labour, non-discrimination. • Periodic audits of supplier • Build and enhance the capacities • Prefer Renewable or recycled materials • Grievance and whistle blower mechanisms for suppliers
TRANSPORTATION POLICY	<ul style="list-style-type: none"> • Compliance with safety & emissions, of all vehicles, owned or contracted • Minimize transportation and chose mode • Periodic audit • Training to drivers • Right information • Video conferencing and other modes • Grievances of the communities
PRODUCT STEWARDSHIP POLICY	<ul style="list-style-type: none"> • Positive legal compliance to product health, safety and environment • Product stewardship practices • Life cycle assessment • Engage with stakeholders across product value chain • Recycling of our products • Disclose information of products
SECURITY POLICY	<ul style="list-style-type: none"> • Physical and information security • Deterrence, intrusion detection and access controls • Share responsibility • Raise security awareness • Security practices in keeping with human rights and right to information • Contractors and suppliers • Protect the information of customers and suppliers • Communicate and disclose
SUPPLIER CODE OF CONDUCT	<ul style="list-style-type: none"> • Prohibition of child and forced labour • Prohibition of harassment or abuse • Prohibition of discrimination • Unfair working hours • Wages, benefits and leave • Environment, health and safety • Freedom of association

MANAGEMENT SYSTEMS

Many of the significant and material environmental and social aspects, are managed through management system standards.

- We have implemented ISO-9001, ISO-14001, ISO-50001, OSHAS -18001 and SA-8000 to address quality, environmental, energy, safety, societal and labour aspects.
- These management systems are periodically audited by external third parties.
- The backbone of all such systems is the World Class Manufacturing (WCM) practices of the ABG group which is calibrated in synergy with the company’s objectives and performance excellence parameters.

Aditya Birla Business Excellence Dimensions



IT PLATFORM

We have deployed Enablon – Sustainability, EHS and Operational Risk Management Software. It has been primarily deployed to



Managing Operational Risks



Ensuring Compliance



Improving Sustainability Performance



Engaging With Stakeholders, On Day Today Basis

RESPONSIBLE STEWARDSHIP



MESSAGE FROM UNIT HEAD

“We owe our successes to a strong people development plan and a knowledge management approach.”

Vikram Woollens is known for its excellent products, systems and customer focus. Achieving sustainability involves understanding and anticipation of the current as well as the future requirement of resources and an assessment of the related constraints. Despite all challenges, we strive to be one of the leading sustainable companies in the worsted yarn industry.

In line with our vision of becoming a world leader, we continue to grow through plant up gradation and technological innovations to improve both productivity as well as quality.

Under our business excellence framework the “continual quality improvement” has been established as a value creation process in the organization to ensure that improvements are horizontally deployed and the gains achieved are locked and included in the relevant standards. The systems implemented and the processes used to ensure sustainability are:

- Restructuring of the organization with a view to leverage, synergise and ensure enhanced collaboration.
- Institutionalisation of joint marketing, procurement and technical conferences. These have helped us identify and share improvements as well as carry out structured benchmarking of operations in all areas.

Since energy consumption is a crucial factor in any spinning mill, Vikram Woollens is continuously looking at energy improvement, and this is seen in the constant reduction in energy consumption over the years.

- Horizontal deployment of improvement projects.
- Benchmarking of performance indicators, setting norms, reviewing standards and revising targets every year. Monthly variance in the form of gain/loss is monitored by the relevant process owners.
- Periodic benchmarking of cost, quality and service offerings with our competitors. These are incorporated in our work plan to achieve further improvements.
- “Continual Quality Improvement” (CQI) in all value creation and support processes through constantly rotating the “PDCA” (plan, do, check and act) cycle.
- Knowledge sharing platform created across units related to the wool business within the Aditya Birla Group.

Since energy consumption is a crucial factor in any spinning mill, Vikram Woollens is continuously looking at energy improvement, and this is seen in the constant reduction in energy consumption over the years.

Sustainability has always been our focus, and the journey over the last one year has been an exciting one as we:

- Raised awareness on sustainability.
- Integrated sustainability criteria in our continual improvement programs.
- Reviewed our policies and processes.
- Deployed performance linked programs that showcased our performance.

In the coming year we aim to:

- Improve our performance in areas such as energy, carbon mitigation and water to equivalent output.

- Explore renewable energy as an alternative, waste management and occupational health and safety.



- Involve all our employees through capacity building, training them and bringing them to the forefront as we work on delivering solutions together along with other stakeholders.

The results we believe will build our resilience and positively impact the organization's future.

We, both at Vikram Woollen as well as at the Aditya Birla Group have always worked towards complying with the local laws and regulations in all areas and fulfilling our social responsibility. In the coming years we are keen to work with our suppliers and support them through awareness raising to improve their performance on issues such as safety, human rights, and environmental preservation. We have been the proud recipient of awards such as the Chairman's WCM Silver Award in 2011. We hope our initiatives will motivate stakeholders to drive change and create better future for the society at large.

– **Mr. Manmohan Singh**

MESSAGE FROM HEAD – OPERATIONS

VW at the forefront of operational excellence

We, at VW, have been at the forefront of operational excellence within the group. We take pride in the work we do, and ensure that the highest standards are maintained in operations. We have also innovated with the times, and brought about some

innovative techniques to keep a clean and pleasant environment. We have introduced floor cleaning by cleaners on roller skates, and this has reduced our cleaning time with lesser hands, and work completes faster with less fatigue on the personnel.



We had an extensive exercise on the future strategy of the company, through the Vision 2020 initiative. As a part of this exercise, we have identified a list of areas where the plant would need to focus on. These include adding to the existing spindle age of the plant, increase in Value Added Products (VAPs), with a continued focus on cashmere and wool silk blends. We have also set targets for Power reduction, waste reduction, increase in plant utilization and manpower optimization. We are sure that, with these in place, we would continue to be in the forefront of operational excellence.

– **Mr. Shekhar Aher**

MESSAGE FROM HEAD – ENGINEERING & SUSTAINABILITY

What are we doing to sustain the future?

We at VW have taken upon ourselves to be at the forefront of sustainability within the Group. We continuously conduct Basic Condition Evaluation of the entire plant, and constantly take feedback from the evaluation to improve the conditions in our plant. Our efforts towards sustainability are constantly rewarded by both the internal as well as the external community. We won the Chairman's WCM Silver Award in 2011. We also take pride in being certified in a whole host of management systems, including ISO 50001, ISO 9001: 2008, ISO 14001: 2004, and SA 8000.

All effluent /waste water generated is treated from our ETP plant and being used for gardening and other internal purposes. We also have a constant focus on greenery, and we take pride in the greenery in our plant premises by maintaining 10 acres of green land.

Our efforts towards sustainability are constantly rewarded by both the internal as well as the external community. We won the Chairman's WCM Silver Award in 2011. We also take pride in being certified in a whole host of management systems, including ISO 50001, ISO 9001: 2008, ISO 14001: 2004, and SA 8000.

In coming years we aim to become a zero discharge unit. We have set our sustainability targets and constantly strive to achieve the same. We have identified a whole host of projects, which would be mentioned as you read this report, and we hope that by this, we achieve our long term goals that have been set.

– Mr. Hitesh Fandot



GREENER AND CLEANER FUTURE

“We Value and Care for the Environment”

We at VW recognize the responsibility to monitor, manage and reduce our environmental impacts wherever possible.

At VW, we aim to minimize the environmental footprint of our operations to enable us to do more with less. Since inception, we have strived to follow high standards of environmental excellence and work towards integrating environmental and social considerations into all business decisions.

We have prepared a roadmap for sustainability in which a greener and cleaner future is a critical component. Processes and plans to achieve the same is built into our existing management systems. We continuously monitor the performance indicators through our sustainability dashboard, the same is reviewed by the APEX council.

As a part of our “produce more with less”, we have also undertaken the following sustainability projects:

- Reduction in energy consumption.
- Explore the use of renewable energy.
- Energy risk management, GHG assessment.
- Management of waste and waste water.
- Reduction in water consumption.
- Increasing the water recycling percentage.



ENERGY AND CARBON

Energy Conservation and Mitigating Climate Change go together

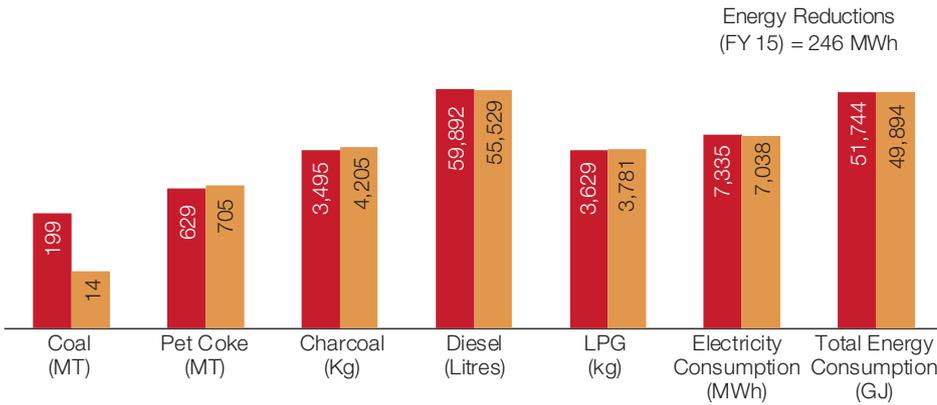


Rising energy costs and the energy intensive nature of our products and processes have driven us to explore and implement energy efficiency measures, this is a continuous process, and targets for energy intensity improvements are defined on a yearly basis and are part of the sustainability dash board.

We work on projects that decrease environmental impacts and strive to improve energy performance. We believe that management of energy is the responsibility of all employees and all participate in the energy management process.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

■ FY14 ■ FY15



*The data represents the energy consumption at the manufacturing unit. The conversion factors used for calculations are based on the gross calorific values of fuels and consumption. Total energy consumption= Energy consumption for: Coal+ Pet Coke+Diesel+ Charcoal+ LPG+ Purchased Electricity. Energy reductions is calculated based on energy savings achieved due to the projects implemented in FY15.

The manufacturing of wool, wool blended and value added yarn consumes a high amount of energy. Electricity consumption is the main contributor as a result of the use of non-renewable energy resources. This therefore validates and highlights the importance of our ongoing investment in energy efficiency projects.

improvement and modernization technologies that will not only improve our operational efficiency but also increase the energy efficiency of the existing equipment and process. It will also help us reduce our dependence on fossil fuels. Long term sustainability was one of the key criteria while designing the projects.

We have undertaken multiple energy conservation projects, some of the key energy saving projects implemented in FY 2015 was as follows:

- Replacement of conventional tube lights with LED lights (1,000 No.s), saving of 158,400 units during the year.
- Reduction in chiller running hours leads to saving of steam & power.
- Reduction in petcoke consumption by reuse of petcoke ash with fresh petcoke.
- Replacement of MV 250 watt street light fittings with 90/ 65/ 25 LED light. (10 Nos)
- Optimum utilisation of TFO m/cs by stoppage on Sundays resulting in stoppage of H. Plant & lighting simultaneously.

A number have been identified and are in progress and will be completed in the course of FY 16.

We are constantly reviewing our energy performance and mapping the energy scenario, aligning it to our growth strateg.

RENEWABLE ENERGY

Our emissions are from fossil fuel generated electricity. Given the finite nature of fossil fuels and its impact on the environment, we are aware of the need to invest in renewables. We will, hence, be exploring the feasibility of procuring electricity from renewable sources like solar energy for our plant operation.

CARBON

We Strive to Control Emissions from our Operations

We understand our contribution and impact on climate and have aligned our existing processes and initiatives to improve our carbon footprint. We have undertaken projects over the last two years towards that direction, such as energy saving initiatives to reduce the energy consumption, and will continue to do so.

We understand our contribution and impact on climate and have aligned our existing processes and initiatives to improve our energy performance. We are in the process of conducting a detailed inventory of our Greenhouse Gases (GHG) footprint and plan to analyze the life cycle impacts of our products. We are also in the process of improving our energy performance including exploring the purchase of renewable energy and improving CO2 intensity per ton of production.

We have developed a technology roadmap wherein we have budgeted investments in quality

We have undertaken an evaluation of the risks and opportunities posed by climate change, our priority hence is to develop a road map to reduce and mitigate CO2 emissions from our operations. This report is being reviewed by our management in line with upcoming regulations and compliances. Wherever essential we will undertake a detailed financial study to understand the implications and impact.

- We have set targets to reduce emissions in Scopes 1 & 2, we are doing this by: Investing in greener and cleaner technologies.
- Exploring innovative solutions to mitigate CO2 emissions through energy conservation and preferring low carbon fuels, this has been highlighted in our energy sections.

Some of our efforts to reduce our carbon footprint outside the organisation (Scope 3 emission) are:

- Business travel and employee commute to work, company owned and hired vehicles.
- Inbound & outbound logistics for transportation of supplied and finished goods.

We are working towards reducing Scope 3 greenhouse gas emissions by:

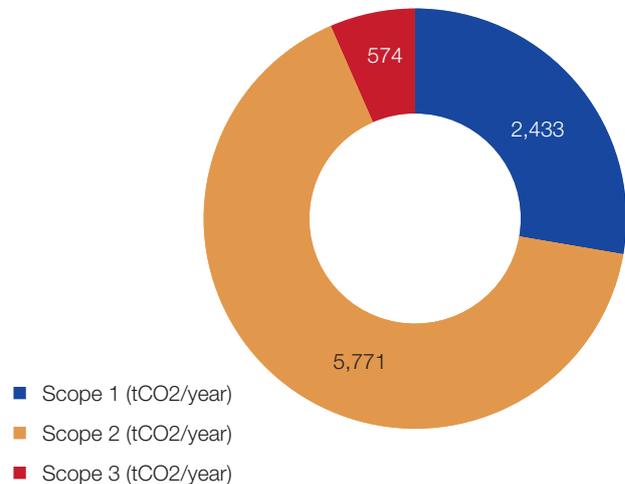
- Minimizing air transport mode for business travel by opting for video conference options.
- Enabling our employees to communicate and work together through voice, video and web-based conferencing programmes.
- We have designed a logistics model wherein different material collection points are identified and logistics are deployed to service these points collectively, thus minimising number of trips through better planning.

The total GHG emissions of VW has increased in 2015 compared to previous year by 4.1%. This is due to a minimal increase in fuel consumption and inclusion of scope 3 emission. Also, the GHG emission intensity has increased due to change in the product line (which is more energy intensive compared to FY14).

We are committed to planting trees for maintaining an eco-friendly environment & sustaining biodiversity

The team organizes the Plantation Programme on 5th June (World Environment Day) every year inside and outside the premises to increase the green cover, including landscaping & beautification.

GHG EMISSIONS



**GHG Emission Reduction (FY 15) - 202 tCO2
GHG Intensity (FY 15) - 10.19 tCO2/MT**

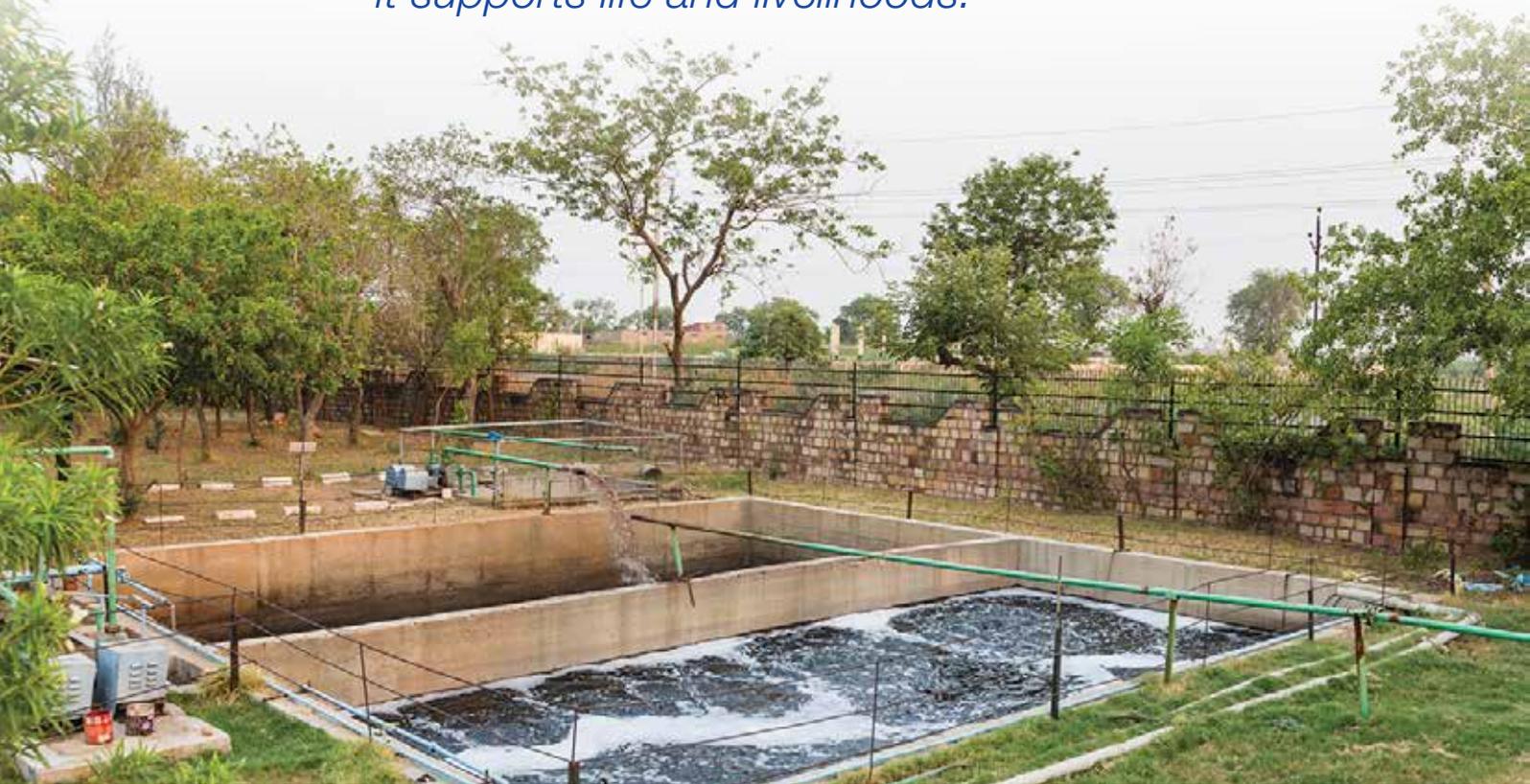
We collect and report emissions data in accordance with the guidelines of the Global Reporting Initiative and the Greenhouse Gas Protocol, to the extent practicable. The figures in the table above include the emissions caused due to operations in manufacturing unit. Scope-1 emissions include fuel consumption and company vehicles; Scope-2 emissions include electricity purchased; Scope-3 includes business travel by air and road, employee commute, inbound and outbound logistics. The GHG emissions are calculated based on emission factors specified by IPCC and DEFRA. The GHG intensity is calculated using Scope-1, 2 and 3 emissions. GHG reductions are calculated based on the energy savings achieved due to implementation of projects in FY 15 and the equivalent GHG emission reductions occurring as the result.





WATER & EFFLUENT

We are sensitive towards water as it supports life and livelihoods.



Water is going to be a limiting factor for industrial and economic growth. Accordingly, it is important for a sustainable business to be a water steward, decrease its water footprint both direct and indirect. On our part, we set and monitor intensity targets, and the performance is regularly reviewed against quarterly targets.

Our water is sourced from bore wells and municipal supplies and is used for plant operations. We have established the baseline for water intensity per ton of product consumed in FY 15. All of the effluent water generated from process/utility is being treated in ETP and reused in horticulture/gardening.

Our water consumption is the following processes:

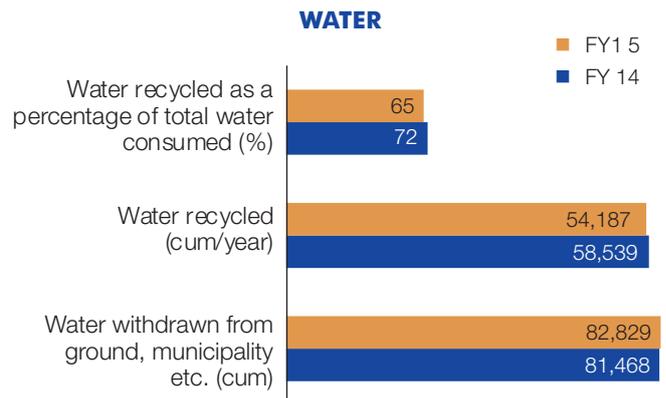
- Fibre Dyeing
- Spinning and
- Utilities

We have optimized our process cycle to reduce water consumed.

REDUCE, RECYCLE AND REUSE

The water consumption at our manufacturing unit is monitored on a daily basis and annual targets to continually better this performance is set. In FY-15, we have achieved a reduction in water consumed in dyeing from 51.6 m³ /ton to 51 m³/ton.

We are a zero liquid discharge unit and constantly work towards improving the recycling rates at our facility.



*The figures mentioned are for manufacturing unit

We are focused on creating awareness on water use and its management in FY16 across all levels of employees and completing our water footprint assessments during the same period.

WATER

Process optimisation (Yarn Dying)

Installation of differential pressure transducer/ Level sensor to maintain MLR during less m/c capacity utilisation (1x300kg, 1x150kg, 2x60kg)

Reduction of one RC/Cycle in dyeing of dark & Heavy dark sheds by replacing existing chemical with new

We are exploring construction of rain water harvesting structures. A number of water reduction, recycling projects were undertaken in 2015 which are under various stages of implementation, such as reduction of water consumption by process modification, reuse of autoclave cooling water and reuse of treated effluent water in gardening.

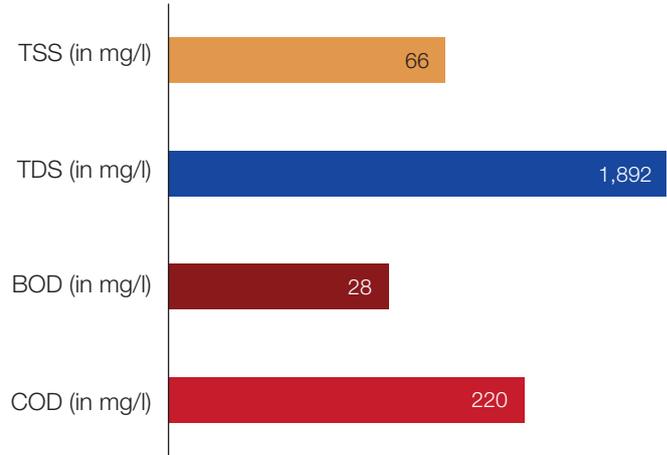
WASTE WATER MANAGEMENT

Industrial waste water from our manufacturing unit is treated at our ETP plant.

- The treated wastewater is reused within the facility for gardening purposes.
- Testing and monitoring of pre and post effluent and treated waste water is conducted regularly to ensure that the desired parameters are maintained.



The ETP has an installed capacity of 350 m³/day, this ensures that treated water from our processes can be reused for other non-critical purposes.



EFFLUENTS

All industrial waste water is treated at the plant using advanced treatment technology. We recycle and reuse all our waste water, we have invested in additional technologies to make treated waste water safe for domestic use such as gardening.

We are working towards declaring ourselves water positive status in 2025. We are now working towards meeting year – on – year targets towards improvements in water discharge, and budgeting for investments in water treatment technologies, input dyestuff and chemicals.





MATERIALS AND WASTE

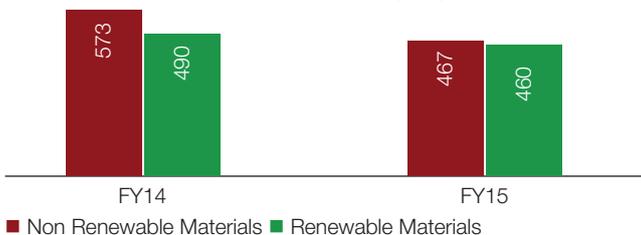
We aim to position us for best efforts to use renewable and recovered materials



In a resource constrained world, our business prospects and corporate image will be under threat if we do not strive to improve our material intensity performance and look for alternative and renewable materials.

Our material management systems adheres to good practices of purchase and inventory management. During the reporting period, we have also initiated the practice of exploring alternative materials and seek such information from our vendors from time to time.

RAW MATERIAL CONSUMPTION (MT)



PACKAGING MATERIAL CONSUMPTION (MT)



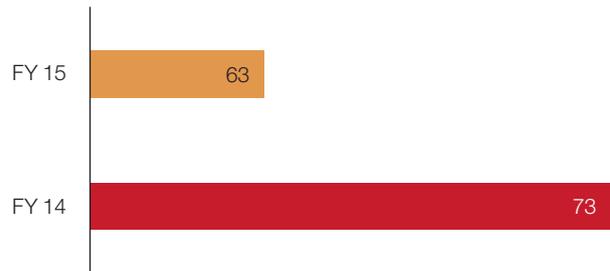
NON RENEWABLE RAW MATERIALS

The emergence of three billion more middle-class consumers in the next 20 years compared to 1.8 billion today will drive up demand for a range of different resources. This soaring demand will occur at a time when exploring and extracting new resources is becoming increasingly challenging and expensive, notwithstanding technological improvement in the main resource sectors.

- Achieved 5S Plant Score to 74% level.
- Saving of Rs. 6.54 lacs due to various Kaizens.
- Saving of Rs. 19.31 lacs due to material substitution.
- Extra 31387 Sq. ft. space created and utilized through various 5S activities.
- Value added Kaizens and in-house modifications improved converter productivity by 20%, reduced equipment failure time by 60% and reduced store consumption by 30%.
- Breakthrough improvement in reduction in Ring Frame speed losses in single delivery material by 15% by maintaining quality in terms of neps and hairiness.



**Non Hazardous Waste-
Recycle (Process waste in MT)**



- All waste is being sent only to those recyclers that are appointed by regulatory bodies.
- The recyclable waste such as packaging and paper are collected in separate waste containers within the office and the site and sent to waste handlers.
- We have improved yarn recovery from 92.4% to 92.6% in FY 15.

We are in the process of deploying a carding machine that will enable recycling of 200 kgs of in - process waste; this plan will be implemented in the coming year.

There was no spillage of any chemicals or fuel during the reporting period. We do not transport, import, export or treat any hazardous waste which can be classified under terms of Basel Convention and no waste is being shipped internationally.

Targets for reducing hazardous and non-hazardous waste, reduction of material waste, increasing waste recycling and improving waste intensity were set in FY 15. We have also developed a waste management framework to improve our performance.



Compounding the challenge are stronger links between resources, which increases the risk of shortages and price changes in one resource can rapidly spread to others. Hence overall as a business, our focus is exploring alternate renewable based products, reduce – reuse –recycle and stay updated on the latest technologies for new product development. Please refer to our future proofing section for more details.

WASTE MANAGEMENT

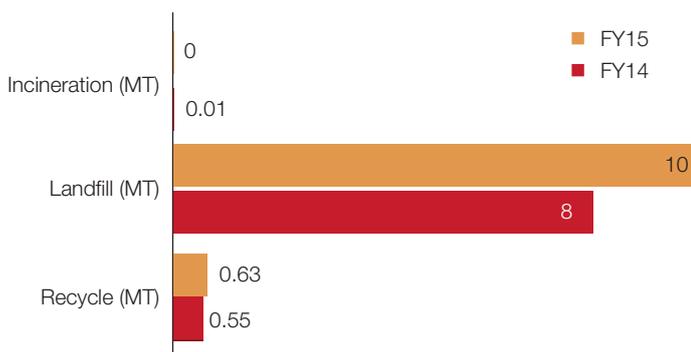
We are committed to reduce, reuse and recycle the waste we produce, wherever possible. We have been making a conscious effort across our value chain to minimize waste generation.

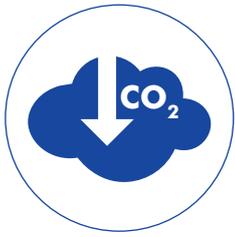
Our waste from the plant is categorized into hazardous and non-hazardous waste. The main waste produced by our facility are used oil, ETP sludge, process waste etc. The waste handlers provide us the certificates on end of life treatment of the waste. This also enables us to track, monitor and manage waste.

In FY15, we generated 63.13 tons of process waste, thereby decreasing total waste by 13.28% as compared to the previous year. The hazardous waste is being disposed via incineration, recycling and landfill depending upon the category defined by the MPPCB.

TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD

Hazardous waste

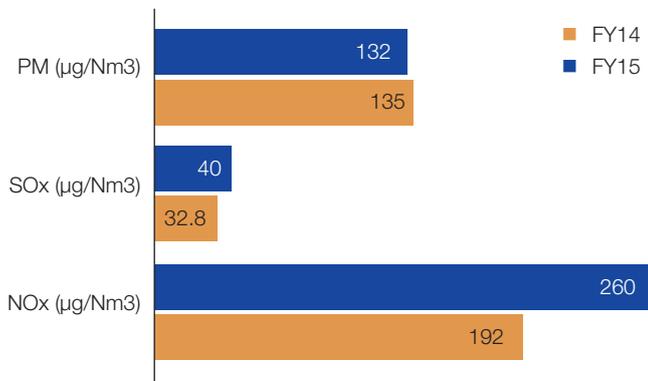




EMISSIONS

At VW, we realize the impact that emissions have on the atmosphere which can affect community health. Hence, we continuously monitor ambient air quality parameters such as SPM, SOx, NOx, dust and stack emissions.

The emissions / waste generated by the company are within the permissible limits given by Madhya Pradesh Pollution Control Board.



In the reporting period there has been no significant environmental impacts due to transportation of inbound and outbound materials and transporting members of workforce.

We will be looking to improve our emissions performance, awareness levels and capability of our employees and key stakeholders on emissions management and mitigation.

OZONE DEPLETING SUBSTANCES

We take stock of ozone depleting substances (ODS) every year and have phased out most equipment that utilize R22 & R410A based refrigerants and replaced them with R134A. We have not topped up any refrigerant in the reporting period.



HUMAN RIGHTS

“Elimination of Discrimination”

Our approach to human rights is aligned with universally accepted human rights standards and we support human right issues included in the Universal Declaration of Human Rights.

ABG is a member of the United Nations Global Compact, an international forum that operates under the aegis of the United Nations and ascribes to the human rights policy of the United Nations Global Compact. Integrity, trust, fairness and honesty are the basics that guide our strategies, our behaviour and the relationships we build with people, both internally and externally.



The Aditya Birla Group has re-articulated the values that spawn across its diverse businesses and locations and act as an organizational glue to bind people together. These values are: integrity, commitment, passion, speed and seamlessness. These values drive organizational thinking and processes - whether related to people, manufacturing, environment or community responsibility, the bedrock of the principles outlined by the UN Global Compact.



These guidelines serve as the pillars in areas where local regulations are assessed as weak or non-existent. We are also non-tolerant to any human rights violation that comes to our attention within our organization and supply chain.

Our human rights policy applies to every employee and sits alongside other specific policies such as health & safety, environment, anti-corruption etc.

HUMAN RIGHTS PERFORMANCE REVIEW

Our performance as per the UN Global Compact's ten principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

We make conscious efforts to identify, access and manage human rights impacts within operations and among our identified suppliers. We strongly stand for human rights including non-discrimination, prohibition of child and enforced labor, and freedom of association and the right to engage in collective bargaining.

We have also implemented social accountability (SA-8000) standard and enables monitoring against human rights issues. With the implementation of such standards, we are able to assess our operations for human right violations through our internal and external audit programs. None of our contracts includes clause on human rights.

We respect the customs and values of the neighbouring communities from where we operate and we aim to ensure that the provision of security is consistent with the applicable national, state or local laws in the regions in which we operate. The security personnel practices that we have adopted have clear parameters indicating how and when our security personnel can use force, arms or firearms.

- In FY15, 11 security personnel were trained on the policies and procedures related to human rights along with security management, risk analysis for security and traffic systems.
- In FY15, we conducted an external audit of our unit which covered all human rights compliances.
- We have also conducted training programmes for supervisor and workmen on human rights

At all given times we ensure that our employees understand what human rights mean for their own specific roles.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Though we do not have any union in our premises, we duly respect the right of all employees to form an association, join unions and to bargain collectively. We have empowered our employees to form a union. We have representation of workmen in all committees and the organisation enjoys good relations with its employees. The management has created a conducive work environment which allows for free expression of thought and representation.

We are always open to suggestions from workmen representatives; and ensure that that they are never subjected to any discrimination.

There are regular meetings between the management and the workers to discuss various welfare issues. We have not identified any violations of right to freedom of association and collective bargaining in our operations and suppliers.

Principle 4: The elimination of all forms of forced and compulsory labour;

We do not engage or support the use of forced labour and ensure that all employees are working voluntarily. The terms and conditions relating to the employment are communicated prior to recruitment. The document containing applicable rules governing the conditions are shared with all employees and also displayed on company notice boards.



In FY15, there have been **no cases** identified or registered related to forced labour.

Principle 5: Effective abolition of child labour

We have framed our policy of not engaging in or supporting the use of child labour. We have also developed procedures which are based on "Factories Act 1948". In compliance with local law we do not employ any person less than 18 years of age. Documentary evidence of proof of age is verified at the time of recruitment.

In FY15, there have been **no cases** identified or registered related to child labour.

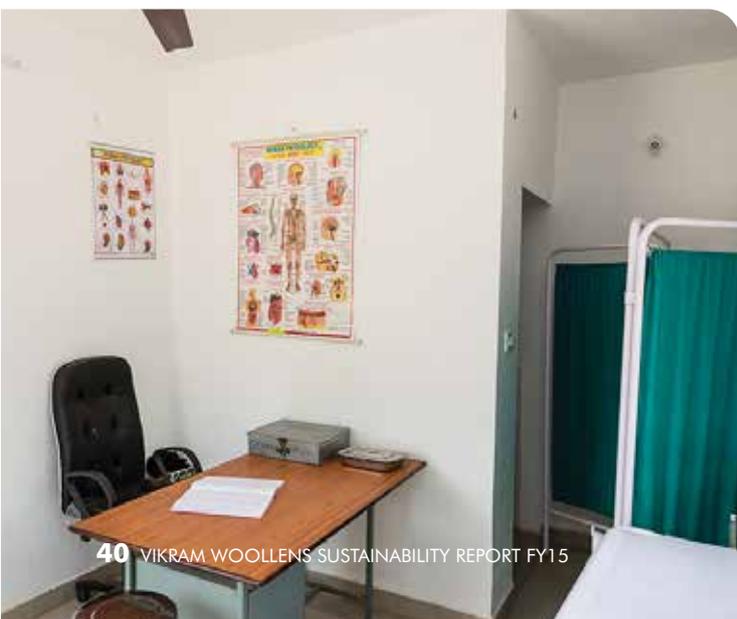
Principle 6: The elimination of discrimination in respect of employment and occupation.

We comply with our corporate guidelines which outline the elimination of discrimination, this is also highlighted in our Code of Conduct, which is read and accepted by all employees on joining the organization. Our corporate values also highlight this message and the same is reinforced through various communication channels annually.

The SA 8000 policy and process outlines actions for not engaging or supporting any discrimination in any corporate action based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliations, or age. Our well defined systems for recruitment, promotions, remuneration and training adhere to clear guidelines and ensures that no discrimination is made in these aspects.

In FY15, there have been no cases identified or registered related to discrimination.

Principle 7: Businesses should support a precautionary approach to environmental challenges;



We adopt precautionary measures in all decisions that we take that may have an impact on human health and the environment including selection of products, services, and technologies. We examine all alternatives, related costs that may not be reflected in the initial price including that of mitigation of our impacts and seek those that will have the least impact on human health and the environment.

Principle 8: Undertake initiatives to promote greater environmental responsibility;

We at VW recognize the responsibility to monitor, manage and reduce our environmental impact wherever possible. We have also undertaken sustainability projects to improve our environmental performance viz. energy consumption, increase renewable energy procurement, energy risk management, GHG assessment, emission reduction projects, management of waste and waste water, reducing water consumption, increasing water recycling percentage, protecting diversity and compliance.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

We relentlessly pursue integration of cleaner production processes that inherently reduce pollution levels and require fewer resources.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our code of conduct clearly states: "I will not seek or encourage bribes or kickbacks in any form. I will not deal with a supplier who offers me a bribe to get a contract awarded." Adherence to the policy is total and no leniency is shown to a defaulter. Whistle Blower mechanism aids detection of any departures from this policy

We aim to be respectful of local customs and circumstances wherever we operate, while ensuring that we observe the same high standards of integrity and business ethics across the world.

While engaging with our stakeholders who are spread in different countries, it makes it pertinent that we are clear about the standards of behaviour we expect from our directors, officers and employees, and anyone who acts on our behalf.

We have incorporated such principles into our Code of Conduct and anti-corruption guidelines. Our **Whistle blower policy** and **Code of conduct** outlines important aspects of accountability and transparency which enables all employees to voice complaints internally in a responsible and effective manner when they discover information which they believe shows serious malpractices.

80% of our employees went through the training program on sustainability covering anti-corruption in which they were enlightened with the policies and procedures related to corruption.

We prepare quarterly status reports on compliance training. These reports are reviewed and reported to the top management. As a part of risk assessment, we also conduct internal audits of our organization to ensure our activities are free from corruption. At present, we operate at only one location and we have assessed the risk related to corruption at the same. The major risks identified were loss of credibility and trust amongst stakeholders, reputation, and brand image as well as financial loss to the company. In FY15, there have been **no cases** identified or registered related to corruption by employees or our business partners.

As part of our sustainability communications, we have briefed all our governance body members, employees and business partners on the Code of Conduct with regards to anti-corruption and human rights.

POLITICAL CONTRIBUTIONS

Our Code of Conduct guides us to respect the Government, laws and institutions in nations where we operate. While participating in the democratic process, the Code encourages us to remain apolitical and not to entertain any requests relating to representation in elections or requests for funds from parties or sharing of resources or opinion formation. In FY 15, we have not made any political contributions.

MESSAGE FROM HEAD, HUMAN RESOURCES

“To be a role model company in HR systems and practices through total employee’s engagement”

Strong employee – focus is at the heart of our operations. We work consistently towards building a culture that empowers our employees, builds their confidence, and creates a positive work environment. Our HR mission is “To develop our employees to be competent and responsible and make VW is a great place to work” and our HR vision is “To be a role model company in HR systems and practices through total employee engagement”.

Matters of succession and growth are usually issues that ail organizations. So as to mitigate such risks we are building the managerial capabilities of different level of employees that is empowering for employees on the one hand and benefits the organization on the other.

Our HR mission is “To develop our employees to be competent and responsible and make VW is a great place to work” and our HR vision is “To be a role model company in HR systems and practices through total employee engagement”.

Gender equality also finds high priority in our diversity agenda. There are challenges in attracting women to work at VW, these challenges include changing the mindset of locals to encourage women in similar sectors. We are hence working on a number of initiatives to improve gender diversity, attract and retain women and help them further their careers. We also encourage diversity at the workplace and encourage those with diverse skills, backgrounds, experiences and education levels to work with us. Through our assessment systems and a well-structured training and development program we encourage our employees to grow professionally and personally to achieve their highest potential.

– Mr. Uddeptabh Mishra



OUR SOCIAL FOOTPRINT

"We recognize intrinsic value in Workforce Diversity"

EMPLOYEE DIVERSITY

We recognize that diversity fosters innovation; helps us to better understand and meet the needs of our customers. A diverse workforce and inclusion creates an environment wherein everyone has the opportunity to grow and deliver value, it brings fresh ideas, perspectives and experiences to our business. We are, therefore, committed to maintaining workplace diversity in age, gender and region.

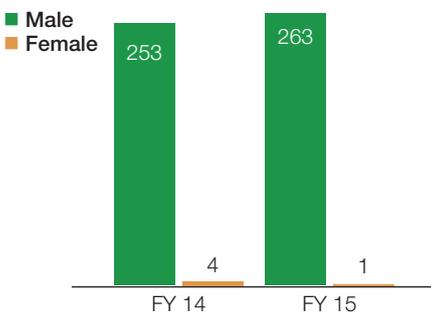
We have also adopted a diversity policy to ensure a workplace that fosters inclusive practices and behaviour. These principles and policies are supported through goals and communicated to all employees so that they understand and relate to these.

Qualification	No.s
CA/ICWA	1
Diploma	10
Graduate professionals	03
Post Graduate professionals	10
Graduates	12
Post graduates	8
Others	14

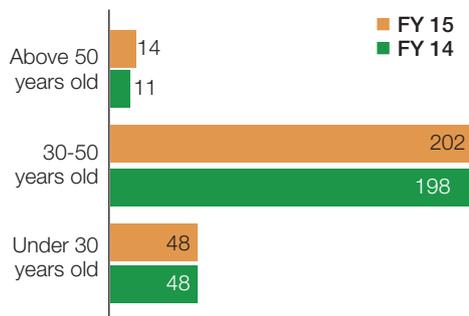
We have 374 employees of which 60% employees are skilled. 50% of all staff are professionally / technically qualified.

VW EMPLOYEE DIVERSITY

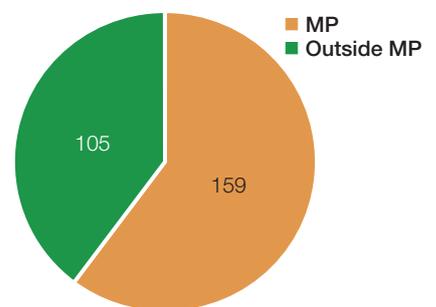
EMPLOYEES BY GENDER



EMPLOYEE DIVERSITY BY AGE GROUP

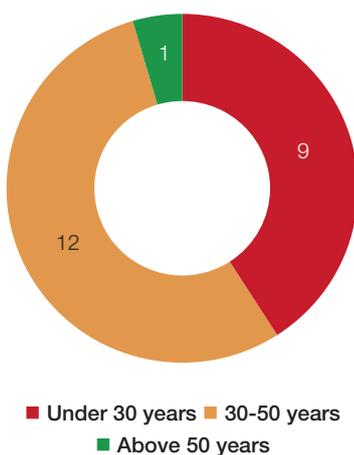


EMPLOYEE DIVERSITY BY REGION

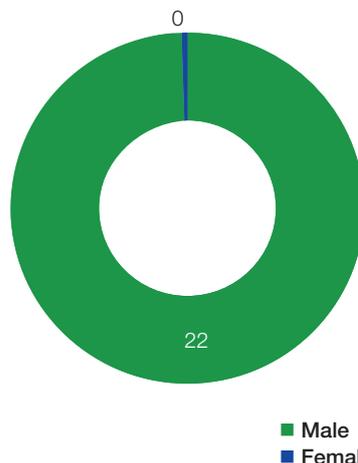


VW NEW EMPLOYEES HIRING

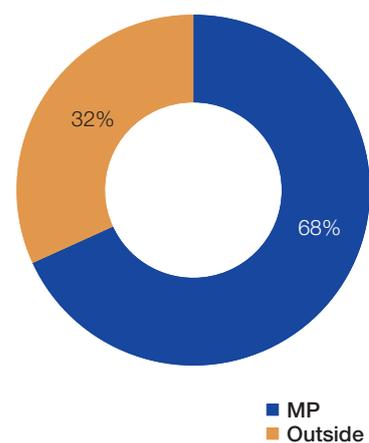
NEW EMPLOYEES HIRING BY AGE GROUP



NEW EMPLOYEES HIRING BY GENDER

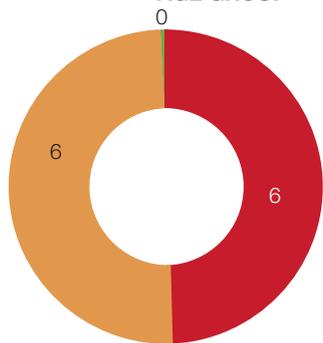


NEW EMPLOYEES HIRING BY REGION



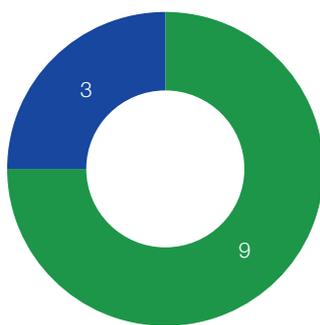
VW EMPLOYEES TURNOVER

NEW EMPLOYEES TURNOVER BY AGE GROUP



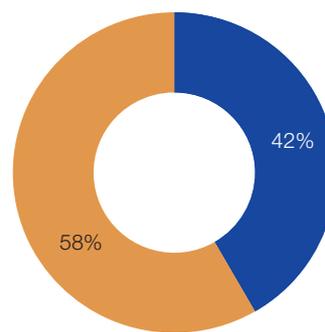
■ Under 30 years ■ 30-50 years
■ Above 50 years

EMPLOYEES TURNOVER BY GENDER



■ Male
■ Female

EMPLOYEES TURNOVER BY REGION



■ MP
■ Outside MP

ENTRY LEVEL WAGE, BASIC SALARY & REMUNERATION

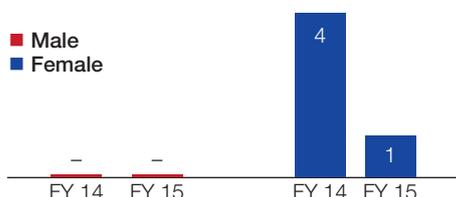
Regardless of gender, and all other parameters such as caste, creed, locality, religion, all employees draw the same remuneration in line with their designation and position in the organization. The ratio of entry level wage offered to all employees by VW is 1:1 and is as per government regulations. All employees gradually grow through a fair evaluation and promotion program at VW.

RETURN TO WORK & RETENTION RATES

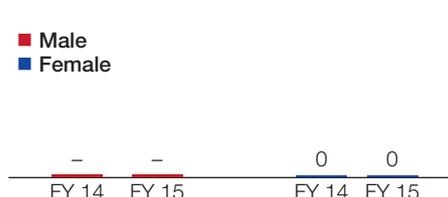
We make work place environment conducive for both male and female employees to return to work and continue working post parental leave.

RETURN TO WORK AND RETENTION RATES & PARENTAL LEAVE BY GENDER

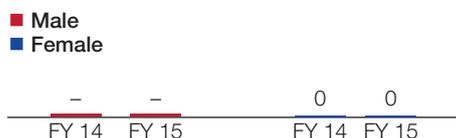
TOTAL NUMBER OF EMPLOYEES THAT WERE ENTITLED TO PARENTAL LEAVE



TOTAL NUMBER OF EMPLOYEES THAT TOOK PARENTAL LEAVE



TOTAL NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE ENDED



TOTAL NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE ENDED WHO WERE STILL EMPLOYED TWELVE MONTHS AFTER THEIR RETURN TO WORK



TRAINING & EDUCATION

Empowering our employees - Skills Management and Career Development

We have established structured human resource development programmes like Quality Circles (QC), 5S, Kaizen suggestion system (KSS), Total Productive Management (TPM), etc. We have

integrated these activities under our unique business excellence framework to align these with our business needs and key strategies.

We are continually improving our assessment systems and workforce planning, our appraisal process helps us to understand our employee’s challenges, strengths and areas where they seek improvement.

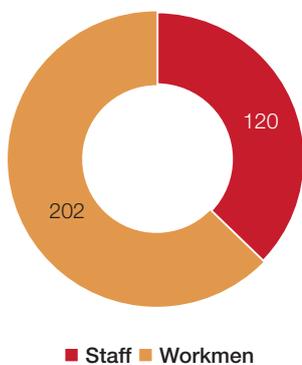
We have also developed a skill matrix framework to identify competency levels, skills and qualities of employees vis-à-vis skills required to improve on the job performance. Based on such mapping, we develop the training calendar for all employees and ensure their progress in their career.

Employee recognition is one of the development tools employed by VW employees, this motivates employees to participate in all organizational and individual level activities across the organization- Various awards and recognition schemes include: Employees performance is being recognized in various platforms such as general gathering, posters at various locations, photos in Aditya Disha magazine etc. Employees are nominated for

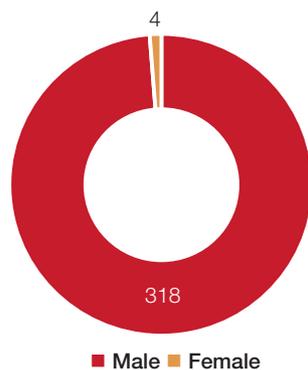
- Chairman’s award
- Employee of the quarter
- Value leader award
- Best Team in 5S, Kaizen

chairman’s individual awards in different categories like young achiever, distinguished achiever, and exceptional achiever. These awards instil a sense of achievement and pride in them.

TOTAL NUMBER OF EMPLOYEES WHO RECEIVED REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW BY CATEGORY:



TOTAL NUMBER OF EMPLOYEES WHO RECEIVED REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW BY GENDER:



Gyanodaya - The Aditya Birla Institute of Management Learning was established in the year 2000 to strengthen the management capabilities of our managers. It collaborates with some of the best institutions and experts across the world to deliver quality programmes. Each year we provide varied opportunities to our managers who successfully complete such programmes and deliver value to our business.

LIFELONG LEARNING

Strengthening Skills and Carving Out Leaders

In FY15, we conducted 150 employee training programmes to develop the skills, career and leadership potential of our employees. Our training programmes are continuously evolving based on the needs of the industry and individuals.

Employees are also provided training and guidance on career development and performance improvement. We guide employees on ways to earn regular income even after retirement from the company. Employees widely use the Onstream Knowledge Portal which is our knowledge management center for collecting, managing, distributing and sharing with members. We have a complete library where employees can access technical, management books, magazines to enhance their knowledge. Our knowledge sharing culture ensures that those who have been trained or acquired new knowledge have a responsibility of sharing the knowledge with at least 5 co-workers or subordinates through a knowledge sharing session.

A WORLD OF OPPORTUNITIES

OPPORTUNITIES TO ENHANCE CAREER

- IRS-Internal Recruitment System
- Career Movements as per organizational needs and performance
- Talent Mobility
- Career Management Services

OPPORTUNITIES TO LEARN AND DEVELOP

- Gyanodaya - The Aditya Birla Institute of Management Learning
- Individual Learning Plans
- Leadership Development Programs
- Functional Training Programs
- Continuing Education
- E-Learning
- Robust Training Processes at local levels

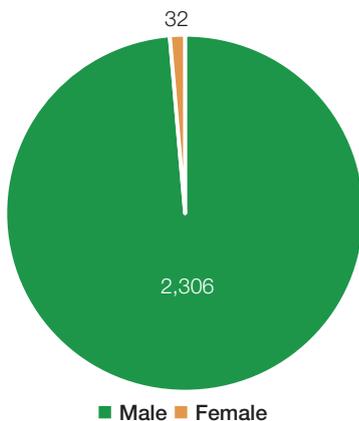
OPPORTUNITIES TO BE REWARDED AND RECOGNISED

- Attractive Compensation Programs
- Variable Pay and Long Term Benefit Programs
- PRIDE/Performance Awards
- Aditya Birla Awards for Outstanding Achievement
- Stretch Assignments and Task Forces
- Unit Level/Business Level Recognition Programs

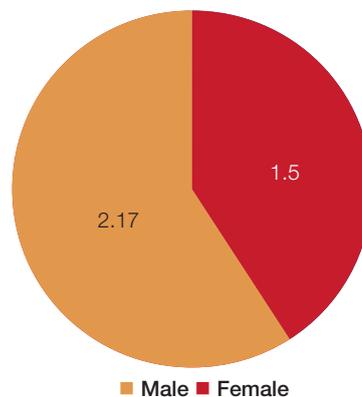
OPPORTUNITIES TO LEAD AN ENRICHED LIFE

- Quality of Life - Improved facilities at Units, hospitals,
- Benefits - Medical Insurance, Nischint - benefit plan in case of death in service, etc.
- Education for Children and Scholarships
- Wellness initiatives, ABG Emergency Helpline
- Sabbaticals

TOTAL NUMBER OF TRAINING HOURS PROVIDED TO EMPLOYEES



AVERAGE HOURS SPENT ON TRAINING



Training Topics covered in FY 15 were: Labour Law, Workshop on PMS, Cost Optimization Workshop, Talent Management Workshop, Leave Management System, Poornata Awareness, ELM, Enablon Workshop, WCM Accessors Training, Poornata Training, Energy Conference, Wool

Visioning Workshop, Sustainability Awareness Program, Leave Management System, SAP Study for Common Report, HR COI Event, Chemical Disaster Management, JAE Webinar, BE Workshop, Enrich Boiler Operational Performance, Fire Fighting Drill.



EMPLOYEE BENEFITS

VW has laid clear policies for employee's benefits and compensation, there is no discrimination in terms of work system, promotions, career development and recognitions.

DEFINED BENEFIT PLAN

We provide for retirement benefits payable to employees under the PF and ESIC Act.

Separate provisions are made for retirement, pension, contribution plans and contribution to medical and social security. The liabilities will be discharged through trust fund receipts and no direct impact is envisaged on the organization's general resources.



SENIOR MANAGEMENT HIRING

Our belief in inclusive growth and diverse workforce helps us identify individuals with required skill set from the region of our operations, to be a part of our management and contribute to our growth in cross cultural environment we operate in. We have implemented programs to build capacity amongst identified potential leaders for senior management roles.

EMPLOYEE ENGAGEMENT

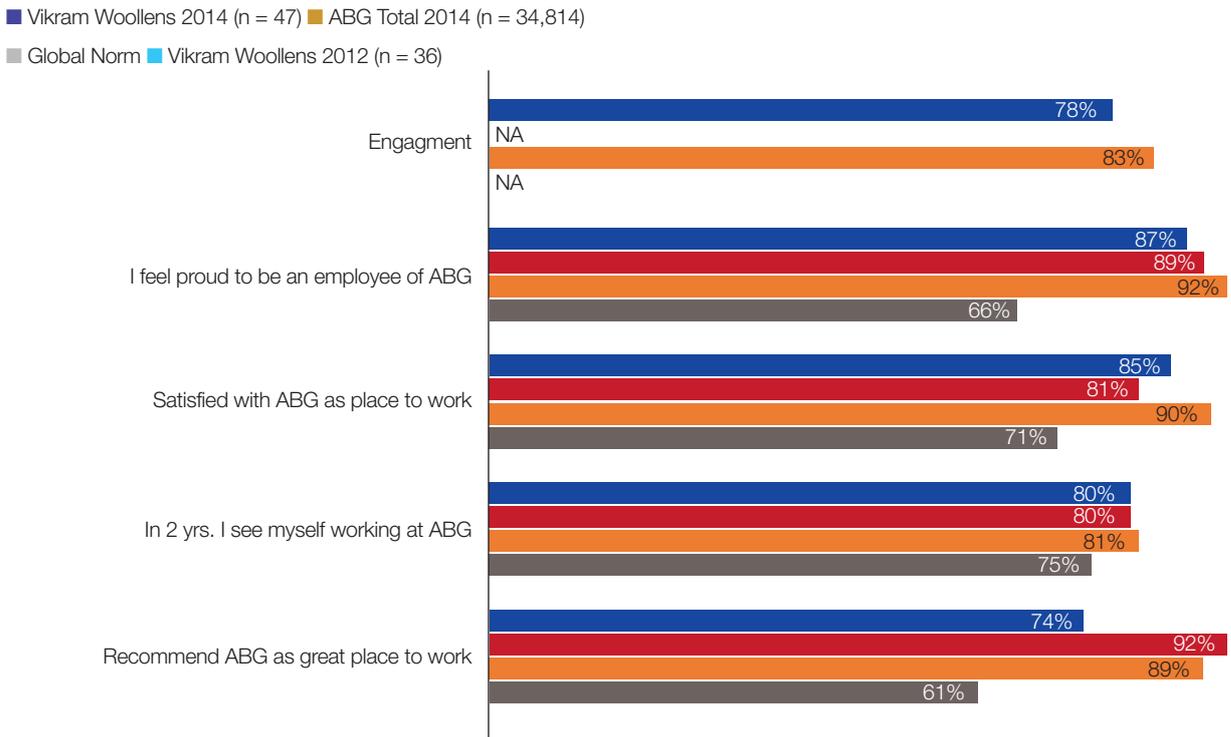
"Communication is Key to Employee Engagement"

Open and regular communication is fundamental to employee engagement.

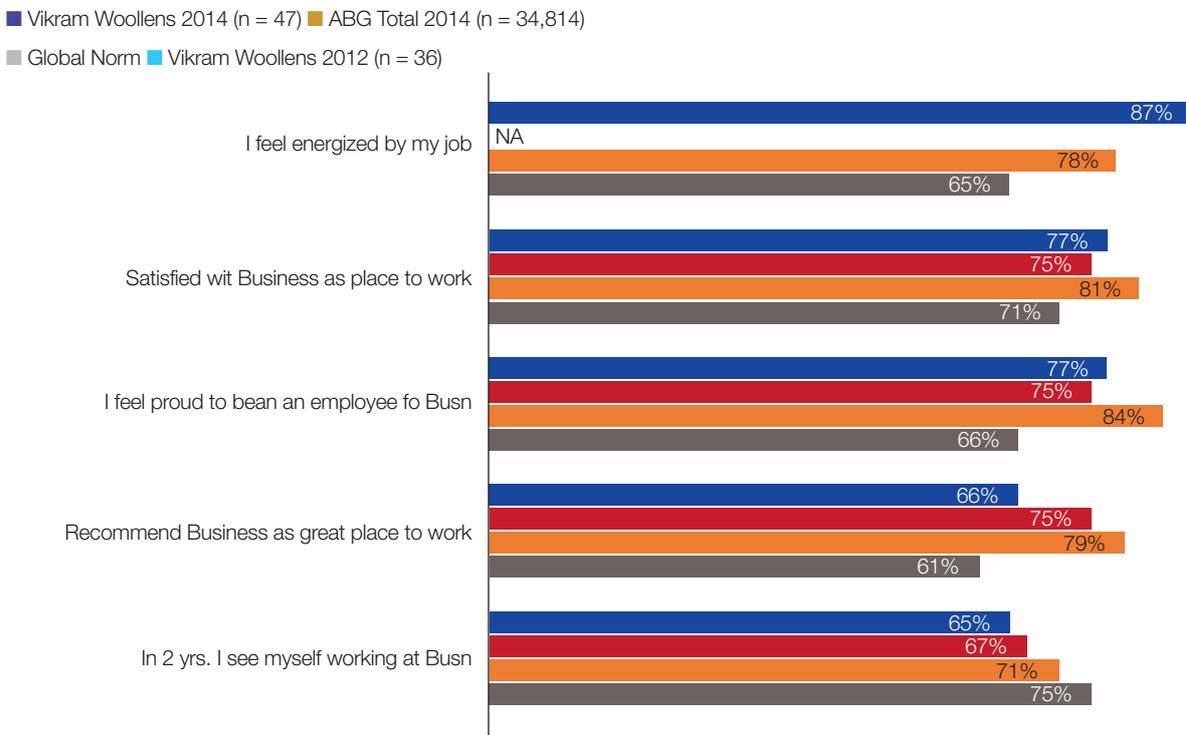
- We use internal engagement process such as communication sessions, workshops, seminars & training, employee appraisal, employee committees, cultural events, newsletters, and email contact.
- The engagement explores innovative ideas in quality, environment, health and safety, production, grievances and helps to address challenges.
- We conduct monthly open house cum communication forums.
- At VW, we ensure that the employees can share any issue at work and outside of work with managers, customers, suppliers and authorities.
- VW acknowledges that creating an open, and an environment of continuous communication is vital in maintaining motivation and efficiency levels of its employees.
- In order that language barriers are overcome, all announcements and communication is done in both Hindi as well as English.
- We also engage with our employees as required and discuss on-the-job and personal concerns and organization growth through various ways. We conduct an employee satisfaction survey for management level (called "VIBES") to get an independent feedback and to identify improvement initiatives.
- We also carry out an internal customer satisfaction survey, which is used to provide internal feedback and improve the work processes.

VIBES ENGAGEMENT RESULT:

Comparis on Graph: % Favorable, descending ordered by Vikram Woollens 2014



Comparis on Graph: % Favorable, descending ordered by Vikram Woollens 2014



LABOUR MANAGEMENT RELATIONS

To improve labour management relations, we adopt open door policy which allows for free and fair discussions on issues such as health and safety, terms and conditions of health and safety and other specific concerns.

While minimum notice period of 4 weeks relating to operational changes is not specified in any formal document, we communicate such operational changes prior to its occurrence during our employee meetings.



OCCUPATIONAL HEALTH & SAFETY

“Our strategy is designed to tackle the root causes of major incidents and to create a mature safety culture across the company.”

विक्रम वूलन्स
(ग्रेसिम इण्डस्ट्रीज लिमिटेड की इकाई)
घरेलू बाजार में उन सम्मिश्रित कस्टमरों तथा विशेष किरम के धारकों के व्यवसाय में सर्वश्रेष्ठ स्थान प्राप्त करना।
वर्ष 2015 तक 125 करोड़ रुपये का व्यवसाय करना।

हमारे मूल्य (Our Values)

सत्यनिष्ठा (Integrity)	हर काम में ईमानदारी।
दायित्वबोध (Commitment)	वादा निभाने का।
जुनून (Passion)	ऊर्जा से भरा कर्म।
एकता (Seamlessness)	मन, वचन, कर्म से एक।
गतिशीलता (Speed)	हमेशा एक कदम आगे।

हमारे लक्ष्य (Our Goal)
शून्य दौष, शून्य दुर्घटना, शून्य अवरोध, शून्य प्रदूषण, शून्य ग्राहक शिकायतें एवं अनियमितता गतिविधि द्वारा शून्य हानियाँ प्राप्त करना।

गुणवत्तानीति REVIEW DATE -

- विश्वस्तरीय क्वालिटी धारण करना निर्माण करना।
- आंतरिक एवं बाह्य उपभोक्ताओं की सम्पूर्ण संतुष्टि रखना।
- स्वच्छ, सुरक्षित एवं सुसज्जित कार्य क्षेत्र बनाना एवं बनाये रखना।
- ऐसी विधि का अनुसरण करना जो तकनीकी एवं मानवीय धर्मोहर में लगातार विकास को

ऑक्यूपेशन हेल्थ, सेफ्टी एवं पर्यावरणनीति

- हम विक्रम वूलन्स (ग्रेसिम इण्डस्ट्रीज की इकाई) में नियमित प्रदूषण से बचाव हेल्थ और सुरक्षा में सुधार करेगे।
- हम सभी लागू होने वाले नियमों, कानूनों के लिये प्रतिबद्ध हैं।

उद्देश्य:

- प्राकृतिक स्रोतों का बचाव।
- वेस्ट में कमी।
- असुरक्षित स्थितियों में सुधार लाकर एक्सीडेंट को खत्म करना।
- समय-समय पर स्वास्थ्य परीक्षण।
- अपने कर्मचारियों, ठेकेदारों एवं उप-ठेकेदारों को शिक्षित करना।

OHSAS 18001 based management system is deployed to ensure adherence to continual improvement and total employee involvement in addressing the challenges of safety and occupational health. Our employees are represented in health and safety committees and continually monitor working conditions at our facilities and report any issues to management.

In order to improve OHS performance and to ensure participation of employees, programmes such as suggestion development and improvement system have been deployed.

Conscious efforts are made to go beyond compliance and follow best industry practice. Employees are encouraged to use grievance and whistle blower mechanisms to bring to notice actions and conditions that negatively impact safety and occupational health.

We conduct OHS aspect and impact analysis once a year to identify the areas of concerns and improvement. We have established a risk assessment framework to understand the risks

associated in each operation and based on these findings, improvement measures are implemented. These assessments are conducted once in 6 months by both internal & external agencies. Basic condition evaluation (BCE) is being audited internally on a quarterly basis for continual improvement on health & safety parameters.

We are continuously encouraging employees to use safety equipment (PPEs) and follow the safety guidelines that are reinforced through trainings and through visual media at various locations throughout the plant.

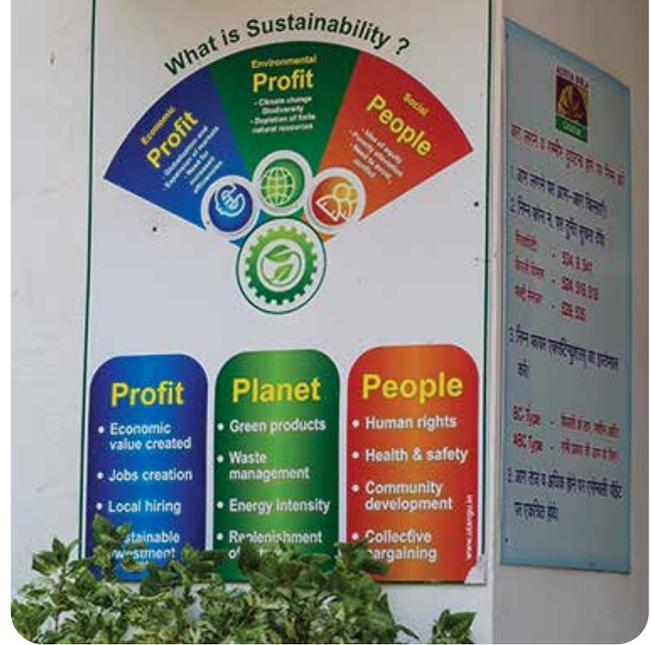
We are committed to preventing accidental losses of any of our resources, including employees and physical assets, loss of life and damage to property in our surroundings.

We have reviewed our Group safety policy for the reporting year and the accompanying standards such as OHSAS-18001 and SA-8000 and resultant processes. At VW, we have one unit level SHE committee which comprises of members from management as well as workers. In addition to this

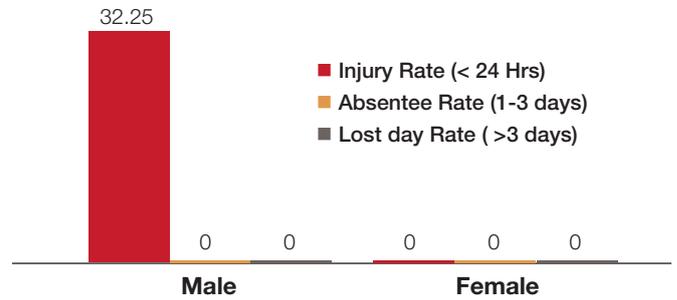
we have six departmental safety committees (Engineering, Spinning, Post spinning, Fiber Dyeing, Maintenance, HR & Commercial). Regular training is imparted to employees on environment, health and safety. Observations of the SHE committee members have been recorded, and action plans with deployment schedule have been drawn up to address these.

In FY 14 and subsequently in FY 15, a number of projects were undertaken such as:

- Installation of water monitors have been installed near the HSD storage tanks.
- Ensuring usage of ear plugs on a regular basis in the ring frame division.
- Installation of a sound proof canopy on both the DG sets to maintain the sound level within noise pollution norms.
- Rolling out of Environment, Health & Safety programs and projects in FY15 included undertaking awareness sessions, and imparting safety knowledge.
- Conducting surveillance audits for OHSAS 18001 and implementing improvement projects including installation of speed breakers, training on safe driving practices during the reporting period.
- Painting and poster competition on safety, safety awards, abnormality and warning sign identification.
- Dedicated Environment, Abnormality and National Safety week's celebration.



INJURY RATE, LOST DAY RATE AND ABSENTEE RATE BY GENDER FOR EMPLOYEES



This plan has helped strengthen incident reporting, improvement of injury rates, lost day rates, absentee rates and minor/ LTI rates for our employees, contractors.

Every month, we conduct around two training programs on EHS, besides that, the personnel receive on-the-job trainings with regards risks specific to operations. In addition to this, we ensure all the new hires undergo a safety training during induction.

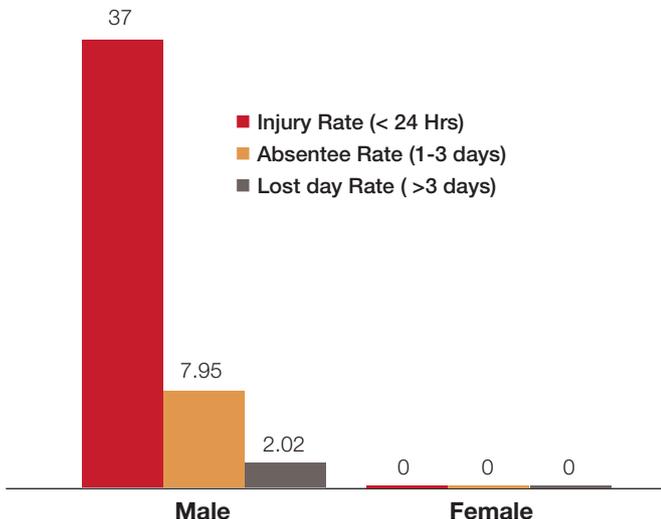
Furthermore, training on compliances, risk assessment, fire, emergency response and emergency drills are conducted.

Presently we do not supervise our contractors and conduct audits for assessing their occupational health and safety systems or hand hold them to improve the same. In the next two years, we will deploy programme to assess and improve Environment, Health and Safety performance in operations.

ANTI-COMPETITIVE BEHAVIOUR, ANTI-TRUST

There have been no disputes, sanctions or fines for any form of non-compliance with laws and regulations related to anti competitive behaviour.

INJURY RATE, LOST DAY RATE AND ABSENTEE RATE BY GENDER FOR EMPLOYEES



STAKEHOLDER ENGAGEMENT

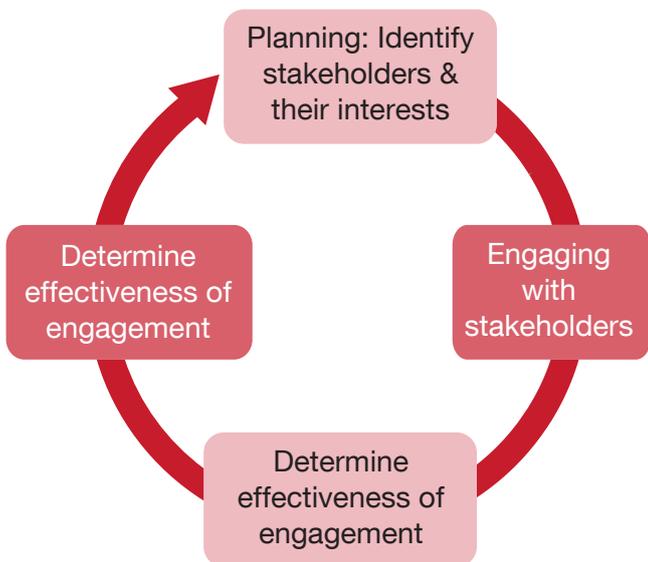


Our company’s mission is “To create value for all stakeholders”

In order to fulfill this mission we have identified the value drivers for all our stakeholders. We consider that value creation for shareholders is the appreciation of the value of their investment and giving them returns better than the industry average thus enhancing reputation of the company.

As a part of the annual review of the value creation process for improvement and for identification of new areas of value creation, several proactive initiatives were taken and inputs from relevant stakeholders were incorporated.

A collaborative effort has driven our business growth. During the global economic crisis, when others were groping in the dark, we focused on the following new collaborative initiatives:



- **Formation of EXCOM:** Executive committee of senior leadership team to review long-term strategic choices, start new initiatives and review progress with clear focus on business growth.
- **Collaboration with Suppliers:** We have established strategic partnership with the suppliers.

- **Collaboration with Employees:** One of our key HR strategies during the years has been the “shop floor excellence” through qualitative engagement of employees at all levels. Through structured communication sessions on current business situation, imparting training to employees on loss reduction activities and initiatives on empowerment and delegation, the daily management on the shop floor was strengthened in all areas where quality improvement and loss reduction projects were taken up.

To ensure this, we have taken cognizance of our stakeholder concerns and prioritized issues that were material and incorporated this knowledge to actively seek ways to create and share value with each of our stakeholders. We have tried to address sustainability concerns expressed through strengthening our engagement platforms and integrating the same into our business strategy thus protecting our social license to operate and enhancing our reputation as a responsible organization. We have shared our code of conduct and practices through e-mail to all vendors.

The input in designing and improving our value creation processes is obtained through regular interactions with our customer and suppliers.

- Interactions are held at various levels including scheduled meetings of our senior leadership team with all key customers and suppliers.
- The customer satisfaction surveys and the annual customer meets organized by us also provide the opportunity to capture current and future needs of our customers.

We are aware that certain barriers to effective stakeholder engagement still exist. To avoid some of these common pitfalls; we are drawing up plans and processes for greater engagement with our stakeholders.

Stakeholders	Mode of communication, frequency of meeting	Concerns raised and resolved
Suppliers	Emails, phone calls, one-on-one meetings. Ongoing	Payment terms, new business
Customers	Emails, phone calls, one-on-one meetings. Ongoing	Timely delivery, product quality, value-added products
Employees	Emails, phone calls, one-on-one meetings. Ongoing	Increments, promotions, amenities, work satisfaction, safety, training
Local community	One on one meetings	Employment for locals, expansion of CSR activities, environmental impacts
Banker	Emails, phone calls, one-on-one meetings. Ongoing	New loan off take

Our current stakeholder interactions are need based, these interactions are also used to take on board their views, identify potential risks, trends and opportunities.

In FY-15, we have had 46 stakeholder meetings in which we discussed about the issues concerning stakeholders.

To further strengthen the stakeholder engagement, we have developed and began deploying the stakeholder engagement processes as below:

Stakeholder Group	Concerns	Engagement Platform
Customers	<ul style="list-style-type: none"> • Timely Delivery • Quality • Pricing • Post-Sales Support • Product Related Certifications • EHS Management Systems 	<ul style="list-style-type: none"> • Customer feedback • Customer Satisfaction Survey • Phone calls, Emails and Meetings • Signed Contracts • Exhibitions, Events • Customer Visits • Websites
Employees & Labour Unions	<ul style="list-style-type: none"> • Fair Wages and Rewards • Work life Balance • Training and Skill Development • Career Growth • Occupational Health and Safety • Job Security • Transparent Communication 	<ul style="list-style-type: none"> • Emails and Meetings • Intranet Portals • Employee Satisfaction Surveys • Training Programmes • Performance Appraisal Reviews • Grievance Redressal Mechanisms
Suppliers	<ul style="list-style-type: none"> • Timely Payment • Continuity of Orders • Capacity Building • Transparency 	<ul style="list-style-type: none"> • Emails and Meetings • Vendor Assessment and Review • Supplier Audits • Signed Contracts • Training Workshops and Seminars • Social Gatherings
Communities	<ul style="list-style-type: none"> • Local Employment • Environmental Pollution Control • Infrastructure Development • Training and Livelihood Programmes • Participation in Social Services 	<ul style="list-style-type: none"> • Training and Workshops • Regular Meetings • Need Assessment and Satisfaction Surveys • CSR Reports
Investors & Shareholders	<ul style="list-style-type: none"> • Sustainable Growth and Returns • Risk Management • Corporate Governance • Market Share • Operational Performance 	<ul style="list-style-type: none"> • Board Meetings • Annual Reports • Website
Governments & Regulatory Bodies	<ul style="list-style-type: none"> • Tax and Royalties • Compliance • Employment • Pollution Prevention • Local Economy Growth 	<ul style="list-style-type: none"> • Annual Reports • Communication with Regulatory Bodies • Formal Dialogues
Media	<ul style="list-style-type: none"> • Community Relations • Workplace Safety and Wellbeing 	<ul style="list-style-type: none"> • Social Media • Press Releases • Interviews • Website

MESSAGE FROM HEAD – FINANCE & COMMERCIALS

“The inclusion of sustainability criteria in risk identification has brought climate change to the forefront”

Performance of key economic, social and environmental indicators are now being monitored and managed on a monthly basis, we have achieved a standardization of information related to sustainability and established a board reporting process. In addition to financial growth, we also strive to achieve resource efficiency. This has resulted in financial savings which forms a fundamental part of our operational excellence. The inclusion of sustainability criteria in risk identification has also brought climate change to the forefront. This factor that we understand can have significant financial implications if it is not addressed proactively. We are now exploring alternatives to coal, and ways to mitigate our environmental footprint.

- We have also started capturing and monitoring expenditures incurred towards environmental protection, transportation and business travel;
- We are also setting aside funds towards investments in new projects and improving our environmental performance. A project evaluation matrix that integrates sustainability aspects for categories and stages of projects is being developed which would be beneficial during evaluation of all potential investments going forward.

Responsible procurement for VW means:

- Suppliers adhering to fair social and sound environmental practices
- Improving resource efficiencies in manufacturing and products
- Delivering fair value to suppliers
- Preference to local suppliers

“Procurement at VW is managed responsibly with sustainability at the centre

VW fosters local and small suppliers for procurement of goods and services in proximity to its plant locations.

We have included sustainability criteria in the ‘request for quotation’ (RFQ) process and introduced requirements for our suppliers to conform to quality, and environmental and social compliance. We have also recently revised our supplier policy and processes to reflect the labour, health and safety, ethical and environmental standards we expect our suppliers to meet.

Growth in business cannot be ours alone and we must ensure that our stakeholders grow with us. As we grow our business and adhere to international best practices, we will also increase engagement with our supply chain on sustainability concerns and, wherever possible, influence the behaviour of our suppliers to bring about change through sustainable business practices.

We aim to strengthen our financial performance and at same time want to focus on improving the livelihoods of communities within which we operate.

Our activities are aimed at being a leader in responsible behaviour, enabling us to deliver long term sustainable and profitable growth.

– Mr. S. K. Singh



PROCUREMENT PRACTICES

We always prefer sourcing of raw materials and equipment locally, i.e. from Madhya Pradesh. Where raw material is unavailable or our expectations or that of the customer's requirements are not met, we procure from outside. This way we

ensure that our major spending on sourcing is distributed within the country thereby contributing to the economic growth of our local supply chain. Our spending on local sourcing has been consistently increasing over the last few years. We have increased our local procurement spend from 3.93% in FY 14 to 5.05% in FY 15.

DELIVERING ECONOMIC VALUE

“Leveraging sustainability to increase our value proposition”

We quantify and analyze the economic value we add to first and foremost our shareholders, subsequently, our internal stakeholders (i.e. its employees), and then on, our external stakeholders – customers, suppliers and the broader economic community.

Economic Value Generated & Distributed (in lakh Rs.)		
	FY 14	FY 15
Economic Value Generated		
Revenues	7,661.75	8201.70
Economic Value Distributed		
Operating costs	6,786.24	7772.93
Employee wages and benefits	664.25	774.74
Payments to Providers of Capital		
Finance Cost	270.27	287.72
Economic Value Retained	(59.01)	141.05

INDIRECT ECONOMIC IMPACTS

VW has been in Bhind for over 20 years and enjoys a long standing relationship with all its stakeholders, including but not limited to the media, local government, employees customers, suppliers, and local communities. Our company policies reflects our mission of generating value for all, the employment policy of the company is to give maximum employment to people from the local and surrounding community. We have provided below a gist of our actions.

- Today we have a workforce of 374 employees, out of which around 70% of the employees are from the surrounding community.
- We outsource services like security, fabrication, gardening, cleaning, and a few other maintenance jobs to the locals and have given priority to the neighboring industries and establishments while exploring agencies for these services.

- Today, we give a regular business of INR 2.88 crores approx. per year to local vendors and establishments.

We are supporting the local economy in whatever way possible.

As a part of community development activities, we invested a sum of INR 5.5 lakh in the reporting period to develop community service centres. Community development has, therefore, been an intrinsic part of business activities at VW. All community initiatives have been undertaken in the vicinity of the unit.

ENVIRONMENTAL EXPENDITURES

Measuring expenditure on environmental compliance, prevention and mitigation today will lead to right evaluation of investments into cleaner and greener options.

We monitor environmental expenditure towards:

- Onsite personnel for management of environmental activities.
- Operation of treatment equipment and waste management.
- Environmental training.
- Operating costs such as permit applications, environmental consultants etc.
- Measures when operations are discontinued.

Our total environmental expenditure accounted for INR 41.85 Lakh in 2015.

SUPPLIERS

Supply Chain – Our Pillar of Strength

With an extensive global supply chain, there is a risk that some suppliers or subcontractors might not meet or comply with rules and regulation pertaining to the environment, working conditions and human rights. We take utmost care while screening new & existing suppliers.

Our supply chain and procurement policy has been reviewed in the reporting period and identifies sustainability issues that need to be considered while evaluating new and existing suppliers. During the reporting period, we have included sustainability criteria in the 'request for quotation' (RFQ) process.

Based on VW's values and international standards, we do not tolerate child labour, forced or compulsory labour.

To build sustainable business relationships with our suppliers, we require all our suppliers to conform to environmental, social and economic requirements.

We plan to increase the number of structured engagements with our supply chain on sustainability concerns. These requirements form an integral part of any commercial agreement between VW and our suppliers.

We will initiate the screening of new and existing suppliers using such criteria, analyse their performance on these counts, conduct impact assessments (such as environmental, labour practices, human rights and society) and create an action plan for improvement in areas of concern in the coming year.

COMMUNITIES

Smiles all around

Our social responsibility has a direct synergy with our business goals. At present, we have operations at only one location and we are engaging with local community in the same location. We are an integral part of the area we operate in and contribute significantly to its economy. Our operations draw large quantities of energy, water and raw materials, and generate emissions and substantial waste streams. Our operations impact is also felt indirectly, such as volumes of traffic from inbound and outbound logistics. In response to these issues, our factories have taken necessary precautionary measures to minimize any adverse impacts, and have certified environmental management systems in place which ensures that such impacts on the environment and society are mitigated.

There has not been any complaint from the community regarding our operations during the reporting period.



MEETINGS & GREETINGS

Community Interaction and Satisfaction

The key communities and their needs are systematically identified through interaction with the leading community members, community satisfaction surveys and the “Community Meet” that we organize regularly in our company.

The initiatives taken in the reporting period are as follows:

HEALTH CARE

• General Health Camp:



A general health camp was organized at Tiloni village in collaboration with the Madhya Pradesh Health Department on 10th Oct 2014. In this camp, several tests like eye test, blood pressure, sugar, women health checkup and child immunization were done and medicines were distributed to the beneficiaries. In this camp, total 348 villagers were benefitted.

• Healthy Baby Competition:



Healthy Baby competition was organized by VW's CSR team in Tiloni on 21st February 2015. 34 children (12 –18 months age) participated in

this program. Prizes were given to mothers of healthy babies who were chosen based on various health and nutritional aspects.

• Immunization Camp:



Nutrition & Health Day has been fixed on the third Friday of each month at the Anganwadi Center, Tiloni. Services related to nutrition and health like immunization, checkup, weighing of pregnant women and children were provided at a particular place. Total 95% women and children were benefitted in this program.

• Pulse Polio Campaign (2nd round on 01 March 2015):



In line with our social vision, we have supported Pulse Polio Campaigns in rural areas in Malanpur and Tiloni village. VW has adopted 5 Pulse Polio booths in Tiloni, Harirampur, Singhwari, Ghironghi, Malanpur- I & II and distributed biscuits and chocolates amongst children who are 0 – 5 Years of age.

We have successfully covered more than 1,485 children (0 – 5 Years) in both rounds. We found great support/ participation from local people.

EDUCATION

- **Celebrated Aditya Vikram Birlaji's birthday on the occasion of Children's Day:**



On 14 Nov 2014, on the occasion of Children's Day, we have celebrated 72nd birthday of "Shri Aditya Vikram Birla" at Kasturba Gandhi Balika Vidyalaya (KGBV) – Rithourakalan, Dist. Morena.

VW's CSR team distributed 75 woollen sweaters amongst dropout girls.

- **Support to needy girl students:**



As part of corporate social responsibility initiatives, an effort have been made in reviewing the development status of schools in the adopted area. In this regard, VW took an initiative to distribute education materials to all the students from the primary girls' school – Malanpur and Kasturba Gandhi Balika Vidyalaya – Rithorakalan. In this campaign, a total of 250 girl students got benefited.

- **Talent Search Program:**



VW organized a Talent Search program in 3 Schools in and around Malanpur. 260 students had participated in a general knowledge and drawing competition. Programmes were held for two groups, Senior (Class 9th – 12th) and Junior (Class 6th – 8th).

- **Award Programme (For Meritorious students on the occasion of Independence Day):**



VW organized an award program for meritorious students in six schools in Tilori, Malanpur & KGBV-Rithourakalan on the occasion of Independence Day. School bags and study material were distributed to 90 meritorious students.

- **Inter school sports competition:**



On 26th Nov 2014, an Inter School sports competition was organized by VW in Malanpur. In this event, students of 11 government schools in the vicinity participated. The objective of the event was to spot sports talent from rural villages and encourage sports amongst children.



SUSTAINABLE LIVELIHOODS

- **Skills based Training Program - (Women Tailoring Centre):**



We conduct a skill based training program, “ANYA”, in Tilor village. A total of 60 women have passed the cutting and tailoring course. During this training, women are trained in basic and advanced tailoring, which will help them in stitching all types of women’s wear and other general items.

- **Self Help Group Meeting:**

The goal of this meeting is to promote savings- and credit activities, and to promote micro-enterprise development. This has led to a strong and permanent improvement of their socio-economic conditions.



Meeting with SHG members have been held at Tilor village. The purpose of convening a meeting with them was to discuss about anyone who would want to improve their living conditions by setting up their own savings and loan fund. The benefits of group activity were also explained to the members. A total of 24 members attended this meeting.

INFRASTRUCTURE DEVELOPMENT

- **Construction of Toilets**



Under the Swachh Bharat Mission VW sponsored construction of 20 toilets in Tilor Village. The senior team of the unit attended the felicitation ceremony on 20th February 2015 and handed over cheques to all the beneficiaries.

SOCIAL CAUSES

- **Blanket Distribution Programme:**



On the occasion of 94th birthday of “Pujya Shri Basant Kumar Birla (Kakoji)” on 12th January 2015, VW’s CSR team distributed 202 blankets amongst the poor in Tilor, Singhwari, Malanpur villages and the nearby tribal region.

• **World Environment Day Celebration 5th June-2014**



On occasion of “World Environment Day”, VW organized a string of activities across its divisions to spread awareness about environment protection, sustenance and eco-conscious growth.

We participated in a rally organized by MP Pollution Control Board for environmental protection in Gwalior, held awareness meeting and plantation at unit campus and also participated in plantation activity at KGBV- Rithorakala.

• **Awareness Meeting:**



The VW CSR team organized an awareness meeting at Tilori village on 08th Oct 2014. This meeting was attended by Sarpanch and villagers. The agenda of this meeting was to make villagers aware about various govt. schemes, and how they can get to know about these and implement, fundamental rights and duties of the rural population to access schemes provided by the State and Central Govt.

• **Godh Bharai Programme:**



Godh bharai is a baby shower celebrated during pregnancy to welcome the unborn baby to the family and bless the mother-to-be with abundant joys of motherhood. On 19th Dec 2014, VW organized Godh Bharai at Tilori village for pregnant ladies.

“VW as the most favoured employer and a community friendly company: Social Satisfaction Survey”

We work in close association with various local administrative and government authorities to ensure a continuous improvement in Social Satisfaction Index. A social satisfaction survey is carried out every year. Findings are reviewed at the highest level and appropriate steps are taken to increase the satisfaction index in the identified areas. The survey indicates VW as the most favoured employer and a community friendly company. The survey helps us in identifying the surrounding community needs.

CMO's MESSAGE

Customer Centricity at the Centre of our Business

Customer centricity is our motto - due to excellent customer service, customization of products through our wide range of specialty yarns and superior customer connect, we have loyal customers who are continuing business with us for more than 10 years."

- We are the preferred choice for sourcing worsted yarn by weavers and P/W fabric exporters of India.
- We work with more than 50 customers' having different end uses, using different kinds of machines and other complexities
- The major consumption of P/W yarn is in Western India

Our sustainability drive has added a fine distinction to our marketing and product development strategy at VW. We have already initiated the process of preparing and reviewing our marketing communications and care needed while developing new products, our products are being certified against international standards like the Oeko-Tex 100 to reassure customers with regards product health and safety.

Our customer satisfaction survey forms has been reviewed to include sustainability criteria which will include feedback from customer on critical issues and also help us improve our performances.

– Mr. Daljit Singh Bal



PRODUCTS

Value and Ethics Driven Products

VW strives to deliver value to customers through product customisation including end to end services such as:

- Packing as per customers specifications
- Wide distribution networking for speedy delivery
- Reputed transporters for better logistics
- Dispatch information to customers through mail
- Material availability information
- Courier services for quick delivery of samples and urgency requirement

In the case of export, provision of loading containers from the plant as per customer's requirement of quantity and shipment destination.

Our speciality yarns find use in niche applications and fashion garments. We are actively involved in working with big brands and weavers for both domestic and export markets like:

- Raymond
- Siyaram
- Donear
- Shree Rayon
- ASM
- Rukshmani
- Tusha



We have given top priority to customization as more than 60% of our products are customized. Our customer service team members visit customers regularly, improving their end-product quality, taking various trials to establish value added products, and help customers improve their efficiency etc.

We are also on top of sectoral developments as well as keep a close watch on national and international regulations. These inputs are analyzed and become the driving force for product and quality improvement, customization of products, and value added product development.

Our customer relationship management is process driven and is focused at creating higher value for customers.

CUSTOMER IS KING

As a responsible citizen, we strive to be the customer's business partner of choice. We are committed to fulfilling the present needs and anticipating the unmet needs of our customers. Our customer relationship management is process driven and is focused at creating higher value for customers, we at VW:



- Deliver value for our customers through creativity, innovation, productive relationships, quick response and simplicity in all that we engage in.
- Practice ethical business principles in all customers' transactions.
- Support our customers through technical insights.
- Share market information to help our customers gain timely insights and enable decision making.

Over the last two years customer satisfaction survey achieved coverage of over 70% of annual turnover.

CUSTOMER SATISFACTION

We work with our customers and suppliers to ensure that all requirements are served, and expectations addressed. Our professional approach to all customer types, response times, wide product range, stocking and delivery, shade consistency and new product development has always stood us in good stead.

Customers are always encouraged to give feedback on the product quality or service, not only to the marketing & customer satisfaction (CTS) team, but also to the Unit Head directly. The customer satisfaction survey is conducted annually.

Inputs from customers has played a significant role in developing and innovating new products. The technical and quality assurance allows us to offer high quality products suiting market and customer needs.

We constantly encourage our customers to provide feedback through regular visits, understanding their requirements, timely development of new product and samples, and continuous improvement in process as per their feedback. Customer satisfaction index has improved from 85.22 % to 87.95% in FY 15.

- Highest rating in Organization Health Survey in Textile i.e. 4.08 (out of 5).
- Achieved OEE to 90.76% with the highest 94.13% in July 2010, improved by 4.37%.
- Achieved OTIF delivery to customer to 88.85%, improved by 6.75% from 82.85% of FY 9-10.



PRODUCT INFORMATION

Although as a responsible procurer we track the sourcing of our input materials, however we do not provide information related to its use and disposal as our products are intermediary in nature and are not sold directly to the end users. Since worsted is supplied as yarn and tops, and does not pose a hazard during transportation, storage or in use, there are no special product labeling requirements.

We provide yarn in cartons, which are easy to handle and stack. We also provide details on quality test report of the product, status of order, delivery & logistics details. During the reporting period, there were no cases registered related to non-compliance concerning product information and labeling or provision and use of products.

CUSTOMER PRIVACY

Customer privacy and security is a vital part of our responsibility to customers and essential to our relationship. Our customers trust us with technical and commercial information and their privacy. Protecting that information and respecting their privacy is fundamental to maintaining their trust. Our privacy rules include confidentiality of customer information, and controlled access to such information.

We are in the process of developing a framework to further strengthen the processes to protect customer privacy. We have had no violations to customer privacy in FY 15.

CUSTOMER HEALTH AND SAFETY

Our yarn is qualified to meet OEKO-TEX 100 standard and we are actively considering applying & obtaining official accreditation of Oeko-Tex 100 certificate as proof that our products are free from harmful substances. Chemicals used in our production process are Oeko-Tex and REACH compliant, another credible environmental good practice.

In FY15, there were no incidents on non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services.



WE DEMONSTRATE GOOD PRACTICE IN ADVERTISING AND MARKETING COMMUNICATIONS

To demonstrate responsibility and good practice in commercial communications we have developed and adopted the guidelines on responsible advertising and communications in line with principles of International Chamber of Commerce. Such self-regulation enables us to create, enhance and preserve consumer trust and confidence in the business communities.

In FY15, there were no incidents or cases related to marketing communications including advertising, sponsorship or promotion.



PAVING THE PATH FOR FUTURE PROOFING



OUR BUSINESS

Worsted yarn came on the scene in 1942 and since 1954 has been manufactured on a large scale by Bayer as the first producer in Europe. About 75 % of worsted yarns are used in apparel, 20% in home furnishing and 5% in industrial end-uses. In apparel, worsted yarns are used, for instance, in jumpers, waistcoats, cardigans, jackets, socks, knee-high stockings, training and jogging suits, either in its pure form or in blends for example with wool. The mod worsted yarn, a modified form of worsted, is found in flame-retardant garments, children's and baby wear, and in dolls clothes and soft toys.

Both dry and wet spinning processes are used to make worsted yarns. In the dry-spinning process, the spinning mass emerges from the spinneret into a spinning chamber, into which warm air is blown. In wet spinning the spin mass is pressed into a so-called coagulating bath. The largest proportion of the production is made and used as crimped staple yarn. In Vikram Woollens, we use dry spinning.

Qualities such as its wool-like feel and bulk make it pre-destined for use in the knitwear sector. The positive features of worsted yarns come into their own when they are blended with a suitable proportion of wool or other natural yarns: the wool needs practically no additional finishing, does not felt when washed and is significantly easier to care for.

With sportswear, training and jogging suits particularly benefit from the special advantages of worsted yarns - be it pure or blended: low water absorption, quicker water transport, light and weather resistance.

Almost 60% of world worsted fiber production is concentrated in Asia, with 37% in China alone. The Middle East and Europe are also important players, accounting together for another 35% of global output. Domestic production of worsted fiber in China is being driven by domestic garment production, much of which is destined for export. Since 2009, Chinese production of worsted fibers has been stagnant.

Consumption of worsted fibers is also concentrated in Asia, which accounts for 58% of global demand, more than ten times that of

Western Europe and the United States combined. This strong demand has been at least in part supported by the local textile mills for the manufacturing of apparel, the large majority of which is exported throughout the world. The major reason for escalating domestic production and consumption of worsted fibers in Asia has been the rising demand for and consumption of low-cost Asian-made garments throughout the world.

The Middle East and Africa are also important consuming regions, accounting together for about 25% of total global demand for worsted fibers. During the last few years, in particular, there has been an increasing shift of consumption from Western Europe to Turkey and the Middle East, where the fiber is converted into fabric and apparel for export back to Western Europe.

GLOBAL MEGA TRENDS IMPACTING OUR BUSINESS

We evidently see the following developments in demographics, climate change and availability of resources and input materials that exert pressures on society and economy with material impact on our business.

DEMOGRAPHIC CHANGE

By the year 2025, it is likely that there will be more than a billion more people living on our planet, with global population growing from 6.9 billion to reach 8.1 billion. According to the United Nations, the population in less developed countries is projected to rise from 5.4 billion in 2007 to 6.7 billion in 2025. In contrast, the population of the developed world could decline but for the projected net migration from developing to developed countries, which is expected to average 2.3 million persons a year after 2010.

Demographic changes are certain, the proportion of older people is projected to more than double worldwide over the next half century. The proportion of older people is projected to more than double worldwide by 2050. By 2025 over 20% of the populations of the EU, USA, Russia and China will be over 60 years of age. This will significantly impact manufacturing and also consumption.

The median age of the Indian consumer is 26 years with maximum population lying in the age bracket of 15-60 years. It is expected that India will add another 140 million people in this consuming age group by 2020. This is one of the lowest median ages among the developing countries. This population has more aspiration, is more aware and has a higher spending power and will consume a greater number of categories than their parents.

According to the Indian census report, the number of households with an annual income of US\$7000 or more is going to treble from about 30 million today to 100 million by 2020. There will be approximately 400 million individuals in the middle to high income bracket by 2020¹.

Demographic changes are certain, but coping pattern of society is less so. The global challenges we've seen in the last 2 decades, the rising oil prices, climate change, the access to the internet, rising labour costs, supply chain risks have impacted the textile and apparel industry in a variety of ways including the costs of conducting business, regulatory compliances, competition for diminishing resources in a crowded world; workforce diversity; and catering for and marketing to different types of global consumer.

As global influences shape fashion, and clothing retailers and e-tailers leverage brand value to expand markets beyond age groups, fashion is becoming more homogenized. Fashion and preferences for clothing are becoming increasingly similar in the connected worldwide, thanks to web-centralized patterns, ideas, social networking and a love of global brands. Online tracking systems are increasingly used to promote transparency in supply chains. Sustainable and responsible consumption will start becoming the norm, resource scarcity will encourage vintage clothing retailers, re-cycling of garments and recovery of precious materials or energy at disposal.

Recently, we witnessed reduction in differences between the clothes worn by people in different age groups in some societies. Jeans, for example, are worn by all ages. Concern about 'ageing' and improving health standards resulting in older people adopting the style of a younger generation. Also, small children are now dressing much like adults. In

¹ <http://www.woolmark.com/resources/consumer-insights/asia/india/>

addition, each new wave of immigration has brought fresh variations in lifestyles in the West. Increasing global flows of Asian, Middle Eastern or Latin American migrants, or climate change refugees, could shape styles, culture, fashion and textiles and this may impact textile business also.

SUSTAINABLE CONSUMPTION

Consumer awareness of organic and fair trade food, ethical clothing, eco-detergents, car-sharing and so on is higher now than it ever has been, in developed and emerging economies, though it still is not main stream. Consumer behavior plays a major part in the sustainability of textiles, for example in the amount of energy and water used in clothing care.

Citizens are becoming 'fashion engineers' enabled by the web and open source platforms and this trend is likely to increase. Many brands have begun to sell easy-to-adapt fashion items with attached personalization kits, as well as post-purchase services, for example providing regular 'fashion upgrades'. Consumers can also purchase online and use them to make outfits and accessories out of locally available materials.

Clothing care is relatively easy in nations or regions with renewable energy and secures water supplies. New solutions are emerging in other places, for example clothes cleaning services provided by retailers, which achieve cost-savings through scale, or coatings that reduce the need for washing and ironing – although no way of recycling clothing with such coatings has been identified. Waterless washing machines are a staple of every household in areas experiencing water shortages; cheap versions have been manufactured and popularized by local brands in India and China.

Increasingly, resources are incorporated back into the supply chain. Sophisticated bio-synthetics and disposal processes that reduce the burden on the local environment are emerging.

CLIMATE CHANGE AND ITS IMPACTS

The climate changes in the coming decades will be critical.

We will experience real disruption to our climate system as a result of global warming in the next 15 years. Individuals and communities, especially in low-income countries, are already experiencing elevated levels of climate stress, more frequent occurrence of climate disruptions, raising sea levels, melting of glaciers. The Government of India has been taking all possible measures proactively by adopting various plans for up to the next fifty years. We are bound to comply by all the directives issued from time to time, by the concerned authorities.



Flax blooms and grows at best in a moderate climate and in places where enough farmland is available. The Flanders and other Northern European regions offer the ideal conditions for the growing of flax. In Northern Europe, climate change is initially projected to bring mixed effects, including some benefits such as reduced demand for heating, increased crop yields and forest growth. However, as climate change continues, its negative impacts (including more frequent winter floods, endangered ecosystems and increasing ground instability) are likely to outweigh its benefits. Impact of such climate changes on availability of flax may not be significant.

The growth and quality of pasture and fodder crops may be affected by changes in rainfall amounts and variability as well as higher CO₂ concentrations. Water resources in many regions are projected to decrease and become more variable. Animal health is expected to be adversely affected by rising temperatures and a greater incidence and range of pests and diseases. There is likely to be greater

² <http://www.sciencedirect.com/science/article/pii/S0308521X06000771>

³ <http://www.woolmark.com/resources/consumer-insights/asia/india/>

stress on the landscape principally brought about by rainfall deficits and increased climatic variability. There is also a strong possibility of increased competition for water and land resources from other agricultural activities, particularly cropping and meat production.

The combination of these effects is likely to have an impact on both wool production and quality, changes in mean fibre diameter and staple strength. National and international markets could also be affected, with reductions in demand for wool fibre apparels in response to a more temperate climate².

In southern and eastern Australia and, in New Zealand, in North and some eastern regions - the regions where we source high quality Merino wool-water security problems are projected to intensify by 2030. The nature and scale of these impacts will vary between the wool growing regions, depending on the manifestation of the climate change.

Production from agriculture and forestry is projected to decline over much of southern and eastern Australia, and over parts of eastern New Zealand due to increased drought and fire. International production and supply markets might also shift, with the wetter wool growing areas of both New Zealand and China potentially being advantaged by climate change, and the drier wool regions of these countries being disadvantaged³. Impact of such climate changes on availability of Merino wool is uncertain.

Freshwater availability

Fresh water availability in, South, and Southeast Asia, particularly is projected to decrease due to climate change, along with population growth and increasing demand arising from higher standards of living, could adversely affect the availability of fresh water for industrial purpose as access to clean drinking water becomes an even more pressing global issue. Coastal areas, especially heavily-populated mega-delta regions in South, East and Southeast Asia, will be at greatest risk due to increased flooding from the sea and in some mega-deltas flooding from the rivers. Our manufacturing locations may be impacted due to such developments.

India's population of 1.2 billion also faces several critical issues in meeting its people's basic water

needs. Like China, most of its freshwater sources are contaminated by pollution. Tragically, water-related diseases result in the deaths of over a thousand people each day in India. Over 100 million people are living near severely polluted water and about 99 million lack access to an improved water source. Additionally, the available water is being used up at a rapid rate for farming and industrial use. More than 40% of the surface water is being used each year while groundwater levels across 4,000 wells fell about 54% over seven years. A report by McKinsey & Company predicts that water demand in India will reach 1.5 trillion cubic meters in 2030 while India's current water supply is only 740 billion cubic meters⁴.

The main sources of water for the industrial sector in India are groundwater and surface water. Groundwater has emerged as an important source to meet the water requirements of industries. Choice of source of water depends on the availability of sufficient and regular supply of water and the cost of water from the source. Since the surface water supply from municipal sources is not sufficiently guaranteed, industrial units tend to depend on groundwater. Industrial water demand has been increasing with the pace of industrial development. The growth in some of the water intensive industries has been quite significant, putting further pressure on the industrial demand for water.

While the annual growth in the chemical industry and construction has been around 9 per cent, it has been around 6 per cent in textile and food since the 1990s and 5 per cent in paper and paper products industry. World Bank estimates that the current industrial water use in India is about 13 per cent of the total freshwater withdrawal in the country and the water demand for industrial uses and energy production will grow at a rate of 4.2 per cent per year, rising from 67 billion cubic metres in 1999 to 228 billion cubic metres by 2025. The future demand will inevitably put pressure on the available freshwater resources, both due to water consumption and water pollution⁵.

⁴ <http://www.seametrics.com/blog/asia-water-crisis/>

⁵ <https://www.idfc.com/pdf/report/2011/Chp-18-Industrial-Water-Demand-in-India-Challenges.pdf>

⁶ <http://www.worldbank.org/en/news/feature/2013/06/19/india-climate-change-impacts>

⁷ <https://www.idfc.com/pdf/report/2011/Chp-18-Industrial-Water-Demand-in-India-Challenges.pdf>

⁸ WEI Aqueduct – Water Risk Assessment

More than 60% of India's agriculture is rain-fed, making the country highly dependent on groundwater. Even without climate change, 15% of India's groundwater resources are overexploited.

Although it is difficult to predict future ground water levels, falling water tables can be expected to reduce further on account of increasing demand for water from a growing population, more affluent life styles, as well as from the services sector and industry.

Many parts of India are already experiencing water stress. Even without climate change, satisfying future demand for water will be a major challenge. Urbanization, population growth, economic development, and increasing demand for water from agriculture and industry are likely to aggravate the situation further. An increase in variability of monsoon rainfall is expected to increase water shortages in some areas. Studies have found that the threat to water security is very high over central India, along the mountain ranges of the Western Ghats, and in India's northeastern states⁶.

Industrial water demand in India is on the rise. The key to the problem lies in effective management of water resources. Suitable measures including improved process technology; effluent treatment; reuse of process water for more than once; re-circulating of process water in the same use for a number of times; rainwater harvesting; waste-minimization must be adopted. Coordination among different authorities/ Ministries is a must if the future water conflicts are to be avoided⁷.

It is estimated that projected change in water stress by 2020 in the region of Bhiwani will increase 1.4 times baseline scenario under business- as- usual (BAU) scenario, the BAU scenario is determined by stable economic development in the region and steadily rising global carbon emissions. By 2020 the projected water supply will decrease by 1.2 times the current baseline scenario while water demand will remain the same

While water stress by 2020 in the region of Rishra and Malanpur will be near normal under the BAU scenario⁸. Here the projected water supply and demand will be near normal in the 2020 BAU scenario.

We are also working with the World Business

Council for Sustainable Development (WBCSD) and have signed the Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace. This aims to ensure appropriate access to safe WASH for all employees in all premises under direct company control. The business case is straightforward: investing in safe WASH for employees means a healthier and more productive workforce. Additional tangible business benefits include a more secure social license to operate and increased brand value. Through signing of the pledge we can make a direct contribution to the universal realization of the Human Right to Water and Sanitation.

RESOURCES SCARCITY

In addition to and due to, changing climate and increasing pressures from growing populations, the cost of key resources such as food, fiber, materials and energy to rise in many places as demand grows and supplies fail to keep pace. For our business, the availability of resources such as energy, water and fibre will be crucial in the years to come. By 2025, 1.8 billion people are expected to be living in countries or regions with absolute water scarcity. This would have significant impact on our raw material supply and manufacturing. In addition it will impact our product characteristics and demand.

By 2030, the regions from where our raw materials are drawn especially wool is likely to be impacted by severe water shortages, shortage of forage, land carrying capacity and sustainability, animal health and competition from other sectors. However, our present wool processing plant located at Rishra, Kolkatta will not face water quantity shortages but will have to deal with water quality challenges.

The raw material for the production of linen, flax is a 100% natural yarn. Flax is a renewable, durable, biodegradable and recyclable plant. During the growth and elaboration of the flax plant and yarn a lot less energy is needed in contrast to other, comparable, natural fibers. Furthermore, the whole flax plant is used for various purposes. This means there is no waste. The growth of the flax plant uses only a fifth of the pesticides and fertilizers necessary for the production of, say, cotton. The plant also

needs only half of the water quantity used for cotton to reach full growth. Flax plant cleans the soil of heavy metals and prepares it for the growth of a new or next crop. There may not be much water, energy or land restrictions on cultivation of Flax, but the locations suitable for cultivation are severely restricted and cannot be extended.

The production of Merino wool from the regions where we source from presently conforms to ethical standards, additionally the Woolmark brand provides consumers with guaranteed fibre content and an assurance of quality. Climate change, rainfall variability is likely to reduce pasture production, and the increasing population, stress on food resources, sheeps may also become scarce for wool.



It is well known that fiber diameter among other quality parameters is crucial in determining the economic value of wools such as the Merino, the quality of coarser (merinos) wools is less vulnerable to the impact of drier conditions than finer wools as future scenarios due to climate change show⁹. In the situations where agriculture productivity is adversely impacted, farmers now rely more on the dual purpose livestock system where both meat and wool traits share a production focus using a single flock.

Cotton garments is getting competition from linen due to its better capacity to absorb moisture and other natural qualities that provide protection from ultra-violet rays and bacteria. The linen market is expected to grow by 25% over the next few years¹⁰.

One of the competitive advantages for wool is its clean, green image. Consumers want to know provenance of the products they are buying, wool being natural as opposed to oil-based synthetics provides the uniqueness.

⁹ Article: Neglected Wools: Fundamental Steps to Counteract the Loss of Potentially Valuable Materials Derived from Native Sheep Breeds 09/2013

¹⁰ www.fibre2fashion.com/news/linen wear a new craze in India

ENERGY

For the next two decades the challenges with energy, specifically the availability of supply and its links to security, will receive increasing attention. Demand for energy, particularly from India and China, will grow rapidly. The International Energy Agency estimates, based on current trends, energy needs might be over 40% higher in 2030 than today. The path to a viable, sustainable energy mix will not be easy.

The policy responses to mitigating climate change will require us to become energy efficient and use renewable energy. We have developed a technology roadmap wherein we have budgeted investments in renewables to improve the demand supply balance for green fuels and bring in cost efficiency in the long term.

Technological shifts are streamlining the textile supply chain. It is expected that there we will see huge improvements in energy efficiency within the fashion supply chain, for example, in how garments are dyed and finished.

We have hence budgeted investments in quality improvement and modernization technologies that will not only improve our operational efficiency but also increase the energy efficiency of existing equipment's and process i.e. continuous focus on reduction of unborn fuel, up gradation of existing motors/air compressors/air condition plant along with waste heat and water recovery.

INCREASING LABOUR COSTS

In India, the textile industry faces hurdle of labour shortage. Due to growing rural economy and some government schemes, unskilled labour now find job opportunities closer to home, the industry has hence started seeing a migration of skilled and unskilled labourers to their home towns and villages.¹¹ This has pushed companies to raise wages and offer other benefits to retain labourers. Also this has compelled many industries to consider shifting production base to regions where labourers are most accessible.

We are hence exploring technological

¹¹ http://www.business-standard.com/article/markets/textile-firms-compete-for-labour-113121600753_1.html

modernization, innovations, improving labour skills, better infrastructure to overcome these challenges and continue to cater to world markets.

We consider, sustainability practice would enable us to scan, understand and address economic, social and environmental risks comprehensively. We have scanned the relevant future global trends that is relevant for our raw material sourcing, manufacturing and markets and addressed a few challenges. We would continue scanning the global trends and relevant scenarios and revise our coping strategies, each year, to future proof our business.

POLICY DIRECTION

Climate change has been on the global political agenda for last 20 years though fragmented and intermittent. Low Carbon Technology is the driver of transformation, supported by government incentives including feed-in tariffs incentivizing renewable energy and tax breaks. Global agreements channel funding and resources to low-income countries for technological climate change adaptation schemes. This is a new age of belief in technology, where climate Change related regulations will drive the energy costs higher in all geographies and requirement of sourcing and using renewable energy and using energy efficiently, will be covered by regulations.

Many voluntary guidelines e.g. Higgs Index, require the producer to take the responsibility of environmental and social impacts of their products. Presently, regulations in some countries cover the health and safety of textiles- end products and intermediates. In near future, taking responsibility of



the life cycle impacts on environment and society will be covered by regulations. Providing product related information adequately and correctly and complete transparency across the value chain will also be required by upcoming regulations.

PUBLIC ATTITUDES WILL ALSO PLAY A KEY ROLE

The response to resource shortages and climate change will depend on a complex set of factors including the willingness of people; cost competitiveness, business to change their approach and the Government policies to reach global trade agreements.

Public attitudes will play a key role. How much will people be willing to alter consumption patterns and make lifestyle choices that reduce pressure on the environment? Will radical change occur in pursuit of low-carbon/impact living? Could we see a shift in values, with people concerned less with consumption and more with wellbeing and quality of life? Or society will rely more on technological response to resource shortages and climate change and continue with consumption that drives the economy?

The public response and preferences in addressing resource scarcity and climate change will play an

important role in influencing the critical political responses to these problems. Whether governments go for market-based responses or regulatory incentives will have a big impact on businesses and the role they play. Working with the markets could lead to businesses harnessing innovation to deliver transformation.



INFORMATION TECHNOLOGY

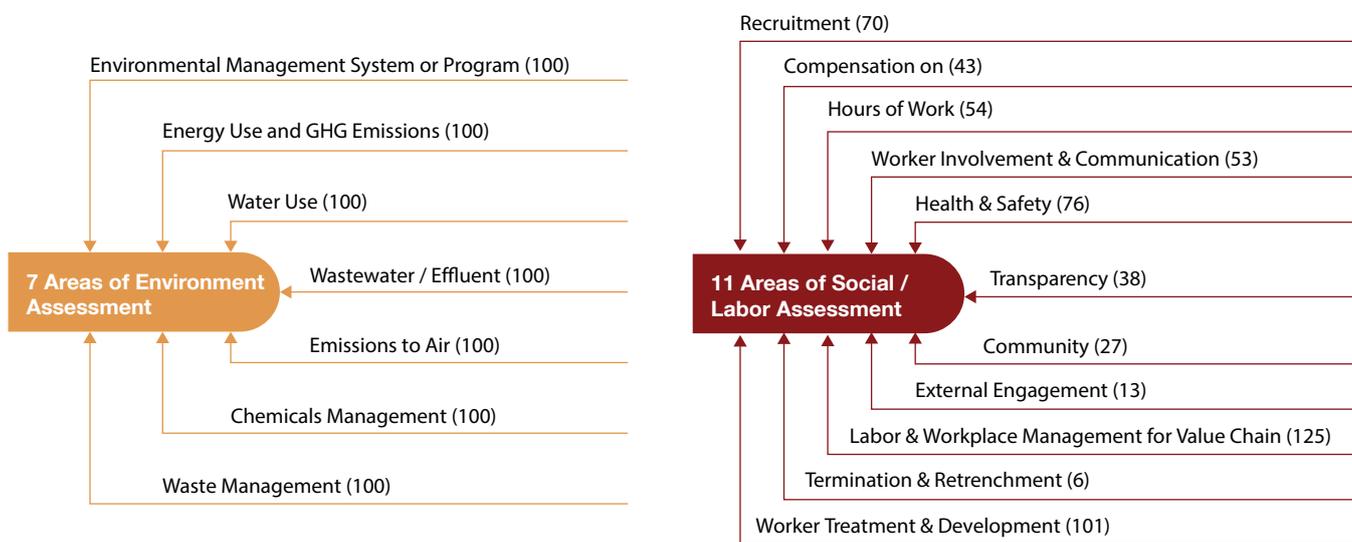
In fashion, online trading, showcasing, tailor made wardrobe solutions help retailer to understand changing trends, and it increases their ability to create its own niche.

Whatever other technologies are deployed it is clear that ICT will continue to play a vital role in our economy and the way the textile industry operates. In 2013, Asia-Pacific emerged as the strongest business-to consumer (B2C) ecommerce region in the world with sales of around 567.3 billion USD, a growth of 45% over 2012, ranking ahead of Europe (482.3 billion USD) and North America (452.4 billion USD). The Internet economy in India has the potential to grow to \$200 billion by 2020, contributing to as much as 5% of the country's GDP. It is expected that the percentage of Internet users from rural locations will grow to 40-50 percent by 2018, up from 29 percent in 2013. Women accounted for just 25% of India's total Internet population in 2013, but it is expected that this number will grow to 33% by 2018. It is expected that the percentage of Internet users aged above 25 in urban India, with higher disposable incomes, will grow to 54% by 2018, up from 40% in 2013.

The fashion and preferences for clothing are becoming increasingly similar in the connected worldwide, thanks to web-centralized patterns, ideas, social networking and a love of global brands. In future, fads and fashions can last hours not seasons, as global networks swarm to imitate or micro-trend to live the moment or occasion. 3D scanners in store windows give 'screen shoppers' immediate visualizations of themselves in the latest fashions. Clothing booths enable groups of friends to 'try on' clothes in virtual mirrors, using various style inputs and suggestions on screen. Most of this can also be done online, but many people still enjoy the fun of shopping with friends.

HIGG INDEX

VW has gone beyond compliance in safeguarding the environment. We have conducted an analysis based on Higg Index for our facility. Higg Index is an indicator based assessment tool for apparel and footwear products, we have implemented the Environment and Social / Labour module at Facility level for our unit. The Index asks practice-based, qualitative questions to gauge environmental sustainability performance and drive behavior for improvement. The overall facility score of more than 70 out of 100 was obtained. Based on the scores, certain actions were highlighted for improving the performance of the facility.





Our Roadmap



of Sustainability



**Phase-1
2013**

Enablers & Responsible Stewardship

- Setting Vision, Governance Structure, Scorecard & Review
- Integrated Management System (ISO-14001: Environment & Carbon Footprint, OHSAS-18001: Health & Safety, SA-8001: Human Right, ISO-50001: Energy) certification process for all units to start
- Employee Health & Safety & Category-5 Incident Reporting
- Key Focus Areas: Material, Energy, Water & Waste & Effluent
- Industry/Competitors Benchmarking studies

**Phase-2
2014**

Stakeholder Engagement & Carbon Management

- Stakeholder Engagement & Materiality
- Economic, Social & Product Stewardship Indicators
- Key Focus Areas: Carbon Management System (Green House gas(GHG), Carbon Footprint, Life Cycle Analysis (LCA), Clean Development Mechanism (CDM) project etc.) to be initiated

**Phase-3
2015**

Future-proofing the company

- Create Technology Roadmap, Business Risk Matrix
- Value proposition for stakeholders
- CAPEX/OPEX requirements
- Sustainable Supply Chain
- Scenario Planning, Strategic Positioning

**Phase-4
2016**

Sustainability Reporting

- All business units achieving Industry Benchmark performance
- All business make Sustainability report public & meets GRI-3.1, A+ requirements & Local reporting requirements
- Product labeling with Embedded carbon & Embedded water
- Participation for National & International recognition
- Climate change adoption strategy in place
- Sustainability Reporting by all 5 businesses by 2016

**Phase-5
2017**

Achievement of Vision

- Business to survive & thrive in long run
- All business meet Equator Principles
- Publish Sustainability Report, meeting GRI-4-X, A+ requirements, UNGC & Local Legal requirements



CSO's EPILOGUE

VW has always adopted systemic approach to continually improve manufacturing efficiencies. A number of awards and certifications for Business Excellence and Total Quality Management, received by VW are testimony to this. Sustainability movement at VW has extended this systemic and disciplined approach to all stakeholders - shareholders, employees, customers, suppliers, communities, government and across the value chain. Quite a few steps taken to effect sustainability transformation at VW have clear and short term business benefits in the areas of improving productivity & efficiency in the areas of energy, water, emission & effluent and employee health and safety are driven by our belief in sustainable business principles.

VW has voluntarily adopted Aditya Birla Framework for Sustainable Business consisting of Responsible Stewardship, Stakeholder Engagement and Future Proofing. This perspective has helped us to calibrate our plans and actions. To us at VW, Sustainability practice is an integral part of achieving Business Excellence and Future Proofing. It is with this belief and commitment, we conducted materiality assessment. This assessment, we believe has enabled us to identify issues that are important, at present and in future, for our business and to our stakeholders.

Our Sustainability Apex council and Advisory Council Experts played a very critical role in galvanizing and guiding us through sustainability journey. Various sustainability agendas are driven by ten workgroup- mission teams having members from all nine units of Textiles, Acrylic Fibre and

Overseas Spinning business. To manage various aspects of sustainability, we reinforced our existing ISO based management systems and included many issues identified as material in these structures. These management systems have internalized "continual improvement" and "total employee involvement". Inclusion of many aspects of sustainability within this management system ensured that sustainability is mainstreamed into management of business.

Our performance on energy, water, waste, equal opportunity, diversity, customer health and safety, community welfare etc., has improved during the reporting period. We have undertaken carbon foot printing, taken steps to increase renewable materials, understood and addressed climate and water risks, mapped our environmental expenses and value delivered to regional economy and diversity indices. In addition, we have made best efforts, this year, to put in place governance and management systems to ensure all material issues are addressed by the business and such issues are revisited periodically. We have started implementation & monitoring of Higg index for all our manufacturing locations and products including supply chain, jointly with Aditya Birla Group textile value chain businesses in collaboration with Sustainable Apparel Coalition (SAC). This step, we are sure, will further catalyze our performance on all material sustainability issues, manage the risks and harness all opportunities. We also invite all stakeholders to engage actively with us on our stakeholder engagement platforms.

This sustainability report is an effort to be accountable to our stakeholder that we are fair, responsible and deliver value; we contribute positively to environment, society and economy; and finally we accept our responsibility across the life cycle.

We look forward to receiving suggestions and comments from our stakeholders. We believe without indulgence of our stakeholders and continuous engagement, our business cannot be sustainable.

- Dr. Jagadish Barik

Chief Sustainability Officer

Textiles, Acrylic Fibre & Overseas Spinning Business



ASSURANCE

We believe that independent assurance leads to quality and process improvements, and reassures readers and our management that the information we publish is accurate and material, and therefore contributes to building trust and credibility with key interest groups. We engage professional assurance providers who combine the strengths of non-financial assurance experience with technical competency in environmental and social standards.

The report is assured by Bureau Veritas, an independent assurance provider.

INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of Vikram Woollens (VW)

Introduction and objectives of work

BUREAU VERITAS Certification (India) Pvt Ltd. has been engaged by **Vikram Woollens (VW)** to conduct an independent assurance of its **Sustainability Report 2014-15**. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the **Sustainability Report 2014-15** are the sole responsibility of the management of VW. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) **Type 2** assurance. The scope of work included:

- Data and information included in Sustainability Report 2014 for the reporting period **1st April 2014 to 31st March 2015**;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008)¹
 - Inclusivity
 - Materiality
 - Responsiveness
- Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Guidelines G4;

The level of assurance has been applied as **“Moderate”** for all sections of the report.

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Visit to the manufacturing location of VW and interviews with relevant personnel of VW including the plant in-charge and heads of various departments functions such as Production, Energy, Environment, Safety, Procurement, Human Relations, Marketing and Corporate Finance & Accounts;
2. Review of documentary evidence produced by VW;
3. Audit of performance data, on a sampling basis;
4. Review of VW data and information systems for collection, aggregation, analysis and review;
5. Review of stakeholder engagement activities by review of the Stakeholder Engagement minutes and report prepared by RSM GC consultants who were engaged by VW;
6. Direct interviews with a few stakeholders during the site visit.

Our work was conducted against 'Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide **“moderate”**, rather than **“high”** level of assurance and we believe it provides an appropriate basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated;
- It is our opinion that VW has established appropriate systems for the collection, aggregation and analysis of quantitative data such as Environmental, Health & Safety, Human Resource, Labour, Social & Community welfare as well as Product, Customer and Investor related data.

Alignment with the principles of AA1000AS (2008)

Inclusivity

VW has processes in place for engaging with a range of key stakeholders including socially responsible investors, government officials,

¹ Published by Accountability: The Institute of Social and Ethical Accountability <http://www.accountability.org.uk>



local representatives and has undertaken a number of stakeholder engagement activities in 2014 covering a range of topics such as Customer satisfaction, Employee welfare, Supply Chain, Community Welfare and Environment.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues were identified by a process of stakeholder engagement and interaction and the entire process was conducted in the presence of RSM GC who were engaged by VW for that purpose. In all, a total of 34 issues in the 3 categories of Business, Environment and Social were identified as material through this process.

Responsiveness

VW is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making. The company has taken various initiatives towards making an environmentally friendly product, waste minimisation, occupational health and safety at work and community and local development.

Specified Sustainability Performance Data

Performance data within the report continues to be gathered through a variety of data systems and processes. We consider the data as presented in the report to be reliable but also highlight our recommendation that VW reviews the data, gathering inputs against the key performance indicator stated in the report to ensure that performance against these metrics can be consistently and regularly reviewed and continue to provide accurate and reliable information.

Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Bureau Veritas undertook an evaluation of **VW Sustainability Report 2014-15** against the G4 Sustainability Reporting Guidelines. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI reporting option.

Based on our work, it is our opinion that the **Sustainability Report 2014-15** has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles and necessary indicators to meet the requirements of **GRI G4** Reporting Option **"In accordance- Core"**.

Best practice observations

- Several CSR initiatives are taken for local stakeholders.
- Procurement spent from local suppliers was observed to be increasing.
- Regular awareness sessions are carried out by VW to apprise the villagers about various Govt. schemes implemented by State and Central Govt.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period stated hereinabove;
- Positional statements (expressions of opinion, belief, aim or future intention) by VW and statements of future commitment;
- Our assurance does not extend to the activities and operations of VW outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services, and an annual turnover in 2014 in excess of Euros 4.00 billion.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with VW, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes and has over 5 years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Bureau Veritas Certification (India) Pvt. Ltd.

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Sanjay Patankar
Lead Assuror
Product Manager- Sustainability & Climate Change Services

Date: 24-Sep-2015



Anirban Chatterjee
Technical Reviewer
Manager-Sustainability Services

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G4-2	Description of key impacts, risks and opportunities	Fully	Responsible Stewardship	27-50
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G4-5	Headquarters location	Fully	Our Operations and Products	8
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G4-7	Nature of ownership and legal form	Fully	Our Operations and Products	8
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General Standard Disclosures				
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Environment				
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G4-EN3	Energy consumption within organization	Fully	Energy & Carbon	32
G4-EN4	Energy consumption outside organization	Not covered		
G4-EN5	Energy intensity	Fully	Energy & Carbon	32
G4-EN6	Energy reductions	Fully	Energy & Carbon	32
G4-EN7	Energy reductions in products and services	NA	-	
G4-EN8	Water withdrawals by source	Fully	Water & Effluent	34
G4-EN9	Water sources affected by withdrawals	Fully	Water & Effluent	34
G4-EN10	Water recycled and reused	Fully	Water & Effluent	34
G4-EN11	Facilities in or near areas of high diversity	Not reported	-	
G4-EN12	Impacts on biodiversity	Not reported	-	
G4-EN13	Habitats protected or restored	Not reported	-	
G4-EN14	IUCN Red List species	Not reported	-	
G4-EN15	GHG emissions (Scope 1)	Fully	Carbon	33
G4-EN16	GHG emissions (Scope 2)	Fully	Carbon	33
G4-EN17	GHG emissions (Scope 3)	Fully	Carbon	33
G4-EN18	GHG emissions intensity	Fully	Carbon	33
G4-EN19	Reduction of GHG emissions	Fully	Carbon	33
G4-EN20	Ozone-depleting substances (ODS)	Fully	Ozone Depleting Substance	38
G4-EN21	NOx, SOx and other emissions	Fully	Emissions	38
G4-EN22	Water discharge	Fully	Waste Water Management	35
G4-EN23	Waste by type and disposal method	Fully	Waste Management	37
G4-EN24	Significant spills	Fully	Waste Management	37
G4-EN25	Hazardous waste	Fully	Waste Management	37
G4-EN26	Biodiversity affected by runoff	NA	-	-
G4-EN27	Mitigation of environmental impacts of products and services	NA	-	-
G4-EN28	Products and packaging materials reclaimed	Fully	Materials & Waste	36
G4-EN29	Environmental fines and sanctions	Fully	Positive Compliance	21
G4-EN30	Environmental impacts from product distribution and employee travel	Fully	Emissions	38
G4-EN31	Environmental investments	Fully	Environmental Expenditures	56
G4-EN32	New suppliers screened using environmental criteria	Partially	Suppliers	56
G4-EN33	Supply chain environmental impacts	Not covered		
G4-EN34	Environmental grievances	Fully	Grievance Redressal Mechanisms	21

General Standard Disclosures				
	Disclosures	Coverage	Section	Pg No.
	Social - Labour Practices			
G4-LA1	Number and rate of new employee hires and turnover	Fully	Employment	43
G4-LA2	Benefits provided to full-time employees	Fully	Employee Benefits	47
G4-LA3	Return to work and retention rates after parental leave	Fully	Return to Work & Retention Rates	44
G4-LA4	Notice periods regarding operational changes	Fully	Labour Management Relations	48
G4-LA5	Workforce represented in health and safety committees	Fully	Occupational Health and Safety	49
G4-LA6	Rates of injury, occupational disease, lost days, absenteeism, and work-related fatalities	Fully	Occupational Health and Safety	50
G4-LA7	Workers with high incidence risk of diseases	Fully	Occupational Health and Safety	50
G4-LA8	Health and safety topics covered in agreements with trade unions	Fully	Labour Management Relations	48
G4-LA9	Average hours of training for employees	Fully	Training and Education	46
G4-LA10	Programs for skills management managing career endings	Fully	Training and Education	44-46
G4-LA11	Employees receiving performance and career development reviews	Fully	Training and Education	45
G4-LA12	Composition of governance bodies and employees	Fully	The Board, Employee Diversity	15,43
G4-LA13	Ratio of basic salary and remuneration of women to men	Fully	Entry level wage, basic salary and remuneration	44
G4-LA14	New suppliers that were screened using labor practices criteria	Partially	Suppliers	56
G4-LA15	Negative impacts for labor practices in the supply chain	Not covered		
G4-LA16	Grievances about labor practices	Fully	Grievance Redressal Mechanisms	21
	Social- Human Rights			
G4-HR1	Investment agreements and contracts that include human rights clauses or underwent screening	Fully	Human Rights	39
G4-HR2	Employee training on human rights	Partially	Human Rights	39
G4-HR3	Incidents of discrimination	Fully	Human Rights	40
G4-HR4	Significant risk of freedom of association in operations and suppliers	Fully	Human Rights	39
G4-HR5	Significant risk of child labor in operations and suppliers	Fully	Human Rights	40
G4-HR6	Significant risk of forced or compulsory labor in operations and suppliers	Fully	Human Rights	40
G4-HR7	Security personnel trained in the organization's human rights policies	Not Covered		
G4-HR8	Incidents of violations involving rights of indigenous peoples	NA	-	-
G4-HR9	Operations that have been subject to human rights assessments	Fully	Human Rights	39
G4-HR10	New suppliers screened for human rights	Partially	Suppliers	56
G4-HR11	Human rights impacts in the supply chain	Not covered		
G4-HR12	Grievances about human rights impacts	Fully	Grievance Redressal Mechanisms	21

General Standard Disclosures				
	Disclosures	Coverage	Section	Pg No.
	Social – Society			
G4-SO1	Local community engagement, impact assessments and development programs	Fully	Communities	56-60
G4-SO2	Negative impacts on local communities	Fully	Communities	60
G4-SO3	Risks related to corruption	Fully	Our performance as per the UN Global Compact's ten principles	41
G4-SO4	Communications and training on anti-corruption	Partially	Our performance as per the UN Global Compact's ten principles	41
G4-SO5	Confirmed incidents of corruption	Fully	Our performance as per the UN Global Compact's ten principles	41
G4-SO6	Political contributions	Fully	Political Contributions	41
G4-SO7	Anti-competitive behavior	Fully	Anti-competitive behavior	50
G4-SO8	Fines for non-compliance with laws	Fully	Positive Compliance	21
G4-SO9	New suppliers screened for impacts on society	Not covered		
G4-SO10	Negative impacts on society in the supply chain	Not covered		
G4-SO11	Grievances about impacts on society	Fully	Grievance Redressal Mechanisms	21
	Social-Product Responsibility			
G4-PR1	Health and safety impact assessments of products and services	Fully	Customer Health and Safety	63
G4-PR2	Non-compliance concerning the health and safety impacts of products and services	Fully	Customer Health and Safety	63
G4-PR3	Product and service information required for labelling	Fully	Product Information	62
G4-PR4	Non-compliance with regulations concerning product and service labelling	Fully	Product Information	62
G4-PR5	Surveys measuring customer satisfaction	Fully	Customer Satisfaction	62
G4-PR6	Sale of banned or disputed products	NA	-	-
G4-PR7	Non-compliance with regulations concerning marketing communications	Fully	Products	61
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	Fully	Customer Privacy	63
G4-PR9	Fines for non-compliance with laws and regulations concerning products and services	Fully	Product Information	62



FEEDBACK

We sincerely appreciate your feedback and concerns for our improvement. For any comments/concerns, please send queries to following address:

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Email: hitesh.fandot@adityabirla.com

DEFINITIONS AND ACRONYMS

VW: Vikram Woollens

Stakeholders: A person, group or organization that has interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies.

Sustainability: Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs .

Stewardship: It is an ethic that embodies the responsible planning and management of resources.

Higg Index: It is an apparel and footwear industry self-assessment standard for assessing environmental and social sustainability throughout the supply chain.

CAP: Customer Acquisition Plan

CTS: Customer Technical Service

GRI: Global Reporting Initiative

BE: Business Excellence

EXCOM: The Executive Committee

EHS: Environment, Health and Safety

Whistleblower: Anyone who has and reports insider knowledge of illegal activities occurring in an organization

Compliance: It means conforming to a rule, such as a specification, policy, standard or law.

APEX: Accepted Practices Exchange

Enablon: It is the world's leading provider of Sustainability, EH&S and Operational Risk Management Software.

PMQC: Post Maintenance Quality Check

LCA: Life Cycle Assessment

GHGs: Greenhouse Gases

Scope 1 Emissions: These are direct GHG emissions from sources that are owned or controlled by the entity

Scope 2 Emissions: Indirect GHG emissions from consumption of purchased electricity, heat or steam

Scope 3 Emissions: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

CTS: Customer Satisfaction

KPIs: Key Performance Indicators

OEKO-TEX: OEKO-TEX examines all stages of production and tests for harmful substances used in production systems to ensure customer safety

QC: Quality Circles

KSS: Kaizen Suggestion System

TPM: Total Productive Management

QOL: Quality of Life

ESS: Employee Satisfaction Survey

SCBA: Self-contained Breathing Apparatus

REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals

REACH Compliance: Addresses the production and use of chemical substances, and their potential impacts on both human health and the environment.

OEE: Overall equipment effectiveness

OTIF: On time delivery in Full

P/W: Poly Wool

OHS: Occupational Health and Safety